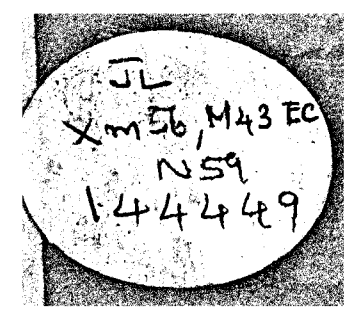
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Private Eyes

The Government is going to hold a private inquiry into how it controls its own expenditure. Which toes should it tread on, and what risks should it beware of? (page 9)

Mergers Take Over

Pompous debate about the propriety of recent take-over bids is obscuring the diverse motives and varying economic significance of this latest wave of amalgamation in British business (page 41)

A Summit for Arabs

The Arabs can no longer comfortably blame the West for their divisions. It is time for them to sort out their own relations (page 10)

The Conference Game

A correspondent suggests a way of relieving the tedium of attending international or business conferences (page 12)

Congress Knocked Out

Experts who reckoned that a hostile majority in Congress would render the President powerless in his last two years of office are being confounded (page 27)

The Marvellous Boy

The rise and decline of Alfred Harmsworth, Lord Northcliffe (page 24)

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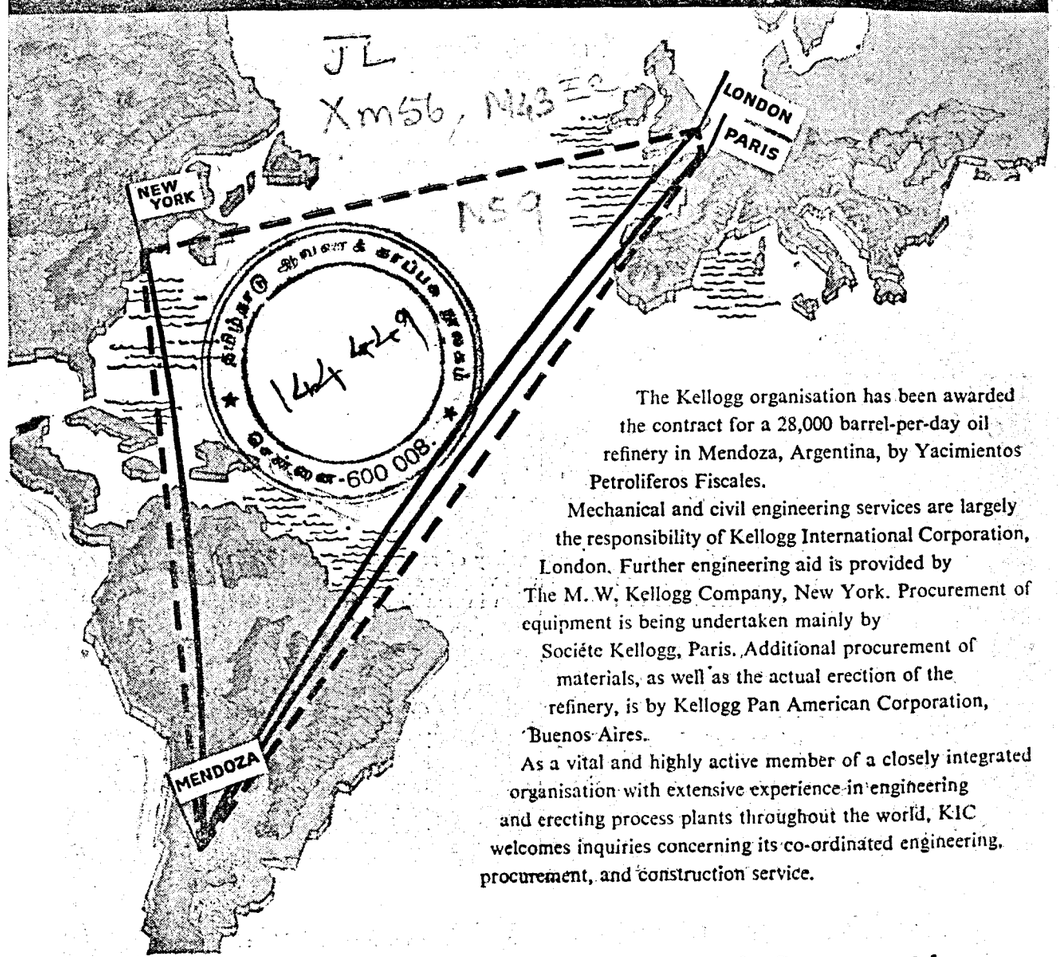

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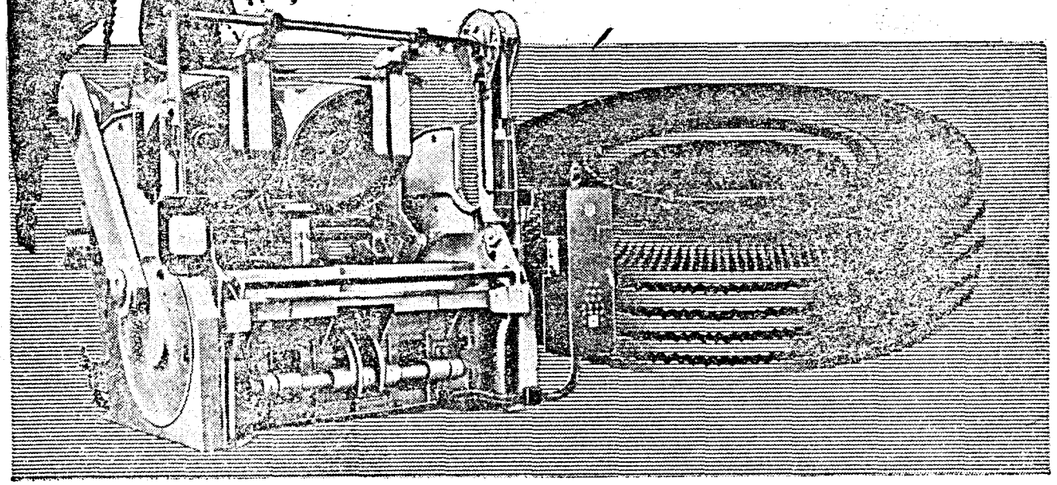

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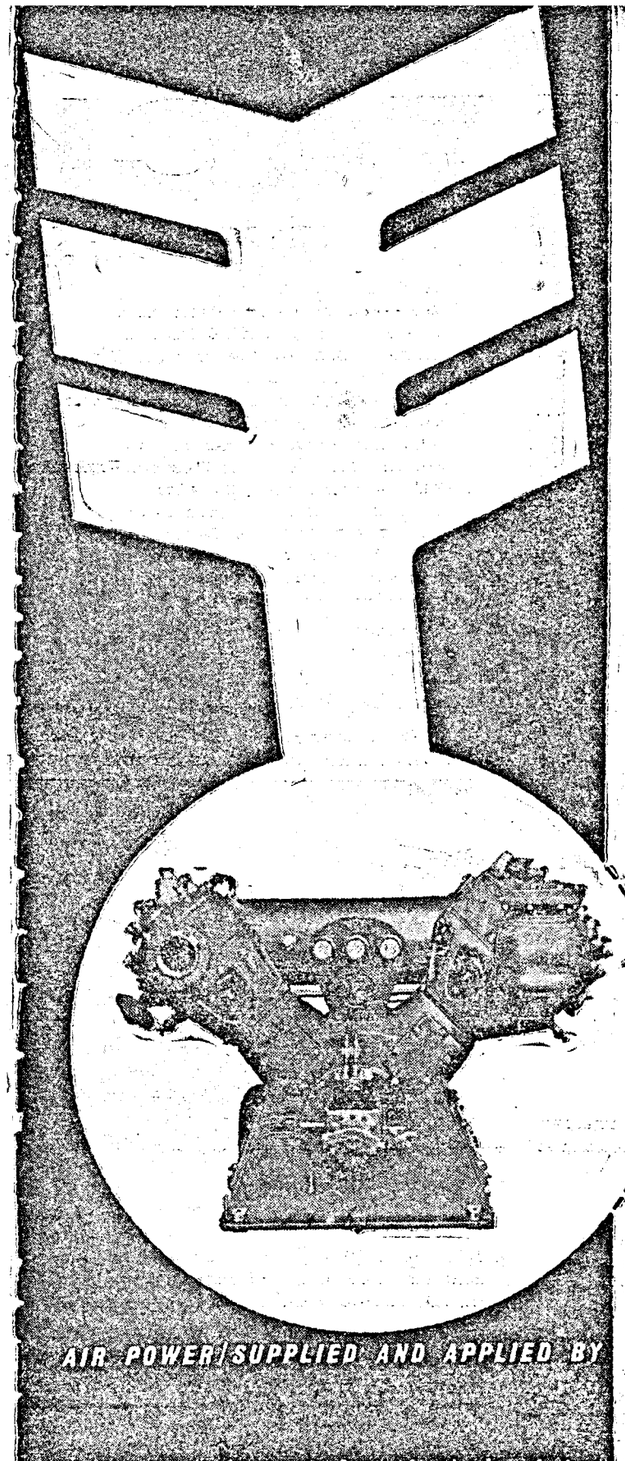

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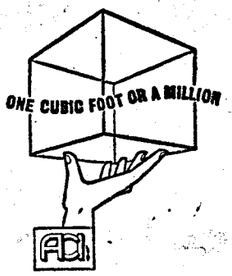

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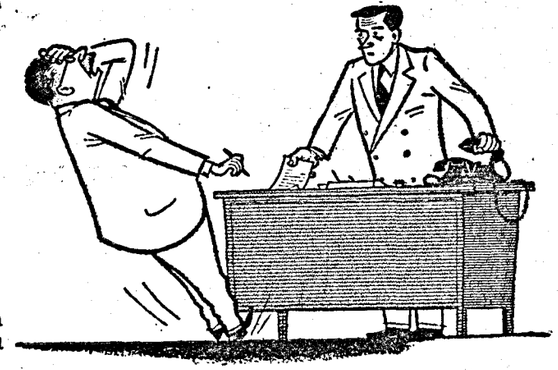

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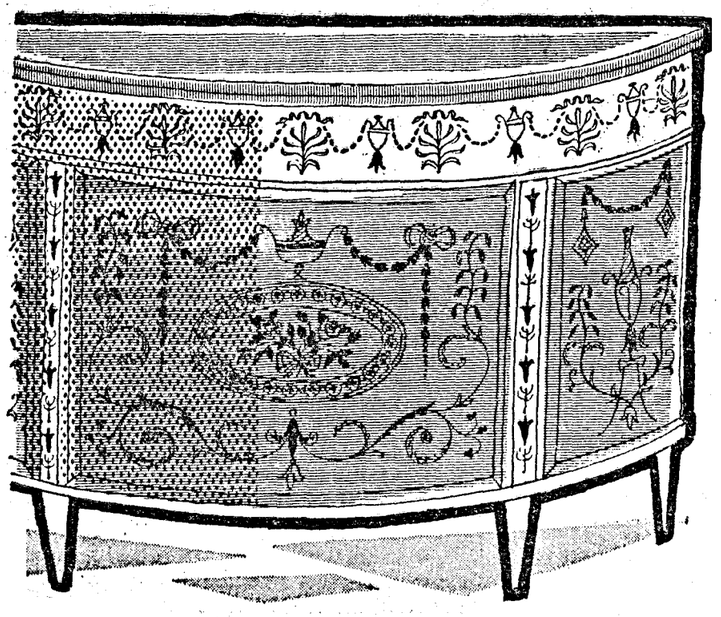

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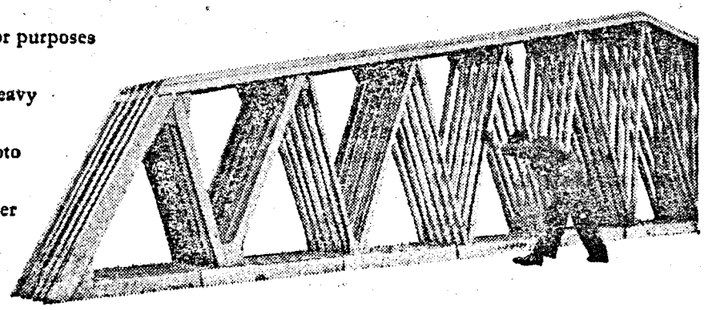

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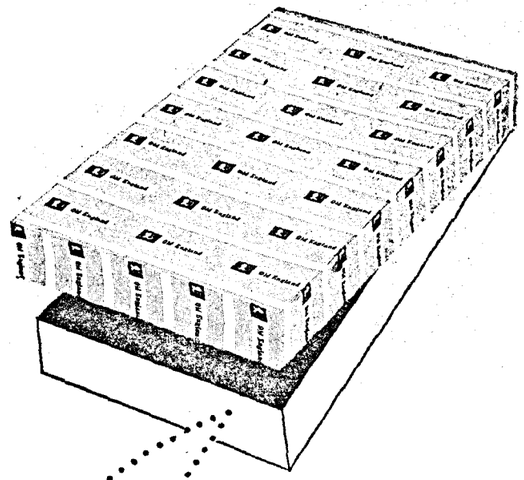

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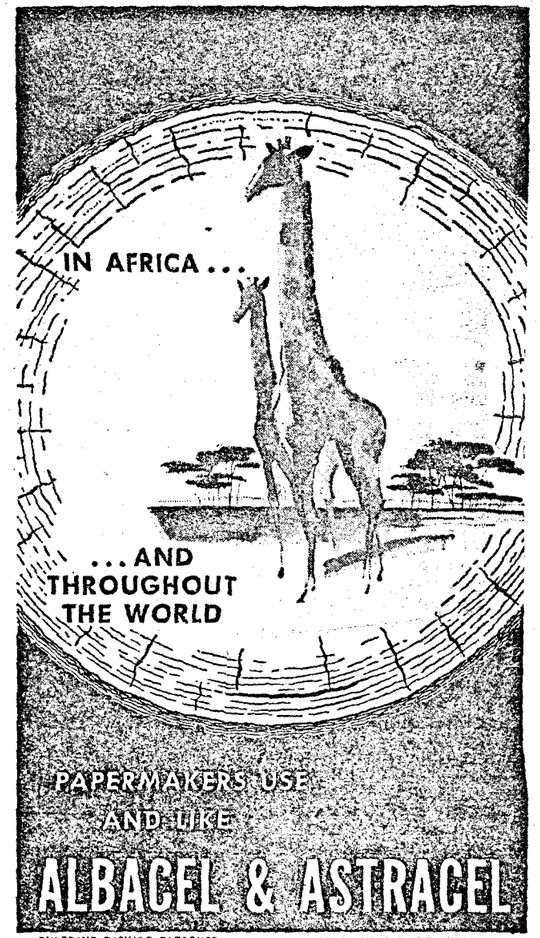

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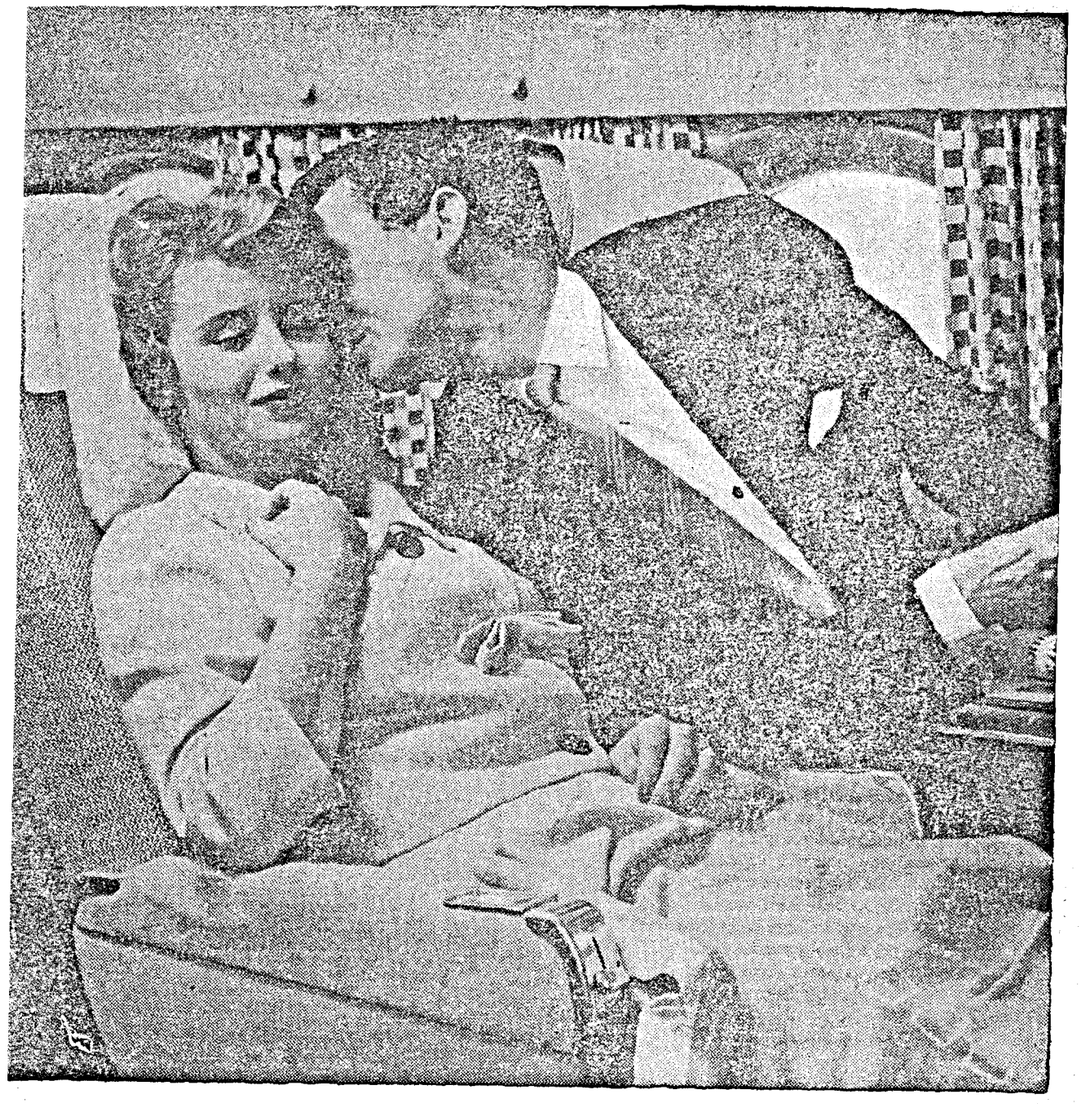

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Private Eyes

AN exceedingly interesting white paper on control of the public pursestrings was issued by the Treasury last week. Briefly, it reveals that the Government has turned down the proposal by some MPs last year that an outside committee should inquire into the principles and practice which govern Treasury control of government expenditure. That refusal was to be expected. What was not so generally expected is that an internal inquiry, under the general authority of the Chancellor of the Exchequer, is now to be set in hand instead. The civil servants on it will seek subsidiary advice from people with "appropriate knowledge" who are not in government service; the recommendations emerging from the inquiry will not be published; but the conclusions drawn by the Government after reading them will be reported to Parliament in due course.

This could be the beginning of some very important developments, for good or for ill. The decision deserves to be debated. Probably, there are three fields that an inquiry of this sort should explore. First, there is the question whether amendments are needed in the mechanism whereby the Treasury and the spending departments should jointly strive to save candle-ends: whether, for example, there ought to be some central body of cost accountants and technical experts to check the wide disparities in the costs incurred by different departments in doing apparently very similar things (differences in the costs of erecting and heating buildings, of providing hostel accommodation, the apparently varying incidence of Parkinson's Law, and so forth). If the Government is seriously ready to tread on more toes in these matters, an internal committee of appropriately bloody-minded civil servants would probably be as good as any other body at suggesting the best mechanistic reforms. If the Government is not prepared to tread on toes, then suggestions put forward by any outside committee would not be accepted anyway.

Secondly, there is the awkward fact, as last week's white paper notes, that "much of what the Treasury does in exercising financial control is dictated by the need for complying with the practices of Parliament itself". This is a polite way of saying that the present system of annual financial estimates presented to Parliament often helps to swell expenditure much more than to check it. Unhappily, the white paper specifically shunts any inquiry away from this field by saying that it would be "inappropriate for the Government to ask for recommendations on Parliamentary practice from a body independent of Parliament". With this statement outside observers should flatly disagree. Nobody denies that Parliament must be sovereign in deciding what recommendations should be acted upon, but that is very different from giving it a veto over what recommendations should be put up.

Thirdly, and possibly most dangerously, the white paper frankly recognises that the Government's internal inquiry is likely to find itself making a review of the "Chancellor's conception of his own responsibilities" in personally checking expenditure. One's apprehension here is that the majority view of an internal government committee, heartily supported by the Chancellor himself, might well be that the Chancellor should be allowed to duck out of some of them. There is a growing feeling in some parts of Whitehall that the idea of the Chancellor as supreme financial watchdog is a bit of a farce, because decisions involving major increases in expenditure are necessarily taken by ministers collectively, and because departmental ministers are bound to know more about the case for particular spending plans than a busy Chancellor can ever do.

But, in any outside committee, there would be at least a strong minority group which would draw precisely the opposite conclusion from this; they would support what might be called the Thorneycroft conception of Treasury responsibility, and seek to make suggestions about how it could be made more effective in modern conditions. If it is true that political pressures for increased spending are likely to weigh more heavily nowadays upon the traditional constable of the national finances, they would say this seems to provide a better case for strengthening the powers of the constable than for weakening them. If a modern Chancellor is too busy with his new job of running the economy to perform his old job of watching public expenditure, that is not necessarily an argument for letting parts of the old job lapse; perhaps, rather, it is an argument for appointing a second Treasury minister either junior or equal to the first minister whose task would not be to busy himself with economic policy, but to run something broadly equivalent to foreign Bureau of the Budget? Surely it is a grave contingent disadvantage of a secret internal inquiry, drawing up a secret internal report, that decisions may be steamrollered through without any opportunity being offered for detailed minority views of this sort to be published, for informed outside opinion to start thinking and talking about?

A Summit for Arabs

The Arabs cannot live for ever on fancied imperialist and Israeli plots. One day they will have to face the responsibilities of being independent

LAST summer it took a revolt in Lebanon, a revolution in Iraq and the American and British landings to make the Arabs agree on something. At the United Nations they jointly introduced a resolution reaffirming the principles of non-aggression, non-interference and co-operation to which they had subscribed twelve years before. But once the immediate problems were settled, they fell back into the habit of quarrelling. Arab unity, removed farther than ever from complete political realisation, no longer even means the ability to make common cause. Baghdad and Cairo are enemies; the border between Damascus and Amman has been closed; insults are regularly exchanged between Cairo and Tunis and Cairo and Amman; Beirut's transit trade has been strangled by Damascene stubbornness. If President Nasser is for a cause then General Qasim must be against it; if King Hussein offers a peace-making proposal he is said to be in league with Mr Ben-Gurion. Relations between Egypt and Sudan are delicately balanced over the question, vital to both countries, of the Nile waters. When all else fails, President Nasser turns on those Arab rulers who, in one way or another, are beholden to Britain — the Trucial Sheikhs, the Sultan of Muscat, the petty rulers of south Arabia. The Yemenis are encouraged to keep up the trouble on their southern borders — though they seem to have troubles enough of their own.

The Arab leaders are entangled in their own words. They do not appear to notice it themselves, but surely the Arab people are beginning to ask questions. In one breath the leaders claim that imperialism is dead and that every vestige of it has been destroyed by what they call Arab nationalism; in the next, they blame imperialism for all the troubles that beset and divide them today. By now President Nasser has realised that imperialists are not necessarily pale people who come in ships from the west; but this discovery has only made imperialism easier to serve up as a mess of poisoned porridge. The squabble between Cairo and Baghdad is not of imperialist making. It is an Arab fight, picked and carried on by Arabs. When the Iraqi army overthrew the pro-western monarchy, one of the few good things that western politicians could say about the revolution was that it ought to heal the breach between Cairo and Baghdad; but it did not.

Israel presents a more obvious target for Arabs in search of enemies. But, if we are to believe what their leaders say every day, the Arabs have been no better at resisting Israeli intrigues than at resisting imperialism. The Israelis have almost always had their way against Arabs. They carved their state out of Arab territory, they defended it successfully against a gaggle of Arab armies in 1948, they humiliated Egypt's armed forces in 1956, and despite Egyptian attempts to keep them from using the Suez Canal, they have burst through the Arab economic blockade to find trade and friends in Africa and Asia. Their prime minister recently proposed that the four foreign ministers at Geneva should turn aside from the business of Berlin to consider a plan to neutralise the Middle East. There was no hint of what such a move would do to the already bruised *amour propre* of the Arabs; there was no pretence of taking them into consideration at all. Any proposal by Mr Ben-Gurion could be expected to annoy them; but, by offering a sweeping plan to settle the Middle East he committed the same error that the great powers have made in the past with their pacts and doctrines. The foreign ministers apparently took no note of his suggestion — but the Arabs should consider its implications. It means not only that Israel has little respect for the Arabs' ability to do anything for themselves, but also that it has cause to believe that the great powers feel the same way.

So far, the Arabs have failed all the tests of unity offered them. The Arab League has never been effective because the Egyptians and their friends tried to make it into an exclusive club and left the other Arabs pouting in the corridors. The Arabs could not put aside their differences long enough to fight together in the 1948 war. They have not accepted President Nasser as their sole unifier. He tried to bring them unity just by talking about it, and he still talks about it as if it existed beyond the borders of Egypt; but his insistence that his is the only true way to unity has left them divided as never before.

If the rest of the world regards the Arabs as a contentious and ridiculous lot of people, it is not the fault of the rest of the world. It is not the fault of imperialist plots in the Middle East, of the cold war elsewhere in the world, of communist intrigues, or of Israeli enmity. If the Arabs expect to be treated as adults, they will have to accept the responsibilities of adults.

Westerners newly arrived in the less sophisticated parts of the Arab world often complain that difficult language and rigid social barriers prevent them meeting many local people. The rival Arab leaders have manoeuvred themselves into the same kind of isolation with regard to each other. They have even created an artificial language barrier. If a word means one thing in Cairo it is likely to mean something else in Baghdad.

PERHAPS the only way out of the Arab leaders' difficulties is for them to get together and talk frankly to each other. If they could meet somewhere well removed from their own street mobs and propaganda machines, they might yet discover that they had much in common. True, it would not be easy to find a meeting place. Cairo would not do, because it would look as if the others were paying homage to President Nasser. Baghdad would not be acceptable to him, for the Iraqis have undertaken to drag him through its streets at the end of a rope. Amman would be regarded as too insignificant and, anyway, it lacks suitable accommodation. In their present mood the Saudis are probably not anxious to issue invitations to Riyadh. Beirut's pretentions to neutrality and ample supply of outsize hotel suites would make it the logical choice, if it were not for the danger of exposing the meeting to the wayward Lebanese press. But if there is no place in the Arab world for the Arab leaders to lay their heads, then let them assemble somewhere else. Cyprus lies conveniently adjacent to the fringes of the Arab world: if a British connection has to be avoided, there is Rhodes, or even the Greek mainland.

It would be well to invite every Arab ruler, whatever external connections he may have. The kings of Saudi Arabia, Jordan, Libya, Morocco and Yemen; the presidents of the United Arab Republic, Tunisia and Lebanon; the prime ministers of Iraq and Sudan; the sheikhs of Kuwait, Bahrain and Qatar; the sheikhs of the Trucial Coast; the Sultan of Muscat; even the assorted amirs, sultans and sharifs of south Arabia should be there. But who would invite them, and who would accept? Only one Arab could be considered impartial enough to play host, Mr Abd al-Khaliq al-Hassounah, the secretaty general of the Arab League. For all its past ineffectiveness and close connection with the foreign ministry of the United Arab Republic, the league secretariat has been carefully steered between the reefs. If Mr al-Hassounah could perform the miracle of persuading President Nasser and General Qassim to attend, he could be sure of a general acceptance; if they refused, there would be no point in having the meeting. King Hussein's recent suggestion of an Arab "summit" meeting went unheeded because it came from the wrong source; none of his fellow rulers could afford to admit publicly that he ever had a sound idea.

Whenever Arabs meet they are in the habit of quarrelling violently and then issuing a joint statement deploring French action in Algeria and promising that the refugees will be returned to Palestine. But the world already knows how the Arabs feel about Algeria and Palestine. What they now need to show the world is that they can handle their own affairs, and that they are not really so foolish as they look.

The Conference Game

An eminent academic correspondent suggests a cure for the ennui of listening to the pompous irrelevancies of one's opponents and, still worse, of one's friends—at committee meetings and conferences

IN Government, business or academic life modern man spends an increasing part of his time in conferences and committees. This is an arduous burden. Sitting in interminable conference sessions and endless committees exhausts the mind and harrows the soul. There are two ways of dealing with this ever growing problem. I dismiss the possibility of revolutionary action to destroy the conference and committee system, for that is beyond the capacities of modern man, and we must learn to live with it. My first solution is to become a detached observer and use the rich material that is provided by these occasions as a basis for the study of administration. That is to reach for the ideal. The second solution is not quite so worthy; it is to play the Conference Game. This is much better fun.

I did not invent the game. I first came across it when I worked as a civil servant during the war. The department of which I had charge was mainly staffed by academics. Some of these took to bureaucratic life as does modern youth to space travel, but others found it uncongenial and irksome. Such a one was "X", now an eminent Professor at Oxbridge. He was incapable of carrying out his task according to the rules of the bureaucratic game. At the weekly staff meeting he contributed nothing to our discussions, and wore the air of a lost and remote figure. Then one week I was struck by a strange liveliness in his outlook. He appeared anxious to contribute to the argument, and put in a sentence or two on every conceivable occasion. This went on for two or three weeks, when I noticed that at a certain stage his loquacity would stop suddenly, as a road hog meeting a red traffic light, and he would lapse into his silent and remote mood. The following week I noticed that at this moment af change, "X" winked to a colleague who winked in return.

It was about the fifth week that I spotted the secret. On this occasion, in the last sentence he spoke before lapsing into silence, "X" used the word 'hermaphrodite." It did not altogether fit in with the flow of the discussion. When I tackled him afterwards, he admitted, without shame, that through over-confidence he had played carelessly. He explained, as I had now myself realised, that he and his colleague were in league to relieve the boredom of the weekly staff meeting. An hour or so before the meeting they agreed on some unusual word; the game was to see which could first introduce the word in the proceedings. The condition of winning was that no one else at the meeting should notice what was going on. "Hermaphrodite" had been to much to get away with.

AT a recent conference I attended on the application of the social sciences to business management and training, the sessions were so boring, frustrating and irritating that I was reminded of the game. One evening at dinner I was lamenting the waste of so much effort to a charmingly exuberant Italian and a sensibly sceptical American and I explained to them how "X" had dealt with a similar situation during the war. The Italian immediately saw the essential beauty and fascination of the game. He would give me a word, and challenge me to introduce it into a speech at the final session without anyone but us noticing it. Being a novice he first chose easy words, such as "duck" and "port" and I had to show him that such words provided no real challenge, and so missed the essential element of distraction and excitement. With further thought and more wine the Italian suggested progressively more difficult words until he hit on two that were worthy of an advanced player—"Unicorn" or "Tropic of Cancer." I accepted the challenge of "Unicorn."

The final session of the conference came in the afternoon. A rapporteur was to sum up the proceedings in forty-five minutes; this meant that in fact he spoke for well over an hour and a quarter. When at last he finished, the chairman asked, in an appropriately discouraging tone, whether anyone wanted to comment. Too obvious, if I get up now, I thought with a sinking sense of loss. But a Dutchman sprang to his feet, said how important it was that social scientists should make themselves understandable and useful to business, etc., etc. Here was my chance. On this issue I felt deeply and passionately, and I rose to say so:

> Mr Chairman, I had not intended speaking, but, view of the comments of the last speaker, I cannot contain myself. I disagree with him fundamentally, and my disagreement has been reinforced by the discussion and argument that I have heard during this conference as chairman of the economics group. If I had to chose a coat of arms for my group it would be a bull rampant, for as economists we have been tossed on the horns of a dilemma. On the one hand, if we deal with problems in the theoretical terms with which we are familiar, we are accused by business of being remote and impractical; on the other hand if we go out as economists into business we are tempted to deceive businessmen into thinking that we have some magic solution to their problems, and are despised for this by our more honest academic colleagues. Why should we be concerned with our usefulness to business? I would much prefer my coat of arms to be a unicorn, and to be impaled, if I must, on the single horn of truth! For me the true scientific tradition can best on this occasion be expressed in French, and execrable though my accent may be, I will proclaim it: "A bas la utilité, vive la verité."

I sat down to great applause, especially from the Italian and the American. I had won, I had said what I wanted to say, and yet got in the word "Unicorn," without anyone, exept my two friends privy to the game, noticing.

I hope I have convinced you what a fascinating game this is, and how it can be played to relieve the boredom of conference and committee life. Do try to play, and if there is enough support we might form a Unicorn Club to codify the rules of the game and adjudicate disputes.

NOTES OF THE WEEK

LABOUR AND THE BOMB

Saving Nuclear Face

When a Labour politician knows he may be hanged by union delegates in a fortnight, it concentrates his mind wonderfully. It would be easy to make fun, as Lord Hailsham instantly demonstrated, of the way in which the notion of a non-nuclear club, cold-shouldered by the Labour Party when Lord Simon of Wythenshawe advocated it in the House of Lords six months ago, became the bright new policy of the party's National Executive and the TUC's General Council last week. But what is far more to the point is to notice the care with which Mr Gaitskell, in responding in double quick time to the demand in his party for a new statement once its noisiness had become apparent to him, has safeguarded the prerogatives of the office of Prime Minister to which he aspires.

There are three firm promises in the course of the party's long statement, which will need treating by somebody from the *Daily Mirror* if they are to seem significant to the electorate. A Labour Government would lay a new stage-by-stage plan for complete all-round disarmament and abolition of nuclear weapons before the United Nations. If anyone broke the nuclear test truce a Labour Britain would not follow suit but would call an international conference to try to renew it. Britain would cease the manufacture of nuclear weapons and deprive herself of their possession if she could persuade all other nations except the United States and Russia to sign an agreement, preferably under the auspices of the United Nations, saying that they would do the same.

These all try to get other countries to do generally desirable things which it is singularly unlikely that they will do. They can be lampooned as meaningless doubletalk; they cannot fairly be condemned as dangerous commitments. Mr Gaitskell may have managed to make himself look a bit absurd; but he has also – and this is the important thing – remained personally and dauntlessly free to carry on the main theme of defence policy in which he believes, which is loyalty to the Nato alliance.

STRIKES

The Opposition's Chill

In his fighting speech to the striking printing workers at an Albert Hall meeting last week Mr Willis declared that he had not expected the employers "to be so tough". He opined that the reason for their unexpected stand was that employers in other industries had encouraged them not to set off a new spiral of wage inflation by giving way; if employers in outside industry had decided to lift the printing dispute to a national issue, he said, they must take the responsibility if it became one. By these words Mr Willis has managed to strike something of a chill into the hearts of both the Opposition and the Government — for very different reasons.

The Labour party is terrified because the last thing it wants is for strikes to become a national issue at this time; there is nothing that would lose it more votes. It was presumably for this reason that the Trades Union Congress, of which Mr Willis is this year's chairman, unexpectedly temporised last week by not yet issuing a conventional statement of support for the printing workers; officially, therefore, it has so far done even less for Mr Willis than it did for Mr Cousins last year. The Labour party leaders cannot be at all pleased at the unfavourable publicity given to the printers' picketing methods in Kent last week, nor at the unions' threats to spread the strike against official printing of government papers and their vaguer hints that the national daily press, too, may eventually be stopped. (These last hints are designed mainly to try to steamroller the *Daily Mirror* into accepting the unions' terms for its strikebound weekly subsidiaries). Meanwhile Labour's political cup is being made bitterer still by a new twist in the troubled motor industry, for which orthodox trade unionism cannot fairly be blamed; the communist leaders of the Electrical Trades Union are seeking to strengthen their show of militancy, in this period of their campaigning

for re-election to office, by bringing to a head some peculiarly nasty pieces of closed shop victimisation which the other unions wish to avoid. And the Merseyside boilermakers, who are also a law unto themselves, came back from their latest demarcation strike last week, only to walk out on another one a few hours later.

The Government's Apprehension

Politically, the Government is not at all averse to strikes becoming a national issue. But, economically, it certainly does not want the settlement at the end of the printing dispute to become a national standard for this year's wages round. Obviously, the printers are going to get some wage rise and some reduction in hours in their new wage contract; the employers offered them this before the strike began. As the printers traditionally make wage contracts for three years at a time, any rise they get this year should logically be about three times as much as unions that make annual wage claims can expect to get. But the Confederation of Shipbuilding and Engineering Unions, which is now formulating its annual clain for higher wages and shorter hours, is likely to slur this point when its own negotiations come to their crunch; and the shadow of the approaching independent review of railway wages must be very much in the Ministry of Labour's mind. It is no doubt partly for these reasons that the Ministry has not this time reacted to the printing dispute by setting up a court of inquiry, with the old familiar tacit orders to jostle the employers into a little more show of surrender. For this forbearance, the Government was indignantly accused by Mr Willis last week of abandoning its tradition of impartiality; it was, he said with magnificent Irishism, "interfering by doing nothing".

Meanwhile *The Economist*, as a stricken bystander of this dispute, with no animus of its own against either side, and only the desire to serve its readers by coming out as best it may, appears for the third week running in a third different sort of dress. Once again we apologise to everybody, advertisers and all, for imperfections in this emergency product.

AIR CORPORATIONS

Could Do Better...

Both of Britain's nationalised air corporations have received a sharp dressing down from the Select Committee on Nationalised Industries, which spent the twelve months to last March looking into their working methods, and has come out this week with the report "Could do better (in the case of BOAC, much better) if they tried." This committee has felt hampered in past investigations by the lack of a yardstick by which to measure the efficiency of nationalised industries; this time it certainly had plenty of opportunities for comparing the performance of the British corporations with foreign airlines, and has seized them with both hands. Even these comparisons are not particularly severe, for by ordinary commercial standards most of the world's airlines show up none too well; they are, as the select committee recognises, intentionally or unwittingly the instruments of national prestige. However, the comparisons did permit the committee to press witnesses from both corporations a good deal harder on purely technical grounds than they might otherwise have found it possible to do.

This was particularly true of BEA. The corporation put forward several plausible reasons why its aircraft utilisation, the amount of work done by its staff and its general level of costs all compared more or less unfavourably with those of other airlines. But the committee refused to accept these arguments where they ran counter to the evidence of the figures and retorted that from the evidence of BEA themselves there was room for improvement. This was nothing like as great, however, as the room for improvement it discerned in the affairs of BOAC. Whereas the committee seemed to feel that BEA needed merely an occasional gingering up to prevent complacency, it reserved its heavy artillery for BOAC.

BOAC comes under heavy fire on two counts, both of which have been common knowledge for several years; its excessively high maintenance costs and the continued heavy losses made by its large network of subsidiary companies. The committee has ferreted out from an unwilling corporation just how large those losses have grown, for example £100,000 this year on Bahamas Airways, £900,000 on Middle East Airways, £150,000 on Kuwait Airways; and perhaps £700,000 on British West Indian Airways. It has elicited figures showing that maintenance costs account for more than one quarter of the corporation's direct operating costs and are twice as high as those of Pan-American. It has also wrung from BOAC the admission that for some years now the corporation has not been setting aside enough for aircraft depreciation so that when the figures are eventually properly adjusted, its financial out-turn in past years will look worse than they seemed at the time.

The Airlines and the Minister

This is no sudden calamity that has hit BOAC but a slow cancer of which the management has been aware for several years without, apparently, ever having been able to screw itself to the point of facing the drastic surgery required to cure it. What the Select Committee finds difficult to forgive, as may readers of its report, is the fact that its management has known that the corporation's engineering costs were growing further and further out of line with those of other airlines for the past seven years, since 1952; yet it does not expect to have completed the re-organisation of the engineering shops before mid—1960 at the ealiest. The labour negotiating machinery that was wished on the corporation may be slow and cumbersome, but the committee appears to feel with some reason that a more vigorous management could have got it to work rather faster than this.

Implicit in the pages of the report is the feeling that BOAC's management is too easily subject to pressure, whether it comes from the trade unions at the bottom, or from the Minister at the top. The committee has once again, with a nationalised industry, its finger on a form of pressure that it takes an exceptionally strong management to resist, namely informal, non-statutory interference by a Minister who can, according to the committee "when he wishes prove very persuasive." Airlines, including the independents, may be surprised to find how little statutory authority the Minister in fact possesses for the variety of controls that he exercises over British operators. The committee lists seven functions, including capital expenditure, fares, and charter activities, over which the Minister has no authority from Parliament to exercise any authority at all, but which the airlines all accord him as a matter of custam. The committee does not necessarily object to the Minister's control in these matters of high policy; what it wants in these nationalised industries, as in others, is a clear-cut division of responsibility between the management and the minister. To exert these controls by clear directive, which would certainly be preferable, the minister would need to seek from Parliament considerably greater powers than he has ever yet been required to justify.

GHANA

Defending the State

The Ghana government published last week the report of the three-man commission, headed by Mr Justice Granville Sharpe, that has been investigating whether there was a conspiracy to assassinate the prime minister, and whether two opposition MPs, Mr Amponsah and Mr Apaloo, together with Captain Awaitey, were involved in it. In brief, the commission unanimously found that the two MPs were engaged in a conspiracy to carry out "an unlawful act" at some future date. But while two members found that the MPs intended to persist in this, in association with the captain, the chairman argued that they had not conspired with the captain, and did not intend to assassinate Dr Nkrumah when he left for India in December.

The government has accepted the unanimous report; but in a white paper, also published last week, it goes further and frames a general indictment against the opposition as a whole. While saying that it intends to maintain a democratic constitution in Ghana, it alleges that since the opposition has always sought to overthrow it by unconstitional means, it must now bring in fresh laws to protect the state. Under the laws of sedition and treason inherited from the colonial government, it can neither prefer criminal charges successfully against persons who act l ke Messrs Apaloo and Amponsah, nor detain them on suspicion in prison; nor can it proceed against, for example, Dr Busia, the opposition leader, for making allegedly untrue statements abroad.

The laws it now intends to introduce to remedy these deficiencies should pretty well complete the machinery of control. It is all very well for it to declare that it must have these powers when the opposition fails to behave with the law-abiding propriety and decorum of British oppositions; but neither does the government or the ruling Convention People's party behave with the restraint of a British party in power — as is demonstrated by the legislation that has been passed since independence to ensure the government's control. Possibly it was inevitable that Ghana would end up with an authoritarian government. But it cannot at the same time complain if the opposition sometimes toys with dangerous ideas; this is the usual sequence, whether in Africa, South America, or even in Europe.

IRISH REPUBLIC

Mr Lemass's Inheritance

Our Dublin Correspondent writes: In his last campaign Mr de Valera secured what Dublin has since defined as a PR-ic victory. He won the presidential election; but by a narrow majority of, 34,000 in the referendum the voters rejected his advice to change the republic's constitution. They have decided to retain the present method of Proportional Representation instead. Even in the presidential election Mr MacEoin did much better than most people expected, by getting 44 per cent of just under a million votes. It was not a heavy poll, but its pattern was interesting. It was a matter of Dublin against the rest of the country. In the city constituencies Mr MacEoin secured a narrow majority, offset by Mr de Valera's lead elsewhere. All the Dublin city and county constituencies voted heavily to retain PR; elsewwhere there was a majority for abolition.

And so almost everybody is pleased. Mr de Valera is presumably gratified by his election. The voters are congratulating themselves on the maturity of judgment shown by voting for him and against his proposals to abolish PR. To judge by her letters to the Irish newspapers, Miss Enid Lakeman is very pleased indeed. The decision in the referendum reflects both the temperamental conservatism of the Irish electorate and their readines to show a government, even one to which they gave a large majority only two years ago, that it must not push advantages too far. On balance it does seem that the voters made the right decision.

It will now be possible to get back to a consideration of economic affairs. Nothing has been more typical of Mr. de Valera's political career than the manner in which he ended it: politics have been centred for the last nine months on a purely constitutional issue at the expense of more urgent affairs. His successor as head of the government, Mr Lemass, may be relied on to restore the balance. He is possibly the one person who is not pleased. The Dublin voting may be a portent, and all recent elections have been decided in the Dublin constituencies.

Mr Lemass has, however, an apparently safe parliamentary majority, and he need not call the next general election until 1962. He has time to give a new look to his party. The last couple of years have witnessed a surprisingly general reconsideration of policies that had previously been held sacrosanct ever since Mr de Valera first came into office in 1932. The change at the top may accelerate the process. Mr Lemass has been principally interested in increasing industrial production. In many respects, this has been thoroughly unfortunate: Ireland would be a more thriving country if half as much energy had been devoted to the improvement of agriculture. But the new Taoiseach is known to be interested in the new international trade groupings that are energing, and this may involve a reshaping of policies in many directions. Any party that evolves a programme suited to contemporary needs will deserve to do well in 1962, or earlier. It remains to be seen if Mr Lemass can persuade his party to do so.

FRANCE AND ITALY

Gaul in Italy

General de Gaulle's visit to Italy, his first trip abroad as president of the Fifth Republic, was a colourful as well as a crowded affair. It began with a sentimental journey to the battlefields of northern Italy, where, a hundred years ago French and Italian forces fought the Austrians. It ended with a visit to the Vatican, where the general was received with great magnificence. Whether the lengthy private talks between the French visitors and their Italian hosts were as satisfactory to General de Gaulle as the public occasions presumably were, is a matter for speculation.

The statement issued at the end of the visit is not illuminating. Its most concrete point is a suggestion that the British, French, Italian and American (but, curiously enough, not apparently the West German) foreign ministers should meet in Geneva before the east-west conference resumes on July 13th. This is evidently an attempt to give a more formal air to consultations of the kind Signor Pella held with his western colleagues informally, over the lunch table, before the Geneva conference originally began. General de Gaulle may well be disappointed that this is the only specific outcome of a visit which he himself took the initiative in transforming from a purely commemorative visit to the 1859 battlefields to a full-scale state affair. But although Italy's links with France are in many ways close, and are likely to remain so, it is hardly surprising if he failed to get much Italian support for his efforts to exalt France's standing in Europe and in the Atlantic alliance. The present Italian government, which recently agreed to the installation of rocket-launching sites on its territory, is a strong supporter of Nato and of close cooperation with the Americans; it, too, would like to have a bigger say in western policymaking; but having put its money on Nato, it is hardly likely to feel that the best way to secure this is to support General de Gaulle's aspirations — especially when he is at the same time whittling away France's effective contribution to the Nato alliance. Similarly, Italy's desire to remain on good terms with the Arab countries presumably prevents it from openly supporting present French policies in Algeria. General de Gaulle was received with great cordiality in Italy; but the cordiality evidently did not extend to jeopardising what are considered to be Italy's best interests.

BOOK EXPORTS

Looking at a Gift Horse

Dr Charles Hill has received wide acclaim for his five-point scheme to publish about two million cheap British paperback books for distribution in poorer countries, and to try to push the readership and sales of British books and periodicals in these and other difficult markets overseas on aid-plus-trade terms. As *The Economist* itself might, in some circumstances, hope to benefit under one part of the scheme, it may seem ungrateful to carp. But a hidden subsidy to us would be as two-edged a weapon as a hidden subsidy to anybody else; and it would be dishonest not to point to the disadvantages.

Dr Hill will have to watch the effects of his negotiations on countries which do not yet restrict the use of foreign exchange for imports of British books and periodicals; if they see their more restrictive neighbours getting books on favoured terms, they may decide that book imports are a profitable thing for them to ban when next they run into a currency crisis. Dr Hill showed how large was the purely commercial export market for British books; it would be a pity if his scheme made this any smaller, even while maintaining or expanding the volume of books shipped. The political fact had better be faced that many poor countries will bless Russia's cheap book scheme for forcing western countries to these socialist expedients. Such criticisms cannot be levelled against the proposed expansion of libraries, book vans and book boxes — though they, like the British Council's English courses, are gifts to the country in question. They are also beguilingly easy to mismanage.

Dr Hill showed himself alive to the delicacy of the question of what titles would be selected for subsidisation in any of the forms proposed (this will extend to periodicals too). It is to be feared that even his proposed advisory body will save him from streams of parliamentary questions; "Dr Hill's book-list" is bound to be criticised by everybody who is excluded from it. It is hard to believe that ministers will be able to defend themselves on the grounds that these are the books the customer really wants. The back-stairs lobbying — perhaps especially on technical books — may be great. Wartime experience with the book scheme may not prove a good guide. The extra £500,000 a year, which Dr Hill proposes to spend from 1960 on, would be a small price to pay for any scheme that played a successful part in spreading British thought and British ideas among the poorer countries of Asia and Africa. But may not the Government be setting foot on a much more slippery slope than it realises?

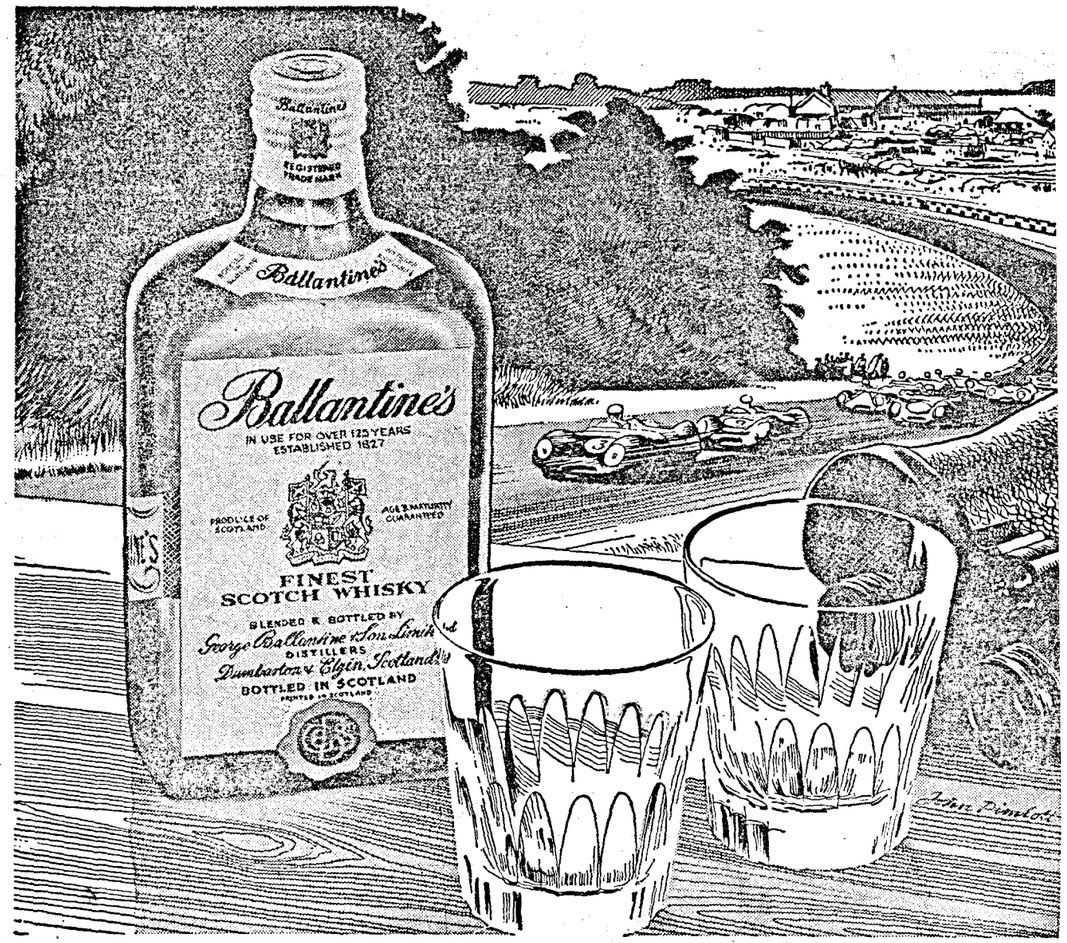
UNITED ARAB REPUBLIC

Beginning From the Bottom

Now that Middle Easterners have a choice of revolutionary regimes, President Nasser is on his mettle to keep the dust from settling. Next week he begins a second attempt to graft at least some of the appurtenances of democracy on to his government. He first experimented a couple of years ago with the creation of a National Assembly, and a rather woolly non-party popular front organisation, the National Union. But all this never amounted to much, and it came to an abrupt end when Egypt and Syria joined forces in March 1958.

This time he is beginning from the bottom upwards. On July 8th, both regions of the United Arab Republic are to elect members for the local committees of the National Union. These committees will then elect councils for the 33 provinces of the UAR, which in turn will elect a general congress. Then, if all goes well, the President will himself select from the general congress a new National Assembly in time for a first sitting in November.

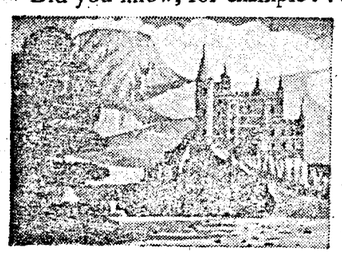
An entirely nominated assembly with only advisory powers will hardly set the Nile on fire. Under the 1958 constitution at least half the new assembly is to be drawn from members of the dissolved Egyptian and Syrian par-



The more you know about Scotch, the more you like Ballantine's

THE SUPERB SCOTCH

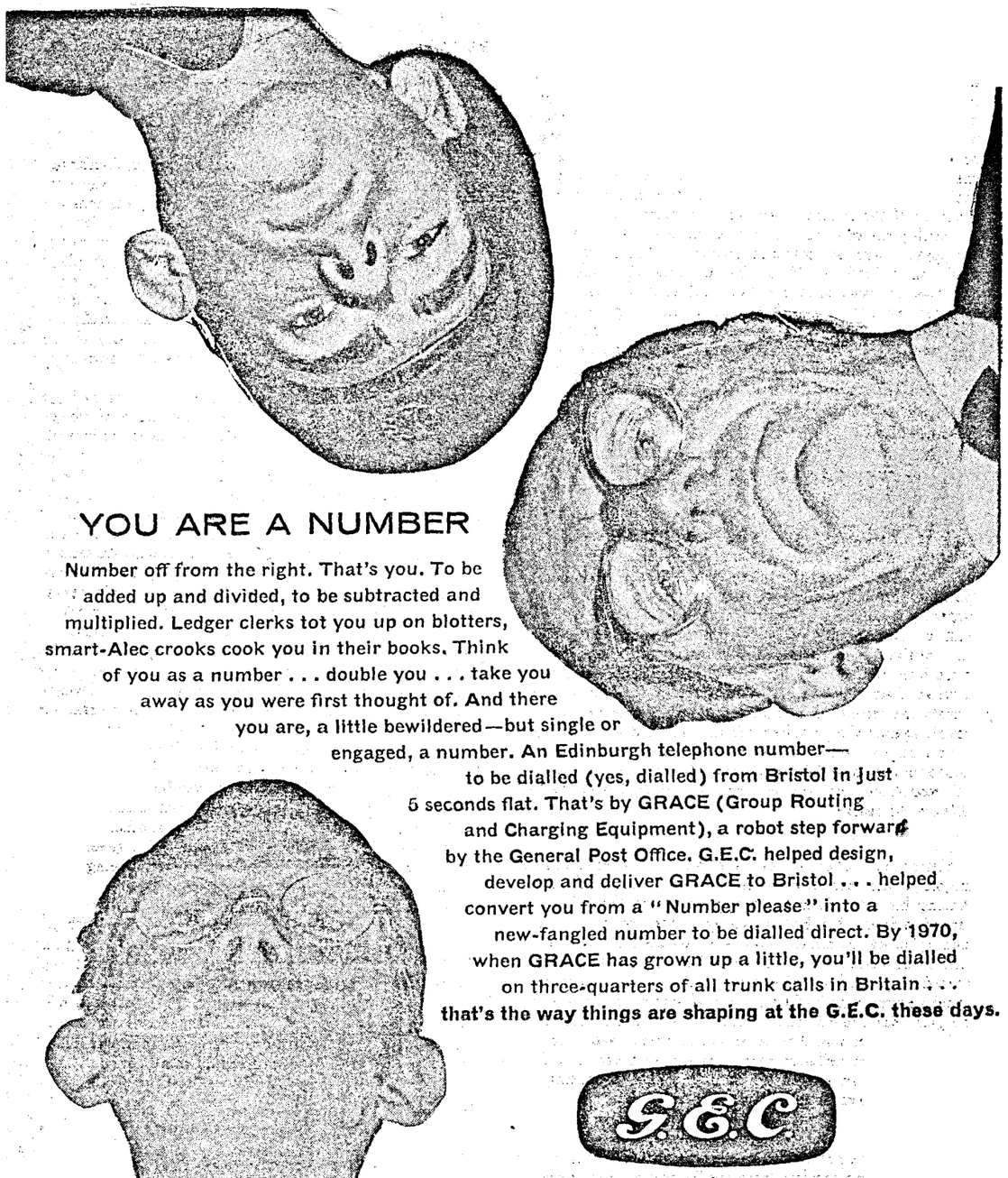
Did you know, for example?...



that in homes like this, Ballantine's was first drunk over a century ago. The knowledge and appreciation of really good Scotch has been handed down with the family escutcheon — the same famous names appear in the order books of to-day.

that sparkling streams bubbling down the heather-clad hills are used in the making of Ballantine's. Their crystal-clear waters impart their own unique character to the flavour of this fine Scotch.

that Ballantine's is one of the best liked Scotches in the world. In the United States, Sweden, France and many other countries, it is a top seller. The world over, when friends meet together, they naturally prefer the superb Scotch.



YOU ARE A NUMBER

Number off from the right. That's you. To be added up and divided, to be subtracted and multiplied. Ledger clerks tot you up on blotters, smart-Alec crooks cook you in their books. Think of you as a number . . . double you . . . take you away as you were first thought of. And there you are, a little bewildered—but single or engaged, a number. An Edinburgh telephone number—to be dialled (yes, dialled) from Bristol in just 5 seconds flat. That's by GRACE (Group Routing and Charging Equipment), a robot step forward by the General Post Office. G.E.C. helped design, develop and deliver GRACE to Bristol . . . helped convert you from a "Number please" into a new-fangled number to be dialled direct. By 1970, when GRACE has grown up a little, you'll be dialled on three-quarters of all trunk calls in Britain . . . **that's the way things are shaping at the G.E.C. these days.**

G.E.C.

liaments, and it will be easy enough for the president to exclude the more tiresomely outspoken. But the last Egyptian essay at democracy, in which the assembly members were elected by general vote from a carefully sieved group of applicants, showed that even after screening several of the parliamentarians were prepared on occasion to speak their minds — although, admittedly, some of their fiercest criticism of the executive was inspired from above.

Possibly the most useful part of the new scheme will be the spider's web of local and provincial committees, especially since President Nasser has unexpectedly ruled that the lists of candidates for the local elections are to go forward as they are without any official screening. The various councils look like having rather vague functions, and they will certainly have only slight powers; their importance will be as links between the central government in Cairo and the villages.

ARGENTINA

President Under Pressure

Having finessed his way through a critical upheaval, President Frondizi is still in control but with even narrower support than before. His reliance on military backing for pushing through the economic reforms that Argentina so urgently needs, but so stubbornly fights against, had put him in the horribly exposed position of depending on the loyalty of the armed forces, many of whose leaders were from the start suspicious and resentful of a left-wing civilian. Last week an eruption of arrests and resignations within the armed services looked like developing into open revolt against the president. He has survived — or at least won a respite — but only by dint of throwing out his old economics team and bringing into the cabinet, as minister of economics and labour, the right-wing leader, Señor Alvaro Alsogaray.

Elected just over a year ago with an overwhelming majority, the president is now pressed from all sides. Among his most formidable opponents are the group of retired officers, led by the vice-president of the revolutionary junta, Admiral Rojas, who accuse him harshly of still being tarred by the Peronist brush. In May, he was forced to get rid of Señor Rogelio Frigerio, his close personal adviser, who had been given damaging credit for the bargain that brought the Peronistas over to Dr Frondizi's side at the election. And a couple of weeks ago, General Perón dosed an inflammatory situation with yet more fuel by publishing an alleged electoral agreement promising his party a return to political life in return for its vote.

Whatever the pre-elction manipulations, President Frondizi now gets no comfort from the Peronistas. His attempts to make sense out of the economic mess he inherited have alienated the workers and trade unions, who now discredit him as a traitor to left-wing causes. The evils of Perón's regime live on, and industrial workers who have come to expect good living, and as much or as little work as they feel like, deeply resent a rocketing cost of living. Every man is out for himself, and most are against the president.

BRITISH CARIBBEAN ASSOCIATION

Bipartisanship on Race

MPs of all three parties who founded the British Caribbean Association last year to strengthen relations with the new West Indies Federation deserve warm congratulations on their agreement to co-sponsor a modified version of Mr Fenner Brockway's private member's bill against racial discrimination, which failed to win a high enough place on the ballot this session. When the Home Secretary recently he promised to look sympathetically at any draft measure which commanded wide support. Undoubtedly the bill's chances will be greatly increased, especially if the Tories win the election, by its attraction of Conservative sponsors.

Race relations in Britain should never be a party issue either in the sense of being exploited on election platforms or in the sense of becoming by default a subject of interest to only one political party. But they are very much a political issue in the complimentary sense that the special skills acquired by political experience are indispensable in planning effective action. With all possible respect to those Labour and Liberal members who have an excellent record in working for the good of coloured people who are seldom their own constituents, the most encouraging feature of the British Caribbean Association is the number of Conservative backbenchers who are taking an interest in its work.

Terribly late in the day, and perhaps as the result of several years' prodding by the Bow Group, some Tories have realised the folly of allowing the impression to go abroad that only Mr Fenner Brockway and his devoted group of fellow workers on the left are willing to take up coloured people's causes. It is not intended as any reflection at all on Mr Brockway, who is a living refutation of the foolish notion that a backbencher's life need be a useless one, to say frankly that, because he is type-cast as a leftwing Socialist, a Conservative government tends to bristle instinctively at the approach of another "Fenner Brockway case". While there is a Conservative government some of these cases would undoubtedly gain by being handled through the Conservative Party's channels.

The emergence of Mr Nigel Fisher as the hard-working co-chairman of the British Caribbean Association (with Mr Charles Royle, for the Labour members) is a big step in the right direction. But it is to be hoped that Mr Butler will be more forthcoming wich suggestions from within his own party than his colleague the Minister of Education, who has given a dusty answer to Mr Fisher's plea for special instruction in the schools about race relations. Mr Fisher is on the right track. Mr Lloyd should think again.

CHINA

Hard School of Life

Man cannot live by statistics alone. This year, the Peking government has been finding that out the hard way. Its official figures have recorded sensational harvests that have supposedly almost doubled the country's food supplies; but its official instructions to local communist authorities have been full of advice on how to mitigate severe and

widespread food shortages, or at least, failing anything better, how to explain them away.

Ironically, only last year the leaders in Peking ordered many thousands of intellectuals from the universities and other centres of urban disaffection to enrol in the hard school of real life, by going to help the peasants work the land or to provide building labour on construction sites in the remote and rugged interior. Some reversal of this policy has now been reported; students and professors alike are trickling back to their lecture rooms, and courses in the liberal arts, which had been virtually abolished, seem to be reviving. Perhaps the government thinks the intellectuals have been sufficiently humbled; perhaps some of them were less help than hindrance on the land; perhaps it has been realised that China actually needs to keep graduates flowing from its universities.

The recent drying up of this flow has been vividly described by an Indian visitor, Sripati Chandrasekhar, the director of the Indian Institute for Population Studies, in articles in *The Reporter* and elsewhere. The head of Wuhan university proudly told his guest that there were now 3,700 students, nearly four times the pre-revolution figure, and added, equally proudly, that they were manning several farms, an ironworks, and scores of small industrial enterprises. In Shanghai, at the former St. John's university, the buildings seemed almost deserted. The puzzled visitor slowly induced a deputy director to reveal that, out of the 4,600 students enrolled, 2,000 were away working on farms, 2,000 were working full time in factories and coming to the university only once a eek, 200 were melting down steel scrap and 200 were assigned to the militia on the Fukien »front«.

SOVIET UNION

Shorter Week

For the six million Soviet engineering workers, it is now announced, October will mark the beginning of a shift to a shorter working week. A 42 hour week — six working days of seven hours — is soon to be the rule; the changeover is to be completed next year. The engineers will thus follow the one million coal miners, who have been the first beneficiaries of the drive to reduce hours of labour which was the most tantalising promise uttered at this year's party congress. The plan is ambitious. It provides that by the end of 1960 all Soviet workers and civil servants should work 42 hours a week, that two years later the 40 hour week should be universal, and that by 1964 the switch to 35 hours should begin. If things go according to schedule this will be completed by 1966—68, when underground workers should have an even shorter week.

To-day, the official average is six working days of 7.5 hours. Assuming that the authorities keep their pledge, the reduction in labour hours will offset more than half of the expected 21 per cent increase in the total labour force in the current seven year plan (1959—1965). Thus the bulk of the planned rise in output — 80 per cent in seven years —is to be reached through increased productivity. Hence the importance of the conference concerned with automation and other problems of management or technology which was opened in Moscow on Wednesday under the auspices of the party's central committee. The task is the more urgent since Mr Khrushchev has now confirmed that the Russians are trying to fulfil their plan ahead of schedule, in six or possibly five years.

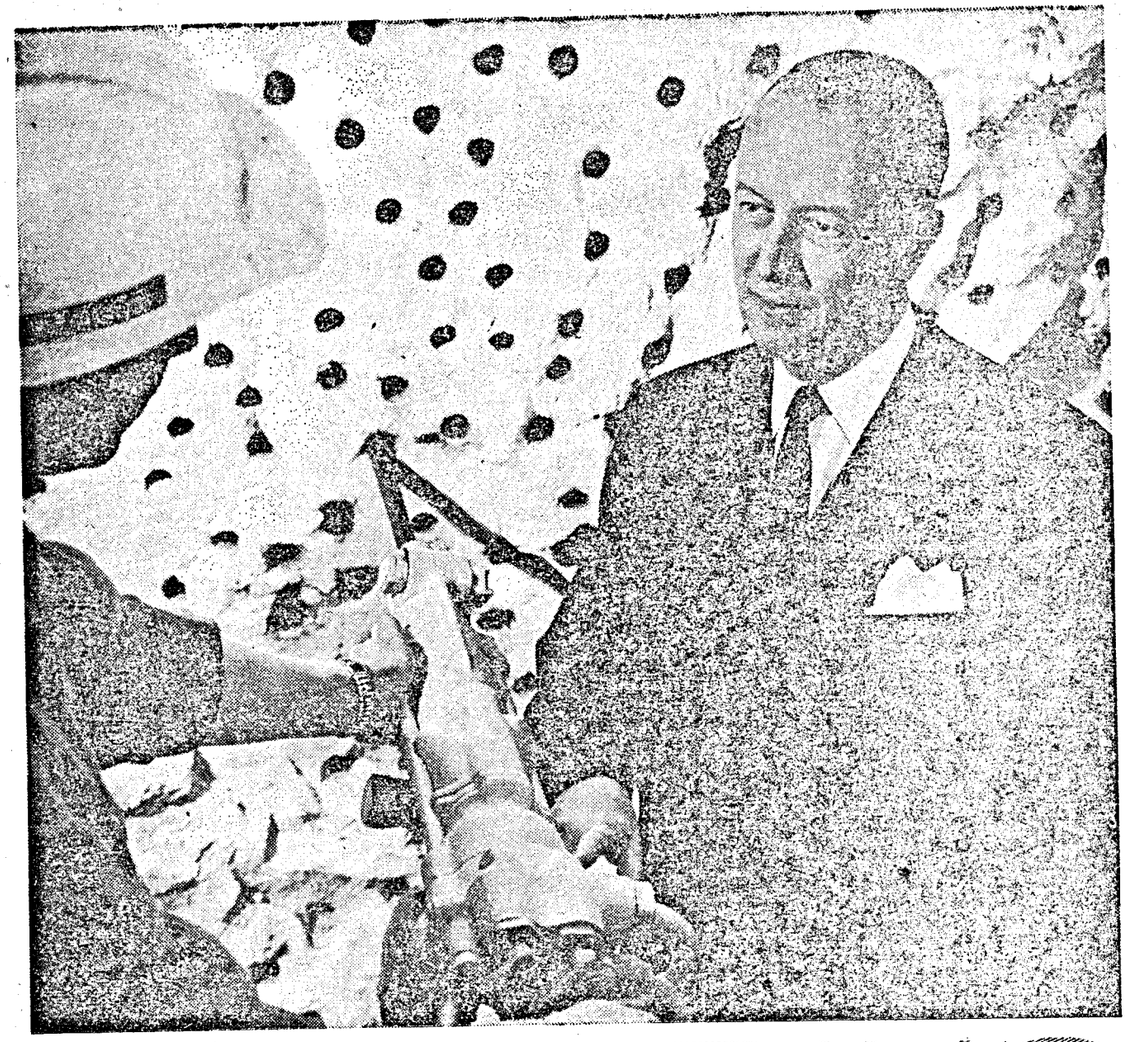
GRIEVANCES OF THE INDIVIDUAL

A British Ombudsman?

Both the Prime Minister and Mr Gaitskell have been edging very warily round the suggestion—put forward by the Conservative MP for Carlisle in the Commons recently—that Britain should assist the individual against the state by adopting the Scandinavian institution of a Parliamentary Grievance Man *(Ombudsman)*. Understandably Mr Macmillan expressed doubts whether it would be "altogether appropriate to our constitutional practice." But what is that practice? Mr Reginald Paget expounded it accurately when he enquired whether it was not "the traditional function of the Member of Parliament to bring forward the grievances of the individual against the Crown and to secure a remedy before supply is granted." And has Mr. Paget ever heard of one instance of supply being refused in modern times because a remedy had not been secured? The British constitution has proved flexible enough to remove the reality of this sanction—why should it not be flexible enough to accommodate an alternative safeguard?

Support for a British Ombudsman has been slowly building up since Professor Hurwitz, the first Danish holder of the office which was created four years ago in imitation of what the Swedes first practised in 1809, gave a lecture in London last autumn under the auspices of Lord Shawcross. If the Danish model were followed, a Parliamentary Commissioner would be elected by the House of Commons. Like the Comptroller General he would be independent of the Government and would have access to official persons and papers. His job would be to investigate citizens' grievances against public authorities, including the nationalised industries, and also himself to initiate such investigations when he noticed instances of arbitrary or unreasonable decisions or mistaken procedure. His reports would be made publicly to Parliament — perhaps in the first instance to a Select Committee. Up to a point it can be argued that it is an MP's own job to follow up cases where people feel that they have not been treated squarely. But an MP cannot see internal government memoranda; and, since he has to deal with a political minister, he cannot discover which civil servant is responsible for the decision he is questioning or whether he has followed reasonable procedures.

It is the extent to which such information could properly be included in the Ombudsman's public report that creates a genuine constitutional difficulty. Others that are mentioned, such as intrusion into the proper sphere of the judiciary, are by comparison artificial—the courts are not investigatory agencies. The question is suitable, as Mr Gaitskell suggests, for an all-party committee, provided all its members are not professional sceptics or panglossian admirers of present constitutional practice.



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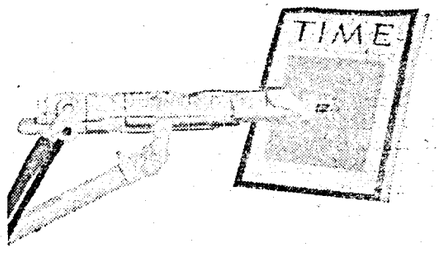

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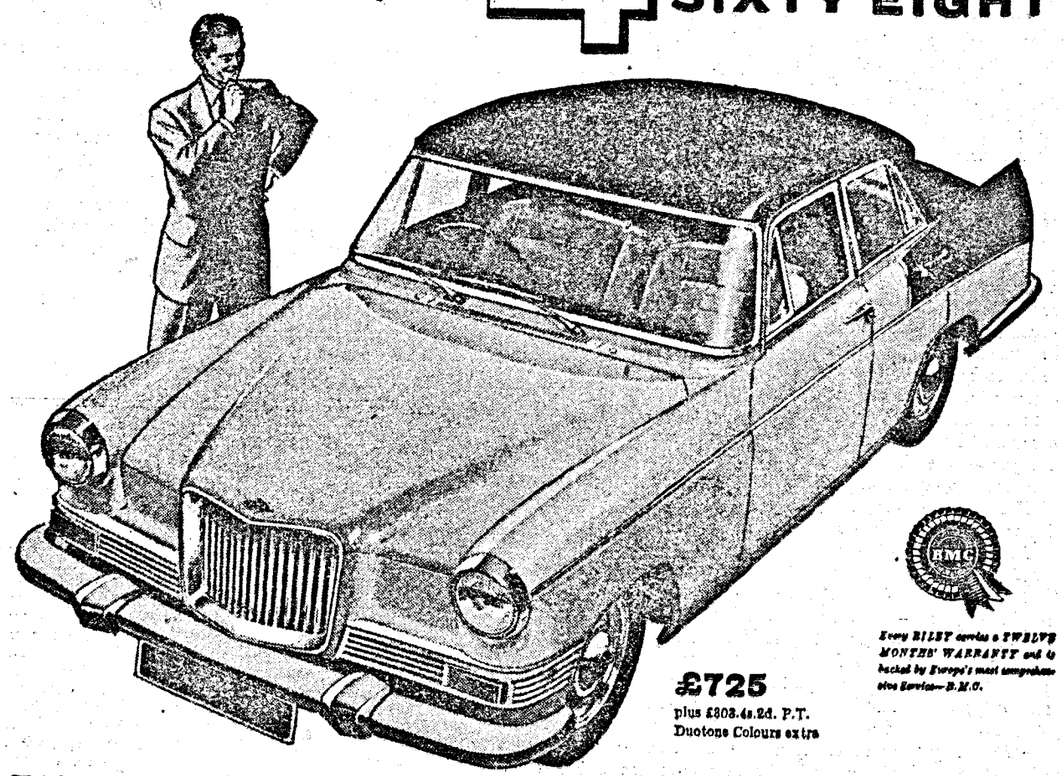

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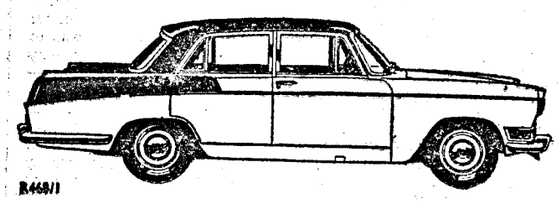

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COMMUNIST PSYCHE

Lunatic Fringe

The causes of lunacy have been eradicated in the Soviet Union. So professor Zhdanov, deputy minister of health, has claimed in a talk on Moscow radio. Mental disorders are frequent in capitalist countries, he explained because of the "oppression of man by man, unemployment and anxiety about the future," but no such stresses can exist under a communist government. Although he admitted that much work remains to be done in this field, especially in the prevention and treatment of schizophrenia, he now regards lunacy, like alcoholism, as a sinister and tiresome relic of the *ancien régime*.

Professor Zhdanov did not explain who uses the services of the "psychiatrist on duty," so prominently advertised in the Moscow classified directory: there are presumably other potential patients apart from western journalists. Nor did he touch on what type of strains produce nervous disorders under a communist system. Since this question impinges on politics, Soviet psychiatrists maintain a respectfull silence on the subject. The underlying presumption seems to be that it is as shameful for a party man to go crazy as it would be inadmissible for a member of some religious orders to seek the advice of a psychoanalyst. Not everyone, however, can command the same amount of phlegm as the Russian lady, who, after her escape to America, could remark in her autobiography: "As the NKVD broke into my room at four o'clock in the morning, I thought it was only a routine check."

There are, indeed, a number of indications even in the current slang of the communist countries, as to which way true madness lies. One Hungarian word can be translated as "bell-fright" — that unpleasant feeling Hungarian citizens get when their door bell suddenly rings in the early hours of the morning. People who suffer from this complaint can purchase a tranquilliser now on sale at chemists in Budapest. The Czech communist party has its "radishes" — red outside and white inside — a neat popular symbol for a schizophrenic mind. There are, of course, two ways of dealing with the mental disorders produced under a communist system: the government has its jails; the populace, its sense of humour.

TRANSPORT

£34 Million Worse

About £ 55 million of the £ 89 million deficit that the British Transport Commission showed on its operations during 1958 had been deliberately allowed for in advance, in the plan for temporary deficit financing that the commission put forward and the Government accepted in 1956. The remaining £ 34 million, the commission reported last week, was mainly the result of recession in Britain's heavy industries as reflected in their demands for freight; but the loss of London passenger traffic during and after the bus strike had some part in it too. Railway receipts fell about £ 30 million, and costs were cut back by less than £ 10 million; this increased British Railways' working deficit to £ 48 million, and interest and other central charges rose to £ 42 million. On its activities outside Britain Railways the commission's working surpluses barely covered the interest payable, leaving just over £ 1 million. The commission has therefore transferred the deficit of £ 90 million on railway operations to the "special account" against which such deficits are allowed to be charged under the Transport (Railway Finances) Act of 1957.

Recovery in steel — though not yet in coal — will presumably be helping freight traffic somewhat this year; but beyond the effects of a temporary and mild recission, the commission has to compete with the growing attractions of private transport both for freight and for passengers. There has been little slackening in the growth of the "C" licensed fleet in which manufacturers send their own goods, and the passenger car population has continued to rise rapidly; the capacity of freight vehicles owned by public carriers, on rail or road, has changed little, while passenger carrying capacity in railway carriages and buses remains stable. It is against this growing public taste for going in its own vehicles that the commission's massive investment — £ 148 million in 1958 — will eventually have to prove its worth.

The Economist

July 2, 1859

Mr Disraeli is chiefly remarkable for the unusual combination which his mind presents of individual tenacity of purpose, with a flexibility and pliancy of intellect rarely found in men of so much audacity and strength. There never was a statesman of eminence who, when he entered on public life, was so strangely in need of the lessons of experience. There never was one who was so apt a learner. There never was one who was more resolute to turn that ready faculty to the best account. From the day of his maiden speech, now more than twenty-one years ago, when he appealed in vain to the House of Commons for a cheer, and sat down with the warning, "I am not at all surprised at the reception I have experienced. I have begun several times several things, and I have often succeeded at last. I will sit down now, but the time will come when you will listen to me," up to the day when, amid the breathless attention of the House, he delivered his gallant, eloquent, and adroit defence of the late Government, Mr Disraeli has never quailed beneath the difficulties of his arduous career, and never failed in that self-possession, which knows how to turn every error, every false step into the materials of a future success. Beginning without rank, without connection, without wealth,—with every difficulty in his path which the prejudices of race could conjure up,—without entering into the convictions or understanding the political traditions either of the party he was to defend or of the party he was to assail,—wholly destitute of the kind of practical sagacity which most easily inspires Englishmen with confidence,—with an ill-regulated literary ambition and a false melodramatic taste that were well calculated to increase tenfold the existing prejudices against him, it is difficult to conceive a greater marvel than the brilliant success which Mr Disraeli has achieved, singlehanded, in a sphere of life usually thought singularly exclusive and inaccessible to unassisted adventurers.

BOOKS

The Marvellous Boy

Northcliffe.
By R. Pound and G. Harmsworth.
Cassell. 949 pages. 42s.

All good journalism has the same purpose: to satisfy readers' curiosity, to answer the questions in their minds. This is as true of *The Times*, which Northcliffe bought when he was 43, as of *Answers* itself, which he founded when he was 23. The real hero of this big untidy book is not Northcliffe the press potentate, increasingly islanded in his own illusions; it is Alfred Harmsworth the journalist, quick himself with the curiosity of the young people of his own swift times and bent on getting and giving the answers. The crown of his achievement was the *Daily Mail*, which he started in 1896 when he was only 31; and its prime aim was precisely to stimulate, and to gratify, the curiosity of the many who now could read.

None of this, perhaps, went very deep. The trap of the popular press, which this great journalist helped to invent, is always to make the trivial important and the important trivial. But mass information, shallow or less so, was the diet in both *Answers* and the *Daily Mail;* not merely mass entertainment, which was kept in those days for *Comic Cuts* and *Chips*. And Northcliffe's famous daily notes on the gaps in what his papers were telling their readers —the running comments which have been too much imitated by poorer journalists—were as much to the point on *The Times* as on the others.

The trouble about this book, which resembles nothing so much as a huge unfinished building site, full of fascinating holes and corners, is that it does not try to pick out and put together the right questions and answers about Northcliffe. What he lacked, what many good journalists have lacked, was the power to think. That is, he observed keenly, and felt deeply and warmly, but did not reason consecutively; he reached the conclusions of thought, it was said of him kindly, without going through the process. Shrewd as a monkey every morning, he was the easiest prey to self-deception over longer periods and deeper questions. In his ragingest tearingest, weightiest campaigns, whether over the German menace or the British shell shortage, he never knew how to start or when to stop. He had nothing to keep him together as a consistent person—or even, in his later years, as a tolerable person—except his professional touch and his impulsive affection(beyond everything for his mother).

The truth is that the years of vanity and valetudinarianism when he was a public figure, walking near but never in the seats of the mighty, are in retrospect very sad and not really very important. Alfred Harmsworth was a prodigy—of a journalist. Worth perhaps £100,000 in his mid-twenties and earning £80,000 a year before he was 35, he was nevertheless in no sense a financial prodigy. He never could count. By the test of money he could have as many bad ideas as good ones. The point is that he had ideas. He was, in his trade and calling, the innovator who brought it off. Little that is good in the popular press and the newspaper industry nowadays was not of his beginning; little that is bad would he own. And the *folie de grandeur* which he had, and many toadies had for him, was not part of the impulsive prodigy; it was a melancholy falling-away from the "marvellous boy," who soared to his best some score of years before, only 57, he died so pitifully.

The Other Churchill's Eden

The Rise and Fall of Sir Anthony Eden
By Randolph S. Churchill.
MacGibbon and Kee. 327 pages. 25s.

Just as Mr Randolph Churchill can shout louder than anyone else lacking a powerful voice, so he coins more pungent and quotable phrases than any other writer without a developed literary style. He is at his best in this long-awaited biography of Sir Anthony Eden in the waspish footnote and the welcome but rare bursts of Churchillian rhetoric.

It must be a handicap to a biographer to regard his subject as a bore. In the perfunctory chapters on Sir Anthony's early career, which are padded out with long quotations from Sir Timothy Eden, Sir Alan Herbert, Earl Winterton, Lord Snowden and anybody else who comes to hand, Mr Churchill makes his lack of interest abundantly clear. He only really hits his stride when he reaches the thirties and, abandoning any serious pretence of chronicling Eden's life, launches into his own variations on the theme of "the guilty men." Once a page Eden's name is dragged in as the final entry on the author's personal dishonours list of appeasers which is repeated in a periodic litany of malediction.

Having pointed the contemporary moral of his cautionary tale, Mr Churchill hustles through the years of war and Labour Government to reach the meat of his book, the celebrated chapters on Suez that have already been serialised in the press. Ingenious and plausible though his version is, much of it, as he himself acknowledges in a postscript, only tends to confirm Mr Paul Johnson's account in *The Suez War*, brought out as early as January 1957 by the same publisher (who is presumably responsible for both authors making the same mistake over the Christian name of Mr Henry Byroade). But Mr Johnson had an advantage over Mr Churchill—he was not labouring under the memory of having been one of the right wing Tory writers and orators who bullied poor Sir Anthony, who had developed a persecution complex about his bad press, into trying to show himself to be a man. Mr Churchill is commendably honest with the reader in admitting himself to have been completely wrong at the time in beating the drums for the Suez expedition. But he has not thought out the implications of recantation in interpreting the pre-Suez years.

This shortcoming illustrates Mr Churchill's larger failure as a biographer. In the circumstances it is understandable that he should not have had access to Sir Anthony's private papers. But as compensation one might have expected from an author who had grown up in a privileged social circle in which Eden's personality and attributes were matters of everyday observation and comment some special insight which would help resolve the riddles of his character and fate. How was it that a man so futile as Mr Churchill makes Sir Anthony out to be in his early years blossomed into the decisive War Minister of 1940 and the outstanding diplomat of the second Churchill Ministry whom the author unstintingly praises and then collapsed so ignominiously as Premier? Although he quotes generously from his own accurate prognostications in print, Mr Churchill edges diffidently around this central biographical question as if he had always been an outsider.

The truth is that reticence is the most noticeable feature of Mr Randolph Churchill's book. There are two unidentified villains implicit in the piece: Sir Winston Churchill and Mr Harold Macmillan. Who was it but Sir Winston who, regarding Eden's resignation in 1938 as entirely purging him of his responsibility for appeasement, began wishing him on to the British people as his successor as early as 1942? Who was it but Mr Macmillan who was personally responsible for the two cardinal errors which Mr Churchill identifies in the political execution of the Suez expedition—the misjudgment of likely American reaction and the failure to notice until the last moment that the currency reserves were too shaky for so risky an undertaking?

Twenty five years ago Mr Churchill wrote (in an article which he reprints as a sample of his contemporary foresight):

> "I would be the last person to wish to see a man so astute, resolute, tough and formidable as Mr Baldwin replaced by anyone of the hundred or more mediocre young men who are in the House of Commons today."

One trembles to think what an elderly Mr Churchill will be writing, a quarter century hence, about Mr Harold Macmillan.

Revolutionary Failure

China's Early Industrialisation
By Albert Feuerwerker.
Harvard University Press.
London: *Oxford University Press.*
348 pages. 52s.

Recent studies of the role of Westerners in the economic development of China have called attention to our ignorance, except in broadest outline, of how China's internal economy was affected by the foreign impact. Mr Feuerwerker's book illuminates some of these dark places. He has examined the efforts made by the Chinese themselves to introduce modern industries during the later years of the Empire, and he has explained why these efforts met with such limited success. He has approached the problem by considering, in elaborate detail, the career of one of the men who took a prominent part in this attempt at modernisation—Sheng Hsuan-huai, the henchman and associate of the great provincial governor, Li Hung-chang. His case-study reveals how the enterprises were initiated, capitalised and managed, the extent to which they were accommodated to the traditional social and political organisation, and why, to the last, they remained peripheral to Chinese society.

The initiative sprang neither from the central government, then chiefly concerned with resisting change and propping up its failing authority, nor from the merchants, who in the main were merely the agents of the conservative bureaucracy, but rather from a very few enlightened provincial governors whose power waxed as the grip of Peking was loosened. These reformers took the lead in inducing merchants, compradores and gentry to put up capital, often supplemented by funds borrowed from official sources, for the establishment of modern enterprises. Nominally the management of these concerns rested with merchant directors; but the provincial governors retained the right of appointing and dismissing the managers, and the enterprises were all subject to official supervision. Hence the designation of this system of organisation as "official supervision—merchant management". The prototype was the China Merchants' Steam Navigation Company, which was intended to reduce the dominance of foreign shipping in Chinese waters. It was followed by concerns in banking, communications, textile manufacture and several other fields.

Why did this initiative fail to set going an industrial revolution in China? Why did the achievements of these new concerns compare so unfavourably with those of Western and Japanese enterprises in the concessions? Mr Feuerwerker's answer is that China's rigid institutions stultified the energies of the innovators. The central government tended to regard a successful firm as a source of relief for its treasury rather than as an enterprise to be fostered in the interest of further economic development. So risk capital was very scarce. The profits that escaped the financial exactions of the government were seldom ploughed back into the business but were mostly invested in real estate. Even the men who took the lead in promoting the new undertakings remained at heart officials, concerned primarily with their own status and with their obligations to their families. As the author emphasises, economic progress was a concept alien to Chinese traditions, and the pre-Revolutionary institutions were incompatible with the needs of a modern economy. Throughout the book, Mr Feuerwerker points the contrast between the Chinese and the Japanese response to "the challenge of economic modernisation", and he has made a valuable contribution to our knowledge of this significant period of Far Eastern economic history. It is a pity that at times he allows himself to write in the degraded style of the sociologists, a style not to be tolerated among historians. Here is a specimen: "The preeminence of the kindship orientation in traditional Chinese society exercised a formidable brake on Sheng's full participation in the behaviour patterns which we have stated to be characteristic of the entrepreneur"

Opposite Types

Thrills and Regressions
By Michael Balint.
The Hogarth Press and the Institute of Psychoanalysis. 148 pages. 18s.

This is a period piece in some ways, an intuitive literary study beased on the consulting room, but wandering far afield. It starts in the fairground and the pleasures of breaking china there, and goes on to elaborate another ingenious classification of human personalities which may stand comparison with Jung's extravert and introvert. Dr Balint also has two —the ochnophil and the philobat. The ochnophil is the clinging, dependent sort of person who has to share his troubles, who is happy only in familiar surroundings, who collects material objects, and cannot bear to part with his treasures. One does still meet grown-ups who keep their childhood toys in a drawer, or sleep with a long-loved teddy bear beside them on the pillow. The philobat, on the other hand, needs room for manoeuvre. "Don't fence me in" is his cry, and he is happiest sailing a small boat across the Atlantic, or exploring an untrodden wilderness, with no commitments, and only himself to depend upon. He has acquaintances rather than friends, and his material possessions are only those necessary to the exercise of his skills.

Most people, of course, are a mixture of both these types, as Dr Balint himself points out, but he has added two recognisable characters to the storehouse from which playwrights and novelists can draw, and what he has to say is often illuminating, if sometimes a little perverse. So long as the kind of writing is not taken to be scientific, and is not condemned on that account, it has much to offer to the reader who is interested in his fellowmen and likes to buttonhole them.

Parish Pump

Small Town Politics
By A. H. Birch.
Oxford University Press. 199 pages. 25s.

This is one of the best of the local political studies so far made in Britain. Although the project was a collective one, under the sponsorship of Manchester University's Department of Government, the result has gained enormously from the decision to let one man write it, because Mr Birch is an excellent writer. There are occasional signs that there were times when the research team felt some doubts of its choice of Glossop as a typical small town in which to study the operation of politics "on the ground." There is more than one crisp and illuminating generalisation which is followed by the admission that there is little to support it in Glossop. But this difficulty would probably have been encountered, in one form or another, in whatever town the team had picked on, and we shall only really begin to have an idea about what, if anything, really happens when the central party organisations tug at the string after we have got a whole series of studies like this.

Glossop is a cotton town of 18,000 people, which lies in an isolated dale in North West Derbyshire. Mr Birch's short but valuable historical chapter makes one rather striking social observation: Glossopians owe practically all the institutions in which they can take some civic pride to the energy and openhandedness of the rival families of gentlemen millowners who dominated the life of the town until the nineteen twenties. Now that they have departed and their mills are branches of large firms who send in professional managers from the outside and periodically switch them, no natural political leaders of comparable calibre have emerged.

Glossop's political activities, which cannot be said to make much of a splash in the life of the town, reveal some interesting oddities. Although in modern times the High Peak division, of which Glossop forms part, has always been a Conservative seat it is not, on the figures, a safe one (Mr Molson, the present member, lacks an absolute majority) and Glossop, as the only part of the constituency where the parties are evenly balanced, would seem to be the key to retaining it. Yet Conservative organisation in the town is still almost completely demoralised as the result of the shift of the divisional headquarters from Glossop to Buxton as far back as 1934. The shopkeepers and small businessmen who run the Conservative association in Glossop seldom attend the meetings of the divisional executive committee in Buxton, partly because the journey is awkward and the necessity for it resented, but mainly because they feel ill at ease with the county types whom they meet there. All three party organisations are more social than political, but the most socially successful are the Liberals—they have the gayest club and the most thriving women's organisation. Both women's and youth organisations in the Tory parti have collapsed—the women's association dwindling to six members over a fight about the charge for tea and cakes at whist drives. The local Labour party is divided between the older borough councillors who work closely with their Conservative and Liberal colleagues and are opposed to strict party voting in local affairs and a more militant group associated with the trades council. It will interest Transport House to learn that its standard plan for basing constituency parties on ward organisations is not followed and that in Glossop the trades council, which is explicitly forbidden by its rules to take up general political questions, is the only socialist body which habitually does this.

Mr Birch's team tried to discover, on the basis of interviewing a random sample, what Glossop's voters thought about political issues. They did not think very much about most of them. There were some peculiarities: eleven per cent of Conservative voters wanted to nationalise both the land and the press; and seventy-one per cent of the Labour party's voters were against raising the school-leaving age (as well as eighty-three per cent of Conservatives and eighty-one per cent of Liberals).

Perhaps Mr Birch's most fascinating chapters are those on the different levels of local government that have an impact on Glossop, and his book can be recommended to anyone who wants an introduction to the realities of the present-day division of power between them. One thing is clear: although the transfer of functions to the county council may have produced greater efficiency, it has drained the borough council of a great deal of its prestige and sense of purpose without arousing any compensating popular interest in a county government that is felt to be as remote as Whitehall.

The Maghrib

A Survey of North West Africa
Edited by Nevil Barbour.
Oxford University Press (for *Royal Institute of International Affairs*). 417 pages. 35s

A good survey of the Arabo-Berber lands of north-western Africa has long been needed in English; and this wise, well-written and well-produced book ably meets the need. Now that most of the Maghrib has emerged from the anonymity of the colonial epoch, and the old Barbary states have come alive again in singularly different form, it was in any case time for English scholarship to recognise the change. Mr Barbour's symposium—sensibly put together as a singlehanded work—is a good beginning.

He and his colleagues relate the story of each of these countries and fragments of countries "from the earliest times" down to 1958. First of all, they survey the Western

Maghrib: Morocco (French, Spanish, and the newly independent kingdom) together with Tangier, Ceuta, and Melilla; Spanish West Africa and the Spanish Sahara; Algeria and the newly formed French-governed Organisation Commune des Régions Sahariennes; and Mauritania. Thereafter Mr Barbour offers the same rapid but effective survey of the Eastern Maghrib—Tunis and Libya—stopping at the frontiers of Egypt and the Sudan. These parts cover much unfamiliar and forgotten ground that ought to be known and remembered now; but the reason why they make so useful a whole is because their writers have a respect and love of Arabic culture, and a sense (rare in England) of the human dignity and civilising power that have long lain hidden in the Maghrib behind the sorry dust and dreary silence of colonial appearance.

For many years British interest in "the Arab world" has meant interest in little more than the politics of dynastic rivalry in Arabia or the economics of oil extraction. Both may have their great importance; neither, by any stretch of careful research, could possibly be made to touch the springs of thought and action from which the Arab world—the whole Arab world—has drawn, and draws today, its sense of community and its determination on a new destiny. The drive for independence and for unity in many of these countries—among many of these peoples of Arabic culture—has therefore seemed, often enough, to come out of a void; and a whole host of *ad hoc* explanations—Nasserism, Bourghibism, Communism even—have been dragged in to explain what can be explained, in truth, only by the unique fact of Arabic culture.

This is one reason why a rebirth of British interest in that other "Arab world" which descends from Cordoba and Granada, from Tlemcen, Fez, and Tunis—the world of Ibn Bekri and Ibn Khaldun and of all their kind—is much overdue. Mr Barbour obviously agrees. He is careful to insist on the sense of continuity that links the peoples of the Maghrib today with their illustrious and sovereign predessors. How provocative of thought, for example, is the parallel drawn between two rebels of the Aurès mountains of Algeria, separated by nearly two thousand years. Given this perspective in depth, it will come as no surprise that Mr Barbour and his colleagues see the war in Algeria as much more than one more colonial upheaval, and as "a revolution affecting every branch of life."

It would be ungenerous to quibble at what may appear as minor blemishes on this admirable work. To one reader, at least, the description of the Organisation Commune des Régions Sahariennes seems to overlook some of the longrange political and economic aims that caused France thus to deepen the breach between these regions and Algeria proper to the northward. One would also like to have seen more weight given to the interacting influences that have long operated both ways between the Maghrib and the Western Sudan. But these, of course, are partly matters of interpretation and opinion.

In welcoming Mr Barbour's book one hopes that it may also serve, beyond its immediate purpose, as a stimulus to more detailed studies of the same culture region. Above all, one hopes that it may help to remind Arabic scholars and publishers in this country of the great want of good modern translations and commentaries of many Arabic classics. Perhaps one may even begin to look foreward to the day when the generous Penguin Books will lay upon the shelf, along with Thucydides and Xenophon and Caesar, a quota from the writers of the Maghrib.

Knots to Nuremberg

Eclipse of the German Navy

By Thaddeus V. Tuleja.
Dent. 284 pages. 21s.

In this short book Commander Tuleja (an American naval reserve officer and teacher of history) surveys the life and death of the principal German surface warships of the second world war. His interest is, so he says, in the men who manned and fought them, and he did not set out to write "a detailed history of German naval operations"; and one must judge the book according to the object which the author had in mind. The trouble is that something like a hotchpotch has resulted, starting with somewhat puerile prefatory definitions (do readers of such a book need to be told that a knot is a speed?) and ending with a discussion of the Nuremberg trials and sentences. In between we have something about Jutland, which seems a little outside the brief the author set himself, quite a lot about U.47's penetration into Scapa Flow and the sinking of the *Royal Oak*, a detailed account of the cruise of the disguised raider *Pinguin*, and a rehash of well-known stories like the River Plate battle, the chase and sinking of the *Bismarck*, and the last sortie of the *Scharnhorst*. These latter sometimes contain judgments that will, to say the least, surprise British readers. Thus was the loss of the 22 year old *Hood* really "one of England's most humiliating naval defeats"?

Commander Tuleja uses dialogue extensively, and as almost all of it must be derived from second-hand sources—if it is not imaginary—his book falls between the stools of journalism and historical narrative. Perhaps he wished to make it vivid and readable to the pupils of the school where he teaches; but should not the young be taught from books where authenticity is a keynote? Lastly the author almost completely omits the long struggle against the U-boats, and the many defeats they suffered in the Atlantic Battle. Observing that, at any rate, after Dönitz became Commander-in-Chief in January 1943, it was on them that Germany pinned its hopes, one may feel that either his title is rather inappropriate or that he leaves an important part of the task he set himself unfulfilled.

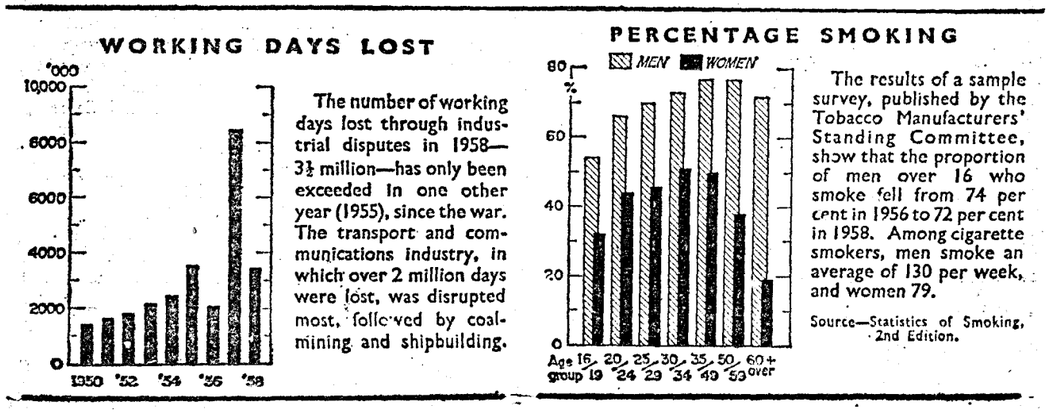
Poor Blacks

Freedom from Fear

By O. A. Sherrard.
The Bodley Head. 200 pages. 18s.

The abolitionist movement really started when Granville Sharp, walking down Mincing Lane, met an escaped slave who had been so badly beaten by his master that he was almost blinded. For years Quakers had felt uncomfortable about an institution so generally accepted for so long, but they needed influential leaders of the stamp of Sharp, Clarkson, Wilberforce and Palmerston (whose name is not mentioned in this book) before this crime against humanity could be abolished and suppressed. If true slavery is now a thing of the past, it is by no means forgotten. The colour bar is its contemporary reflection, and the number of books on the subject in recent years, many of which are ignored by Mr Sherrard, belies his suggestion that "Englishmen have largely forgotten their own good deed". The African today finds in this ancient wrong useful emotional ammunition against the European and the American, though curiously enough not against the Arab, who has a far longer record of slavery.

Although it has perfunctory chapters on slavery in the ancient world and in America, this book is mainly concerned with the story of the abolition of the British trade, not of emancipation generally, nor of the suppression of the illegal trade, which was a longer and a far more difficult business. Even if the book does not add much to the story, it may serve to keep alive what Lecky called one of the "three or four perfectly virtuous pages comprised in the history of nations".



AMERICAN SURVEY

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

Congress Knocked Out

WASHINGTON, DC

Mr Lyndon Johnson, the leader of the Democrats in the Senate, will be forgiven if he murmurs the sad question of the boxer being disentangled from the ropes: "He never touched me. Where am I?" An extraordinary change has come over the American political scene in the last few weeks. It has confounded the arithmetic of the experts who were saying last January, almost to a man, that the ban on a third term, plus a Democratic majority of nearly two-thirds of Congress, equalled a powerless President. Mr Eisenhower has bithely ignored those who told him that he would lose all influence in his last two years of office because the 22nd Amendment forbade him to succeed himself, even if he wanted to. He still has such power that in the one field where he has chosen to exercise it — his demand for a balanced Budget, and his attack on "spend-thrifts" — he has forced the Democrats to capitulate almost unconditionally. And the remarkable thing is that it took only one tap on the nose, in the shape of the President's veto of a minor Bill, to persuade them to throw in the towel.

The most telling compromise involves federal aid to housing. Last year the Eighty-fifth Congress failed to produce a housing Bill; thus the generous measures which passed the Senate and the House of Representatives, in slightly different forms, earlier this year were regarded by most Democrats as the touchstone of the Eighty-sixth's liberalism. Now Congress has agreed to whittle down the amount of money provided for slum clearance — the most important item — to £ 900 million from the £ 1.5 billion which might have been spent under either of the original versions by the middle of 1961. It has also accepted the Senate's low figure for the number of publicly-financed houses to be built instead of coming down half way between that and the House's higher total, as might have been expected.

It is true that in both items Congress is still rather more generous than Mr Eisenhower. But many liberals believe that Senator Johnson had the weapons, if he wanted to use them, to get a much better measure past the President's veto. One part of the Bill, without which the house-building industry can hardly operate, extends the Federal Housing Administration's ability to insure mortgages; the President might have hesitated to throw out the bathtub containing this highly necessary baby. The Senate also handed over tamely, in a separate Bill, a concession involving interest rates which it might have used for bargaining purposes.

This is not all. The federal grants which Congress had earlier approved for the construction of airports have now been dutifully cut down to meet the President's specifications. The Bill, to assist depressed areas, having passed the Senate, is generally agreed to be about to die in the House. A measure sponsored by liberals in the House, which would have brought federal funds to the aid of the schools on a substantial scale for the first time, was last seen breathing faintly in that morgue of reformers' hopes, the foyer of the Rules Committee room. Between them these four Bills, now dead, dying or mutilated, were the chief test of what the current session could do against the President. A more modest school Bill may yet be passed. But the other issues on which Congress may still produce useful legislation — civil rights, foreign aid and labour reform are the main three — cut across party lines; none of them offers anything like a direct confrontation between the President and the Democratic opposition.

It is typical of Senator Johnson's cavalier style of leadership that he did not consult his colleagues in the party before ordering this retreat. The changes in the housing Bill were accomplished when two southern Democrats amenable to Mr Johnson — Senator Sparkman and Senator Fulbright — voted with the Republicans on the conference committee against the liberal Democrats from the North. Mr Johnson has some logic on his side. It has been clear that it would be virtually impossible for the Democrats to over-ride the President's veto, if he chose to use it, ever since they failed two months ago to gather enough votes to do so in the case of a minor Bill on rural electrification. But the angry and disappointed liberals say that Mr Johnson might at least have challenged a veto — and perhaps found, in the case of the housing Bill, that is was not forthcoming — before he undertook to come to terms with the President. Their frustrated desire to get to grips with the Administration was not satisfied by his help in rejecting Mr Lewis Strauss as Secretary of Commerce; they think that this looked suspiciously like a sop to the liberal Cerberus while Mr Johnson sneaked past bearing gifts to the conservatives in Hades.

Mr Johnson is not the only Texan getting angry glances from his colleagues in the North. Mr Rayburn, the Speaker of the House of Representatives, is under fire for acquiescing too readily in Senator Johnson's change of strategy. He is generally credited with being the more liberal of the two on questions of social reform. Indeed, he fought

hard to get the original bountiful version of the housing Bill past its opponents in the House. But he has an old man's traditionalism; he leaves most of the details of running the House to his committee chairmen, who are mainly to the right of him; and he is said to pay altogether too much attention to yet another Texan — Mr Robert Anderson, the quietly conservative Secretary of the Treasury.

Nevertheless, Democrats who wonder what went wrong must look beyond Texas. The liberals have run headlong into three hard facts of American politics. The first is that they are not the whole Democratic party. Even if the Democrats held a full two-thirds of Congress — which they do not, quite — they would be unable to ignore the President's power of veto because on most issues they would lose many more votes by defections from the South than they would gain from the liberal wing of the Republican party. The second hard fact is that, whereas in theory Mr Eisenhower might be deterred from using his veto by an appeal to public opinion, in practice he cannot be. The President's position as head of state gives him an overwhelming advantage in a public debate with Congress about his conduct as head of government.

Finally, when Senator Johnson and the liberals argue about what will benefit the party most, they are using the word "party" in two different senses. Mr Johnson and Mr Rayburn can fairly claim that their policy of meeting the President half-way has paid handsome dividends to the Democrats, in the sense that they have won control of Congress three times running against the party which held the White House. In this context, they are entitled to reason that it is no part of Congress's job to strike dramatic attitudes by going full speed ahead with legislation and damning the vetoes; far better to go cautiously now, they say, and hope to get a Democratic President in 1961. But the liberals, in saying that it would be best for the party to stand by its politics and risk the vetoes, are using "party" in a wider sense. They are not thinking chiefly of the collection of local representatives assembled in Congress, but of the still very misty entity known as the national party — which is embodied, for practical purposes every four years, in the presidential candidate.

The problem of forging the congressional groups into something more like two national parties is the subject of an essay by Mr Stephen Bailey, published last month by the Fund for the Republic. Mr Bailey thinks it could be done by a number of fairly minor reforms, such as having candidates for Congress rely more for their finance on the national committees of the parties and less on local sources. But is any such expedient enough to bridge the gap which the Constitution itself created?

Referendum on Schools

From a Correspondent in Virginia

In Virginia the struggle over racial segregation in the schools has moved into a new phase as the election campaign for the State Legislature builds up to July 14th, the day on which the Democrats pick their candidates; in many districts this primary election is in practice the final election, since the persons chosen by the Democrats will face little or no subsequent opposition. The main, and in many places the only, issue, is the relative merits of "massive resistance" to the outlawing of separate schools for Negro and white children by the Supreme Court of the United States and "freedom of choice", Virginia's latest method of getting round the decision. This Perrow programme was adopted last April at a special session of the State Legislature by a majority of one vote on the key questions in the Senate, and of from six to eight votes at various stages in the House of Delegates.

Already this precarious majority has been lost in the Senate with the retirement, on health grounds, of the member who was flown in from a sick bed to vote in April. The segregationists are hoping to tilt the balance still further

in the coming election, so that when the new Legislature meets next January they will be able to nullify the Perrow programme. This was designed to assure local option in school matters and to provide tuition grants for parents who are unwilling to have their children attend mixed schools, so that they may be educated in other ways. This is essentially the same scheme as that produced by the Gray commission shortly after the Supreme Court's decision five years ago. Then it was frustrated by the personal intervention of Senator Byrd, the state's senior representative in the United States Senate and the dictator who has controlled the dominant faction in the state's Democratic party for many years. He insisted on massive resistance to the Supreme Court.

The Perrow programme became law only after the Byrd loyalists had implored fellow members not to darken the "twilight years" of their leader and after the State Senate had adopted an unusual legislative procedure in order to by-pass the known hostility of the education committee. It also became law only after Governor Almond, who as State Attorney General had originally favoured the Gray plan but had campaigned for election in 1957 on a platform of massive resistance, had once more changed his position. He used all his political skill and influence to manoeuvre the Perrow programme through the special session. He has now come to believe, it seems, that massive resistance can only lead to the complete abandonment of public education by the state and that this would be a disaster. The Governor's assumption of the leadership of the moderate forces in the state and his appeal for popular support in his fight to preserve the schools are evidence of a new alignment in Virginian politics, of a growing challenge to Senator Byrd's domination — and the first test of its effectiveness will be the coming primary election.

Superficially the divisions in the Legislature last April were geographic; fundamentally, they were economic. In the part of the state below the James River (Southside Virginia) the proportion of Negroes to whites is much higher than in most other sections and the economy, based on farms and forests, has changed little since the eighteenth

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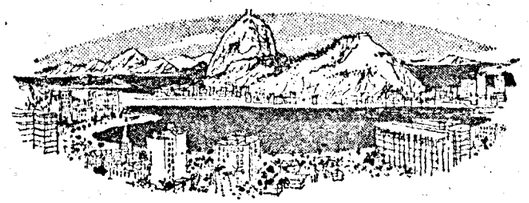

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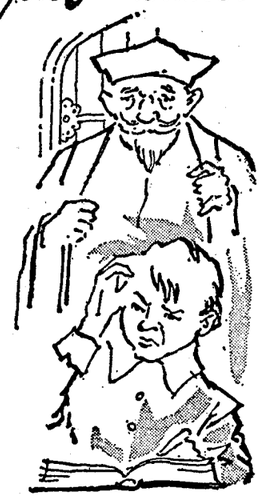

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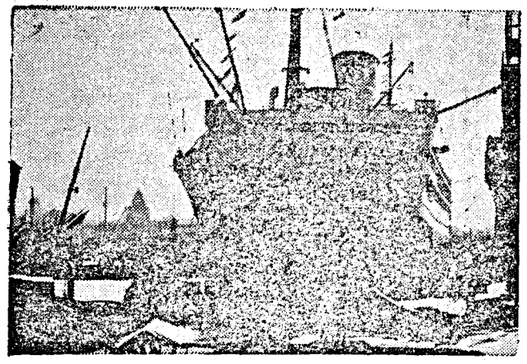

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entury. Here as elsewhere in the state where agriculture brings in only a bare living, the races are competing on, or only just above, the level of real want. Not much money is available for education from taxation and that little is begrudged. A fierce pride provides the emotion on which segregationist organisations and flamboyant oratory thrive.

Counter to this emotion runs the newly-evinced determination of the industrialised areas of the state to maintain the conditions necessary to the operation of a twentieth century technology. Significantly these sections are not confined to the major cities — Norfolk and Newport News, Richmond, Roanoke — or the part of metropolitan Washington which spreads into northern Virginia. Most of the new plants established in the state, and indeed in the South, since the war have been built in rural districts; factories in what used to be fields, such as that of the General Electric Company near Waynesboro' or the Sperry-Rand Corporation near Charlottesville, have introduced both fresh types of employment and much higher levels of consumption. The managers of the new plants and of the new shops attracted by the increase in local purchasing power are important men in the community.

Modern industry cannot operate without educated staff and must be able to assure its employes that adequate school facilities will be available in the neighbourhood for their children. Even before the passage of the laws under which some schools have been closed, Virginia's educational standards raised difficulties for such companies. The state's annual estimated expenditure for each pupil is $ 340 compared with a high for the country as a whole of $ 535 in New York and a low of $ 164 in Alabama. After the school-closing laws had been passed, the head of a branch of a leading national corporation which recently brought a payroll of $ 5 million into a formerly rural area by opening a plant there, declare a that he would lose a fourth of his key personnel if the schools in his district did not remain open; he added that his firm would probably not have come to Virginia if it had had any idea that the state would think of impairing its school system. The quiet but persistent political pressure of those responsible for Virginia's new economic activity was an unpublicized but probably decisive factor in the success of the Perrow programme at the special session of the Legislature.

The mood in which the voters will go to the primary will be affected by various recent developments. For example, in Southside Prince Edward County, around Farmville, from which came one of the original cases on which the Supreme Court made its ruling and where a court order has required that integration be speeded up, advantage has just been taken of the Perrow legislation to abandon the school system. The county authorities passed a budget from which school funds were eliminated and local children now become eligible for tuition grants to enable them to attend private, non-sectarian schools. A private foundation which had already been formed will open schools for the 1300 white children in September; some 1650 Negro children are eligible for grants, but no provision has been made for them so far.

Whether or not the Governor still has his majority after the primary before long he will have to make a political decision that is of even broader significance than the one he has already made on public education. Last spring he challenged successfully Senator Byrd's domination of Virginia. Will Mr Almond attempt to organise the moderate forces which supported him then into a permanent new faction in the state's Democratic party? Or will he allow the so-called harmony on which Mr Byrd has always insisted to be restored? The Senator has already been forced to change his mind once about retiring when it became clear that with his departure, his organisation would be disrupted by the rivalry between his supposedly disciplined followers for the right to succeed him. If Governor Almond now tries to mobilise behind himself the new economic forces in Virginia, in the belief that eventually these must become the chief source of power in the state, then he may well find that he has given himself a head start when Mr Byrd eventually goes.

Mergers are Catching

By arranging a merger with the New York Trust Company the Chemical Corn Exchange Bank hopes to regain its place as the third largest in New York City and the fourth largest in the country, which it lost when J. P. Morgan & Company merged its assets with those of the Guaranty Trust Company. One merger tends to set off others, not only because banks value the prestige which goes with a high place in the hierarchy, but also because the larger a bank's capital, the larger the individual loans it can make; in New York the upper limit is 10 per cent of a bank's capital.

The new Chemical Bank New York Trust Company will have total resources of over $4.3 billion compared with $4.1 billion for Morgan-Guaranty, but its capital funds, at $385 million, are still smaller than its rival's $512 million. Other reasons for the merger are the opportunities it affords for operating economies, particularly through mechanisation, and the satisfactory way in which the trust operations and "wholesale" lending (to big business borrowers) of the New York Trust complement the largely "retail" character of the Chemical Corn Exchange, which deals mainly with individuals.

In the Morgan case, the Department of Justice decided after long consideration that it lacked the power, under the anti-trust laws, to prevent the merger. The present move, which has to be ratified by the shareholders, the Federal Reserve Board and the state banking authorities, will increase liberal demands for a substantial stiffening of the law, which Congress up to now has been reluctant to grant. The agitation will grow if, as seems likely, this merger is followed by others.

Economic Growth - Tax Free

From a Correspondent in New Mexico.

Many states try to attract new industries, but New Mexico is the first, though probably not the last, to permit them to be bought outright. Four years ago it passed a law which permits towns and cities to buy going business concerns outside the state and take them home; they are paid for by issuing bonds, which fall outside the limit on municipal debt, and which are to be redeemed from the profits. They are not a charge, in any way, against the municipality which owns, but is not allowed to operate, such enterprises.

Deming, a town of about 7,000 people, has led the way by paying about $1.2 million in 30-year bonds for two Californian plants which produce drilling tools. They are housed in an empty factory which was used to load shells during the war; its owner, understandably, was one of the most active supporters of this particular scheme and of the state's enabling law. He benefits not only by the sale of his factory, but also because he has a contract to operate the new business. It is expected to employ nearly 100 local people; only key staff are being brought from California.

The greatest incentive, however, was the hope, which has now been confirmed, that the federal government would exempt such a municipally owned enterprise from federal taxes; it is also free of state and local levies. This explains why the former owners can be paid 9 per cent interest (also tax free) on the Deming bonds in which they have been compensated. The economic growth of Puerto Rico has been stimulated tremendously by its exemption from all taxes imposed by the federal government in Washington. In effect, New Mexico has made it possible to create a series of tiny Puerto Ricos on the mainland. It is small wonder that other towns in the state – and other states – are watching closely Deming's experiment with tax-exempt enterprise.

Mr Hoffa and His Monitors

It was largely chance which made Senator McClellan's investigation into corruption in trade unions resume its hearings last week just as pressure was building up in the House of Representatives for the passage of some sort of labour reform legislation at this session. But the evidence coming out of the hearings that the notorious teamsters', or lorry-drivers', union is so far as unreformed as ever, in spite of the promises of its president, Mr Hoffa, that it would be cleaned up reinforces Mr McClellan's contention that the labour Bill passed by the Senate is not stringent enough. Unfortunately, however, attempts to strengthen the Bill will only make it more difficult than it already is to get any agreed legislation out of this Congress.

Meanwhile the need for legislation, at least where the teamsters are concerned, has been made less urgent by a ruling from the Court of Appeals in Washington, upholding the right of a lower district court to regulate the union with the advice of three monitors and to sentence Mr Hoffa for centempt should he continue to refuse to obey.

The monitors were appointed early in 1958, after some members of the union had contested the legality of Mr Hoffa's election as president, under a court arrangement which allowed him to take office provisionally. He has been trying to call a meeting of the union to confirm him in office and thus to get rid of the monitors, but this has now been forbidden by the Court of Appeals until the district judge, Mr Letts, gives permission. He will not do this until he feels that an honest election can be guaranteed, but there seems little doubt that even under these conditions Mr Hoffa would be re-elected. It is thought that the monitors may now try to force Mr Hoffa to retire. They are sure to insist on investigations of the most notorious branches of the union, on dismissal of the most unsatisfactory officers and on new by-laws and accounting practices for local branches.

Louisiana Still Long's

The macabre story of the Longs of Louisiana begins in 1935 when the famous Huey Long, the founder of the dynasty, was shot in the State Capitol by a man he had wronged. A spotlight from the top of the Capitol tower still plays on his tomb every night, keeping alive the memory of the martyred Kingfish. In May his 63-year-old brother, Governor Earl Long, apparently underwent a mental breakdown in full view of the television cameras and was spirited into Texas for treatment by his family, who claimed that he was suffering from delusions of persecution. But he made his way back to Louisiana, where his word is nearly law, and was freed last week by the courts after smuggling out of a mental hospital a tape recording charging his family with trying to put him out of the way so that his nephew, Senator Russell Long, might become Governor. The heads of police and hospital officials have rolled and there now seems to be nothing to prevent Mr Long from taking up his full duties again unless his doctors convince him that he must resign.

Governor Long is only a blurred carbon copy of Huey, the engaging demagogue who terrified liberals in the nineteen-thirties with his slogans of "Share the Wealth" and "Every Man a King". But, like his brother, the present Governor owes his iron grip on the state and its political machinery to a judicious combination of bread and circuses.

Under the law in Louisiana, a Governor may not serve two consecutive terms. A few months ago Mr Long made it known that he planned to get round this provision by resigning this summer so that he would be free, technically, to stand again in the preliminary elections in December. Few doubted that he would succeed, even though federal agents are examining the way in which the state has spent federal welfare grants, and the Governor's own finances. The anti-Long forces have been strengthened, however, by the growth of racial extremism; racial segregationists in the State Legislature have been busy removing from the voting rolls the Negroes who, with the poor whites, have been Mr Long's chief support. Exploitation of racial hatred has not been one of the evils of the Long regime. In May Mr Long opposed a further purge and lost. If the dynasty is to to go on, power must pass eventually to Senator Long, Huey's able son, at present the chief object of his uncle's rage. He bears the magic name, but he lacks "Ole Earl's" common touch and his devoted following. Moreover, his voting record in Washington is too liberal to suit his state's extremists.

Into the Common Market

In his annual report to Congress on the trade agreement programme the President repeated his warm welcome for the common market, with its promise of stimulating economic growth and political unity in Europe on the American model. But he also insisted that all such regional schemes must be "outward-looking" if the benefits of mass markets are to be shared by the world trading community as well as by the six and the seven. The United States itself sells over 17 per cent of its exports to the countries of the common market and it is also concerned about the under developed countries, particularly in Latin America, which sends a third of all its exports to Europe and is trembling for its coffee sales. Officials of the common market insist that it will not be restrictive, but Congress, noting the proposed uniform tariff of 30 per cent on tobacco, has doubts.

In a recent report the Federal Reserve Bank of New York argued that, although in the short run American exporters, particularly of automobiles, chemicals and other manufactures, might suffer, this would be more than offset by the long-run expansion of markets due to economic growth. Many American businessmen, however, are taking no chances. They are busy with plans for building factories or buying subsidiaries inside the common market or licensing foreign firms to make their products.

THE WORLD OVERSEAS

Kenya's Deadline

FROM OUR SPECIAL CORRESPONDENT

Kenya now has a political deadline — early 1960, before the general election there, when the Colonial Secretary will convene a round table conference in London to discuss constitutional changes. But who will sit round the table, and what changes will they consider? It is too easily assumed that Kenya has two parties which in London will present rival blueprints — the New Kenya Group led by Mr Michael Blundell, and the multi-racial Constituency Elected Members Organisation (CEMO) which consists of all the African and Asian elected members, plus Mr Shirley Cooke, European member for the Coast, and whish is led by Mr Mboya. This impression of a two-party system is vaguely strengthened by the way Mr Blundell has been barnstorming Britain with his group's prospectus, while Mr Mboya has been building himself up during his travels in Africa and America as a world figure, the representative of the people, Kenya's Nkrumah-to-be. In fact, these two mighty men have been arguing in the wrong places with the wrong people; in their absence their "parties" have shown signs of coming apart.

This is more serious for Mr Blundell. The New Kenya Group's prospectus remains a set of generalisations, which means that different sectors of his group interpret it differently. Mr Alexander, for example, is still well out on the right, sticking to his reservations, and recent meetings held by the group have taken a beating from the European diehards who refuse to join: the self-styled Big Four, led by Group Captain Briggs. In African areas, meetings have been small and tepid; inside the party, the liberals are grumbling that fine principles have not yet become specific proposals. On the other flank, African nationalists are making hay with the contrast between the group's liberal protestations and the government's actual performance — for example the decision to make a European-elected settler, Mr Bruce McKenzie, minister of agriculture in succession to Mr Blundell. Africans think that agriculture, especially when the Land Control (Native Lands) Bill is being debated and a white paper prepared on tenure in the white highland, should be in the hands of an official; Mr Swynnerton, author of the succesful plan for African farm improvement, would have done.

Mr Mboya's organisation is in fact very happy about the state of Mr Blundell's New Kenya Group, which it sees as divided, and which it thinks will become more divided as it tries to prepare specific proposals for the London conference. It thinks Mr Blundell is faced with the alternatives of the break-up of his party or of going to London with a vague mass of intentions that have not been reduced to concrete constitutional proposals. In either event, it expects to be able to dominate the conference with the weight of the electorate's authority behind it and a set of definite ideas that could be acted upon. It thinks that the side with clear and practical ideas of what it wants, and how soon, and how to embody them in British legislation, will win. It has induced Mr Lennox-Boyd to make constitutional advisers available; it hopes that it will get Sir Ivor Jennings, somebody coloured from the West Indies (Dr Eric Williams would be highly acceptable if he could come) and someone who helped with Nigeria's constitution (perhaps Sir Henry Willinck.) From such a commission it would expect a series of alternative, but quite practicable, schemes of constitutional change to emerge — but all of them schemes conceding, sooner or later, African control of the legislature and the executive council.

The organisation is, however, split on timing and method. The moderates believe that as time *is* on their side, the thing to do is to ensure that Africans will take Kenya over, including its European skills and assets, as a profit-making business. They think it wisest to be firm about aims, but flexible about means and even about the timetable — say, African domination and full autonomy by 1964, and the termination of the Governor's reserved powers by 1968. The thoughtful among them, while wishing to build up a Kenya-wide nationalist party, want that party to be rooted in district party autonomy (which means partly tribal control) so that the party boss, who might om might not Mr Mboya, could not become such a dictator as Dr Nkrumah. Their case, to anxious Asians and enquiring Europeans, is: "You should not worry about African rule — that is settled, and you will have virtually no say in political decisions. What you have to worry about is what sort of Africans will rule — and there you can, now and later, have great influence." But the extremists in the party are all for making — indeed, do make — rash promises of independence for an African-run Kenya by 1961. Nor do they conceal the fact that an African-run Kenya, though it will come into existence through British-type democratic procedures, will be an authoritarian state.

In this split — and it would be invidious to try to say just who is on which side — the New Kenya group sees great hope; it expects by making vague, tempting, liberal noises, to attract the moderates to its banner. Its members tell each other, with relish, how frightfully rude and overbearing Mr Mboya has become with his colleagues. But then, they have been promising the world an African split for two years; quarrels are one thing, crossing the divide is another. Their real and unperceived problem is what a

expert like Sir Ivor Jennings would do with their vague statement of principles; for the first question of constitutionmakers always is: "Who is to rule, and how?" The fact is that the Europeans still want, somehow, to rule Kenya, if not from Nairobi, then from London by proxy, at any rate for 15 more years.

This is why the Constituency Elected Members' Organisation feels that, in addition to its own members, only the European elected members who do have clear ideas ought to sit round the table in London. However, it feels, provided Mr Musa Amalemba, the specially-selected African member who is minister of housing, is not put up as representing any African but himself (though in fact this would rate him much too low) it will be prepared to sit down with the members elected on fancy franchises. They think this will add to a confusion which will benifit them — as, indeed, it may.

But the real danger between now and 1960 is that there will be competitive bidding on the African side for popular favour, as if the round table conference were an election. The endorsement of an African extreme platform, demandng Kenya on a platter or else, could wreck the talks and set Kenya on the road to violence.

Spain's Gibraltars in Africa

FROM A CORRESPONDENT

There are Spaniards, Don Salvador de Madariaga among them, who think it was a historical mistake of the first order that Spanish Colonial expansion in the sixteenth and seventeenth centuries was directed towards the New World. Much better, they argue, if it had been in North Africa. If all that intense, though transient, burst of energy and crusading-cum-commercial zeal had been so diverted, Spain might now be resting on a firm cushion of territory stretching from the Atlantic to the Nile, and the Western Mediterranean might be a Spanish sea.

By contrast, present realities are rather bleak. Spain has already lost its slim Moroccan protectorate and has had to abandon long-standing ambitions of dominance in Tangier. All that remains are the presidios — a few small pieces of Spain on the coastal fringe of the Moroccan mainland. The presidios consist of two sizeable towns, Ceuta and Melilla, and six minute and rocky islands off the coast between them. Melilla was conquered by the Spaniards in 1496 and has been intermittently under siege ever since. Ceuta, first taken and settled by Portugal, became part of Spain in 1581 on the temporary fusion of the two countries under Philip II. The subsequent reseparation left Ceuta in Spanish hands.

Under the Treaty of Tetuan in 1860, which ended a Spanish-Moroccan war, the position of the Spaniards in both places was affirmed by the King of Morocco. Since then the Riff tribes have shown on more than one occasion that they do not regard such treaties as binding on themselves. Much Spanish blood has been shed in protecting these two enclaves. Melilla has a population of nearly 100,000, Ceuta about 70,000. There are some Moors and some Sephardic Jews, but the great majority are Spaniards. Each town is like Gibraltar in that it is built on a rock, connected with the mainland by an isthmus which forms a recognised "neutral ground."

Ceuta and Melilla are the only decent ports in north Morocco, so that until recently all goods entering or leaving the area had to pass througt them. Except for the rich iron deposits in the mountains behind Melilla, which are now in Moroccan territory, this hinterland is poor country, and apart from a million tons of iron ore a year, exports and imports are negligible. Melilla lives on this, and on its people taking in one another's — and the large garrison's — washing. Ceuta, however, has a good harbour, and its excellent oil bunkering facilities, provided by a wide variety of international oil concerns, bring about 15 million tons of shipping a year to the port. Some ships prefer it to Gibraltar because there is more plentiful and cheaper water, and because, as the crews and the officers say the night life 'isn't so damm British." With the projected casino and a million pounds' worth of recent port improvements in Gibraltar, things might well be different in the future.

What of the future of the presidios? Most barometer tappers can see little but rain, with stormy weather to follow. Xenophobic nationalists in Morocco, keen, like Spaniards, to ease the pressure of domestic discontents by pointing artificially agitated fingers at alien Gibraltars on their soil, are already clamouring for their return.

Spain will not easily give up the presidios. They are regarded and administered as integral parts of the homeland; nor will it be forgotten in Madrid that little of the Moroccan gratitude which was expected to follow the handsome surrender of the protectorate two years ago has yet materialised. Ceuta and Melilla are, however, vulnerable in many ways. Goods that formerly passed through Ceuta are already being diverted to the purely Moroccan port of Tangier. Frontier controls and formalities have been increased. And, unlike provident Gibraltar, both towns depend on the mainland for water. This difference may one day count for much.

Samoa Debates its Future

FROM A CORRESPONDENT

For some forty-five years Western Samoa has been controlled by New Zealand under a mandate first from the League of Nations and later from United Nations. But during the past ten years New Zealand's grasp has progressively loosened, and the country is now largely self-governing. The legislative assembly of 48 members is almost entirely Samoan, and though the New Zealand high commissioner can veto legislation, he has never exercised this power. Apart from "reserved subjects," such as defence and external affairs, the Samoan Assembly may make its own laws with any outside interference. New Zealand indeed seems anxious to rid itself of its Samoan obligations without undue delay, and the prime minister, Mr Walter Nash, has announced a plan to bring self-government substantially into operation by January, 1960.

There is, however, a strong body of opinion, both in New Zaland and in Western Samoa itself, which holds that Western Samoa's progress towards independence is unduly precipitate. In the past this opinion has not found more than occasional expression in the press. But lately it has been freely canvassed, and it was submitted in different forms to the United Nations mission which has just recommended December, 1961 as the dead-line for independence.

The first objection to the present policy is that few Samoans understand just what independence means. They persist in asking for their "freedom," though the control which New

Zaland still has power to exercise has little, if any, effect on their daily life. It is supervisory rather than restrictive, and full independence merely means the removal of this unobtrusive supervision. But the normal consequences of complete independence clearly are not realised or understood by the Samoans themselves. The people of Savai'i, the larger though the less populous of the two main islands, told the UN mission that they were "unanimous in seeking their freedom under self-government." But they also said that they wanted a treaty of friendship under which New Zealand would come to their assistance whenever required. The technical and financial assistance given by New Zealand to Samoa has in fact always been considerable, and it seems that the Samoans expect this generosity to be maintained.

They also insist that they should continue to have free access to New Zealand. But there has been no suggestion that New Zealanders should also have free right of entry into Western Samoa. On the contrary, UN representatives have been told more than once that, with the exception of missionaries and one or two specialists, all foreigners living in the country should be called upon to leave immediately self-government is attained. One of the most outspoken members of the legislative assembly, Mr Tualaulelei, who was minister of lands until he lost his seat because of a conviction for assault, has frequently stated that there will be no place in the Samoa of the future for any persons who are not of full Samoan blood. Mr Tualaulelei has been re-elected to the assembly and may well fill a key position in the new state.

The second main objection is that there are at present no Samoans with sufficient education and experience to rule the country. The district of Falealili, which has always been noted for independent thought, made a strong recommendation to the UN mission that self-government should be deferred for 7 to 10 years. Although Falealili represents only about 3,000 people out of a total population of 100,000, it is a district of high standing. The adjoining district of Aleipata asked for a trial period of self-government–presumably still under some form of supervision from New Zealand–before Samoa made "the final transition with acquired experience."

A third objection to immediate self-government is raised on behalf of the minorities–those of European and part-European nationality. There are some 6,000 people in this group, including many who as planters, merchants and senior government officials have done much for the territory. Another problem is who should be the head of state of independent Samoa. The proposal endorsed this year by the legislative assembly and the two *fautua* (the chiefs who act as consultants to the high commissioner) is that the *fautua*, Mr Malietoa and Mr Tamasese, should become joint heads of state, and that any vacancy in the future should be filled by the assembly from members of these two families. Many believe that this system would prove unworkable.

Notwithstanding these fears and hesitations, it is almost certain that there will be an overwhelming majority in favour of early self-government when the plebiscite recommended by the UN mission is held. The decision to determine opinion by a plebiscite is a striking departure from Samoan custom. For centuries the *matai*, or chief, has spoken for all who live under his care and render him service, and only *matais* vote to elect members of the legislative assembly. But the UN mission stated unequivocally that all adults must vote individually on the question of home rule. Afraid that refusal would result in the indefinite postponement of self-government, the *fautua* and the assembly finally agreed. But this is an isolated exception to the Samoan insistence that the *matai* system must be retained as the basis of Samoan life.

New Colonists on Kharg

FROM OUR SPECIAL CORRESPONDENT

Shapur II came to the Persian throne in 310 AD, and during his long reign of 69 years waged three separate wars against the Romans. During one of them he brought a colony of Christians from Edessa and Palmyra in Syria as prisoners to the tiny island of Kharg in the Persian Gulf. It is believed that the prisoners settled down and, in the best Syrian fashion, turned the island into a stopping place on one of the main trade routes from India and the Far East to the Mediterranean. How long the Syrians lasted is not known but the island is littered with sherds of Chinese porcelain that indicate a transit trade with the Far East until the sixteenth century. All that is left to show that the island was once inhabited by Christians are a few rockcarved tombs with crosses on them.

In recent years Kharg was used by the Persian government as a place of banishment for political prisoners. The island was mentioned only in whispers on the mainland, where politicians who had been there did not brag about their experiences to those who feared they might one day have to go. During the past two years, however, the island has lost its bad name. Teheran officials speak of it in terms they might once have reserved for the French riviera. There is talk of developing its beaches for the benefit of the tourist trade or, at least, of using it as a holiday camp for employees of favoured government departments. During the Persian New Year celebrations, last March, the eighteen square miles of the island were so overrun with men, women and children–guests of the oil companies –that the construction workers found it difficult to get their work done.

Kharg is 25 miles from the Persian mainland, not far from Bushire. In summer, winds from the north keep the temperature lower than it is on either side of the gulf. The vegetation at Kharg cannot be described as lush, but it has a few gardens, and some of the few banyan trees in the area which were not planted by oil company landscape gardeners. The pleasures of Kharg were not, however, discovered by some Persian Butlin looking for new sites. It is far more important that Kharg is only 99 miles from the Persian oil fields at Gachsaran.

Persia has plenty of oil but is has long been difficult for the companies to get it out of the country to world markets. With the ever-increasing size of tankers it became necessary for the Iranian oil operating companies to find a port capable of taking the modern giants. Soon ships with five times the capacity of those that now inch up the muddy waters of the Shatt al-Arab to Abadan will be able to call at Kharg, and be on their way again in twenty hours. By using Kharg they can also avoid any embarrassment that might arise from having to pass through Iraqi territory on the way up the river. One day next year the oil will flow from Gachsaran through the pipe line and the tank farm at Kharg and then into the tankers tied up at the new jetty. The whole operation will be controlled from a central communications room at Kharg.

Over two hundred expatriates, American, British, French and Dutch, and nearly 2,000 Persians are building the Kharg terminal. When the construction teams leave the island they will have completed an airstrip, a small boat harbour where barges can be handled, a power generating plant, a sea water distillation plant, a workshop and garage, offices, a clinic, a club, houses for workers and staff, and, most important of all, a two-berth jetty on the sheltered east side of the island. Until these are finished most of the new colonists of Kharg will continue to live comfortably in tents.

Some of the family houses are already occupied. In them life goes on very much as it does in the older oil towns up and down the gulf. Food comes from all over the world, by way of a daily barge from Abadan; entertainment is provided by the cinema and by radio. The lively programmes from the United States air base in Saudi Arabia are greatly appreciated, though the news, delivered at great speed in broadest American, is sometimes confusing. One of the construction men rented the only available Persian house on the island and brought his wife to share the fishing, swimming and boating in the gulf. Their house has become one of the main tourist attractions, and the envy of those who have had to leave their families elsewhere. Many of the modern conveniences ordinarily demanded by twentieth century pioneers are lacking, but as a one-man project of integration it is a success.

The small local population has been pushed aside by all the activity going on around it. The work force for the Kharg project has been imported from Abadan, where there is an over-supply of labour. Those Persians who have always lived at Kharg may have to wait until the construction phase comes to an end before they have a chance to take advantage of having been re-discovered. They may be glad when peace and quiet come again, but Kharg will never be the same if the trippers from the mainland carry out their threat of turning the island into a resort.

Thorez Carries On

FROM OUR PARIS CORRESPONDENT

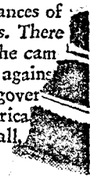
Ivry is one of the strongholds of the red belt surrounding Paris. There, in a large hall facing an impressive agglomeration of council houses, France's largest party held its assizes last week. The Communist party remains in membership and voting strength the biggest in France. Six months ago when only ten of its deputies found their way into the Assembly, superficial observers wrote the party off as dead and buried. These obituaries were premature. In style and self-confidence the Ivry congress was much like its Le Havre predecessor.

Things would have been different had the congress been held at the close of last year. The leaders would have had to explain why the party, for all its numerical strength, proved utterly unable to prevent General de Gaulle's return to power. After its defeat in the referendum and the loss of over a million votes in the parliamentary elections last November the leadership seemed in a self-critical mood. The mood has changed since. The local elections last March showed that the Communists had recovered their positions and that one Frenchman in four would again vote for them. Still more encouraging for them was the fact that many Socialists did not hesitate to vote for Communists in the second ballot. Comrades Thorez, Duclos and Co could claim at Ivry that their line had been right all along and was now paying dividends. Mr Suslov, tremendously appluded, brought Moscow's backing for the claim.

Even more than from the electoral results, the leaders drew comfort from the changing atmosphere in industry. Two years of declining real wages have strengthened the appeal of the communist thesis about paupérisation. Many workers shared the popular hope that General de Gaulle would bring them a new deal. Cuts in subsidies and social security, a wage freeze combined with a reduction of working hours undermined the Gaullist legend. There were almost no stoppages in the second half of 1958, but in recent months strikes have become frequent; and for the first time in years they are often the outcome of joint action by the communist and Catholic socialist unions. True, the railwaymen called off their warning strike last month when the government threatened them with requisition. But the three unions did withdraw together and even in this common retreat the Communists see the germs of future common offensives.

Having recovered from the shock of last year's events, the leaders show no intention of reshaping the party. A year ago voices could be heard among the rank and file talking about the need to revise the party's methods and replace the Stalinist leaders; they found no echo at Ivry. M. Thorez has no patience for opposition. But although the party is to remain monolithic internally, it intends to show a great deal of flexibility in its relations with other groups. In the new, politically more difficult, framework the Communists are to make renewed efforts in their search for allies. They have no illusion that they can unite the opposition by agreements with the leaders of other parties. M. Mollet and his socialist lieutenants are as hostile to a popular front as ever. The leaders of the small opposition groups are most reluctant to face the issue of alliance with the Communists. It is from below that the latter hope to impose a popular front.

In order to attract allies, the Communists do not come out with revolutionary slogans but with a minimum programme designed not to scare prospective partners. The main points of the platform presented as an alternative to the present system of personal rule include the calling of a constituent assembly elected through proportional representation; the nationalisation of the banks and the steel industry coupled with greater workers' control of state enterprises; the extension of the welfare functions of the state; and state as opposed to private education. The "restoration and renewal of democracy", and not proletarian dictatorship, was the refrain at Ivry. Even this minimum programme is not expected to attract allies rapidly. In the meantime the Communists will try to turn to their political account all forms of discontent ranging from the grievances of veterans to the grumblings of the winegrowers. There however, three main roads to united action: the cam for a negotiated peace in Algeria; the drive again sidising private, that is, religious, schools (the gover intention to increase this aid revives the anticlerica still strong among the French Left); and above all, action in the factories for higher wages.



For all their confidence in ultimate victory, t at Ivry did not disguise that their task is harder t General de Gaulle has a better hold of the state than his predecessors had. He also has more efficie pons against strike action. The Communists can no rely on parliamentary action to further their aims. now admit that a mass movement much stronger than th of the thirties is now required to impose a popular front and that a change of regime will be necessary this time. For this reason M. Servin was fairly critical in his report on party work. He claimed the total membership to be 425,000, roughly the same as three years ago; 68,000 newcomers nearly filled the gap left by departures. But the proportion of members under 25 has declined and many cells are not doing enough recruiting and propaganda work.

Watching the succession of speakers who last week at Ivry climbed the rostrum and against the background of a Delacroix painting of Liberty on the barricades, proclaimed their wholehearted approval of M. Thorez's lengthy report, one had the conviction that the old leadership has no intention of standing down or changing its line. M. Thorez and his associates hope that the Gaullist government will

unwittingly act as the party's recruiting agent and pave the way to a popular front.

But outward resemblances with Le Havre should not disguise the differences in the party's situation. The new political framework has already compelled it to switch its emphasis from parliamentary to direct action. It may force the party to further changes in structure, method and leadership. One thing is certain: France's communist problem has not vanished by magic of electoral law.

Laos Under Fire

The Arabs have their *malesh* and the Malays their *tida apa*. The Laos, when excusing inaction, say: *Bo mi* — "There isn't any." The stranger in the "land of a million elephants" who ask for a canoe is liable to be told: Bo mi. On pointing to one that is clearly visible, he will be told: Bo mi, the boatmen are fishing. He says that he will travel on foot, with porters; but "Bo mi, they're out hunting." So he prepares to set out along the jungle path. Bo mi, he is told, the rains have washed it away.

It may be hard to think of this remote and idyllic country as a source of danger to world peace, but paradox is no stranger to Laos, where the government's action against a dissident communist battalion has drawn threatening notes from Peking and Hanoi. But if Laos has indeed become a danger area, it is solely because its internationally recognised sovereignty is threatened from outside.

In the confused days of the Japanese occupation of French Indo-China, the royal princes of Laos split into to 10 jous resistance groups. One of them, Souphanna Vong, people o enlisted the help of the Vietnamese communists (Viethigh stand and in August, 1950, proclaimed a "resistance gotrial perio nt" called Pathet Lao, with himself as prime minisform of su Vietnamese communists used this a "legal" cover "the final tra asion of Laos. In April, 1953, units of their army,

A third obje emselves volunteers in support of a Laotian libehalf of the mi y, overran a large area of Laos. Though driven nationality. Ther French, they established the prince in two ding many who n provinces, Sam Neua and Phong Saly, as the officials have d administration claiming to be the only lawful is who should it in Laos. This arrangement suited the Vietminh proposal end ally as well as politically, for the opium of the two *fautu* rovinces became a profitable source of foreign exchanmissione r north Vietnam. In their tenacious support of Pathet should the f o pretensions lies the root of today's troubles.

At the Far Eastern conference at Geneva in 1954, the Vietminh pressed the claims of this government, which even Russia had not recognised. In the end, however, it was a Vietminh minister who signed the agreement on the cessation of hostilities in Laos, on behalf of the Pathet Lao forces. And on November 4, 1954, the Pathet Lao itself acknowledged that the two disputed provinces had come under the authority of the recognised government of Laos.

It was not until November, 1957, however, and after armed skirmishes and prolonged negotiations, that the government reached agreement with the Pathet Lao on the integration of rebel troops into the Laotian national army by March 18, 1958. Two rebel battalions were to be absorbed into the army; the remaining 7,500 men were to be demobilised. The government later announced that integration had been carried out according to schedule. On May 24th last year, it told the tripartite international control commission for Laos — appointed by the Geneva conference — that it considered the commission's work completed, since the government had now carried out all its obligations under the Geneva agreements. On July 19th, the commission decided by a majority vote of its Indian and Canadian members to adjourn *sine die*, against the formal protest of the Polish member.

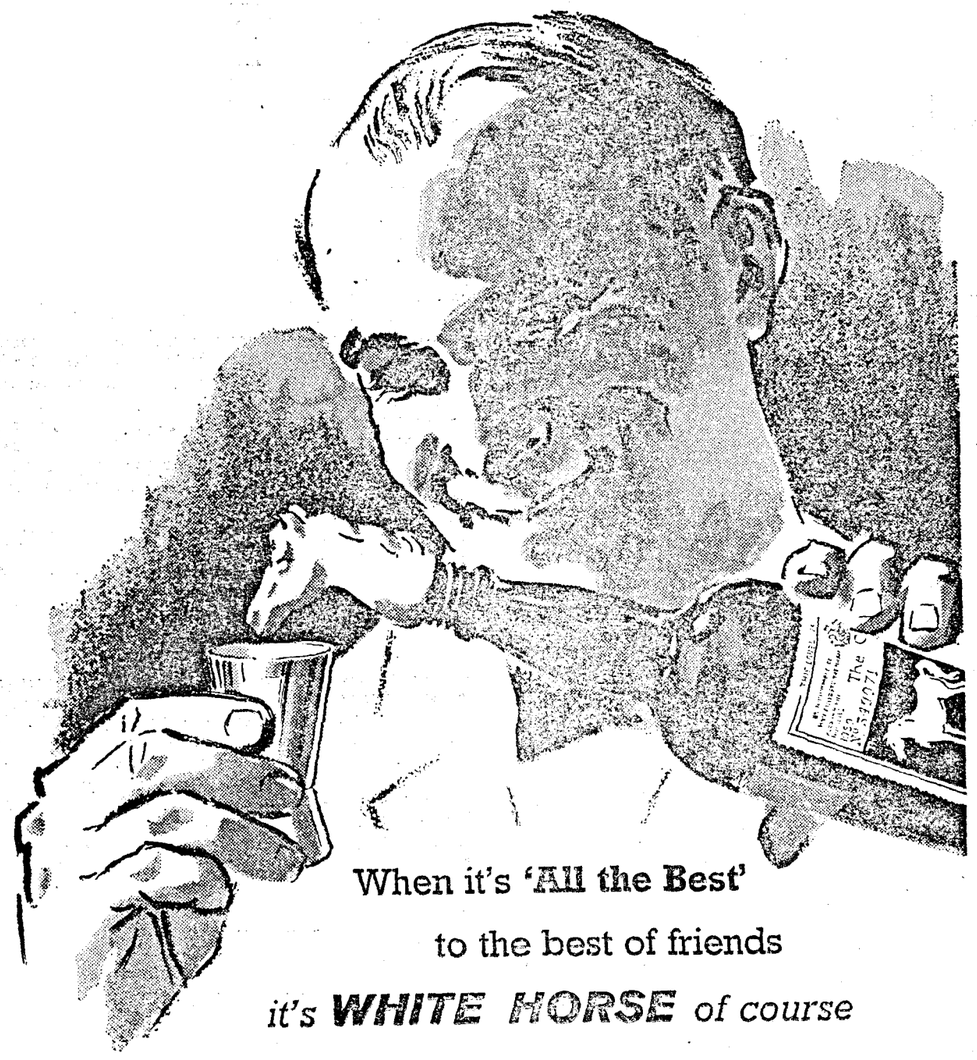
The happy illusion that all was well in the best of Laotian worlds was short lived. It is now evident that the two battalions were not in fact integrated; there was no agreement on what constituted integration. The Pathet Lao, through its communist-line political party, the Neo Lao Haksat, argued that they should retain their identities as separate units; the government wanted the men dispersed among other battalions. The party sought to place 120 officers in the Laotian army; the government complained that it had earlier agreed to limit its claim to 45. Last January, the government of Mr Phoui Sananikone was given emergency powers for twelve months. He and the chief of staff General Ouan, simultaneously losing patience, decided to surround the recalcitrant battalions. The ensuing three months were evidently spent by both sides in studying the whites of one another's eyes; then, on May 18th, the army warned the Pathet Lao commanders to lay down arms or face the consequences. One battalion gave in, but the other broke away and headed for the north Vietnam border. In a skirmish with the pursuing loyalists, both sides suffered casualties, numbering in all seven or eight.

These are the events which Peking and Hanoi represent as a grave threat to peace, and which the Chinese foreign minister describes as serious violations of the Geneva agreements. The Foreign Secretary, who has inherited certain obligations from his predecessor who was co-chairman of the 1954 conference with the Soviet foreign minister, could not ignore the complaints, which he has since rejected.

Laos has long — far too long — been beset by interference from its more powerful neighbours. It should now be allowed to deal with its own fifth columnists in its own way.

SHORTER NOTE

A brief but moving ceremony has been held at the Department of Justice to mark the final righting of the wrongs done during the war to the Nisei-American citizens of Japanese descent. In the hysterical days after the bombardment of Pearl Harbour 72,000 of them were moved from their homes on the West Coast to "relocation centres" inland. In 1945, after three bitter years, 5,766, most of whom had been confined at the notorious Tule Lake camp, renounced their American citizenship. It has now been restored to 5,378 who changed their minds and withheld from only 31, against whom there was reliably evidence of disloyalty. Generous compensation has also been granted for the confiscation of Nisei property and the destruction of their livelihood.



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THE BUSINESS WORLD

OMEGA 10 JUL 1959

Mergers Take Over

Any take-over bid presumes simply that business assets could be more efficiently and profitably employed than they are. Personal ambition may prompt a particular bid. Personal antagonisms and self-interest may produce bitter opposition. The ease with which short-term credit can be obtained may, as it seems to have done in recent months, influence the timing of a bid. But these are incidentals. Mergers of one kind or another are commonplace in any flexible industrial society. Industries and companies are constantly on the move; the take-over bid is but one of the mechanisms of change. To believe that a code of conduct can be drawn up to govern that mechanism assumes that the market is a club from which any undesirable outsider can be blackballed and where the established members should be left to doze peacefully in their armchairs. To praise one bid because two boards of directors have come to terms and condemn another because it has been made directly to shareholders against the opposition of the board is to make a useless distinction. The test of merit comes later: has the redeployment of assets resulted in a profit high enough to justify the price paid?

What once seemed the separate and special motive for take-over bids in the postwar era has now lost some of its potency. Since Mr Charles Clore first began his dramatic forays, many companies and many investors have recognised that inflation, penal taxation and dividend limitation had left the book values and stock market prices trailing well behind the real values of many assets, particularly in the field of property. Directors have become more prepared to release the cash locked away in these hidden values and to put the resources to full use before a Mr Clore takes the decisions for them. Quick financial pickings from a take-over are no longer so easy to find. Even when they are found, they do not always produce a personal gain that the bidder can quickly realise. Like it or not, the new owners have often found that the newly-released resources have to be used to develop the business or others under their control. The financiers have perforce become industrialists, building up diversified industrial empires (as Sears Holdings) or promoting industrial concentration (as within Sears and the rest of the shoe trade). The succesful takeover, in such cases, turns out to be simply a special kind of merger; whatever its motives, the effective economic result is either diversification or concentration within industry.

Since the war many of Britain's strongest industrial groups have been diversifying their activities by mergers or other means. Once it reaches a certain level of financial, technical, manufacturing and managerial resources, the big modern company develops built-in "institutional" pressures to explore beyond its existing commercial frontiers, reinforcing the basic incentive of spreading one's risks. A substantial flow of internal funds awaits investment where it can earn the best return (which directors often feel they can identify better than their shareholders); largescale research and development departments throw up innovations that may not fit too tidily inside existing spheres of operation; products and by-products, given a little extra processing, invite entry into tempting new fields that can guarantee and increase one's throughput; managerial talent is trained to recognise new opportunities for expansion in adjoining or even quite far-off markets.

Diversification is often achieved, however, without an outright merger of identity. New joint companies such as Impalco, set up last week by ICI and Alcoa, can be established to join resources in a particular field; working arrangements without financial links, such as the nuclear consortiums, may suit new areas of overlapping interest. Mergers for diversification seem

rather more likely to occur where the scale of investment is comparatively modest and where some of the managements are particularly self-confident — as in Schweppes' bid for Chivers. Where the markets are similar and the products not too diverse, such managements may well feel they can apply their own acumen across the border, not remaining content with growth within their own business.

Diversification may thus proceed from an overspill of strength in one department or another. Equally, it can be defensive, where a company whose profits in its chosen sphere are falling attempts to bolster their total earnings by the purchase of new interests. Textile companies such as Courtaulds, having taken most of the opportunities to be found within their own field, are now buying their way further, into a variety of industries outside it. They have the liquid resources to make their bids, and presumably hope to secure from these new assets a higher return than by putting the money into gilt-edged. Redeployment of liquid resources in this way, incidentally, can also keep directors and managers in the powerful style to which they are accustomed. Inertia as well as dynamism can produce take-over bids.

For each merger aimed at diversification, recent years have brought several aimed at concentration. Buying up competitors is not the only way to achieve a bigger share of a market; historically, indeed, concentration seems to have come about as often by the steady "differential growth" of technically and commercially progressive firms as by mergers. This continues; it is inherently less noticeable. But behind the recent wave of mergers, which so much more dramatically symbolise the whole process of business concentration, several special influences seem to have been at work.

The access to a market that a merger can afford can be at least as important as the economies of scale in production that it may bring; and the British market was frozen into a peculiar rigidity during the period of wartime and peacetime controls. In a few industries such as brewing, licensing restrictions upon the total number of retail outlets and the tied house system have always meant that mergers were the only practical way to increase one's share of the market; somewhat similar conditions ,though less formalised, held good in other trades for several years after the war, while allocation systems prolonged their pre-war pattern. When those controls were finally loosened, established concerns had an incentive to consolidate or increase their hold on the market by defensive mergers with others, while newcomers to the market found that they could gain and widen distributive contacts with the market most readily by buying up other companies less aggressive or weaker than themselves. In terms of publicity, again, it is often less expensive to bid for an existing corner in the market and build upon it than to establish a completely new "brand image" from scratch.

It was no accident either, that the wave of mergers began mainly in the distributive trades; no other part of the economy was more ripe for "rationalisation" and indeed for innovations in technique. It was in these as the financial pickings of take-overs, were most apparent. Hidden property values could be unlocked and utilised; economies of scale in management, stock control, and particularly in the administration of hire purchase, could be secured. Marks and Spencer led the way in strengthening the distributor against the manufacturer, "integrating backwards" by sheer bargaining power rather than by financial link-ups: Mr Wolfson chose the merger. This concentration of ownership in distribution, parallelled and assisted by changing techniques such as self-service and the supermarket, has in the last few years begun radically to alter the balance of countervailing power in the British market, away from dominance by the manufacturer. In its turn it has increased the incentive for another kind of defensive merger among manufacturers.

For a while after the umbrella was lifted from many sheltered trades, the sellers' market persisted; for many the problem was still to build up capacity as fast as the total market was growing so that increasing one's share of the market could remain a second priority. But once the pace of general expansion slackened, increasing one's share became the only way to continue growing and to secure manufacturing and marketing economies of scale. The amount of competition that has developed over the last few years of surplus capacity may not have been intense by traditional standards, but it has seemed so to managers who have not been used to any for years.

Nationally and internationally, moreover, legislation has suggested that competition will intensify. Discussions about a free trade area ,and the fact of the common market, have brought the prospect of greater competition from abroad and greater chances to compete overseas — but has also served notice that all the economies of scale one can achieve will be required to compete successfully. Industrialists have witnessed a rigorous interpretation of the Restrictive Trade Practices Act, offering them less and less hope of justifying agreements of one kind and another not to compete. The cable makers have already admitted that their answer to the abandonment of price agreements is to merge ,and some other mergers in the field of metal products appear to have had the same motivation. Some clearheaded and cynical industrialists are prepared to argue that there may be some "natural" degree of competition for any industry at any given stage of its development; and that if the limits to this are not defined by price agreement, they will be set by concentration of ownership.

Bids breed rival bids, and mergers breed mergers: aggressive or defensive, the formation of one much larger group than before will promote the formation of others. Moreover, the pressure against restrictive agreements to limit competition, from home and abroad has certainly not yet exerted its full force. In more and more industries, today's various springs of competition may well lead towards oligopoly, "competition by the few". In practice, in Britain in 1959, that may be less objectionable than it sounds in principle; even in principle, it is almost certainly less objectionable than agreements not to compete among comfortable companies that make little attempt to seek further economies of scale one way or the other. Few liberal economists would argue that British industry or British trade could not possibly be more efficient than they are today; and so long as amalgamation will make them more efficient, so much the better. The eventual danger, obviously, is that the area and intensity of competition, as well as the number of competitors, may in its turn be reduced. If the consequences of the Restrictive Practices Court's outlawing of price agreements were to be price leadership by dominating firms in a wide range of industries, it would be logical to shift the balance, putting more emphasis — and more power — behind the Monopolies Commission. That situation exists in some British industries already; neither the commission nor any government has ever decided quite how to deal with it. But it would be exaggerating to say that the current wave of takeover bids and mergers seems as yet to have brought about price domination in many others.

BUSINESS NOTES

THE ECONOMY

Firmly Upward

Revision of the official index of industrial production for March and April now confirms that output was showing quite a clear rise even before the budget, and the early indications for May suggest that the rise has gone on steadily. The figures now put the level of activity at 109 (1954 = 100) for March, 110 for April (a point better than was expected), and probably 110—111 for May. This is about 5 per cent better than the level in May 1958, which lasted most of last summer, and marks a clear advance on the level of 107 attained in November after the first reflationary measures began to take effect. The Central Statistical Office has now recalculated this 1954-based index back to 1946 (showing a total rise of about 60 per cent). The current level of industrial output is just topping the earlier peak level touched in September, 1957; it is about 2—3 per cent higher than the peak of the 1955 boom.

Unemployment figures are the only indicators we yet possess reaching into June; they show a further marked improvement. The number of people unemployed fell by 67,000 to 413,000, or 1.9 per cent of all employees in Britain. The fall represented 58,000 fewer wholly unemployed and 9,000 fewer temporarily stopped. Seasonally, a fall between these two months of only about 30,000 in the numbers wholly unemployed would be expected; so these figures, coupled with a rise of 37,000 in the number of vacancies on offer, mark a considerable real reduction. Whether the employment figures will now "catch up" by beginning to rise remains to be seen; these figures are subject to considerable revision and their failure to move upwards may merely mark some statistical lag.

All regions benefited from the reduction in unemployment, with London and South-Eastern again recording only 1.0 per cent unemployed, though Scotland still shows a percentage of 4.0 and Wales one of 3.4. Even in 1956, when unemployment was at its lowest point since the war, more than 2 per cent of employees in Scotland were out of work.

TAKE-OVER BIDS

What Price Harrods?

Apart from the shares affected by the various take-over proposals, the industrial stock market has lacked any firm direction. Excitement has been largely confined to the £ 1 ordinary shares of Harrods. Shifts in market prices brought the rival bids of the House of Fraser and Debenhams close together in value: with the House of Fraser "A" shares standing at 41s, 3d. its bid of 2½ of "A" shares plus 20s. in cash was worth 123s. 1½d, for every Harrods share and with the Debenhams 10s. shares standing at 31s. its bid of four 10s. shares was worth 124s.

But the price of the Harrod's shares climbed above these values to 129s. because United Drapery Stores put in an-

other and a better bid. Its offer of seven of its 5s. ordinary shares for every two Harrods shares was worth 134s. 9d. with the UDS shares standing at 38s. 6d. Like the House of Fraser and Debenhams it is offering at least 40s. in cash for the Harrods preference shares which have equal voting rights with the ordinary units. Apparently, had not the House of Fraser made a bid, UDS would not have considered making one of its own. UDS seems anxious to preserve the Harrods business much in its present shape, being particularly attracted by the potentalities of the store that is now being built in Birmingham.

How far this competitive bidding for Harrods will go remains to be seen: Mr. Hugh Fraser seems prepared to carry on with the struggle, and over the week-end he improved on his ability to do so by announcing that the capital of the House of Fraser would be re-organised so as to give the "A" shares full voting rights. This decision, Mr Fraser says, was not prompted by the Harrods struggle, but its effect would be to put the House of Fraser bid in terms of voting on an equal footing with its two rivals.

While the momentum of the Harrods struggle mounted, the conflict over Scottish Union and National Insurance never came to the sticking point. The Yorkshire Insurance, which has from the beginning said it would not indulge in competitive bidding, withdrew its offer, leaving the field open for the better bid, made in cash, of the Norwich Union. As the Yorkshire Insurance has now withdrawn, the directors of Scottish Union will recommend shareholders to accept the Norwich Union offer. They, like the directors of Harrods, were faced with an awkward dilemma and, like them, have behaved with propriety.

EXPORT CREDITS

A Race Better Unrun

The Federation of British Industries has made a plea to the Treasury and the Board of Trade to facilitate longer export credits in selected cases by extending official credit insurance to ten or fifteen years and by relieving the exporter from his remaining small share of the credit risk. The FBI is aware of the objections to proposals such as these, which manufacturers in all countries have been pressing for years; but it thinks that the deflationary turn of events throughout the world has changed the balance of priorities. The argument is dangerous and dubious. The worst thing that could happen in a period when the world economy is weak is a race in export credits. Mercifully, such a race has been avoided; it has been avoided because the official credit insurance organisations that co-operate in the Berne Union have ignored pleas such as the FBI puts forward.

The new problem in a recession is shortage of buying power. The right remedy for that is the development loan, not the artificially extended banking credit. The much complained of competition from the US Export-Import Bank is in the form of such loans; the Berne Union countries agree that the conventions of the five year rule and the rest do not apply to this direct finance. The World Bank plays a big part in this field; private investors are beginning to come back; and Britain has recently made greater use of facilities under Section III of the Export Guarantees Act. If Britain can afford to spare more capital to finance overseas development than is considered profitable and safe by the commercial community, it is surely better in this way to keep it in the public domain altogether. There is nothing to be said for letting exporters, even selected exporters, draw on bank finance for long-term investment the success of which is thereafter a matter of concern only to the government.

ICI

Economist at the Top

It was once observed, in a room at the top of Imperial Chemical Industries, that "It is not on the whole an absolute disadvantage, in this organisation, to have been at some time or other a working chemist"; and non-scientists in less exalted niches in the hierarchy might consider that remark litotes indeed. Be that as it may, ICI last week announced that a non-scientist, Mr Stanley Paul Chambers, will succeed to its chairmanship when Sir Alexander Fleck retires at the end of February 1960. Mr Chambers is an economist by training and for pleasure; he joined ICI in 1947 from the direction of occupation finance policy in Germany — and, further back, from the Inland Revenue, where he is said to have been responsible for the idea of "Pay As You Earn". Within ICI his interests were at the outset mainly financial, but as deputy chairman since 1952 he has been increasingly concerned with the group's huge capital investment programme.

It is in this sphere of top management, particularly in so science-based an industry, that technical and economic questions are most intimately merged; research and development themselves, even in advance of "proposals to manufacture", are in a sense only capital investment once further (and more riskily) removed. While many other companies in British industry are still pondering deeply about fitting scientists into the management pattern and on to the board, ICI, long past that stage, has been somewhat anxious in recent years about making enough use of the non-scientist. Economics as a discipline occupies somewhat uneasily a no-man's-land between arts and sciences; and if it retains elements of alchemy, as some rude scientists would suggest, cannot the same be said of ICI? There is certainly no higher pinnacle than this one for the economist to emerge at the summit of British industrial management.

ALUMINIUM

A New Partnership

Aluminium is still in surplus but major producers are anxious to establish a firm contact with the British and European markets in front of the day when the consumption of aluminium in these markets begins to catch up with the high rate of consumption in North America. That was the background to the long and bitter struggle over the control of British Aluminium. When Reynolds Metals and Tube Investments won that battle, the proposed link between British Aluminium and the Aluminium Company of America (ALCOA) fell to the ground. Reynolds Metals had secured its access to the European market, ALCAN already possessed it through its British subsidiary, Northern Aluminium, but ALCOA, the world's biggest producer, was left out in the cold. It has not remained so for long: with ICI it is to form a holding company, Imperial Aluminium, which will take over ICI's aluminium plant in South Wales at a value as yet to be agreed but probably in the region of £ 10 million. The capital of this company, as in the instance of British Aluminium, will be held as to 51 per cent by the British company and as to 49 per cent by the American concern.

The plant in South Wales, manufacturing a wide range of semi-fabricated products, accounts in terms of capacity for only about 8 per cent of the British market, compared with about 25 per cent for the Reynolds-T. I. group and about 20 per cent for Northern Aluminium. But its intentions seem to be aggressive as well as ambitious. ALCOA can provide technical know-how in aluminium to reinforce ICI's experience in producing and selling non-ferrous metals and the far-reaching contacts of ICI's sales departments will provide ready access to the market. The Anglo-American groups have now sorted themselves out; and they appear ready to compete with each other.

FINANCE CORPORATION FOR INDUSTRY

In Advance of calls

The insurance companies and investment trusts that together with the Bank of England subscribed capital for the Finance Corporation for Industry after the war have become accustomed to bad news; this year the only solace Lord Weeks can offer them is that "I believe we have now covered the worst possibility". Results of the current year, he hopes, will be quite good. But writing off past investments (some of which might still yield something) has involved in the year to March 31, 1959, a clear loss of £ 2,196,190. This follows a loss of £ 902,322 in the previous year. But now there is no reserve left to fall back upon, and the loss has had to be carried forward.

In an attempt to make good this deficiency of reserves, Lord Weeks is resorting to an intriguing balance sheet innovation. So far FCI has financed its loans to industry almost entirely from bank advances, for which it has to pay the going rate. Its 2,500,000 shares of £ 10 each are only 4s paid. £ 500,000 in all. Naturally the insurance companies and investment trusts are reluctant to sink more capital in this financially unprofitable venture. Accordingly, the Bank of England has made available £ 5 million "paid in advance of calls". This advance is included under issued capital; its repayment would entail application to the court for a reduction of capital. For the first five years of its duration, "the terms of the advance are particularly favourable to the Corporation"; it is understood that at present FCI is paying no interest at all.

The Corporation's task has never been an easy one. It handles big transactions and unlike its sister organization Industrial and Commercial Finance Corporation, it cannot get a good spread of risk. It has suffered a few big and bad losses outside the steel industry, which remains FCI's principal sphere of interest. Lord Weeks hopes that every skeleton is now out of the cupboard; his shareholders will hope so too.

MOTORS

Output High, Exports Higher

Despite the persistent interruption of strikes during May, production of cars and commercial vehicles was sustained at roughly the same rate as in the previous month, when an all-time output record was set by the industry. Fewer vehicles were produced in May — 91,934 cars against 100,464 in April, and 28,156 goods vehicles and buses against 28,894. This is a decline of about eight per cent for the month; but May, which included the Whitsun holiday, contained only 20 working days, against 22 in April — a fall of over nine per cent in working time. Strikes reduced output at BMC, particularly of the Morris Minor. Elsewhere, there is every indication that the industry worked close to its full capacity for making cars throughout the month, and has continued to do so during June. The quickening of activity during April and May was sufficient to bring total production during the first five months of the year to a fractionally higher level than the total of the same period last year, thus fully offsetting the decline experienced during the first quarter of this year.

Having set an all-time record for car exports in April, the industry promptly broke that record in May, when 60,349 cars and 12,995 commercial vehicles were shipped overseas. This brings total export of cars during the first five months to 234,936, compared with 217,448 in the same period last year. Car exports in May were more than half as much as the total for the entire first quarter of this year. This concentration on exports still appears to be starving demand at home to some degree, although the waiting lists for most models seem to have become slightly shorter in the past month.

BANK CREDIT

Turn in the Trend

The rise in bank advances shows signs of slackening, but it is not over. At the mid-monthly make-up in June, which now supplements the special end-month statements of account, the London clearing banks together showed a rise of only £ 23 million in gross advances; after allowing for transit items the rise was £ 29 million. This was kept down by repayments of £ 9 million from the State boards. Increases in advances from September to May averaged £ 70 million a month. In June moreover for the first time, two big banks, Lloyds and the National Provincial, showed a fall in advances. A turning point was also apparent in the investment portfolios. The total fall of £ 21 millon was notably smaller than in previous months, cushioned by the first apparent bank purchase. Lloyds bought £ 10 million, following its big sales in previous months.

The upsurge in advances since the lifting of the credit squeeze a year ago has carried their total since mid-1958 up by £ 553 million and their average ratio to deposits from around 30 per cent to 38.3 per cent. The bank that has made the running is Barclays, which a year ago had the lowest ratio of advances to deposits among the big banks. Its increase of £ 167 million has now carried that ratio from 27½ to 37½ per cent.

INSURANCE

Tell Motorists the Truth

Aggregate figures of the British Insurance Association, whose members transact 80 per cent of the home and overseas business of the British insurance market, show a rise in total premium income of £ 83 million, to £ 1,425 million. That expansion of 6 per cent is notably smaller than has been recorded in previous years, but less of it arises from the inflation of money values. Total invested life funds rose by £ 334 million to £ 4,537 million and non-life funds rose by £ 45 million to £ 991 million. Since the figures refer to book values, they give no close picture of the disposition of new funds. But plainly a substantial portion went into equities, which now represent 18.9 per cent of life funds at book value and 16.6 per cent of non-life funds. These ratios have patiently been built up from about half the present level before the war. Gilt-edged stand slightly higher in the aggregate balance sheet than a year ago, following a slow decline. The ratio is down again, to 22.4 per cent of total funds in both branches — compared with 39.2 per cent in 1947, but 22.3 per cent in 1937.

Overseas business, reports Mr Charles Trustam, retiring chairman of the Association, "continues to flourish". Mr Trustam appears to be referring to volume of business. But the unprofitable underwriting experience in the United States has been checked to some extent by approval of increases in rates; and while accident results are still bad, the fire departments report an improvement. The one department that returns consistently bad results is motor insurance. In 1958 the companies' motor premiums throughout the world totalled £ 260 million; possibly more than half were outside Britain. The collective underwriting loss on this business was almost £ 10 million.

The increases in rates of which the motorist complains so bitterly still leave him subsidised. One wonders whether the insurance companies are doing the right public relations job on this. They refuse to publish details of motor business for each country. Since they insist that no country's motorists are being asked to subsidise uneconomic insurance in another country it is difficult to see what embarassment the companies fear from telling the public the truth.

S G BROWN LTD

Denationalising an Instrument Maker

An Admiralty decision to offer for sale S. G. Brown Ltd., the makers of gyro compasses, other gyro instruments and electrical equipment, has aroused political excitement both among the supporters of public ownership and among some more conservative opponents of take-over bids. The company was bought by the Admiralty during the war, because its owners engaged in disputes with it that hampered production. After the war the Admiralty retained ownership, to preserve the company as "war potential", and also perhaps to keep in being an alternative supplier to Sperry Gyroscope, the country's only producer of gyroscopic equipment before the war.

Browns was acquired for an agreed price of £ 55,750, in 1942, but its assets are now worth some £ 1,250,000: the Admiralty, limiting itself to a 5 per cent dividend, has had to provide altogether £546,000 of capital for the company, and a further £ 250,000 has been provided for in this year's Navy Estimates (in November last year the company had an overdraft of £ 270,000). Over the last three years the company has averaged a profit of £ 130,000 before tax, a reasonable but not exceptional rate of return on the capital employed. Technically it has a strong position in its field; apart from its own successful gyro-compass, it has a cross-licensing agreement with the Bosch Arma Corporation, one of the largest makers of gyroscopic equipment in the USA.

The situation in the gyroscopic instrument industry has changed somewhat since the war; the increased demand for this equipment in aircraft and missiles has led more companies of gyroscope equipment for aircraft, though sperry and S. G. Brown are still the only producers of marine gyrocompasses. This may be one reason why the Admiralty no longer feels justified in retaining Browns apart from its change in policy on the retention of production capacity; there are a number of large British companies that could usefully add it to their instrument divisions. The Admiralty last week committed itself not to sell to a foreign buyer or in such a way that it might be brought under foreign control, which would presumably rule out any bid from Sperry, which is partly American-owned, or Bosch-Arma. Other conditions that the government committed itself to observing included the protection of employment for the company's workers and its continuance in being as a company able to develop precision engineering. Finally, the Government promised that it would assure itself that the deal would not increase any danger of the establishment of a monopoly even in a particular branch of Brown's work.

ATOMIC WEAPONS

More Bombs

The French announcement that France's first nuclear test explosion was imminent coincided with a statement made in the House of Commons by the Paymaster General which can only be assumed to mean that a sharp increase in nuclear weapon production is about to take place in this country. The last year has seen the commissioning in various parts of the world of one nuclear reactor after the other which has been conceived, built and designed solely for the production of military grade plutonium. In France, both big reactors at Marcoule are now working with a potential output of 100 kilograms of plutonium a year; the gradual commissioning of the four Chapel Cross reactors in Britain is effectively doubling plutonium supplies here and a similar six-reactor station is coming into operation piecemeal in Siberia.

Against this background, Mr Maudling's statement that only one of the civil nuclear power stations would now be modified to make this military grade of plutonium looks at first sight like a decision to retire from the nuclear race (the exception is the Hinkley Point power station where work is too far advanced on the modifications). But what

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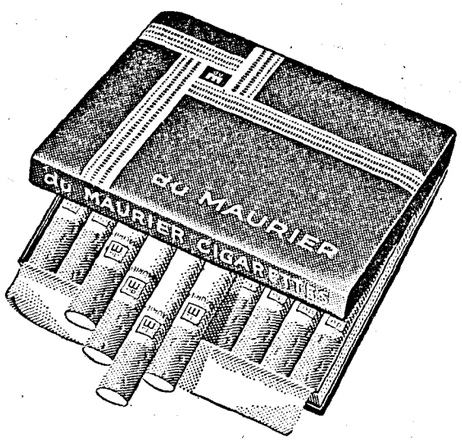

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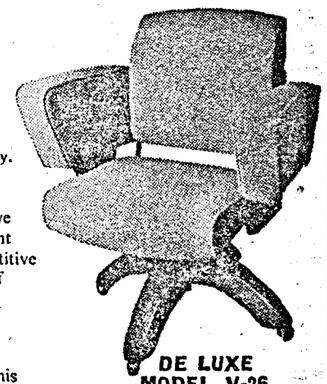

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the government has in fact done is to exchange an insurance policy, which might or might not have been taken advantage of as circumstances made it necessary, for an assured source of supply. Under the agreement negotiated with the United States a month or so ago, Britain is to exchange plutonium — or rather spent reactor fuel containing plutonium — against American uranium 235. The rate of exchange, however, is decidedly in Britain's favour, one gram of plutonium against 1.75 grams of uranium 235. Allowing for the fact that uranium 235 is far the more convenient explosive to use and makes a smaller and more compact warhead, Britain gets nearly twice as much fissile material out of the deal as the United States. It also receives it in a form that is particularly scarce and expensive to produce in this country. Atomic weapons can be produced from plutonium alone, without any uranium 235, but scientists do so only when they have no other choice. French weapons production is bound to be handicapped until France has completed the proposed diffusion plant for the production of uranium 235; at present only the site has been chosen and, even though the plant will arrive largely pre-fabricated, it must be some years before it is in production.

OVERSEAS TRADE

Rise in Exports Widely Spread

The sharp improvement in British overseas trade in April and May is almost certainly too good to last. British exports in May rose by £ 3½ million to a new peak of £ 299.2 million fob, making the average for the two months £ 297 million, 8½ per cent higher than a year ago. Imports, thanks to an unexpectedly sharp drop in May, averaged £ 326 million cif, seven per cent higher than a year ago. With re-exports averaging £ 11 million fob the apparent trade deficit was only £ 18 million a month, £ 1 million less than a year ago. During the coming months a further growth in imports must be expected, for industrial expansion must eventually lead to a re-building of stocks, and British exports can hardly continue to grow at the recent rate. The best that can be hoped for is that they grow almost as fast as imports. The detailed export figures for May provide some grounds for confidence.

They show that the rise in exports was widely spread among the main commodity groups, whereas the April total was swollen by exceptionally large deliveries of ships, aircraft and submarine cable. While shipments of aircraft remained high in May, shipments of cars and chemicals set a new record and there was a substantial rise in shipments of commercial vehicles, machinery, wool and certain other textiles and other consumer goods. Exports were also well spread among markets, and there were further signs of recovery in exports to the sterling area.

Exports to Australia rose by nearly £ 20 million to £ 91 million in May, while exports to New Zealand rose by £ 8 million to £ 37½ million.

Taking April and May together shipments of road vehicles and aircraft, at £ 48½ million a month, were nearly £ 8½ million higher than a year ago; non-electric machinery showed an increase of over £ 6 million to £ 57 million while electric machinery rose by nearly £ 3 million to £ 21.8 million. Shipments of chemicals were nearly £ 3½ million higher at £ 25½ million while shipments of textiles, after lagging behind earlier this year, were slightly better than a year ago, and metals were also up. By regions, the outstanding markets remain North America and Western Europe. Exports, including re-exports, to North America in April-May, at £ 58 million a month, were £ 16 million higher than a year ago while exports to Western Europe rose by £ 10 million to £ 87 million. Exports to Latin America were unchanged at £ 13 million a month, and total exports to the non-sterling area showed a rise of £ 24 million to £ 186 million. Total exports to the sterling area, at £ 122 million a month, were still £ 2 million down on a year ago, but have largely recovered the ground lost in the first quarter, when they were 14 per cent down on a year ago.

INTERNATIONAL INVESTMENT

Stockbrokers of Europe Unite

Representatives of stock exchanges of the six common market countries and of Britain and Switzerland ended their two-day conference in Paris recently by setting up a permanent committee to foster closer co-operation. A number of moves have been taken this year. The trend is obviously in that direction, and quotation of securities of other European countries has grown significantly on European Bourses this year. German, Swiss and American investors have been substantial net buyers. But important technical difficulties, some within the province of stock exchange authorities and some within the domain of government and taxation authorities, remain to be solved before portfolio investment across frontiers assumes large dimensions. It is good news that the London stock exchange is playing its full part in these discussions. While Continental Bourses have taken the initiative in the recent moves for greater integration, they still tend to look to London as the biggest market — where any security quoted on a foreign Bourse may be dealt in, even if it has no London quotation. But so far, British investors' interest in Continental securities has been very limited.

Purchases of European stocks by American investors in the first quarter of this year reached $ 85 million, more than in the whole of 1958. United States direct investment in Europe also rose, though the reflux of short-term capital across the Atlantic in response to rising interest rates reduced America's net outflow of private capital. A still more striking increase in purchases of foreign securities is shown by German investors. Their purchases of DM 370 million (about $ 88 million) of foreign securities in the first quarter were as great as all previous purchases since these were permitted three years ago.

STRATEGIC STOCKS

Sales by Britain and U.S.

Britain's strategic stock of tin is now known to be 5,000 tons, equivalent to only about three per cent of world consumption but enough to meet British needs for about three months. All of it is to be sold over a period. On July 1st the manager of the International Tin Council's

buffer stock took over the 2,500 tons of tin that he is to sell on behalf of the Board of Trade. In announcing the date of transfer, the Board also gave the council six months' notice that it has a further 2,500 tons available for sale from January 1st, 1960 which will complete disposal of the government's stock of tin." After consulting the council and in the light of the circumstances prevailing, the government will decide whether the remaining 2,500 tons will be sold through the buffer stock or directly through brokers on the London Metal Exchange. If necessary sales will be spread over several months. Prices weakened slightly after the news, cash tin falling to £790 a ton, but not necessarily because of it; the main influence may have been the decline in American demand for tin as the threat of a steel strike drew closer. The tin council obviously believes that sales of strategic stocks will have less impact on the market if handled by the manager of the buffer stock, and if and when the United States government decides to dispose of its surplus tin the council will hope that he will be allowed to act as agent.

The American government has been pressed to sell its coconut oil to help relieve the shortage caused by the effects of drought on world production of copra, and has now announced that it is to sell the whole of its strategic stock of this oil, amounting to 265 million lb (118,000 long tons) because it is no longer needed. Partly in anticipation of this sale prices of copra and coconut oil have been falling. Philippines copra for prompt shipment is now about $ 235 a ton cif Europe, $ 60 below its peak in May, and copra for August shipment has dropped to about $ 222 a ton. The law requires that Congress and the public shall be given six months' notice of disposal of strategic stocks, but the government apparently intends to ask Congress to allow it to start selling sooner than that. The government intends to sell at intervals of six-weeks, offering from 10 to 14 million lb at a time; even if it sold at the higher rate disposal would take well over two years. Bids that do not reflect "a fair market value" will be rejected. It also seems likely that the American government may sell some of the perishable commodities that are surplus to stockpile requirements, such as rubber, fibres and other oils, next year. The bill approved by the House appropriations committee would have forced the government to sell some perishable commodities next year without buying replacements; the Senate committee's bill gives the government discretion to sell where this is in the national interest. The two houses have now to work out a componise bill and vote on it.

STOCK EXCHANGE

Ave et Vale

After a decade as chairman of the Council of the London Stock Exchange, Sir John Braithwaite has retired. As he sits back in the Rover car presented to him on his retirement by the members of the "House" he can look back on those years of change with nostalgia and with satisfaction. He came to office when private enterprise was in political disfavour and he has left office when "everyman a capitalist" is the mode. To have guided the affairs of a conservative institution, which clings dearly to its traditions whether bad or good, throughout those years, punctuated periodically by economic crises, is no mean accomplishment. To have set that institution on the path of reform and development is, perhaps, an even greater one. While Sir John has been in office, the compensation fund has been established, commission scales have been revised, public relations and public education on the meaning of the stock market have been vastly improved, a public gallery has been built, a cinema has been installed, the settlement department has been mechanised, and the first provision towards rebuilding the stock exchange has been made.

Change is inevitable and as Lord Ritchie of Dundee, who has been a member of the council since 1947, succeeds Sir John in the chair he will have to think ahead to the changes that are to come. The jobbing system can creak badly at times; more must be done to publicise the activities of the capital market and to educate the public in its doings; the commission rates are far from perfect; more mechanisation and more information, on the model of the New York Stock Exchange, are needed; members of the "House" have to think even more seriously about how the needs of the institutions, with their professional expertise, and those of the small investor, with his ignorance about the basic facts of investment, can be served at one and the same time; and the stock exchange itself has to be rebuilt. Fortunately, it is clear that Lord Ritchie has already thought hard about these problems.

SHORTER NOTES

The value of new orders received by contractors in the building construction industry totalled £378 million during the first three months of this year, according to the Ministry of Works, compared with £329 million in the preceding quarter and £339 million in the same quarter of last year. This is the highest quarterly figure for new orders since the Ministry began issuing this series late in 1956; since prices in this industry have remained virtually stable over the past few months, it represents a substantial potential increase over the level of building activity maintained throughout last year. Orders for new housing totalled £175 million, of which private developers accounted for £101 million; orders for private industrial building rose by nearly a third over the level of the previous quarter, to £51 million.

The first completely separate course for advanced education in watershed management has been inaugurated at Colorado State University. Several universities have given courses in watershed management as part of their curriculum in forestry and forest management; but now the question of water supply is becoming so vital that its study is worth Bachelor's and Master's degrees, and ultimately even PhDs. The Charles Lathrop Pack Foundation has granted CSU $75,000 to finance the new unit. Many inquiries about such a course have been received both from the United States and abroad, and it is expected to draw all the students that can be accommodated.

Another unit trust has been launched - the Commonwealth Unit Trust Fund, which, as its name implies, will invest in the securities of Commonwealth governments and companies. On its board sits an ex-Chancellor of the Exchequer, Mr Peter Thorneycroft, and his Financial Secretary, Mr Enoch Powell, the retiring City editor, Sir Oscar Hobson, and representatives of A.E.G. group of unit trusts. It is a cash fund, with the managers acting as agents and initially it is offering for sale 2,500,000 units at 10s. each. The estimated gross yield based on an equal investment in a selected number of securities is £ 4 5s. 9d. per cent.

COMPANY AFFAIRS

ROLLS-ROYCE

TWO problems now face the Rolls-Royce group. First, the substantial development expenditure which is required if the group's prosperity is to be maintained will have to be found largely from sales revenue, and an increase in commercial turnover is necessary to compensate for the decline in Government orders. Secondly, this increase in turnover has to be obtained at the expense of manufacturers in other countries, many of whom still continue to receive substantial support from their governments. Lord Kindersley, the chairman, cites the American aircraft industry as an example of strong government support – 85 per cent of its business still comes from the government in comparison with 50 per cent in the United Kingdom – a percentage, moreover, which is likely to decline in the future.

Rolls-Royce is, however, facing up squarely to these problems; shareholders should not be surprised if the increase in development expenditure reduces for some time at least earnings available for distribution. Higher research costs have already had their effect on profits: last year, though sales revenue rose by more than £4 million to £96,390,000 and the trading surplus advanced from £9,432,000 to £9,626,000, the improvement was not sufficient to cover higher development charges and the net profit declined from £2,320,000 to £2,087,000, even though tax was more than £500,000 lower at £2,520,000.

The group has already has some success in reorienting its sales and last year the increase in work on civil aero engines more than offset the reduction in government contracts. Among the other sections of the business the motor car department found trading conditions much improved with the ending of the credit squeeze and exports, particularly to North America, were a record. The development of the rocket motor progressed, whilst the nuclear engineering section is continuing to cooperate with Vickers and Foster Wheeler in the development of nuclear components for naval vessels.

Commenting on prospects for the current year Lord Kindersley expects that turnover will compare favourably with 1958. Outstanding orders at the year-end were £1 million higher at £113 million. New orders for aero engines were, however, being received at a somewhat lower rate than in recent years, reflecting the extent to which the fortunes of Rolls-Royce in the civil market are tied up with those of Vickers-Armstrongs, its most faithful customer. Research and development expenditure is expected to be higher than it was last year and Lord Kindersley says that it will be a "considerable achievement" if profits for the year can be maintained at the 1958 level. As earnings cover the 20 per cent dividend only just over 1½ times, the 100 per cent scrip issue seems unlikely to usher in a bigger effective payment. The £1 ordinary shares at 93s. 9d. yield 4¼ per cent.

COURTAULDS

THE decision by the directors of Courtaulds to raise the ordinary dividend by 8 to 9 2/3 per cent in the face of a decline in the group's total income of £13,918,669 to £13,539,335 must certainly be taken as a gesture of confidence in the future. The full accounts and the statement by the chairman, Sir John Hanbury-Williams, spell out the reasons for this confidence. Sir John points out that though the decline in earnings, which he believes has now been arrested, was relatively small there were some significant changes in the earnings of the constituent divisions of the group. Earnings from continuous viscose filament, both in the industrial and textile sectors, have shown a considerable decline, but this and the poorer results from the textile fabric divisions have been offset to a large extent by the recovery in profits from sales of viscose staple as well as by the improvement in the trading results of the two subsidiaries, British Celanese and Courtaulds (Canada).

This is of course accounting for the past but Sir John in his statement draws atention to several encouraging factors for the future. Demand for the company's industrial yarns has been picking up, so much so indeed that the division has in the last few months been working at full capacity; the tyre industry is at the moment the biggest customer of this division but the demand from the conveyor belt manufacturers is on the increase. Textile sales are beginning to benefit from the establishment of a new marketing organisation which has put Courtaulds in closer contact with the retail trade. Although exports of fabrics have continued to fall sales in the home market are "slightly better". Demand for "Fibro", the company's viscose staple, has improved and the production of "Courtelle" was started in February. Costs of production have been brought down by the vigorous implementation of the policy of concentration and rationalisation which followed on the merger with British Celanese. Finally Courtaulds has been very active in acquiring new interests outside the rayon industry.

WATNEY MANN

HHG hopes of a more dynamic policy from Watney Mann following the threatened bid by Mr Charles Clore, pushed the price of the £1 ordinary shares to an all-time high of 77s. Mr Clore's withdrawal naturally led to a reaction and the price fell 10s., but it still remained well above his bid price of 60s. The price was held up to some extent by the hope that the interim report would bring cheering news to shareholders about the value of the assets of the group, but when the statement came, announcing a maintained interim dividend of 7½ per cent and promising a detailed statement about the re-valuation of assets and the formation of a property company, the market price fell back to 65s. 6d.

Business, the directors say, has improved since the budget, and the benefits from the merger with Mann Crossman and the closing of the Stag brewery at the end of May are just beginning to accrue. All the signs are encouraging, but the present price of the shares implies that shareholders are expecting something far more dramatic and dynamic from the directors.

BOOTS PURE DRUG

THE yield of 3½ per cent on the 5s. ordinary shares of Boots Pure Drug standing at 22s. 6d. is low-but it is no lower than that offered by the equities of other growing multiple retail stores. Boots, the chairman, Mr J. P. Savage confesses, works on a low retail margin of profit. It, however, secures the advantages which accrue to a vertically integrated organisation. Its profits, therefore, turn on the level of sales which can be achieved. In the early part of the financial year which ended on March 31st last, turnover was not rising quickly enough to offset the effect on profits of higher operating costs and lower retail prices, but later in the year there was a substantial improvement in trade, especially at Christmas, with the result that the trading profit, before all charges, rose from £7,463,945, to £7,545,512 and the net profit advanced from £2,095,176 to £2,442,241. Sales and profits, apparently are continuing to improve at least in the home market.

Export sales, however, have fallen sharply and it must seen unlikely that they will pick up substantially again as more and more countries begin to rely on local manufacture. Boots, like other aggressive concerns, is etablishing its own local manufacturing subsidiaries abroad. This process and the need to modernise and develop its stores in the domestic market has led to substantial capital expenditure by the group: in the last financial year this expenditure came to £2,7000,000 and capital commitments at the year-end were of the order of £2,000,000. It is, of course, upon such expenditure that the growth of Boots, which unlike other multiples has not been active in seeking to merge with competing concerns, is based. That is why in buying the shares at the present price investors are looking beyond the dividend of 16 per cent paid for 1958-59 towards the restoration of the rate of 18 per cent which was paid on the capital before the 25 per cent scrip issue was made.

METAL BOX

DESPITE price reductions over a very wide range of products, an increase in wages to all hourly-paid employees and improvements in amenities and working conditions for all employees, the gross profits of Metal Box advanced by more than £700,000 to £7,826,000 in the year to March 31st. This achievement was made possible by an expansion of more than £2 million to £57,758,000 in the value of

sales; the increase in the volume of sales was considerably more. With the net profit the directors have raised the ordinary dividend from 11 per cent to 13 per cent. Earnings cover this payment more than three times and now a 50 per cent scrip issue is proposed.

The price of the £1 ordinary shares has risen from a low of 67s. this year to 80s. 6d., offering a yield of only 3¼ per cent. Throughout recent years the group has expanded steadily, spending a good deal on capital account. At the year-end outstanding capital commitments amounted to £2.7 million, but these were amply covered by the group's liquid resources of more than £4 million. The development plans certainly suggest confidence, though at the same time the chairman, Sir Robert Barlow, recognises that profit margins are likely to be squeezed in the current financial year, particularly if the group sticks to its policy of reducing prices wherever possible. Demand for cans is expected to increase; in the paper products division of the business the depressed conditions show some signs of coming to an end; and the plastics division is continuing to expand. There are thus solid grounds for investors' confidence in the Metal Box equity.

LONDON AND OVERSEAS FREIGHTERS

LAST year, when the chairman of London and Overseas Freighters, Mr Basil Mavroleon, reported — for the first time in the group's history — a fall in the operating surplus, he forecast that two years would pass before tanker freights recovered. Now, after a year in which shipping freights have been steadily slipping to ever lower depths, he still speaks of "no material improvement in less than two years." But he refuses to join the ranks of the pessimists who, he points out, speak in terms of a much longer period. The rise in the group's operating surplus from £2,969,204 to £3,418,403 mainly reflects the policy of long-term charters which the company entered into in 1956. These charters cannot last forever and to find profitable employment for those ships which are now free or soon will become free is "next to impossible," says Mr. Mavroleon. So far, however, the group has not laid up a single ship.

The maintained dividend of 20 per cent (which is three times covered by earnings and results in a yield of 6.2 per cent at the current price of 15s.) reflects the directors' wish that shareholders should benefit from the group's present prosperity. But Mr. Mavroleon warns that in difficult times "the company's resources must be preserved to protect the long-term interests of shareholders" even at the expense of some reduction, or even sacrifice ,of dividends." To what extent this presages a cut in next year's dividend remains to be seen, but current profits are running at a "satisfactory" level.

The prolonged uncertainty of freight markets has forced the company to revise its building programme and orders placed with Austin and Pickersgill, in which the company had a 50 per cent interest, for 4 dry cargo vessels have been postponed for two years. The only new addition to the fleet last year was a 19,000 ton tanker which has started its trading life on a charter providing profitable employment for some time. LOF's subsidiary in Bermuda, London and Overseas Tankers, which took delivery of its first ship at the end of last year and its second early this year, has arranged charters to keep them employed only until the middle of next year: but so far no employment has been found for the four 34,000 ton tankers now under construction in Sweden. The two bulk-carriers being built in Western Germany should be completed by 1960 when they will begin trading on an eight-year charter.

BRITISH AND COMMONWEALTH SHIPPING

BRITISH and Commonwealth Shipping's regular cargo and passenger services may have helped to cushion the company's earnings from the worst knocks of the slump in freight rates. But its consolidated profits before tax fell last year from £9.5 million to £4.8 million and its net profits from £4,815,000 to £2,454,000. This substantial fall in earnings adds to what the chairman, Sir W. Nicholas Cazer, calls the "balance of payments" problem, which is the bane of many shipping companies these days when falling income in a depressed market fails to cover the needs of a weighty capital investment programme. The gap between net cash inflow, which amounted to £7,805,000, and outgoings of £12,056,000 has up to now been bridged by the sale of investments (amounting to about £6 million last year); but with current rates of profit "considerably less" than a year ago the question of finance is obviously of mounting importance. The chairman does say, however, that this year's capital expenditure was more than normal and "the means should be available' 'to meet the planned replacement programme. Outstanding capital commitments stood at £27,900,000 at the end of December, compared with £37,950,000 the year before. Just what proportion it is hoped will be met by future earnings is, at this stage, problematic.

The balance sheet shows that in addition to the sale of investments, tax reserve certificates were reduced from £3,050,000 to £456,000, while the cash balance went up from £5.6 million to £7.3 million.

Last year the group extended its aircraft interests, accepting the delivery of two Britannias, and a new Viscount is due for delivery this month which will bring the group's air fleet up to five: the two new Britannias are to operate with Hunting-Clan under a trooping contract. The maintained 20 per cent dividend, which is almost five times covered by earnings, gives a yield on the 10s. ordinary stock units now standing at 40s. 9d. of almost 5 per cent .

PYE

PYE, the radio and television manufacturers, is to raise about £3,750,000 by a rights issue of ordinary shares. The new issue is partly a funding operation to pay off bank overdrafts and partly aimed at financing further expansion. The terms are likely to be announced at the extraordinary meeting on July 9th which will authorise an increase in the company's capital from £6,000,000 to £9,000,000 by the creation of 12,000,000 5s. ordinary shares. The directors say that the balance of the new shares that will remain after the "rights" issue will be held "ready for issue in association with any acquisition or for subsequent issue to ordinary shareholders." The rapid expansion in the renting of television sets has forced the firm to borrow from the banks on a substantial scale; at the same time Pye has increased its holding in British Relay Wireless and Television and has made further substantial investments in the Commonwealth. In Australia and New Zealand the group plans to build new factories; and funds are also needed for the establishment of production and selling facilities inside the European Common Market and for investment in television stations overseas.

CHARTERHOUSE INVESTMENT TRUST

THE CHARTERHOUSE Investment Trust has sold 1,000,000 of its shares in the Charterhouse Group for approximately £1,350,000 and the directors intend to retain the balance of 500,000 shares as a permanent investment. The proceeds of the sale — which produced a capital profit of about £270,000 — will be reinvested "in high class securities without jeopardising the maintenance of the 12 per cent dividend rate." The balance sheet shows that the Trust's portfolio of investments is worth at market prices 61 per cent more than the book value. The full accounts, which cover the period from November 12, 1957, to April 30, 1959, show that the income before tax was £269,242, compared with £197,585 in the previous twelve months. Investments at £1,820,809 compare with £1,696,720 in November 1957, and shares in subsidiaries, including those since sold, remain at £1,738,333. The total dividend for the 17 2/3 months period is 18 per cent and a 12 per cent dividend for the current year is forecast, so that at 58s. 3d. the £1 ordinary stock units yield 4.2 per cent — a typical yield for a sound investment trust. The £1,000,000 ordinary capital is to be converted into 4,000,000 ordinary shares of 5s. each — one example of Sir Nutcombe Hume's desire to attract the small investor.

FRIARY MEUX

THE £1 ordinary shares of Friary Meux, the brewers, are quoted at 56s. 9d. to yield 4 7/8 per cent — a low yield for the brewing industry even granted the speculative buying which has led to quite sharp rises in prices in recent weeks. The yield is based to some extent on the excellent record of the group since the merger in 1956 between Meux and Friary Holroyd. For the year to March 31st, last, there was a further improvement in the net profits: they rose from £361,290 to £423,482, excluding pre-acquisition profits of £40,917 in the latest financial year. The dividend has been raised from 13 to 14 per cent and earnings of 25 per cent give a rather stronger cover than is usual for a brewery concern.

COMPANY MEETINGS

BOOTS PURE DRUG COMPANY LIMITED

RETAIL SALES INCREASED BY 5.8 PER CENT
EFFECT OF PURCHASE TAX REDUCTIONS
MR J. P. SAVAGE ON THE CHALLENGE OF RESEARCH

The Seventy-First Annual General Meeting of Boots Pure Drug Company Limited will be held on July 22, 1959. The following is a Statement by the Chairman, Mr J. P. Savage, which has been circulated with the report and accounts for the year ending March 31th, 1959:

THE BOARD

Mr H. S. Hibbins (Vice-Chairman) and Mr S. Harker-Smith (Director) have resigned from the Board having reached the Company's normal retiring age. Both of them have spent the whole of their working life with us and their contribution to our expansion has been invaluable. It is the wish of all of us that they will enjoy a long and happy retirement.

Three new Directors have been appointed—Mr R. M. Dickson, Mr K. H. Harper and Mr K. D. Williamson—all of whom started their career with the Company as trainees. Their wide experience and intimate knowledge of our business will be of considerable help to the Board.

SALES

These were an all-time record and amounted to £82 million, an increase of £3,200,000 or 4 per cent.

Actually, in the Retail shops the increase in sales was 5:8 per cent but this was partially offset by a recession in the Wholesale and International Divisions.

PROSPERITY BONUS

In my speech to the shareholders last year I said we proposed to put this bonus on a permanent basis. A new scheme has been introduced for the payment of what will be known as a 'PROFIT EARNING' bonus. This sets aside 8½ per cent of the pre-tax profits of the Company for distribution to the staff based on salary and length of service.

The old bonus absorbed approximately 7½ per cent of such profits which means the staff now have a greater share and interest in our continued prosperity.

The cost of the new Scheme this year amounts to £464,280 against £414,927. Your Directors are very pleased thus to acknowledge the hard work and loyalty of the staff (now numbering 40,000).

PROFITS

The profits of the Group before tax amount to £4,997,839 compared with £5,057,350 for the previous year. In arriving at this year's profits we have charged the loss estimated at £350,000 incurred on our retail stocks as a result of the reductions in the Purchase Tax made in the 1958 Budget.

In the first six months of the year sales did not show the increase we would have hoped for, so that there was a rise in the expense ratio. There was however a real improvement in the second half of the year.

This improvement in sales, together with certain specific measures we have taken to reduce our expenses, has meant that most of the ground lost in the first six months of the year was retrieved by the year end.

Having regard to the widespread nature of our activities we operate on a very narrow profit margin. This is deliberate in the sense that it has always been our policy to give our customers the best value we can by selling our own goods at the lowest possible prices. But inevitably this means that in times when prices tend to be stable or even falling but costs and expenses continue to rise, profit margins are reduced. You may be sure that your Board is aware of this tendency and that all possible steps are being taken to reduce costs.

Depreciation charged on freehold and leasehold properties and on plant and fittings in arriving at the profits amounts to £1,467,991 compared with £1,369,254 in the previous year.

Tax provided has fallen from £2,962,174 to £2,555,598. This fall reflects both the change in the basis of the Profits Tax made last year and which applies for the first time to this year's profits; and the reduction in the standard rate of income tax to 7/9 made in this year's Budget. The income tax provided in the accounts is the tax which will be paid on 1st January next on the profits as included in the accounts; this tax will be charged at the new rate of 7/9. Even at this figure, with profits tax at 10 per cent the total tax is 9/9 in the £ which, in my opinion, is still far too high a proportion of the earnings of any Company.

As a result of the fall in the tax provision, the net profits of the Group have increased by £347,065, from £2,095,176 to £2,442,241. Of this latter figure £369,578 has been retained by the Subsidiaries and £2,072,663 represents the profits of Boots Pure Drug Co. Ltd.

DIVIDEND

We propose paying a final dividend of 10 per cent making a total with the interims already paid of 16 per cent for the year. These dividends are on the capital as increased by the scrip issue of one for four made last July and they are equivalent to 20 per cent on the old capital as against 18 per cent paid last year.

At the time we paid the two interim dividends of 3 per cent on the capital as increased by the scrip issue, we stated quite specifically that the dividend was being maintained at this rate solely to reduce the disparity between the interim and final dividends. Nevertheless we are glad to have been able to make an increase in the total dividend distributed for the year.

RESERVES

Of the Group profits of £2,442,241, goodwill written off amounts to £11,000, dividends on preference and ordinary shares to £1,281,231, leaving a balance of £1,150,010 profits retained in the business. This compares with £967,855 retained in the previous year. If we add the depreciation of £1,467,991 deducted in arriving at the profits, the total funds retained this year amount to £2,618,001 compared with £2,337,109 in the previous year.

CAPITAL EXPENDITURE

Our capital expenditure for the year has amounted to just over £2,700,000 compared with about £2,400,000 in the previous year The increase reflects for the most part progress with the retail modernisation programme to which I have referred on a number of occasions in the past. We have financed virtually the whole of this year's capital expenditure out of funds retained in the business.

The rise from £1,349,000 to £2,052,000 in outstanding commitments reflects the placing during the year of the contract for the construction of the new Administrative building in Nottingham.

STOCKS

Stocks show a small decrease and we feel it is a considerable achievement to have been able to support a sales increase of £3,200,000 without any additional stock investment. All sections of the business improved their rates of turnover and so contributed to the general plan of improving efficiency in the use of the vast sums employed to finance the goods in which we trade.

CASH POSITION

As a result of our success in holding the level of our stocks in the year under review and the fact that our capital expenditure has almost been met out of the funds retained in the business, our cash position at the end of the year shows little change as compared with the previous March 31st.

RETAIL PROGRESS AND DEVELOPMENT

Our retail sales increased by 5:8 per cent but the true increase in our volume of trade was considerably greater than this. The

Purchase Tax changes made by the Chancellor in his 1958 Budget, just at the start of our financial year, reduced our gross takings by more than 3 per cent and this proportion of our volume had to be made good before we began to show any increase. The lower prices helped our sale of cameras, leather goods and greeting cards but had little influence on cosmetic sales.

Our rate of progress improved steadily throughout the year, the accumulated sales increases at the end of the successive quarters being 4:1 per cent, 4:8 per cent, 5:1 per cent and finally 5:8 per cent. It will be evident from these figures that we enjoyed very successful trading at Christmas, in spite of the widespread and persistent fog, and that we were further helped by what might be described as good chemists' weather in the early months of this year. We dispensed over half-a-million more prescriptions than in the previous year and great credit is due to our managers, dispensers and other staff for the way in which they coped with the heavy load of work during six exceptionally busy weeks in February and March. The increase in the sale of our own medicinal, toilet and agricultural products, helped by the introduction of some highly successful new lines, has been most encouraging. Our Farms and Gardens' and Photographic Departments both made outstanding contributions to the final result, but I am glad to say that all departments shared in the increase.

Last September, and again in January this year, we announced substantial reductions in the selling prices of some of the leading lines of our own manufacture. These reductions, which were made possible either by reduced costs or improved manufacturing processes, were enthusiastically received by our own staff as well as our customers and will, I hope, be accepted as further proof of our determination to offer the best possible value at all times.

The Retail Development Programme, which I announced two years ago, has continued throughout the year according to plan. Fifty-six shops were substantially altered or refitted, amongst the most notable being those at Church Street, Liverpool; Shandwick Place, Edinburgh, and at Walsall. New shops were opened at Swiss Cottage, London, and in the New Town centres of Harlow, Stevenage and East Kilbride, in addition to three smaller acquisitions in other parts of the country. Seven branches were transferred to new and bigger premises and four were closed.

Encouraged by our customers' reactions to new methods of selling we are continuing to install self-selection fittings where appropriate and during the year a further thirty-two shops were equipped in part in this manner.

In the present year we are embarked upon a big programme including large new stores in Birmingham, Bristol and Loughborough. These are all scheduled for opening before Christmas, and the Birmingham store will be our biggest so far. Work has also started on rebuilding or large-scale extensions at Northampton, Cambridge, Bury St. Edmunds, Gloucester, Stafford, Slough and Lewisham. We are also pushing ahead with the modernisation of our smaller shops, but we regard it as even more important to maintain the highest possible standard of service in all branches, whether old or new.

PURCHASE TAX

A further reduction in the Purchase Tax was made by the Chancellor of the Exchequer in this year's Budget and we reduced our retail prices immediately the new rates were announced. Although we welcomed the reduction in the tax, the manner in which it is collected has meant that once again we have had to take a substantial loss on our tax paid retail stocks and this will be reflected in the profits of the coming year. Since 1953 successive reductions in the Purchase Tax have involved us in losses totalling three-quarters-of-a-million pounds. This has come out of the pockets of our shareholders instead of being paid as it ought to have been by the Exchequer. It would be quite wrong to say that we should not reduce our prices when the Purchase Tax comes down, or that we ought to make a profit out of our customers when the Purchase Tax goes up, as in neither case will competition or public opinion allow us to do this; nor would we wish to do so.

In a year in which the Chancellor of the Exchequer has once more expected us to finance his tax reductions for him, it would not perhaps be inappropriate to remind him that he has once again failed to implement the recommendations of the Tucker Committee and of the Royal Commission on the Taxation of Profits and Income that the taxation allowances at present confined to industrial buildings should be extended to commercial buildings as well.

STUDY OF METHODS

It has been the settled policy of the Company for a long time to use every opportunity of improving our ouwn efficiency by studying methods and developments not only in Great Britain, but also overseas. While there is plenty to learn in Europe, we find that America is the richest field of enquiry. In consequence, the Directors are sending a number of people to America each year and this is a good opportunity to acknowledge not only the benefit we get from these visits but also the very generous welcome and help we always receive from so many friends and even strangers all over the United States.

DISTRIBUTION

Last summer we completed a 64,000 square foot extension to our Heywood Manchester Warehouse. We get three major benefits from this: better balance of our distribution over the country as a whole, greatly improved efficiency at Heywood and better service to the branches supplied by this warehouse.

Although we have made big strides in distribution technique in recent years there is still much to do. Research and development leading to improved methods go on continually and we see a long period of progress ahead in cutting the cost of distribution.

SUPPLIES

Any large organisation calls on a great many trades for its supplies and we certainly do this both for raw materials and finished goods.

We appreciate the help and close co-operation our suppliers give us and especially the way they respond to the emergency calls an epidemic can produce.

RESEARCH AND PRODUCTION DEVELOPMENT

As manufacturers and suppliers of medicines and preparations for use in agriculture and horticulture, we operate in a highly competitive field. There is an ever-growing need continually to improve the lines in our inventory and to introduce new specialities. The outstanding successes of new chemo-therapeutic substances, especially in the last two decades, have transformed the practises of human and veterinary medicine and assisted very greatly in increasing the efficiency of agriculture and horticulture. Substantial as this progress has been much remains for further improvement and the success of new products stimulates even more the desire for newer and better ones. These can be produced only through research and development. We have accepted this challenge and, like the other leading pharmaceutical and chemical manufacturers of this country, are now ploughing back a very considerable proportion of our profits for this purpose. We have been handicapped to some extent by the need to replace and enlarge much of our laboratory facilities. Our fine new research building for pharmacology, bacteriology, virology and parasitology, begun in the autumn of 1956, has just been completed at a cost of £750,000 and we are now turning our attention to the improvement and enlargement of our facilities for chemical research and development.

The Hinchliffe Committee in their recent report on the cost of prescribing comment on the inadequacy of the amount of money spent on pharmaceutical research in this country in comparison with the much greater amount expended in the United States. Undoubtedly the ability of the American companies to support very large research budgets, which in the long run are bound to be correspondingly more successful in producing new drugs, is due mainly to their large and prosperous domestic market in which they can sell their products with high profit margins. The British manufacturers with broadly speaking only one domestic customer, the National Health Service ,enjoy no such advantage. While the Government should naturally be concerned about the increasing amount of the Drug Bill they must at the same time recognise that new drugs are very expensive to produce and that the expenditure on the long and costly researches which provide them can be recovered only from profits. It is refreshing to find that the Hinchliffe Committee have accordingly recommended that any pricing arrangements between the Ministry of Health and the British pharmaceutical industry should be designed to make full allowance for genuine research expenditure so as to enable a vital industry to make its maximum contribution to the development of drug therapy and also to the export trade.

INTERNATIONAL DIVISION

Our exports from the UK suffered a sharp decline, largely due to import restrictions imposed by many overseas countries during the year as well as increasing competition. However, we have made great efforts in recent years to expand our overseas manufacturing resources and most of our overseas Subsidiary Companies have been able to improve on their last year's turnover, despite these limitations on imports. A good example of the increasing reliance placed on local manufacture is that no less than 96 per cent of our Indian Company's turnover last year came from goods manufactured in our factory at Sion, Bombay, which is operating profitably.

In total, I am glad to say that sales by our overseas Subsidiary Companies have set a new record.

We would like to thank the staff of these Companies and our Agents in all parts of the world for their efforts in what has been a most difficult year for overseas trading.

WHOLESALE DIVISION

Our Home Wholesale sales were lower than last year. Much of the decrease was caused by the heavy stocking-up by the pharmaceutical trade at the time of the previous year's Asian 'flu epidemic. This had had the effect of reducing our contract and bulk chemical business during the current year. However, to balance some of this loss of business I am pleased to report an increasing home demand for our medical specialities.

PROSPECTS

Last July I was very cautious in my forecast of sales and profits and this was emphasised and confirmed by the results for the first half of our financial year.

Since then there has been a considerable improvement and I see no reason why this should not continue, which causes me to view the present year with some optimism.

Telephone Rentals LIMITED
OPERATING IN SERVICE

ANOTHER RECORD YEAR
CONTINUED PROGRESS IN CURRENT YEAR
MR FRED T. JACKSON'S STATEMENT

The thirtieth annual general meeting of Telephone Rentals Limited was held on June 22nd at the Registered Office, 197 Knightsbridge, London, S.W.7, Mr Fred T. Jackson, OBE, CompIEE (the Chairman), presiding.

Before our usual proceedings, I would like to mention the great loss we have suffered through the death of one of our directors—Sir Leonard Browett. We only heard of his death on the day that our Report and Accounts went to the printers.

I would like to pay a special tribute to the late Sir Leonard, for he was my ideal of an outside Director. He was never prepared to accept what he was told until the reasons for any decision had been explained to him.

I would ask you to stand for one minute as a silent tribute to the late Sir Leonard.

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

The following is the statement by the Chairman which had been circulated with the report and accounts for the year ended December 31, 1958:

First of all, I will refer to our last Annual General Meeting, when I informed you that we should have to take new offices so that we could get all our departments under one roof. This has now been carried out, and although this has brought about an immediate increase in Head Office expenses, taking the Organisation as a whole it will undoubtedly lead to more efficient administration ,with a resultant decrease in total overheads.

I will now deal with the progress made by your Company during the past year. In spite of more difficult trading conditions the amount or rental contracted for was a record, and as you will have seen from the Accounts, our profits on the year's working again show an increase. I am glad to be able to inform you that according to our internal figures, progress in the current year is also in the right direction, and up to the end of April we are again in the happy position of showing an increased profit.

In South Africa, very steady progress has been made in Johannesburg and Cape Town. Certain moneys we advanced at the commencement of our operation there are now in the process of being repaid, being surplus to requirements as both Companies are financially self-supporting. We anticipate that, in the relatively near future, South Africa will be making a contribution to our profits here by way of dividends.

So far as Australia in concerned, as you know the Company there is not our Subsidiary, but we have an investment which represents 50 per cent of the capital. Satisfactory profits are being earned and the Company is able to pay dividends, which make a contribution to our profits here.

In regard to Canada, I still have to use the phrase used at previous Annual Meetings: that we find this market a hard furrow to plough so far as our business is concerned. Our Company in Toronto continues to make progress, and we are gradually increasing the number of Subscribers and upholding our very good name for service. Briefly, we are quite confident that in course of time we shall have a very successful business in that country, for we always have in mind that it has a tremendous future for a business such as ours.

In regard to our Continental Companies, as you know we have a Subsidiary in Paris, and also in Brussels. Both of these Companies work at a profit, but their contribution to us, as the parent Company, is not one which has any considerable effect on our profits.

ACCOUNTS

I will now review the Accounts before you.

PROFIT AND LOSS ACCOUNT

The Gross Profit of £1,047,617 is our highest yet, and is £172,247 greater than our previous best, in 1957. This increase in Profit is apportioned as between Rental Revenue and the Profit on Trading and Miscellaneous Receipts £140,280; and Dividends and Interest receivable from all sources, £31,967.

Despite the greatly increased profit, on account of the reduction in the rate of Income Tax announced in the recent Budget Income Tax shows but a small increase of £13,405 over the previous year, and the Profits Tax actually shows a reduction of £4,411, due to the alteration in the basis of the levy in the 1958 Budget. On the other hand ,the Transfer to Tax Equalisation Reserve is increased by £91,000 to £167,000. I have in previous years explained the purpose and composition of this Reserve, and it only remains for me to tell you that the major part of this year's increase is accounted for by the need to adjust the provision included in the Reserve for Profits Tax from 3 per cent to 10 per cent, which is the current flat rate levy. I feel sure the Chancellor's proposals for the reduction in Taxation, both direct and indirect, were as warmly welcomed by you as by your Board, and I fervently hope that he will continue the good work in future Budgets.

The net Profit before transfers to Reserves and provision for Dividends, a £637,609, is up by no less than £163,253. This year we have increased our Transfer to the General Reserve to £250,000, bringing the total to £1,800,000. We have now considered it necessary to add to the Contingencies Reserve.

After providing for the transfers to Reserves, and the Dividends, on both the Preference and Ordinary Shares amounting to £187,494 as compared with £162,150 in 1957, we are left with an unappropriated balance of £196,695 to be carried forward to the current year. The increase in the amount of the proposed Final Dividend is due to two things, firstly to the fact that it will be paid on the Capital as increased by the Capitalisation Issue in February of this year and, secondly, that Income Tax will be deducted from the payment at the new reduced rate.

BALANCE SHEET

Liabilities: Both the Authorised and Issued Capitals are unaltered as the Capitalisation Issue was not made until February 1959. The Capital Reserves at £265,025 are little different from the previous year, and the Revenue Reserves now total £1,925,000. The Shareholders' interests consisting of Capital, Reserves, and unappropriated Profit balance, amount to £4,898,720, a

compared with £4,615,401 at the end of 1957.

I have already explained the increase in the Reserves for future Tax, and the amount of Accelerated Rentals carried forward calls for no comment, except to say that the Income Tax theron in suspense has now been eliminated.

Current liabilities are up by £104,521. This increase, as you can see, is mainly accounted for under three headings, namely Sundry Creditors and Accruals £25,275; Income Tax 1958-59 and earlier years £49,005; and Proposed Final Dividend £25,344. The Increase in the Dividend has already been explained, the additional Income Tax arises out of the increased profits in 1957, and the rise in Sundry Creditors is in the normal course of trading.

Assets: Referring now to the Assets side of the Balance Sheet, the net value of the Revenue bearing Installations has risen to £3,764,471, which is equivalent to 1.38 years' rent.

The net amount of Freehold and Leasehold Properties reflects but little change, but the Office Furniture and Fittings, Vans and Cars is some £8,908 greater as a result of the move to new premises. The Trade Investment representing our holding in the Australian Company remains unchanged.

The increase of £39,079 in Investments in Subsidiary Companies represents amounts capitalised in our Canadian Subsidiaries during 1958. Loans to Subsidiaries are unchanged; whilst the amounts due on current accounts have increased by £23,609.

Stock and Work in Progress are up by £20,896, whilst Sundry Debtors and prepayments are virtually the same.

Our liquid Resources in the form of Tax Reserve Certificates, Deposits with Local Authorities, British Treasury Bills and Cash, both in London and Australia, at £1,317,509, are £157,584 higher than they were at the end of 1957. This excess represents the surplus cash on the year's trading, bearing in mind that the increase of £104,521 in Current Liabilities should be offset against it.

CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

The Consolidated Accounts, having been prepared on a similar basis to that of the Parent Company, the material changes have already been dealt with in the foregoing remarks, with the exception of the items referred to in note 2 on the Consolidated Balance Sheet, which is self-explanatory.

The Net Profit of the Group before Taxation is £1,124,060 compared with £927,653 for 1957. After providing for Taxation, transfers to Reserves and Dividends, the balance of unappropriated Profits carried forward and attributable to the Holding Company's Shareholders amounts to £339,218.

CONCLUSION

I wish to conclude my remarks by paying a very sincere tribute to the Management and Staffs of our Organisation, both in this country and overseas. During the year under review, there was a considerable amount of reorganisation both in the offices and in the field which will undoubtedly bring about increased efficiency, with a still higher standard of service to our Subscribers. The success of this work has been and is being in very large measure due to the loyal and understanding co-operation of our employees, who have continued to show how strongly they identify themselves with the interests of the Company.

The report and accounts were adopted and the dividends as recommended, were approved.

The retiring director, Mr A. A. P. Ethelston, was re-elected and the remuneration of the auditors, Messrs Chas. W. Rooke, Lane & Company, having been fixed, the proceedings terminated.

FORSTER'S GLASS

A PLEASING RESULT

The fortieth Annual General Meeting of Forster's Glass Company Limited, will be held on July 15th in London.

The following is an extract from the circulated Review by the Chairman, Colonel Sir Charles Ponsonby, Bart, TD, DL, for the year ended March 31, 1959:

At the annual general meeting last year I referred to the appalling summer we were experiencing and said that this would be bound to have an adverse effect on our sales, particularly to the soft drinks and brewing industries. Both of these are very sensitive to weather conditions and we, who supply large quantities of bottles to them, are correspondingly affected. In these circumstances it is pleasing to be able to tell you that our turnover was only very slightly down compared with the previous year and that we have made a modest increase in profit.

It is now two years since we advanced our selling prices, and during this time we have had to absorb several wage increases as well as numerous other rising costs; fortunately, the rate of rise of the inflationary spiral has been greatly reduced.

During the year trading conditions in this, as in most other industries, have been difficult and ordering has tended to be on a day-to-day basis, making it impossible to forecast demand with even a reasonable degree of accuracy and to match it with production. In spite of a temporarily reduced demand for some of the types of bottles we produce, we have had compensation in other fields, where the merits of glass as a cheap and attractive form of packaging are being increasingly recognised.

The benefits of the re-equipment programme ,on which we embarked four years ago, are now making themselves felt in the form of higher productivity (and efficiency) which is helping to absorb the increased costs.

Although there are some signs of a general improvement in trade, much uncertainly persists. As far as obtaining our share of business is concerned, I feel that we can look to the future with reasonable confidence.

ADAMS PEAK TEA ESTATES

The thirty-ninth annual general meeting of Adams Peak Tea Estates Limited was held on June 8th in London, Sir Charles Miles, OBE, the chairman, presiding.

The following is an extract from his circulated statement:

The profit for the year ended December 31, 1958, after charging Depreciation, is £27,302, which compares with £34,778 for the previous year. The average prices received for our teas, both in London and Colombo, were lower than those of 1957 and although the crop produced rose by some 53,000 lb sales proceeds declined by approximately £2,500. Your Board recommend a dividend of 12½ per cent, on the increased capital, less Income Tax, leaving the balance to be carried forward slightly increased at £20,078.

For the greater part of the year under review the Ceylon Export Duty on tea has remained at 70 cents, or just over 1s. 0½d. per lb, but it is understood that the present duty might be replaced by an ad valorem sales tax, up to a maximum of 70 cents per lb, and a flat rate of Export Duty of 35 cents per lb. It remains to be seen how this Company will be affected.

With regard to the current year, our crop to the end of March is 223,556 lb, a decrease of 15,549 lb compared with the same period last year, but it is expected that this shortfall will be made good as the year progresses.

The report was adopted.

PHILIP HILL INVESTMENT TRUST

AN ACTIVE AND SUCCESSFUL YEAR

The twenty-seventh ordinary general meeting of Philip Hill Investment Trust Limited was held on June 15th in London, Sir Brian Mountain, Bart (the chairman), presiding.

The following is an extract from his circulated statement: I am pleased to report that the year under review has again been an active and successful one for the Group.

The Profit and Loss Account of the Investment Trust shows that the gross dividends and interest from investments have risen from £707,622 to £796,307 which, together with other income, including a dividend of £50,000 (gross) from the operating subsidiary Philip Hill, Higginson & Co. Limited, results in a total gross income figure of £855,612 as compared with last year's figure of £781,256.

Philip Hill, Higginson & Co. Limited and its subsidiary companies have had another successful year and the consolidated profits before taxation amount to £673,645 as compared with £553,803 for the previous year. Taxation absorbs £356,340 (£300,005) leaving a net profit of £317,305 (£253,798).

These results enable the Board to recommend the payment of a final dividend on the Ordinary Share Capital of 13½ per cent, less income tax at 7s. 9d., which together with the interim dividend of 6½ per cent, less income tax paid last October would make a total distribution for the year of 20 per cent, less income tax.

The report was adopted.

THE EVER READY COMPANY

(GREAT BRITAIN) LIMITED

(Manufacturers of Dry Batteries)

RECORD SALES AND PROFITS
CAPITALISATION OF RESERVES
STATEMENT BY THE CHAIRMAN MR E. N. ROWBOTHAM

The Annual General Meeting of The Ever Ready Company (Great Britain) Limited was held on July 1st at the head office, Hercules Place, Holloway, London, N.7.

The following is the statement of the Chairman, Mr E. N. Rowbotham, which has been circulated with the Report and Accounts for the period from March 2, 1958, to February 28, 1959:

RECORD SALES AND PROFITS

It is with satisfaction that for the sixth year in succession I am able to report an increase in the Sales and Net Profits of the Company. The Accounts for the fifty-two week period ended February 28, 1959, which are attached, show that the Net Profit after taxation has increased from £920,099 to £1,262,856. This record profit has been achieved by reason of substantial progress in practically all departments of the business, particularly in the export field where your Company has been successful in obtaining an exceptional increase in turnover. The encouraging picture presented by the Accounts owes a great deal to the work of Representatives, Distributors and Staff in the Export Division and all Employees of the Company, both at home and overseas. On behalf of the Stockholders and Directors I thank them all for their co-operation during the past year.

SPECIAL INTERIM DIVIDEND

Your Directors have recommended a Final Dividend of 15 per cent, making 20 per cent for the year as for 1958, and in view of the substantial increase in the Net Profit of the Company they have, in addition, declared a special Interim Dividend of 7½ per cent less Income Tax for the period of fifty-two weeks ending on February 27, 1960. This special Interim Dividend will be paid on the second day of July, 1959, with the recommended Final Dividend for the period under review, but will not be taken into account when consideration is given to future dividends. This treatment, of course, arises from the change in Profits Tax legislation and in effect means that the Company is at the present time paying an effective rate of 27½ per cent on the Ordinary Stock.

REVALUATION OF FIXED ASSETS

During the year your Directors have given consideration to the value of the Fixed Assets as shown in the Balance Sheet and have caused a valuation of the land and buildings to be made by a firm of professional valuers. This valuation showed that the present-day value of Freehold Land and Buildings exceeded the Book Value by £896,261, and we have therefore decided to show this item at the valuation figure and to transfer this excess to Capital Reserve Account. Your Directors have also caused a valuation to be made by the Company's Staff of the plant and machinery. This valuation, which has been based on the present-day replacement value and takes into account the years of use and the expected life of each machine, shows that the value of the plant and machinery of the Company in the Balance Sheet is adequate and they therefore propose to make no change in this item.

CAPITALISATION OF RESERVES

In view of the increase in the Reserves of your Company, due both to the revaluation of the Assets and the increase in the amount of the profits, the Board consider it advisable to bring the Issued Ordinary Capital of the Company more into line with the asset position. My letter to Stockholders on this subject which accompanies this Report sets out in detail the arrangements we propose to make to capitalise a portion of the Company's Reserves. I will not comment further here save to emphasise that Stockholders must not assume that on the Issued Ordinary Capital being increased by the amount of the proposed Issue, the total amount of dividend paid on the Ordinary Stock will be necessarily increased. Future dividends must depend on the course of future trading and also on the need for further capital investment which may arise from time to time.

ADEQUATE CASH RESOURCES

The Consolidated Balance Sheet shows that the Company's liquid financial position has been substantially strengthened. The surplus of Current Assets over Current Liabilities (including Deferred Liability for future taxation) has increased from £3,253,162 to £3,848,391 and the cash position of the Company is at the substantial total of £1,827,816 compared with £1,294,136. Taxation this year has amounted to £1,167,697 as against £992,204 last year due to the increase in the profits. The outstanding capital commitments have increased from £232,000 to £515,000. Among the major items under this heading are an extension to our Rolling Mills at Edmonton, the provision of a further large section to our Research Laboratories and an addition to the factory of our engineering subsidiary, Cramic Engineering Company Limited, at Southall.

PENSION BENEFITS

It is our policy to provide pension benefits on a non-contributory basis and we have made provision that, in addition to all members of the staff, all male works operatives with over two years' service and all female works operatives with over ten years' service shall receive, when they reach the age for retirement, a pension based on years of service and remuneration.

Our principal fund—The Ever Ready Superannuation Fund—is administered by a Trustee Company, and currently the market value of investments in this non-contributory fund, which commenced in 1951, exceeds £3 million. I consider the operation of this fund to date has been very satisfactory.

During the past year the pension funds of the Company have paid out over £50,000 in pension and other benefits. In addition, during the year it was my pleasure to present a further 272 gold watches to long service members of the organisation, bringing the total up to 627 of our people who have now been presented with a long service watch. Of this number, Stockholders might be interested to learn that no less than 574 are still working with the Company.

CURRENT TRADING SATISFACTORY

In the domestic market our sales have been buoyant. A recent innovation has been the introduction of a new product—"FIGARO" Electric Dry Shaver. To date this product has been very well received by our customers, and we are confident that it will make a useful addition to our existing range of products.

Overseas, subject to no major political or economic upheavals, we view the continuance of a large and expanding export business with confidence. Our export prices are highly competitive and our manufacturing resources are geared to the production and sale of dry batteries at the lowest possible price commensurate with the maintenance of the highest quality, but competition from the cheap labour countries of the Orient will have to be watched very carefully in many markets.

Trading for the current year has been satisfactory, sales to date being in excess of those for the similar period of last year.

ROLLS-ROYCE LIMITED

REVIEW OF 1958

Research and development the key to the future

The following are extracts from the statement by the Rt. Hon. Lord Kindersley, C.B.E., M.C., the chairman, which has been circulated with the report and accounts for the year ended December 31, 1958.

GENERAL REVIEW

DURING 1958 we achieved an increase in total revenue and we ended the year with outstanding orders marginally greater than a year ago. These are satisfactory features in a year of transition with many uncertainties and in which there was a marked lull in the ordering of new equipment for the major airlines. In spite of these satisfactory features, however, our accounts reveal lower profits. This is principally due to a substantial increase in expenditure on research and development.

Last year I emphasised that the current level of activity resulted from research and development originated many years ago. Much of it was of course initiated to meet defence requirements. Those requirements are diminishing, and all companies who seek to remain as major suppliers of aero engines are therefore faced with the task of finding from their own resources the money to continue programmes of work which will retain for this country much of the export business which has already been developed so successfully. In 1958 the aircraft industry achieved exports of £36 million. Without this continuing effort on development the British aero engine industry must inevitably be relegated to a minor role in world aviation.

During the last five years we have spent some £8 million on capital equipment entirely associated with development. In the last two years alone we have spent more than £10 million — an amount equal to the total retained profit shown in our balance sheet — on the direct development of engines, and the bulk of this has been spent on engines which are not yet contributing to profits.

It is in the best interests of the future stability of our business that the substantial sums which we require annually for development should be found in the most part from our sales revenue, and this in a time of diminishing government turnover means that our commercial turnover must be increased. We have to obtain this increased turnover in commercial competition with manufacturers in other countries who continue to enjoy, either directly or indirectly, support from their governments.

Our industry has achieved considerable success in the past under conditions less favourable than in America; we can do so again if our resources are applied with proper regard to the changing circumstances. It is therefore to be hoped that the consideration which is now being given by the government to support for such long-term future projects as super-sonic transports will not divert attention from the first necessity of securing a base from which these and intermediate developments can be successfully exploited.

There is every reason to expect that the turnover for the year will compare favourably with 1958. During the early part of this year however new orders for aero engines were still being received at a somewhat lower rate than in recent years. Expenditure on research and development must of course continue, and will probably exceed the figure for 1958. In this transition period through which the major part of our business is passing it must be counted as a considerable achievement if profits for the current year can be maintained at the 1958 level.

AERO ENGINES

The changes in British defence policy outlined in the 1957 White Paper were felt increasingly during the year under review. Fortunately in 1958 the increase in work on civil engines offset this reduction in government work.

In spite of the generally cautious attitude towards new equipment which has characterised the great majority of airlines during the year, the company's sales and engineering teams have been actively engaged throughout the world. *Rolls-Royce engines are now in service with or on order for 66 airlines and 31 other operators* in all parts of the world.

A total of more than 2,700 Dart engines have been built and have accumulated over 8 million running hours. The reliability of this engine has been proved throughout the world, and during 1958 a life between overhauls of 2,200 hours was achieved.

I referred last year to the choice of a Rolls-Royce by-pass jet engine now identified as RB.141 for the Airco DH.121 aircraft for British European Airways. This will be one of a series of engines which will embody your company's unique experience of by-pass engines and of civil gas turbine operation, and is intended to be the best possible design for sub-sonic transport aircraft.

The past year has seen the work on jet lift, pioneered by your company, carried a notable stage forward with the successful flight testing of the Short SC1 VTOL research aircraft which is powered by our RB.108 jet lift engines.

Our initial confidence in the Tyne is now bearing fruit; although only at the start of its service life, this engine has already increased in power from 4,000 h.p. to 6,000 h.p.* The Dart has been in service for six years, but development continues, and the engine has recently been type-tested at a rating of 2,660 h.p. which clearly increases it potential field of use.

ROCKET MOTORS

The development of our rocket motor, based on designs of the Rocketdyne Division of North American Aviation Inc. is continuing. Recent government statements on defence emphasise that the Blue Streak missile into which this engine is to be fitted will be one of the major deterrent measures safeguarding this country.

MOTOR CARS

I reported last year that the sales of motor cars at home during the early part of 1958 had been adversely affected by the credit squeeze and the general economic difficulties in which the country found itself. As these circumstances were alleviated during the course of the year the position improved ,a situation, which has been maintained up to the time of writing this statement.

Our export sales of cars were a record for the company, and the improvement was almost entirely due to the continually growing demand from the United States of America.

ENGINES AND TRANSMISSIONS

The Oil Engine Division has felt the effect of recession in the demand for the many kinds of capital equipment in which our engines are installed. Since the turn of the year, however, prospects have improved and there are indications that 1959 will be a better year in this and the other fields in which the Division is engaged.

The Motor Car Division continues to develop and produce petrol engines which covet a wide field of civil and military applications, and which are being supplied in quantity to the British and Federal German governments.

The manufacture and sale of industrial hydraulic torque converters and certain types of geat transmissions continued to grow throughout the year.

RAIL TRACTION ACTIVITIES

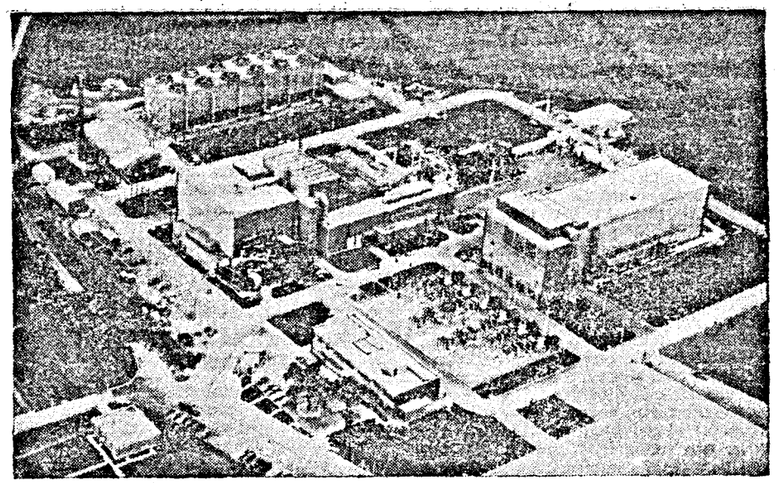
This new market for Rolls-Royce products is being energetically developed and the order book is encouraging. Diesel engines, transmissions and control systems can now be offered either as separate items or complete systems for use in shunting locomotives and railcars. Deliveries have been made to British Railways and to overseas customers, and many interesting enquiries are being dealt with.

NUCLAIR ENGINEERING

The work which we have been pursuing in this important field was marked by an event of great significance when arrangements were finally made on behalf of the Admiralty to purchase from the Westinghouse Electric Corporation in America a complete set of machinery for the first British nuclear submarine, H.M.S. Dreadnought.

A subsidiary company in which Vickers Limited and Foster Wheeler Limited are our partners has been formed, under the name 'Rolls-Royce and Associates Limited' and this company will carry on the work of designing, developing and procuring nuclear compartments for naval vessels.

In addition to these activities, work has continued on the study of other possible applications of nuclear power.



The High Altitude Test Plant at Derby which was officially opened by the Prime Minister, The Rt. Hon. Harold Macmillan, in September, 1958. The plant cost over £6,000,000 and is for testing aero engines at the simulated conditions of altitudes up to more than 70,000 ft.

OVERSEAS ACTIVITIES

The extensions to the equipment of Rolls-Royce of Canada Limited were brought into use in 1958.

During the year the Canadian company signed an agreement with the International Harvester Company of Canada under which the latter company agreed to use Rolls-Royce diesel engines exclusively for their Canadian-built heavy duty highway trucks.

Rolls-Royce of Australia Pty. Limited has continued to carry out the overhaul of all Dart engines operated by civil airlines in Australia. The airlines have now expressed a wish to undertake the overhaul work themselves as in normal practice, and preliminary talks have taken place to discuss the transfer of the work. The company will continue to operate, specialising in sales promotion and after sales service for all Rolls-Royce products.

During 1958 work was commenced at Sao Paulo on the building of premises for the overhaul of Dart, Avon, and Conway engines and for the servicing of diesel engines.

* * *

To all concerned whose efforts individually and collectively have contributed to the year's results I would like to express my thanks.

---

* Tynes power the Vickers Vanguards on order for British European Airways and Trans-Canada Air Lines and will power the Canadair CL 44's for the Royal Canadian Air Force. The Flying Tiger Line and Seaboard and Western Airlines and have also been specified for the Fairey Rotodyne and for the Short Britannic 3's for the

CONDENSED STATEMENT OF ACCOUNTS FOR 1958

NET ASSETS	£
Cash	2,103,931
Debtors	16,117,747
Stocks	20,592,881
	38,814,559
LESS CURRENT LIABILITIES	14,408,947
Net current assets	24,405,612
Interests in other companies	2,122,390
Property and plant	16,205,443
	£42,733,445

FINANCED FROM:	£
Share capital	9,910,892
Capital Reserves including Share Premiums	12,106,290
Retained Profits	10,394,659
Debenture Stock	3,892,602
Deferred liabilities	6,429,002
	£42,733,445

INCOME, PROFIT AND DIVIDEND	
Income	96,207,918
Profit before tax	4,606,980
Profit after tax	2,086,980
Net dividend (20 per cent.)	1,194,982

ROLLS-ROY LIMITED · DERBY · ENGLAND

AERO ENGINES · MOTOR CARS · DIESEL AND PETROL ENGINES

ROCKET MOTORS · NUCLEAR PROPULSION

AMALGAMATED DENTAL COMPANY LIMITED

FURTHER SATISFACTORY TRADING

The fifty-fourth annual general meeting of the Amalgamated Dental Co., Ltd., was held on June 19th in London, Mr Aiken Watson, Q.C., the chairman, presiding.

The following is an extract from the chairman's statement circulated with the report and accounts for the year to December 31, 1958:

I am happy to report another year of successful trading. It may be a convenient time at which to review the background against which your Company operates. The dental industry in terms of value production is relatively small albeit of great importance to general health. Nevertheless, excluding North America, there are in Europe including the United Kingdom, approximately 200 manufacturers engaged in the manufacture of dental products. Of these the largest number is in Germany. For the most part these manufacturers produce a limited range of goods. On the other hand, your Company, through its Subsidiaries and Associated Companies at home and abroad, engages in the manufacture and marketing of virtually the whole range of dental products.

But the only outlet for this widespread activity is the Dental Profession save in so far as certain technical work in relation to artificial dentures is permitted to be undertaken by dental technicians. It follows that any substantial expansion of the industry at any given time is conditioned primarily by the number of practising dentists available in any given area of sales.

Very few countries in Europe at the present time have the requisite number of practising dentists to give what is deemed adequate service to meet the dental needs of their populations. This in most countries is being slowly remedied. But dentists cannot be trained overnight. In the United Kingdom it has been estimated that if every scheme for dental training now in contemplation began forthwith and was completed on schedule even after ten years the country would still be undermanned for its dental needs.

From this it is apparent that, leaving aside the underdeveloped countries, where the vital awareness of dental health has barely reached the level of public consciousness, the growth of the industry is more likely to be steady than spectacular.

IMPORTANCE OF QUALITY

Apart, therefore, from new markets in underdeveloped countries the continued growth of your Company increasingly depends on the maintenance of its marketing organisation and its determination and ability to produce new and improved products of the highest quality at competitive prices.

Marketing at home and abroad is an important part of our enterprise. In Canada, where the potential is great, a long period of Exchange Control has hampered our efforts. With the easing of these controls we have now acquired a retail outlet in Canada as the spearhead of extended activity in that territory.

Our current trading to date, in the absence of any major set-back, appears to assure to us another satisfactory year.

Once again, it is my privilege in your name to offer to our management and staff at home and abroad our warm thanks for their unsparing efforts to contribute to our continued success.

The report and accounts were unanimously adopted and resolutions to increase the share capital, issue bonus shares and pay the special capital and the ordinary dividends, as recommended, were approved.

THE CENTRAL MINING INVESTMENT CORPORATION

(SIR ARCHIBALD FORBES' STATEMENT)

The Annual General Meeting of The Central Mining & Investment Corporation Limited will be held on July 20 in London.

The following are extracts from the circulated statement of the Chairman, Sir Archibald Forbes, G.B.E.:

The profit for the year was £2,131,000 out of which the provision for taxation absorbs £850,000 leaving £1,281,000 for disposal. It is proposed that the final dividend on the Ordinary Shares should be 3/3d. per share which with the interim dividend of 1/6d. would make the total payment for the year 4/9d. per share as compared with 4/-d. for 1957-8. If this is approved the total distribution (after deduction of Income Tax) in Preference and Ordinary dividends will amount to £605,000 leaving £676,000 retained in the business out of the net earnings of the year.

The investment portfolio at 31st March, 1959 (excluding Gilt-Edged holdings and loans) had an approximate valuation, subject to the qualifications stated in the Accounts, of over £22m. This in geographical terms is broadly distributed as to 74% in South Africa and Rhodesia, 6% in Canada and the U.S.A. and 20% in the United Kingdom and elsewhere. Apart from undertaking our share in the financing of the companies and ventures embraced in the Central Mining/Rand Mines Group we are continually examining propositions for investment in other directions in various parts of the world including the United Kingdom.

SOUTH AFRICAN GOLD MINING INDUSTRY

The vigour and enterprise of the South African gold mining industry are amply illustrated by the fact that during the last seven years, no less than eighteen new mines have started producing gold in the Transvaal and Orange Free State and these are now responsible for some 47% of the Union's total output. From the beginning of 1952 to the end of 1958, these new companies produced gold worth £344 million against a capital outlay of approximately £270 million. During the same period dividends totalling £58 million were paid and South African tax and lease charges, which were greatly eased by the amortisation provisions of Union law governing taxation of mines, amounted to £12 million. Taxation will increase substantially each year from now on, as the 'tax holiday' enjoyed by each *mining* company draws to an end, but profits should also increase as the mines reach their planned optimum scale of operations in both tonnage and grade.

The average cost per ounce of gold produced by these eighteen mines during 1958 emerged at the remarkably low figure of 134/6d. Modern mining methods and layout, the large scale of operations and the high grade of ore milled have contributed to this achievement. Costs at the Central Mining / Rand Mines Group mines range from 108/-d. an ounce at Blyvooruitzicht to 247/3d. at Modderfontein East.

As to the prospects for the current year I am hopeful that the revenue from dividends and interest will be at least maintained. It is, however, more difficult to predict the outcome of share dealing operations and we cannot count upon a continuance of the favourable conditions of 1958/59. This is particularly pertinent in relation to one of our functions in the Central Mining/Rand Mines Group — to help to keep a reasonably free market in the shares of Group companies.

ST. JOHN D'EL REY MINING

Mr LEO MODEL'S REVIEW

The One Hundred and Twenty-eighth Annual General Meeting of St. John d'el Rey Mining Company, Limited, was held on June 24th in London.

The fololwing is an extract from the review by Mr Leo Model, which had been circulated with the report and accounts for the year ended December 31, 1958:

In the last twelve months work has been carried out on the programme which I outlined at that time. The gold mines from which the main source of revenue of the Company comes have been kept going only by reason of assistance from the Brazilian Government to the gold mining industry. This assistance is to continue until the end of the year but, should it not be renewed, the problems of the gold mines are such that their survival will be extremely doubtful.

Certain of the iron ore deposits have been thoroughly explored with encouraging results as far as development of tonnage is concerned. However, iron ore is in plentiful supply in the world today. To be competitive, Brazilian iron ore must move from the mines to the consuming centres of the free world in competition with other sources of high grade ore geographically closer to the consumers. In addition, the steel industries of the free world are just emerging from a severe recession and supplies of iron ore are plentiful. With the co-operation of the Brazilian authorities, however, it is hoped that the many problems facing the development of the Company's iron ore properties may be surmounted.

Additional financing will be required this year to cover the continued losses from the gold mining operation and the costs of completing the studies under way for the development of the iron ore properties. The present estimate is that a minimum of £500,000 additional financing will be required for this expenditure for the year 1959. As soon as requirements are fully assessed stockholders will be informed.

The report and accounts were adopted.

HEAD, WRIGHTSON & Co. LTD.

TRADING PROFIT CONTINUES TO GROW
MR RICHARD MILES REVIEWS ACTIVITIES

Extracts from the Statement by the Chairman, Mr Richard Miles, accompanying the Report and Accounts for the year ended 31st January, 1959, to be presented to the sixty-ninth Annual General Meeting on 9th July, 1959.

ACCOUNTS: Our gross trading profits for the year under review increased from £1,757,581 to £1,819,783. Our net trading profits rose from £722,574 to £874,654. Part of this increase is due to changes in taxation. Subject to your approval, we propose to pay a final dividend of 15%, which, with the interim of 5%, will make a total of 20% for the year, an increase of 2½% over last year.

The rate of receipt of orders declined towards the end of the financial year, and is still well below our target for the current year. The maturity of very large contracts varies from year to year, so that it does not follow that the results of our increased work-in-progress will be immediately apparent. The interval of time before any orders for new capital equipment are apparent on the shop floor is longer than many people envisage.

CAPITAL EXPENDITURE: As you may have observed lately, our capital expenditure has been much heavier than formerly. Continued capital expenditure is improving our efficiency. In addition to our being able to lift and machine to fine limits pieces of 100 tons, at The Head Wrightson Machine Co. Ltd., in Middlesbrough, we can now also lift 100 tons in our new shop at Head Wrightson Teesdale Ltd., in Thornaby. We can also bend, press, automatically weld, stress relieve, heat-treat and X-ray the thickest plates obtainable, for the components manufactured by that Company.

NUCLEAR ACTIVITIES: During the year the Prime Minister of Australia inaugurated the heavy water moderated reactor at Lucas Heights, near Sydney, engineered by Head Wrightson Processes Ltd. The D.R. 3. reactor for the Danish Atomic Energy Authority proceeds well, and it is expected to become critical later this year. After a slow start progress is now being made on the Dido reactor at Julich, Western Germany. Further export enquiries for similar reactors are being actively pursued. For the Bradwell Nuclear Power Station our heat exchangers are being delivered by sea to programme. Later in the year we shall start the laying of the graphite core. In Italy work is proceeding on the Latina power station which The Nuclear Power Plant Co. Ltd. are building in conjunction with Agip Nucleare. We have had a number of our staff out in Italy during the past six months.

There are now too many Groups chasing too little work. This is not in the national interest, at a time when there is a shortage of scientists and technicians.

RESEARCH AND DEVELOPMENT: Our Research and Development Department has played an important part in providing new, economic, and progressive ideas in nuclear power, and is extending its activities to keep us in the forefront scientifically in our traditional lines.

Our outgoings on research are substantial, but I am convinced we shall reap an adequate reward in due course. Our published exposition on new methods of steel making has met with a remarkably favourable reception.

SOME OF OUR WORK: This year we are sending you some pictures in a separate booklet accompanying our Annual Report. You will observe, in reading the booklet, the important part we play in equipment for the iron and steel industry. We supply complete plants for the preparation of coal, the production of sinter, smelting of iron, gas cleaning, and — a new development — steel making by the oxygen process, besides components such as specialised rolling stock, ladles and ingot moulds. At the finishing end our electrolytic tinning and galvanising lines are producing increasing tonnages throughout the world. The oil and chemical industries are also an important market and it will be observed how we cater for the varied requirements of refineries and chemical plants. Most of this work is based on heat transfer, and it was our experience in this line which led us naturally into our nuclear activities. The supply of mining plant, both for coal mines and metalliferous mines has long been one of our specialities, and although this equipment is now made by our Subsidiaries in South Africa and Australia, for the local market, we are constantly improving the design and performance of our equipment. In dock and harbour work we maintain our pre-eminence by our ability to build dock gates at Head Wrightson Teesdale Ltd. at Thornaby, test and then launch into the Tees and tow to site. Finally it will be realised that a very large proportion of our turnover is made up by supplying iron and steel alloy castings and forgings not only to our own engineering works, but to our friends and customers in many industries.

In passing I should like to record an opinion that the effect of the Restrictive Trade Practises Act will be harmful in some directions if carried too far.

OVERSEAS: Our Export Company has actively pursued business in many countries overseas. Some 30% of our total production is exported directly, and considerably more indirectly.

WORKS VISITS, TRAINING AND INTERCHANGE OF TECHNIQUE: The Prime Minister honoured us with some of his time in January. Subsequently a number of Opposition Members of Parliament spent a day with us.

We encourage visits of boys to our works, and are able to make a selection for our annual intake of some 70-100 apprentices from an application list of three to five times the number. Many of our technicians and others have been to most of the industrial countries abroad, and in return many of our friends from abroad have visited us.

I might perhaps use this occasion to express my thanks to our friends in the British Iron and Steel Federation, for enabling our overseas customers to train their young technicians in operating the plant we supply.

DIRECTORS AND PERSONNEL: Sir Richard Graham, Bt., and Sir William Scott, have accepted our invitation to be directors of Head Wrightson Teesdale Ltd. and The Rt. Hon. The Earl of Halsbury, formerly Managing Director of the National Research Development Corporation, to be a director of Head Wrightson Processes Ltd.

Our staff and workmen have worked well during the year. Without their loyal and able co-operation, our continuing progress would not have been achieved. Our thanks are due to them. As a practical expression of our appreciation of their efforts, we have, during the year, committed ourselves to a substantial improvement in pension arrangements. To enable us to meet our obligations, largely in respect of pensions for past service, we have made an allocation of £80,000 in the Accounts.

It is appropriate at this point to refer to the untimely death of Sir Claude Gibb, K.B.E., D.Sc., F.R.S., the Chairman of our associate The Nuclear Power Plant Co. Ltd., and to express our sympathy with his family, and with his colleagues at C. A. Parsons & Co. Ltd., and A. Reyrolle & Co. Ltd., and the other companies he so ably directed.

FINALLY: We have £24m. in work-in-progress, but although we are busy with many large enquiries, as I have already stated orders are still not being received at the required rate. It cannot be expected, therefore, that the exceptional progress we have made for many years past will be necessarily maintained in the short term. However, our position is strong and healthy, and we are exerting the maximum possible effort to secure orders arising from the general upward trend, which is now becoming discernible.

F. FRANCIS & SONS (HOLDINGS)

The 58th annual general meeting of F. Francis & Sons (Holdings) Limited was held on June 16th in London, Mr Frank Fox (chairman and managing director) presiding.

The following is an extract from his circulated review:

Profits of the Group before taxation are £292,796, and this includes the profits of Sagar-Richards Limited for the nine months ended December 31, 1958. Taxation requires £131,796 and it is necessary to capitalise the proportion of Sagar-Richards' profits earned before it was acquired by the Group; £18,951 (after taxation). The sum of £25,000 has been transferred to general reserve and the Board recommends a final dividend of 16 per cent on the Ordinary Share Capital making 20 per cent for the year.

After reviewing the activities of the Group's various interests, the Chairman continued: Our efforts at reorganisation are beginning to bear fruit, as is brought out by the results of trading during the first four months of the present year. Up to the end of April sales of the whole Group have increased by 39 per cent. This is quite a substantial increase, and whether we can keep it going remains to be seen. All our endeavours will be directed towards this end.

Subject to there being no major disturbance over which we have no control, our long-term prospects are good; but the reorganisation is not yet complete, and the current year will be bearing expenses consequent upon this.

Once again it is my pleasure and privilege to record our appreciation of the efforts of the management, the staff, and the work-people who have helped us so much durin gthe past year.

The report was adopted.

WALTHAMSTOW BUILDING SOCIETY

The 82nd annual general meeting of the Walthamstow Building Society was held on June 23rd in London.

Mr. Reginald W. Beken, F.R.I.C.S. (the chairman) presided and, in the course of his speech, said:

We have had a most favourable year notwithstanding the fact that it was almost as a whole dominated by fairly high money rates. Our watchword last year was "consolidation" and in spite of the easing of credit restrictions this must continue to be our theme if the reserve ratio is to improve year by year.

During the year under review £542,974 has been advanced on mortgage, an increase of £173,186 over the previous year. The mortgage assets now exceed £3 million.

The sum of £567,310 was subscribed during the year under review, an increase of over £100,000 over the previous year, whereas withdrawals and interest amounted to £404,656, slightly less than last year. On the day following the end of the financial year the amount due to shareholders rose above the £3 million mark for the first time.

The reserves ,including carry forward, now total £119,873. The ratio of reserves to total assets has again been increased and now amounts to 3.2 per cent,, a most satisfactory result of the year's working.

Total assets now amount to £3,653,462 an increase during the year of £282,628 representing a growth of over 8 per cent.

Under the House Purchase and Housing Act 1959 certain societies are to be granted full Trustee Status for their deposits provided they satisfy the Registrar that they comply with the important conditions laid down.

Your Board welcomes the proposals contained in this Act and I am particularly proud to announce that the Walthamstow was one of the first societies to be thus designated by the Registrar.

The rapport was adopted.

FOY MORGAN

A SATISFACTORY YEAR'S TRADING

The twenty-fourth annual general meeting of Foy, Morgan & Company Limited was held on June 11th at the Offices of the Company, 16 Eastcheap, London, E.C.3, Mr Peter Morgan (the chairman) presiding.

The following is the statement by the chairman which had been circulated with the report and accounts:

The accounts for the year ended December 31, 1958, which are now submitted, show that although there was an appreciable drop in your Company's gross earnings as compared with the previous year, the result of the year's trading had been satisfactory. We are able to recommend the maintenance of the rate of distribution of profit, and still to make a forther addition to the carry forward.

Trading conditions in 1958 were difficult. There was a fall in timber prices, interest rates were high, at least in the earlier stages, and consumption was curtailed. Whilst appreciating the pitfalls lying in wait for the forecaster, it appears to me that the present circumstances justify a hopeful outlook for our trade in 1959.

I would end my statement by once again expressing, on behalf of my colleagues on the Board and of myself, our grateful thanks to all those members of our Staff who have, by their loyal support, contributed so wholeheartedly to your Company's success.

The report and accounts were adopted.

THE SUMITOMO BANK, LTD.

(INCORPORATED IN JAPAN)

Condensed Statement of Condition as of March 31st, 1959

ASSETS	Yen
Cash and due from banks	105,570,419,518
Call loans	19,419,000,000
Securities	63,639,435,329
Bills discounted	140,222,198,699
Loans	258,385,337,743
Import bills settlement a/c. Dr.	5,923,865,000
Foreign exchange	18,370,490,652
Domestic exchange settlement a/c, Dr.	5,682,408,028
Customers' liability for acceptances and guarantees	56,178,950,213
Bank premises and real estate	7,949,067,278
Other assets	1,162,279,068
Total	682,503,451,528

LIABILITIES	Yen
Deposits	528,804,851,529
Borrowed money	24,871,390,000
Bills rediscounted	3,810,921,424
Call money	11,917,000,000
Import bills settlement a/c, Cr.	3,761,300,000
Foreign exchange	9,291,386,302
Domestic exchange settlement a/c, Cr.	3,353,895,928
Acceptances and guarantees	56,178,950,213
Provision for accrued interest, taxes, etc.	10,799,176,963
Provision for unearned discounts, etc.	3,533,106,545
Other liabilities	323,408,627
Reserve for possible loan losses	8,369,405,158
Reserve for price fluctuation	1,867,417,000
Reserve for retirement allowances	1,639,139,600
Capital (Paid up)	5,000,000,000
Capital surplus	1,368,059,815
Earned surplus	7,614,042,424
(Profit for the term	1,184,562,424)
Total	682,503,451,528

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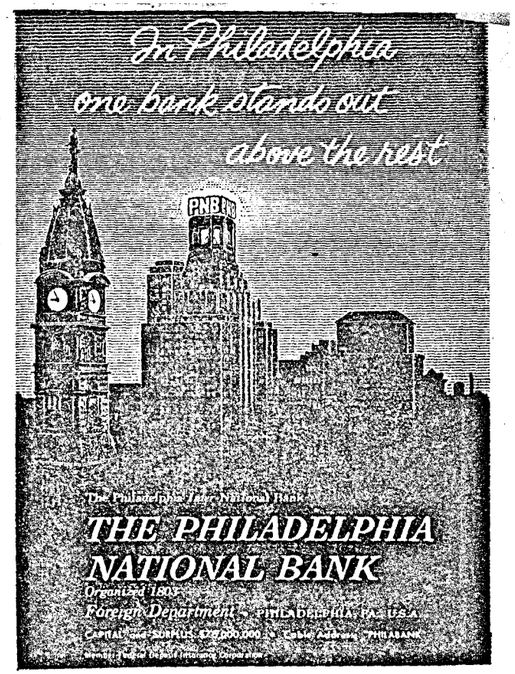

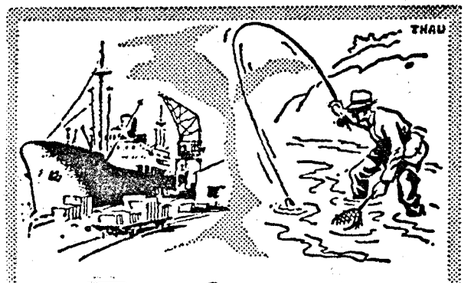

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21 JUL 1959

HALCYON DAYS

Lessons to be learned from Britain's present prosperity (page 73)

Money for Government

If investors still switch to equities in times of recession, can the Government avoid higher long-term rates on gilt-edged? (page 105)

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Onward, Christian's Soldiers

In Washington the diplomats seem more optimistic about the prospects for a summit conference than are the journalists or the public (page 92)

Sea Fever
The yachting hobby in Britain is interestingly different from the American boating boom (page 76)

Berlin's Political Visitors
Our special correspondent roams over the battleground of west German politics (page 98)

Ink Is Black
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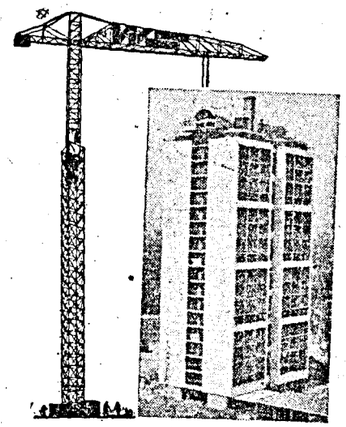

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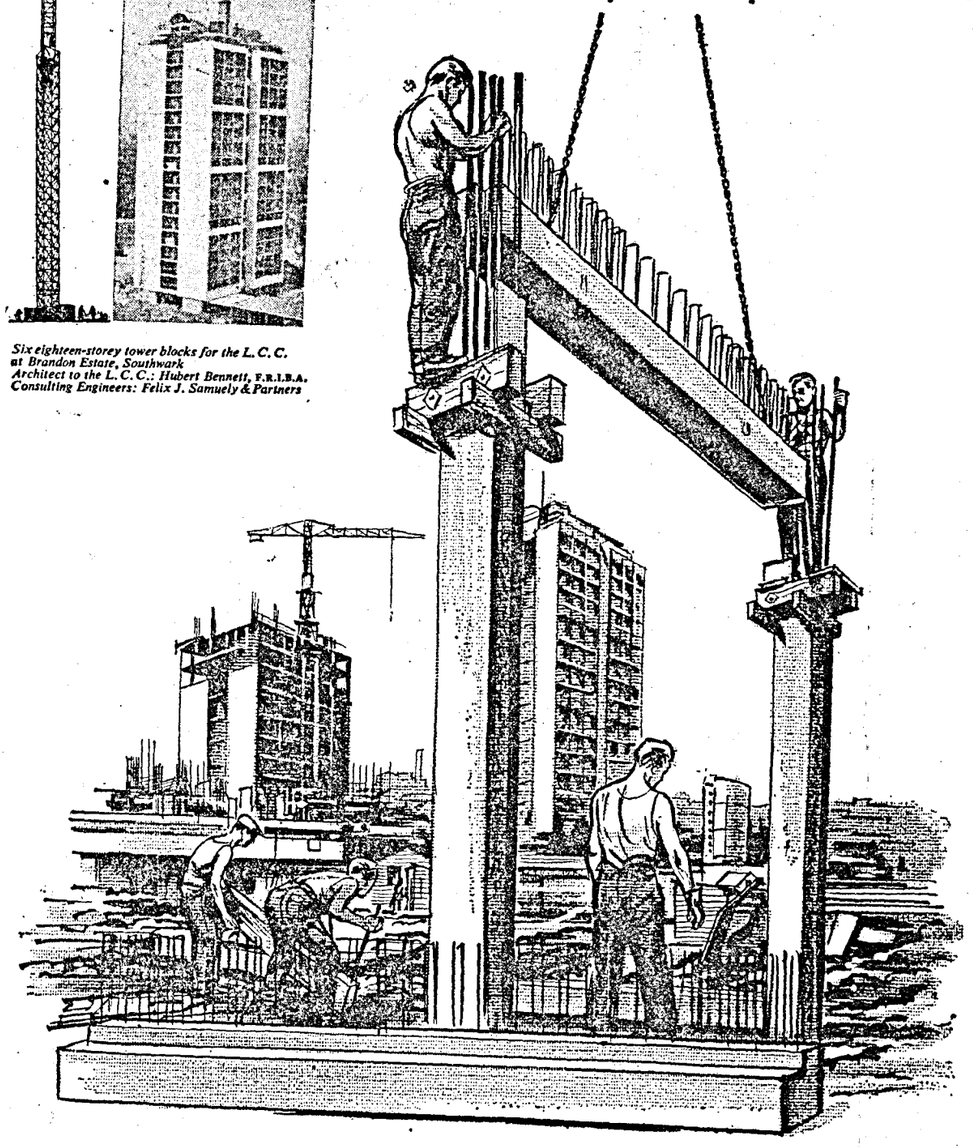
Architect to the L.C.C.: Hubert Bennett, F.R.I.B.A.
Consulting Engineers: Felix J. Samuely & Partners



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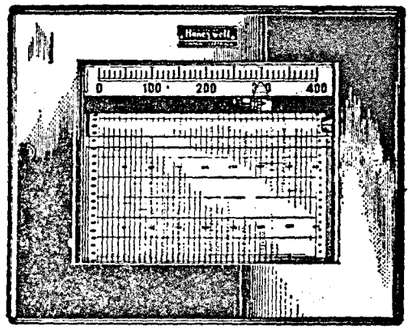

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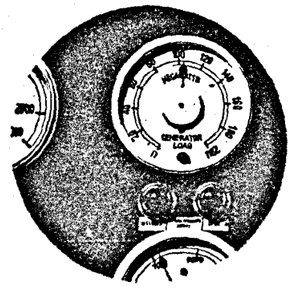

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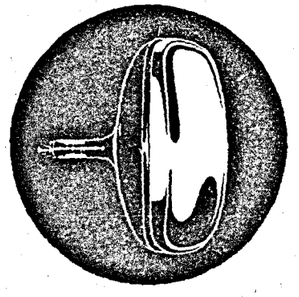

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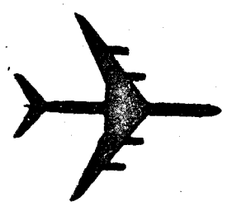

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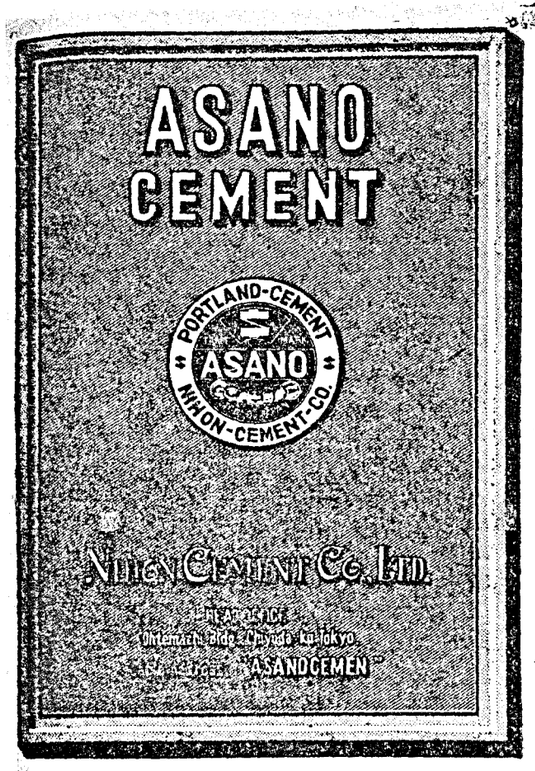

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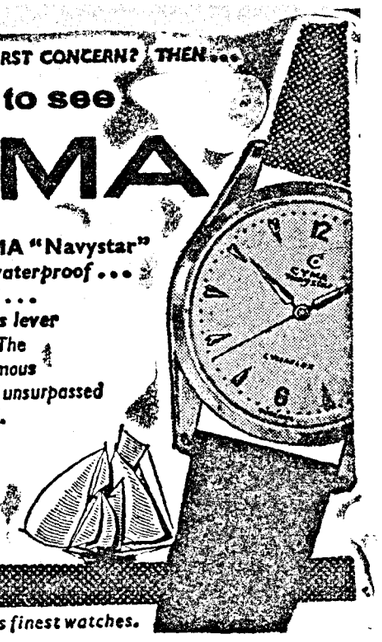

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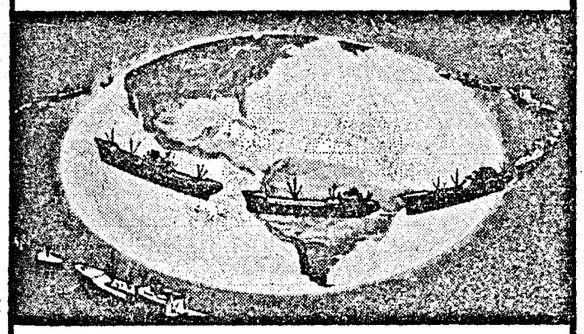

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Halcyon Days

THE first half of 1959 has ended with the British economy apparently in very good shape indeed. How far does the recent improvement represent a genuine advance towards solving this country's basic economic problems, and how far is it merely a temporary respite? Three main economic problems have bedevilled Britain since the war; all are intermingled but all are in some degree capable of separate analysis. They are the foreign balance; the problem of internal pressure upon resources; and price inflation.

Of these, the problem of the sterling area's foreign balance is most obviously dormant for the short term, but also most obviously unresolved for the long term. The situation looks almost magically easier than usual at the moment because the terms of trade are currently very favourable to Britain, while the prices even of some commodities produced by the overseas sterling area happen to have recovered from recession more abruptly than the prices of most dollar commodities have yet done. But a deterioration of only 4 or 5 per cent in the whole sterling area's terms of trade would cost some £200 million a year and be likely to plunge the whole area back into deficit. Clearly a deterioration of that order is very likely to happen some time; one can say that without assuming the prophet's mantle and pretending to forecast when. When it does happen — or when electoral or other considerations cause increased uneasiness about the pound — is there any reason why the speculative tide against sterling should not sweep as abruptly up the beach as it did in 1957? There are now no effective dams to prevent foreigners switching out of sterling if they want to; that is a consequence partly of the advance to convertibility last December, but also, much more largely, of the *de facto* situation which convertibility was designed to recognise.

In the end, sterling's ability to avoid another crisis will depend not so much on the accretions of strength that it has enjoyed during the current respite — although some of these, particularly the growth of our international reserves (especially second line reserves) and Britain's own improved balance with North America, are not unimportant — as on whether those in charge of Britain's finances have learned the real lesson of 1957. This was that foreigners will hold sterling only if it is profitable for them to do so. The prerequisite that makes it profitable is that the interest differential that can be earned on sterling holdings must outweigh any nervousness about sterling's possible future devaluation, as expressed in the discount on the floating forward sterling rate. Very broadly, the question of whether Britain has learned how to avoid new-fangled crises of the 1949 and 1957 ilk depends on whether it has at last overcome its

new-fangled repugnance to go promptly, at the first sign of trouble, to high Bank rates.

On the second major problem — the question of what is the right level of internal demand to afford — Britain should also have learned some lessons in the last few years. It used to be the fashion to suppose that there was only a very narrow dividing line of march between the primrose path (the wild excess of demand which precipitated Britain into a £1200 million external deficit in 1951) and the waste land (the mass unemployment of the thirties). The way between looks much broader, although perhaps also a bit muddier, now. On the one hand, Britain itself has avoided a balance of payments deficit for eight successive years; on the other, the Government has kept demand below maximum productive capacity for the last three years without ever running into more than 3 per cent unemployment at the seasonal peak. But it has not proved as simple as had once been expected to restimulate demand; Mr Macmillan's dictum of 1956, that turning off the taps was difficult but turning them on again would be easy, has not proved true.

The long-term moral may be that tax and fiscal policies, which exert the most direct effect upon demand, should normally be designed to keep the economy running a little further from the waste land than they sought to do in 1956-58. But the immediate rider, which the Labour party and other critics of the last three Chancellors so often wilfully fail to see, is that this can be done only if there is at the same time sterner reliance on other weapons — on interest rate policy and less inflationary wage arbitration procedures — to keep the country away from the rocks of foreign currency crisis and continual price increases. If American interest rates continue to rise and if there is some reaction against sterling as the election draws near, an example might soon appear.

On the third front — price inflation — these also seem to be halcyon days. After twenty years of constantly rising prices the cost of living has now been stable for twelve months, and very nearly stable for eighteen. In part, this has been the result of running the economy nearer to the waste land; some people will say that this alone has made the waste worthwhile. But it has also been the result of two other factors. First, the idea has slowly begun to percolate among British manufacturers that price competition is respectable. The new ethos has shown itself at home in some breaches in individual resale price maintenance and in the judgments of the new Restrictive Trade Practices Court. More surprisingly, it has even begun to catch hold again in relation to price competition from abroad; the growth of freer trade doctrines has been one of the great developments of this Parliament. Secondly, there have been some — though still far too small — advances towards recognising that inflation through emollient wage arbitration is one of the biggest dangers to this country.

There can be dispute how far these two advances towards economic commonsense in the fields of prices and wages seem likely to be maintained; the second of them, the recognition that it is unprofitable to run away from strikes, would almost certainly receive a setback on the accession of a Labour government. But it is only to the extent that they are maintained, and to the extent that the right lessons have been learned about Bank rate policy and demand restraint, that the present golden summer can hope to be counted as the end of the long period of recurrent crisis and persistent price inflation, rather than merely as another very temporary respite in the middle of it.

Plain Tales from the Alps

At Geneva, Russia offers no concessions. But will developing perspectives in time bring Mr Khrushchev to seek a real settlement ?

PLAIN men have a right to be puzzled. Why go back to Geneva now, so soon after a forty day stretch in an arid diplomatic wilderness ? Surely the spotlight has played bleakly enough on the yawning gap between the powers and the impossibility of closing it at present ? Why expose the western partnership to fresh strains ? The Americans and the British, the French and the west Germans are out of step and out of sympathy with one another. The Italians and the Belgians have publicly expressed the other western governments' understandable dislike of having Europe's future discussed by the inner ring only. Who believes in a fruitful summit meeting at the beginning or the end of August ? Prime ministers are not necessarily prime movers, nor are heads of government infallible producers of heads of agreement. And Mr Khrushchev has done his best to make it clear that he is not disposed now to concede in person anything that he has refused to concede through the mouth of Mr Gromyko.

True, we seem now to be back where we were on November 27th, when the Russians first pronounced their sentence of lingering death on the freedom of west Berlin. There are only two real differences. A conference table has been laid, and, briefly, occupied; and instead of a simple six months' time limit for Berlin, there seems now to be a kind of loose-leaf calendar, which Mr Khrushchev adjusts from time to time. Apart from that, he has told the world with the resonance and repetition usually associated with the snark-hunting Bellman that he has no intention of scaling his demands down. And it is scarcely a concession that he has made in leaving his Damoclean sword suspended over Berlin for an undefined rather than a defined period. The whole purpose of a Damoclean sword is to dangle. After a few more postponements, it will not be difficult to imagine the Red Army, its joints perhaps stiffening a bit and its half-unsheathed weapons tending to stick in the scabbard, crouched menacingly and rather mindlessly over the Berlin autobahns for the whole of the fifteen years which, according to Mr Frol Kozlov, Russia needs to achieve the highest living standards in the world.

There is a curious contradiction between this ostentatious bid for world supremacy in the peaceful arts, and the playing of an on-again-off-again game of brinkmanship over Berlin. The plain man's question to Mr Khrushchev is : "If you do want peace, why start these war scares ?" The contradiction certainly exists. It arises, clearly, from the remarkably cocky phase through which the Soviet rulers are now passing — a phase in which their motto seems to be that you can heat your cake to near burning point and still have it. It is fairly understandable that the Russians should feel like taking risks when they are able to flit across to New York in a Tu-114 and wow the islanders of Manhattan with their technological wampum. And one phrase stands out from the torrent of Mr Khrushchev's recent speeches: "We have no reason to make any concessions; our proposals were not made for bargaining purposes".

IF this cockiness were all, there might indeed be little point in revisiting Geneva. But beneath it lie unresolved Soviet dilemmas that will outlast it. The jovial Khrushchev may think it splendid fun to tweak the West's several tails and set its Cerberus heads to snapping at each other. But what when he reaches the point of actually wanting a settlement ? A divided West will then be unable to provide him with any *interlocuteurs valables*, and he may find himself under the ironic necessity of having to adjust his tactics to help the West come together again. Again, it is now a legitimate and obvious Soviet tactic to try to push the German Democratic Republic into a respectable seat in the front stalls, or at least to make the world give it some sort of reluctant recognition. But suppose the Ulbricht regime could attain even the supreme bliss of slipping into a seat at the United Nations as a full equal of Albania, Byelorussia, the Dominican Republic and Yemen. Would that really solve the underlying problem — which is the habit Herr Ulbricht's subjects have formed of voting against him with their feet, since their hands are bound, and their clear intention of tossing him into the dustbin of history as soon as Big Brother retires to a safe distance ?

Better living standards are no more likely than diplomatic recognition to solve the problems that Mr Khrushchev faces in eastern Europe. He himself, in a presumably unguarded moment, recently remarked that the more prosperous people get, the more democratic they want to be. The appetite for liberty grows with the eating of more tangible victuals. For the Soviet government, any prospect of disengagement in central Europe is thus doubly perilous. First, if the Red Army goes, the local political police will not long survive. Second — and this is, of course, the West's headache as well as Moscow's — any military evacuation of a central zone means that one side will presumably have to resort to massive nuclear retaliation if the other ventures back into the zone. This is a point about which Mr George Kennan was more frankly honest than some other advocates of disengagement. The same uneasy line of thought lies behind the suggestion, noted by our Washington correspondent on page 92, that has been made by some American Democrats : that more troops, American and allied, must be put on the ground in Europe to lessen the risk of a nuclear clash.

Finally, there is the problem that was spotlighted last week, when Peking hastened to denounce the Labour Party's new project for a "non-nuclear club" as hypocrisy and humbug, while Moscow remained cautiously and totally silent on the subject. The Soviet government is, understandably, as unable to admit that it does not want China to acquire H-bombs as it is unable to admit that east Europeans want to be free. But that does not mean that awareness of these awkward realities may not be growing in Moscow. Perhaps the strongest argument for keeping up a semi-continuous dialogue with the Russians is that it provides opportunities for studying their transition from cockiness to concern over these unpleasing perspectives, and possibly for hastening that transition by an occasional wellplaced reminder. The western delegates will do better to return to Geneva with these thoughts in mind than with any great hopes of spectacular and early success.

Sea Fever

The sailing boom in Britain is centred on racing dinghies; but family cruisers and runabouts, as in America, may come next

BRITANNIA, having long ago ceased unaided to rule the waves, is now taking to the water again. But this time it is in racing dinghies, not battleships. Since the war there has been a boom in boating; ports, rivers, estuaries and even reservoirs and sandpits now flutter with a mass of sails where before there were few or none. This has not been done without altering the nature of the sport; sailing has changed since 1939 from a rich man's hobby into a sport for a broad group of enthusiasts.

Neither the size of the sailing industry nor the number of the sailing public are accurately known. Nobody, once having bought a boat, need register it with anybody who collects the figures, and dinghies, unlike most consumer durables, are made by small firms. None has yet conducted a thorough survey of its market and a few who are eligible even refuse to fill up forms for the census of production (which leads to a fine, but no data). The best guesses that can be made about the British industry, however, are that there are about 23,000 restricted class or one-design (i.e. pedigree) racing boats in existence, which are produced at the rate of approximately 2,200 a year; that the number of nonclass boats, dinghies, runabouts, prams, canoes, etc., is many times that figure; that, ignoring the fringe of part-time joiners, there are abou. 400 dinghy firms and 220 ships' chandlers, employing on average just over 10 men apiece; and that about a quarter of a million people are interested in amateur racing and boating in all its other forms. This number is about four times the prewar figure and is growing fast.

There are basically two reasons for the survival of the small man in boat-building. The first is that, until recently, the economies of scale in the industry were not great; it was little cheaper to have ten craftsmen nail together ten boats than it was to have one. But technical advances, which save both labour and enable the men employed to be less skilled, are changing that. The use of ultra-strong resin glues on chine (i.e. flat ply) and hot moulded ply (shaped and steam-baked in an oven) is now completely accepted. Fibre glass boats, for which the economies of scale are larger still, are beginning to win the devotees here that they already have in the United States. But the small man survives for a second and more important reason : large firms at the moment simply do not find it worthwhile to enter the field. Many small designers do their work partly for the pleasure it gives them, accepting in return low margins of profit even on their unduly low estimates of capital employed. The few large firms in the business use it as a sideline, relying heavily on management and capital used in their other activities.

THIS is the industry; but what of the quarter of a million amateur sailors who plough the water in these craft ? Because yachting requires both time and some money, it used to have an air of snobbishness attached to it; one remembers Queen Victoria's reported complaint when the Prince of Wales sailed with Sir Thomas Lipton : "He's gone boating with his grocer." But now, thanks largely to the economies of "build yourself" boats, the sailing frontier is moving rapidly downwards and, with the design of lighter racing boats which can easily be stored in a shed and then trailed to the sea on a summer weekend, rapidly inland. Middle class families anywhere who can afford a boat, a car and a trailer, clerks and skilled workers who live close to the sea and, especially, young people generally are now among the greatest supporters of the sport. The Royal Yachting Association, the racing yachtsman's governing body, reports an increasing number of members with ages between 10 and 20. The association now has 920 affiliated racing clubs and 7,500 members, compared with 350 clubs and 250 members before the war.

All these developments add up to the conclusion that in Britain (as opposed to the United States) it is the small racing dinghy that has been the big growth element in boating. The boom has been on this rather narrow front (the equivalent of the sports car end of the car market), on the approximately 12 foot, £100 to £250 class of boat, and in their respective second-hand values; the urge to race in such boats as the Firefly (2,500 sail numbers), Enterprise (2,600), National 12 foot (2,200), Cadet (2,500) and Heron (2,500) is particularly strong. For the rest, there are already about 1,000 catamarans. Nor are the yards for the larger racing yachts by any means idle. The demand (often from clubs) for cabin cruisers and ocean racers for upwards of £1,000 is sustained, though it is not increasing much. Only for the equivalent of the family car in boating — safe, capacious and with a decent, if unsensational performance and minimum upkeep — does the consumer seem hard put today to find suppliers.

This for once offers a complete contrast with the developments in the United States. There, where there are said to be seven million boat owners whose suppliers have a total annual turnover of £750 million a year, and where seven out of ten boats have an outboard motor, the demand is primarily for the family cruiser. Many of these motor boats, with their tail fins, flashing indicators, hotel- or caravan-like interiors, stylish gadgetry and the like are merely cars that go on water (and indeed can be ordered in fibre glass with a trailer, all to match the colour of the "land" car). But though this type may never attract the British sailor the importance of the family boat in America could presage developments here. Most British sailors would say that sea racing is too dangerous and needs to be too well under control to have an inevitably disorganised family on board; and just pottering around would not satisfy them. This idea needs examination in view of American experience.

There are, of course, important differences between sailing here and in America. Britain lacks the massive inland waterways and lakes that make high speeds with a motor possible; on most British waterways a really powerful engine is all but useless. Boating here is therefore concentrated on estuaries and the sea, where a light, skilfully handled boat scores heavily over a powered family cruiser, and sales of small marine engines, though sustained, have not been an important feature in the growth of British boating. There is also the question of difference in weather conditions, and the matter of price.

But none of these differences can disguise two major weaknesses in the British industry compared with the American, where change is therefore to be expected. The first is that in their commercial methods of manufacture and distribution, British firms are far less highly developed, though they may well design a better small boat, which is the British speciality. A greater concentration in boatbuilding here, and a greater separation between manufacture and repairing, seem inevitable in the future. Secondly, in Britain almost no provision is made either for family pottering or for family cruising. There is almost a complete gap between the £300 racing dinghy and the £1,000 yacht. Fairey Marine, Britain's largest manufacturer, plans in the future to try and fill this gap. (Its simple 16 foot 6 "Faun" in which three can sleep in a shelter cabin for £275 less engine is already a hesitant step in that direction.) Expansion could also be stimulated if firms decide to set up sailing clubs with a few boats for their workers — surely in many areas as good as providing playing fields. But the main new demand in the next four years looks like coming from the family, either for a boat giving reliable sailing or — more likely — for one relying for power primarily on an engine. Designing these miniature cruisers, without building in the ulcer-generating devices of social competition which seem to have taken their usual toll in the United States, promises to be profitable in the future.

NOTES OF THE WEEK

LABOUR PARTY

Mr Cousins's Third Force

THE Labour party has escaped relatively unscathed from so many weeks of near crisis recently that most people have given up believing that it really is capable of blowing itself to pieces by that bomb. But all eyes in the movement were fixed on the Isle of Man this week. The best available reports in London, and the ones that most Labour leaders themselves believed, were that Mr Frank Cousins went to the conference of his Transport and General Workers' Union with a definite plan in mind for reacting to Labour's new statement on defence, against which he cast one of the minority votes.

His aim was to emerge at the end of the week at the head of a third force within the party — one that would not go as far as the unilateral disarmers, but also would not be satisfied with a policy like that of the non-nuclear club which would depend on the unlikely agreement of many other governments before it could take effect. Mr Cousins did not want to provoke an immediate crisis in the party leadership by laying his megavote on the line against the whole of Mr Gaitskell's position. He did want authority from his union to move amendments at Labour's next annual conference which would inject three doses of the missing unilateralism into the party's policy. Under his plan a Labour government, without waiting for anybody else, would promise never to start testing nuclear weapons again, never to use nuclear weapons first against conventional troops, and not to add to the British stockpile of H-bombs.

Readers of this issue of *The Economist* will know, by the time it reaches them, whether Mr Cousins's conference has followed this script. If it has, Mr Cousins, having shown and strengthened his hand thus

far, will be able to keep everyone guessing which way he will vote on the main defence resolution at the Labour conference in October, if the amendments he proposes are not accepted there. His decision may well be affected by what happens at the other union conferences this week, where the miners and railwaymen were also expected to define their position on nuclear disarmament.

The truth of the matter is that some members of the Labour party — probably including Mr Cousins — more than suspect that, left to his own devices, Mr Gaitskell in office would pursue a foreign policy indistinguishable from that of Mr Macmillan. In consequence they want Mr Gaitskell to be tied down tightly by contractual obligations before he is translated to Number 10. It would be a mistake to assume that all members of Mr Cousins's potential third force necessarily value electoral victory so highly for its own sake that they could be counted upon in all circumstances to respond to an appeal not to rock the boat.

Much will depend on whether the three co-authors of the Labour party's statement, Mr Gaitskell, Mr Bevan and Mr Brown, manage to stick together. Mr Bevan has always used very different language from Mr Gaitskell in presenting the party's policies. For how much longer will they both remain satisfied that they are describing the same things? Mr Bevan and Mr Brown both object to the words "non-nuclear club" to describe their new policy, but for different reasons — Mr Bevan because they make it sound too trivial, Mr Brown because they are inaccurate. The former would like to make the policy sound more than it is, and the latter to make it less than it seems. The three men have so far skated most gingerly round the most explosive of the side issues, such as the problem of tactical nuclear weapons in Nato. But faced with Mr Cousins's amendments, will they all react the same way?

PRINTING DISPUTE

Ink is Black

LAST week the daily papers began to call the printing strike the printing crisis; this was when it began to seem likely that they themselves, because of the threat to their ink supplies, would be involved in it. At the same moment Mr Macleod started to work overtime to try to bring the parties to this tangled dispute together. Free speech has been subtly curtailed in Britain in the past two weeks — not so much because of the hamhanded (and possibly illegal) attempts of some Labour-controlled councils to stop releasing news to papers of which they disapprove, but because some papers still printing at home are being careful about what they ask their compositors to set up. From *The Economist's* fourth successive emergency printing home abroad (can our usual apologies about imperfections this week be taken as read?), three points seem worth making.

First, the TUC's idea of appointing an independent referee or conciliator, as distinct from an arbitrator, to this dispute is one that the Ministry of Labour would be most unwise to support. An arbitrator is at least supposed to pass judgment on what award, if any, he thinks is right. A conciliator or "catalyst" could have no other function than that of trying to influence the employers to increase their offer above what they think they can afford, towards what the unions are demanding. However distinguished a figure a conciliator for printing might be, the precedent might well be a disastrously inflationary one for future disputes in other industries.

Secondly, it would be hypocritical to pretend that the employers could expect much benefit from an agreement which accorded a bigger wage increase now in return for a promise to discuss restrictive practices later on. Restrictive practices abound in British printing because this is an industry in which men are paid at very skilled rates, but which technical innovations are gradually turning into a less skilled job. The unions would be singularly unlikely to knock down the defences they have erected against this trend, merely because of some new atmosphere in which they were supposed to feel more chummy towards the employers.

Houses Divided

BOTH sides in this dispute are divided in their own house. The split on the employers' side — between those who would find it profitable to pay more to stop the stoppage, and those who would not — has been obvious from the beginning; it is the unions' main source of strength. The split became more evident still as soon as the daily papers were threatened with involvement. One can sympathise with the daily papers in their indignation that they should be stopped because of a dispute about such a minor element in their costs as printers' ink; one can appreciate that they were not inclined to see the joke in the unions' statement that ink is black. But general printers can be excused for finding some of the leading articles in the daily press last week — hinting that it would be an act of statesmanship if they offered a little more to their men — rather hard to bear.

The division on the unions' side in the past two weeks has been between Natsopa, which was very ready to extend the stoppage to the national newspapers, and most of the other unions, which were privately appalled at the idea. The reprieve that Natsopa granted to the daily papers last weekend was clearly announced after pressure by the other unions. In terms of personalities, Mr Briginshaw of Natsopa has led the extremists in this dispute and Mr Eastwood of the Printing and Kindred Trades Federation has led the moderates. Mr Willis, this year's chairman of the TUC and the best known printing union leader until this strike began, seems to have been in the middle; he has not noticeably strengthened his position with anybody in the last few weeks.

DEFENCE

Who is the Nth Power?

IN the debate about the desirability of a non-nuclear club, much play has been made with the calculation put forward in the journal of the American Academy of Arts and Sciences, *Daedalus*, that twenty powers have the resources to make atomic bombs, and another six soon will have. The authors of this estimate divide potential bomb-makers into three categories. The first comprises twelve countries which the journal considers to have the full technical, economic and scientific manpower resources for a successful nuclear programme; they are six countries in the western camp (France, Belgium, Canada, West Germany, Italy and Japan), three in the communist camp (China, Czechoslovakia and East Germany) and three neutrals (India, Sweden and Switzerland). A further eight are said to have sufficient technical resources and an adequate economy for nuclear production but to be short of scientists; they are Australia, Austria, Denmark, Finland, Hungary, Holland and Yugoslavia. Six more middle sized powers (Argentina, Brazil, Mexico, Norway, Spain and South Africa) would, in the journal's view, have to wait another five years before achieving a nuclear weapons programme.

The article does not state a clear view on how long it would take any of these countries from an immediate start to production of their first test. France is widely believed to have been working on her nuclear programme for over six years, although her order for the bomb itself may have been formally issued less than two years ago; even when her first test has been held she will not be in Britain's class at the outset, and her production is not likely to exceed 20-30 bombs a year. But there is some evidence that the time interval between starting a programme and a test is shortening, and the cost declining. A plant capable of five twenty-kiloton bombs a year would cost only about $90 million over a five-year period, which modern Ministers of Defence are apt to regard as pin money. The cost of a strategic air force to deliver the bombs would be many times as much again, and rockets are expensive; but simple means of delivery may become cheaper.

What these figures mean is that, if a nuclear race did start, any of 20-25 countries could conceivably own sizeable stocks of bombs in seven to fifteen years from now. The countries not yet capable of making their own (like Israel and Egypt) might then hope to buy earlier models of the bomb on the same basis as they now buy obsolete but usable warships. This is a nightmarish prospect, if not an immediate one.

FRANCE

Qualified Support

FRENCH appeals for allied backing in Algeria have had a poorish response. Rumours of Mr Herter's angry reply when M. Debré first broached the matter privately with him had already gone the rounds in Paris when some guardedly favourable remarks by the director of the United States information service, Mr George V. Allen, on June 29th were suddenly hailed by the Gaullist press as a new departure in American policy. "Unreserved American support for General de Gaulle in Algeria" ran *Le Figaro's* headline. Exactly how reserved this support was must have been obvious to even the most casual readers of Mr Allen's words. The United States, he said, gave its "whole-hearted" support to General de Gaulle in his efforts to find an "equitable and liberal" solution in Algeria.

Unexceptionable as these sentiments were in the light of General de Gaulle's past policy statements, they could not be held to constitute the blanket approval that M. Debré has been asking for. To make no mistake, the State Department promptly emphasised that American policy had not departed from the official statement in April, 1958, that the United States attached the greatest importance to the necessity of finding a peaceful, democratic and just solution. Apparently the terms of this declaration allowed the American representative at the United Nations, Mr Lodge, to abstain from voting — thereby implicitly criticising French policy — when the Algerian issue last came up.

The prospect of a state visit by President de Gaulle next year may do something to improve Franco-British relations. The President will certainly be welcomed here both as the champion of French integrity in the past and as the one man who may still resolve France's troubles and uphold its reputation in North Africa today. But on lower levels the cross-Channel sniping continues. The formation of a Labour party group to study Algerian questions has prompted the emergence of a French parliamentary counterpart to look after Aden. They can both learn a lot if they put their minds to it.

Start on Fiscal Reform

THE French government is now considering a group of measures which mark a second phase in its economic reform programme. At the turn of the year tax changes cut back the budget deficit and helped to give the new franc a period of stability. Now the government is preparing to make a start on the appalling structural problems of the tax system. If present proposals go through, the "local tax", an irritating purchase tax collected by the small shopkeeper, which is a standing invitation to evasion, would go; instead, the tax on "added value", an intellectually satisfying form of turnover tax, would be applied more

widely. Income tax would be simplified into a single tax, and an early cut in rates would reduce the incentives for evasion, and thus facilitate further cuts later. A third smaller but valuable reform would affect company finances; tax remittances previously allowed against appreciation in the value of stocks in time of inflation are to go; instead, remodelled depreciation allowances are to be introduced as an incentive to fixed industrial investment. One final change, however, a cut in death duties, bears no relation to the proper objective of tax reform in France — to switch the burden from indirect to direct taxation; this change indeed seems to go in the opposite direction. Such a concession to property owners is the price of right-wing government.

The proposed reforms are only a beginning. Many years of effort may be required before direct taxes are made equitable and effective. And taxation is not the only sector of the economy where the pruning knife is needed. A tangle of restrictive practices in distribution has still to be cut through. M. Rueff, the intellectual father of the reforms of last December, has lately called attention to the fact that the bank cartel inhibits the operation of any effective monetary policy.

In economic affairs the government has been lucky since it turned over the new leaf in December; and perhaps it has deserved some of its luck. The small scale of price increases since the beginning of the year is in part the result of good weather, which has kept food prices down; but it is also a tribute to the policy of freeing imports which has helped to hold down industrial prices. But price stability has hitherto been achieved during a domestic recession. Private investment in industry has ebbed. With the Algerian war still a burden on the economy, the unanswered economic question for France is whether it can combine stability with renewed expansion.

ICELAND

New Look at Nato?

ICELAND's communists suffered a sensible defeat in the general election on June 28th, when the share of their party, the People's Union, in the total vote fell from 19 to 15 per cent, compared with 1956. The Social Democrats did still worse, losing a third of their voting strength. The communist check may be a long-delayed effect of Icelandic revulsion at the forcible suppression of the Hungarian revolt; the People's Union had already suffered reverses in local elections. But it seems likely that the party's internal economic polices were also to blame. Most of Iceland's voters are well aware of the country's precarious finances, which the People's Union has done nothing to improve. Although the former fisheries minister, Mr Josepsson, a People's Union member, lost his constituency seat, the result ought not to raise any false hopes in the British Trawlers' Federation. All Iceland's parties stand by the 12-mile limit, and the return of its ambassador in London remains as indefinite as ever.

The real victors of the election were the Progressives, who both gained two seats in the Althing and, after being long regarded as a rural party, invaded Reykjavik with surprising success. If the Social Democrat decline continues they may eventually replace that party altogether. Their success could lead to the re-examination of Iceland's part in the Atlantic alliance. The Progressives want to stay inside Nato, but they would prefer to have the stationing of Nato forces on their territory subject to Iceland's own decision on whether the international situation justified their presence at any given time. (In fact, no Nato forces were stationed in Iceland until the Korean war began.) This view seems to be gaining ground once again among the other major parties.

The election produced a national majority for the constituency changes which the parties themselves regarded as the chief issue before the country. Fresh elections will be held in September when these changes have been put into effect.

RACE LEGISLATION

Aids to Persuasion

DESPITE its success in obtaining agreement on the terms of a bill against racial discrimination that will be sponsored by MPs of all parties, the British Caribbean Association still has a long way to go before it overcomes the general scepticism at Westminster about the value of any legislation in this field.

The draft to which the all-party group has agreed is based on Mr Fenner Brockway's existing bill, with the omission of its clause against racial discrimination in employment. Unfortunately it was not only employers who objected to this but also some of the unions, with the result that, unless this provision had been sacrificed, the bill would have been in trouble even within the Labour party. But, even as it stands, the bill would establish a most valuable legal precedent. It would make racial discrimination illegal in lodging houses, restaurants, pubs, dance halls and other public places. The penalties would range from small fines to the much more painful refusal to renew licences. Restrictive covenants would be banned in leases or agreements — this should be a useful protection for Jewish people and other identifiable minorities as well as coloured tenants.

The honest doubts about such a bill are of two types — a belief that it would be a dead letter because too easily evaded, thereby bringing the law into contempt, and a fear that it would exacerbate race relations by substituting the blunt antagonisms of the courts for the emollient processes of conciliation. The answer to these objections is to make clear in advance the way

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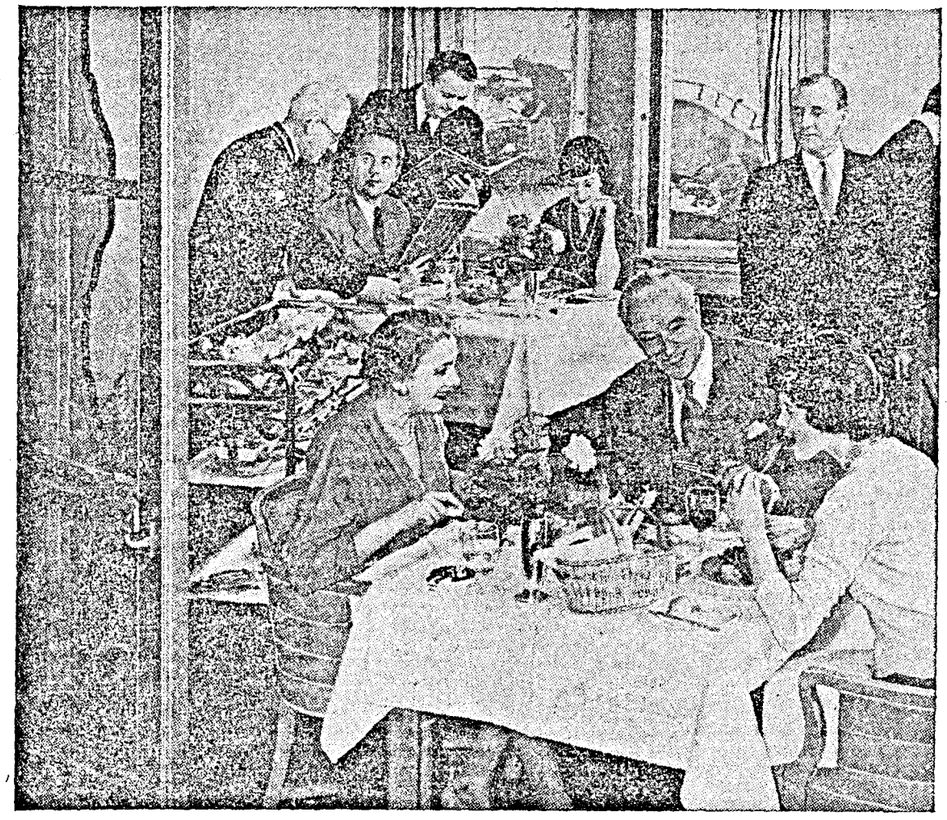

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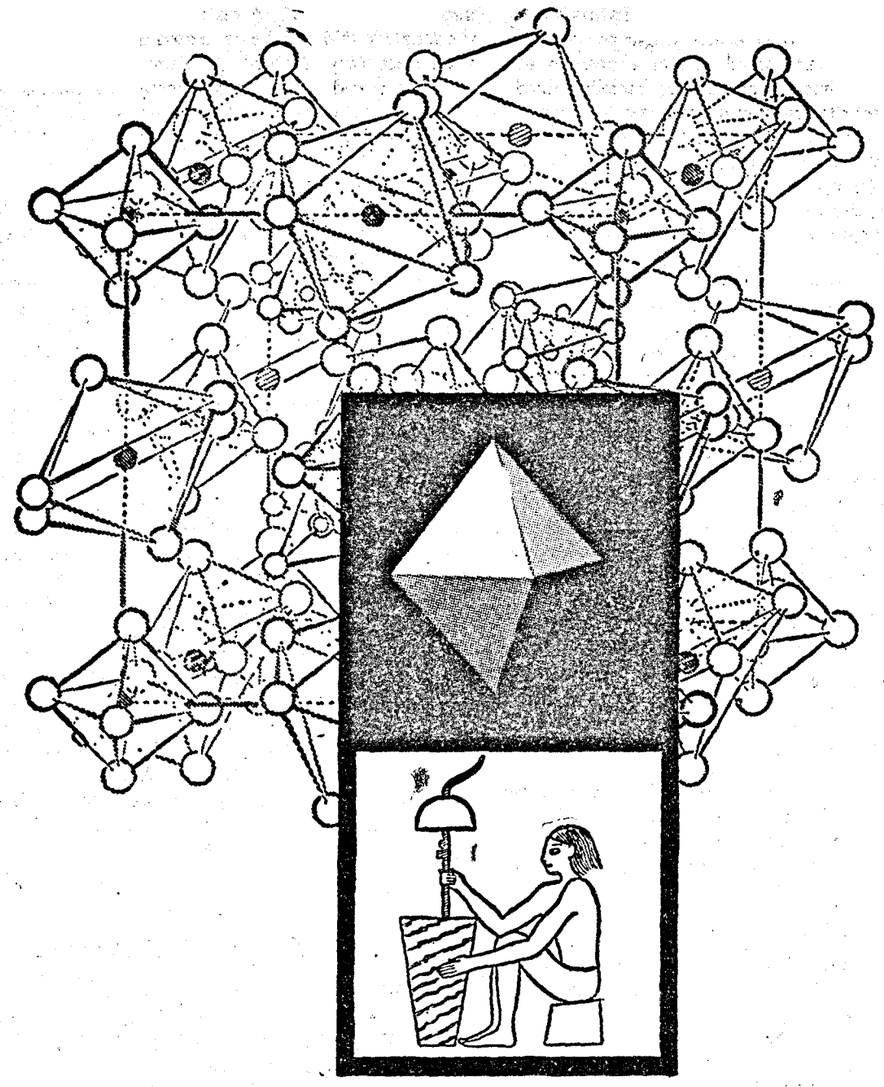

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in which the supporters of legislation visualise its being implemented. Recourse to the courts ought to be a last resort. Immigrant groups should be in a position to obtain high-grade advice from a strong, racially mixed organisation about the bringing of test cases (this might well be a role for the British Caribbean Association, which has just opened its first local branch at Birmingham). Only the strongest cases should be brought, and preferably those in which a pattern of discriminatory conduct affecting more than one coloured person and in a variety of circumstances can be demonstrated. Evasions can be countered by good organisation — if a coloured man is turned away from a lodging house on the grounds that all rooms are filled, a white friend should immediately apply to see if he gets the same answer.

But, above all, the existence of a law in the background would mightily strengthen the force of persuasion. There could be a conciliation body, possibly official or semi-official in nature, which could attempt to settle informally charges of discrimination. Restaurant managers, publicans and estate agents are less likely to plead the unfortunate prejudices of their regular clientele if there hovers over the conversation the unspoken possibility that over-attention to the fastidiousness of other customers is likely to land them on the wrong side of the law.

RULE OF LAW

Justice and Reform

LORD SHAWCROSS's foreshadowing of "more profound and detailed study into the general problem of protecting the individual against abuse of power by authority" opens up stirring prospects of a new and overdue era of law reform. These prospects are greatly enhanced by the vigour which Lord Shawcross is imparting to his chairmanship of Justice, the British section of the International Commission of Jurists, to whose annual meeting his speech of last week was made, and by the happy circumstance that the prestigious chairmanship of the Bar Council is also held by a zealous reformer, Mr Gerald Gardiner.

Justice's annual report, which covers a remarkable breadth of activity for a small organisation that is only two years old, gives many instances of weaknesses found in the fabric of the rule of law. There is, for example, the absence of any appeal against conviction by a judge for contempt of court or against a judge's refusal to grant a writ of *habeas corpus*. Concern has recently been shown about the way in which confessions are obtained from prisoners who may be hazy about their legal rights and the extent to which uncorroborated confessions are admissible in court. Another report by a committee set up by Justice has drawn attention to the striking anomalies between maximum penalties for different types of offence, while the question which Lord Shawcross had most immediately in mind in his speech was that of how the citizen could best be protected in his dealings with the bureaucracy. According to the annual report, investigation and propaganda directed to finding and securing acceptance for the appropriate British equivalent of the Scandinavian *Ombudsman* are to be pushed ahead energetically — aided, it is hoped, by funds from a philanthropic foundation.

All this activity prompts two diverse reactions. The first is that it is yet another illustration of how slow the Labour party is on the uptake. Here it is, struggling away to obliterate the impression that it invariably wants to strengthen the state at the expense of the individual, but it apparently never thought of taking the initiative with a big offensive to strengthen the rule of law. It was necessary to wait until the party's most distinguished lawyer had left it for the crossbenches before law reform became a major talking point in the country.

The second reaction is that many of the matters which Justice discusses have recently been the subjects of major and often very controversial decisions in the United States Supreme Court and elsewhere in the free world. Whenever such controversies occur abroad, most British observers instinctively feel sympathy with the liberal side and most native liberals regard the British conception of the rule of law as the ideal towards which they are striving. Both would often be chagrined to discover how shaky are the foundations of this belief that the individual's rights are better safeguarded in law in Britain than elsewhere. This is certainly a field in which emulation between the countries of the western alliance should be encouraged. Let the race go to the freest.

THE SAAR

A Domestic Argument

ON July 4th the Saar was unobtrusively absorbed into the west German economy. Politically, it returned to Germany on January 1st, 1957, as a result of the Franco-German agreement of the preceding year. That agreement laid down that economic union should be complete by the end of 1959. In the event the process has been speeded up. That is a tribute to the success of two policies : to the economic measures in France at the turn of the year which brought prices in the Saar down to a level that makes the merger easy; still more, to Dr Adenauer's patient policy of rapprochement with France, which has now brought west Germany tangible rewards.

Though the Saar's return home has not been marred by the ugly noises of power politics, it has been somewhat troubled by a more domestic argument. France, which has long given a lead to western Europe in the field of social security, brought its own generous system to the Saar after the war, including (at family

allowances for every child. In western Germany allowances are given only for the third and later children in a family. Naturally the mothers of the Saar dislike losing the extra cash they enjoyed under the tricolour. In the Bonn Parliament the Saar's representatives have pressed their claims to retain the French system, but without success.

West German apologists point out that the Saarlanders, while losing the benefits of the French welfare state, will gain those of the German "economic miracle", including low and stable prices.

The west German Social Democrats have attacked the provisions for the Saar's return, on the ground that the abandonment of social benefits sets a bad precedent for the day when east Germany, too, comes home, and gives ammunition to the east German communists, who harp on the need to preserve the "social achievements" of the east German state. Admittedly they mean by this the retention of a political regime incompatible with German unity; but there are many non-communists who would like to see the east German social changes, or some of them, retained.

The Economist

JULY 9, 1859

ARMISTICE IN ITALY

WHILE waiting for tidings of a final and decisive battle in the centre of the celebrated quadrilateral of fortresses which has always been considered as the stronghold of Austrian Italy, the world has been startled by the announcement of an armistice between the two belligerents, and is still in considerable perplexity as to what this armistice may mean. ... Supposing, then, that a peace may really be in prospect and discussion, we wish most earnestly, and with the most grave meaning in what we say, to urge two things upon English statesmen and the English nation. The *first* is, — on no pretext and for no object whatever, to make themselves a party to any negotiations for peace, which shall not have as their basis the *entire* withdrawal of Austria from the Italian territory. If one single foot of ground inhabited by Italians be left to her, *nothing will have been done:* the old eternal sore will still be open; and all the blood shed in this war will have been shed in vain. The *second is,* — that the early termination of the war is no ground whatever for any relaxation in our naval and military preparations for defence, — *but the contrary.* If peace comes — and if the terms be just and good, as we sincerely hope they may — we must not forget that it leaves vast armies still on foot, invigorated, hardened, and excited by a campaign in which all parties have fought well; that it leaves many European difficulties still unsettled; and that it leaves Great Britain as it found her, in proportion to her wealth, to the extent of her dominions, to her pretensions and to her needs, immeasurably the least fully armed and the least formidable of the great Powers of Europe.

AGRICULTURAL LAND

Lost Acres

MR BROOKE, the Minister of Housing and Local Government, has just sounded a fresh alarum about that old Conservative bogy, the encroachment of suburbia and industry on good farming land. He has estimated that 600,000 acres in England and Wales are likely to be taken away from agricultural use over the next twenty years. This is 2½ per cent of the cultivated area, but because much of the land taken will be flat and fertile he thinks that the loss to agricultural output may be nearer 3½ per cent.

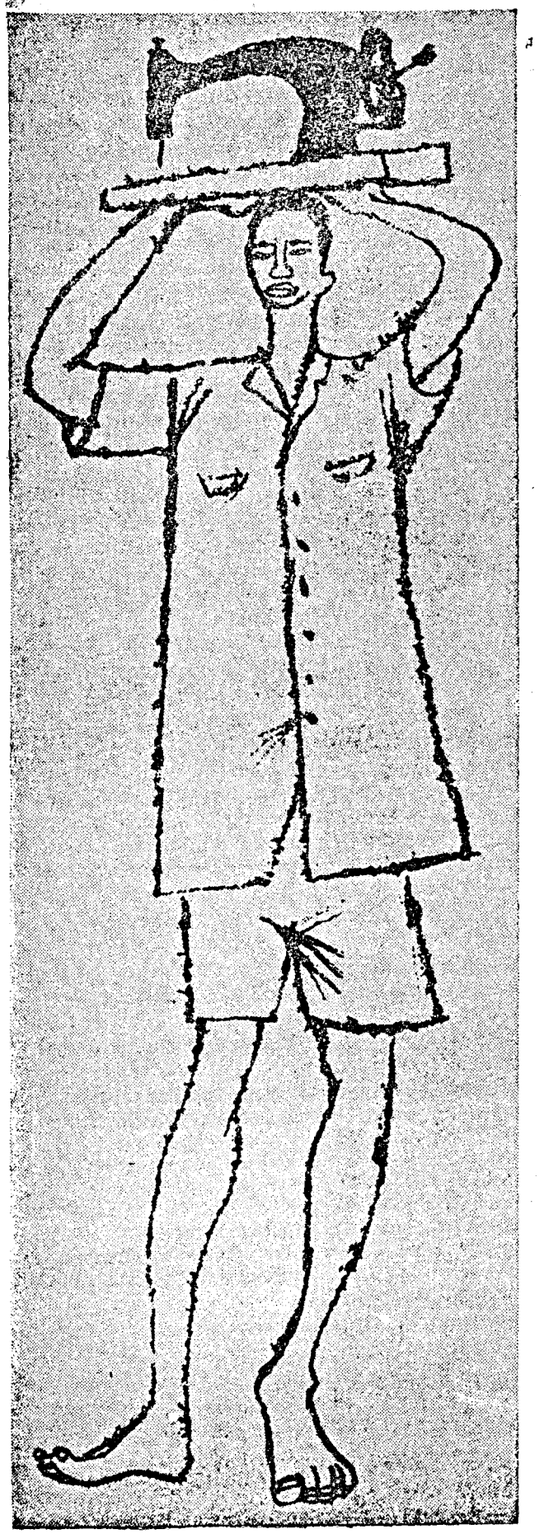
These figures are not in themselves as sobering and disturbing as Mr Brooke asserted. After all, agricultural productivity is increasing at a rate a great deal faster than 3½ per cent per twenty years; it would be a poor reflection on the industry if it was not. The new uses to which converted land is put are usually a great deal more profitable than farming. Perhaps the conservationists can fairly be said to have two points on their side. One is that the consumption of agricultural land is already restrained by tight planning controls; if these controls were lifted, the erosion of land would be much quicker. The second point is that this erosion will be progressive, so that in the really long run the shrinkage of agricultural space could perhaps outrun the gains in productivity. That is the case, not so much for fresh concern, as for retaining the degree of control which already exists.

Even in this modified form, however, the strength of the conservationists' case is very questionable. It assumes that a probably static population will go on spreading itself out even when urban congestion has been relieved; it ignores the substantial contribution to food supplies which private gardens make; and it posits a continuing trend towards economic self-sufficiency. A much more important point, surely, is that control over land use should and could be pursued by more rational methods. Instead of barring large areas to all save a few fortunate people who can get planning permission, some gentle fiscal pressure should be exerted against the use of large and sprawling building plots; the rating system could be altered to ensure this. It is depressing to find Mr Brooke clanging his party's old rusty bell sooner than do some fresh sums and fresh thinking.

IRAQ

Anniversary March

BAGHDAD is preparing a mammoth circus to celebrate the first anniversary of the revolution of July 14th. The people have been promised that not only the familiar faces of the armed forces, the peace partisans, the popular resistance forces and the league for



LIFE contrasts

A Nigerian carrying Singer Sewing Machine—illustration in an article on the sewing machine war. *Drawing by Ben Shahn*

Nikita Khrushchev speaking at a Moscow party—key picture in a revealing report on the U.S.S.R. *Photo by David Douglas Duncan*

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women's rights will appear, but that there will be Englishmen and Americans there, too. General Qasim has promised that all manner of important announcements affecting the future will be made. The Iraqi masses may understandably hope to hear about plans for housing, schools and hospitals, but the British and Americans will hope to find out where Iraq's political future lies.

The alarums about imminent communist control of Iraq have been drowned out recently by loud noises coming from Cairo. Claims that General Qasim has seen, at last, the anti-communist light which dawned upon President Nasser several months ago have been invented in Cairo and embéllished in Béirut. There is no love for the general in Cairo, only the fear that the communists are about to swallow up Iraq and him with it. The Egyptians are now describing him in favourable terms in an effort to charm his colleagues in the army away from communism. If General Qasim fell the Egyptians would not care at all. They would like to see him replaced by some other officer, preferably a pro-Nasser one — but an Arab nationalist would do.

It is more likely that the general does what he does not because he stands between Iraq and communism but because it is what the communists or their friends tell him to do. During the year of the republic in Iraq the whole trend has been towards the establishment of effective communist control. True, the line has sometimes wavered. The government's attitude towards the oil company, for instance, has been reasonable, but perhaps that is because Mr Mikoyan told Dr Kubba, in Moscow last March, that he had little to gain by upsetting the present arrangements. General Qasim recently ordered the release of a few political prisoners, but none of them has enough personal following to cause trouble for the communists.

The Iraqis may find it impossible to build a nation on the general's delphic utterances and Colonel Mahdawi's clowning, but, as the parade goes by next Tuesday, they should not forget that the land is still there to be cultivated if the water can be brought to it by wise use of the revenues from oil. The pattern for greatness remains the same. It is up to the Iraqis themselves to decide how the work will be done.

ISRAEL AND THE ARABS

Palestine Passions

One of Mr Hammarskjöld's virtues as a mediator is that he chips away at a particular point of conflict without being deflected into wider issues. During his two-day trip to Cairo at the beginning of the month he may have found it unusually hard to keep the argument to the point. The immediate purpose of his visit was to sort out the situation that has kept he Danish freighter *Inge Toft*, with its Israeli cargo on board, stuck for six weeks in Port Said. Two years ago, he managed to extract from Cairo a tacit agreement to allow Israeli goods through the Suez canal so long as the Israelis did not try to force the issue by sending along one of their own ships. But in the last few months this agreement has been kept rather erratically, and even before the secretary-general arrived in Cairo, President Nasser emphasised that he would only discuss the question of free passage in the larger context of the Israeli-Arab cold war. He claimed that the despatch of cargo through the canal was part of a deliberate conspiracy to embarrass and intrigue against the United Arab Republic, and that in the name of Arab nationalism, and of the Palestinian refugees, it was his duty to stand firm.

Straightforward bargaining was additionally complicated by the furore caused by the secretary-general's own report on the refugees. As the United Nations mandate for looking after them expires in a year, Mr Hammarskjöld had been asked by the General Assembly to have a look at the situation. His short term advice was unexceptionable; he recommends that the agency should for the time being continue its job, and that the muddle about who is or is not a refugee should be straightened out by a census and a more flexible relief policy. But he goes on to work out the practical possibilities of finding work for the refugees in their host countries. This, he calculates, would have to be done in conjunction with a programme of general economic development that would cost, over the next ten years, some $5,000 million.

As he points out, these suggestions are empiric and sidestep the UN decision that gave the refugees a theoretical freedom of choice. The Israeli response has been surprisingly lukewarm; the Arabs have raised a chorus of aggrieved and competitive dismay. The Iraqi and Jordanian governments have demanded high level conferences in their separate capitals; The Egyptians have set up a national committee on the Palestine question, headed by the minister of war, and have denounced Jordan's East Ghor canal project as part of the treacherous policy of integration. All in all, Mr Hammarskjöld may have found this an unfortunate time for a quiet talk on Israel's rights.

Sense and Sensibility

While the ugly charade over the Arab refugees plays on, the Israelis have been jolted by crueller memories. Mr Ben-Gurion's decision to sell 250,000 mortar grenades to the west German army has tiptilted the coalition government into a mutilating and painfully emotional crisis. The lines of the crisis are crossed confusedly; for one thing it is much too near the election date for the basic conflict between the good sense of keeping in with powerful friends and the sensibility of a sincere revulsion at the idea of condoning German

militarism to explain satisfactorily either the manner or the timing of the rumpus. Mr Ben-Gurion has asserted his authority in the Knesset, but, failing to make the dissident ministers resign, is now saddled with a debilitated caretaker government.

One of the puzzles of the whole affair is why a politician as practised and as astute as Mr Ben-Gurion decided to set off this time bomb in election year. However difficult it is for an arms exporting country to find innocuous customers, the deal is too small to be explained purely in commercial terms. Possibly the prime minister, aware of the sterility of a "ghetto complex", wanted to shock the country into a less ambivalent attitude towards Germany; logically there are no grounds for Israel, which accepts reparations, arms and trade from Bonn, to raise a moral uproar at the prospect of selling back some of the weapons which were incidentally manufactured in factories built with German money. And Mr Ben-Gurion may well have been urged towards his hard headed decision by good friends in France who saw the advantages of attaching a Jewish seal of respectability to the reborn German army.

But the defence ministry evidently miscalculated the reactions of their colleagues — and the shock their decision would give the country. For their part, the four dissenting left-wing ministers have been strangely dilatory in expressing their indignation; although it now looks as if the Mapai caucus, impatient of coalition government, pulled a bit of a fast one during the spring, the deal was discussed in general terms as far back as December. In the end the only party to benefit from a distasteful business may be Herut, the right-wing opposition party that has always had remarkably few scruples about lacing politics with emotion.

SOVIET UNION

Catching up with the Sputniks

To "catch up with America" is an exciting slogan. The targets of the seven year plan open up new vistas for the Russians. The pledge to fulfil the plan well ahead of schedule raises new hopes. But these tasks are the more difficult to achieve now that further increases in output will have to be reached chiefly through higher productivity. Hence the importance attached to the conference on automation and other forms of modernisation held in Moscow at the end of June, which was attended by members of the party's central committee, by heads of regional economic councils and other experts.

The mood of the meeting was a critical one. The general tone can be gathered from Mr Khrushchev's remark in his closing speech: "We have sent a rocket into the cosmos. Can't we eliminate production mistakes in our engineering industry?" The published reports of the debate provided revealing confirmation that the bulk of the Soviet economy falls far short of the sputnik standard. There is still too much manual labour in mining or chemicals. In most branches of industry a large part of the equipment is obsolete. The machine building industry cannot keep up with the demands of modernisation, and it is necessary to concentrate resources on the most urgent tasks, while utilising old-fashioned plants as efficiently as possible.

Other complaints voiced were concerned with the slow tempo of factory building, and with failures in management and coordination which have not been eliminated by Mr Khrushchev's managerial reform. But the revelation of some of these shortcomings should not be taken as a sign that the ambitious goals are being abandoned. Such bouts of Soviet self-criticism are normally used as a spur to further efforts.

CHINA

The Old Enemy

Floods along the great rivers are an old enemy of the Chinese peasant. They disrupt economic plans, too. The communist regime was greeted by bad floods in 1949, and it promptly set millions of peasants to work on building earth dykes and dams. But in 1954 there was widespread damage along the Yangtze and other rivers, and that winter the big cities had to tighten their belts. Now the floods have returned again, checked by the massive water conservancy schemes but still dangerous to life and crops. This year's targets in the farm production drive may be hard to meet, particularly in South China.

Torrential rain last month brought crisis to Kwangtung province, directly threatening Canton and the Pearl river delta. "River fighters" were mobilised everywhere against the danger of a great flood "such as occurs only once in a century." Before the peak was over, official figures gave nearly 200 dead and over two million homeless in Kwangtung alone. In Kwangsi, to the north-east, crops were washed away, and in south Fukien the floods were said to be the most serious for several decades.

Peasants were put in hurriedly to get in quick rice harvests before the flood tide, and when the waters went down replanting of new crops began again. In the north, official reports speak of heavy yields of winter wheat in the belt between the Yangtze and the Great Wall, but rain, hail and high winds are admitted to have damaged crops in many areas. In Chekiang province, the communes took special steps to recover grain by rethreshing the stalks after the first harvest.

These are not the planners' and peasants' only troubles. Drought in Manchuria and a major plague of locusts in five northern provinces, now reported to be substantially under control, may mean a drastic revision of crop estimates at this crucial time of "great leaping progress."

BOOKS

Medicine and Morals

Social Science and Social Pathology

By Barbara Wootton.

Allen and Unwin. 400 pages. 35s.

A tremendous amount of sheer hard work has gone into the making of this book, which should be read by anyone engaged in the social sciences, in psychiatry or in dealing with offenders. In contrast to so much of what she criticises, Lady Wootton's book is lucid and forthright; hard-hitting and rather impatient at times, but entirely free from that peculiarly nauseating kind of jargon which obscures so much of the meaning of social science literature.

She defines social pathology as "including all those actions on the prevention of which public money is spent, or the doers of which are punished or otherwise dealt with at the public expense". This definition leads her to survey all the supposed causes of crime in all its forms and, more briefly, such topics as illegitimacy, divorce and problem families. But it is a curiously limited definition; it excludes, for example, abortion, except where this appears in the criminal statistics, attempted suicide, and the phenomenon of social isolation so beloved by those who favour the idea of a sick society giving rise to ill-health and antisocial behaviour.

The inadequacies of official criminal statistics are shown to be so serious that Lady Wootton is in danger of cutting the ground from under her own feet where later in the book she herself relies on them; yet they make up nearly all of social research workers' raw material. The impression she leaves — that an understanding of the causes of crime is about as solid as a house of cards built on sand — is confirmed in her next section. Here she dissects twenty-four well-known studies of delinquency, examining them to see if they support any of the current theories of association or causation. Size of family, poverty, other criminals in the family, refusal to join churches or clubs, physical ill-health, mothers who work outside the home, broken homes, delayed maturity — these and others have all at some time been suspected of having some relevance to the increase in juvenile crime. (Dr Bowlby and the maternal deprivation theory come in for some very hard knocks indeed in one of the best chapters of the book.) We can learn from this section just how slim is the evidence incriminating all these circumstances. But Lady Wootton is perhaps too impatient with the failure of these studies, published often long ago, to provide her with exactly the facts she wants, and her preference for black and white distinctions may be unrealistic. For, like the causes of neurosis, the causes of juvenile crime, except in rare cases, are probably multiple and therefore can only be expressed in terms of greater or less correlation with factors such as those enumerated above. Lady Wootton's own views on causes seldom emerge, for the whole tenor of her work is critical — of methods, of definitions and categories, of prejudices and sloppy argument.

Her next quarry is the spreading empire of psychiatry, and here her criticism is not so much disapproving as intended to show clearly the road we are travelling. The definitions of mental health are easy targets, and she has as much fun with them as she has with social casework later. She quotes twenty-four including "mental health is the ability to live (1) within the limits imposed by bodily equipment; (2) with other human beings; (3) happily; (4) productively; (5) without being a nuisance" and "the criterion of mental health is the ability to adapt oneself to changing conditions without setting up conflicts or causing individuals to suffer pain or to feel discomfort." These definitions obviously contain moral and ethical judgments as well as medical ones.

In its minor forms, such as neurosis, mental illness is also very difficult to define in purely medical terms unless one makes comparisons with the socially and morally normal. In the category of "illness" now called psychopathic personality, the supposed illness — to quote Lady Wootton — "is the behaviour for which it is also the excuse". This extension of medicine, she points out, undermines the whole idea of criminal responsibility. As a result, she sees society as at present poised on a slippery slope to which there is no logical end till the situation is reached where all crime is illness. It is true that she examines many of the suggested stopping places — for example, that only motiveless crime is illness or that crime is illness, only if there is other evidence of illness besides the crime — but she finds none of them satisfactory. Yet one cannot help feeling, despite her brillant exposition, her warnings about tautological definitions and her nose for value judgments, that a reasonable practical solution can be found. It will presumably be a pragmatic one: whether in individual cases psychiatry can do anything to treat the "illness" and to prevent the criminal behaviour from recurring. This does happen with many sexual offenders, with some alcoholics and murderers, and with most of those who attempt suicide, and these on the whole are the groups who are sent by the authorities to hospital and out-patient clinics. (In this context, Lady Wootton's failure to discuss attempted suicide is significant, for it is a crime that she would surely agree should usually be treated as an illness rather than punished; but if she allows the thin end of the psychiatric wedge here, what happens to the rest of her case?) Aggressive and acquisitive offenders, on the other hand, respond far less well to treatment, except perhaps in childhood, and such people cannot be looked after in ordinary mental hospitals or psychiatric units. Whether or not there is any logical basis for doing so, this practical distinction seems to be the ledge we are precariously standing on at present.

Court and Culture

Endymion Porter: The Life of a Courtier, 1587-1649

By Gervas Huxley.

Chatto and Windus. 344 pages. 25s.

Endymion Porter is an admirable subject for a biography, not because his career was of great importance in itself, but because it reflects the brilliant sheen of the court of Charles I as one of the great art centres of Europe and catches the glow and heat of court intrigue and the scramble for profits and favours. Porter was Groom of the Bedchamber to Charles I, and enough material has survived to enable Mr Huxley to recreate his personality and activities. Coming from a small Cotswold gentry family, he was sent as a boy to be a page in the household of Olivarez, acquiring a knowledge of Spanish and a poise of manner that were to make him both useful and acceptable at the Stuart court. He was indeed fortunate in his early masters, for on his return from Spain he became the servant of Edward Villiers, linking himself with a family which, while still

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UNITED NATIONS

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A comprehensive, up-to-date report on a number of vital questions in the field of international trade. The study, known as the Haberler Report, was made in 1958 by four internationally known economists. Various specific problems are analysed, such as the trade and payments difficulties of less developed countries, the need for stability in world markets for primary products, agricultural protectionism in the industrialized countries, and the effects of the European Economic Community on international trade. The protective role played by revenue duties in industrial countries is discussed. Published by the General Agreement on Tariffs and Trade, Geneva.

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obscure, was on the eve of becoming the most powerful in England. And in 1619 he married the niece of George Villiers, about to be created Duke of Buckingham.

In this strongly running tide Porter was swept into the service of Prince Charles for whom he developed a strong and enduring loyalty. Porter was never a maker or critic of policy, but his career admirably reflects the artistic culture, the political incompetence and the mushroom fortunes of Charles's court. His knowledge of painting drew him into the great enterprise of building up Charles's collection of pictures; his knowledge of Spanish involved him in three unsuccessful diplomatic missions; and his closeness to the king allowed him to benefit largely from the patents, projects and grants on which the courtiers battened.

Mr Huxley has done his work with care and sensitiveness, and his book is particularly valuable for its study of the Stuart court as a centre of artistic patronage. Porter himself was a largely passive character, who suffered much at the hands of an unwise master, a tempestuous wife and a dissolute eldest son. A less charitable biographer might have laid more stress on the fact that Porter was associated with almost every aspect of Stuart practice and policy that was to bring forth the reckoning of 1640. Students of monopolies and advertising may be interested to note that eighty ladies of society, including four countesses and four viscountesses, were persuaded to produce testimonials in favour of the product of the unpopular soap monopoly, in which Porter had an interest.

Gandhi's American Disciple

Stride Towards Freedom

By Martin Luther King.

Gollancz. 214 pages. 16s.

"My feets is tired, but my soul is at rest". The famous summing-up, by an old woman, of the Negro boycott to end racial segregation on the buses of Montgomery, Alabama, is the theme of this absorbing book by the Rev. Martin Luther King. He is the great advocate, among his race, of complete non-violence on the Gandhian pattern, and believes deeply that the Negro will never be able to respect himself unless he resists injustice by all peaceful means. In Montgomery, thanks to the Negroes' extraordinary unity and discipline, and to a timely decision by the Supreme Court, non-violence triumphed over obstacles which Mr King, the chief organiser of the boycott, recounts without bitterness: the hostility of the city authorities, the craven silence of most of the white ministers, the bombing of Negro homes and churches, and the prejudice of local courts, which let the bombers go free and punished the oppressed. In spite of great provocation the Negroes did not retaliate, and the disgust of law-abiding whites with the extremists helped Montgomery to accept the Negroes' victory — in this one sphere.

Mr King believes strongly in the redemptive power of suffering and its ability to shame evildoers into repentance. But this does not prevent him, in his last chapter, from making a good many tart and sensible observations about people (even in the White House) who talk about being unable to change men's hearts by passing laws and refuse to see that laws at least can change habits and behaviour; about northern liberals so riddled with tolerance that they cannot take sides against evil; and about apathetic or self-serving Negroes who themselves need a good deal of self-improvement.

Guides to the New World

The American Travel Series: New York City; Florida; New England; The Caribbean and the Bahamas

By Andrew Hepburn.

Nicholas Vane. About 165 pages and 12s. 6d. each.

Now that the United States is no longer out of bounds to the ordinary traveller, these extremely helpful guides to most of the eastern areas likely to interest British visitors are extremely welcome. They are written for Americans anxious to see the sights of their own country, not for foreigners; but the wide range of information, the practical maps and the many useful hints should be even more valuable to the visitor from abroad whose time is brief and whose budget is small.

Visitors to New York will profit from the shopping guide, a long list of hotels and restaurants in every price range (also arranged so that the visitor in search of, say, Chinese or Hungarian food can find it) and from feature articles on the main parts of the city and nearby places such as Long Island. Even native New Yorkers will find much that is new — including the fact that "Commodore" Vanderbilt won his nickname by starting the ferry service to Staten Island.

Civilising Textbooks

Economics: Principles and Policy

By Royall Brandis.

Richard D. Irwin, Inc. 357 p. $6.00.

Economics and Man

By John S. Gambs and Sidney Wertimer.

Richard D. Irwin, Inc. 364 p. $6.00.

Anyone wanting, in the face of British scepticism, to make a case for the American view of what a university ought to do and whom it is for might do worse than produce these two books as evidence. They are at first sight simply two more additions to the overpopulated class of comprehensive elementary textbooks; one outlining theory and showing its relevance to policy, the other beginning with description, tackling theory through the comparative method, and then returning to particular problems. Both are good of their kind, well arranged, sound within their elementary limits, decently written.

So far, the description might apply to the top ten per cent of introductory textbooks written on either side of the Atlantic. But there is a pervasive difference. These are not "introductions" for students qualifying themselves to tackle more rigorous or elaborate works; nor are they attempts to cut a whole honours course down to size; nor yet are they completely extra-academic pieces of popularisation for the man in the street. Their aim is, essentially, to civilise a certain area of thought in the minds of reasonably intelligent young people who are going to be almost anything but economists. A habit of critically scrutinising *idées reçues* and instinctive reactions; sense of comparative magnitudes and of limits; a humane but unsentimental concern with the common weal; a rough and ready dexterity in the handling of a few key notions and techniques; such are the benefits which their readers — not only intellectual highflyers in some other field, but also good ordinary run-of-the-mill prospective citizens — may be reasonably expected to gain.

A British equivalent would find its audience: the good ordinary run-of-the-mill prospective citizen does not get into a university. Here, in effect, is what he misses; and the lack is worth thinking about.

AMERICAN SURVEY

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

Onward, Christian's Soldiers

WASHINGTON, DC

It is now quite clear that when Mr Christian Herter goes back to Geneva he will leave behind him an America more united, more resolute and less willing to compromise on foreign policy than it has been for a decade. From Herblock, the unrepentant liberal cartoonist of the *Washington Post* — who shows Mr Macmillan plunging heedlessly summitwards, into a snowstorm of Russian intransigence, while Mr Herter says anxiously, "Wait, let's think about this a minute" — through such middle-of-the-road papers as the *New York Times* and the *Christian Science Monitor* to the conservative *Wall Street Journal*, the judgment remains the same: that the West has already offered all the concessions it safely can, and that it is probably not going to be necessary to make that painful plod to the summit after all. The leaderwriters' imperturbability is matched by that of their readers; the few letters on Berlin which have appeared in the newspapers have none of them been critical of the Administration. Nor has there been any reappearance in Congress of the qualms shown there earlier this year. If this is apathy, as some say, it is an apathy which is wholly new since the crises over Lebanon and Quemoy last year.

On the face of it, this rigidity could bring sharp differences between the British and the Americans in the next round of talks. If it does not, it is because this time the State Department is leading public opinion instead of being caught, as it usually is, somewhere in the middle of it. Thus the department now seems to have defined the slightly mysterious "progress", which both Mr Eisenhower and Mr Herter have been demanding before they will agree to a summit conference, as something fairly minimal. It will be enough for the Russians simply to withdraw their time limit for the western evacuation of Berlin. In deciding this, the State Department seems to have pulled the President back from the position into which he stuck a tentative toe at a press conference last month; he suggested then that the Russians might have to declare publicly that the West could stay in Berlin until Germany was reunified. The difference, in terms of the chances of getting to the summit, is considerable.

The American press has paid surprisingly little attention to two hints by the Russians that they may be willing to satisfy this new, and milder, definition of "progress". One was the Soviet-East German communique, published on the day the foreign ministers flew home, which said roundly that the time limit was "not a matter of principle;" the other was Mr Gromyko's oddly-worded suggestion as he left for Moscow that when the time limit expired the Russians, instead of asking the West to leave Berlin, might simply agree to sit down and start talking all over again. But, if the press has grown too sceptical in the last few months to put much store by these hints, the State Department has not.

However, while an agreement not to mention time limits may be enough to get from the foreign ministers' level to the summit, to reach a settlement there will require something more. It may yet turn out that the Americans, when they arrive at the summit, are prepared to make some further modifications in the West's most recent proposals for Berlin and Germany. These might include a substantial reduction in the size of the western garrison in Berlin, instead of its "freezing" at the present level; and perhaps a change, in favour of the East Germans, in the composition of the proposed all-German committee which would ponder the problems of reunification. The latter change would be comparatively safe if any recommendations by the committee had to be approved by a popular vote in the whole of Germany. The reward to be won by such concessions would be the continuation of the western presence in Berlin.

Thus the State Department under Mr Herter continues to be, as it was under Mr Dulles in his last months, somewhat more pacific — or pusillanimous, according to the point of view — than a large segment of the American public, including many senior officers in the services. But it must be emphasised that the difference is a relatively small one. Both groups agree that the West is now in a better position to stand firm than it will be a few years hence if the Russians continue to make intercontinental missiles faster than the Americans. At present, Mr Herter is winning his spurs in what may well be one of his last chances to unsheathe that good old two-handed Dullesian sword, the weapon of nuclear brinkmanship. The difference between the two groups is whether it is best simply to call the Russians' bluff, as General Twining would prefer, or to offer up a few minor concessions in order to win a temporary respite.

The militants' argument is based on what might be called the twilight theory of American military supremacy. For one or two more years, the Administration believes, the Russians can inflict only limited damage on the United States in a nuclear war; and they can probably mount only a single assault, while the Strategic Air Command can return to Russian targets time and again. Mr Krushchev is perfectly well aware of this, runs the argument: so now is the time to call his bluff and prove to the world that he dare not make good his threats over Berlin.

It is perhaps only a passing criticism for Europeans to point out that, in this comforting nuclear equation, western Europe is the minor factor which might be neatly and utterly cancelled out. More to the point, for an American Secretary of State, is the fact that, if the bluff-calling fails and a war does occur, even the "limited" attack that the Russians can mount would kill millions of Americans. Moreover, the argument depends on Mr Khrushchev's believing that the Americans do in fact still have the nuclear superiority which the Administration claims, and that they are willing to use it. He might, for instance, believe that his anti-aircraft defences are better than the Administration gives him credit for. He might also believe, as Mr Joseph Alsop fears he does, that President Eisenhower is not really determined to risk a nuclear war over Berlin — and thus take the steps which will cause one.

It is these considerations which lead the State Department to be less uncompromising than the bluff-callers would like. But it is clear that the advocates of both points of view share one suspicion in common. Even if the West does manage to win a temporary respite in Berlin, this will not last unless something is done in the interval to make this outpost less vulnerable and less dangerous. In a few years — unless American scientists manage to perfect an anti-missile missile — the Russians will have achieved nuclear equality and the threat of massive retaliation will have lost its last shred of credibility.

One possible solution is getting less consideration than ever. Hardly anyone in Washington is thinking at the moment in terms of a political settlement in central Europe which would make Berlin less important to both sides because their noses would no longer be thrust together over it. But a well-argued pamphlet from the Democratic Advisory Council calls for an expansion of the United States Army from 14 to 19 divisions; and the Senate Foreign Relations Committee wants to spend more money on supplying arms to western Europe next year than the President asked for. These ideas are not yet accepted by all Democrats, and they may yet be frustrated by the demands of economy. They may, however, be the first stirrings of attempts to guard Europe with forces strong enough to deter Soviet expansion without invoking nuclear obliteration.

Steel Puts It Off

The last-minute postponement for a fortnight of the steel strike which was due to begin on July 1st did not mean that there had been a loosening of the deadlock which had persisted ever since negotiations began two months before between the companies and the trade union. The postponement merely illustrated the equal determination of each party in the dispute to avoid being blamed for a strike which is sure to be unpopular and which seems almost inevitable. Nor does the fact that the postponement came only after a special plea from the President indicate that he has changed his mind about the undesirability of interfering — openly, at least — with the process of collective bargaining. He insists that his sole duty is to see that the public interest is not forgotten and that his only concern, for the present, in any case, is that there should be no increase in steel prices.

The President's intervention, which was requested by the union leaders, well aware that their followers are reluctant to strike, enabled them to agree to an unconditional postponement without losing face. When a delay was suggested earlier by the companies, the union declined unless subsequent wage increases were made retrospective to July 1st. To accept this condition, the companies maintained, would be tantamount to abandoning their absolute refusal to consider any concession at all on wages or other benefits, on the ground that any increase in labour costs would necessitate an inflationary rise in steel prices. The companies' only offer (up to the time of going to press) has been an indefinite freeze of wages at present levels; this makes the weeks of negotiation look like a "farcical filibuster" to the union. While its original demand for some 250 improvements in wages and working conditions may have seemed almost equally farcical, it presented a much less costly "package" proposal recently.

The labour leaders, arguing on the basis of increases in productivity and in company profits, contend that this proposal would not involve a price increase and therefore would not be inflationary. The Administration had been asked for an official statement of the statistical facts behind the dispute, but this was refused. There are many in Washington, however, who believe that the union's case is well-founded. But the companies' side of the argument has been reinforced by the first report of the Cabinet Committee on Price Stability, which declares that inflationary pressures are again becoming critical and that recent wage increases are one of the reasons for this.

Attention has now been so concentrated on the steel negotiations that they have in effect become the symbol of the Administration's fight against inflation — and the companies have become the standard bearers.

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United States Government Securities and Securities Guaranteed by the Government	2,072,718,165.61
Federal Agency Securities	99,165,772.29
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Other Securities	139,009,500.21
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Other Loans and Discounts	4,621,102,408.31
Bank Premises, Fixtures, &c.	142,856,056.31
Customers' Liability for Acceptances	135,715,079.59
Accrued Interest and Other Resources	76,650,698.91
TOTAL RESOURCES	$11,159,413,266.38

LIABILITIES

Capital	160,000,000.00	
Surplus	340,000,000.00	
Undivided Profits and Reserves	122,367,837.04	
TOTAL CAPITAL FUNDS		$622,367,837.04
Reserve for Possible Loan Losses		108,153,682.39
DEPOSITS Demand	$4,697,535,008.24	
DEPOSITS Savings and Time	$5,475,495,631.49	10,173,030,639.73
Liability on Acceptances		138,342,905.25
Reserve for Interest, Taxes, &c.		117,518,201.97
TOTAL LIABILITIES		$11,159,413,266.38

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RESOURCES

Cash and Due from Banks	$149,151,911.82
United States Government Obligations	24,068,494.66
Other Securities	14,637,486.81
Loans and Discounts	164,441,484.97
Customers' Liability for Acceptances	26,484,943.98
Accrued Interest and Other Resources	2,683,826.51
TOTAL RESOURCES	$381,468,148.75

LIABILITIES

Capital	$34,000,000.00	
Surplus	6,800,000.00	
Undivided Profits	1,798,082.89	
TOTAL CAPITAL FUNDS		$42,598,082.89
Reserve for Possible Loan Losses		2,619,540.87
Deposits		306,339,063.02
Liability on Acceptances		27,303,409.85
Reserve for Interest, Taxes, &c.		2,608,052.17
TOTAL LIABILITIES		$381,468,148.75

It is thus difficult to see any way out of the deadlock which both sides could accept, at least before a strike has gone on long enough to bring a general economic slow-down and to make a wage increase seem the lesser of two evils. Moreover, the inflexibility of the companies is stiffened by the fact that in the long run their business would suffer little, if at all, from a strike.

Veto on Regression

BOTH the wheat and the tobacco Bills which President Eisenhower vetoed at the end of last month were retreats, made under the guise of easing the lot of the farmer, from the small, but nevertheless worthwhile, measure of flexibility which has been introduced so painfully into the farm price support programme during the last few years. The objection to the tobacco Bill was not that it would push up the support price; in fact, this is due to rise this year and the Bill was designed to hold it down, in order that American tobacco should not lose more of its foreign sales. But the method chosen was to fix tobacco prices at the current levels more or less permanently. It is unlikely that this tobacco Bill can command the two-thirds majority in both houses needed to over-ride the President's veto and it is certain that the wheat Bill cannot. This would have pushed the level at which wheat prices must be supported back to a fixed 90 per cent of parity, the formula supposed to guarantee the farmer's purchasing power, from the present fluctuating 75 per cent. To compensate for these higher prices the acreage that could be planted to wheat would have been reduced by 25 per cent.

A few years ago this would have looked like a satisfactory compromise, but experience has now shown that, when acreage cuts are imposed, farmers leave their least fertile fields uncultivated and concentrate on producing more from the fewer acres that are planted. Between 1954 and 1958 wheat acreage was reduced by 25 per cent but yield an acre increased by 30 per cent — and the higher support price proposed in the latest Bill would have given the farmer more money to spend on better machines and seeds and on fertiliser. The Administration estimated that the Bill, even though it might have checked the rate at which surplus wheat is piling up, would still have added $100 million to the present annual cast — $700 million — of the wheat price support programme. On the other hand, the Bill's advocates maintain that it would have saved $200 million a year.

So far nothing that has been done to adapt the farm price support programme to today's agricultural conditions has had any effect on the wheat surplus, the most costly of all the surpluses. That is why Congress was asked to deal with wheat this year. Various possible solutions have been outlined, but it is doubtful if anything will now be done before the adjournment. For the Bill which was sent to the President was in essence an admission that Congress was incapable of agreeing on any wheat legislation atallo. It was the Bill originally passed by the House and modified by the Senate; when the House refused to accept these modifications, the Senate approved the House Bill, by a small majority, knowing that it was sure to be vetoed. Thus the Democratic leaders, already accused of being in charge of a "do-nothing" Congress, put the onus of doing nothing in this case directly on the President.

All's Fairs in the Cold War

THE President paid an unscheduled flying visit to the Russian exhibition just before it opened in New York, partly no doubt out of curiosity to see the first such display since 1939, but also to ensure that nothing had been left undone on the American side to make a success of a return engagement: the visit of Mr Nixon to Moscow later this month to open an American exhibition in Sokolniki Park. The Russians are sticklers for reciprocity and the President's graceful gesture may help to keep doors open for the Vice President, a consideration of some importance if the deadlock at Geneva is still unbroken when the foreign ministers go back there. As the plans stand, Mr Nixon's trip will mirror, with almost photographic exactness, that of Mr Kozlov, a first deputy Soviet Premier who flew nonstop from Moscow to New York to open the exhibition. Mr Kozlov, after visiting Washington and seeing Mr Herter and the President, went on to San Francisco and Chicago; Mr Nixon will go to Siberia and the Urals. Both are making appearances on television.

These exchanges — at the highest official level ever undertaken — and the two exhibitions are the fruit of the agreement signed in January, 1958, to promote understanding between the two countries by encouraging visits and contacts of all kinds. Each country is putting its best foot forward, the Americans with a great display of consumers' goods, the Russians with a dazzling show of their technical accomplishments, including, in the heart of New York, models of the three sputniks. The exhibition has plainly impressed the Americans streaming to see it in near-record numbers, though commentators have pointed out that consumers' goods are more in evidence on the exhibition stands than in Russian shops.

Besides preaching peace, Mr Kozlov's mission is to encourage trade; with the United States selling only about $3 million worth of goods a year to the Soviet Union and taking about $17 million worth of imports, there is room for much expansion. Mr Kozlov told a group of businessmen that his country was particularly

interested in equipment for the chemical industry and for hydro-electric power, and in his wake there have arrived in New York representatives of the great Soviet trading organisations. But the warmth of the welcome to the Russians might have been greater if the business community did not suspect the fairness of their trading methods; if the average American did not resent the Russian insistence that no American worker could afford to live in the $14,000 house in Sokolniki Park; and finally if word of Mr Khrushchev's brutally-phrased interview with Mr Harriman had not leaked out. Mr Nixon struck a valid, as well as a popular, note when he told Mr Kozlov that lack of contact between the Russian and American peoples was not the only obstacle to better relations.

A Responsible Liberal

FROM A CORRESPONDENT IN CALIFORNIA

DURING the session of the State Legislature which has just ended political history was made by Mr Edmund G., better known as Pat, Brown, the second Democrat to be Governor of California in this century and the first to have his own party in control of both legislative houses. This enabled him to initiate both social welfare measures and public works, normally anti-recession moves, even though the state was enjoying great prosperity. His surprising success in expanding both the services which the state offers and the taxes with which it pays for them, to meet the needs of its exploding population, has made him into a potential Democratic candidate for the Presidency of the United States and has enhanced the reputation of his party throughout the western states .

Governor Brown's slogan has been "responsible liberalism". Since the beginning of the year California has been given a body of social legislation which resembles a new deal in many respects. A law has been passed against racial discrimination in employment and in publicly-financed housing; a ban on inter-racial marriages in the state has been repealed. New methods of protecting consumers have been approved, social welfare schemes have been extended and workmen's compensation allowances have been raised from $50 to $65 a week for temporary injuries and to slightly less for permanent disability. While all of this puts the accent on liberalism, the emphasis on responsibility is just as strong for, at the same time, money has been voted to pay for the new programmes.

Indeed, one of Governor's major accomplishments has been to induce the Legislature to approve new state taxes for the first time in 25 years. These include levies on banks and corporations and on beer, cigarettes and horse-racing and higher income and inheritance taxes. All were needed to meet a record state budget of $2,225,612,643 for 1959-1960. But it required the most skilful staff work by the Governor's office and firmness by his supporters in the Legislature to get these tax bills through, to wipe out the deficit of $68 million which he had inherited and to balance the budget.

The Governor's two major defeats were on his proposed tax on oil output and on his union democracy Bill. On the first his followers were outmanouevred by the oil lobby. The second provided for trade union records to be opened for the scrutiny of the members, for secret elections and for reporting of attempts by employers to influence union officials. On this labour leaders and businessmen joined forces; they persuaded Republican opponents of the Bill to hold firm against it and won over doubtful Democrats who were afraid of antagonising the unions. Mr Brown has charged Vice President Nixon with using his influence against the measure in order to keep the issue of corruption in the unions alive for the Republicans to use next year in their efforts to regain control of the Californian Legislature.

The most spectacular success of Mr Brown's first legislative session was to induce both houses to agree on a plan for sharing the state's water resources, something which had defeated his predecessors for years. He and his legislative leaders managed to reconcile the most important claims of all parts of the state by drafting a scheme which reaffirmed the basic rights of the northern counties from which the water comes and at the same time assured permanent supplies to parched and heavily-populated southern California.

The water will run along a 500-mile man-made channel from storage dams on the Feather River all the way to San Diego on the Mexican border. The principal new dam, at Oroville, will be the largest in the world — 725 feet high — and will collect the run-off from the northern mountains which now causes recurrent floods or flows unused into the delta region of central California. The plan also provides for replenishing the underground water tables, falling dangerously low in many places, thus assuring the future of the state's agricultural valleys. It is estimated that the projected system of pumps, dams, tunnels and pipelines will cost a staggering $1,700 million.

The water plan has further implications of great political importance for California. Sectionalism and rivalry between the northern and southern parts of the state have become chronic and serious, showing themselves in struggles over constituency boundaries, in competing claims by various branches of the state university and, above all, arguments over the distribution of the state's water resources. Talk of dividing California into two parts has never reached the formal stage but has frequently been acrimonious, and approval of the water plan seems to be the first step towards reconciling these divisive conflicts.

Next week Governor Brown will carry the matter to the electorate as he tours the state. He faces formidable hurdles before getting the plan started; this does not in any way detract from his achievement in breaking the long stalemate over it. That achievement is being attributed to many factors : desperation in a year in which the state has had only 50 per cent of its normal rainfall; popular approval and appreciation of the way in which Mr Brown is leading California's revived Democratic party; adroit and forceful handling of the issue by the Governor and his staff. This staff, a group of able young lawyers with considerable political acumen, is an important new element working behind the scenes. Governor Brown would be the first to credit it with much of his current success.

Who's Deterred?

IF a hypothetical attacker had succeeded in dropping 260 nuclear bombs on American cities and defence installations last October, about 50 million people would have been killed outright or fatally injured and about half the houses in the country would have been destroyed or made uninhabitable. This was the estimate given to a subcommittee of Congress's Joint Atomic Energy Committee by experts of the Office of Civil and Defence Mobilisation and of other government agencies during five days of hearings last month. Even so, the United States would have survived; moreover, the number of casualties from such an attack could be greatly reduced by building shelters, preparing to evacuate cities, and adopting simple warning systems. Experts from the Defence Department dismissed as fantasy the idea that the human race would be wiped out by clouds of radioactive dust.

To the 50 million Americans condemned to a hypothetical death, this may seem doubtful comfort. But advocates of a civil defence programme, such as Mr Holifield, the chairman of the subcommittee, feel that it is of the utmost importance to dispel the idea that a nuclear war would mean mass suicide and that nothing can be done to reduce its terrors. So does the Department of Defence; it does not want Mr Khrushchev to think that the United States is too horrified by nuclear weapons ever to use them. Whether the sensational headlines produced by prophecies of 6 million deaths in New York, 2 million in Boston, and so on,have had the bracing effect sought is another matter.

Once these hearings were completed, Mr Holifield, with four other members of the Atomic Energy Committee, spent a few days, at the Administration's suggestion, at the Geneva talks on the banning of nuclear tests; these talks are the chief hope that the warheads may eventually be brought under control. Hearings this spring seemed to convince Mr Holifield that the dangers from such tests were exaggerated, and most members of the committee feel, with Mr McCone, the influential chairman of the Atomic Energy Commission, that no agreement would be preferable to one without adequate provisions for inspection. The Administration's invitation suggests that it is sufficiently hopeful about the talks to want to convince influential Senators that the safeguards are sufficient, at least for tests above-ground.

Fiscal New Year

THE Administration was undoubtedly delighted to ring out the bad old fiscal year of 1959 on June 30th and to ring in the bright new one of 1960. Fiscal 1959 ended with just about the predicted deficit of $12.5 billion, nearly three times as much as at the end of 1936, until now the record for any peacetime year as far as deficits were concerned. The national debt stood at about $285 billion on July 1st; luckily Congress had driven itself to raise the ceiling on the debt just in time, from $283 to $285 billion permanently and to $295 billion until June 30, 1960. However, Congress has not yet managed to do anything about lifting the ceiling on the interest — 4¼ per cent — which the government may pay on its long-term bonds. While responsible Democrats realise that efficient debt management is today impossible under this condition, so far the rank and file of the party have refused to go on record as favouring higher interest rates in any form.

But, while the Treasury had to begin the fiscal year by raising $5 billion in short-term bills and will be going to the market again next month, it will not need to borrow nearly as much this year as it did last, for it now looks as if the 1960 Budget might be balanced. Paradoxically the Administration, which almost made itself a laughing stock by insisting last January that this would be possible, is now pooh-poohing suggestions that a balance is really in sight. Government officials are evidently afraid that, given any encouragement, Congress might start adding to spending programmes again.

On the income side Congress has refused to increase either postal rates or the petrol tax, items on which the President counted in his original balancing operation. It has, however, put up the taxes which insurance companies pay and has continued corporate income and excise taxes for another year at the rate originally imposed to meet the cost of the Korean war. The House managed to frustrate an attempt in the Senate to add some drastic changes in the tax legislation, which would have favoured passenger transport and penalised incomes coming from stocks and shares. But the main reason why the 1960 fiscal year opened so happily is the booming economic recovery; this is bringing a dramatic upsurge in business profits and personal incomes, and therefore in the estimates of the sums to be brought in to the Treasury by taxes on these two main sources of government revenue.

THE WORLD OVERSEAS

Berlin's West German Visitors

FROM OUR BONN CORRESPONDENT

At a reception for foreigners attending the Berlin film festival a Brazilian playwright in search of European wisdom asked Burgomaster Brandt whether he thought that the next federal chancellor, whoever it might be, would appreciably alter the course of German policy. "Well", Herr Brandt began sleepily, "since it looks as though Dr Adenauer is going to be with us quite a while yet — let's say, perhaps for another century..."

The socialist lord mayor was absent from the airport next day when the chancellor arrived to play his now minor role in the presidential election. He explained he had had to attend a party meeting; which everybody remembered was precisely the excuse that Dr Adenauer gave for not calling on the governing Burgomaster last December when west Berlin was about to elect a new city government under the shadow of reviving communist pressure. A shade humbled, if only fleetingly, by recent murmurings against his overbearing ways, Dr Adenauer seemed to have taken Herr Brandt's neglect to heart. During one of the tedious waits while ballot papers were being deciphered beneath the ferocious eagle in the Preussenhalle, he led Herr Brandt ostentatiously through the crowded restaurant into a private room and there spent half an hour with him alone. Just a *tour d'horizon,* the inquisitive were subsequently told: Berlin, Geneva, and all that. Later Dr Adenauer put it out that he hoped to spend several days in Berlin towards the end of the month. He has been accused repeatedly of indifference to the fate of the socialist-inclined city over three hundred miles from his native Rhineland.

Such chronicling of huff in high places, tit for tat, and making up again, must sound trivial outside Germany. It would not be worthy of record were it not but one of too many undignified skirmishes in which prominent German politicians have lately been engaged, largely in consequence of the confusion and annoyance caused by Dr Adenauer's startling gymnastics and assiduous belittling of other people. Perhaps not wholly taken in by that eagle, members of the Bundestag interested in ascertaining what sort of a figure they and their octogenarian *dompteur* have recently been cutting in the eyes of the public should have used the opportunity of being in Berlin to see the political cabaret staged by the *Stachelschweine* (hedgehogs) nightly to full houses just off Kurfürstendamm. The number of jokes inspired by happenings in Bonn, and the composition and the reactions of the audience, might have helped them to appreciate more clearly how much they have lost face this summer among their constituents.

Under the laws of the Weimar Republic, the president of the Reich was chosen directly by the whole electorate. Pronouncing this practice to have fostered an undiscerning and costly demagogy (shades of Hindenburg and Hitler), the postwar constitution-makers ruled that the president of the Federal Republic should be elected by the more enlightened parliamentary representatives of the people rather than by the people themselves. But since in one way and another these representatives have lately been putting the superiority and independence of their judgment in question, the people can scarcely be blamed for having become bored, cynical, or disgusted. The federal president-elect, Dr Heinrich Lübke, has already hinted both in public and in private that he considers his prime task, when he assumes office on September 15th, will be to try to promote national unity by restoring public confidence in the institutions and processes of democratic government. Evidently President Heuss agrees with him. In a congratulatory telegram to his eventual successor, Professor Heuss referred to "the manifold and unhappy bewilderment of recent months" that needed to be stilled.

Being the sort of man he is, Dr Lübke may pull it off. But he will begin his task with several heavy handicaps. Probably the least of these will prove to be the circumstances of his election — the public knowledge that until the last moment he was not considered by his party to be the best man for the job; for Dr Lübke is unquestionably a likeable man who will have no difficulty in winning a great deal of personal sympathy once people get to know him. A much more formidable impediment will be his confessional and party loyalties. Unlike President Heuss, who is a protestant and a Free Democrat, Dr Lübke is a practising catholic and a member of the Christian Democratic Union, as is Dr Adenauer, who has dominated the political scene so long that the charge is being increasingly heard that he is fashioning the Federal Republic into a one-party state — a *CDU Staat* — against the wishes of something like half the population of west Germany and at least three quarters of the population of east Germany. Yet from what is known of Dr Lübke it seems that he will prove to be a genuinely impartial and tolerant president, in spite of being in the awkward position of having to deal with a notoriously self-willed chancellor who has long been his chief and is twenty years his senior. It is possible that Dr Adenauer has learnt something from the hostility he has encountered during the past few weeks and will continue to be governed by his present conciliatory spirit.

Although they are disappointed that not a single Christian Democrat seems to have voted for their candidate by way of slapping Dr Adenauer with impunity, the Social Democrats are on the whole content with the result of their bid for the presidency. They have added to to the public conception of Professor Carlo Schmid's stature. At the same time they have retained him as a potential chancellor to present to the electorate in 1961 in place of the dowdy figure of Herr Ollenhauer.

Right and Left of Sir Roy

BY OUR SPECIAL CORRESPONDENT

In the eyes of the great majority of white Rhodesians, Sir Roy Welensky has gone forth as their champion to do battle with the ogres of Britain — the Labour party, the British press (though this may be in disarray), and the Colonial Office. His foray was planned some time ago, but now clearly it will largely be taken up with negotiations over the preparatory or parliamentary fact-finding commission which was to have visited the Federation, and over the composition of which Sir Roy and Mr Gaitskell signally fail to see eye to eye. On the British side, politicians of both parties will do well to make a new estimate of the Federation's prime minister; for whichever side wins the next election (and white Rhodesians as devoutly hope it will be the Tories as black Rhodesians pray that it may be Labour), it will be Sir Roy with whom they will have to deal in the tricky period leading up to, and during, the 1960 constitutional conference.

How strong, politically, is Sir Roy? Enormously strong on any practical estimate. After three elections, he dominates the Federal house; his United Federal party with an apparently slim majority of four nonetheless increasingly dominates the Southern Rhodesian territorial house (Sir Edgar Whitehead makes no bones about the fact that he is Sir Roy's lieutenant). Though the UFP just failed to win a majority in the Northern Rhodesian house, it is the major influence there. And now that Sir Arthur Benson has departed (between whom and Sir Roy a state of cold war prevailed), the governor in Lusaka is a Southern Rhodesian. And even in Nyasaland, where colonial office rule prevails, the governor, Sir Robert Armitage, leans heavily on Sir Roy — perhaps more heavily than on his own officials at times. Practically the entire press is behind Sir Roy — even the African newspapers owned by the Paver brothers. The radio is virtually his. Big business is behind him, and behind his party's finances. There is little future, immediately, for any politician not in with Sir Roy. And, in the suburbs, after the emergency, the Stonehouse affair, the various remarks passed in parliament at Westminster — well, it would be rather poor form to be against Sir Roy. He is not Huggie; but he is the settlers' Disraeli.

Yet there is opposition. To the right is the Dominion party, which passed its apogee with the part it played in the expulsion of Mr Todd from Southern Rhodesian politics. It made a poor showing in the federal elections, and did worse in Northern Rhodesia. It has a plan: the famous Field plan to split off Nyasaland, Barotseland and other irretrievably black areas into native states, which would live on a dole from the copper mines, and to maintain white supremacy — and a fairly strict regime of social apartheid — in the Greater Southern Rhodesia that would remain. It has some African nationalist support for this plan — on the basis of a temporary alliance. The Dominion party, however, is sick. Its leader, Mr Field, a genuine idealist, serves it from duty, and cannot compose its quarrels. Its most formidable member, Mr Humphrey Wightwick, does not see any real future in opposition, and finds many friends in the UFP. He is reputed to desire a coalition if not a merger. In the Southern Rhodesian house, the Dominion party leader, Mr Aitken-Cade, is no match for Sir Edgar Whitehead.

Sir Roy, however, is anxious to keep the Dominion party going; he needs an opposition on his right which will impress London with the dangers of thwarting him; his orders to Sir Edgar are to preserve Mr Aitken-Cade with loving care, at least until after 1960. Sir Roy may be a little less happy about the Central African Party to his left, though it has but four members in the Northern Rhodesian house. But it is organising itself, and a satisfactory division of labour has been made by electing Mr Todd as federal leader and Sir John Moffat as Northern Rhodesian leader. So far the CAP lacks a very distinctive policy; it certainly supports federation, which almost destroys its prospects in Nyasaland for a start. Moreover, though it is liberal, its high command is white, and looks for white votes. On this basis, Sir Roy holds all the cards.

But the CAP could be formidable in its own right, if it chose to go all out for African support. Mr Todd still holds the confidence of most of the Africans of Southern Rhodesia and many in Northern; some Nyasalanders would follow him if Dr Banda were permanently out of reach too. Sir John Moffat fought for the Africans on the African Affairs Board (now a UFP body). Both speak out against the social colour bar, now being battered by Africans. With the Africans, moreover, there is work to be done that needs doing; above all, the registration of Africans as voters, and more especially on the Southern Rhodesian register in the teeth of the native affairs department's quietly effective campaign to discourage this. From such vig-

orous grassroots politics, a better black-white political partnership could grow — one still out of the reach of the UFP. But there is none of the early British Labour party fervour among the well-off whites of the CAP; and, of course, no understanding of communist political methods. It is all rather wishy-washy, rather gutless, given to highflown sentiments, tea and buns.

But meanwhile the chance to rally the African masses, bewildered and disorganised after the shootings, jailings and proscribings, behind a liberal interracial party is passing. These are the critical months; but the CAP is not yet saying, loud and clear: "We will talk for you in London in 1960, whatever Sir Roy says. We will make the British alter the Federation; you shall have more votes; more devolution. But you must register, you must join, and you must swell the CAP vote at by-elections. That is what Sir Roy respects; that only; and the British are the same. But if you go underground, and play sedition, you play their game, for they are strong. May be some of you have aims beyond and more radical than ours. But the journey to Accra is a long one; surely it is worth taking a lift from a car for the first fifty miles, even if a white man drives it. Let's see how we get on." This would help Sir Roy for a time; but not in the long run. In the longer run it would help Rhodesia, still a no man's land between white and black Africa. If it fails to do this, the African Congressmen will in the end find a new name (such as the "Non-Violent African Voice") and new methods in a far bitterer political conflict.

Position Filled

FROM OUR CORRESPONDENT IN AUSTRALIA

WHEN the prime minister of Australia returned home this week, he carried with him the secret of who is to be the next governor-general. This (not a summit conference) is a topic that Mr Menzies went to Britain to discuss, and all was probably settled by the time the Queen and the Duke of Edinburgh departed for Canada. The present Governor-General, Field Marshal Sir William Slim, after the usual term of five years plus a year's extension, now feels that he must go home and will leave Australia in January.

Sir William Slim is held in such high esteem that it will not be easy to be his successor. Quite apart from that, his job is an arduous one that not every one of suitable age and eminence would wish to undertake. The governor-general is of course the Queen's representative in the Commonwealth and exercises under the Australian constitution roughly the same functions that the Queen exercises in Britain; he assents in her name to bills passed by the federal parliament (and in theory could dissent or reserve a law for the Queen's pleasure); regulations under acts of parliament are made in his name; he summons, prorogues and dissolves parliament — all these executive functions being by convention performed on the advice of his ministers. Another of his duties is to exercise the prerogative of mercy, though only in those parts of Australia that come under federal jurisdiction — that is, the capital territory, the Northern Territory, and the eastern half of New Guinea. The governor-general cannot interfere in anything that is within the sphere of state rights. Each of the six states has its own governor representing the Queen.

Australians themselves do not always understand that the governor-general's powers are limited by the sovereignty of the States, and they are apt to add to his labours by writing to beseech him to override some state law or to protect them from state bumbledom. Sometimes they tell their troubles to the Queen, and these letters too come straight back to the governor-general. If such a letter refers to something within his province, and seems to voice a genuine grievance, the department concerned may be asked to send the relevant papers to Government House. Usually, however, the letter is simply passed on to the department, and the writer is told that this has been done. Most of this work can be handled by the Official Secretary, who for his pains will often get some such reply as this: "I see that my letter to the Queen was intercepted and never left this country. Now I know that we have a Gestapo in Australia." Or, "My letter was addressed to the governor-general and not to you, you — bureaucrat." But though the governor-general is spared the lunatic or purely routine cases, there is an inescapable residue that he must deal with.

Many people would find equally tedious the ceremonial side of the governor-general's life — the taking of salutes (he is commander-in-chief of the armed forces), the opening of institutions, and the formal dinner parties several nights a week — though the degree of ceremony and formality is to some extent within their individual excellencies' control. Paradoxically, some duties have been made more burdensome by modern transport and communications. Once it would have been a big occasion indeed that would induce the governor-general to spend weeks journeying by land and sea to some distant city. But now he is expected to hop into a plane to attend all sorts of functions. This is good for the Commonwealth in that it has enhanced the governor-general's role of unifying the too separate States. But it is not very good for the governor-general.

A governor-general today needs to have the health and strength of a youngish man combined with the grandfatherly maturity that makes the father-figure. He should be outstandingly eminent — if not by personal achievement, then by royal birth. It is preferable that his achievement should not be in political life, but if it must be, then better British than Australian. Australia has had one politician as governor-general in recent years: Sir William Slim's predecessor, Sir William McKell, had been Labour premier of

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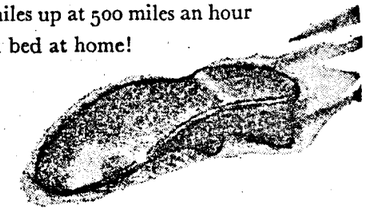

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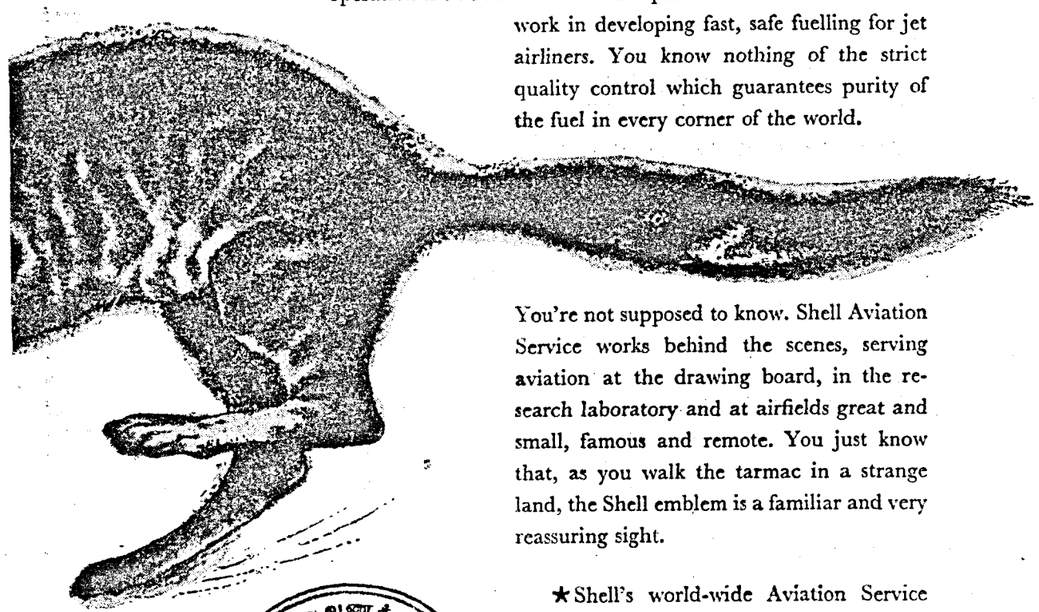

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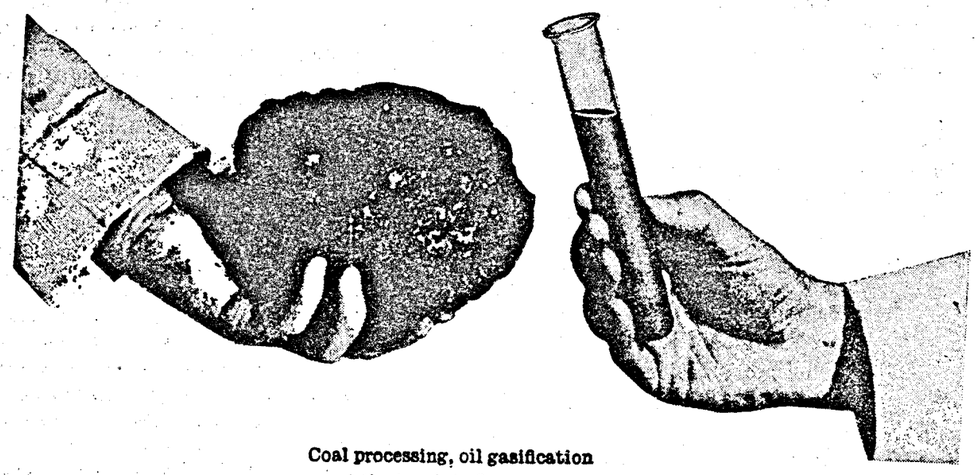

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New South Wales. That did not seem to cause any great difficulty, but in general it is better that the father-figure should be above political strife. A politician, moreover, might have difficulty in keeping his mouth shut — in preserving the all-wise mindlessness that is required of royalty and vice-royalty. Sir William Slim has allowed himself two calculated indiscretions a year, but his carefully regulated explosions of common sense can be attributed to soldierly bluffness, not to political bias.

A military man is in some ways particularly well qualified for the job, since he is used to ceremonial. But there is a feeling that there are too many military men in Government Houses in Australia. All the state governors are military officers, except Lord Rowallan who is going to Tasmania, and he is paramilitary; and all of them are British except the governor of New South Wales. A recent poll showed that two-thirds of the population want an Australian as governor-general — two-thirds which probably include all the Labour voters. Labour prime ministers have recommended two Australian-born governors-general: Sir Isaac Isaacs, a former Chief Justice, and Sir William McKell; they have also recommended several British ones, including the Duke of Gloucester. But other governments have always brought out a Briton to the big house at Yarralumla that so aptly symbolises Australian development, being a nineteenth century homestead converted into a stately pile.

La Gangrène

FROM OUR PARIS CORRESPONDENT

GANGRENE, says the Oxford Dictionary, is a necrosis, usually with decomposition, of part of the body. *La Gangrène* is the title of a small book bringing together the testimony of five young Algerians about tortures which they claim they suffered at the hands of the French police. The book's gruesome detail brings nothing new to people who had the stomach to read previous reports on torture in Algeria, such as M. Alleg's *The Question*. It is the same story of beatings, inhuman humiliation and repeated use of electric shocks (that modern version of the medieval rack). The only novelty — and the reason for the book's title — is that these events are alleged to have happened not in Algeria but in Paris. Until now, Frenchmen had thought that these practices had been perpetrated in their midst by the Gestapo alone.

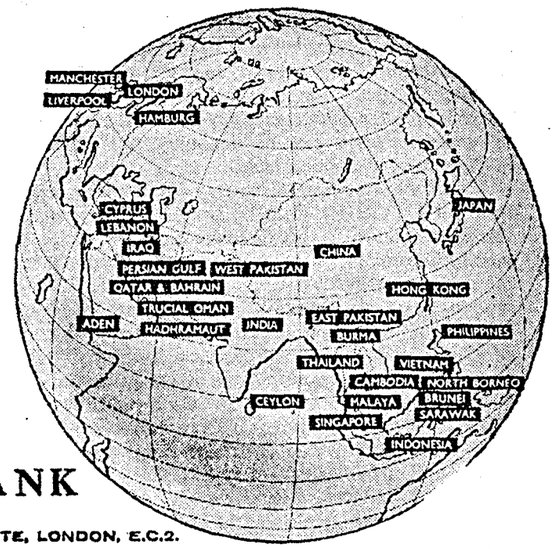
The hundred-page book containing these serious charges had only one day of legal existence. Hardly had papers like *Le Monde* begun to ask awkward questions than the book, published by *Les Editions de Minuit*, was seized on the ministry of the interior's orders. On June 25th M. Debré claimed in the Senate that this "infamous work" was a complete invention written by two hacks paid by the Communist party. M. Frey, the minister of information, was less emphatic a few days later. The book, he argued, contained assertions obviously false or exaggerated. But this discrepancy is not the only reason for questioning M. Debré's explanation. To seize is not to answer. The young Algerians' statements contained detailed accusations which have to be refuted. Some of their fellow prisoners still maintain that they did see the men in question in a pitiful state. There are also the doctors who could give evidence. And these are not the only allegations. At a trial in Toulouse last week two Algerians also claimed that they had been tortured.

It might be argued that torture is an inevitable consequence of the Algerian war. M. Mauriac, whose Christian conscience used to prompt him — before his conversion to gaullism — to attack the government violently whenever such cases were revealed, now seems resigned to this view. But the present government is not resigned to it — at least officially. After General de Gaulle's return to power, M. Malraux proudly proclaimed that there would never more be any torturing under French rule. He should now either refute the charges or have the culprits punished.

Whatever the merits of this case, the rot has spread surreptitiously to France. There are many symptoms. On June 26th, M. Servan-Schreiber, the able and courageous editor of *L'Express*, who is also chairman of an ex-servicemen's association that advocates a negotiated peace in Algeria, was to speak at a meeting in Lyons. But as soon as the meeting opened a gang of thugs, armed with bludgeons and whips, broke it up. The police finally intervened to prevent a massacre, but not before several people — including M. Servan-Schreiber — had been beaten up. The patriotic thugs have gone scot free. So have the murderers of Maître Aoudia, the Algerian lawyer in Paris, although the French police have recently given proofs that they can catch other criminals very quickly indeed.

Voici le temps des assassins. Was Rimbaud's cry prophetic, though premature? The atrocities of the last war and the potential horrors of the atom seem to have dulled the human conscience. True, there are still many Frenchmen willing to protest against torture. But they are a minority, and run the risk of being charged with defeatism or unpatriotic behaviour. To justify the seizure of *La Gangrène* M. Frey used the curious argument that it would have a bad effect abroad. Tangible proofs of innocence are more convincing than censorship. At a time when allied governments are urged to give unconditional backing to French policy in Algeria, their people are entitled to know what it involves. There are cases when silence means complicity, and scarcely more than a decade ago the world was full of argument about collective guilt. France's partners, like Frenchmen, have a deep interest in clear answers to awkward questions. They do not want to be compelled one day to echo in chorus the title of a French film: *Nous sommes tous des assassins.*

British Banking in Asia



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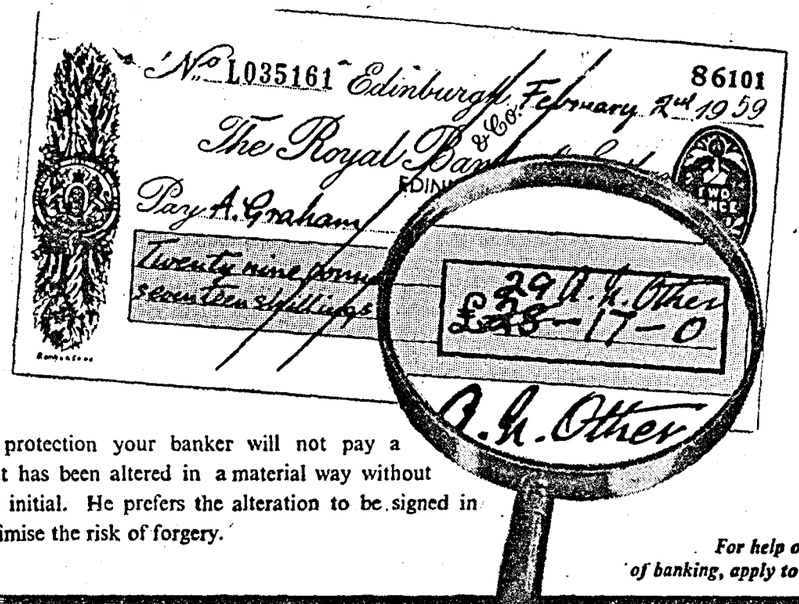

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THE BUSINESS WORLD

PRIVATE SECRETARY TO CHANCELLOR OF THE EXCHEQUER
21 JUL 1959
PUBLIC RECORD OFFICE

Money for Government

THE most consistent feature of the stock markets in London and New York this year has been coolness for government securities. The state of the economy in Britain is held by many observers to demand a lower long-term rate of interest; it has not induced many investors to buy gilt-edged at those allegedly extravagant rates. Even when the rise in equities has faltered, the switch to government securities has been modest. In London, the cult of the equity still stops just short of reversing the traditional relationship with yields on fixed interest securities. The break in the equity market early in June came, once again, when the average yield on shares in the *Financial Times* index had been brought within a fraction of the yield on Old Consols. But the yield on the share indices was already perceptibly below the yield on any other irredeemable or long dated gilt-edged security; and it is quite conceivable that a Conservative victory at the coming general election would give a boost to equities sufficient to push yields through the barrier set by the pure long-term rate of interest. That relationship has existed for some time in other countries, including the United States, Germany and France. Its prospect in Britain demands a reconsideration by investors of traditional precepts. No less, it demands a reconsideration by officials and by everyone interested in the working of a modern economy of how government is to borrow the money it needs to finance investment in the large public sector and to regulate the country's credit base.

The state of the gilt-edged market in past months is not to be compared with its utter demoralisation two years ago. The drastic monetary measures taken in September 1957 did a great deal to revive confidence in the currency. And for a year or so, that confidence was reflected in the gilt-edged market, which absorbed very large sales of stock by the government. Last autumn the tide turned. This coincided with the beginning of sales by the banks to finance their soaring advances. Many of these sales of gilt-edged, which had by last month reached over £300 million, are in effect absorbed by the authorities, but they exert a depressing psychological influence on the market.

At the same time, much of the switch away from gilt-edged by private and institutional holders reflects past rather than present feelings about financial investment. Most of the life offices, for example, have regarded gilt-edged more favourably in the past eighteen months, and some have added to their holdings; but for the most part they are implementing decisions to switch to equities taken years ago, a switch that for large investors, and those reluctant to face a realised capital loss on the existing book, had to be spread over many years. Many trust funds, moreover, have not been allowed until very recently to invest in securities outside the Trustee Act; recent sales of gilt-edged by them reflect simply the grant of permission by the courts, helped by new legislation in 1958, to implement long-standing preferences. All this makes gilt-edged look rather more friendless than they are. Yet making all these allowances, the performance has been disappointing. If gilt-edged are not attractive when the economy is in recession and prices are stable, when will they be?

This experience since 1957 seems to confirm, not with certainty but to a reasonable degree of probability, a feeling that has come into the minds of most investors since the end of the war: that equities may in modern circumstances have new and permanent attractions as an investment medium. The attraction of a stake in real assets is obvious at a time

of inflation; and fears of inflation have played a big part in the moves out of gilt-edged. But there is more to it than that, as we now see. Assume that inflation will be kept within bounds. Dividends from government securities will then be saved from monetary depreciation. But equity shares, which traditionally have been subject to the continual risk of a passing of the dividend and loss of capital, are to-day regarded, as a whole, as a stake in general economic growth which is pretty well taken for granted.

The chance of gain is bigger than it used to be; still more important, the risk of loss is considered smaller. In the first place, America's mastery of its third and most threatening postwar recession is taken by some people to show that the pre-Keynesian slump will not happen again. And secondly, even the investor who picks the wrong industry has a good chance of being saved from some of the risks of his risk capital by government action — whether by loan, grant or at times even by nationalisation. Holders of cotton shares, Cunard or the old LNER will know what we mean. Of course the risk of loss has not been eliminated, as unselective investors have found to their cost. But it may not be unreasonable to postulate, and many sophisticated investors have evidently done so, that the risk of loss on a portfolio of leading equities is less than the risk of monetary depreciation of gilt-edged — even if that risk itself is not considered unduly great.

For some investors, these considerations are still not decisive. They may need absolute certainty of receiving at given dates a given money income; to some extent that is true of life offices looking simply to actuarial commitments. They may place prime importance on liquidity — as the insurance company writing fire and accident risks must do to some extent; it is still usually easier to unload a substantial block of gilt-edged stock than the same amount spread over only a few equities. But if the investment climate really has undergone a fundamental change, gilt-edged will be fighting a losing battle. The cries of "something must be done" are not to be treated with the contempt to-day that was apposite two years ago when the government had not done its primary job of checking the debasement of the currency.

One perennial suggestion is for a radical departure from the fixed monetary return on government securities. Certain countries that have been particularly beset by inflation have introduced bonds whose fixed return is adjusted by an index reflecting "real" values; the cost of living, average prices of equity shares, or the free exchange rate against the dollar have all been used. The objections to this device are obvious. It has a devastating psychological effect in its manifestation that even the Government itself does not expect to maintain the value of the monetary unit; and in practice it is likely to prove so expensive that the equivalent fixed coupon would probably have drawn at least as much support. For these and other reasons, France, one of the few advanced countries to have made extensive use of "indexing", is ridding itself of it as part of its programme of financial *assainissement*.

A possible variation on the index theme is the idea of a "government equity", with a return varying with the real output of the national economy as a whole. This does not attract the same objections of principle as the straight inflation-hedge; and it might conceivably prove a popular side-show, in the same way as premium bonds have done. But the brunt of government borrowing could surely never be borne by such devices. Any major departure from the fixed interest principle would be dangerous and, in our view, wrong. The Government must demonstrate its faith in its money, and be under the strongest pressure to maintain its stability; and it should continue to provide the main repository for the many investors who want a fixed, guaranteed and non-depreciating monetary return.

If this argument is accepted, there remains one self evident means of making government securities attractive: by offering an attractive return. The authorities have moved a good way in that direction, under force of circumstance: they might have to move further yet. If investors rather than Sir Roy Harrod are right ,and the economy in future years is likely to be characterised by steady growth rather than by under-investment, then a continued high rate of interest will be the natural and desirable result; if investors prove wrong in their present assumptions, a high rate will not be needed to restore gilt-edged to favour. Immediately, while the economy is still judged to be in need of stimulation, a move to higher rates would obviously be anomalous; this year, some government borrowing from the banks rather than the gilt-edged market is in line with official policy. But the authorities should have no inhibitions, as soon as the economy is in need of financial restraint, in taking prompt monetary action and allowing gilt-edged to yield a sufficiently attractive return. The cost in the budget (which represents a transfer and not a loss of national income) is a minor consideration. Relatively modest increases in yield can have a powerful influence, especially if leading equities are yielding less. One can imagine, quite hypothetically, that a 6 per cent ten-year maturity might prove very popular with the growing number of private investors — and issues of this rather than a long maturity range would cushion the market depreciation of existing holdings.

Interest rates are historically high; but if investment conditions do prove to have fundamentally changed, these rates should not really be regarded as high to-day. The signs are clear throughout the world. In the United States, redemption yields on government securities have topped 4¼ per cent, which is the maximum coupon allowed by present law. If the US Treasury succeeds in its present bid to persuade Congress to raise that ceiling, America might move towards a 5 per cent long term rate; in the mid-fifties, the rate had settled down at around 3 per cent. The impact of this change on Britain has yet to be fully assessed.

What of the effects of high rates on industry? Do they not slow down investment and curb growth? It has been argued above that the pressure towa higher rates is itself a resultant of high achievem in these spheres, and of anticipation of furt achievement. In the theory, let it be repeated, mo ments in the financial markets reflect "real" econo influences and help to guide them in the right di tion. And in practice, the postwar experience Germany has been a striking demonstration that h — very high — interest rates can go side by side v very high investment and very rapid growth.

High rates certainly encourage a pruning of profitable investment; that does little harm. Wh British industry falls behind in investment the ex nation is less often that it has been calculated t the investment will not pay than that there h been no such calculations at all. That, presumably an argument for investment allowances; though true that these are anomalous at times when dem for capital is strong. The logic of the age of full ployment, in which money is easily put to use, is those who borrow money must pay dearly for it, those who lend receive the appropriate reward.

BUSINESS NOTES

VOTING SHARES

Giving Equity A Voice

ONCE A company is past the initial stages of growth, there is little point in leaving the bulk of the owners of its ordinary capital without a vote, or, at the best, only a limited one. If the firm is an efficient one — as the House of Fraser is — the directors have no need to fear for their jobs if the ordinary shareholders are enfranchised. If it is inefficient, the voteless share simply ensures that economic resources will go on being wasted. Almost all the public companies which retain voting control in the hands of a privileged few are well beyond that stage of growth where the devastating raid of a take-over bidder is to be feared. Many of them are efficiently run concerns that have ensured in their dividend policies that the non-voting owners of the equity have not suffered in their pockets. It would seem often to be only a desire to keep control within the family that has kept the non-voting equity alive in these companies.

In recent years, however, the disparity between the weight of voting and non-voting ordinary stock in these companies has become very much greater by custom of making scrip or rights issues — or share issues in satisfaction of a take-over bid — in form of non-voting stock. It is this growing dispa that has hardened opinion in the City against voteless equity. Dislike was strengthened when family interests in Carreras sold out at an extrem good price, leaving the owners of the bulk of the eq high and dry as minority and still voteless shareho in another company. Later the voteless ordinary sh holders in Jaguar Cars must have wondered quite v the meaning of equity was when, on rumours possible take-over, the price of the voting shares so and their own stock was left on the ground.

How long family pride will hold against the grow pressure of opinion remains to be seen. But the brea are beginning to appear in the wall: last autumn enfranchised all its shareholders and now the H of Fraser, making a one for forty scrip issue to voting stock in view of the disparity in market pr between the two classes of ordinary stocks, is to a full vote to the "A" shareholders. Until, howe such concerns as Marks and Spencer and Great U versal Stores grant all their ordinary shareholde vote, in keeping with their liberality to them in m tary terms, the wall will not come crumbling dow

THE ECONOMY

No Kickback from Sterling

On the eve of the holiday and the sterling crisis season, the waters are still mercifully calm. The nitial lift has been given to the domestic economy vithout sign of the much feared reaction in the overeas accounts. The inflow of gold and convertible curencies in June, at £19 million or $53 million, shows terling's underlying strength, which had already been pparent in the exchange markets. Big payments to the nternational Monetary Fund have been made, and yet ie reserves are above their level at the beginning of ie year. Not for many years has sterling stood so rong at midsummer. The months of biggest strain are ill ahead; but the present indications are that the asonal pressures should easily be met.

Inflows of short term funds may have played a small irt in sterling's continued strength; but the main ement has been the current balance. The balances of erseas sterling countries have almost certainly imoved, and the deterioration in Britain's exceptional 58 surplus has so far been less drastic than was excted. A new series of quarterly figures of the balance payments shows a current surplus in January-March that is before the excellent trade returns of April-ay — of £78 million. That compares with a peak rplus in the first quarter of 1958 of £170 million; no arterly figures are available for earlier years. On a ie payments basis, the visible trade deficit in the st quarter was limited to £14 million; this was offset a net surplus of £92 million in invisible payments. Final agreement has now been reached about the tlement of debts and credits under the old European yments Union. The upshot of the complex bilateral eements is that in the next two years Britain's net yments on this account will be a little more than the 20 million a year paid under the old funding agreents, but by the mid sixties, when France will begin repay its bilateral debt to Britain, receipts will almost ance repayments.

THE MARKETS

Wall Street and London

quity prices both in London and New York at the end of last week came back to the peaks they ched earlier this summer. That suggests that the lertone of both markets is strong, or, at least, it ngthens the impression that the level at which stance occurs to any fall in prices, expressed in ns of renewed buying by institutional investors, is igh one. One reason for this in the British stock ket is the success that the unit trusts, both new old, have had in attracting new savings to equity investment. There is in fact a persistent shortage of good class industrial stocks, as more and more of them are locked away in institutional portfolios.

Now, however, stockbrokers who have been heard to complain of the pressure of work that the boom brought to their offices should be able to relax a little. The holiday season always produces a slackening in activity both in dealings and new issues; in practice, therefore, the disruptions of the printing dispute may be less serious than they would be at other times of the year. In a thin market, it usually pays to move cautiously; and in the London market, the present need for caution is strongly reinforced by the inescapable fact that as every day passes a general election draws nearer. There may be the isolated explosion of interest in a stock affected by a take-over bid, but there is, in logic, reason to believe that equity prices should for the time being simply bump along. Wall Street faces a different and possibly less ephemeral check: the move to dearer money. Last week the rate on six months US Treasury bills rose to 3.7 per cent; and yields on a new Treasury sale of 258-day tax anticipation bills topped 4 per cent.

BEA JET

De Havilland Dilemma

The contract given to de Havilland to build 24 medium-range jet airliners for British European Airways, announced early last year and still unsigned seventeen months later, has put the company, the corporation and the rest of the aircraft industry on a multi-horned dilemma. For economic reasons, BEA specifically requires a jet of medium range; for reasons known only to its own engineers, it also has a marked preference for an aircraft with more than two engines (but for this prejudice the corporation would have no excuse for rejecting the French Caravelle twin-egined jet). But since the first tentative performance of the de Havilland airliner was worked out in the middle of 1957, the power of its three Rolls-Royce engines increased substantially to a point where the aircraft can carry, not the 70 to 80 passengers required by BEA, but not far short of 120. This is too big for the traffic expected, but if one engine were removed the aircraft would be reduced to something approaching 60 passengers, and this is too small.

Other companies in the aircraft industry are anxious to step in at this point and build BEA the 70 to 80 passenger jets that the corporation requires; it would, however, be extraordinarily difficult for BEA to change horses at this late stage and the latest plan appears to be to shrink the now fairly massive de Havilland aircraft down in size again by cutting ten to twelve feet off the fuselage and reducing the seating capacity from 118 down to 75 passengers. This can only be done if Rolls-Royce agrees to develop a scaled-down version of the original engine, an expensive process when the company is virtually committed to supplying the engine in its original, high powered form, for later versions of the French Caravelle. An alternative, which would hardly please Rolls-Royce, would be to substitute a Bristol Siddeley jet. This is one difficulty that the Minister of Supply can leave the industry to sort out for itself; the entire venture, including the engines, is privately financed which, in the circumstances, is probably just as well.

TAKE-OVER BIDS

Competitive Urges

The take-over bid is now so much in the fashion to have become almost a craze. An offer is made and no sooner has it been dispatched than another, at a better price, is on the way from a rival bidder. That rivalry works to the advantage of shareholders, for they are the sellers in an auction in which bidding establishes a price much closer to the real values of the shares than limited dealings in the sock exchange have done in the past. Auctions have already started for R. E. Jones, the hotel owners, and for International Twist Drill. Another has begun for Brand's Essence and A1 Sauce and the poor offer for the preference shares of Frederick Gorringe from Franco-British and General Trust may be the beginning of yet another. One aspect of these auctions is the part played in them by comparatively newly established dealing and finance houses, which, occasionally acting for unnamed principals, seem to relish the cut and thrust of a take-over struggle. These houses do not, of course, have the reputation of the established merchant banks and they operate much less conservatively.

Some of the competitive bids that are made seem to be designed as much to keep the other fellow out as to get in oneself. Competition can drive — and indeed, as in Harrods, has driven — prices up to very high levels, the bidders seemingly being very confident that either hidden balance sheet values or bigger profits or both can be realised. Some pushful bidders may end up with bad bargains: if they do, they have no one to blame but themselves. They are not usually offering to buy a collection of assets to be broken up and sold off; they are bidding in practically every case for a going concern, which they intend to merge with another. To realise a hidden property value has a cost to the bidders in the shape of higher future rentals, and in buying a going concern they have to look beyond the asset values towards the earnings potential of the company. If they do, they may find that their bids put a price of a good number of years' purchase on profits. Recently, for instance, Harrods has earned a net profit of just over £1 million a year; the three bids that have been made for its ordinary and preference shares all put a price of over £32 million on the company, whose net assets at book values are worth about £14½ million.

Harrods, it seems clear from the statements made by its directors, will eventually go to the highest bidder. All three bidders have said that they wish to preserve the traditional business of Harrods. But to justify the prices they have offered can they really afford to leave the comfortable ways of the Knightsbridge store unchanged, to say nothing of the company's provincial stores? The price being offered for Harrods and for other concerns only makes economic sense if the bidders are certain that profits can be jerked forward. They will be lucky to achieve this from any going concern without quite radical structural changes.

FOREIGN EXCHANGE

Dollar Deposits in London

Sterling's strength in the foreign exchange market, where the rate against US dollars has remained around $2.81¼, has again stemmed mainly from commercial demand; but there has recently been some support for sterling on capital account. This support derives largely from the growth of foreign currency deposits with London banks. Two main types of business are being transacted. The first is the acceptance of dollar, Swiss franc and other currency deposits by banking houses in London. These are usually for one month and on such dollar deposits London banks have recently been offering between 3-3¼ per cent, or appreciably more than the continental depositors could get at equivalent term in New York. The dollars are converted into sterling by the London house and the sterling is lent for corresponding periods to local authorities, hire purchase finance houses or similar borrowers who are prepared to pay around 4 per cent for this type of accommodation. The exchange risk is covered by a forward sale of sterling against the currency in question and a reasonable margin of profit is retained by the London banking house. Such deposits, it should be noted, are not included in the United Kingdom's published overseas banking liabilities. They are not sterling balances. The only sterling liability is between one resident and another.

The other type of currency deposit business, which has acquired considerable importance recently, is the borrowing and re-lending of dollars by London banks. At present New York banks are paying 2½ per cent on dollar deposits and charging 4½ per cent for loans. This margin provides scope for brokerage business on the part of London banks. They have been taking dollar deposits from Swiss, German and Dutch houses and relending the dollars, mainly to Canadian banks

which are exceptionally short of cash, but also to French and Italian banks. This is wholly intermediary business which London has been able to attract by reason of its unexampled network of correspondent banks and agencies.

The total amount of such currency deposits outstanding at any time is difficult to estimate since, particularly in the second type of such business, the same dollars may be lent and relent more than once. But at a rough guess it has been estimated that the amount outstanding may be around the equivalent of $500 million of which the major part would be dollars borrowed and relent by London banks. Between $100 million and $200 million represents currency deposits converted into sterling. This is obviously liable to sudden withdrawal: but the exchange risk has already been covered in the forward exchange operation.

WORLD BANK

More Finance from Europe

THE World Bank is actively considering a number of bond issues in Europe, Mr Eugene Black, its president, told the twelfth international banking summer school which recently met in Switzerland. Mr Black pointed out that while about half of the Bank's $1,900 million of funded debt is held outside the United States, the great bulk of this consists of European holdings of dollar bonds. But he added that he was sure the Bank would be redressing the balance considerably in the months ahead. A marked shift has already taken place in the pattern of expenditure of Bank funds. In the past year the share of non-dollar suppliers has risen to almost 60 per cent.

The Bank is giving much thought to broadening the market for its bonds, especially in the United States. Mr Black says that much the biggest buyers now are the pension funds, which together are estimated to hold half the Bank's stock outstanding in the United States. Life insurance companies and saving banks, which five years ago dominated the lists, have declined in importance. Another source of attracting private finance is through participation in the Bank's loans. In total, these have brought in $565 million. The participations are taken up without the Bank's guarantee, and have been confined to the early maturities. A few days after Mr Black spoke, however, the Bank announced a loan of $35 million for the development of extensive high grade manganese deposits in the Gabon Republic in French Equatorial Africa; Lazard Frères of New York is arranging to place at least half the loan with institutional investors who are taking the full fifteen years' maturity.

HIRE PURCHASE

Still Booming

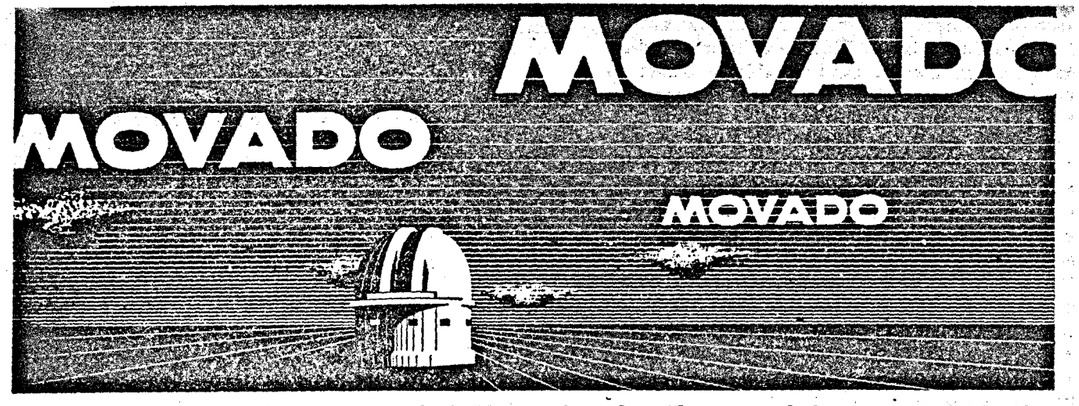
ANY sudden surge of buying on hire purchase is apt to bring its own setback, as the burden of increased repayments grows. But the hire purchase boom set off by the removal of restrictions last autumn is still in full swing. The Board of Trade estimates that the rise in total HP debt quickened in May to £34 million, after increases now put at £27 million in April and £22 million in March. This brings total hire purchase debt at end-May to £727 million, a rise of £200 million since end-October. Most of the increase was again for motor cars; and the tabulation by Hire Purchase Information shows that sales of cars on HP rose to a new record in June. Total contracts reached 92,776, over a third more than twelve months before. This continuation of bouyant buying on credit may be put down to the boost given to personal incomes by the budget reliefs and by industrial reexpansion — which the initial HP thrust itself helped to bring about. In this particular operation of economic policy, at least, the authorities' influence over hire purchase has proved an effective instrument.

DSIR

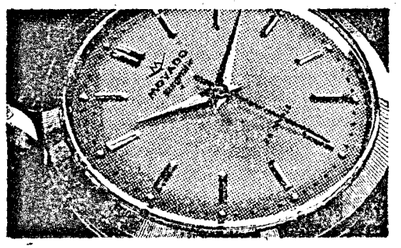
A Soft Answer

WHEN the working of the Department of Scientific and Industrial Research came under the review of the Select Committee on Estimates last year, the committee tentatively inquired whether it might not be a good idea to remove certain specialised laboratories, such as the road research laboratory, from the DSIR altogether and make them part and parcel of the government department responsible for roads in the case of the Road Research Laboratory, water supplies in the case of the Water Pollution Research Laboratory, and so on. The Council for Scientific and Industrial Research has now returned a softly worded and equally tentative negative.

The Select Committee made the suggestion in the first place because it was surprised at evidence of lack of liaison between DSIR scientists and the government departments that might have been expected to make most use of their services. The DSIR is against such a move for precisely those reasons that have made liaison difficult. It feels that so long as the laboratories remain independent, they can at least publish their work, even if this is ignored by departments it is intended to help. Were the laboratories to become out-stations of executive departments like the Ministry of Transport, scientists seem to fear that their work might be suppressed to suit departmental policy. What can have given them such an impression? Has the



For the third year in succession Movado wins the precision contest in the wrist-chronometer class at the official Swiss Observatory at Neuchâtel



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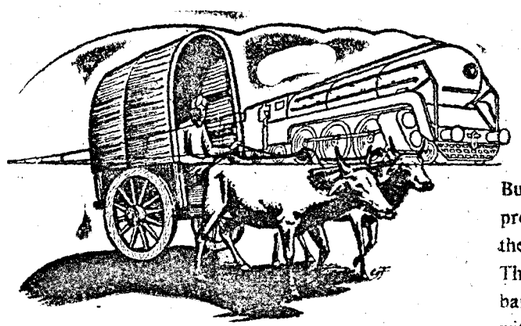

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D.S.I.R.'s experience made it so mistrustful of the Ministry of Transport that it would prefer to carry the heavy burden of running the Road Research Laboratory unaided rather than second it to the Ministry? The Select Committee was reluctant to believe that the laboratory was not consulted about tenders received by the Ministry for roads built to new specifications. Perhaps it should have probed a little deeper.

COURTAULDS

Pulp for Swaziland

In another move towards diversifying its interests, Courtaulds is to go into partnership with the Colonial Development Corporation in a £10,000,000 scheme to manufacture in Swaziland unbleached sulphate pulp for the paper and board industries. A new company, the Usutu Pulp Company, will be formed, subject to "further assurance from the appropriate authorities on water availability, road development and effluent disposal." About half the total investment of £10 million will be equity capital held equally by Courtaulds and CDC, and the balance will be debentures and loans. A sulphate pulp mill will be erected in the Usutu forests, and these are to be taken over by Courtaulds from CDC which, over the past ten years, has planted more than 90,000 acres. It is hoped that the new mill will have a capacity of around 100,000 short tons of pulp per annum, and production is planned to start towards the end of 1961. Shareholders of Courtaulds will no doubt welcome this further evidence of the board's willingness to venture outside the rayon textile industry, but the success of the project clearly depends on the continuance of low labour costs, reasonable freight rates and good communications to the nearest port, Bella Vista: at the moment no railway exists between Usutu and the coast.

DOUNREAY

Any Minute Now?

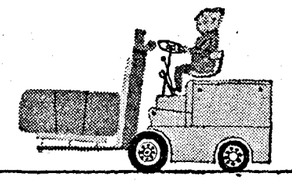
The Dounreay fast breeder reactor, one-time hope of Britain's nuclear power programme, is expected to go critical, i. e., to start working, before the end of the month. This is 15 months after the date originally specified, April, 1958, and the fact that no other big building project of the Atomic Energy Authority has ever fallen so far behind schedule indicates that there have been several changes of mind about Dounreay and its contribution to Britain's power supplies. A breeder reactor has many economic attractions: the most important is not the fact that it manufactures new reactor fuel at a faster rate than this is being burnt but its small size and the promise this brings of low capital cost. The core of the Dounreay reactor, capable of producing heat to generate 15 megawatts of electricity, is roughly a one-foot cube. This compactness overcomes the main existing disadvantage of nuclear power, especially on the British pattern, which is huge size and weight requiring elaborate foundations and extremely costly civil engineering.

But even a reactor as small as Dounreay holds enough pure nuclear fuel to produce a sizeable explosion and sufficient liquid sodium in its cooling system to start a formidable blaze. Hot uranium, as was shown at Windscale, burns merrily in the presence of air. Every precaution against failure is built into the reactor at the time it is designed; nevertheless, the delay in commissioning Dounreay last year was the direct outcome of a visit made by the designers to America a few months before the original date on which the reactor was due to go critical. On American advice they re-designed certain safety precautions designed to see that the fuel, if it should melt, could not run together into an explosive puddle at the bottom of the container; they also re-designed the fuel elements which have been a source of some trouble. At the same time, the project has ceased to enjoy the high priority that it had in the early days and many of its staff have been transferred to more seriously undermanned divisions of the AEA.

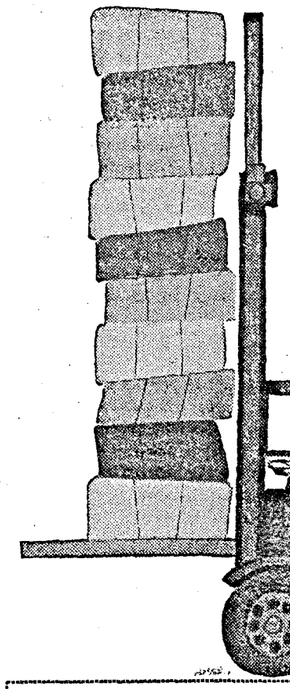
COMMODITIES

Recovery, Then Relapse

Recovery in commodity prices did not go far or last long. In the last seven weeks *The Economist* indicator, which averages the movements of seventeen items, has dropped by five per cent to 86 (1952=100). It is now nearly one point lower than a year ago and barely two points above the October trough, when commodities as a whole were at their lowest level for nine years. Though most items have weakened the sharpness of the relapse is mainly attributable to copra, which has dropped by 17 per cent in the last seven weeks, and to falls of roughly six per cent in copper, rubber, sugar, sisal and barley. Copra has fallen partly because the American government has decided to sell all its strategic stock of coconut oil, and copper and rubber have suffered from the threat of disposals from the strategic stock. Moreover, the production of rubber is increasing, the surplus of copper is growing, and the possibility of a strike in the American copper mines has diminished. But copper, after falling by £19 to £218 a ton — the lowest price this year — has since rallied to over £220 a ton. Lead has sagged below £70 a ton while zinc, in contrast, has risen to over £80 a ton, the highest price this year, and tin is steady at about £790 a ton. Among the fibres, cotton is steady, and though wool is lower on balance it has recovered



10 times bigger textile trade in 3 years!*



How's this for success? Four years ago a manufacturer of specialised textiles had an export turnover of exactly £4,855. Last year he topped £52,000—a tenfold increase in three years of ECGD credit insurance. A talk with his ECGD man had shown him that the financial risks of expanding overseas needn't hold him back, and with an ECGD policy in his pocket he was in a position to give credit straight away to big new buyers. In the very first year, exports shot up to nearly £13,000, and in one European market alone he's now doing business worth over £26,000. The price of success? As little as 6/6d. for every £100 insured with ECGD.

ECGD cover and buoyant exports go together. By helping out on the credit management side — that is, by vetting your prospective buyer and by guaranteeing payment — ECGD gives you a free hand to look for fresh business. Ask your ECGD man to look in and see you.

* This is a true story, but because business between ECGD and exporters is strictly confidential any details which could identify the exporter have been left out.

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talk it over with your ECGD man

cac 28

nearly half of its earlier decline. All beverages have declined. Coffee prices had largely anticipated the devaluation of the Brazilian exchange rate for this commodity; the rate for cocoa has also been devalued, to a smaller extent, and the Brazilian minimum export price has been cut by 1½ cents to 32½ cents a pound f.o.b.

Demand for many commodities is seasonally slack, and some decline might have been expected. But with world production and trade expanding prices generally should revive later in the year, though not appreciably. There are few shortages in prospect. Prices of several commodities, notably grains and fibres, are unlikely to change much up or down. Coffee continues to be threatened by the huge surplus withheld from the market. Tin and zinc should remain steady and copper seems in little danger of any sharp relapse; presumably the leading producers of copper would not allow the surplus to grow as big as it did in 1957/58 before cutting output. But the markets in copper, rubber and some other items will remain nervous until the American government ends the uncertainty about disposals from its strategic stock.

STEEL

Expansion at Port Talbot

THE latest stage of the Steel Company of Wales' expansion is nearly completed. It increases the steelmaking capacity of the company's Abbey Works at Port Talbot by 12,000 tons a week, bringing total capacity up to three million ingot tons a year. Begun three years ago, the latest scheme included the provision of a fifth blast furnace, 80 new coke ovens and a new Bessemer plant; the replacement of the company's old slabbing mill by a new universal mill capable of handling the increased output; and the installation of a new four-stand cold reduction mill, which will roll some of the additional tonnage into lighter gauge steel, chiefly for the drum and galvanising markets. The new blast furnace, a giant with a hearth diameter of 31 feet and a capacity of over 10,000 tons a week, was brought into operation last May; the Bessemer plant was brought to its first heat last week.

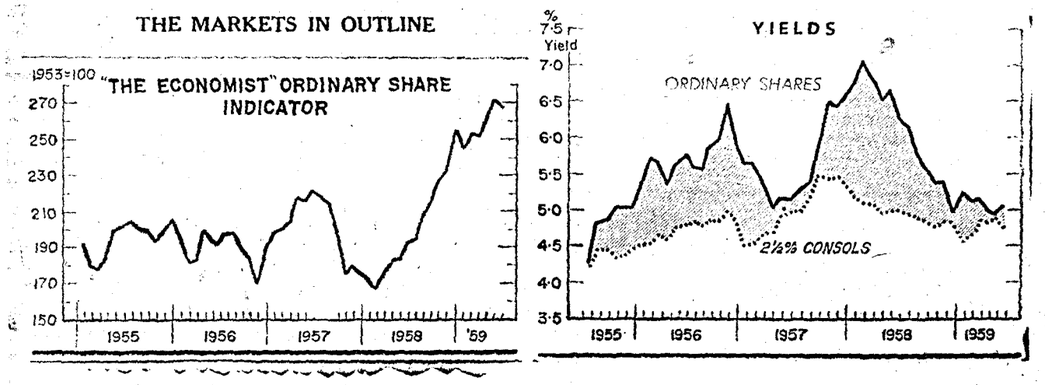
The Steel Company's decision to install Bessemer converters instead of additional open hearth furnaces was based on the fact that, by using oxygen and steam blowing techniques, steel of a quality roughly comparable to that made by open hearth furnaces (for this company's purposes) can be produced at lower capital and operating costs. The three 50-ton converters at Port Talbot are the first ever to be operated entirely on oxygen and steam blast throughout the whole blowing period; other Bessemer plants normally use air for a part of the time. The universal mill was brought into operation last November, and the old mill sold to Canadian steel company; because of a lack of headroom in the existing mill building it was not possible to install a conventional universal mill, of which there are now a number in America, and a special design, utilising an unorthodox drive to the vertical rolls, was supplied by Davy & United of Sheffield.

SHORTER NOTES

An amendment to the Finance Bill will reduce the stamp duty on transactions in securities and properties involving less than £5. Previously, these transactions attracted a minimum duty of 2s. and in the case of bearer stock, with a nominal value of £1, of 6s. The duty will from August be 6d. for every 25s. of the consideration. Because of the £5 limit, the practical effect of this concession will be small, except possibly for such bearer stock schemes as that sponsored by Aims of Industry.

* * *

Sir Ernest Lever has joined the board of Equity Credit, a wholly owned subsidiary of Lombard Banking. Unlike the other big finance houses, Lombard has made no direct link in share capital with a commercial bank.



COMPANY AFFAIRS

ULTRAMAR

AFTER the publication of the full accounts of Ultramar, the 10s. ordinary shares reacted sharply, falling from 64s. 3d. to 61s. Later the price came back to 62s. 3d. ex the capital distribution. There is no doubt, however, that the president's statement that the group had not been able to enter into a new long term sales agreement with Texas Petroleum or with any other oil company at a price which leaves Ultramar with a reasonable operating margin is a bearish factor. The old sales agreement with Texas Petroleum ended on June 30th. As Ultramar is one of the smaller independent oil concerns it is likely to be more affected than the bigger groups by the current surplus of oil. At the same time its operating costs, which were already high, have recently been sharply increased by the new tax rates in Venezuela, which cannot but have the effect of reducing profit margins still further. Any attempt to sell at discount prices might eliminate these margins completely and all the indications are that in the near future, at least, trading conditions are going to be extremely difficult for the group, even though the president, Mr A. Lorbeer, says he feels confident that a solution to the crude oil marketing problem will be found and that a fair profit will be realised from the oil reserves.

The failure to renew the agreement with Texas Petroleum was not unexpected but that does not really soften the blow. Though Ultramar is now free to negotiate other contracts if, and when, conditions improve, it is going to find the competition fierce. Shareholders will, however, note that the capital distribution paid from the exchange surplus account looks safe enough for the time being, for the amount standing in this reserve is still as much as £1,121,744. Moreover, the Mercedes loan repayments which give rise to this surplus are not yet completed and, at current rates of exchange, another £1,780,000 is expected to accrue from this source. The price of the Ultramar shares is subject to quite violent fluctuations because rumour has it that there is always the possibility, however faint, of a bid. But with oil still in surplus would it be worthwhile at the present moment making a bid for Ultramar's interest in the higher cost Venezuelan oil?

ASSOCIATED BRITISH PICTURE

AS soon as the directors of Associated British Picture, which controls ABC Television, raised the interim ordinary dividend from 7½ per cent to 20 per cent for the year to March 31st, the stock market guessed that the total dividend would be doubled from 30 to 60 per cent. That guess became a practical certainty when the dircetors also said that gross profits would be of the order of £4,600,000, compared with £2,800,000 in the previous year. The preliminary report, which did indeed bring a doubling of the ordinary dividend to 60 per cent and which revealed an increase in gross profits from £2,823,575 to £4,745,029, did not therefore set the price of the 5s. ordinary shares soaring. At 44s. 9d. these shares now yield 6.7 per cent but, as net profits have risen from £1,183,488 to £2,308,794 to provide a cover of over 2¾ times on the dividend, the earnings yield is as high as 18.8 per cent. In examining these yields, investors should note that perhaps as much as three-quarters of ABP's profits now come from commercial television and that the really big increase in profits from this source have already occurred. Nevertheless, the shares must rank high among the entertainment equities.

DE LA RUE

THE increase of 11 per cent in De La Rue's trading profits from £1,468,516 to £1,585,694 was mainly attributable to the Formica Group, whose profits account for 81 per cent of the total. The security division, Thomas De La Rue and Company, contributed 15½ per cent and Thomas Potterton, the water heater makers, accounted for the rest. The chairman, Mr Bernard Westall, says that the rise in trading profits was due to a large extent to the increased efficiency of the Tynemouth factory, to the elimination of losses in the security division and to the first contribution by Thomas Potterton to earnings. The outlook for all three divisions seems fairly promising. The Tynemouth factory has been extended for the manufacture of the new product "Beautyboard" — a refinement on the original Formica — which should lead "to a considerable expansion in the use of Formica veneers." Most of the £1 million to be raised by the one-for-five "rights" issue at 27s. 6d. is to be devoted to the group's plastic interests. At the same time, Thomas Potterton should this year enjoy the fruits of the ending of the credit squeeze and of lower purchase taxes, and the chairman says that although competition in bank note printing is increasing the group is in a position to manufacture more cheaply than its competitors. De La Rue has recently signed an agreement with the Compagnie des Machines Bull of Paris by which they will market — and perhaps later manufacture — business machinery and electronic computers. The 10s. ordinary shares, which recently have attracted some American buying, now stand at 45s. 9d. and yield 4.7 per cent, and the dividend of 20 per cent, which the directors hope to maintain on the increased capital, is covered three times by earnings.

ALBERT E. REED

THE advantages of a diversified range of products in an industry faced with recession are amply illustrated in the full report of Albert E. Reed. But if the group's spread of interests in the general category of paper products cushions the effects of a surplus of paper-making capacity throughout the world, it cannot altogether eliminate them. Since 1950, the group's turnover save for a slight setback in 1953 has been rising steadily and last year was no exception: sales rose by no less than £3.9 million to £66.2 million. But with profit margins narrowing in an increasingly competitive industry trading profits failed to rise proportionately: they rose by only £236,172 to £6,000,992, so that the gross return on sales was about 9 per cent. Three years ago this return was of the order of 15 per cent. Higher depreciation charges, reflecting installation of new machinery, left the profit before tax slightly lower at £4,277,670, compared with £4,500,956 in the previous year. But thanks to a lower tax charge of £2,075,000 (against £2,322,000) net profits after tax advanced from £2,335,883 to £2,515,381.

A breakdown of the group's turnover shows that 74 per cent of sales was attributable to the packaging side of the business (whose productive capacity has been increased by the acquisition of R. H. Filmer Ltd.), 14 per cent to printing and only 9 per cent to newsprint. A large number of

the group's eggs are thus in the packaging basket. Long term growth in this market seems assured, but competition within it seems unlikely to diminish.

At the moment there are few, if any, signs of a marked recovery in the paper industry, but the chairman of Albert E. Reed, Lord Cornwallis, argues that the indication of an upturn in industrial activity at home and in the United States should "if the process continues, relieve the situation caused by the temporary surplus capacity in the paper industry". But he expresses concern that in some parts of the world substantial additions to productive capacity are still being made although there are no signs that there is sufficient demand to absorb the additional output of these new plants. The reaction of the Albert E. Reed group was to cut capital expenditure last year from £6.5 million to £2.8 million. This sharp reduction in capital spending has strengthened the company's liquid resources: at the end of March these resources, taking investments at market values, amounted to £5.6 million and compared with capital commitments of only £2.8 million. The 14 per cent dividend is covered 1½ times by earnings and at 46s. 9d. the £1 ordinary shares yield 6 per cent.

BRITISH PLASTER BOARD

BRITISH Plaster Board has come out of the recession in the building industry exceptionally well. Last year building contractors were running down their stocks in the face of a general falling-off in new orders. Even so, the directors of British Plaster Board have reported record profits at £2.7 million (against £2.3 million), an increase in the ordinary dividend from 12½ per cent to 14 per cent and a two-for-five scrip issue. The advance in profits was not due to an increase in production but to the lower costs of production which resulted from the group's capital investment programme and to what the chairman, Sir Graham Hayman, calls "the continuing spread of our interests at home and abroad." These results augur well for the coming year, for new orders placed with contractors have already shown a marked rise, and these should in turn result in further orders for BPB's own products.

The full accounts reveal a big increase in capital commitments, which, at £1,376,000, compare with only £453,000 in the previous year. This to a large extent reflects an expansion in Canada and in the group's paper companies in this country. Sir Graham says that arrangements have been made for obtaining bank loans to finance these commitments. The purchase of O. J. Bradbury has added to the group's interests in the packaging industry, and the paper subsidiaries, headed by C. Davidson and Sons, have reported better profits, even though margins have fallen substantially. The yield of 4.9 per cent offered by the 10s. units at 29s. 1½d. is not unreasonably low, for the 14 per cent dividend is covered over twice by earnings.

WHITBREAD

IN common with other breweries, Whitbread has found trading conditions increasingly competitive in recent years. Nevertheless, in 1958 it more than recovered from the slight setback of 1957 and its trading profits rose by £162,000 to £3,306,000. This improvement has been achieved by the concentration on better quality beers whose sales have been kept up remarkably well even though total beer sales have fallen.

In an effort to insulate itself from the vagaries in demand the group has concluded reciprocal trading agreements with other breweries, of which the one with Fremlins for exchange of beers came into operation last December. Another method of entering into a trading agreement has been to acquire a large block of shares in another brewery — not large enough to give control, but enough to secure representation on the board. The latest link is with Brickwoods and about 30 per cent of the ordinary capital is said to have been acquired by Whitbread. There is no doubt that such an arrangement will be of benefit to Whitbread, but nevertheless the Whitbread "umbrella" is open to criticism. It effectively prevents any bid for control by another group, but at the same time gives Whitbread all the benefits of a trading arrangement without its having to make an outright bid for the shares of the company.

Mr W. H. Whitbread, the chairman, feels more optimistic about the future than for some time past, and he refers to the ending of the credit squeeze, and the reductions in beer duty and income tax. At the same time, the cash resources of the group have been strengthened, as £1,750,000 was raised on a debenture during the year. As a result a net cash balance of £234,604 has replaced a net overdraft of £921,521 and in total "quick" assets have doubled to £2,625,000.

At 108s. the £1 "A" ordinary shares yield 4 5/8 per cent on the maintained 25 per cent payment. The yield is rather low for a brewery. It reflects in part the profits record of the group, but is also influenced by the recent speculation in brewery shares as prices, although now on the decline, have not returned to the level at which they stood before Mr Clore made his bid for Watney Mann.

DORMAN LONG

IT has been apparent for some time that the heavy end of the steel industry has not shared in the recovery which is now keeping the strip mills busy. The demand for heavy sections and plates is still slack but there are some signs that demand for structural steels is beginning to pick up. The patchy nature of demand is reflected in the brief interim report made by the directors of Dorman Long in announcing an unchanged interim ordinary dividend of 4 per cent for the year to September 30th next. They say that increasing domestic and overseas orders for the new products of the Universal Beam Mill, which makes a wide range of constructional girder sections, has led to a doubling of shift working in that mill since the beginning of April. But they also note that in structural engineering keen competition for orders still continues and that output and profits show some reduction. Demand for the group's rolled steel products is still much below capacity and here, too, output and profits have been reduced. On the assumption of a maintained total dividend of 12 per cent, the £1 ordinary units yield just over 7 per cent at 34s. 1½d.

LONDON COUNTY FREEHOLD

THIS old-established property company does not offer the investors the same appeal as the current speculative favourites of the property market; nor does it carry the same dangers. Its main interest is in residential properties, though it also own shops, offices and factories. It has a subsidiary in Rhodesia, which is doing well; and further expansion overseas is not to be ruled out. Growth in earnings has not been sluggish. Net income after tax is up from £302,931 to £446,472 in the year to March 31st. The Rent Act has helped, but the company has cushioned the immediate rise in rents for sitting tenants, so that substantial further benefits will accrue in the current year. The directors have transferred rather more to reserve — £53,000, compared with £50,000. The dividend on the ordinary 10s. shares is 10d. for the year; this compares with a forecast of 8d. and an equivalent of 6½d. in 1957/58, before the 200 per cent scrip issue that followed the revaluation of properties. Before amortisation and depreciation, these now stand in the balance sheet at £17,856,000, compared with £13,362,000.

COMPANY MEETINGS

THE FINANCIAL TIMES LIMITED

EARNINGS WELL MAINTAINED
LORD POOLE ON CONTINUED DEVELOPMENT

The 31st annual general meeting of The Financial Times Limited was held on June 23rd at Winchester House, Old Broad Street, London, E.C.2, THE LORD POOLE, C.B.E., T.D. (the Chairman), presiding.

THE PRINTING DISPUTE

The Chairman said: Gentlemen,' since my statement was circulated to you, a nation-wide dispute on wages and hours of work in the printing trade has culminated in a general stoppage of production in the houses of printers in membership with the British Federation of Master Printers and the Newspaper Society, that is to say the bulk of the general and provincial newspaper printers of the United Kingdom. Happily, production of The Financial Times is not interrupted. Our subsidiary, St. Clements Press Limited, however, is involved. Its output had already been curtailed and its service to customers crippled since 3rd June by a ban on all overtime; beginning this week we face a period of uncertain length during which the general printing operations of St. Clements Press are totally stopped. This is neither the time nor place to go into all the circumstances which have led to this dispute, but I can assure you that your Board are following its course with the most urgent concern.

The impact of the stoppage on the company's profits cannot as yet be assessed, but its effect must be serious, and will inevitably be reflected in the profit and loss account at the end of the year.

CHAIRMAN'S CIRCULATED STATEMENT

The following is the Chairman's statement which had been circulated with the report and accounts for the eighteen months ended December 31, 1958:

Before I deal with the business before us I have the sad task of recording the very great loss that we as a company suffered in August last in the death of our chairman, Lord Bracken. The many and moving tributes paid to Lord Bracken were some measure of the affection he inspired and the distinction he attained during a career of great public service. Brendan Bracken was a man of brilliant and varied parts. He held many high offices. But to none of his activities did he devote himself more wholeheartedly than his early and abiding love of journalism. We of The Financial Times have much cause to be grateful to him for the enthusiasm and the genius that he brought to bear in the direction of our affairs. Under his inspiration the paper was broadened from a journal of primarily financial and economic interest to the lively, vigorous newspaper we have to-day, ranging over the whole realm of industrial and business interests.

CHANGES ON THE BOARD

Last October your Board of Directors did me the honour of electing me their Chairman. It may be convenient if I refer at this stage to other changes on the board, although some of them occurred after the close of the period to which the accounts before you refer. Mr. Herbert Tingay and Mr. Leslie Dearlove both felt that they had reached a stage when they could rightly ask for more leisure and we had regretfully to accept their resignations early this year. Mr. Tingay was chairman of George Newnes, with whom we are closely associated in our printing business, and was ever ready to place at our disposal the wealth of his great experience. Mr. Dearlove was for many years our general manager and his wise guidance was of great value in the development period after the close of the war. We wish them both many years of enjoyable retirement.

We have been singularly fortunate in persuading Professor Lionel Robbins to accept a seat on our board. Professor Robbins has earned a world-wide reputation as an economist and administrator and I cannot think of anyone whom we would more gladly welcome to our counsels. We were also lucky to secure the services as a director of Mr. John Smith, a member of the boards of Coutts, Rolls-Royce, and other companies. Our present general manager, Mr. Hunter, also joined the board in April so that we now once again have a full working team.

GROUP PROFIT MAINTAINED

Turning now to the report and accounts, I would point out that as a result of the change of accounting date from June to December, which, as was explained to stockholders in a circular issued last November, became necessary to comply with the Companies Act, the accounts before you cover a period of 18 months.

Comparison between the figures in the profit and loss account for the 18 months to 31st December 1958 shows that the profit of the group before charging taxation was proportionately unchanged from the figure for the 12 months ended the 30th June, 1957. The reduction in the rate of income tax together with capital allowances on the new building has resulted in a welcome reduction in the charge under this heading after deducting the special credit arising from the fact that it is only necessary to charge 12 months' tax against 18 months' profits. This is an exceptional item which your directors consider should be retained as part of the Company's revenue resources.

Your directors recommend the payment of a final dividend of 16¼% which together with the two interim dividends of 12½% and 20% makes 48¾% for the 18 months. This is *pro rata* to the 32½% paid in recent years. The directors also decided to pay a non-recurring interim dividend of 3¾% in respect of the year ending the 31st December, 1959. Subject to satisfactory trading during the remainder of the current year, it is the intention of the board to pay an interim dividend of 15% in November and to recommend a final dividend of 20% when the year's accounts are presented, making a total for the year ending the 31st December, 1959, excluding the non recurring interim, of 35%.

The balance sheet of The Financial Times reflects the progress of the new building which is now substantially complete and most of which is occupied by The Financial Times and its associated and subsidiary companies. The consolidated balance sheet reflects the provision by our printing subsidiary St. Clements Press of the newest equipment designed to make its printing works in the new building the most up-to-date in London.

THE ECONOMIC SPHERE

The 18 months covered by these accounts were a period in which the economy suffered a setback followed by a recovery which has been carried further this year. I need not recount the conditions in mid 1957 which led to the Government's remedial measures of September in that year. These measures were successful in restoring international confidence in sterling but they had to be taken just at the point when the economy of the United States entered upon a serious recession.

The fact that Britain's rigorous measures to curb inflation coincided with the beginning of world recession might, without very good management, have resulted in a severe recession in this country. In fact the recession was milder than that in most parts of the world. In 1958 it was possible to reduce Bank Rate by successive stages from 7% to 4%, as against the 5% level which had stood at the beginning of July 1957.

Industry was inevitably affected by the measures of disinflation and by the recession. For the consumer goods industries the ending of the credit squeeze and of hire purchase restrictions in the summer and autumn of 1958 made possible a rapid recovery; in some cases such as the motor industry, the recovery has surpassed all previous levels of sales. Capital goods industries have in general had a slower recovery but for most of them the prospect is now more favourable.

It is of some interest to review the effect of this cycle of activity on share prices. On July 1st, 1957, The Financial Times Industrial Ordinary index stood at 204. By the following November 5th, it had fallen to 159.0 which is a substantial decline for such a relatively short period. After recovery which was not maintained it fell to a low point of 154.4 on February 25th 1958. Throughout the rest of 1958 there was a recovery in share prices and at the close of the year the index stood at 225, reaching what was then its highest point ever on the last day of the year.

It is encouraging to know that the present revival in industry and in the

onomy is based not on the inflation hich existed in July, 1957, but on a conlerable measure of price stability and on rise in the reserves. The United Kingdom lding of gold and convertible currencies the beginning of July, 1957, was £850 m. r the end of September, 1957, it had fallen £661m., but by the end of 1958 it had covered to £1,096m. and the improvent has continued into this year.

STEADILY GROWING CIRCULATION

Throughout this 18 months The Finan- l Times has continued to develop and osper. Its circulation has shown a natural owth and for the 6 months to the end December, 1958, the audited daily net e figure was 85,565. This compared with 408 for the preceding 6 months. This crease has been followed by further ad- 000 mark and currently well above it. nces and although we must wait until e end of the half year for A.B.C. figures, an say that our own estimates show that r the first 4 months we were over the ie sale has been widely spread and I can ort that in the industrial areas there has en a steadily growing demand for the per.

The Financial Times must in many pects be a paper of record and no effort spared to ensure that the daily informan it gives under this heading is conhensive and accurate. It is the paper to ich the public instinctively turns for the ts and figures on which business depends, l a glance at the paper with its vast ss of statistical matter freshly compiled h day will show that a generous view aken of what should be included in this tion of the paper. It affords a daily staical guide to almost every phase of siness activity and the list of subjects ered steadily increases.

GOUR OF EDITORIAL CONTENTS

t is, however, in the broader aspects of torial content that the most striking nges have occurred. It is to the vigour l originality of its editorial contents and genuine value to the business commuy of its news and comment that we owe notable advance in readership. At one ie the concept of what constituted news the business man was rather dull and row. To-day The Financial Times nowledges that what is happening in eign affairs, in politics, in the diplomatic rld, on the labour front and in the netimes relaxes at the theatre, opera or nce laboratory, can as readily affect siness as economic policies, interest rates raw material prices. The paper to-day also not afraid to admit that the world iet, in the garden, at Newmarket or in eign travel, and recognises that values sometimes be expressed in terms of old sters or French Impressionists as much in Old Consols or Unit Trusts.

Towards the end of 1957 The Financial nes in company with George Newnes l Temple Press formed a new company, lustrial and Trade Fairs. The object s to organise industrial exhibitions both this country and abroad as we felt that re was a useful field there for our acti- es. Our colleagues, George Newnes, ady had a considerable experience in direction. The company has explored ny projects and the first exhibition to be held under its auspices, the Industrial Photographic and Television Exhibition at the Albert Hall in April this year, was sufficiently successful for plans to be laid for a similar exhibition to be held next year. As you may have read, the company is also interested in the negotiations now proceeding for a British Industrial Exhibition in Moscow and a Russian Exhibition in London.

INDUSTRIAL ADVERTISING

The advertisement revenue during 1958 was a record in the history of the paper. The most striking advance has been in industrial display advertising for which The Financial Times is now recognised as an established medium. Before the war the bulk of our advertising revenue was financial. To-day, although financial advertising is still one of the bulwarks of our fortunes and The Financial Times is quite clearly the first choice for insertions of this kind, more than half our advertisement revenue comes from industrial and other forms of display advertising. To meet the editorial needs of the present time and to accommodate this increased volume of advertising we have had to increase the size of the paper on many days throughout the year. Our surveys of selected industries or countries continued to be published throughout the period although we have more recently submitted full-page insets in the paper for some of the smaller surveys or supplements. These surveys and special pages enable us to deal more extensively with a subject than would be possible in the paper itself and afford advertisers a valuable means of publicity.

THE CURRENT YEAR

The current year has opened well. Circulation, as I have already indicated, has continued to rise and advertisement revenue has been buoyant, reflecting in part the better feeling in industry and the greater activity in the new issue market since the easing of Government controls but reflecting, also, the greater appeal of the paper and the successful efforts of our advertisement staff in attracting new business. Costs have, however, continued to rise. To some extent this is the natural result of doing more business and printing larger papers but the tendency for costs to rise outside any control that we may exercise is a constant source of anxiety. Editorial enterprise, on which the well being of any newspaper depends, is not cheap, but it would be foolish to grudge money spent on extending the appeal of the paper and thereby broadening the basis of our prosperity. During the current year our results must also be affected by the fact that our printing subsidiary, St. Clements Press, will inevitably suffer some dislocation as the result of the move from Portugal Street to our new building.

NEW BUILDING

This new building, Bracken House, is now rapidly approaching completion. The move began at Easter when the editorial and business staff left Coleman Street, where in one building or another the paper had been housed since its beginning, and took up their new quarters in Bracken House. There they are far more efficiently and comfortably housed under one roof instead of in five separate buildings. The second phase of the move took place over Whitsun when the production of The Financial Times was transferred from Portugal Street to the new building. This was a far more intricate operation but thanks to careful planning during the preceding months at St. Clements Press, all went well and there was no interruption in the printing of the paper. For the first time in its history The Financial Times is now edited, printed and published in one building. The advantages that this will bring are obvious. The new building will be more costly to run but we consider this increase will be fully compensated for by greater working efficiency. The Portugal Street premises of St. Clements Press were disposed of some time ago to their neighbour across the road, the London School of Economics. The lease of the main building in Coleman Street falls in next year and the tenancies of other buildings that we occupied have been terminated.

In conclusion, I would like on your behalf, as well as of the directors, to express our thanks to the whole staff for their services during the past year. They have had a strenuous year but as the results before you show they have successfully surmounted the difficulties.

The report and accounts were adopted.

ODHAMS PRESS

SALES WELL MAINTAINED

The 39th Annual General Meeting of Odhams Press Ltd. was held on June 12th in London.

Mr A.C. Duncan, FCA, chairman, in the course of his speech, said: — Our gross revenue amounted to £36,231,795, an increase of £1,041,090. The Net Profit, subject to Taxation, amounts to £1,995,521.

The sales of our newspapers and periodicals are still well maintained at over 23 million copies a week. The circulations, in terms of readership, as the IPA survey shows, are many times greater. The continued support of our advertisers is one of the best tributes to the value of this great coverage.

Since the date of the Accounts under review, we have issued £628,572 Ordinary Share Capital for the purpose of acquiring the business of the Hulton Press Ltd., publishers of 'Farmers Weekly', 'Housewife', 'Eagle' and kindred children's periodicals, as well as other properties, all of which should strengthen our organisation. More recently, we have made an offer for the Ordinary Share Capital of George Newnes Ltd., which has been recommended to their shareholders for acceptance by the Board of the long-established and prosperous publishing company.

With regard to the current year, trading conditions have continued to be satisfactory, although competition continues to be increasingly keen, whilst so far no worthwhile reduction in prime costs has been obtainable.

We have always endeavoured to maintain, and, in fact, have enjoyed, happy relations with our works employees and it is our sincere and earnest hope that the printing dispute will be decided by arbitration.

The report and accounts were adopted and at a subsequent extra-ordinary general meeting the proposed increase of capital to £7,500,000 was approved.

J. Lyons & Company Limited

MR I. M. GLUCKSTEIN'S STATEMENT

The Annual General Meeting of J. Lyons & Company Limited was held on 9th July, 1959, at the Trocadero Restaurant, Piccadilly Circus, W.1.

The following is the Statement by the Chairman, MR I.M. GLUCKSTEIN, which has been circulated with the Report and Accounts for the year ended 31st March, 1959: —

It is with deep regret that I have to mention the loss we suffered in December last by the death of our President, Mr M. Gluckstein. The youngest son of the late Mr Isidore Gluckstein, one of the founders of the Company, he had for fifty-seven years given outstanding service to it. He was appointed a Director in 1919, was Chairman of the Board from 1950 to 1956 and it was on his relinquishing that office that he was appointed the Company's first President. During his long service with the Company his contribution to its growth and progress was outstanding. We shall greatly miss his wise counsel, the fruit of long and wide experience and of deep human sympathy and understanding.

The Report and Accounts submitted with this Statement are for the sixty-fifth year of the Company which ended on the 31st March, 1959. They include the Balance Sheet and Profit and Loss Account of the Company and the consolidated Balance Sheet and Profit and Loss Account of the Group comprising the Company and its subsidiaries. Referring first to the Company's Balance Sheet, you will see that the authorised capital now stands at £16,070,342, and the issued capital at £14,122,749, an increase of £3,145,342 represented by the further "A" Ordinary stock issued as fully paid in accordance with the Resolutions of the Extraordinary General Meeting held on the 9th April, 1958. The sum thus capitalised, together with the expenses of the issue, has been taken from the Share Premium Account.

We had need of further finance, and in the autumn we arranged to borrow through Westminster Bank Limited the sum of £2,000,000 secured by a mortgage on certain of the Company's properties. The transaction was completed in February, and the loan bears interest at the rate of 5¾% per annum. It will be repaid by equal yearly payments of capital and interest combined over a period of twenty years.

THE YEAR'S TRADING

From the Company's Profit and Loss Account it will be seen that the balance from trading account is £4,359,946 compared with £5,304,150 for the previous year and the net profit for the year is £905,256 compared with £1,143,111.

We propose the payment of final dividends at the same rates as last year on the Ordinary, the "A" Ordinary and the Proportional Profit capital which, with the interim dividends paid in December last, will absorb £534,054. The dividends paid and accrued on Preference and Preferred Ordinary stocks amount to £289,401. The balance of the net profit for the year is £81,801. From the amount of £502,301 brought forward from last year we have transferred £250,000 as a provision against Subsidiary Companies' indebtedness leaving £252,301. To this has to be added £30,000 in respect of tax adjustments for earlier years and the balance from this year, so that the amount to be carried forward in the Profit and Loss Account is £364,102.

In my Statement last year I told you that we had had a good year. This year, I regret to say, we have not. I also told you last year that part of the increased earnings arose from favourable circumstances at home and abroad, the continuance of which it would be unwise to count upon. My fears unfortunately proved to be correct, but the fall in profits is not due to that factor only. Unseasonable weather played a part and so did the long bus strike in London, the effects of which continued to be felt for some time after it had ended, but undoubtedly the main cause was that considerably increased expenditure on selling, distribution and advertising did not lead to a commensurate increase in sales. Indeed, instead of being higher, sales were a little down on last year, which was a peak in our history, and were only held there by increased expenditure I have mentioned: some of this expenditure does not produce immediate results, but is expected to bear fruit more fully in the future.

Wages continued to rise, adding appreciably to our costs. We have always sought to keep our prices as low as possible and are convinced that the long-term good of the Company is dependent on the policy of giving the highest possible value to customers. Except in catering, in which unfortunately we again had to increase some prices, we were able to hold our prices steady, even at the expense of some narrowing of profit margins.

This has been a difficult year, but, without wishing to seem complacent, we are not pessimistic for the future prospects of the Company which is in good health and braced for further effort.

DEVELOPMENT

We have continued our policy of opening speciality restaurants to which I referred previously. At the Coventry Street Corner House we have opened "The Piccadilly," its principal aim being to serve those who are in a hurry, but wish for something more substantial than is usual at a counter service. At the Throgmorton Restaurant, in the City, a "Grill and Cheese" has been opened.

Three teashops have been opened during the year. Another in Bull Street, Birmingham, has been temporarily closed but will be reopened on completion of rebuilding. The Wimpy business continues to expand by the grant of further licences to caterers.

Eight further depots have been opened for the wholesale distribution of ice cream and bakery goods.

TRAINING ACTIVITIES

The Company's business has been built on training first and then on teamwork. By happy tradition we have always had men and women of long service whose example and willingness to help the newcomer add much to the value of the initial training. In recent years we have considerably expanded our scheme for the training of new staff in the various branches of our business and for continuing the training for promotion to supervision and management. We have also added a series of courses for those who have reached management level.

Our Bakery School is an example of the training we provide for boys of about the age of 16. It was formed soon after the end of the war to help us to check the decline in the number of skilled craftsmen in the trade. The course extends over two years, and during it the boys are paid the appropriate trade rate according to their age. They are trained to produce by hand all types of bakery goods from bread to wedding cakes, so that they become craftsmen. Bakeries today are becoming "push-button" in their mechanisation, but if they are to be successful it is necessary that some, at least, of the men in them should have had full experience in the craft. The boys are also encouraged to develop initiative and leadership, and arrangements are made for them to attend one of the Outward Bound Schools. By these means we not only maintain our numbers of skilled craftsmen but also find new foremen and supervisors.

Many of our staff are in direct contact with the public and it is not enough that our products should be of high quality and good value; they must be served, whether to the public or to the shopkeeper, in a manner which will earn and maintain goodwill. We therefore provide special training for such staff. Those who are selling to shopkeepers must not be content merely to get our goods into the shops; they must also help in every possible way to get those goods out again to the consumer. They are therefore taught in a model shop some aspects of retail selling, so that they may better understand the problems of their direct customers and help them to give the best possible service to the public.

Our courses of further training for staff of supervisory and management grades have, of course, much wider aims. They are designed to assist the members in the performance of their present work and also to encourage them to look ahead, to learn of other aspects of the business, and generally to develop their business faculties. The discussions at these courses are stimulating, lively and purposeful, and by bringing together men and women of widely different occupations do much to reduce the danger, so prevalent in these days, of overspecialisation.

We are always on the look-out for suitable applicants for training and are able to offer good prospects to those who are seeking a progressive and interesting career.

RESEARCH

Forty years have elapsed since we opened our Laboratories. Their purpose has been not only to ensure the purity and suitability of our purchases — that could have been achieved without any close integration with the business as a whole — but also to co-operate in the manufacture of our products so as to maintain the highest standards of hygiene and purity, and to play an active part in all appropriate branches of our business. They have in addition played an important part in the investigation of new methods and new products. Their work in all these directions continues, and it is evident that the initiative we took in setting up this scientific department has greatly contributed and will continue to contribute, to the Company's progress.

Some years ago we gave a postgraduate scholarship in the Chemical School of one of the Universities, and we are giving two more at other Universities with the specific object of providing additional facilities for postgraduate research in food chemistry. These may be a bridge towards later work with us as well as a contribution to the advancement of fundamental scientific research.

Research of other kinds has also been developed and we have units doing valuable work on matters such as engineering, restaurant, teashop and factory planning and distribution.

NYASALAND

I mentioned last year our Tea Estate at Lujeri. Future conditions in Nyasaland seem still to be unsettled but I am glad to be able to say that the disturbances in March, though inevitably affecting production, passed without serious damage. At one time our factories were threatened and the lives of our staff in danger. The dangers and difficulties facing our Manager and the staff were much in our throughts, and our thanks and admiration are due to them for the cool and steadfast manner in which they carried on. I am sure you will wish to be associated with this tribute to them.

I should also like to set on record our appreciation of the loyal and efficient service of all our other employees at home and abroad. They have well maintained the standards we have come to expect of them and they are eager to accept the challenge of the further effort necessary to ensure continued expansion of the business.

ARTHUR BALFOUR & Co.

LORD RIVERDALE ON DEVELOPMENT OF NEW OUTLETS

The 60th annual general meeting of Arthur Balfour & Company Limited was held on June 22nd at Sheffield. The Right Honourable The Lord Riverdale of Sheffield, Chairman and Managing Director, presiding.

The following is an extract from his circulated statement:

Trading conditions during 1958 became steadily more difficult. We started that year with a fair volume of business, but in the second half orders received did not enable us to maintain full production, and the year ended in an atmosphere of recession with many difficulties both at home and overseas.

The new Steel Works plant, announced in my last Report, came into operation smoothly and as planned in August, 1958, and although these conditions have not allowed us to work to capacity, the cost indications are favourable for the future.

No manufacturing division worked throughout the year without some period at less than normal and satisfactory operating levels.

It is difficult to define the relationships between our products and those of the Bulk Steel industry, but it is true that they are largely used in processing Bulk Steel. It is well known that by the end of 1958 the Heavy Steel industry of Great Britain was working at less than 75% capacity, and this must have had an effect on our business, as has the reduction of stocks in the hands of our customers. There are, however, other sales outlets for both our tools and steels, and applications to newer materials and new processes are developing and expanding rapidly.

Our essential alloys showed a further fall in overall prices and the adverse effect on stocks was not offset by a reduction in costs.

In every market more exacting demands and standards on the one hand, and fierce competition on the other, cut further into profit margins.

This year the contribution from subsidiary Companies has fallen substantially. All are down, with one exception showing a satisfactory profit.

Our considerable overseas efforts shows the all-too-familiar effects of artificial restrictions in world trade.

The profits of the Group at £202,672 before taxation but after exchange adjustments, compare with £349,621. Taxation absorbs £83,518. The Board recommend a final Dividend of 5¼%, making the total distribution for the year 8%.

On Steel Nationalisation I have nothing to add to my remarks in 1958, except to emphasise the damage done by uncertainty and fear of disruption at a time already difficult enough.

We have developed and launched a new product, metal cutting bandsaws, complementary to our tool range. Some original research has enabled us to produce a heavy duty drill under the title of "Blackcap," and this incorporates the results of research with benefit to reputation and prestige.

Turning to the prospects for 1959, the early months of the year have not shown te recovery we had hoped.

I believe our performance in quality is good, our plant improved and our team on its toes. We may, therefore, regain some ground by the year end, but I could not be other than cautious in predicting results for 1959.

The report was adopted.

THE CHARTERHOUSE INVESTMENT TRUST

SIR NUTCOMBE HUME ON ENCOURAGING THE "SMALL MAN"

The 34th annual general meeting of The Chartershouse Investment Trust Limited will be held on July 14th in London, and the following is an extract from the circulated review of the Chairman:

Since the 30th April 1 million of the Trust's shares in the Charterhouse Group Limited have been sold for a net sum of approximately £1,350,000 and of the balance still held the Directors' present intention is to retain 500,000 as a permanent investment in the belief that they will yield an increasing revenue as the years go by.

The Board is currently directing its attention to the reinvestment of the proceeds of the sale of 1 million shares in Charterhouse Group, and it is satisfactory that this can be done in high class securities without jeopardising the maintenance of the annual dividend rate of 12 per cent which the Trust is now paying. In the absence of unforeseen difficulties, it is the intention to pay an interim dividend of 6 per cent in December and a final of at least the same amount when the next accounts are presented in about June 1960.

It is proposed to convert the Ordinary Stock into Ordinary Shares of 5/- each. I hope this will lead to a freer market in the Ordinary Shares and make them more attractive to small investors.

A great deal of thought is being given to the problem of devising an investment medium suitable for small investors and so to encourage wage earners to become investors. It is doubtful if the traditional type of unit trust is really best suited for this purpose since it suffers from disabilities which make difficult the sale of its own capital to the type of person in question. Any investment that is to appeal to small investors must first be free from the necessity to reclaim income tax already paid at standard rate and from a 2% stamp duty on all purchases.

AWARENESS OF THE RISKS

If the "small man" is coming into the markets as an investor, it is essential that everything possible should be done to ensure that he is aware of the risks, as well as the rewards, that are inherent in buying Ordinary Shares. As the more sophisticated investor already knows, it is quite possible to suffer substantial capital losses even when market prices as a whole are rising.

The period since I last wrote my Chairman's remarks has marked a great change in the organization of the Charterhouse group of Companies. Your Company — the Trust — has become an orthodox Investment Trust Company with only about 15% of its total resources in its one big investment which will be 500,000 (or about 8 per cent) of the Ordinary Shares of The Charterhouse Group Limited which has recently placed its Ordinary Share Capital on the market. Many Stockholders of the Trust took advantage of the opportunity of buying Ordinary Shares in the Group and thus becoming directly interested in its future.

ASSOCIATED NEWSPAPERS LTD

LORD ROTHERMERE'S STATEMENT

The Fifty-fourth Annual General Meeting of Associated Newspapers, Limited, will be held on Tuesday, July 14, 1959, in the Memorial Hall, Farringdon-street, London, EC4. The following is from the statement by the Chairman:

The past financial year has been a period of stability. In my last annual statement, you may recall I expressed the view that we could look forward to a year no less satisfactory. I am very glad to report that the results are rather better than I then foresaw.

For the first time since the war the trend of increasing costs has been arrested. Taking the newspaper industry as a whole, there have been only minor increases in cost in one or two directions and actually some decreases in others. Advertising revenues have been fairly buoyant and your papers have followed the national pattern of steady circulations. The sales revenue of the group reached a record figure during the period under review, due to the full effect of price increases over a year ago.

No major difficulties have arisen in the field of industrial relations. In fact, the friendly and co-operative relationship between management, unions, and staff has been a welcome feature. I regret, however, that in some departments there still exists a lack of realism to the main problem which now faces us all. In present day highly competitive markets long-established industries and especially old-established firms within those industries are very vulnerable. For this reason it is vital that all sides should approach the introduction of new techniques and mechanisation in an objective and enlightened manner. For instance, it is incongruous that after years of negotiation no conclusion has been arrived at regarding the mechanical packing of newspapers.

ACCOUNTS

I would now draw your attention to several points in the Accounts. You will see from the Profit and Loss Account that profit on trading shows an improvement on last year. This was achieved in spite of the fact that the period includes two Easters, always an expensive occurence in daily newspaper publishing.

The dividend from Anglo-Newfoundland Development Co., Ltd., shows a decrease to 20 cents per share as compared with 37½ cents in 1957. In fact, the Anglo-Newfoundland group's profit showed an increase in 1958, but in order to maintain the Company's strong financial position, it was decided to reduce this year's dividend.

There has been a welcome relief from taxation by the reduction of Profits Tax to a flat 10 per cent, which reduction shows a material advantage to this Company as it is distributing nearly half its profits. The present year also in part benefits from the reduction of the standard rate of Income Tax. Both these alterations are welcome however, not only from the point of view of the Company and the shareholders, but as tangible evidence of returning prosperity and stability in this country.

Turning to the Balance Sheets, there are one or two items to which I should draw your attention. The variation in Trade Investment is mainly due to the effect of the change in our television interests in the country. So far as liquid resources are concerned, you will see that the sum total of Tax Reserve Certificates, Short Term Loans, and Cash in the Consolidated Balance Sheet is £1 million larger than last year's figure of £4½ million. Part of this increase arises from the longer credit now arranged in respect of payment for newsprint. These considerable liquid assets were, to some extent, necessary owing to certain forward commitments. For instance, there has been the repayment of £500,000 3¼% Unsecured Loan Stock, the purchase of West Country Publications Limited, and, as mentioned elsewhere, an amount reserved in the event of our increasing our holding in Southern Television Limited. Whilst, therefore, the balance may seem large, these changes will reduce it considerably. You can rest assured that your Board is watching the position carefully and that these resources will be used to the best advantage of the Company.

THE DAILY MAIL

During the year, the *Daily Mail* continued to add to its reputation for enterprise. For instance, the sending of two correspondents to the borders of Tibet to discover what was going on in that unfortunate country and their warning reports published some three months before the escape of the Dalai Lama; the support given to the crossing of the Atlantic by the Small World balloon, are but two of many examples both abroad and at home. The *Daily Mail* corps of correspondents and reporters ensure that no event can occur anywhere in the world without a *Daily Mail* man being there to report it.

The political influence of the *Daily Mail* remains unsurpassed by that of any other journal. This was illustrated by Sir Roy Welensky's choice of the *Daily Mail* for publication of a letter putting the case for the Federation of the Rhodesias and Nyasaland following the troubles which broke out in Nyasaland.

The leading article entitled Comment continues to be widely read for its forthrightness and "down to earth" common sense, but the *Daily Mail* is always ready to open its columns to points of view that differ from it own. The *Daily Mail* is a newspaper that has no axe to grind, and is therefore trusted by its readers.

THE EVENING NEWS

While sales of all London evening papers have shown a slight tendency to decline, last year *The Evening News* maintained its pre-eminent position in the London market. Sales were nearly as many copies as the two other evening papers together. *The Evening News* has been established for many years as the leading London family newspaper and the evening paper with the biggest sale in the world. The appreciation by advertisers of its pulling power is demonstrated by their supporting the large size papers which *The Evening News* has been able to publish.

The Evening News also is predominant for small and personal advertisements. These have greatly increased during the past year, and *The Evening News* is recognised by advertisers as being the paper which obtains the most satisfactory results.

THE SUNDAY DISPATCH

The complete change in the character of the *Sunday Dispatch* decided on two years ago caused a considerable loss of readership. I am glad to be able to report that the circulation is now steady. Its contributors include many of the most famous writers of our day, and agreements have recently been signed with some major "best sellers" for special feature assignments over the coming year. The quality of its news, sport, and financial coverage is recognised and has placed the paper among the best of the responsible Sunday journals.

THE DAILY SKETCH

The *Daily Sketch* has maintained its standard of lively and aggressive journalism which has more than doubled its readership over the last five years.

Throughout the year the advertising position steadily improved, and the gross revenue from this source was appreciably higher than in the previous year. The outlook for the current year is encouraging, and the present position is enabling the *Daily Sketch* to produce an increasing number of larger papers.

WEEKEND

This has been a difficult year for the magazine trade in general and 1958 saw the closing down and merger of some well-known publications. *Weekend* is the third largest gravure magazine in colour published in this country and the most popular weekly magazine covering a variety of interests, which appeal to all members of the family. Sales this year are showing a more satisfactory trend.

TELEVISION

Southern Television Limited, in which we hold a one-third interest with the Rank Organisation and Amalgamated Press, started operations at the end of last August, and is already earning profits.

Circumstances have arisen recently

which Associated Newspapers Limited can increase its holding up to 50 per cent in Southern Television, and if this can be achieved on terms satisfactory to your Company it is our intention to take this further interest.

PROVINCIAL NEWSPAPER INTERESTS

The provincial subsidiaries have continued their steady progress.

The volume of local display and classified advertising has increased from last year's record peak, and is still increasing. Although competition for national advertising has been greatly intensified, it is gratifying to note that more national advertisers are using our provincial newspapers for continuity advertising.

During the year, a favourable opportunity occurred of acquiring the Harmsworth family interest in West Country Publications Ltd. In accordance with our normal policy, the independence and local character of this group of newspapers will thus be preserved. This, I am sure, will be an investment which will be of considerable value to your Company.

GODFREY'S LIMITED

The 46th annual general meeting of Godfrey's Limited was held on June 22nd in London, Mr Herbert E. Down, F. C. A., Joint Managing Director, presiding in the absence of Lieutenant Colonel W. E. Castello, M. I. Mech. E. (Chairman and Joint Managing Director).

In the course of his circulated statement the Chairman said: In the communication made to Shareholders last February, it was stated that Profits for the year to December 31, 1958, would not reach that for the previous year, but that with the lifting of credit restrictions in the Autumn, confidence had then been restored. With the Budget there comes an additional and most welcome relief in Purchase Tax and the freeing of Commercial Vehicles from this tax, which makes the outlook for the current year much better, since the principal part of your Company's turnover is in Commercial Vehicles, Bodies, Tipping Gears and allied components.

In February last, your Directors decided that the improved conditions in the Trade were such that a Scrip Issue of 25 per cent could be made and the current dividend maintained on the increased Capital.

A further measure of our confidence in the future progress of your Company is the decision to go forward with building extensions at Godalming and Kingston.

Your Directors propose later in the year to make arrangements for increasing the Company's Capital on terms which should prove attractive to Members.

If the volume of business in hand is any indication of the prospects for 1959, your Directors anticipate that considerable improvement in the results will be achieved.

COMMONWEALTH DEVELOPMENT FINANCE COMPANY LIMITED

The Annual General Meeting of Commonwealth Development Finance Company Limited was held on June 25th at 27/32 Old Jewry, London E.C.2.

The Right Hon. The Lord Godber, Chairman, presided.

The Chairman said: — Gentlemen, in previous years I have not felt the need to say anything at the Annual General Meeting to supplement my printed Review, but the events of the last financial year have been unusual and I feel I should therefore address a few words to this meeting.

First came the mention of your Company and its activities at the Commonwealth Economic Conference at Montreal. Our activities have already made your Company known to many Commonwealth Governments, but this reference will have served as a general reminder of our function and it has given your Board and the Company's staff the encouragement of knowing that their work is recognised and appreciated.

Then came our share issue, the response to which has been a source of much pleasure to your Board. The Directors' Report of 25th May advised you that, in addition to applications for 980,000 new "A" shares received from existing shareholders, 76 other companies had applied to become "A" shareholders in respect of an additional 5,030,000 new "A" shares. More applications have come in since that date and I can announce that the total of applications now amounts to 6,320,000 "A" shares and that 81 new companies wish to become shareholders. After you have passed the necessary Resolution the authorised capital of your Company will be £30 million of which £26,310,000 will be issued. This result is most gratifying to your Directors. It implies an encouraging measure of confidence in the Company and its achievements and demonstrates an admirable sense of responsibility on the part of the subscribing companies.

I would like for a moment to strike a different note. In recent years this country has passed through severe difficulties which, if not yet entirely surmounted, are in my opinion well on the way to becoming past history. From time to time we have heard suggestions and inferences from some of our friends abroad that the strain of these difficult years has sapped the vitality of some of our great industrial and commercial enterprises.

Needless to say I have never countenanced such views and I am glad to have this opportunity of rebutting them and, in doing so, I am sure I may speak for you too.

My opinion has been amply confirmed by the response to our invitation to subscribe to our recent share issue on such a broad basis. To my mind it indicates in no uncertain fashion that the spirit of the merchant adventurer is still very much alive in this land and it augurs well for our own future and for the Commonwealth and all those which it is our purpose to serve.

I extend a warm welcome to all our new shareholders. I would add a special word of welcome to those new shareholders who form part of groups whose principals are in Canada or the United States and to say how pleased my colleagues and I are to see this demonstration of their interest in, and recognition of the value of, the development of the Commonwealth.

I should like to reaffirm your Board's appreciation of the ever present help afforded to us by the Bank of England, evidenced now by the substantial increase in its holding of "B" shares. You will also have seen that certain Commonwealth subscribers will be coming on to our "B" share register, which is a source of much pleasure to us.

I hope you will consider the Balance Sheet satisfactory. The addition to Reserve this year is the largest so far; nevertheless it is modest.

There are inevitable risks in the development field and the creation of substantial reserves is of the highest priority. Because, in the very nature of our business, the margin of earnings available to us will always be small and particularly because of the inroads made by taxation, it must take some years before our Reserve funds have been established at a satisfactory level. Nevertheless, eventually we hope to give our shareholders a modest return on their investment in CDFC.

The first calls on the new share capital will bring in £3,127,000 and your Board is now considering ways and means of raising long-term capital in order to reduce our large overdraft still further and to provide funds for further expansion.

I would like to make a special reference to the importance we are attaching to the help we can give towards the formation of development corporations in Nigeria and Rhodesia.

The imminence of independence in Nigeria in October 1960 throws a special emphasis on the policy in industrialisation which is being so energetically pursued in that country. Nigeria's expressions of goodwill towards Britain and acceptance of the Commonwealth idea and all that it implies, throw a very special responsibility upon this country to deserve and justify a continuation of that confidence in the years ahead. CDFC is assisting and indeed taking a lead, in the establishment of what will be called the Investment Corporation of Nigeria Limited. Your Managing Director, Mr. Hoar, has just returned from Lagos, having taken positive steps to bring the Corporation into being under sound management. I hope also to visit Nigeria later in the year.

In the Federation of Rhodesia and Nyasaland, availability of abundant power in the near future from the Kariba hydro-electric scheme will assist in the expansion and diversification of the natural development of the economy in those territories. The proposed Rhodesian Development Corporation will, it is hoped, be particularly well placed to give backing, both financial and advisory, to the smaller African and European enterprises, and we shall be glad to contribute to the Corporation not only from our experience gained from association with similar specialist corporations in other countries but also with an equity subscription.

The availability of new funds to CDFC and the publicity which has been attracted thereby will certainly increase the number of projects placed before us. In anticipation of this, we are increasing our staff and we have plans for our executives to travel more widely. I must stress that the standard of appraisal by which we judge our investments is high and that your Board will only be prepared to consider schemes which meet these high standards. Nevertheless, we have every confidence that our rate of investment will increase and that we shall be able to play an increasingly larger part in the industrial development of Commonwealth countries.

The Report and Accounts were adopted, and the increase in capital approved.

The meeting closed with a vote of thanks to the Chairman, Directors and Staff, to which the Chairman made a suitable reply.

LANCASHIRE DYNAMO HOLDINGS LIMITED

CHALLENGE OF INCREASINGLY COMPETITIVE CONDITIONS

The sixtieth Annual General Meeting of Lancashire Dynamo Holdings Limited was held recently in London. The following is an extract from the statement by the Chairman, Lieutenant-Colonel G. S. Marston, DSO, MC:

It is my privilege to present to Stockholders the Report and Accounts for the year ended December 31, 1958, and I am very pleased to be able to report that another record has been achieved by your Group both in Turnover and in Profit.

During the year your Directors honoured me by electing me as Chairman and Mr D. C. Lorkin as Managing Director following Mr S. F. Steward's resignation on his appointment as Director-Designate of The British Electrical and Allied Manufacturers' Association. As you are aware, I am Chairman and Managing Director of J.G. Statter & Co. Ltd., which became part of your Group in November, 1956, and I consider it a very great privilege to be able to play a greater role in your Group of Companies, which I believe to have a tremendous future.

Mr D. C. Lorkin is also Managing Director of Lancashire Dynamo & Crypto Ltd., with which he has been associated since 1932.

Earlier in the year Mr A. W. A. Dick-Cleland relinquished his Directorship and Mr R. A. Bent, Managing Director of our Electronic Company at Rugeley, has since been invited to take his place on the Board.

We have been fortunate to obtain the services of The Right Honourable the Earl of Halsbury and he has accepted the invitation to act as Vice-Chairman as from April 6th.

The Profit of the Group for the year, before Taxation, amounts to £836,466, an increase of approximately £90,000 over the previous year. The Profit of the Group after Taxation amounts to £396,796 as compared with the previous year's total of £382,721. The Consolidated Balance Sheet indicates that the liquid position of the Group has continued to improve during the year, consequent upon improved planning and production at our various Works.

Your Board recommends that the sum of £100,000 be transferred to "Reserve in Respect of Increase in Replacement Cost of Fixed Assets," thus increasing that reserve to £438,284 and that a further £100,000 be transferred to General Reserve to bring that total to £821,386.

The results for the year would in the Board's view justify a total dividend of 12½ per cent as against 11 per cent last year. As however an increased distribution for 1958 would attract additional liability to Profits Tax the Board recommends a final dividend for 1958 of 7 per cent (making the distribution the same as for 1957) and have declared a special bonus interim dividend for 1959 of 1¼ per cent payable at the same time as the final dividend which will not prejudice subsequent distributions for 1959.

As the various reserves now exceed the Issued Ordinary Stock the time is felt appropriate to make a further Bonus Issue. Accordingly the Board recomends the capitalisation of £726,317 of the Reserves and that a Bonus Issue be made to Stockholders in the proportion of 1 in 3. An Extraordinary Meeting will be convened to pass the necessary resolutions.

THE FUTURE

Increased competition is now being experienced, is still likely to continue and may become even more severe. We must however accept these competitive conditions as a challenge and I am confident that we are as well equipped to meet them as anyone in the industry.

I feel confident in spite of the difficulties we may have to face that the enthusiasm, determination and goodwill so evident to me will carry us through and help us to expand and to keep up to date and maintain the high standards of design, workmanship and service which for so many years have been synonymous with the Lancashire Dynamo name.

The solid foundation stone laid 60 years ago and the fine spirit af adventure then shown will, I am convinced, bring to your company further progress and prosperity in our present sphere of activities and in any new fields which we may enter.

The report and accounts were adopted.

At an Extraordinary Meeting the Board's capitalisation and scrip issue proposals and the increase of authorised capital were approved.

ATLAS ELECTRIC AND GENERAL TRUST

FURTHER INCREASE IN REVENUE

The fifty-first Annual General Meeting of Atlas Electric and General Trust Limited was held on June 25th in London.

The Right Honourable Lord Remnant, MBE, (the Chairman), presided and, in the course of his speech, said:

Total income at £1,289,000 was £49,000 up on the previous year. Ordinary expenditure showed no change, but the expenses of the capitalisation issue last January, amounting to £2,600, have been written off. The charge for taxation was reduced by £5,000 and the net revenue for the year was therefore some £51,000 higher at £634,000.

At the Extraordinary General Meeting held last December to consider the proposed capitalisation issue, I indicated that the Board expected to maintain the same rate of dividend, namely 12 per cent, on the enlarged Ordinary capital. That would have involved a payment of a final dividend of 8 per cent. We decided, however, to make the final payment 9 per cent and to transfer £175,000 to General Reserve.

The valuation of the investments now totals more than £21,800,000. This compares with a book value of £11,600,000 and shows an appreciation of £10,200,000 or 87,8 per cent.

There has never been a time when it was more necessary tha now to be constantly watchful over a large portfolio of investments. Take-over bids have become so common that some newspapers make a news feature of them every day. The fear of such a bid being made tends to influence the Board of a company to adopt a course of action which it might not take otherwise. Much as one may sympathise with a management which has conducted the business of a company with a proper regard to the interests of all concerned, it is undeniable that a take-over bid often leads to a more profitable employement of all the assets of a company.

The net asset value of £1 Ordinary Stock on March 31st last was 68/8d. On that date the Financial Times Industrial Ordinary Share Index stood at 219.4 and the Dow Jones average at 601.7. As those indices at June 1st had moved up to 240.1 and 643.51 respectively the net asset value at the latter date was considerably greater than 68/8d.

There has been much discussion recently in the Press and elsewhere as to how investors in various companies including Investment Trusts have fared over the last decade. As regards the purchaser of £100 Ordinary Stock of this Trust on March 31, 1948, his experience, as viewed at March 31, 1959, would have been as follows. His gross annual income would have increased from £2 to £19. The net asset value of his stock would have increased from £178 to £515. The market value would have increased from £72 to £450. No doubt it would be regarded as a very satisfactory investment.

I anticipate that the results of the current year will be as satisfactory as those of the year just ended.

The report was adopted.

WHESSOE LIMITED

SATISFACTORY OUTCOME OF YEAR'S WORKING
MR C. M. SPIELMAN'S REVIEW

The thirty-ninth annual general meeting of Whessoe Limited will be held on July 14th at 25, Victoria Street, London, S.W.

The following is the review of the chairman, Mr C.M. Spielman, OBE, MC, BA, MICE, MIStructE, which has been circulated with the report and accounts:

The year has been one of sharp fluctuations both in the demand for our products and in the availability of steel supplies. I am, however, glad to be able to report that although production in certain departments had to be curtailed for a period, the outcome has been satisfactory in that our increased efficiency resulted in profit margins being virtually maintained and, due to the greater value of work completed, a higher profit than that of last year has been achieved.

THE ORDER BOOK

In my review of last year I referred to the sudden falling off of orders following the crisis of September 1957. Owing to our large back-log of work we were able to continue in full production for several months. But the shortage of orders, particularly from the petroleum industry, persisted well into our current financial year, and ultimately in order to maintain continuity of employment we had to suspend week-end working and overtime in some departments. Despite this, certain of our departments then had only three months work in front of them, in place of the twelve months to which they had been accustomed for so many years. This change, however, brought its own compensation in that it had a most salutary effect on our efficiency and economy. All our employees reacted splendidly to the reversion to a more competitive state of trade, and we were able to quote keener prices as well as shorter deliveries. This in turn resulted in our obtaining at least our share of the fewer orders available. Moreover, towards the end of the year there was an improvement in both enquiries and orders, and whilst the latter are still not up to our productive capacity, most departments now have a good six months work in front of them.

We continue, however, to be dependent on that return of international confidence which will lead to a real revival in capital investment, and I would again remind shareholders that our continued progress depends in the main on the rate of development of the petroleum industry.

THE YEAR'S WORK

Whilst the majority of our contracts occupy less than a year, we always have some in hand which take two to five years to complete, and outstanding amongst these are our nuclear power contracts.

In the year under review we completed the four reactor pressure vessels at Chapel Cross, although two remain to be finally handed over. These are similar to the four vessels at Calder Hall which we completed a year ago. Calder Hall was, of course, the first nuclear power station to go into commission in the world and it is gratifying to have made a major contribution, not only to it, but also to Chapel Cross which also is a pioneer station. The two larger reactor vessels at the Bradwell Nuclear Power Station are more than half finished, and the single similar vessel which we are to build at Latina, Italy, is in the course of works fabrication. As a member of The Nuclear Power Plant Company we are building this latter vessel as our contribution to the first British contract for a nuclear power station overseas. We are also particularly pleased to have received from the Atomic Energy Authority the order, against strong competition, for the pressure vessel for their Advanced Gas Cooled Reactor which is a pioneering project of world significance. Shop work on this also is now in progress.

I referred in my last year's review to the prototype aluminium tank for the storage of liquid methane ordered by the North Thames Gas Board. This has been completed and methane gas, mixed with gas produced from coal, is now being supplied to consumers, and we are watching developments in this field with very great interest.

As usual, however, large oil storage tanks have constituted our base load, and represent a major part of our works and erection activity, and it is of interest to note that a growing proportion of our storage tanks are now welded by automatic methods which add considerably to the speed and quality of our work.

The year has also produced many interesting orders for Shand and Jurs equipment including the latest Telepulse distant transmission system by means of which the level and temperature of the liquid in any number of storage tanks is recorded at one central point. Demonstrations of this equipment have been made at several exhibitions both at home and on the Continent. Another pleasing feature of the year has been the considerably increased production of heat exchangers.

ACCOUNTS

The profit for the year after all deductions other than taxation amounted to £1,229,338 as against last year's previous record figure of £1,028,950. The corresponding figures after taxation are £629,338 and £503,950 respectively. We have included in the profit of the year a further £40,000 on the same long term contract on which we took £40,000 last year. The Board consider that this appropriation, whilst still leaving much of the profit in work in progress, gives a truer picture of the result of the year's work. Apart from this, our practice of only bringing in profit on work which has been completed and handed over has been followed.

In spite of the higher value of work completed gross work in progress at £6,054,416 is at approximately the same high level as last year, and the profit on this, other than the £80,000 mentioned above, remains to emerge in future years.

Capital expenditure, although somewhat below that of last year, continues to be considerable. Owing partly, however, to a substantial reduction in net work in progress, our liquid position has greatly improved. Whilst debtors are at about the same level as a year ago, creditors have been reduced by about £100,000 and in place of a bank overdraft of about a quarter of a million pounds, we have short term investments and a credit balance of well over half a million.

I have indicated in each of my reviews of the past two years that it is our intention to continue to expand. Our plans for further stages are well advanced and a start will be made in the near future. The rate of progress must be dependent, however, on the growth of the industries we serve. With the large prospective expenditure involved we must continue to be moderate in our distribution policy. Nevertheless, as I said a year ago, we believe that dividends should follow the trend of profits, and by profits I mean realised profits, and not any estimated future profits. An increase in dividend is thus solely a reflection of good results achieved; and it is on this footing that your Directors recommend a final dividend of 22½% on the Ordinary Stock, making a total of 27½% for the year, compared with 25% last year.

PRODUCTION FACILITIES

During the year our new welding shop has been completed. It is already in use for the automatic welding of heavy plate panels for nuclear power plant, and is equipped with a powerful isotope for radiography. The construction of the shop is of interest in that we understand it is the first large industrial building to be constructed with broad flanged beams made by Dorman Long & Co., in their new Lackenby Rolling Mill.

STEEL

Our production has been greatly eased by the ready availability of steel in place of the shortage, particularly of heavy plate, which has persisted for so many years and we are therefore very glad the steel industry has continued in its resolve to increase its plate rolling capacity in accordance with the Iron and Steel Board's expansion programme. I sincerely hope that the industry which supplies our life blood will not be sacrificed to political ideology and that it will be allowed to continue to give that efficient service which can only come from private enterprise. World wide competition is bound to become more and more intense, and it is only by private enterprise that it can be met.

PERSONNEL

Once again I would like to express appreciation of the good spirit that prevails throughout all the departments of the Company, and I believe that all our employees feel that they are part of an efficient industrial organisation. In particular I would express appreciation of the understanding attitude of our works shop stewards when it looked at one time as if we should have to prepare for redundancy. Fortunately that did not occur, but if it had I know we should have had their fullest co-operation.

We have re-organised our staff Engineering Division into three self-contained groups, each of which handles enquiries, tenders and contracts in all phases, and the result is a most effective day to day co-ordination of activities with a minimum effort devoted to paper and planning.

With the growth in complexity of our operations and methods of production, we require more and more technologists of high ability, and our staff numbers must inevitably grow. We continue to give opportunity and encouragement to our younger employees in the works and offices to pursue technical college studies on the day-release system, and the best of them to attend sandwich courses leading to higher diplomas. We are convinced from our own experience that the university graduate and also the sandwich course product are necessary for our future prosperity, and we hope to expand our employment of both.

On the debit side of industrial relations, the year has been one of unofficial strikes and upsets at many of our erection sites, and particularly the more important of them. There are seemingly elements determined to delay or wreck important construction projects, and our Erection Division have had to devote too much time and energy to disputes which need never have arisen.

ANALYSIS OF STOCKHOLDERS' ACCOUNTS

It will, I think, be of interest to our stockholders to know that our £1,000,000 Ordinary capital is held by 1,364 stockholders and that no fewer than 1,068 holdings amount to under £500 nominal. By value, 20.5% of the Ordinary capital is held by private individuals, 22.5% by nominee companies, 26.1% by insurance companies, and the remaining 30.9% by pension funds, investment companies and the like. Your Board consider the wide distribution and solid character of the holdings to be most satisfactory.

WOODALL-DUCKHAM LIMITED

A DECADE OF PROGRESS
PLANS FOR THE FUTURE
MR T. C. FINLAYSON'S REVIEW OF OPERATING COMPANIES' ACTIVITIES

The 11th annual general meeting of Woodall-Duckham Limited was held on June 29 at Woodall-Duckham House, 63/77, Brompton Road, London, S.W.3., Mr. T. Campbell Finlayson, C.B.E., M.Sc., M.Inst. Gas.E., M.I.Chem.E., F.Inst.F. (the chairman), presiding.

The Secretary (Mr. N. Granville Lang) read the notice convening the meeting and the report of the auditors.

The following is the statement by the chairman which had been circulated with the report and accounts for the year ended Dec. 31, 1958:

Before dealing with the Report and Accounts, I would refer to the appointment of my colleague, Mr. James Simpson, as Deputy Chairman of your Company. Mr. Simpson also holds the position of Deputy Chairman of Woodall-Duckham Construction Company Ltd., the principal Operating Company of the Group, and will, in future, undertake special duties relating to the operations of the growing number of Subsidiary Companies within the Group.

In the Report of the Directors it will be noted that Mr. J. S. Jeffrey, having attained the age of seventy, retires from the Board in accordance with the Group's retirement policy. Mr. Jeffrey was a Director of your principal Operating Company for 29 years, being Joint Managing Director for six years. During the past three years he has been Chairman of W. J. Jenkins & Company Ltd., an important Subsidiary Company of the Group. Your Directors would like to place on record their deep appreciation of the great contribution he has made to the Group's success during his 47 years' service with it.

I am pleased to report that the activities of the Group continued at a satisfactory level during 1958 in spite of the difficult conditions which prevailed in the Industries which the Group serves, namely, the Steel, Coal and Gas Industries. The value of work carried out during 1958 exceeded 14½ million pounds as compared with 15 million pounds in 1957. The value of orders received in 1958 was over 10½ million pounds compared with 12 million pounds in 1957. I am pleased to state that the Group still had over 18 million pounds worth of unexecuted work at the beginning of 1959.

THE ACCOUNTS

The Consolidated Profit and Loss Account for 1958 shows a profit before taxation of £1,617,185 compared with £1,264,938 for 1957. Taxation amounted to £757,028 compared with £620,890 for 1957. Thus, after deducting £13,978, the proportion of profits applicable to outside interests, the Group Net Profit for 1958 was £846,179 against £609,836 for 1957. Out of the Group Net Profit of £846,179, profits amounting to £636,338 were retained in the Subsidiary Companies, leaving a net profit of £209,841 available in the Parent Company's Accounts.

Of the amount retained in the Subsidiary Companies £425,758 was allocated to General Reserves, £100,000 to Research and Development Reserve, the remaining £110,580 going to increase the amount carried forward on the Profit and Loss Accounts.

In my Statement last year I drew Members' attention to the fact that the annual profits of the Group are very much influenced by the dates on which contracts are completed and the profits thereon brought into account. The financial results for 1958 have been very favourably influenced by the bringing in of such profits from a number of completed contracts of substantial size.

A similar influence, though to a lesser extent, will operate in respect of the 1959 profits. Profits for 1960 may, however, be adversely affected by the smaller order books for 1957 and 1958. Whilst bearing these facts in mind, your Directors nevertheless consider that Members should reap some current advantage from the conservative dividend policy adopted in the past.

They therefore recommend a Final Dividend of 15 per cent, on the Ordinary Shares, making with the 5 per cent. paid on the 31st December, 1958, a total of 20 per cent. for 1958, the same as for 1957. They have also decided to pay a Special interim Dividend of 5 per cent. on the Ordinary Shares in respect of the year ending 31st December, 1959, to be paid at the same time as the Final Dividend in respect of 1958.

They also propose, in due course, to pay a further Interim Dividend of 5 per cent. on the Ordinary Shares to be paid on 31st December, 1959. When your Directors come to consider the amount of the Final Dividend for the year 1959, they will take into consideration the financial results for that year and the Group trading prospects for 1960, but will not take into consideration the Special Interim Dividend proposed in respect of 1959.

RECORD OF PROGRESS

It may be of interest to Members to have a very brief summary of the last ten years' operations of the Company from the 1st January, 1949, to the 31st December, 1958. Over this period the net profit applicable to the Company has increased from £149,000 in 1949 to £846,000 in 1958; the net dividends paid from £44,000 to £164,000; the issued Ordinary Shares from £400,000 to £1,268,000 of which £800,000 was due to capitalisation of reserves; the Capital and Revenue Reserves from £160,000 to £2,439,000.

The total volume of work carried out

during this ten-year period exceeded £115 million. the total amount paid in taxes was over £5 million, whilst the total amount distributed in net dividends was just under £900,000. Thus, in spite of heavy taxation, your Directors have been able to build up a strong financial position by reason of the conservative dividend policy adopted throughout this period, which enables the Group to face with confidence the changing conditions to which I shall be referring.

The presentation of this brief review of results makes it a suitable opportunity for me to place on record your Directors' appreciation of the help they receive from their Consulting Accountants, Peat, Marwick, Mitchell & Co. Mr. R. G. Leach, one of their Partners, acts as Financial Consultant to the Group. The success of the Group has been greatly assisted by his ready advice and expert guidance on all financial matters.

EFFORTS TO MEET CHANGING REQUIREMENTS

As Members know, the Woodall-Duckham Group lives to a large extent upon the construction of plant and the supply of equipment to the Steel, Coal and Gas Industries in Great Britain and overseas. In the year under review there has been a slackening in demand for your Companies' products, partly because of the decline in the demand for iron, steel and coal, and partly because new processes of town gas production and of iron and steel making have caused some changes in the pattern of requirements.

Your Directors cannot influence the demand for steel, coal and gas but they can see to it that they have available plants and equipment suitable to meet the changing requirements of their Clients in these basic industries. This is their aim and their plan.

Your Group has developed an overall plan for Fuel Processing covering a wide range of plants for the treatment of coal, oil and raw gas to meet the needs of the fuel industries. Technical developments in the field of fuel treatment are taking place all over the world. Exchange of technical information know-how and patents between Companies is one of the surest and most economical ways of keeping abreast of the times.

It therefore may interest you to know that in one field or another member firms of your Group have Agreements for exchange of know-how with no less than 16 different overseas Companies. This requires a great deal of contact work and members of your Boards have visited Australia, America, South Africa, Rhodesia, Germany, France, Holland and Italy during the year.

Members may be interested to hear very briefly about the activities of the Operating Companies which constitute the Woodall-Duckham Group.

WOODALL-DUCKHAM CONSTRUCTION COMPANY LTD.

The Company has been heavily engaged in building a number of coke oven plants for the Steel Industry at home and in South Africa. Two important plants have been completed for the National Coal Board. One of these plants incorporates many new features relating to the instrumentation and control of the by-product plant—thus bringing some degree of automation to a Coking Plant.

A number of new and reconstructed coal carbonisation plants have been completed for the Gas Industry. It may be of interest to record that during 1958 over 20 million tons of coal was treated in Great Britain in coal carbonisation plants designed, built and serviced by the Company.

An order exceeding £2 million in value has been received from the South Eastern Gas Board to build at their Isle of Grain Works a high pressure Oil Gasification Plant using the Shell Gasification Process. The contract also covers the supply of ancillary gas treatment plants and a tonnage oxygen plant.

The Company has obtained from Stein et Roubaix of Paris a licence to exploit a new process—known as the MS Process—for the reforming of refinery and liquid petroleum gases, natural gas and light distillates to produce town gas. The process should have a useful application in Great Britain and various parts of the Commonwealth.

In this country the Gas Industry is actively exploring a number of alternative methods of making gas from coal and oil with a view to making available a cheaper supply of town gas. The employment of high pressure techniques renders experimental work much more complex and expensive and generally beyond the scope and resources of any individual Gas Board or contracting Company.

The Gas Council, under the leadership of Sir Harold Smith, are therefore to be congratulated on their longsightedness and enterprise in establishing at Solihull a Research Centre very well equipped to carry out such work. Not everything undertaken three can hope to attain speedy commercial success but without the courage to spend money on development work no progress can be made in establishing new techniques. It is, therefore, a source of satisfaction that the Woodall-Duckham Construction Company is one of the Companies which has entered into an Agreement with the Gas Council to build commercial plants in accordance with these Gas Council developments as and when they are ripe for commercial exploitation.

W. J. JENKINS & COMPANY LTD.

The year under review has seen the successful commencement of gas-making of 50 per cent. of the installed capacity of 14 million cubic feet per day of the Intermittent Vertical Chamber Oven Plant at the Garston Works of the Liverpool Group of the North Western Gas Board.

The Company entered into a further Agreement with Schuchtermann & Kremer-Baum of Dortmund for a licence to design and build Coal Preparation Plants based on the S.K.B. range of products, and, in particular, their latest speciality, the "Teska" Dense Medium Washer. This, allied with the previous licence for Resonance Screens, and W. J. Jenkins 'own speciality items for and experience of Materials Handling, will enable them to carry out contracts for complete Coal Preparation Plants, for which enquiries are already being handled.

Modernisation of the Works was completed by the installation of the final items of machinery in the Structural Shop.

Although the second half of 1958 saw a reduction in volume of orders placed, the Company has a full year's work in hand.

WOODALL-DUCKHAM (AUSTRALIA) PTY. LTD.

The year 1958 in Australia has shown a continuing trend away from orthodox carbonising methods, the emphasis having turned to oil gas systems. In New Zealand the position is rather different and a number of enquiries are arising for new Coal Carbonising Plant. Attention has been turned to the development of contracting work elsewhere and a degree of success has been achieved. Development in the air purification and dust extraction field has been undertaken. The Company has set up a Furnace Division and is confident that it will obtain a good share of the substantial volume of business to be done in this field.

In the case of the Refractories Division, the results so far have not come up to expectations, partly due to the change in the overall economic position and to keen competition. Particular effort has been made to improve the quality of the products and in consequence future results.

The year's results have been disappointing, due to factors which have already been mentioned, but it is confidently believed that the new activities and the progressive development of the Refractories Division will bring about an improvement.

THE STOURBRIDGE REFRACTORIES COMPANY LTD.

During the year under review further progress has been made in improving the plant and equipment and generally increasing the efficiency of the Works with a view to the progressive improvement in the quality of a wide range of products.

UNITED FIRECLAY PRODUCTS LTD.

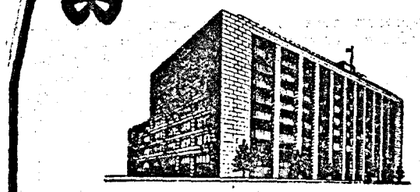
The year 1958 has been a difficult one in all sections of the Company's activities owing to the lessening demand for the Company's products for the Steel and Building Industries resulting in an increase in stock of all products. The prospects are brighter, however, for the current year in both these fields.

In spite of the temporary recession, the plans in connection with increasing the capacity of the Refractory Section, which were initiated in 1957, were brought to finality at the end of 1958 and a start has now been made with the installation of the necessary new plant.

May I, in conclusion, on behalf of my colleagues and myself, offer to all those employed in the various Companies which comprise the Woodall-Duckham Group our warm thanks for all their efforts during the past year which have in no small part led to the Group's prosperity.

The report and accounts were adopted and the final dividend of 15 p.c., less Income Tax, making 20 p.c., less Income Tax, for the year, was approved.

Mr. E. N. Wenboru, M.Inst.Gas.E., was re-elected as a director and the remuneration of the auditors, Messrs. Longcroft, Smith & Co., having been fixed, the proceedings terminated.



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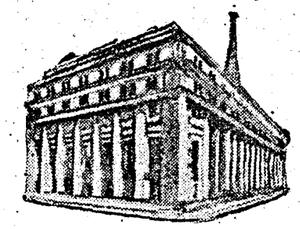

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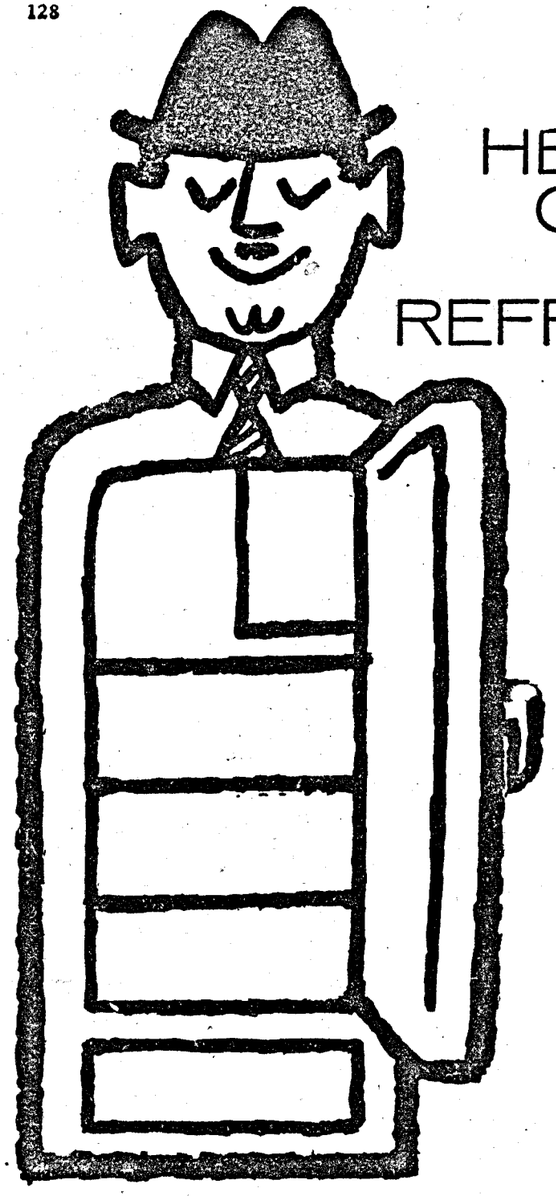

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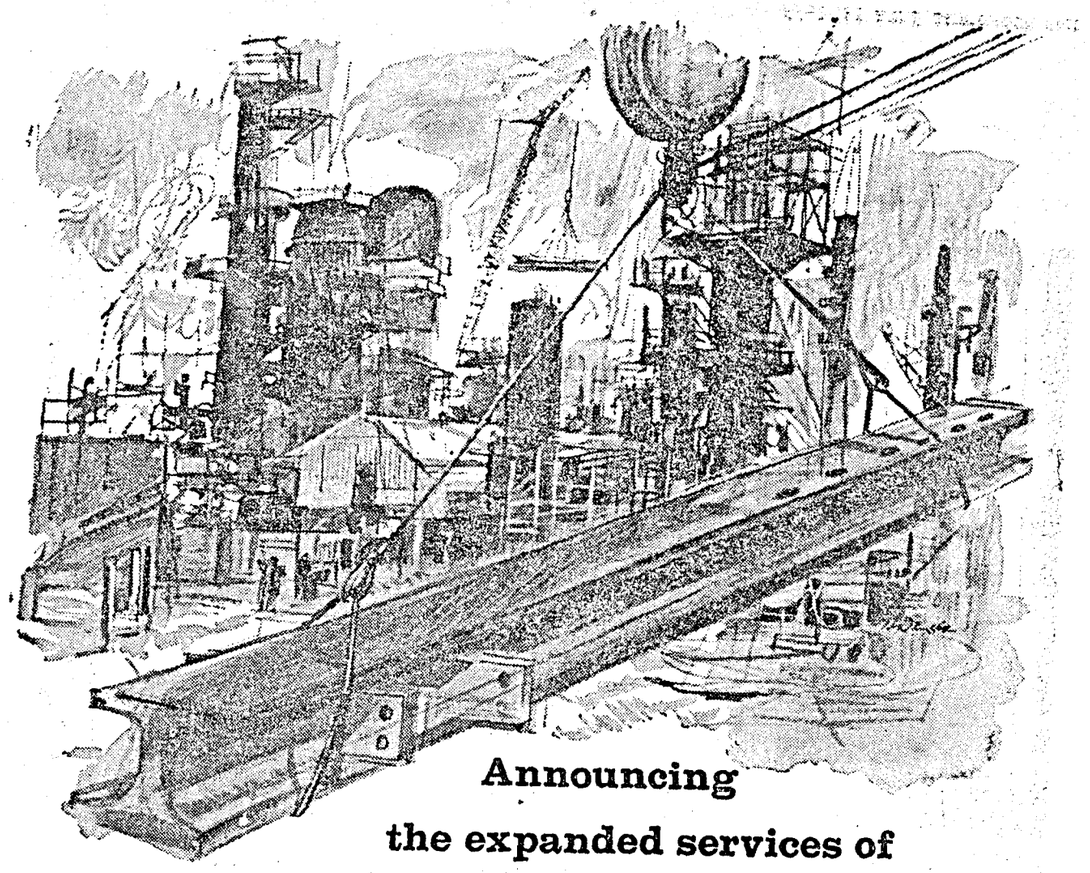

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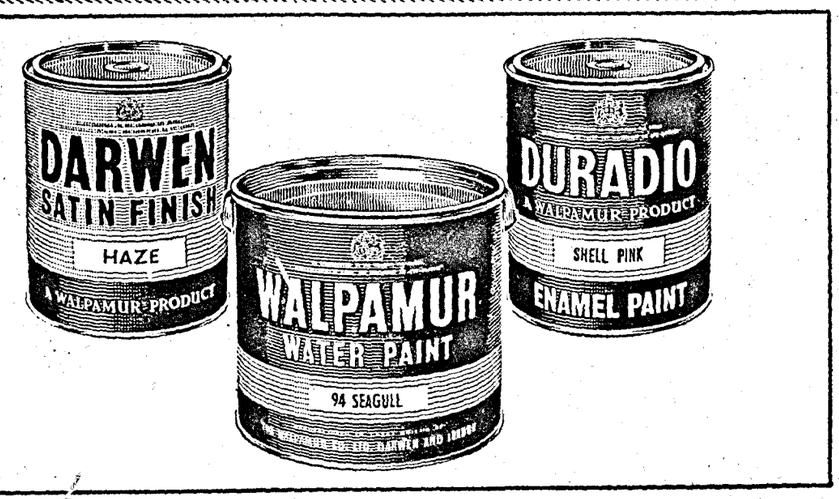

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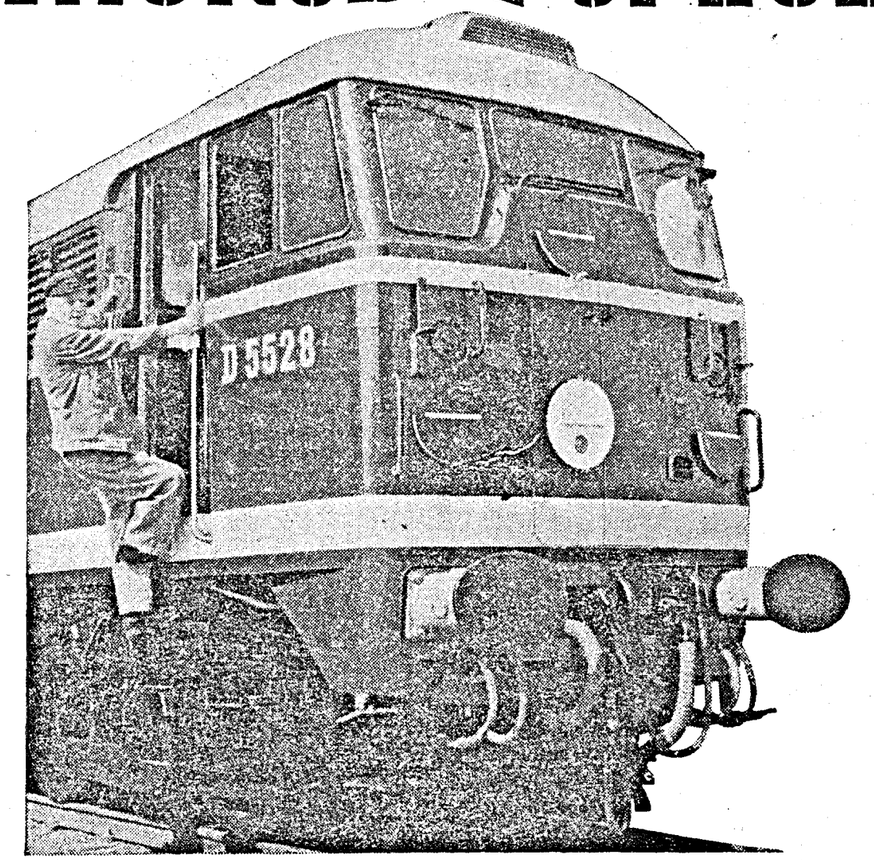

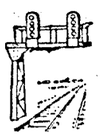

Every Thursday afternoon the signals go green to welcome the arrival of the week's most important "special" — the new Type-2 locomotive delivered to British Railways from the Brush works at Loughborough. This weekly delivery of Type-2 diesel electric locomotives is an important part of the modernisation of British Railways. The Brush locomotive now out numbers all other makes of this type in service. So successful has it proved — hauling passengers by day, freight by night — that HAWKER SIDDELEY INDUSTRIES has recently received a contract for a further 75 locomotives, which will double output at Brush until the end of 1960. Production capacity has been increased so that two locomotives can be delivered weekly without interfering with export or other home commitments. At home and abroad, Hawker Siddeley gives on-time, dependable delivery, supported by a vigorous after-sales service.

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In Labour Again

IT WAS no doubt very naughty, but nevertheless not surprising, that the news from the Isle of Man last week, where the Transport and General Workers' Union was striking a blow for the good old cause of nationalisation, should have proved an irresistible temptation to Mr Morrison and Mr Shinwell to reaffirm their disregard for Mr Gaitskell. Oddly enough, Mr Cousins in his speech had endorsed the idea of share buying by the state, which is Mr Gaitskell's most characteristic contribution to Labour policy, and had rejected the notion of a shopping list of industries to be nationalised, which is the principal demand of Mr Gaitskell's socialist critics. But the old campaigners had correctly deduced from the tone of the conference's proceedings the robust refusal of the leaders of the union to be sweet-talked out of their fundamentalist attitudes to the nature of society.

The effects of this new fall-out on the immediate political situation in British politics are discussed in a note of the week on a later page. But do they presage something even more important for the long term? When the Labour party split over Mr Bevan and Bevanism just before the 1955 election, it was possible to argue that the main explanation of its apparent suicidal urge lay in an almost accidental complication of personal rancours, in quibbles about personalities rather than in a deep-seated conflict of principles. That argument will not easily wash for the second time running. The new split illustrates a fission which goes very deep in non-conservative political thought and action. It is a fission between instinctive socialists, who think that the main objective of politics should be to change human nature along with the structure of society, and instinctive liberals, who would like to change such things as inherited distinctions of class and wealth but are eager to accept human beings as they are.

This drawing of philosophical battle lines between the socialist and the liberal produces one very obvious result. It is at once evident that most Labour voters and nearly all Labour leaders, irrespective of the vocabulary they use, are on the non-socialist side of the line. The declared object of the Labour party's new style Gaitskellite policies, against which the old guard is kicking, is not to change the structure of society in any very fundamental way by government action but, in the first place, to make certain features of it less abrasive so that people pushing ahead to improve themselves will not feel upset by unfair obstacles put in their way, and, in the second place, to finance the Government's social policies in ways, such as drawing dividends from state owned equities, that might be less objectionable to the ordinary taxpayer.

Gaitskellite policy prospectuses, or something like them, are probably going to be normally needed if Labour is to attract the 14 million odd

votes it needs to be returned to power. The trouble is that these prospectuses are bound simultaneously to stir up revolt among many of the few thousand people who turn up to meetings of the Labour party and some of the trade union leaders, who are on the other side of the ditch. They really do want to change human nature and expect policies that look as though they might accomplish this object. This explains the atmosphere of double conspiracy that surrounds the Labour party's present policy; and has exposed its leadership to charges of sharp practice both from industry and from the true socialist. It is possible, as the Institute of Directors have shown, to build up a charge that Labour is aiming to achieve office with a moderate-sounding programme, which yet contains within it, if its various versions are textually collated, a hidden plan for a socialist take-over bid for the whole British economy. On the other hand, and more plausibly, Mr Cousins, Mr Morrison, Mr Shinwell, the *Universities and Left Review*, and Victory for Socialism all suspect that the continuity with characteristic socialist thinking is at best tenuous and that, in four words, they are being had.

Does the conflict between the things that Labour needs to avoid in order not to scare away the mass vote and the things that it needs to say in order to keep up the spirits of its party workers mean the gradual end of the Labour party as we know it ? Does it, for example, portend success for the Liberal party's take-over bid for the radical vote ? This is the alluring possibility which makes Tory opponents of socialism so gleeful and which buoys up Liberal spirits. It is tempting to say that the Liberals would now have a great opportunity if only so many items in their policy did not look like something that Mr Grimond "has fetched home from a political bring-and-buy sale" But in fact there is a major institutional factor in British politics which is likely to leave the Labour party as the principal challenger of the Tories.

This factor is Labour's connection with the trade unions. If this should really be damaged in the next round of scuffling over the bomb (which now seems less likely in view of the votes at the miners' and railwaymen's conferences) the situation would of course begin to look very different. But now comes the paradox : just as the chances are that the unions will continue to be the decisive factor in giving the Labour party the advantage over the Liberals within the left, and preventing the Liberals from ever having a real crack at the Tories, so it comes increasingly to seem that the unions may be turning into a severe handicap to the Labour party in conducting its own anti-Tory campaign.

This is happening in two ways : the public is blaming the Labour party for industrial conduct by the unions which affronts its sense of fairness and commonsense; and, to judge from some recent union conferences, it is no longer the case that a few union leaders, operating undemocratically, are able or willing to represent in the higher councils of the Labour party the mass of the voters who vote Labour but do not go to meetings. It was always something of an accident that the unrepresentative character of constituency associations and the autocratic habits of union bosses more or less cancelled each other out. The undermining of this conservative tradition of union leadership on which Mr Bevan had calculated in his three-year plan to achieve power in the Labour party is now coming to pass, not quite on schedule since it has taken five years instead of three, and Mr Bevan lost patience on the way and made his own terms. As a result, the situation in which the political left may soon find itself is that the link with the trade unions, while indispensable to keeping the Labour party as the official opposition, may be its greatest handicap to becoming anything else.

Achilles Heel of the Seven

The sensible agreement with Denmark is no more than a first step to solving the problems of farm trade in Europe.

NEXT Monday's seven-power talks in Stockholm on the little free trade area should open under a relatively favourable star, thanks to the understanding between Britain and Denmark reached last week. Agriculture has always been the trickiest element in the new scheme of the seven countries outside the European common market. Austria, Norway and Denmark have never felt so enthusiastic about the scheme as the British, Swedes and Swiss. Denmark, nearly three-quarters of whose exports are farm products, has always had particular reservations. If it is to be wooed into opening its frontiers to Swedish and British industrial goods, it must have something for its farmers in return. The attitude of Austria, and perhaps of Norway, has in turn depended on the Danes' decision.

Under the new agreement with the Danes, Britain is to waive the 10 per cent tariff on bacon, as well as the less important tariffs on blue cheese and canned cream. Certain assurances have been given about quotas too. These arrangements have some strong critics, as the Chancellor of the Exchequer found when he broke the news in Parliament last week. The National Farmers' Union not only dislikes the prospect of more Danish competition. It also feels (as the Danes do) that Denmark's interests would be better satisfied in a broader European context; it assails the idea that British farmers should carry the whole burden of Danish competition. But if, as it demands, subsidies and the bacon council successfully feather-bed the British pig, a new risk appears. The burden of Denmark's new advantage would then be borne by its principal European competitor, Holland. In that case the Dutch would presumably ask for compensations in the German market, at the Danes' expense (half Denmark's food exports go to the Six).

Such a process of retaliation and counter-retaliation would not be in the interest of Denmark or of Europe. But this does not mean that the new gesture is valueless. If there is to be freer trade in industrial products, there must be some freer trade in farm products too. In the long run, British farmers will have to compete. The tariff cuts for Denmark are a first and welcome step in the right direction.

From the start of the debate, however, the Danes have made it clear that what they want is not merely short term advantages in the form of a few cuts in tariffs and quotas, but long term commitments guaranteeing to their farmers expanding markets comparable to those that industrialists will get. Farmers are protected not only by tariffs and quotas but also by administrative measures : marketing boards and price fixing on the Continent, subsidies in Britain. The Danes want guarantees on these policy matters too. They therefore attach great importance to two commitments in the new understanding : that subsidies shall not be used to cancel out what they have been given and that the British Government does not intend to pursue policies which reduce Denmark's share of the British market or prevent it sharing in the market's growth.

EVEN these commitments are in a sense only a start. The Danes have always wanted an agricultural bargain based on the principles of the six-nation treaty of Rome. In such a deal the various forms of agricultural protection would not be abandoned altogether, but a common system would be gradually set up in which home and foreign producers would get equal opportunities. In the past the government has, perhaps, hesitated on all this as much for political as economic reasons. Probably it has been wrong to be so cautious about farm votes. In the next twenty years or so British subsidies will have to come down, whatever happens in Europe. The National Farmers' Union, highly sensitive about short term shifts, is a good deal more sympathetic to the sort of long term change embodied in the Rome treaty. But the prospect of long term commitments which reach deep into the life of national parliaments and civil services brings out, once again, that key implication of any economic union — that it means a measure of political union too. That fact has played an important part in the Government's caution.

Any attempt to merge Britain's system of farm protection with the Continental one raises a structural problem. The enclosure movement transformed British agriculture, so that today the British farmer is a small capitalist, often farming 150 acres or more. By contrast the typical Continental farmer is still a peasant, farming less than 25 acres, often in strips. He still needs and gets more protection than his British counterpart, and he gets it in a different form. Quite a lot of foodstuffs, notably grain, are imported into Britain at world prices. The British farmers are protected by subsidies to their personal income. It is a system with the great virtues of encouraging consumption and of showing the voter how much he is paying to keep the farmer comfortable. On the Continent, it would be impossible to support the peasant by such methods. Instead, he is protected by quotas, tariffs, price fixing and marketing arrangements. To merge the two systems will be hard.

In the next twenty years, however, something like a revolution may very well take place in continental agriculture. Gradually, men like Herr Lübke, west Germany's minister of agriculture and now its President-elect, have been persuading the peasant to amalgamate holdings. A revolution in production methods is beginning, as rising labour costs spur the peasant to raise his productivity by switching from grain to livestock. At the same time, there are pressures within the six-nation European community for changes in the method of agricultural protection. Men like Mr Mansholt, the Dutch member of the European commission, who is responsible for drafting its common agricultural policy, would like to see the community move faster towards a low price level and subsidies on British lines. His countrymen, like the Danes, share his view. By the end of the transitional period of the common market, a marriage with the British system may be much less difficult. And halfway arrangements can be envisaged, given agreement on principles.

The new principle, that freer trade in agricultural

products involves policy matters that range far outside the tariff field, is not a discovery peculiar to Europe. Among members of the General Agreement on Tariffs and Trade, the undeveloped countries have been pressing for a "confrontation" of agricultural policies. New Zealand, most actively, and the Australians, more cautiously, have pressed Britain to bring Commonwealth preferences into a joint deal in Europe. New Zealand would be prepared to make considerable tariff and quota concessions in the British market, if it got something like equal treatment on the Continent in return. The same political reluctance that has made the British Government hesitant in Europe has, however, led it to reject this initiative. Time will show whether that rejection is in the lasting interests of the Commonwealth.

Land Reform Club

Latin America has lagged behind Asia in innovations to help the peasant, but change may come swiftly

With the impetus of revolution behind him, Senor Fidel Castro has slammed merrily into the tortuous problems of land reform. Previous Cuban governments had dithered over land redistribution, never putting into practice the clause in the constitution that bans large estates. The new law is tough, unequivocal and sweeping. Nobody is allowed to own more than 1,000 acres except for sugar and rice plantations and cattle ranches, where the limit is around 3,000 acres. No foreigner may possess any land at all, unless the new agrarian reform institute decides that it is in the country's interest. Since most of the cultivable land is tied up in enormous estates, many of them owned by foreign companies; the law, if fully implemented, will entirely refashion the agrarian structure.

Cuba's problems stick out a mile. The republic is very short of money and is bound to come up against formidable technical difficulties. As critics, including Senor Castro's former minister of agriculture, have been quick to point out, there is certain to be a drop in efficiency. About one-third of the main export is grown by the American sugar companies who will now, unless the institute rules otherwise, be dispossessed, and who will have to buy supplies for their mills from a multitude of inexperienced smallholders. To add to the landowners' consternation, compensation will be based on the land tax and therefore will be well below the market price of the land — rough justice of a sort, since those who got away with most on their tax assessment will now be hardest hit.

Carving up the land inevitably clashes with the modern trend towards large-scale mechanical farming. But land redistribution is a social and political measure. Although it is often allied to development or reclamation projects, its first purpose is not to get more out of the soil but to spread agricultural incomes more evenly. On the other hand, agrarian reform in other parts of the world has shown how dangerous it is simply to hand out fragments of land and expect the new owners to carry on from there. Production will slide down disastrously, and the cultivators be no better off than before, unless the state takes the place of the landlords by providing credit, machinery and marketing facilities. It is very doubtful whether the Cuban government is in a position to do this immediately. But, to quote Miss Doreen Warriner's study of agrarian reform in the Middle East, "land reform in its initial and crucial stage is emphatically not a question for experts; it cannot be advised into existence but must be based on an impetus rising within the country".

The importance of the Cuban reform is that Senor Castro may have set the ball rolling not only at home but throughout the Caribbean and Latin America. Because of his success, his bravado and his wholeheartedness, he has come to symbolise for many Latin Americans their rebellion against the established order. The system of land tenure of most of the continent reflects the old order at its worst. Since the time of the Conquistadores farming has been dominated by the huge estates or *latifundios;* in Venezuela, which is only now contemplating some kind of land reform, 3 per cent of the landowners control 90 per cent of the cultivated land. In many of the twenty republics, although not in Cuba, only a tiny percentage of the cultivable area is used. In Brazil, for instance, vast distances and poor communications have prevented more than 5 per cent of the usable land being farmed, and most of this belongs to large landowners. Two-thirds of the total population depend on agriculture, and most of them live in bleak poverty. Latin American governments have often paid lip service to the theory of more equable land distribution, but except in Mexico, Guatemala and Bolivia, they have done precious little about it.

Latin America has been slow to join the land reform club. Asia is far ahead. Japan has transferred nearly half its cultivated area to peasant ownership, and in India and East Pakistan the abolition of the *zamindari* system has resulted in enormous areas being handed over to new smallholders. In the Middle East, Egypt has completed the reform that President Nasser initiated after the 1952 revolution, and similar schemes have been announced for Syria and Iraq. Persia has sidestepped the issue by avoiding any major legislation but distributing some of the Shah's estates to the peasants who worked them.

Land reform has to be got under way by a political impulse that rates social change above the temptations of a quiet life. Without this impulse the initiators can easily get bogged down among the problems it raises. But once the spark is fired, land reform lives or dies by the administration's success in substituting a working co-operative system for the old landlord-tenant relationship. The peasant has often grown dependent on his landlord. He needs, above all, a flexible and prompt organisation that will supply him with cheap credit; otherwise he can hardly escape the clutches of the moneylender. He also needs, if he is to hold his place in a competitive world, a co-operative organisation for marketing his products and for buying his seeds, fertilisers and machinery. Without all this, the situation can get as out of hand as it was fifty years ago in Mexico, when the revolutionary leader Zapata parcelled out the land and gave it to the peasants, but failed to follow through with an energetic and continuing policy of help for the new smallholder.

But the smallholder is often not easy to help. The Indian government is finding that one of its toughest problems is to teach the principles of cooperation to peasants who are entirely illiterate. A second difficulty is finding trained organisers, especially those required to work at village level. Theoretically, membership of a co-operative organisation should be voluntary; in practice there is usually substantial compulsion to join. In Egypt, for instance, the new landowner is pretty well regimented by an elaborate administrative system; while each new smallholder has two or three separate plots of land of about one acre, each plot is part of a large area devoted to a single crop that is farmed communally. The new Cuban law makes even less pretence about keeping the system voluntary; the agrarian reform institute is not only to be the sole provider of credit, but it can also discipline the farmers if they do not carry out its advice.

It may turn out that Senor Castro has plunged too wildly into the labyrinthine problems of land reform. Slicing up Cuba's huge plantations of industrial crops is an even more hazardous undertaking than handing over to peasant farmers smallholdings that they have already been farming as tenants. But the very boldness and throughness of his scheme may provide the dynamic for other Latin Americans who are trying to push procrastinating governments to change a system that must eventually be changed throughout the whole area.

NOTES OF THE WEEK

MR COUSINS'S BOMB

The Manx Challenge

Three main questions are raised by Mr Cousins's Manx challenge to Mr Gaitskell. First, does it ruin Labour's chances of being elected as Britain's government next autumn or spring? It certainly is not likely to improve them, but the British electorate is too complicated a body for the election result to be irrevocably determined by one factor alone. Secondly, if a Labour government did return, would it now be likely to carry into office specific commitments to a policy in which its own leaders do not believe? That would happen if the leaders of the Parliamentary Labour party split ranks when faced by Mr Cousins's assault, but in last week's foreign affairs debate Mr Bevan stood noticeably firmly beside the still admirably resolute Mr Gaitskell. It would happen if Mr Cousins secured a majority for his muddled anti-Nato policy at the Labour conference in October; the odds seem to be just (but only just) against this now that the railwaymen, miners and the Cooperative party have come down on Mr Gaitskell's side.

Thirdly, however, and perhaps most seriously of all: if a Labour government does come to power, might Mr Gaitskell's policies be continually affected by the need to look over his shoulder at an annual party conference over which he no longer has full control? The fact had better be faced that on some issues (even if not on the bomb) there is now almost bound to be a left wing majority at future Labour conferences; from time to time Mr Cousins will find an issue on which he can recruit the few extra hundred thousand votes

he needs to make a majority, when added to his own union's million votes plus the constituency zealots.

This is a situation that Mr Gaitskell as Prime Minister would have to meet with courage, and he made a very good start with his Workington speech last Saturday. His warning to his party that their annual conference cannot bind a Labour government on every detail of policy will need to be followed up and strengthened in future years; the British system of government could not work if a Prime Minister's policies were subject to veto by an outside potentate who had no access to the detailed information on which they were based. The freedom that Mr Gaitskell needs is not impossible to secure. If he were to come down to the first party conference after his election and to say flatly that its resolutions could have no greater status than interesting recommendations of view, he would get away with this brave impudence. But it would mean a blazing intra-party row. On major issues of national security Mr Gaitskell has shown himself a rock-hard fighter, ready to risk such rows. But on what he regards as less important points of domestic policy would he as certainly and constantly keep up the battle?

NATO

Reluctant Removal

General Norstad's long-delayed decision to remove the three wings of American fighter bombers from France has been taken with self-evident reluctance. It is bad news for everyone concerned. The military effect is immediately damaging, particularly as the tactical redeployment in the next six months will take place while west Berlin is under direct Russian pressure. Although the best has been done to preserve Nato's nuclear potential by sending as many bomber squadrons as possible to west Germany and switching the longer-range reconnaissance groups from Germany to Britain, this is simply not the way an effective military coalition can be run.

Such soothing remarks as those by General Palmer, deputy commander of the American forces in Europe, to the effect that neither the power nor the integrity of the alliance has been reduced cannot be given much credit. There is, of course, every incentive for the United States to persevere, even now, in its efforts to reach an understanding with General de Gaulle on the control of atomic bombs and warheads. But whether this can be done by protesting that no Franco-American quarrel exists is highly doubtful. Shape is right to avoid a slanging match. But it will be well advised to insist that the gravity of France's relationship with the alliance argues strongly for an early meeting beween Presidents Eisenhower and de Gaulle to have the whole affair out between them. No one but President Eisenhower can hope to influence General de Gaulle on what France's privileges and responsibilities in the alliance should properly be.

It is unavoidable that some of the fighter bombers should be moved to Britain, where their limited range must restrict their value to Shape. Although Mr Sandys has told the Commons that the Government can veto the use of these planes, as it can veto operations by American strategic bombers already in this country, the political repercussions do not end there. General Norstad regards the fighter bombers' nuclear potential as an essential arm against conventional attack from the east. Does Mr Sandys think that the consultation procedure, involving Washington, London and Fontainebleau, will stand up to an emergency? And can the Labour party leadership reconcile General Norstad's use of British bases with its own claim to Mr Cousins and his friends that everyone understands that Britain would never be the first to use nuclear weapons?

Mr Spaak Speaks Up

The much-harassed M. Spaak made some sensible points when he delivered his views on Nato's present discontent before a French parliamentary commission on July 9th. The habitual catalogue of complaints at French behaviour might make little impression on his audience, but it needed a Nato official to speak up for the smaller nations against General de Gaulle's idea of a three-power directorate to control western policy. M. Spaak could talk in the full knowledge of Belgian, as well as Italian, restiveness over the lesser powers' exclusion from western policy-making at Geneva. At the same time, he acknowledged the validity of the essential French argument that Nato is being outflanked in Asia and the Middle East. Since Mr Khrushchev is currently tending to link Berlin and the Chinese off-shore islands, General de Gaulle's desire for improved western consultation ought not to fall on deaf British ears should the guns opposite Quemoy begin another regular barrage.

M. Spaak also seemed to have the right answer on Algeria. He told M. Maurice Schumann that France could demand full support there from its allies, but that the demand itself would mean that the allies had the right to make their own views felt in the discussion. This is not what General de Gaulle wants, for there is no guarantee, despite M. Spaak's assurances, that the result would be at all favourable to present French claims.

The first rumbles of discontent at General de Gaulle's *politique de grandeur* are at last coming from across the Rhine. The west German press is increasingly unhappy about the danger of a rift with the United States as a result of the new Franco-German understanding. The very fact that the Italians, when approached by the general, made it clear that they meant to remain model, missile-bearing allies of the Americans, should stiffen German reluctance to incur Washington's displeasure. For the moment, Bonn is still trying to evade the issue.

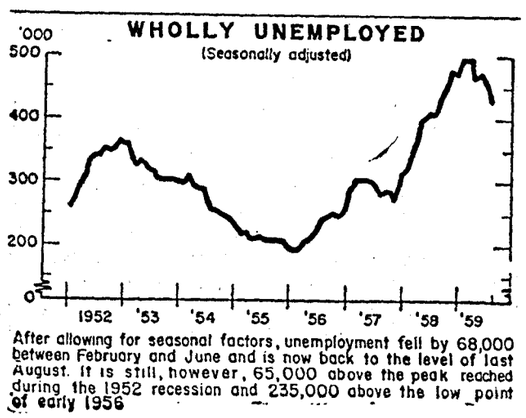
FRENCH AFRICA

Community or Commonwealth?

Tananarive, in Madagascar, was probably the only capital, besides Paris, where the executive council of the French Community could meet without giving the impression of taking sides in a controversy. The African members of the community stand divided. The federalists of the Mali government are in favour of a Commonwealth in which the independent African states or federations of states would be associated with France. M. Houphouet-Boigny, the Ivory Coast leader, is the chief spokesman of the other group, which is against any change in the present set-up. M. Modibo Keita, head of the Mali federal government, had apparently an opportunity in Madagascar to put his case to General de Gaulle. M. Houphouet-Boigny, in turn, told the press that those who did not like the community's rules should leave it. But the real battle has been put off.

Instead, the council talked of strategy and diplomacy. One need not be a sceptic to doubt whether Dahomey or the Niger can have much influence on the Berlin question. The problem of the community's foreign representation was of greater interest to all members. The Africans have been promised special representation in international organisations, and jobs in French embassies. These were not vital issues, but the meeting did not end without an explosive statement by President Tsiranana of Madagascar that the French Community would have its own atom bomb.

This is an official confirmation of an old rumour. The French bomb is expected to be of the Hiroshima vintage, and the means of delivery of this cumbersome weapon (first a Mirage, then a missile) are still to come. What the importance of this nominal entry to the nuclear club will be is not clear. But it has already brought one change in Africa. Ghana protested against the likely effect of nuclear testing in the Sahara. Its protest was dismissed, and resentment may have prompted Dr Nkrumah's decision last week to give *de facto* recognition to the Algerian rebel government. As in the Middle East, so in Africa nationalist gestures are contagious and difficult to resist. With Ghana and Guinea independent, and with French Cameroun and Nigeria soon following suit, M. Houphouet-Boigny, for all his recent success, is probably waging a losing battle against the spread of independent states.



After allowing for seasonal factors, unemployment fell by 68,000 between February and June and is now back to the level of last August. It is still, however, 65,000 above the peak reached during the 1952 recession and 235,000 above the low point of early 1956

PRINTING DISPUTE

Lord Birkett's Task

From a purely personal point of view, nobody would be better pleased than *The Economist* if the appointment of Lord Birkett as conciliator, or any other mechanistic gimmick, could bring an end to this wretched printing dispute. We are only too well aware of the flaws in this our fifth emergency issue; each week so far it has only been through truly awe-inspiring improvisation in foreign parts that we have managed to get out at all. That having been said, however, it had better be recognised that Lord Birkett's appointment, however potentially advantageous to us, sets a thoroughly dangerous national precedent. When a conciliator is called by the Minister of Labour to sit down with the two sides, but without any powers of arbitration, the natural tendency, nine times out of ten, is going to be for him to interpret his job as being to try to influence most employers to edge a little further towards the unions' claim, and thus towards the side of inflation.

It is true that there are special factors in this printing dispute which have persuaded Mr Macleod to run these risks. The principal peculiarity of this strike is that it broke out at a time when the employers had not yet offered as much as they were, at bottom, prepared to grant and when the unions had not yet decided how little they were really prepared to accept. Both sides have been searching for a ladder to climb down ever since, and Lord Birkett's appointment is meant to put that ladder in place. Mr Macleod may also have judged that, when both sides have used the ladder, the more expansive employers and the more moderate unions might find themselves within reach of each other, but that the more militant elements on each side might need to be persuaded to come into line with the rest of their own team; an outside intermediary like Lord Birkett might have a useful function to perform in essaying a little diplomacy within the split employers' side and between the split ten unions concerned. It should be noted that the Minister has also been careful not to mix up arbitration and conciliation functions for the future by giving this dangerous new job to one of the familiar stalwarts, like Sir John Forster or Lord Terrington, whom he will need as an arbitrator in the future. That, at least, is a wise precaution.

Politics of No Printing

BOTH the unions and Parliament have treated the politics of the printing dispute with fascinating gingerliness. There are uneasy memories in Transport House of the dreadful things that were done to the Labour vote last year by Mr Cousins's television appearances during the bus strike; this time the union hierarchy made efforts to persuade even the originally rough-tongued Mr Briginshaw to mutter as sweetly reasonable circumlocutions as he could whenever the television cameras came near him. In picketing, the unions' tactics have been to go to the Home Secretary to complain that the police were stopping their pickets from doing illegal things, and then themselves to tell their pickets not to do them. Although a few blatantly criminal acts continued to be committed — several hundred pounds worth of ink belonging to a blackleg press were reported to have been destroyed last week — the union leaderships have been trying to discourage them. The worst publicity Labour has got from the strike has arisen from the action of some Labour-controlled councils in expelling from council press galleries reporters belonging to blackleg papers. The *Daily Herald* itself came out last week with an astonishingly outspoken attack on this "impudent trampling upon the public's rights".

Last year the Parliamentary Labour Party put down a motion of censure against Mr Macleod for allowing the bus strike to happen; in this year's troubles it merely asked for a debate, during which Mr Robens regaled the House with diplomatic obscurantisms and the well-loved veteran George Isaacs talked about methods of printing when he was a boy. Nevertheless Labour's basic assumption emerged clearly: although it is not going to express itself in favour of strikes, it does assume that any settlement would be more convenient for the country than any stoppage, and it regrets that arbitrators are now inclined to pay some attention to what a trade can afford instead of following the pure conciliation function of trying to bully employers to grant whatever increase the unions will peacefully accept. Under a Labour government Ministry of Labour policy would be a recipe for perpetual inflation; the trouble is that the Conservative government will not attack Labour on this point, because it has not yet entirely abjured the recipe itself.

TRADE UNIONS

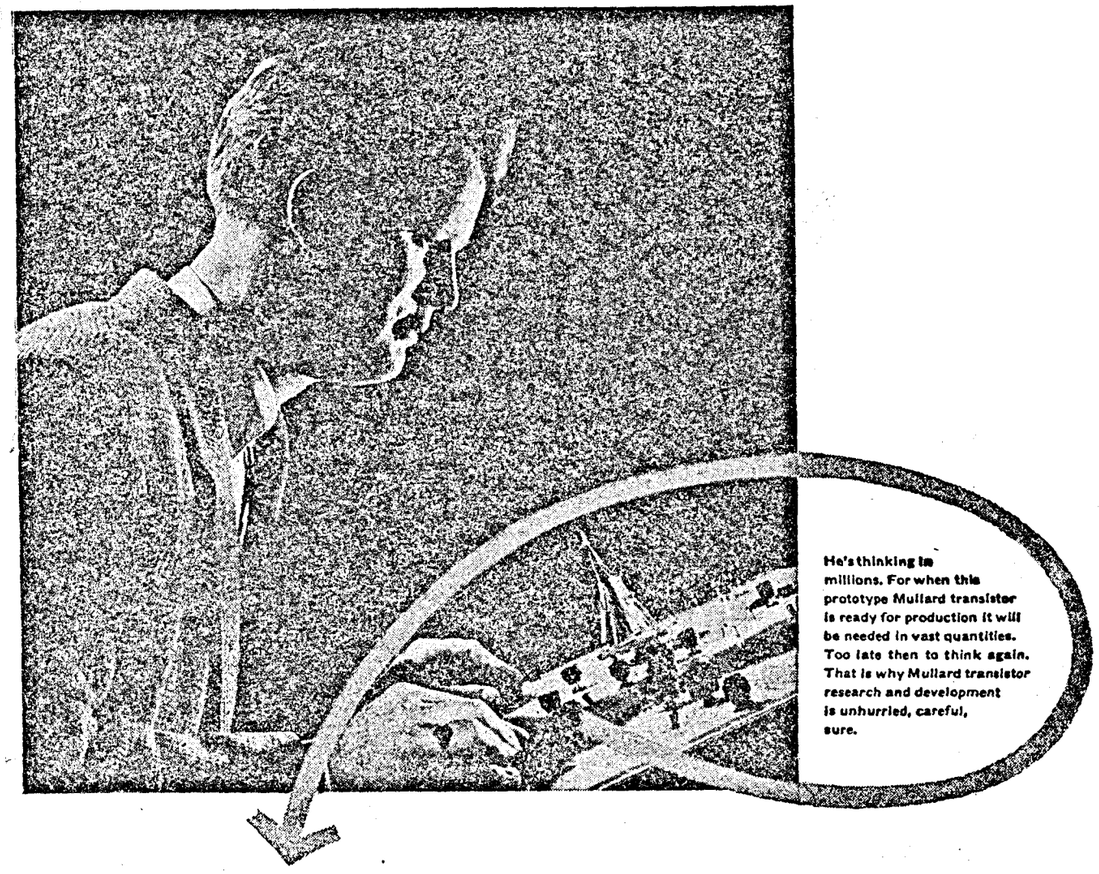
40 Hour Week

MR Cousins made it clear last week that he regards the striking printing workers as being in the van of the union movement's fight for a forty hour week; and the National Union of Mineworkers, which must be expected to become more militant now that the communist Mr Paynter has acceded to its leadership, is joining with the Confederation of Shipbuilding and Engineering Unions in an ill-defined grand alliance for the same objective. How far is the eventual settlement in the printing dispute likely to make this pressure for a general 40 hour week a really major national feature?

The answer will depend on what that eventual settlement is. The printing employers' last offer before the strike was for a 2½ per cent wage increase and a 42½ hour week, which would have added about 5 per cent in all to printing costs. Most people at present expect that the eventual settlement will be on a basis which will add something more to this, but not nearly as much as the unions originally claimed (the unions' claim, for a 10 per cent wage increase and a 40 hour week, would have added over 20 per cent to total printing costs). Whether the increase eventually accepted will take the form of an addition to the proffered 2½ per cent wage increase or a reduction in the proffered 42½ hour week will presumably depend on which alternative is regarded by the unions as saving more of their face at the time; in certain circumstances they might be more likely to decide that a bigger wage increase would do so.

The Campaign's Muddle

ALL this is a symptom of the muddle into which the new campaign for a 40 hour week has been born. Given proper organisation, there would be a reasonable case for saying that a reduction in working hours would be the best form in which British workers should take out the next instalment in the rise in their living standards. But under present working practices (often even the first hour of overtime is paid for at 50 per cent above normal rates) many workers, so far from wanting more leisure, are mainly interested in putting in as many nominal overtime hours as they can; their campaign for a shorter working week is really a campaign for having more of their work paid for at overtime rates. The 40 hour week campaign gained force this year because the union leaders were looking for some way in which to put forward disguised wage claims, at a time when undisguised wage claims were meeting with greater resistance from public opinion. It is fair to say that the recession also played a part in the origins of the campaign, because the 40 hour week was regarded as a possible way of spreading scarcer work, but the recession seems to be over now. The best way in which to arrange for more leisure for the British worker would be for each union to try to secure an agreement for a shorter working week, but with the concession that the first few hours of newly designated overtime should be paid for at less than present overtime rates. No big union, however, has yet dared to suggest that. So the new campaign is blundering forward with its banners bearing a frankly hypocritical device.



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CENTRAL AFRICA

Sir Roy's Concessions

LAST weekend Sir Roy Welensky was doing his best, within the politically feasible, to reach agreement in London on the composition of a commission to visit Rhodesia and Nyasaland. At a series of talks with the Government and the Labour party he gracefully made a series of concessions. He is now willing to have quite a large commission, with quite wide powers of inquisition. He is willing to agree with the British parties on the composition of the Rhodesian members, who he prefers should be non-party. He is willing to have Africans nominated from all three territories to serve, who would not be picked for their agreement with his views. He is willing (though not enthusiastic) to have members from Commonwealth countries with political experience of federations, or possibly a chairman from a Commonwealth country.

Sir Roy was, however, evidently finding the Labour party hard to woo. Behind their formula that the commission must be such as to win the confidence of Africans, Labour members have been pressing all sorts of conditions politically unacceptable not merely to Sir Roy, but to any white government in Central Africa. Last week some Labour members were demanding either a purely British parliamentary commission, or, if the commission is to be wider, were insisting on including on it Commonwealth representatives from countries like Ghana, India and the West Indies, and African representatives like Dr Banda who would have to be released from jail (at least in some cases) to serve. The difficulties should be obvious. All the three Commonwealth countries named are unfriendly to the Federation. And while, as a pure theory, it would be delightful to see how Labour constitutionalists on such a commission got on with the well-known rantings of Dr Banda (enhanced by the prison graduate cap he would no doubt wear) clearly none of the three Central African governments, except in the final stages of surrender under duress, could accept the idea. If these conditions are pressed to the end, it must follow that Labour is not interested in any sort of commission.

At heart, Sir Roy is not keen on it either. If Labour really does blandly insist on wrecking the whole idea, it will therefore be leaving Sir Roy with all the cards.

ILO

Passing the Buck

THE Government's reasons for not endorsing the International Labour Organisation convention designed to eliminate discrimination over jobs just do not wash. The official explanation is that while te Government accepts the principle of non-discrimination it can do nothing about it, since this would mean interfering with the traditional machinery for working out conditions of employment. To a man who may have been refused work on grounds of, say, his colour or his political opinions, this smacks of hypocrisy; for Britons who have sounded off about the evil practices of other countries, it is horribly embarrassing that their own Government refuses to give a lead. There is nothing so sacred about the negotiations between employers' and workers' associations that they have not been interfered with before. Evidently it would be difficult for the Ministry of Labour to enforce a law that made discrimination a crime — and there would be hundreds of ways of wriggling round such a law — but this is not to condone the feeble solution of passing the buck. If the Government expects its sincerity to be believed, it cannot get away with doing nothing to discourage a distasteful and shaming practice.

OMAN

The Imam Moves On

OMAN has been added to the list of Arab lost causes. It is to take its place beside Palestine and Alexandretta. July 18th is to be celebrated in Arab capitals as Oman's day. Few Arabs have the slightest idea where or what Oman is, and few Omanis are aware of the fuss being made over them by the faraway Arab press and radio. In the name of the Imam of Oman, Ghalib ibn Ali, his brother Talib and Sulaiman ibn Himyar, whose calling cards used to bear the title *Independent King of the Green Mountains*, revolted against the shadowy authority of the Sultan of Muscat and Oman in 1955. The revolt has failed twice since then because the insurgents' resources were meagre, the local tribes hesitated to take part until they could tell who would win, and the Sultan was able to call for British assistance in putting it down. Now all is quiet in Oman, most of those who thought it wise to leave home during the troubles have returned, and only those whose actions cannot be forgiven by the Sultan are still wandering around the Arab world.

Several months ago, Ghalib, Talib and Sulaiman turned up at Dammam, in Saudi Arabia. They had every reason to believe they would be welcome. The Saudis had once sent them arms and money and, for a brief period, trained Omanis to fight against the Sultan and his British allies. But the Imam and his party discovered that Saudi interest in supporting their cause had diminished. King Saud was no longer able or eager to play with any kind of Arab fire that happened to break out. All the Omanis got was a cool welcome in Dammam and a polite one in Riyadh. There was only one place where they could hope for a warm reception. They would have to join the growing group of Arab and African exiles in Cairo.

Cairo's radio and press have never admitted that the revolt in Oman is over. According to their tame Omani

commentators, thousands of British soldiers (170,000 was the number most recently mentioned) are being kept at bay in daily battles with a few hundred Omanis. Dozens of non-existent British planes have been shot down over Oman by Cairo radio. The Imam is expected to arrive in Cairo in time to be the hero of Oman Day.

Then there will be nothing for him to do but join the group headed by Haj Amin al-Husseini, a professional exile from Palestine since 1937. He will have little in common with the other Cairo exiles. The members of the provisional Algerian government, the Tunisian enemies of President Bourguiba, the former Iraqi ambassador to Cairo and all the rest are politicians. As a man of religion the Imam may soon regret that the quietness of the cool mountains of Oman was ever disturbed.

EDUCATION

More Room for Teachers

THE Minister of Education's decision to build another 4,000 places for teacher training by 1964 is undoubtedly the right one. He has evidently partly overridden the advice of his officials who believed that the 12,000 additional places put in hand last year were the maximum which was administratively possible; he is trying to do something to meet the estimate by the Central Advisory Council for Education that 90,000 more teachers are needed by 1970 compared with 1956. But it must be realised that another 4,000 places by 1964 will mean an output of only 1,250 additional teachers a year by 1967 or so. Virtually the entire increase in the output of teachers achieved by the increase in the number of places by 12,000 between now and 1962 will be swallowed up by the increase in the teacher training course from two to three years.

According to the annual report of the Ministry of Education for the year 1958 (Cmnd 777) the modest increase of 5,400 teachers last year permitted a very small reduction in the average size of classes in 1958. But though the primary school population has begun to decline, the decrease is being offset by the rising numbers in secondary schools, aided by the welcome tendency for children to stay on longer at school. Last year total school population remained fairly stable. It is expected that it will increase this year and next and then, after a very slight decline from 1963 to 1965, will rise slowly to a new peak in 1968. On present increases in the number of teachers, therefore, there is only limited scope for reducing the size of classes (partly by switching primary teachers to secondary schools); and there is little or no margin for such reforms as raising the school leaving age, or cutting out the use of unqualified teachers.

Last year the efficiency of private schools was investigated for the first time, now that Part III of Mr Butler's 1944 Act has been brought into operation. Fortunately the inspectors found that the vast majority of these schools, of every type, maintained acceptable standards. As they educate some 500,000 pupils of all ages, or just under 7 per cent of the total school population, there is a discernible note of thankfulness about them in the Ministry's report. They are doing the work of between 15,000 and 20,000 state teachers.

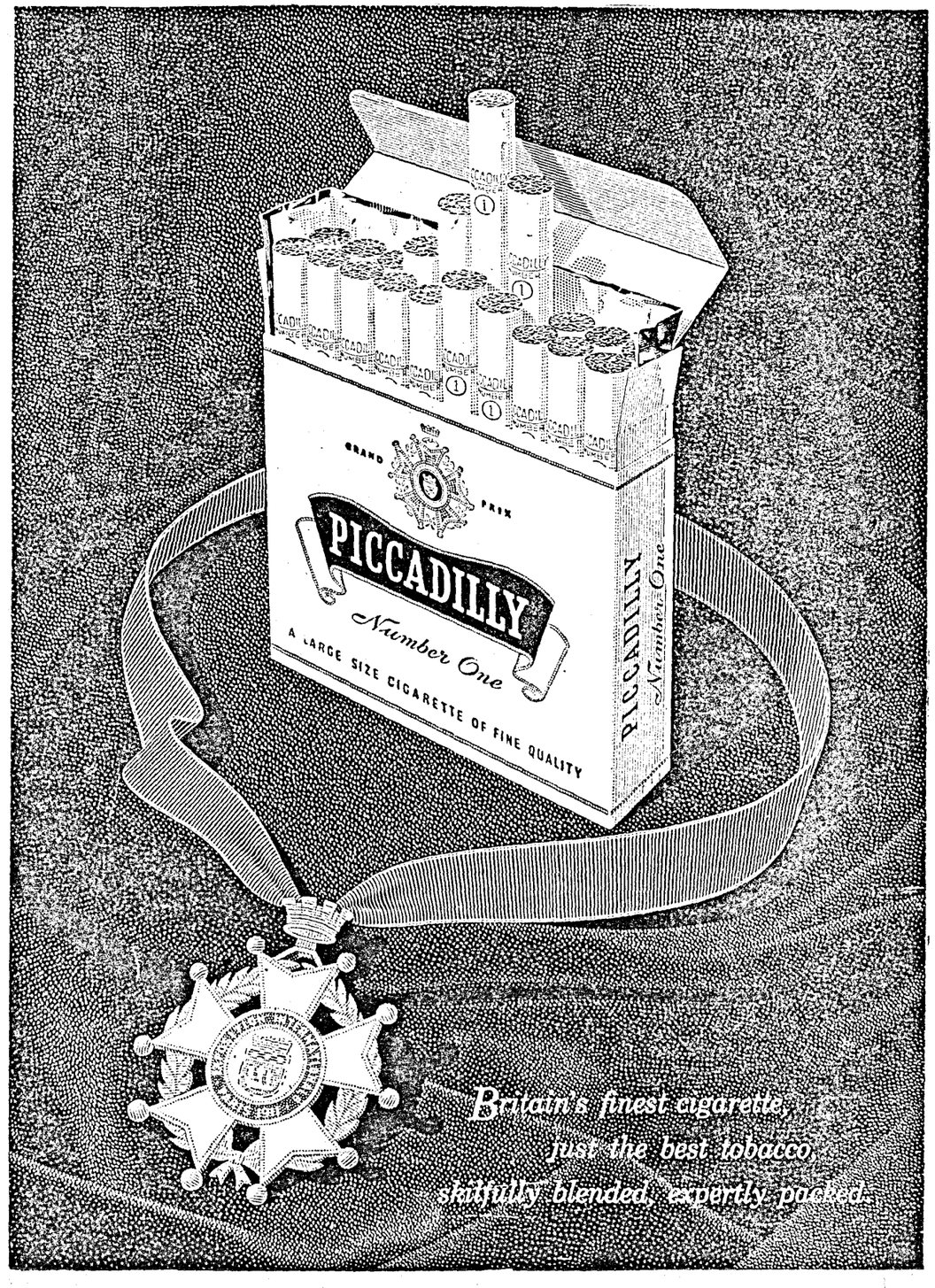
BELGIAN CONGO

Sticking to the Plan

M. VAN HEMELRIJK, the Belgian minister for the Congo, after another comprehensive tour, has reaffirmed the political programme announced in January. M. Kasavubu, the Bakongo tribal leader, came forward with a frank demand for a tribal state linked to French and Portuguese Bakongo areas, which might, or might not, be federated with the rest of the Belgian Congo; this the minister firmly rejected, making it clear that if M. Kasavubu's party pressed it they would again be suppressed. He is on strong ground here, as the other African parties are opposed to any such secession; and the loud African cheers for "our minister" elsewhere in the Congo must have strengthened his resolve to keep the territory intact. He ran into trouble (and a few flying tomatoes) with the white settlers, who fear desertion by the home government, and are reputed in the Katanga area to be secretly talking about seceding and linking up with the Federation of Rhodesia and Nyasaland. But the whites are few and thin on the ground, and the Kivu highlands (where they farm) are a long way from the Katanga (where they live much as the Rhodesian white copper miners live). M. van Hemelrijk was firm with them too.

More formidable are the demands of the Belgian civil servants who run the Congo, and who will make or break the new policy of rapid Africanisation of the public services. The minister was forced to promise that the government would discuss their position at once. They are said to be ready to serve under a Congolese government, provided their expatriate status is respected and their rights in the home civil service are entrenched. But they must have heard of the handsome lump sum compensation which the British (but not the French) government gives to colonial officials when Africans or Asians take over their own governments; and they may demand similar security. If they were offered it on British terms, however, the resulting exodus could leave the Congo helpless with its few educated Africans.

The government's plan still contains no specific timetable for independence — only one for the election of provincial councils. When, sometime next year, the Africans realise how far they still are from running



their own affairs, even indirectly, there may be more trouble. But at least it cannot now be said that the Congo is being run on the telephone from Brussels whether from ministry or from Palace.

INDONESIA

Sukarno's Take-over Bid

RETURNING to Jakarta after a world tour, President Sukarno lost little time in putting in a take-over bid for the political body of the Indonesian republic. His offer consists of shares for various social groups in a largely nominated single-chamber parliament, with himself as chairman and managing director. Being backed by the army, the bid — unlike some take-over bids — is unchallengeable.

These are the effects of a series of decrees proclaimed by the president from the steps of his palace, providing for a return to the 1945 constitution, invalidating the existing provisional constitution, and dissolving the constituent assembly. Further decrees authorise the creation of a provisional consultative council, composed of members of parliament and representatives of regions and groups, and of a smaller advisory council. In an order of the day, proclaimed almost simultaneously, the chief of staff, General Nasution, called for discipline throughout the army and trenchantly declared that public security and peace must be maintained by all possible means.

The revolutionary 1945 constitution provides for a presidential cabinet on the American model, though the nominated parliament recalls the corporative systems of fascist Italy and of the Iberian countries. President Sukarno had evidently hoped that the bill reviving the 1945 basic law would be passed during his absence on tour, but three ballots failed to provide the necessary two-thirds majority — perhaps because the members of the constituent assembly were unwilling to see their labours of several years wasted. General Nasution thereupon banned all political activities.

Although this crisis occurred early in June, the president continued his travels as planned — whether from supreme self-confidence or from irresolution may never be known. Now that he has seized power, he may be expected to order a stepping up of operations against the still defiant rebels in Sumatra and Celebes, using the arms his representatives have lately been buying in various countries. That way lies further inflation: negotiations with the rebels would be less costly in every sense.

PERU

Andean Hazards

ALTHOUGH Peru disentangled itself from the rule of military caudillos more gracefully than some of its neighbours, it, too, is suffering the teething troubles of an underdeveloped country feeling its way towards economic solvency by parliamentary means. On July 6th, the cabinet acknowledged its inability to control the confusion by handing in its resignation to President Manuel Prado. Despite heavy backing from the United States, the stabilisation programme has failed to prevent a huge budget deficit, currency depreciation and a spiralling cost of living. The government has been persistently accused by the opposition of extravagance and high-handedness ,and recent months have been bedevilled by strikes, political brawls and sharp counter measures.

Peru's last strong man was General Odria, who, to outsiders' astonishment, quietly stepped down at the end of his term of office in 1956 and allowed his presidential candidate to be defeated by Dr Prado, who had the support of the previously outlawed Alianza Popular Revolucionaria Americana (Apra). This change was interpreted in terms of the new democratic temper of Latin American politics; but the new government's respect for personal liberties has been severely tested during its attempts to enforce an austerity programme. In April this year the president countered a disruptive strike of bank clerks by suspending certain constitutional guarantees for two months. During this emergency period, Senor Fernado Belaunde, the leader of the main left-wing opposition party, and several of his colleagues were briefly imprisoned for defying the ban on mass assemblies. The rumpus this caused was yet another straw on the government's strained back. With a transport strike in the offing, the president has now to devise a new cabinet prepared to try its hand at mating austerity with political freedom.

The Economist

JULY 16, 1859

COUNT CAVOUR RESIGNS

COUNT Cavour and his colleagues have done well to resign office. Since the Emperor of the French openly proclaims to his soldiers that "the union of Lombardy with Piedmont creates for us a powerful ally *who will owe to us its independence*," they would, indeed, have tarnished their names had they remained as the responsible advisers of the Sardinian Crown in its acceptance of a gift which it cannot retain a moment after it has lost the favour of France. Nothing can be more clear than the Emperor's wish to intimate to Europe that he has now reduced Piedmont into a mere satellite of the French Crown; indeed he has done so exactly by stopping short at the line of the Mincio, and so leaving Austria in full possession of the key to Lombardy, – which she may resume at pleasure if ever, or whenever Sardinia has forfeited the favour of France. We have little doubt that Count Cavour and his colleagues would far rather have seen King Victor Emmanuel decline the dangerous gift of his Imperial ally than accept it as the price of such a peace. ... But, notwithstanding Count Cavour's grievous disappointment and betrayal, we maintain that both the Italian and English Liberals were right in claiming for his policy that, if somewhat rash, it at least held out a chance such as no patriot could lightly throw away. ... And we will not in the present hour of his trial withhold our hearty admiration from the great statesman who has so long and so ably worked for the liberation of Italy from Austrian domination, and has thrown up his great post directly it became evident that France was really endangering or ruining, instead of sustaining, that cause.

THE ARTS

Provincial Paucity

EIGHTEEN months ago, the Gulbenkian Foundation invited a small committee, under the chairmanship of Lord Bridges, to look at the needs of the arts in Britain. Its admirably honest and informal views have recently been published in a pamphlet "Help for the Arts".

This report is concerned not so much with finding out where the shoe pinches most, as with determining how the greatest numbers of people who are capable of enjoying the arts should be given the best opportunity of doing so and how contemporary art can be stimulated. This does not mean that the committee believes in spreading butter thinly; but it sensibly suggests that the amount of money that the Gulbenkian Foundation can dispense in Britain, even though it is to be concentrated on the arts in the next three or four years, would merely be swallowed up if given to the national institutions. The committee has gone out into the provinces, believing that it is there that the arts particularly need help; and through personal visits and questionnaires it has built up a more broadly based view of the whole position than has been presented before.

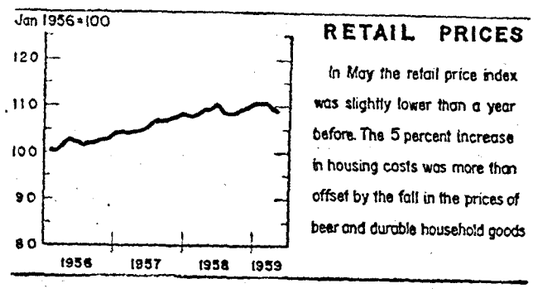
The bewilderingly untidy network of provincial art activities badly needs to be strengthened through co-ordination and concentration of resources in the larger cities. The Foundation, it is suggested, might encourage neighbouring local authorities to experiment in sharing common interests and might pay for an arts officer in the area to supervise this. The committee would like to see much more done for the arts in the new towns, more co-operation between universities and local authorities, national galleries other than the Victoria and Albert circulating works of art to the provinces, the government extending its power to accept works of art in lieu of death duties, and more films on the fine arts. Specific suggestions as to how the Foundation could help range over the provision of half the cost of purchases for the provincial galleries, the commissioning of an architect to advise on the design of small theatres, and the granting of fellowships for poets and artists. These suggestions are by no means revolutionary but, in sum, they could do a good deal to give stimulus where it is most needed. In declaring that it intends to play its part in implementing them, the Gulbenkian Foundation has accepted good advice.

CARIBBEAN

Shooting or Shouting?

NO love is lost between the Cuban revolutionary leader, Senor Fidel Castro, and General Rafael Trujillo, who for thirty years has run the Dominican Republic. When Senor Castro led his rebel army to victory on New Year's day, he made no secret of his evangelist ambition to help sweep the remaining dictators from the Caribbean board. General Trujillo interpreted this as a direct threat and set about elaborate preparations for defending both his eastern half of the island, and the Negro republic of Haiti, against outside attack. Now, after six months of threat and thunder, a storm seems ominously close. Last month General Trujillo's forces brushed off three Cuban-based rebel expeditions which had landed in different parts of his republic, and, after a hot exchange of charges and counter-charges, Cuba and the Dominican Republic have broken off diplomatic relations.

Despite the provocation, there is a fair hope that the storm will rumble on without breaking out just yet. Senor Castro is faced with critical domestic problems; although certain social reforms are being pushed forward at breakneck speed, a third of Cuba's labour force remains unemployed, and the revolutionary government is now no longer even superficially at peace with itself. Eventually the Cuban leader may turn to outside exploits; for the time being he is more likely to be embarrassed by the enthusiasm with which the Dominican and Haitian exiles in his country have adopted the belligerent spirit of his early speeches. General Trujillo, for his part, may find it wiser to stick to his aggrieved role of plaintiff, rather than provoke United States remonstrance, and stiffen Cuban solidarity, by sending an expedition to knock out the exile groups on Cuban soil.



BOOKS

Indispensable Indian

Nehru : A Political Biography.
By Michael Brecher.
Oxford University Press. 698 p. 42s.

IN his seventieth year, Mr Jahawarlal Nehru is beyond question the most important individual in Asia. He is also the best documented. More has been written about him than any other living Asian; much of it, excellently, by his own hand. It is Mr Brecher's achievement to have written a book which, despite the existing mass of material, will carry the average reader a long way forward in the understanding of both the man and his surging age.

The most familiar Neum is the western-educated, aristocratic disciple of Gandhi and tireless campaigner for his country's national freedom. Mr Brecher gives us this portrait freshly and perceptively renewed, putting due emphasis on the young Nehru's slow emergence from the shadow of his forceful father; on the self-doubt engendered during comfortable years in a secure, lingeringly Edwardian, world; on the sudden jerking of a rather romantic literary intellectual into the dust and dedication of a political cause, under the impetus of Gandhi's personality and General Dyer's fusillade at Amritsar in 1919; and on the nine spartan and reflective years of imprisonment which counter-balanced the seven youthful years in England. But Indian independence and the death of Gandhi come right in the middle of the book. The second half provides an unequalled study of India's first and only prime minister in the years of power; the narrative is sufficiently up to date to provide, for example, a close analysis of the political effects of the Chagla inquiry of 1958.

This is excellent contemporary history. The author's task has been a fairly formidable one, calling for a year's absence from McGill University and three years' work in all; and his success, one may deduce, reflects not only his own pertinacity and perception but also the characteristic readiness of most politically active Indians to talk very freely about both public and personal affairs. Thus Mr Brecher has been able to give us a detailed but clear account of the period of duumvirate between Nehru and Patel; of the crunch in 1950 and 1951, when the prime minister finally had to resort to resigning from the Congress working committee in order to break the grip on the party machine of Patel's traditionalist heirs, led by Tandon, and to clear the way for his own programme of social and secularist reform; of the loneliness of his subsequent unchallengeability; of his tangled relations with the breakaway socialist leaders with whom he has so much personal affinity; and of his oddly various circle of intimates during these latest years.

Mercifully for his people and for the world, India's indispensable and unrivalled leader has proved a devoted democrat. Personal power has nevertheless been thrust upon him by his colleagues' often callous readiness to let him bear all the heaviest burdens. Indians are becoming increasingly uneasy about their perilous reliance on one human life, and even about their comfortable habit of letting the prime minister make up their minds for them, particularly on foreign affairs. Mr Brecher's intelligent speculations about the way ahead make up one of the most interesting sections of an unusually interesting book.

Values And All That

Culture in Private and Public Life.
By F. R. Cowell.
Thames and Hudson. 367 pages. 30s.

CULTURE is a dangerous subject for writers. The fact that the word culture is an almost infinitely elastic holdall makes on the one hand for cross-purposes; on the other hand, it fosters an illusive belief that the redefining of culture (the word) amounts to a useful and illuminating statement about culture (the thing). Mr Cowell's book constitutes a tumble into this latter pitfall. He defines culture as a value system, particular cultures in the sociological or historical sense consisting always in the particular embodiment and continued transmission by particular groups, in their precepts, conduct, science, literature and artifacts, of the Good, the True and the Beautiful. So far, so good; much might be organised around this leading idea.

What Mr Cowell organises, however, through three hundred and fifty pages, is mostly a heavy-footed polemical ramble through the literature of the subject, displaying an astonishing amount of rather owlish erudition and a no less astonishingly patball standard of controversy. Cliché follows cliché, platitude platitude; open doors are powerfully hammered, enormous issues offhandedly dismissed. Here and there, maddeningly, one of the really significant questions is raised only to be dropped in favour of yet another disquisition on the obvious. What of the negative value system, the anti-culture which, uniting and inspiring its adherents and giving meaning and satisfying quality to their lives, is nevertheless in the end powerful only for destruction: the value system of the Nazi or the flick-knife gang? Is there any means of objectively distinguishing the negative system from the merely deviant, or the merely undeveloped, system?

Mr Cowell does give an early paragraph to the negative system (he gives as much to the list of named firms contributing to the establishment of St Catherine's College); later on, he briefly plays patball with the question of relative versus absolute values; and there he leaves the matter.

What of the transmission of value systems, by oral tradition or otherwise, fron parents to children, older to younger members of playgroup, gang, working team, political or religious leaders to mass following? What is known about these channels, what happens when one or another is clogged or discredited, or acquires a new importance compared with the others? Mr Cowell, heading a paragraph "How are Cultural Standards Established?", raises the hope of at least some informed and stimulating suggestions, perhaps of an intelligent comment on Mr Richard Hoggart's "Uses of Literacy"; but what follows is mere innutritious cotton wool, and he appears never to have heard of Mr Hoggart at all. What of the interaction of value systems with material standards, technology, productive organisation? Mr Cowell makes, rather wordily, the standard case against Marx, but never asks what elements, if any, in twentieth-century culture derive from, and are only appropriate to, a pre-industrial, pre-scientific state of society.

It is all rather a pity. A tremendous amount of work and learning has obviously gone into "Culture in Private and Public Life" and a tremendous amount, too, of serious good intention. But the net result is one potentially useful definition, a Reader's Guide to the appropriate field of controversy, a very occasional good phrase and an overpowering smell of the lamp.

Inscrutable Politician

The Second Cecil.
By P. M. Handover.
Eyre and Spottiswoode. 344 p. 42s.

ROBERT Cecil is one of the more inscrutable figures of English history. Some see in him only a cold and selfish politician, concerned above all with the consolidation of his own power. Stepping deftly into his father's shoes, he eliminated all rivals, secured the offices of Principal Secretary and Lord Treasurer and ended up wielding more authority than had ever come Burghley's way. Others hail the constructive and visionary statesman, author of the Great Contract, which might have solved the financial problems of the early Stuart monarchy and changed the course of English history. Recent historians have oscillated violently between these opposing interpretations of his career, and their lack of general agreement makes the absence of a reliable biography all the more irritating.

Unfortunately Miss Handover does not put an end to controversy by giving us the book we have so long been waiting for. In accordance with the curious wishes of her publishers she has written not a life, but an introduction, which stops short in 1604 when Cecil's career finally got going. Her contribution is an analysis of the means by which he attained power rather than an assessment of the use he made of it. She describes the squalid faction fight of the 1590s when Essex and Cecil jockeyed for office and influence under Elizabeth and at the same time endeavoured to ingratiate themselves with James VI of Scotland, her likely successor. In retrospect we can see that it was always an uneven contest, for the irresponsible and impetuous Essex was no match for his shrewd and calculating opponent. But at the time the issue seemed uncertain. Cecil was deformed and lacked the courtly graces. His peace policy had a limited appeal and he was personally unattractive. "Here lieth the Toad", they scribbled above his chamber. Ultimately he won through, but the strain had told and by the time James's accession had been safely engineered he was already a tired man.

Miss Handover's book is careful and painstaking, drawing on both printed and manuscript sources. But her approach is pedestrian, her interpretation of contemporary sources is sometimes unreliable and she seldom displays the penetration necessary for the appraisal of so formidable a career.

Scientific Philosophy

Modern Philosophy of Science.
By Hans Reichenbach.
Routledge and Kegan Paul.
422 pages. 28s.

HANS Reichenbach died in 1953. During his lifetime he was prominent, first in Berlin and later in California, in the philosophical movement that became known as logical empiricism. While in Berlin he was loosely affiliated to the so-called Vienna Circle from which logical positivism was born. Reichenbach's interests were always close to the philosophy of science, and he was particularly concerned with the theory of probability. Indeed he was notable for his attempts to replace systems of ideas that in any way savoured of strict causality by ideas that presupposed probability only. In this he was much concerned with the development of quantum physics, some of the ideas of which he anticipated.

The present book is a collection of translations from his writings, compiled by his wife, together with a foreword by Rudolf Carnap. On the whole it is not a very good selection and the title is rather misleading. More than half of the papers included originally date from the twenties or early thirties of this century, and some of them are directed towards targets that were of fairly local interest only. It is not likely that a reader would obtain a satisfactory impression from this volume either of Reichenbach or of the philosophy of science.

As the more general papers in the book indicate, Reichenbach thought that philosophy should be scientific, and that the solution of traditional philosophical problems about knowledge is best obtained by piecemeal investigation of the issues that arise in science. Perhaps for this very reason, he reveals himself at his best in this book when he is close to specific scientific problems or technical matters of logic. For example, the second paper included — that on the "Theory of Motion according to Newton, Leibniz and Huyghens" — is an admirable discussion of the issues involved in eighteenth century controversies about motion. And the first paper, on the theory of relativity, would have been very valuable had it not been concerned with discussions of that theory that now do not loom very large in the philosophical scene. On the other hand, later papers, such as those on the freedom of the will and ethical utterances, show that technical ingenuity does not necessarily lead to subtlety in the appreciation of philosophical issues. Indeed their outcome does much to cast doubt on the claim that philosophy should be scientific.

It cannot in general be said that this is a very satisfactory book. Despite the title, there is little in the way of a thread running through it. When all is said and done it remains a heterogeneous collection of papers of very unequal worth, and adds little to Reichenbach's stature.

OTHER BOOKS

ADVERTISING IN MODERN LIFE. By John Gloag. *Heinemann.* 207 pages. 10s. 6d.

Mr. Gloag says his book is "not an apologia for the use of persuasion by industrial and commercial interests". If it is not that, then it is very difficult to say what else it is. Nor is it easy to detect why Mr Gloag should have entered this disclaimer. As books explaining and justifying advertising go, it is pleasant and readable and could no doubt be examined with profit and instruction by many of the critics. Whether it will be read is doubtful. The author's sympathies are so overwhelmingly with the advertising business that even those doubts and problems which are constantly found inside that business hardly get a look-in.

THE SALMON. By J. W. Jones. *Collins.* 196 pages. 18s.

This is an interesting, carefully prepared study of the life cycle of the salmon, written by an expert in this field of research. It contains many facts hitherto unverified, some good photographs, and a comprehensive bibliography.

THE ANGLO-AMERICAN CONNECTION IN THE EARLY NINETEENTH CENTURY. By F. Thistlethwaite. *Pensylvania University Press.* London: *Oxford University Press.* 230 pages. 36s.

In this thoroughly amiable and scholarly book, Mr. Thistlethwaite continues his exposition of early American history in terms of the Atlantic economy. His conclusion that before the 1860s "the American frontier was, in a real sense, one of the frontiers of Europe" is certainly right; it gives early American history a framework of realism and intellectual cohesion not otherwise possible. The major portion of the book is devoted to details of the Anglo-American partnership in terms of a flow of capital, skilled labour, political and religious ideals, and education policy (where the ideas came from, rather than went to, the United States). The book is well documented throughout.

Morgan Guaranty Trust Company

OF NEW YORK

Statement of Condition June 30, 1959

ASSETS

Cash and due from banks	$ 963,890,933
U. S. Government obligations	703,831,645
State, municipal and public securities	162,406,562
Other securities	22,625,431
Loans	1,934,116,036
Accrued interest, accounts receivable, etc.	124,994,592
Customers' acceptance liability	43,932,772
Stock of Federal Reserve Bank	12,750,000
Investment in subsidiary companies	4,795,495
Bank premises	21,655,697
	$4,044,999,163

LIABILITIES

Deposits		$3,334,011,963
Foreign funds borrowed		1,593,421
Reserve for expenses and taxes		26,391,952
Liability on acceptances		45,972,708
Dividend payable July 15, 1959		6,032,000
Other liabilities		114,193,143
Capital—7,540,000 shares—$25 par	$188,500,000	
Surplus	236,500,000	
Undivided profits	91,803,971	
Total capital funds		516,803,971
		$4,044,999,163

Assets carried at $331,985,431 in the above statements are pledged to qualify for fiduciary powers, to secure public monies as required by law, and for other purposes.

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AMERICAN SURVEY

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

Nine Men and Two Poles

WASHINGTON, DC

SET Barenblatt against Vitarelli, and Uphaus against Greene; the result is not a Pan-European boxing festival but a rough and ready way of assessing the latest session of the United States Supreme Court. The nine Justices rose for the summer at the end of June after handing down, by narrow majorities, some of the most bitterly-debated decisions since the South was told five years ago that its racially-segregated schools were illegal. This time the racial problem was not the main issue; the Court had firmly and unanimously restated its position before the session began, and had told the South that the danger of violence would not be accepted as an excuse for clinging to segregation. The disputed cases involve the delicate question of civil liberties, or the rights of the individual citizen in relation to his government.

The liberals are protesting that "the new Court" has now beaten a retreat from the boldly libertarian position it had adopted in the past few years; *Time* magazine, for the conservatives, prefers to say that the Court has chosen a "truer course". It is no slur on the Justices' integrity that their decisions are being interpreted in political terms. As guardians of the Constitution, they have long been reconciled to the fact that in America the political and the judicial are hopelessly intertwined. It is doubtful, however, whether the extremer interpretations of what they have done in the past few months are justified.

In the first place, the Court has shown that it is still solidly liberal in one respect; it will allow no trifling with the prescribed rights of an accused man to a fair hearing, whether he is accused of a criminal offence or of disloyalty to his country. It held unanimously that Mr Vitarelli, an employee of the Department of the Interior, could not legally have been dismissed as a "security risk" because the department had not followed its own regulations — denying to him, among other things, the right to cross-examine witnesses. It also decided by 8 to 1 that Mr Greene, an officer of a company doing secret defence work, had been wrongfully refused a security clearance, since neither the President nor Congress had ever specifically authorised hearings — such as his was — in which the accused was unable to confront his accusers. The Court did not say what it would do if Congress or the President were one day to authorise such a lop-sided procedure; but the wording of Chief Justice Warren's opinion strongly hints that it would strike this down as unconstitutional.

In the second place, the controversial 5-to-4 decision in the Barenblatt case, involving a college instructor who refused to answer a congressional committee which asked if he had been a communist, was neither as radical nor as sudden a change of mind as the Court's critics allege. The nub of the decision was implicit in the Watkins ruling of 1957, that congressional committees have wide power to demand answers to their questions provided they explain the point of the questions. It should have been plain from Mr Justice Frankfurter's concurring opinion in the Watkins case that he took his stand then on the need for proper explanation of the questions put to witnesses, rather than on the broader grounds — the protection of individuals against investigation — cited by the Chief Justice. The majority which has now assembled round Mr Frankfurter includes only one man, Mr Justice Harlan, who went along wholly with Mr Warren two years ago. Two of the other three did not take part in the Watkins case and the third was in outright opposition.

NEVERTHELESS, three themes have emerged from this year's decisions which, it is fair to say, at least shift the emphasis of the Court's ideas. They reflect a special kind of judicial conservatism; a feeling of self-restraint about the Court's power to tinker with the political divisions created by the Constitution and, in particular, its power to infringe on the domain of Congress. The first is shown in a number of rulings which, to the displeasure of many liberals and to the delight of enthusiasts for states' rights, stress the line which the Constitution draws between the states and the federal government. In the Uphaus case, decided again by a 5-to-4 majority, the Court made it clear that the individual states are free to pass laws designed to protect themselves from subversive activities; this was not explicit in the Nelson ruling a few years ago, which merely held that federal legislation against subverting the United States government barred the states from entering the same field. In two other cases the Court declared that the passage in the Constitution which prohibits double jeopardy applies only to federal prosecutions, and does not prevent two prosecutions

for the same offence when one is conducted by a state. Thus a generally accepted rule of common justice takes second place to the exigencies of federalism.

The second theme emerged in two passages which paid unusual deference — by the Court's recent standards — to the prerogatives of Congress. In the Barenblatt case the majority not only observed that Congress's power of inquiry "is as penetrating and far-reaching as the potential power to enact and appropriate"; it also said that the Court must be very wary of passing judgment on Congress's motives in making investigations. It was these casual remarks which most irritated the liberals, just as in the Watkins case two years ago Chief Justice Warren's casual remarks about the limits of the power of inquiry irritated the conservatives.

Again, the same 5-to-4 majority upheld the two-year-old Act of Congress which modifies the effects of the Court's ruling in the Jencks case. The point at issue here is a defendant's right to inspect statements made by prosecution witnesses before his trial. The Court accepted Congress's definition of what statements have to be produced, which was narrower than its own definition in the Jencks case; it also ruled that the Judge — rather than the defence — should decide whether particular documents come under the definition or not.

Thirdly, the Court showed that in cases where individual liberties have to be balanced against the public interest it is willing to give substantial weight to the latter. It voted, once again by the same 5-to-4 margin, that a health inspector in Baltimore was entitled to enter a house to search for rats even though he had no warrant; henceforth an American's home is his castle except when "the maintenance of community health" demands otherwise. Similarly, the constitutional protection of free speech has to give way — in the words of the all-important Barenblatt ruling — to the "governmental interests here at stake", which include the right to interrogate a man about his past associations with the communist party.

It would be improper to suggest that the five Justices who issued these decisions, over the protests of their four colleagues, were directly influenced by the attacks made in Congress on earlier rulings of the Court, although the congressional pressures against the Court are likely to grow considerably milder as a result of what it has done at this session. What it is proper to suggest is that the public debate has helped to clarify and reinforce the ideas which have now been given extra weight in the majority's decisions.

All three of the themes which have emerged reflect attitudes long known to have been held by Mr Justice Frankfurter. He is the Court's oldest inhabitant, and has become one of the opposite poles — Mr Justice Black is the other — around whom judicial attitudes gather like filings round a magnetic field. Changes in the membership of the Court, and some second thoughts by Mr Justice Harlan, now seem to have brought a majority of the filings to Mr Frankfurter's end. In an address which he gave a few years ago, he pointed out that the difficulty of the Court's work lies in the fact that in most cases it has to strike a balance between two conflicting principles. He may now be reflecting on what he said then: "though a conclusion has a logical form, it in fact represents a choice of competing considerations of policy, one of which for the time has won the day."

Money Costs More

THE Treasury had to pay 4.73 per cent, the highest interest rate since 1921, last week when it sold at auction $2 billion worth of one-year bills. But it may not be altogether sorry for a demonstration of the heights to which short-term rates may be driven if Congress does not raise or waive the ceiling on the interest which may be paid on long-term government bonds and give the Treasury more flexibility in managing the public debt. With a good deal of difficulty Mr Mills has persuaded the House Ways and Means Committee, of which he is chairman, to allow the President, for the next two years, to disregard the ceiling of 4¼ per cent when he feels that this is necessary. The committee's decision was a victory for Mr Anderson, the Secretary of the Treasury, and for his admirer and fellow-Texan, Mr Rayburn, the Speaker of the House. But it is no guarantee that the Bill will have an easy passage through the Senate.

The Bill attracts the Democrats because it relieves them of any responsibility if the government's financing difficulties continue and saddles the President with the blame for dear money. Moreover, the Bill has a further sweetener in a rider to the effect that the Federal Reserve System should buy government securities of varying maturities when it seeks to expand the supply of money. This is aimed at the central bank's policy, now eight years old, of buying only short-term government obligations and reflects the belief of many Democrats and a good many Republicans that the restrictive credit policy of the central bank is responsible for the Treasury's troubles. Mr Martin, the chairman of the Federal Reserve Board, strongly opposes any return, however limited, to the bad old days when the bank pegged the price of government bonds. But the Treasury, which up to now has been standing firmly behind the central bank's anti-inflationary policies, is strongly tempted to accept the committee's relief, although it dislikes having it limited to two years, by which time the Democrats hope to have a President of their own in the White House.

Next month the Treasury will be back in the market with a big cash and refunding operation which will

ORGANIZED BY
ALEXANDER HAMILTON

THE BANK OF NEW YORK

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STATEMENT OF CONDITION

June 30, 1959

RESOURCES

Cash and due from Banks	$165,085,631.80
United States Government Securities	98,492,770.17
Municipal and Other Public Securities	13,875,286.51
Other Securities	8,163,008.17
Loans and Discounts	271,021,788.17
Banking Houses	8,952,855.11
Customers' Liability for Acceptances	7,956,988.82
Accrued Interest and Other Resources	3,688,992.48
	$577,237,321.23

LIABILITIES

Capital (270,000 Shares—$100 Par)	$ 27,000,000.00
Surplus	20,000,000.00
Undivided Profits	6,748,678.95
Reserve for Contingencies	3,073,715.56
Dividend Payable July 1, 1959	675,000.00
Deposits	503,635,295.59
Acceptances	10,075,499.39
Reserve for Taxes, Interest, etc.	3,650,436.63
Other Liabilities	2,378,695.11
	$577,237,321.23

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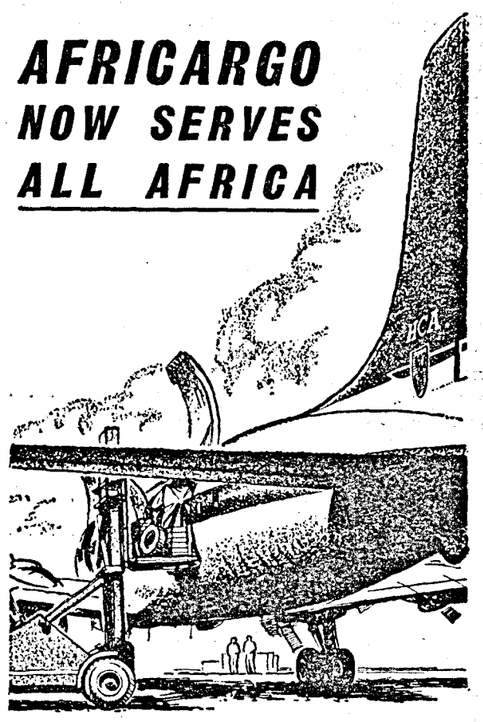

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Slap for the Democrats

PRESIDENT Eisenhower's strongly-worded veto of the housing Bill was a slap in the face for the Democratic leaders who had manoeuvred their followers into passing the measure by claiming that it was vetoproof. The compromise Bill which came out of the conference between Senators and Representatives provided for total expenditures not only much lower than in either of the separate Bills originally approved by the two Houses, but also a little lower, superficially at least, than the President himself had requested. The purpose of this unusual operation was to demonstrate that the Democratic majority in Congress was ready to work with the Republican President in producing constructive legislation. The veto thus strengthened the hand of the progressive Democrats who argue that their leaders, in attempting to produce Bills which the President can approve, are in effect repudiating last November's vote for liberal measures and that the party will pay for this cowardice at the polls next year.

The compromise Bill was in fact hardly an illiberal measure : it provided for 45,000 units of low-cost public housing, which the Administration did not want at all, for more to be spent on slum clearance than the Administration had proposed, for extending and altering various existing schemes and for adding new ones for housing elderly people and for building college classrooms. The total was put at $1.37 billion, instead of the $1.65 billion requested by the Administration, but this was achieved by leaving public housing out of the calculation altogether and by allocating only $900 million to grants for slum clearance; this was to be spent, however, in two years while the $1.45 billion for which the Administration had asked was to have lasted for six years. It was agreed that the Bill would have added only about $70 million to the federal budget in the current fiscal year, but it would have involved the government in heavy outlays on housing in later years and thus would have undermined the President's efforts to check the relentless rise in future spending.

This was the main reason why he returned the Bill, although he had many other objections to it. It is improbable that the veto will be over-ridden, but Congress will not be in any hurry to act on the request for a simplified Bill, continuing existing programmes at their current levels and expanding the authority of the Federal Housing Administration to insure mortgages. The bitterness this veto had injected into the relationship between the President and Congress has already been demonstrated by the unexpectedly sharp reduction which the Senate has made in funds for foreign aid. Furious at being accused of extravagance when they have been trying to co-operate with the President's drive for economy, the Democratic leaders are now in a mood to cut his requests where it will hurt him personally, regardless of the merits.

No Boat to China

MR AVERELL Harriman's exceedingly warm welcome in the Soviet Union, which he has just visited in the guise of a newspaperman, cuts no ice with Communist China. Peking has turned down his request for a visa. This must be a source of some satisfaction to the State Department, since it emphasises that it is the Chinese, not the Americans, who are to blame for keeping China *incommunicado;* the refusal may also relieve the State Department of some of the pressure from a growing queue of Americans, including members of Congress, who would like to see at first hand what Communist China is doing. For nearly two years the State Department has been keeping alive the permission granted to some thirty representatives of news-gathering agencies to disregard the general ban on travel to China. But Peking has refused visas to all but one because the State Department cannot commit Washington in advance, as the Chinese demand, to admitting Chinese newspapermen into the United States on a reciprocal basis. The department stands ready, however, to ask for the law against such admissions to be waived in individual cases.

Mr Harriman, the former Governor of New York, a former Ambassador to Russia and a millionaire many times over, sought permission to visit China on the technical ground that the articles he is writing about his travels are now his only regular employment. It was granted by the new Secretary of State, but with some misgivings; if Mr Harriman, lightly disguised as a journalist, were allowed to go, it would become harder to refuse others but not impossible. Justice Douglas of the Supreme Court has been turned down because his assignment for the *National Geographic* magazine is not "full-time". It remains to be seen whether Peking will deal more kindly with Mr Vincent Sheean, who has received a passport valid for China.

Such concessions to journalists lie purely at the discretion of the State Department, in the view of a three-man panel of the Court of Appeals. It held last month that the department was justified in refusing to renew the passport of Mr William Worthy, a journalist who in 1956 went to China in defiance of a ban

by the department, which at that time had not been converted to the view that Americans are entitled to have the facts, even about their enemies. The authorities are ready to renew Mr Worthy's passport if he will agree to observe the restrictions in it, but he takes the view that the Secretary of State has no constitutional power to curb his right to travel in peace-time. It seems likely that he will appeal. Last week the same court also upheld the refusal of the State Department to give a passport to Mr Waldo Frank so that he could visit Communist China as a special correspondent for Latin-American newspapers and lecture on American affairs at the University of Peking.

Another State on the Way

THERE will be no first birthday for the 49-star "Alaska flag" which was officially inaugurated on July 4th; for by Independence Day, 1960, Hawaii will have become a state and that day the 50-star flag will be flown in its turn for the first time. As a result many institutions, including government offices, are making do with the old 48-star flag. Nevertheless a brisk business was done on July 4th on top of the Capitol in Washington, running 49-star flags up and down, one after another, about a thousand altogether, on four flagpoles, to satisfy the demands of the boy scout troops, chambers of commerce and others for a new flag which had flown over the United States Congress on the day of issue.

Hawaiians actually voted at the end of June, by about 17 to 1, an even bigger majority than had been expected, to accept the statehood which Congress bestowed on them in March. But the President will not proclaim Hawaii formally a state until some time after the election on July 28th, when the 170,000 registered voters will choose a Governor and state legislators, and two Senators and a Representative to go to Washington, nearly 5,000 miles away. The voters picked party candidates for these offices in a primary election held at the same time as the referendum on statehood. Far more votes were cast on the Democratic ballot than on the Republican, but this is not very significant since none of the Republican candidates for major offices were opposed. However, most observers expect the Democrats to do well in the general election.

Hawaii was a Republican stronghold as long at it was dominated by the white businessmen and landowners, but in recent years the islands have turned to the Democrats as the citizens of Asiatic origin, who make up 75 per cent of the population, have become increasingly prosperous, increasingly well-educated — and increasingly interested in politics, as the names and faces on the election posters show. One of the Republican candidates for United States Senator is of Chinese ancestry, the other Japanese. The Democrats offer a Japanese-Hawaiian only for the seat in the House of Representatives; but then, he lost an arm fighting for the United States in the last war.

It thus seems fairly certain that the new state will be represented in Congress by at least one member of Asiatic race. It is also clear that, whatever the political affiliations of the Hawaiian delegation ,the members will all be free from racial prejudice and will be strong upholders of the rights of minority groups. They will also all be interested in military questions, since Hawaii relies on defence installations for much of its income. They are likely to have strong views on trade union matters, for the longshoremen's union, allegedly infiltrated by communism, is an important influence in the islands. But on other issues that are prominent in national affairs, the new members of Congress will be relatively inexperienced — on farm price supports, for example; the Hawaiians grow sugar and pineapples, not wheat and cotton.

SHORTER NOTES

Beginning this autumn the Senate is to publish details each quarter of the names and pay of the people employed in each member's office. This is in answer to the charges of nepotism in Congress which were made earlier this year and about which the House of Representatives as a body has so far done nothing. The Senate spends nearly $10 million a year of the taxpayer's money on providing office staff for its 98 members; this sum is shared among them according to the population of the state each represents.

* * *

The law banning the issue of trading stamps by shopkeepers in Wyoming was ruled unconstitutional by a state court a few days before it would have gone into effect, on the ground that it discriminated unfairly against the companies which issue these stamps. Wyoming's attempt to ban them was discussed in *The Economist* of May 30th, on page 849.

* * *

The Department of Agriculture has discovered that, when maize is planted carefully with the point of each kernel downwards, the yield is higher than when the seeds are simply scattered along the row. It is now suggested that the kernels may be stuck on a tape which will hold them in the vertical position and can be fed into a mechanical planter so that even large fields of maize may be sown in this improved way.

* * *

Makers of plastic bags, in which most clothes are now brought home from the cleaners, have launched an expensive educational campaign to teach parents to keep them away from small children. The manufacturers are also trying to develop a less dangerous bag. They fear that unless they succeed, the use of the bags may be restricted or forbidden. So far this year 55 children have been suffocated; a few used the bags as "space helmets", but most of the victims were small babies laid on the bags, which clung to their faces.

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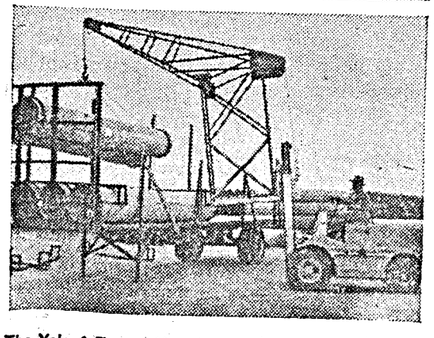

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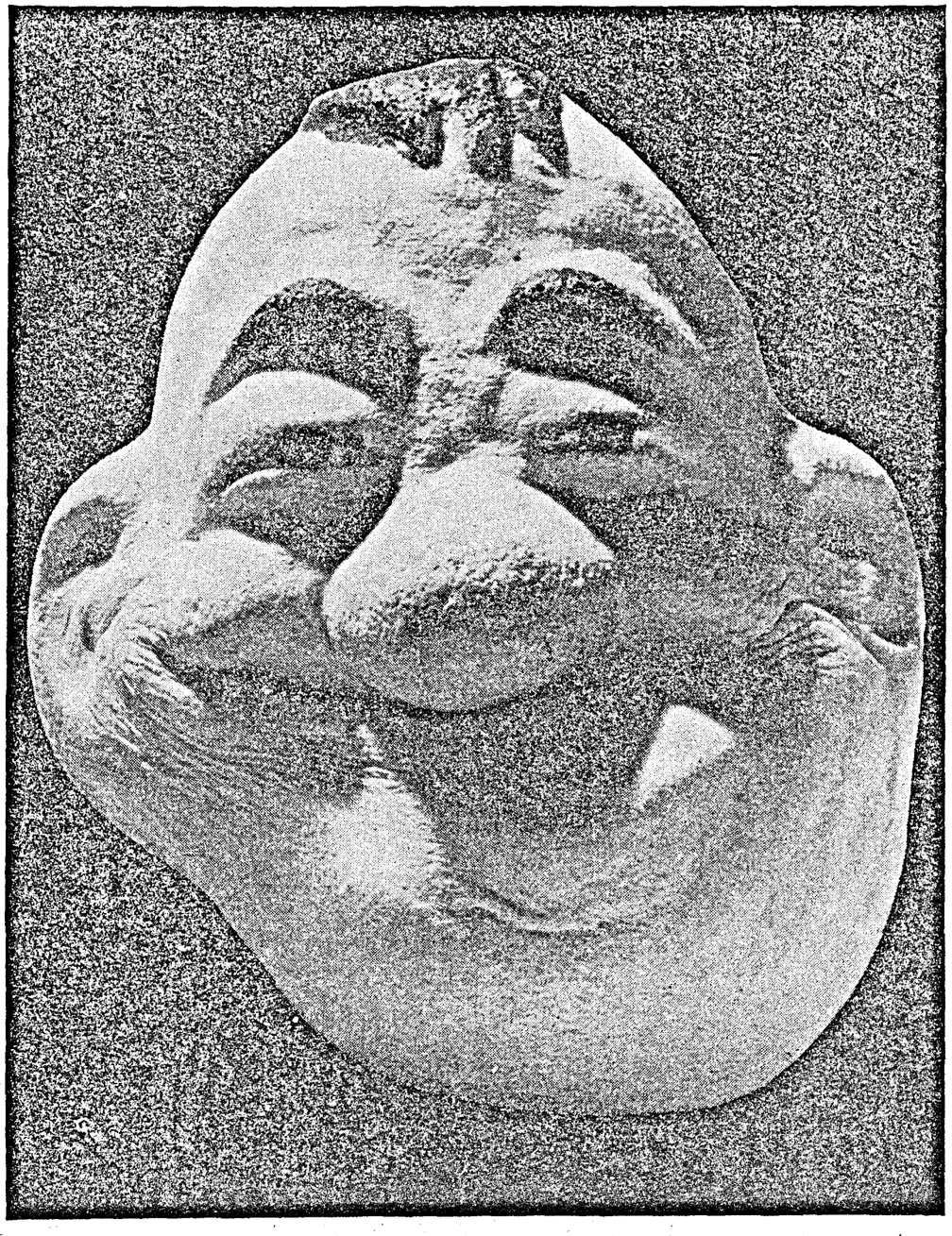

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THE WORLD OVERSEAS

Japan's Mr K

FROM OUR CORRESPONDENT IN TOKYO

On July 11th, Nobusuke Kishi, prime minister of Japan, embarked on a pilgrimage to Britain, Western Europe, the United States and South America, which he expects will take forty days but which his critics are already urging should be shorter. Mr Kishi's critics never tire of saying he is doing Japan no good, but when he proposes to leave it their indignation knows no bounds. On this occasion they are complaining that his trip has no specific purpose, and are not appeased by his bland reply that this is correct but that he hopes all the same to promote goodwill. Mr Kishi's baggage includes a large number of Japanese decorations that he proposes to confer on foreign dignitaries. In exchange, he expects to get a number of medals for himself. This expectation has rendered the critics even more apoplectic than usual.

Mr Kishi has been prime minister more than two years. Throughout that time he has had a consistently bad press. The newspapers run frequent public opinion polls to indicate that his stock is falling lower and lower. In a recent round-table discussion, the most eminent of the commentators were asked to compile a list of Japan's ten best living politicians. They refused to include Mr Kishi at all, but indicated their willingness to place him at the head of the ten worst.

The prime minister's attempts to grapple with foreign policy — sometimes single-handed, sometimes in accord with his foreign minister, Mr Fujiyama, and sometimes in conflict with Mr Fujiyama — have not been very successful. Japan's current dealings with the two Koreas illustrate this. The bid to rid Japan of pro-communist Koreans by dispatching them to North Korea seems doomed to failure by the understandable reluctance of the International Red Cross to be dragged into the business, especially on the terms being dictated by the North Koreans and apparently acquiesced in by the Japanese Red Cross. Meanwhile, South Korea has been still further estranged.

Japan's attempt last year to play footie-footie with communist China while retaining its trade and other ties with Formosa met a roughly similar fate, though on that occasion it was the communists who were finally estranged. With regard to South-east Asia, Japan's former co-prosperity sphere, Mr Kishi continues earnestly to preach that large doses of American finance are needed to enable Japan's impoverished neighbours to buy Japanese goods; but Washington continues ominously non-commital. And Mr Kishi's and Mr Fujiyama's proposed revisions of the United States-Japan security treaty look like producing a first-class rumpus in Japan this autumn, when the Diet is expected to get its first proper look at the proposals, while Washington obviously continues to harbour reservations.

Mr Kishi has other internal troubles. He is now on his third cabinet, and the list of his dismissals is impressively lengthy. Try as he may, he has been unable either to satisfy or subdue the factions in his Liberal-Democrat party. Mr Ikeda, a former foe, is now in the cabinet, but may have entered it with a political knife tucked up his kimono sleeve. Mr Kono, a former supporter, is now an outspoken foe. Last autumn, Mr Kishi hesitantly produced his first really major piece of legislation, the Policy Powers Bill. He was compelled to withdraw it amid a storm of public protest. Mr Kono darkly predicts that the same fate will befall the revised United States-Japan security treaty. Meanwhile the turbulent Diet remains in its usual condition of near-chaos, with the government party and the Socialist opposition squabbling fiercely over the distribution of committee chairmanships.

Thus the critics have whole quivers of arrows to stick in Mr Kishi, and palettes of paint to bedaub him with. Yet Mr Kishi's political hide remains unpunctured, and his critics' picture of him continues to mislead. For the truth is that the Japanese prime minister is best compared to a stonewall batter. His score is unimpressive, but his wicket refuses to fall. Moreover, he continues to win the elections and the by-elections. The Socialists, who have vowed to knock him for six, seem as far as ever from their necessary first target of gaining one-third of the Diet seats, and are even more divided among themselves than are the Liberal-Democrats: Mr Suehiro Nishio, an important Socialist who could be likened to a more responsible Mr McGovern, has just accused the left wing of his party of being dupes of the Communists.

Moreover Japan, despite the political confusion, is obviously making rapid economic progress. The average worker's wage, though still low at £14 a month, has gone up by 20 per cent in the past ten years. Mr Kishi may not be able to take all or even a major part of the credit for this; but when he promises on behalf of the conservatives to double wages over the next ten years, he gets more respectful attention than the Socialists get with their offers of a class party that will spearhead (in joint action with the Communists) a peaceful revolution. In short, the critics applaud the Socialists but the people seem to prefer to vote for the unspeakable Mr Kishi.

If the persons Mr Kishi plans to meet abroad have been reading and believing the Japanese press, they may find themselves pleasantly surprised. A softspoken although by no means an indecisive man, Mr Kishi not only has considerable charm of manner, but also a sense of humour and an ability, when he chooses, to express his thoughts with great frankness. He wants to ask a lot of questions, and is particularly curious to know more about the British Government's thinking on the subject of communist China. Mr Kishi is rather solidly pro-Washington, for what he deems good Japanese reasons, but also appears to have a good deal of respect for London's political intelligence, based on Britain's rather longer experience of the international political jungle. Besides, Britain also is an island that lives by trading.

But Mr Kishi spoke no more than the truth when he said that the chief object of his tour is to promote goodwill, a commodity which the Kishi government believes post-war Japan still needs much more of. Mr Fujiyama on his last visit to London was much embarrassed by having genuine imitation ball-bearings thrust under his nose during a television interview. West Germany's largest shipyard at Hamburg has been closed in the faces of Japanese visitors. All this worries the Japanese. Rapidly recovering economically, building pulp mills in Alaska and steel mills in Brazil, increasing their exports to Canada fivefold and doing brisk business even in Australia, they still feel they lack the world's goodwill, and that without it all their achievements remain precarious. They know they have a reputation for being clever, perhaps too clever, and industrious, perhaps over-industrious; what they would like to do is to convince the world that they are also what they themselves call "sincere". To do this, they propose to walk quietly and talk softly, stating their case (which they think is a good one) moderately, like reasonable men. And Mr Kishi, despite his vociferous domestic critics, may be just the man for such a job.

Nasser's Political Pyramid

FROM OUR MIDDLE EAST CORRESPONDENT

Owing to the large numbers of seats contested in the elections of July 8th for the local councils of the National Union in Egypt and Syria, it may be weeks before their meaning becomes clear. There are more than 9,000 successful candidates, the great majority of whom are quite unknown outside their own localities. At first glance it appears as if the Baath Socialists, as expected, have suffered a setback. Outstanding Baathist candidates like Akram Hourani and Salah Bitar polled substantially less than the independent Colonel Sarraj, minister of the interior and President Nasser's steadiest support in Syria. Many leading figures in the anti-Baath coalition were elected comfortably. The measure of the Baath setback, however, is not yet possible to assess with any confidence.

These elections mark the first practical attempt to carry out the sisyphean task of fusing the two peoples of the United Arab Republic. Since the act of union early last year a central government has been sitting in Cairo; command of the armed forces was unified even before that. But apart from these two instances the machinery of unification has stalled. A United Arab Republic visa, accepted without question in Egypt, is not necessarily honoured by the Syrians. Land reform in Syria, while following the broad outlines of land reform in Egypt, differed from it in material particulars; even so, its applicability to Syrian conditions is fiercely challenged by Syrian agriculturists and agronomists. While economic issues between Egypt and Lebanon were solved with little difficulty, the Syrians have scarcely budged from their original position. Indeed, Arab critics of President Nasser, who formerly accused him of swallowing Syria and sending Egyptian officials to swarm over the land like locusts, now reproach him for failure to control his Syrian subjects. The formation of the National Union is an attempt to destroy the memory of past divergences in Egyptian and Syrian political practices and to substitute for it a single nationwide movement in support of the central government.

From the constitutional angle the subservience of the National Union to the government seems assured from the start. The new local councils will shortly elect provincial councils for the 33 provinces of the Republic. The provincial councils in turn will elect the National Congress. This will be the highest organ of the National Union. From members of the National Congress Nasser will handpick the National Assembly, the future legislature of the UAR, the only limitation on his freedom of choice being the proviso that half of its members must have been members of the dissolved Syrian chamber of deputies or the former Egyptian national assembly. The laborious processes involved seem to preclude any chance of a hostile National Assembly. In the circumstances it is small wonder that President Nasser felt able to abolish the screening committee originally set up to pronounce on the suitability of candidates and to order his officials to observe strict neutrality in the electoral battle. Contemplation of this colossal pyramid prompts the question whether it was worth building at all, especially as all that really matters is the few blocks of stone constituting the apex.

In case the constitutional process has left any loopholes for the formation of an opposition, the government saw to it that the local elections were completely

free from the stigma of politics. Candidates were forbidden to mention in their electoral addresses the name of any political party or of President Nasser himself. Instead, they were exhorted, and in some cases ordered, to confine their campaigns to expounding the aims of the union, which are the establishment of a socialist democratic co-operative state and the furtherance of the aims of Arab nationalism. As a result of this the meaning of the elections is largely obscured by a host of trivial issues. One candidate, despairing of a more telling war cry, promised his constituents more bus stops. A leading Beirut daily remarked smugly that few Syrians could have the slightest idea what they were voting for.

In any case, the election results probably count less than the course of the electoral campaign, which showed a significant swing in Syrian political opinion. The strongest political force in Syria before the union was the Baath Socialist party and its leaders were the principal architects and beneficiaries of union. As a result they have attracted to themselves all the bitterness aroused by the failure of union to cure Syrian ills (including, incidentally, two bad harvests). During the electoral campaign there was a strong tendency for non-Baathists, including the Communists, to make common cause. Many non-Baathist candidates withdrew their nominations to avoid splitting the vote. In protest against this manoeuvre many Baathists did the same, notably in the big towns like Damascus, Hama, Homs and Deir Ezzor.

There is strong evidence that President Nasser not only approved of the discomfiture of the Baath but that he actually promoted it. The deadline for withdrawal of nominations was extended a week to the obvious prejudice of the Baath. The ban on politics itself hurt the Baath more than its opponents, since it removed most points of possible friction that might have set Populists, Nationalists, Communists and Independents flying at each other's throats. The minister of national guidance for the Syrian region has been hauled over the coals for allowing Damascus radio to favour Baathist candidates. This was a particularly bitter blow because the minister was the brother of Colonel Adnan al-Malki, the Baath martyr who was murdered by a sergeant during a football match.

It may seem curious that President Nasser should have turned against the movement that made him a present of Syria. But at least some of the reasons may be guessed. First, the Baath, even though formally dissolved as a party, still retains its coherence as an independent political movement and President Nasser dislikes such animals prowling around his garden. Second, Baath pretensions to be the sole purveyors of Arab nationalist theory must irritate a masterful empiricist like Nasser. Third, the Baath failed him badly in Jordan and Iraq; in both countries its precipitate actions were largely responsible for the prolonged quarrels that have divided Cairo from Amman and Bagdad. Fourth, it is just possible that he may have found that Syria in its present condition is not quite such an acceptable present after all.

Social Democrats Regroup

FROM OUR BONN CORRESPONDENT

For some time the object of increasing disparagement — largely of the genus deriving from "poor old chap, he means well" — Herr Erich Ollenhauer is suddenly hearing his praises sung warmly all around him. The Social Democratic Party chairman's renunciation of any pretension to ministerial office in the event of the party heading the poll in the 1961 election has been acclaimed as a rare and exemplary act of abnegation. Now that Herr Ollenhauer has put himself out of the running for the chancellorship his critics are ready to concede that he has been a competent party chairman all along and a valuable parliamentarian. Yet it can scarcely have been lost upon him that while thus lauding the merit of knowing when to climb down many of his eulogists have been looking hard at Dr Adenauer. For once, it seems, the self-satisfied Christian Democrats are envying the opposition the modesty of their leader.

The wisp of a legitimate question remains: did Herr Ollenhauer slip, resignedly, or was he pushed? Herr Ollenhauer ran into open defiance at the Stuttgart party conference a year ago last May. There was restive criticism then of his prosaic leadership. Some of his closest and oldest colleagues were voted off the executive against his recommendation. The uncomfortable left-winger, Herbert Wehner, was elected a deputy chairman, obviously with the purpose of gingering the party regime. It has taken more than a year for the modest Stuttgart innovations to make themselves felt. But now the general election is that much nearer, and recent public opinion polls have indicated that the Social Democrats have alienated themselves still further from the sympathies of the electorate. One of the latest tests, taken since Dr Adenauer's unpopular assumption of indispensability, credited the Christian Democrats with the support of 49 per cent of the electorate and the Social Democrats with only 31 per cent, compared with the ratio of 46 per cent to 41 per cent recorded earlier in the year. This was a salutary, if unpleasant, shock.

At a council of war held *in camera* from July 5th to 7th the party leaders made their first important dispositions for a more impressive bid for power. A seven-man committee was set up, under Herr Ollenhauer's leadership, to plan a convincing election campaign. This, it was agreed, must be based on the presentation not only of an intelligible, attractive, and practicable programme but also of a reputable team capable of carrying it out. In addition to Herr Ollenhauer, the committee consists of three outstanding Bundestag deputies and three successful Land premiers: Professor Carlo Schmid, who specialises on foreign affairs, the party's defence expert Fritz Erler, the economist Heinrich Deist, Chief Minister Georg Zinn of Hesse, Burgomaster Max Brauer (Hamburg) and the governing Burgomaster of Berlin, Herr Brandt. The committee intends to be hard at work during the parliamentary holiday and to report to the executive with recommendations early in the autumn. An extraordinary party conference is to meet at Bad Godesberg in November to give the rank and file an opportunity to discuss the leadership's policies and tactics.

It was simultaneously with the setting up of the committee that both Herr Ollenhauer and Herr Wehner (an ex-communist) either volunteered or were tactfully persuaded, to acknowledge that, in their different ways, they were liabilities to the party so long as they were considered to be candidates for ministerial office, and consequently to make it known unequivocally that they renounced all such ambition. Both men will continue to devote themselves to party organisation and planning. Not least among the problems awaiting their attention is the long-standing dispute between the party's left and right wings. The conflict has lately flared up again in a much-publicised personal set-to between Herr Wehner and the parliamentary whip Dr Karl Mommer over the latter's allegations of fellow-travelling and communist infiltration, particularly among the younger socialists. Herr Wehner has pointed out that the Social Democrats are in the disadvantageous position of having to wage war on two fronts, against the Christian Democrats on the one and the communists on the other: all the more reason for clarifying the party line as far as possible and at the same time avoiding bigotry. In the peculiar circumstances of German partition and the twilight of orthodox marxism, it is doubtful whether the internal differences can be satisfactorily settled.

Since the Social Democrats reckon that even should they head the poll in 1961 they would not be strong enough to form a government alone they are not committing themselves to a shadow cabinet. But they are putting it tentatively about that the chancellor of a government dominated by their party would probably be Professor Carlo Schmid, the vice-chancellor and foreign minister Herr Brandt, the economics minister Dr Deist, and the defence minister Herr Erler. These are all respected and, except perhaps that of Deist, generally reassuring names.

Parallel with these developments in the Social Democratic party, determined moves are afoot among the Christian Democratic leaders to reorganise their party "from top to bottom". The details of the reorganisation are still obscure; but it is clear to all that its main object will be to reduce Dr Adenauer's oppressive authority and to make it difficult for a successor to wield a like power.

Hungary after the Big Leap Forward

BY A CORRESPONDENT

Having completed the "big leap toward socialism", the Hungarian communist regime has now landed on solid earth with something of a thud. It has not really lost its balance, but neither is it quite sure where to turn now. The essence of the big leap was the amazingly violent and correspondingly effective collectivisation campaign of the last few months. The methods employed were simple. Plain-clothes state security squads would occupy a village, collar the leading peasants one by one and keep them at the council office until they agreed to pool their land. There would be a few pathetic scenes, a suicide or two, and another socialist village would be born. Before the campaign, barely a sixth of the country's arable area was state or collectively owned. At the recent conclusion of the campaign, it was triumphantly announced that the proportion had risen to 50.5 per cent: Socialism had gained an absolute majority.

It is believed that, spurred on by the energetic neo-stalinist wing of the party, the state security organs took the bit between their teeth and leapt farther than the political committee really expected them to; hence the spectacular result of the relatively short collectivisation campaign. Mr Kadar is believed to be pleased enough with it, particularly with the magic 50.5 per cent which has, as it were, carried his cause over the hump. But he is said to be a bit worried about certain repercussions. For one thing, the state security organs jumped rather too eagerly at the chance of being tough, and displayed rather too much independent initiative. It was certainly initiative in a good cause — but who can tell in what cause it might be next time? For another thing, the despair and despondency generated by the campaign has not remained confined to the countryside. It has spread to the urban population just when the party was hoping that public opinion was getting reconciled to the inexorable facts of life. To assist this reconciliation and demonstrate that life under socialism is not just arrest and retribution for counter-revolutionary crimes, the regime has been making touchingly misdirected gestures at brightness and gaiety: shiny cars and refrigerators are being imported, shop fronts are being jazzed up, main streets are getting neon lighting, and state industry has started producing chewing gum and coca-cola. The scorn of the neo-stalinists at this sort of appeasement and self-debasement is, of course, another worrying by-product of Mr Kadar's efforts to leap forward and lean over backward at one and the same time.

If large-scale land collectivisation is not to remain a farce, something will have to be done rapidly to equip the new collective farms with buildings and machinery.

This urgent need comes at a time when the regime is politically and otherwise ill-placed to embark on such highly capital-intensive developments. Squeezing resources for investment out of the economy by depressing the standard of living would infringe the newly discovered dogma, attributed to Mr Khrushchev himself, that such a course is the cause of counter-revolutions. Besides, by next year the balance of payments must swing into surplus to enable repayments of the 1957 Soviet loan to begin. Investment in the current three-year plan is in fact largely directed to industries (engineering, telecommunications, diesel traction equipment) for whose products Soviet import demand has been indicated. The absolute volume of investment has only just reached that of the "soft" year of 1954, and is well below the rate mainained in the heroic 1950-1952 period. Besides, obsolescence and past neglect of maintenance are beginning to tell on industrial productivity Mr Jeno Fock, the economic expert in the political committee, ruefully admitted that with the existing rate of investment, the technological level can at best be held and cannot rise.

Consolation is found in thoughts of the 1961-65 five-year plan. This envisages great expansion in chemicals and engineering and, surprisingly, none in coal and basic steel. Apparently, the Soviet promises of a pipeline from the Georgian oilfields to Hungary, and of an east European power grid, are being taken seriously. Should they materialise, the energy-starved Hungarian economy might start to outgrow the Procrustean bed of autarchy into which the first five-year plan had forced it.

Khrushchev's Technocrats

SCARCELY six months have elapsed since the launching of the first Soviet seven year plan. Summer is normally the season when Moscow turns its attention to the countryside, to crop and harvest reports. Yet at the end of June the limelight was switched on to industry and its modernisation. Planners, officials, chairmen of regional economic councils and academicians spent five days in Moscow, together with members of the party's central committee, discussing ways of improving efficiency and thus making it possible to fulfil the plan. On closer scrutiny, the purpose of the meeting was threefold : to spur on the masses to greater effort by painting for them a bright picture of the future; to draw up a balance-sheet of shortcomings and a list of priorities; finally, to coordinate the various regional plans and drives, because two years after Mr Khrushchev's managerial reform the Soviet planning machine is still not working smoothly.

Outwardly, the planners had every reason to rest on their laurels. In the first five months of this year the plan was over-fulfilled by 5 per cent. Gross industrial production is now running at a rate 11 per cent higher than a year ago; this is well ahead of schedule. During the meeting, delegates from Moscow, Leningrad and Sverdlovsk promised to fulfil their plan in six or even five years. But the planners know how ambitious are their objectives. The pledge to reduce working hours, if kept, will roughly cancel out the growth of the labour force. Productivity must therefore rise every year by six to eight per cent.

Such a growth in productivity may seem fantastic. Yet it may well be achieved not only through technological change but because many Soviet enterprises offer wide scope for improvement. Productivity in Russia's top plants can stand comparison with American achievements, but in a large number of Soviet factories equipment and methods of production are obsolete. During the conference it was disclosed that three-fifths of construction work is done by manual labour, that mining is insufficiently mechanised, and that the work carried out by 40 per cent of the employees in the chemical industry could easily be done by machines. Another complaint was that in engineering, for instance, there are about a million superfluous supervisors. There is plenty of waste to eliminate.

Stalin's method was to mortgage the present for the distant future. Mr Khrushchev wants to get quicker results. His earlier decision to switch the emphasis from water to steam power stations, where investment matures more rapidly, was typical of his attitude. Since the machine building industry cannot replace all old equipment at once, stress must be laid on a limited number of ventures, while automation should spread wherever it can save labour most quickly. Elsewhere, production should be raised in the meantime by small improvements, by a more efficient use of available equipment and by the influx of more skilled manpower.

Mr Khrushchev seems more conscious of the time factor than was his predecessor. Many speakers complained that the setting up of a new factory often takes much too long. The erection of the Soviet steel mill for India took only a couple of years; in Russia it sometimes takes three times as long. What is worse, when machinery is delivered it frequently has to wait for the building to house it. This has even happened when badly needed machinery has been imported.

The other lesson of the conference was that Russia has not yet found a system that reconciles economic planning from the centre with local initiative. The 105 regional economic councils created by the Khrushchev reform apparently tend to give priority to local requirements often to the neglect of outside demands. Smooth and efficient channels for inter-regional exchanges have not yet been found. In addition, the emphasis on local development has reduced the powers of the coordinating organs. Only now is a modernisation plan for the whole of the country to be drawn up in Moscow. Stricter discipline and party control of management are the two methods prescribed to fight the dangers inherent in decentralisation.

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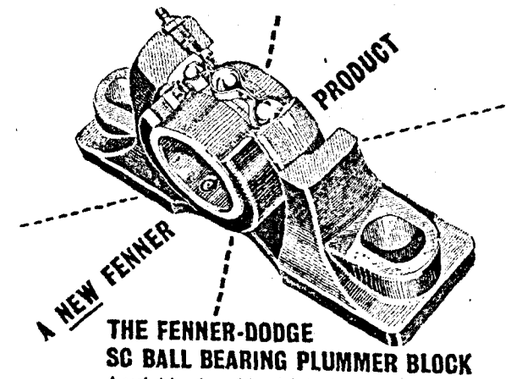

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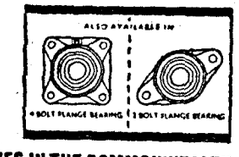

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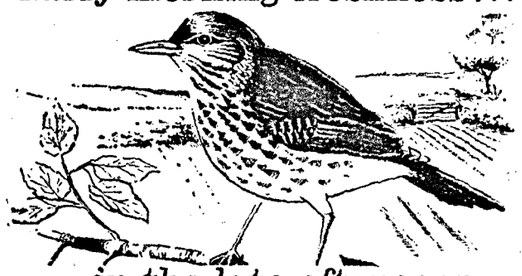

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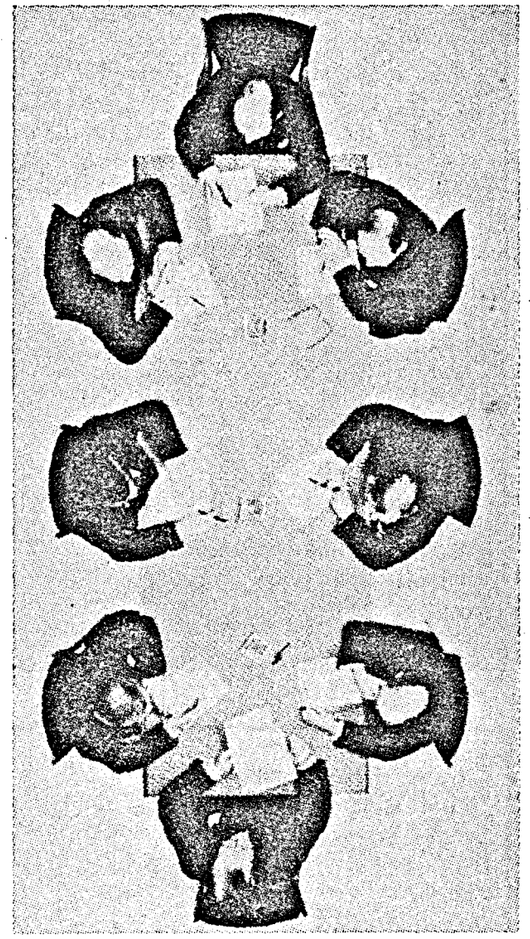

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THE BUSINESS WORLD

About to Stall

THE MINISTER OF SUPPLY: *The state of the aircraft industry is certainly not such as to give rise to any satisfaction in anybody's breast...*

MR GEORGE WIGG: *Is it not abundantly clear that what is wrong with the aircraft industry is that there is too much Sandys in the works?*
House of Commons, 6th July 1959.

EVERY aircraft has its stalling speed, where it ceases to be airborne and will certainly crash unless rapid corrective action is taken. Many observers believe that the British aircraft industry is dangerously close to this stalling speed today, and that nothing short of a sharp dose of government aid in the form either of orders or of new development contracts can save it from disaster. Others, more brutal or perhaps more detached, feel that much of the industry is simply not worth the effort of saving. The industry has not changed, more's the pity, but its markets have changed both at home and abroad. Lancashire knows what that can mean, and so does the government; but the process has been immeasurably more concentrated in time in the aircraft industry, simply because it has always been so dependent upon one big military customer who suddenly changed his mind. For more than a year, the Ministry of Supply has tried to accelerate the contraction and rationalisation of this industry by cutting down the steady transfusion of public funds that had supported it through previous lean years and indeed throughout most of its short history. The policy was to allow the smaller companies to die a natural death from financial anaemia — a disease to which most of them are already predisposed.

This policy has not been a conspicuous success. At the beginning of this summer, the industry was still employing 242,000 men, which is 90,000 more than the Ministry estimated that it might be able to support when the process of contraction is completed: its labour force has declined less than 25,000 over the last two years. The industry has 13 different civil aircraft in or about to go into production, seven of them big ones weighing more than 50 tons); about a dozen different military aircraft, five different guided missiles, two or three helicopters, as many as 25 different motors and gas turbines of various types, and a range of research and experimental aircraft in the stage before orders could be placed. Its project offices are doodling preliminary sketches of supersonic aircraft and space vehicles.

A list of that length, however, gives a wholly illusory impression of vigour in the industry. It is not a sign of commercial health, but a measure of the extent to which the industry's limited resources are being dissipated among far too great a number of projects. Many of its production lines will run out of orders before the end of next year, the one making the Comet among them.

THE industry has been told often enough that it must contract, that it should rationalise into fewer companies, that it ought to concentrate its resources on fewer projects and, by implication, do them better. It has done none of these things; but before they offer more gratuitous advice, its critics should stop a moment and ask themselves why it has not. The reason is fairly simple. The orders that the industry can expect to receive for any one design, be it aircraft, engine or rocket, are so small that unless a

company bids for several orders at once it will find it impossible to make ends meet. Instead of a square meal, each company lives on a diet of snacks.

Thus a big company such as Vickers Armstrongs is today working simultaneously on three major civil airliners, a small supersonic bomber of extremely difficult design, and an anti-tank guided missile. A small company such as Fairey is dividing its resources between the Rotodyne, in itself a big project for any design office, its share in the development of de Havilland's new medium range jet airliner, boat building, specialised engineering for the Atomic Energy Authority, air surveying, and a certain amount of other precision engineering. The huge range of engines in production and under development at Rolls-Royce provides perhaps the best example of all. Rolls-Royce either dare not or will not fail to bid for every new engine contract that comes up, providing that it has the remotest hope of meeting the specification.

At the risk of stating the obvious, the reasons why the industry's orders tend to be so small can be summarised under three heads: the rising cost of individual items of equipment, which cuts down the numbers bought; the shrinking and altering defence programme at home; and the increase in competition abroad. Little can be done about the first item. The fact that a Hunter fighter costs about £176,000 today, a big turbo-prop engine £50,000, and a small airborne guided missile £7,000 is simply a measurement of their mechanical complexity, though certain defence items remain costly because they are not demanded in numbers large enough for economic production.

But it should have been possible to foresee the effects of defence economies and of rising foreign competition. The trouble with the industry is not, as Mr Wigg unkindly suggests, too much Sandys in the works, but too little. Mr Sandys, who has served his time as Minister of Supply, must remember that the source of several companies' post-war prosperity was largely the fact that Vampires, Meteors and Canberras were not only bought in quantity by the RAF but were used in large numbers by almost every air force outside the Iron Curtain. It was too much to expect that this could continue. Other countries have rebuilt their aircraft industries, so closing their markets to British exports and increasing competition in the few areas, such as Germany, South America, and the Middle East and parts of Asia, where there remain open markets.

This was inevitable, but nobody in this or any other country pretends that it is an economic way to build aircraft. If the British industry is in a bad way, the French aircraft industry is in an even worse pass, even though its design and engineering resources are in some respects far ahead of those in most British aircraft companies. The virus that attacks both these small industries is the smallness of their orders; and even the much bigger American industry, with a total home demand far more able to support a viable scale of operations, is not immune.

British manufacturers seem to have jumped prematurely to the conclusion that they can achieve economic runs of production only with transport aircraft. The 400 Viscounts delivered by Vickers-Armstrongs seem to bear this out; the company may indeed eventually sell between 500 and 600 of these phenomenally successful aircraft. So would the recent successes of the Hawker Siddeley group in two particularly difficult markets, medium range freight aircraft and the so-called "Dakota replacement". Fokker in Holland and Handley-Page in this country have both burned their fingers on aircraft very like Hawker Siddeley's Avro 748, for which the Indian Government has just placed an order worth £25 million to replace its large Dakota fleet.

But if Nato countries were able to agree on common military specifications, it would be possible to get similarly large production runs on military equipment. Long military production runs, based on a few sizeable orders, would have a far more stabilising effect upon the aircraft industries of Western Europe than the ordering of civil aircraft in twos and threes at very irregular intervals. The price that would have to be paid for this stability would be the use by the British services of a certain amount of equipment manufactured in other Nato countries. And the services are certain to argue that this price is too high. They have always in the past found reasons why the RAF, for example, needs aircraft with a slightly different performance from those used by, say, the French or the Americans. The Army is still rejecting, for reasons only comprehensible to itself, a French anti-tank guided missile that saw active service as long ago as Suez and is now used by 11 countries including the United States.

ONLY the Minister of Defence and his Cabinet colleagues can decide whether it is worth while to over-ride this mixture of valid argument and prejudice in order to bring a measure of stability into what is still among the country's most important defence industries. But if a bargain should be made with other Nato countries, it must be carried through according to the letter of the agreement. Common specifications have been drawn up before, for a ground attack fighter and for an anti-submarine aircraft. In each case the experiment has been followed by a nasty fit of the sulks on the part of countries whose designs were not chosen. Relations between the French and Italian industries have been strained by the award of the contract for a ground attack fighter, and the French Air Force has no intention of honouring the concomitant agreement to buy the fighter that was finally selected. Britain also retired in dudgeon from the anti-submarine aircraft competition when the decision went against British designs.

Co-operation of this kind would increase the size of individual orders for military aircraft; it would not increase the total volume of military business. There is no prospect, that is to say, of affording stability in this way to all the design teams in all the aircraft and engine manufacturing companies in all the West European aircraft industries. The logical conclusion is a degree of co-operation between the European industries; and this economic necessity is already having that effect among the Continental manufacturers, particularly between companies in France and Germany. There is a real danger that the British industry will be cold-shouldered out of the market unless it can offer some form of *quid pro quo*. The government can do this through the Ministry of Defence. Alternatively, individual companies could do what Pratt and Whitney have already done from America; that is, invest in foreign companies. The American offer to put money into the French nationalised engine company finally tipped the scales against an agreement with Rolls-Royce and for one with Pratt and Whitney, a decision that is likely to have extremely damaging repercussions on Rolls-Royce's foreign business.

It is unkind, perhaps, to suggest that British companies should invest abroad at a time when they have neither the cash nor the business to run their own businesses properly at home. The alternative, however, is to remain in today's blind alley, with orders getting steadily smaller and famous names becoming to an even greater extent mere pensioners of the Ministry of Supply. Aircraft orders are approved and bestowed for an unstable and explosive mixture of economic, aerodynamic, and political reasons. When Mr Sandys comes to draft next year's defence white paper, therefore, he might usefully look through his aircraft album to see swops he can make with this country's allies. He may even get some quite valuable cards in return.

BUSINESS NOTES

FUEL POLICY

Sir James At Bay

THIS year, Sir James Bowman told the miners' conference at Scarborough last week, the amount of British coal sold at home and abroad will probably be about 30 million tons lower than in 1956; no comparable drop in demand has been known in the industry's history except in the early nineteen thirties. The miners' union, he said frankly, was entitled to convince itself that a political solution that would give coal some protection against competition from imported fuels still might be on politically (after October?). The National Coal Board, given the repeated statements of this government's fuel policy or substitute for one, was not. It had to take decisions now; and in veiled terms Sir James indicated what some of those decisions might be.

The board was doing all it could, he said, to get coal used at dual-firing power stations now using or due to use oil; in any case, a slow decline is planned in the use of oil after the peak in a year or so. By 1965 it was agreed that the electricity boards would be able to take 55 million tons, as against 46 million tons this year; any extra the board could sell to dual-firing stations would be over and above that. By 1970, Sir James added, it was believed that the Central Electricity Generating Board alone might require something like 80 million tons of coal or coal equivalent a year. "We have already made it clear that we will be able to supply their additional requirements," he observed (addressing this last no doubt to whomsoever it might concern).

He complained openly and bitterly about the Gas Council's downward revision of its earlier estimates of coal requirements for 1965, arguing that the employment and security of men at pits producing gas coal, the capital investment committed by the board to meet that first estimate, and the reserves of high-quality coal, should not be thrown away to gain the gas industry what he considered a narrow advantage. Losses, however, should properly be carried where they occur; if Sir James wants to hold the business let him cut the price; does he really feel the earth will cave in if his deficit temporarly gets bigger? The attitude of the gas

industry, a comparatively small and itself declining nationalised industry that of late has been fired with ambitions (which could still prove delusions) of grandeur, may not have been too helpful in recent bargaining; but not being beastly to the Coal Board is not among Sir Harold Smith's statutory duties.

Where To Fight

Sir James Bowman was equally frank in discussing with the miners whether to enter into a general price war with oil in the general industrial market. The Coal Board has never been allowed to accumulate any reserves to match the enormous financial strength of the oil companies, who are already cutting far below posted prices. Sir James is shrewdly aware that coal's only real strength in competition might lie in guaranteeing fixed prices, though short-term cuts would help when a customer ready to switch is worth sacrificing something to hold. Given the movement of the product from the pit to the consumer and without excess stocking, he said, the standard of efficiency now achieved in the mines would ensure profitable working at the present general level of prices, which has not changed since mid-1957; moreover "provided the improvement continues, the industry could hold out a promise of ability progressively to adjust prices on an economic basis." In as labour-intensive an industry as coal, any such statement gives hostages to fortune; but it does contain the only possible core of a competitive policy for coal.

Some months ago the oil companies were at pains to prove to the sheikhs that they have recently been losing heavily upon the combined operation of transporting, refining, and distributing all their products. In spite of the thickness of the cushion of profit on oil production that outweighs those losses, those are not circumstances that the companies can wish to continue over any extended period. The pricing of any particular one of their many joint products, certainly, is pretty arbitrary. But the selective long-term contract at today's prices, on occasion even with the chance of downward adjustment on renewal, is the one pricing device that they might not care to match in their aggressive selling of fuel oil. Dare coal employ it?

KEMSLEY NEWSPAPERS

Sale of An Empire

Much, if not all, of the newspaper empire run and effectively controlled by the last survivor of the three Berry brothers family, Lord Kemsley, may soon be sold to Mr Roy Thomson, who at 65 is ten years younger than Lord Kemsley. Mr Thomson controls 28 newspapers in North America, some British provincial newspapers as well as *The Scotsman* north of the Tweed — and Scottish Television. That is a kingdom in itself: with Kemsley Newspapers it becomes an empire. The realm of Kemsley Newspapers, however, has been shrinking: in 1952 it sold the *Daily Sketch* to the *Daily Mail* group; in 1955 sold control, though still retaining a financial interest, of three newspapers in Glasgow to the *Daily Mirror* group, as well as the *Daily Dispatch* to the *News Chronicle*. Lord Kemsley concentrated more and more of his attention on the *Sunday Times*. In addition to this Sunday newspaper, Kemsley Newspapers controls three others: two nationals, *The Empire News* and the *Sunday Graphic*, and one provincial, the *Sunday Sun* of Newcastle. It also owns a string of morning, evening and weekly newspapers in the provinces which, for provincial newspapers, have high, though in a few cases declining, circulations. At Withy Green in Manchester, moreover, Kemsley Newspapers has one of the biggest printing houses in the world, which prints among other newspapers the northern editions of the *Daily Mirror* and the *Daily Telegraph*.

Mr Thomson is already a power in Scotland; control of Kemsley Newspapers will make him not much less powerful in the North of England. For the provincial newspapers, he has already said that there must be close operating supervision, hard selling, snappy management and very efficient administration at the local level. Being in it himself, with gratifying rewards, Mr Thomson is well aware of the power of commercial television. Did he not once describe it as a licence to print your own money? But his Canadian newspapers have successfully secured local advertisements against its competition and he seems prepared to fight just as hard in this country. Ambition may have spurred Mr Thomson on, but, without the inroads that commercial television has already had upon the circulations of the provincial newspapers, would he have been seeking control of Kemsley Newspapers just at this moment and would Lord Kemsley, for that matter, have been willing to sell?

To judge by the behaviour of the stock exchange, the sale will take place at a good price. Before the directors of Kemsley Newspapers said that negotiations were taking place which, if concluded, would be of advantage to ordinary shareholders the ordinary shares had jumped by 12s. to 53s. 9d. A day later they rose as high as 75s. before coming back to 68s. 9d. and the next day, before it was confirmed that it was Mr Thomson with whom Kemsley Newspapers was negotiating, they were up again to 75s. The stock jobbers appear to have suspected a leakage of some kind and the three of them concerned have submitted their dealing books to the Council for inspection. At 75s. the market has set a value of over £9¼ million on the Kemsley equity.

DOLLAR PREMIUM

An Election Hedge

For the first time for seven months a premium reappeared last week on dollar securities quoted in London. Since early December the premium was quoted "nil". On Wednesday of last week it re-established itself at a modest ¼ per cent, and rose to 1 per cent on the Friday. There has been some net investment in US equities which, despite the height of the Dow Jones index, are still being backed in London, partly as a result of convincing propaganda by such an invasion of visiting Wall Street pundits as the City can seldom have entertained at any one time. But the main reason for the return of the dollar security premium is buying of short-term dollar bonds by London as a hedge against disturbance of the foreign exchange and security markets which might be expected at the general election.

Most technical arguments favour such hedging operations. They involve little exchange risk, since the dollar now stands below the parity; the switch back into sterling may be made when the combination of autumn and election pressures has moved the rate in favour of the temporary holder of dollars. Meanwhile, the rise in money rates in New York makes this temporary investment in dollars attractive in itself. Last week the US Treasury paid 4¾ per cent on one-year bills, the highest rate on any issue since 1921. In these circumstances the surprise is that the volume of election hedging should have been so small. The sterling exchange remains firm in spot and forward markets.

HARRODS

Burnt Fingers

Like bees to honey, speculators swarm to any stock which is subject to a take-over, whether in fact or in rumour. But the course of market prices in the Watney Mann affair and now in the Harrods struggle must have taught them that losses as well as gains can be made. How unwise it can be to gamble on what appears to be a certainty was amply demonstrated when the House of Fraser made its definitive offer for the Harrods preference and ordinary shares. There were two bids, worth not less than 40s. in cash, in for the preference shares from Debenhams and United Drapery Stores and it certainly looked as if the House of Fraser would be making an equivalent offer. When its formal offer came, however, it was only 30s. in cash for the preference shares because it seems Mr Hugh Fraser, having apparently secured some preference shares through the market, was concentrating his fire on the ordinary shares. The market price of the preference shares immediately fell 8s. 3d. to 32s. 3d.

Mr Fraser did, however, improve on his original offer for the ordinary shares, bidding £3 in cash plus 2¼ House of Fraser ordinary shares for each of them. With the House of Fraser shares then standing at 42s. that put a theoretical value of 152s. 3d. on the Harrods ordinary shares. That was, in a sense, too good to be true and the speculators learnt another lesson: the day after the bid the Harrods shares did not go higher than 140s. and soon fell back to 134s. 6d. Later the price of the House of Fraser shares began to sag, falling to 38s. (putting a value of 145s. 6d. on the Harrods shares), and the Harrods shares came back to 131s. 9d. At these prices the House of Fraser offer for the Harrods ordinary still had the edge on the others, but only a slight lead in terms of the combined bid for the preference and ordinary. The weakening of the House of Fraser shares was perhaps inevitable as soon as investors realised what a high price Mr Fraser was prepared to pay to control Harrods and as soon as they began to wonder quite how he would find the £12 million in cash for the ordinary shares and the £6 million in cash for the preference shares if his bid were successful. There is not all that much cash in the House of Fraser balance sheet and the directors are talking of considering financing arrangements by way of mortgage or sale of property. What properties, it might be asked, and what would the new rentals cost? Is Harrods, if it were left in its present form, really worth the price that is being offered for it?

ATOMIC ENERGY

Empty Seat

Next week, Lord Plowden publishes his last annual report as chairman of the Atomic Energy Authority. At the end of the year he retires to become head of British Aluminium and there has been no indication yet of who his successor is likely to be. There is a growing feeling that no announcement is likely to be made now until it is clear whether a general election will be held in the autumn, since most candidates would prefer to know the outcome of such an election, and the kind of government under which they would be asked to serve, before they allow their names to go forward. The chairmanship of the Atomic Energy Authority is not politically and economically as ticklish a job as those of the nationalised industries concerned with activities that in theory at least ought to be commercially viable. But it is an extremely exacting one for a layman.

Since the resignation of Lord Salisbury the AEA, previously the responsibility of the Lord President, has become the direct responsibility of the Prime Minister, and the ration of time any Prime Minister can devote to its affairs is bound to be small. But as Lord Plowden's report next week is likely to show, the AEA is entering on a particularly difficult phase. Once its Win-

frith Heath station is complete, it will start on a programme of reactor research that has been held up while the long wrangle over that piece of Dorset scrubland wound its way through local inquiries and onto the statute book. Sir John Cockcroft, who was in charge of the Authority's research at the time, gave repeated warnings about the consequences of the hold-up at Winfrith Heath, which was planned to take over certain work from Harwell and concentrate in particular on small-scale reactor experiments, which have been delayed about two years. Some of the reactors that will be built at Winfrith are the direct successors of Calder Hall but others represent a complete break with that type and follow certain types so far tried only in the United States. The next chairman of the AEA will have final responsibility for deciding how much effort the AEA ought properly to put into these fresh lines of development. The British nuclear consortiums up to now at least have depended exclusively on the AEA for basic research into new reactor types, and have never independently designed any system that has not previously been tried out by the AEA. So its decisions over the next few years about research, and whether they are the right ones, may have a profound influence later not only on the nuclear power programme at home, but on the chances for reactor sales abroad.

BRITISH OVERSEAS TRADE

Imports Up, Exports Down

IN JUNE, as expected, British exports were lower and imports higher than in the previous month. Exports, at £250½ million fob, were £49 million below the record total for May. A fall as sharp as that was not expected, and the start of the holiday season could only have been marginally to blame. Comparison with June last year is not possible, because the trade figures were then distorted by the dock strike. The average value of exports in the second quarter was £281½ million a month. The Board of Trade, after allowing for the dock strike, estimates that exports in the second quarter still showed a respectable increase of 4½ per cent over a year ago, though this failed to match the rise in imports. Last month imports rose moderately by £20½ million to £331½ million cif, and the average for the second quarter, at £328 million a month, was 6½ per cent higher than a year ago.

With re-exports almost unchanged at £10.2 million, the apparent deficit jumped up from £1½ million in May (the smallest ever) to £71 million. But the deficit for the whole of the second quarter, at £107 million, was only £8 million higher than in the second quarter of last year, and it was £10 million smaller than in the first quarter of this year.

RESTRICTIVE PRACTICES

End of Flour Quotas

THE Millers' Mutual Association's quota equalisation scheme, under which members of the association voluntarily rationed their output to match demand, has now been abandoned. Unlike the agreements of the National Association of British and Irish Flour Millers, which were abandoned last May, the Mutual Association's agreement had not been referred to the Restrictive Practices Court; like them, however, it had been registered as a restrictive trade practice under the Act, and it seems very likely that the association's members have preferred to abandon it rather than attempt to defend it. This is the third time in recent months that agreements in flour milling have been ended; price recommendation schemes of the Scottish bakers were declared void by the Court in Edinburgh last month. A number of price recommendation agreements are still being operated by certain English bakers, and are scheduled to come before the Court in November.

The Millers' Mutual Association has no formal connection with the National Association of British and Irish Flour Millers, although many English millers are members of both groups. It seems unlikely that the ending of the restrictions which formerly ran throughout this industry will result in a fall in the price of bread; much more likely is the reduction of considerable uneconomic excess capacity within the industry, mostly of small mills, and its corollary, an increasing concentration of business in the hands of the few major groups which already control most of it.

RAILWAY FARES

Up At Last

TEN months ago the British Transport Commission lodged with the Transport Tribunal a scheme for giving it greater headroom to increase passenger charges on train and London Transport services. After considering the commission's proposals for eight months, the tribunal rejected them as lodged — but included in this interim decision several broad hints of the kind of scheme it would accept. The commission accordingly re-did its homework along the lines suggested, and promptly submitted its revised proposals; now, after a delay of another six weeks or so, the Tribunal has finally accepted these. In effect, they cut the Commission's powers to raise fares, where it sees fit, by almost half.

The commission's request to raise its standard (i.e. maximum) fares by fifty per cent (from 2d. to 3d. a mile second class and 3d. to 4½d. a mile first class) was approved by the tribunal's interim report, and so passed its second examination unchanged. The commission's request to be allowed to abolish the archaic early-morning return fare concessions was also approved in principle in May — but no indication was given of when this should take effect. It has now been decided that these workmen's fares will continue until the end of 1960, although with a higher maximum; the tribunal's decision, however, gives no clear-cut indication that they will definitely come to an end after that.

In its interim decision the tribunal implied that the increases sought in maximum second-class season ticket rates were about twice as high as they ought to be; these increases were accordingly scaled down to about half-size by the commission, and have now been approved. The new scheme will replace the present passenger charges scheme on August 1st, and the commission can then begin raising its fares at least a part of the way toward their economic levels. Except for certain limited increases in the London area, however, the commission has stated that it will take no action on the proposed increases until the end of the summer — or until more than a year after the date of its original application.

BANK OF ENGLAND

Improving That Report

THIS year's report of the Bank of England carries further the limited but important improvements initiated last year, and repeats the promise that subject to the report of the Radcliffe Committee (which is expected fairly soon) future reports will carry a more detailed annual monetary review. The reports this year and last are distinctive in that they do not belie their description. This year in particular the review of the capital market makes a real contribution, notably in giving indications of the trend of holdings of gilt-edged and Treasury bills by domestic investors other than the banks and by foreign holders. Thus it is interesting to learn that between September, 1958 and end-February last (the awkward date that marks the end of the Bank's financial year and thus sets the period of its review) a continuing fall in overseas holdings of gilt-edged securites was more than offset by a rise in the holdings of the British public: and it is novel, if it is not surprising, to see the Bank record that owing to sales by the banks in this period there were quite substantial net official purchases of stock.

Yet these revelations really amount to little more than titbits; it is still not possible, as it surely ought to be, to make a quantitative assessment of relevant trends in the gilt-edged market and the money market. The Bank report contains a tabulated reconciliation of the impact of government finance on floating debt. That is just what everyone wants to see: but the Bank's analysis begs all the important questions by taking total floating debt, including that held within government departments, rather than the significant portion held outside.

The figures show a rise in the floating debt in the year of £470 million; yet the issue of tender bills, which is what matters, fell by £70 million. Here is a striking instance where the partial picture is not only misleading but misleadingly bleak. The Bank has made real efforts, in its report and in other directions, to make the public better informed about its activities and its views; and they do not pass unappreciated. But one may hope that in the next step forward now under contemplation, the general approach and tone of the Bank surveys will lean further from traditional banking reticence. Full information clearly expressed, as the examples of the Federal Reserve and the German central bank amply show, is not incompatible with operational competence.

GRAMOPHONE RECORDS

Local Depression

THE value of sales of gramophone records fell by nearly a fifth in the first four months of the year, but the depression was by no means universal. The Board of Trade's returns show that the value of manufacturers' sales (excluding purchase tax) dropped from £4.8 million in the first four months of 1948 to £3.9 million in the same period this year; yet Decca, which controls nearly half the total market, is actually doing slightly better this year than it did last. Its improvement is not a spectacular one, but it means that the whole of the depression is being born by only half the industry, and in particular by the smaller companies. It raises the question how long some of them can continue to remain in business.

The reduction in purchase tax had had little impact on record sales since it means only 3d off the price of the cheapest discs and no more than 2s off the price of the most expensive. The market for pop records, which make up the bulk of sales, is more sensitive to fashion than to price and Decca's good results to date are largely due to the high proportion of current hits that come from its catalogues. This is as much a matter of luck as management; but the greater the number of recording stars a company can afford to have under contract, the wider it spreads its odds. This militates against the small record company, unless its catalogue is extremely specialised, and also against new entrants into the industry. In an industry that even now is turning out more than five millions discs a month, there is room for small companies to exist side by side with the giants. But it is doubtful whether a medium-sized producer has much chance of achieving commercial success.

MOTORS

BMC's Farina Sixes

THE Wolseley 6/99 is presumably the first of a new series of six cylinder cars from the British Motor Corporation, just as the 15/60 was the first of its new four cylinder 1½ litre models. The sixes, like the fours, are based on the mechanical specification of the models they supersede; but there has been a little more change than there was with the fours. The 6/99 engine has gone up from 2.6 litres to 2.9 litres by increasing the cylinder bore, and now has a three-speed gear box with Borg-Warner overdrive instead of the previous four-speed unit. The former gear box casing is retained, but with new gears; these are all fitted with the efficient Porsche type synchromesh, the first time it has been used by BMC. Borg-Warner automatic transmission is a £50 optional extra, £12 10s. less than on the previous model. This cut, which can be expected to apply to the other similar BMC cars that will follow, suggests that BMC expects high sales of automatic transmissions and is prepared to accept a small profit margin.

The other change is the adoption of Lockheed disc brakes on the front wheels. This is the first large order that Lockheed has obtained for its disc brake; having entered the field rather later than Dunlop or Girling, the company has found it difficult to get established. The car's other features are the strictly conventional ones of its predecessor; BMC obviously expects that the new body design will be attractive enough to sell the car to customers.

VALUING WORK IN PROGRESS

What is Cost?

ALTHOUGH a full report is not yet available it is clear that last week's case in the High Court that Duple Motor Bodies won against the Inland Revenue will be of first importance. That case concerned the proper basis of valuing work in progress. The company contended that prime cost alone — labour and materials — was material. The Revenue fought for the addition of overheads. The Special Commissioners who first heard the case found that on proper accounting principles either method might be adopted by the directors but went on to state that their personal preference was for the addition of overheads and on this footing they found in favour of the Revenue. Mr Justice Vaisey reversed this decision and it would appear that he took the view that as the Commissioners had found as a question of fact that either method could be adopted by the directors it was inconsistent for the Revenue or the Commissioners to settle the matter on their own preference.

The case will almost certainly go higher: questions of the valuation of stock or work in progress are fundamental and are rarely settled below the House of Lords. Revenue counsel will fight hard to show that a question of law is involved, and not merely one of fact. But for the moment the decision favours the taxpayer and, more important, gives support to the contention that generally accepted commercial and accountancy practices and principles form the soundest basis for arriving at taxable profits. That contention was badly shaken in the Broadstone Mills case in 1953: now the first step has been taken towards its rehabilitation. The Revenue may fairly complain that there are many practices but few principles behind the valuation of stock or work in progress. But they must remember the Royal Commission's recommendation that since no single method of stock valuation should be imposed a trader should be permitted to adopt any proper method that is suited to his business subject to safeguards relating to the effect of a change from one method to another. Duple is likely to become a household name to connoisseurs of tax law.

SHORTER NOTES

Employment in the manufacturing industries continues to improve. An increase of 7,000 during May — compared with a normal seasonal fall of some 10,000 — was mainly responsible for the rise of 62,000 in total civil employment which was about 20,000 better than was expected. Other changes during the month included seasonal increases in agriculture, building and professional services totalling 53,000, and a further decline of 5,000 in mining and quarrying.

The post-budget buoyancy in retail trade continued in May when turnover was 6 per cent higher in both value and volume than a year earlier. Sales by durable goods shops were up by 20 per cent — a smaller rate of growth than in April, but still well above the 12 per cent increase in the first quarter. In addition, the fine weather brought a big rise in clothing and footwear sales; these were 10 per cent higher than in the previous May, having shown practically no expansion in earlier months this year.

George Kent Ltd., maker of industrial controls and instruments, is sending this month the whole staff of the Customer Training School, which the company normally operates at it works at Luton, to *Empresa Nacional Siderurgica S.A.*, the Spanish state-owned Steelworks at Aviles, on the north coast of Spain. A large group of Spanish instrument mechanics will receive five weeks' instruction in the use of the company's instruments, which are extensively used in the operation of this British-built plant.

COMPANY AFFAIRS

BEECHAM GROUP

ON a dividend of 24 per cent, covered about twice by earnings, the 5s. ordinary shares of the Beecham Group, standing at 33s. 9d., yield just over 3½ per cent. Both British and American buyers of the shares are clearly discounting growth. Where is this growth likely to occur and how strong will it be? So far, apart from the succesful penetration of the United States market with Brylcreem, the group has made its biggest gains in sales in the home market. Its willingness to go on expanding in this market is evident not only in its advertising campaigns of branded goods (in which it has been a big user of commercial television) but also in its acquisition of Thomas and Evans (making Beecham the biggest soft drinks manufacturer in this country) and of James Pascall, the sweet manufacturers.

Beecham's efforts to hold on to its gains in the domestic market will certainly not slacken and clearly in soft drinks, through the purchase of Thomas and Evans, door to door delivery (which can be just as costly as selling through retailers) may give it an opportunity of trying to increase its share of the market. That, however, seems on recent evidence to be possible only by some sacrifice of profit margins and by a willingness to spend fairly heavily on capital as well as current account.

Beecham's research chemists, for example, have made a breakthrough with the production of penicillins by chemical synthesis. That should eventually bring in a profit to the group, which has already signed an agreement with an American company, Bristol Laboratories, which will produce and sell the new penicillins in Northern America and pay royalties to the Beecham Group, but its immediate effect is the decision by the group to spend at least £1 million on the development of the new processes and products.

It is perhaps therefore in overseas markets, where so far the sales of Beecham products have not been rising so quickly as at home, that the group sees the best opportunity for really profitable expansion. But to break into these markets costs money. Efforts in advertising have to be concentrated on a relatively narrow front and often the group has to set up local factories (at some sacrifice as the chairman, Mr H. G. Lazell, says in the economies of large scale production) to secure a foothold in these markets.

Growth at home or overseas may therefore be relatively slow. To meet the needs of expanding the business, the group has re-organised its management structure and its directors are now asking shareholders to agree to an increase in their borrowing powers. That suggests that the management is keen to pursue any new opportunities or markets with vigour but share holders should also note that such policies require the aid of profit retentions.

INTERNATIONAL COMPUTERS & TABULATORS

THE merger of Power-Samas Accounting Machines with British Tabulating Machine was a move to concentrate the office machinery and computers industry in the face of growing competition, in this country and abroad, from the American combine International Business Machines. Both Power-Samas, which before the merger was a subsidiary of Vickers (which now controls 38 per cent of ICT's equity), and British Tabulating Machine have in recent years spent considerable sums on research and development; and since the merger the business has continued to expand, mainly on the rental side. This has put a considerable strain on liquid resources; at the present rate of borrowing the directors say that overdrafts of the group without a funding operation would amount to £6½ million by the end of September.

The group therefore plan to raise about £8,000,000 by the issue of £4,000,000 of a 4½ per cent debenture stock (1979-84) to the company's shareholders at 97 and a "rights" issue of 1,935,984 ordinary shares on a *6-for-25* basis at 45s a share. Money from these issues will be used to pay off the group's bank overdraft of £5.3 million and the £2 million loan from the Finance Corporation for Industry, which was due to be repaid finally by 1963. This will be the first debenture issue on the stock exchange for some time and should go well with the institutions: the market expects it to command a small premium since the cover on the new stock is more than three times on assets and just over four times on interest. The "rights" on the ordinary shares are worth about 6s 9d on the market price of 79s 6d on the existing units.

The group's dividend policy is likely to be conservative (at the time of the merger the directors said the dividend would not be less than 8 per cent) in view of the costs of development overseas. There is still the £2,000,000 loan from Vickers outstanding and its repayment will put another strain on the group's resources. If ICT is to expand still further it may therefore have to come to the market again for new money. That is in the future but the merger has already got off to a reasonable start, for the directors say that ICT's current profits—including Power-Samas for nine months and British Tabulating for a year—are now running at a higher rate and for the full financial year they are likely to exceed the two companies' combined profits in the previous year.

ELECTRICAL & MUSICAL INDUSTRIES

A YEAR ago Electrical and Musical Industries, though it was holding about £3 million in cash, had a bank overdraft of nearly £2½ million. It is not therefore all that surprising that the company has decided to raise about £4 million in new money by means of a rights issue in order to provide additional capital and to meet the needs of an expanding business. Nevertheless the announcement came as something of a shock to the stock market and the ordinary shares fell 3s to a new 1959 "low" of 49s 6d before rallying a little to 50s.

One new 10s ordinary share is offered for every five existing shares held at a price of 40s. The "rights" are worth only about 1s 8d and the terms of the issue are rather less generous than many which have come to the market in recent months. At an ex-rights price of 48s 4d the yield would be 4 1/8 per cent assuming that the forecast 20 per cent dividend for 1958-59 is repeated on the enlarged capital for the year to June 30, 1960. A year ago the chairman, Mr J. F. Lockwood, told shareholders that he expected trading conditions to become more difficult, particularly as costs were rising. Although it seems EMI's business has expanded since then, despite the tailing off of the boom in the gramophone record business, the yield is not especially generous. As the shares to be issued are not registered under the United States Securities Act of 1933 American holders will be unable to take up their rights to subscribe but they will be able to sell their rights so long as the sales are made.

COURAGE & BARCLAY

YET another brewery merger may now be on its way: Courage and Barclay, a brewery which itself is a product of a merger four years ago, and H. and G. Simonds have signed a reciprocal trading agreement and the directors of both companies are now considering the most suitable method, including the use of a holding company, by which a closer association between them can be achieved. A merger between these two breweries would produce a powerful unit, controlling nearly 3,000 public houses. Courage and Barclay trades largely in the London area and the Southern Counties while H. and G. Simonds trades in Southern and Western England and South Wales. Both have interests in breweries overseas.

This announcement followed hard on the heels of the news that the net profits of Courage and Barclay ran at a record level — at £1,008,825, against £885,489, — in the year to March 31st last. These satisfactory results are no doubt due in part to the continuing demnd for the group's John Courage bottled beer, whose sales have been increasing each year since it was introduced in 1954, as well as to the steadily rising lemand for canned beers, which Courage has been marketing for twenty years largely in overseas countries. Another factor which may have contributed to the advance in earnings is the higher output of Barclay's lager, reflecting the installation of additional plant and storage facilities. The £1 ordinary shares in Courage and Barclay stand at 52s. 9d. to offer a yield of 5 per cent on a dividend of 13 per cent, as increased from the 11 per cent paid for 1957-58.

LINTANG INVESTMENTS

MR MAXWELL Joseph has sold the controlling interest in Lintang Investments, the property company which owns Dolphin Square, to H. Jasper, the City banking group which has also been active recently in the property market, for about £4 million. The shares have been sold for 24s. each in cash and H. Jasper is offering to buy the shares owned by other investors at the same price. Thus, complete acceptance would cost H. Jasper about £7½ million, though in view of H. Jasper's recent successes, some Lintang share holders may be content to remain as minority shareholders in the subsidiary company. The ordinary shares in Lintang, it will be recalled, were placed through the stock market only last March. The placing price was 11s. 9d. but dealings began at 16s. and the price momentarily went as high as 23s. 6d. Jasper and Lintang have been competing with each other in bidding for R. E. Jones, which among its properties owns the Piccadilly Hotel. The directors of R. E. Jones have recommended shareholders to accept the Lintang bid of £3 million and now, presumably, the Lintang deal will give Jasper control of R. E. Jones. Jasper has only recently made a successful bid for the Rubens-Rembrandt hotel group.

NCHANGA

NOT surprisingly the announcement of a 300 per cent scrip issue by Nchanga, the largest copper mine in the Rho-Anglo group, gave a fillip to the copper share market as a whole. It proved, however, to be only a temporary one, for prices soon fell back again on the continued weakness in the price of the metal. The scrip issue came after a year in which profits before tax rose by nearly £1 million to £7,835,000 and net profits by more than £330,000 to £4,705,000. The dividend has been raised from 50 per cent to 62½ per cent, or 12s 6d per share after the deduction of Northern Rhodesian Federal Tax, and is paid out of earnings of 13s 5d per share. The 300 per cent scrip issue is one of the largest scrip issues ever made by a mining concern and it was this much more than the improvement in profits which attracted attention. The increase in profits stems partly from the recovery in the commodity price, but both mining operations and profits are now clearly benefiting from the recent modernisation and development programme. Nchanga is now mining on the average a lower grade of ore than it was before this programme was set in train but it still remains the lowest cost producer in the Rhodesian copper belt, and its production was stepped up a little when Bancroft was shut down for a year from April 1, 1958.

Big sums had to be appropriated to reserves to finance the further development of Nchanga and the scrip issue is the accountant's way of recognising the growth that has taken place in the mine's physical capacity and assets. At their current level the price of the ordinary shares is rather too heavy for most investors and the scrip issue should help to increase their marketability. At an ex-scrip price of around £3 5s the yield would be just over 4 7/8 per cent, net of Rhodesian tax, assuming that the dividend is scaled down proportionately.

STANDARD BANK OF SOUTH AFRICA

IN a year in which the economy of the Union could not escape the effect of the world wide recession, Standard Bank of South Africa shows an increase in disclosed profits from £876,542 to £1,080,864. As forecast at the time of the one for five rights issue in February, the final dividend on the increased capital is being raised from 7½ per cent to 9 per cent making the total dividend for the year 14 per cent, against 12½ per cent. Evidence of a difficult year is that the bank's deposits are virtually unchanged at £333 million. The balance sheet for cash is up by over £2 million at £52 million and Treasury bills have almost doubled at £18 million while Trade bills and advances are together some £13 million less than at March 31st 1958. Last January Standard Bank acquired a 40 per cent interest in National Industrial Credit Corporation, the South African subsidiary of Mercantile Credit. This acquisition also gives the bank a stake in hire purchase in the Federation of Rhodesia and Nyasaland through the Rhodesian subsidiary of the South African company.

In his statement, Sir Edmund Hall-Patch, the chairman, points out that despite a drop of 1.4 per cent in net national income for 1957/58 compared with 1956/57 the country's economy remained basically sound and virile. Helped by higher interest rates and other measures, the net payments deficit of £20 million on capital account in 1957 gave way to a net surplus in 1958 of £86 million. Of this net inflow £55 million represents private capital, a striking reflection of continued foreign confidence in the Union. But reviewing recent events in the Central African Federation, the chairman gives warning that the capital inflow required for a faster tempo of development will not take place without an assurance of political stability.

INVESTMENT TRUSTS

THE four investment trusts of the Mercantile group are to be amalgamated. The trusts concerned are the Mercantile Investment and General Trust, United States and Mercantile Investment Trust, The Second Mercantile Trust and New Mercantile Investment Trust. The merger will result in one of the biggest of all investment trusts and it is hoped that it will widen the market for the shares. Lors Clitheroe, the chairman of the group, sees in the limited marketability of investment trust chares one of the chief obstacles to attracting small investors to this medium if investment, but he does not seem to find in the recent public issue by Ashdown, where an attempt was made to combine the advantages of an investment trust with the marketability of a unit trust, an ideal solution to this problem.

British Empire Land Mortgage and Loan on the other hand is following in the footsteps of Ashdown, offering 1,600,000 of its 1s. ordinary shares at 3s. each, on an estimated initial dividend yield of 5 per cent. Immediately before the announcement the existing shares were quoted at 3s. and the offer price is just above the net asset value of the existing shares as at the end of the financial year on September 30 1958. As stock market prices have risen sharply since then, the issue price must be below the present break-up value. The record of the trust is a good one: over the past ten years earnings have risen from 8 5/8 per cent to 27 3/8 per cent, the dividend rate has been raised from 7 per cent to 15 per cent and five small scrip issues have been made. Because of the gearing of the capital structure of the trust, this record compares favourably with those of the unit trusts, and the terms of the offer are a little more conventional and a little more attractive than those of the Ashdown experiment, which did not commend itself much to investors.

W. H. SMITH

THE advance of £254,000 to £2,279,000 in the trading profits of W. H. Smith, the wholesale and retail distributors of books, periodicals and newspapers, in the year ended April 4th last, seems to have stemmed mainly from an improvement on the retail side of the business. The management structure of the retail division has been reorganised and that already seems to have been of considerable benefit to the group. The profits from wholesaling once again rose, but again less sharply than profits were rising elsewhere in the business. The recent development of gramophone record departments in some of the stores is described by the chairman, Mr D. J. Smith, as an outstanding success and sales in these departments are continuing to rise. For the future Mr Smith expects a further increase in the sales of gramophone records and a further improvement in the sales of children's books.

Following the sharp rise in net profits from £765,000 to £1,167,000, the dividend has been raised from the equivalent of 10 per cent to 12 per cent. A further 10 per cent scrip issue is proposed and the ordinary shares, now quoted at 58s 9d, yield just over 4 per cent.

ALLIED IRONFOUNDERS

IN view of the recession in the building trade and the effects of the credit squeeze the 11 per cent fall in Allied Ironfounders' trading profits in the 53 weeks to April 11, 1959 was not unexpected. In the full report the chairman, Mr W. H. Smith, points out that most of the decline in earnings was due to the slackening-off in building activity and to the £271,600 loss incurred by the group's Australian subsidiary.

Since the end of March, Allied Ironfounders has enjoyed a continued improvement in sales and the volume of orders in hand is higher than at this time last year. Certainly, with the revival in the building trade—especially in the private sector— and the Government's plan to improve and re-equip old houses the outlook for the coming year seems promising.

The market has been hoping that the dividend will soon be restored to 13¾ per cent and on the current dividend of 12½ per cent the £1 ordinary shares at 45s. 3d. offer a yield of 5½ per cent.

ABRIDGED PARTICULARS.

Application has been made to the Council of The Stock Exchange, London, for permission to deal in, and for quotation for all the issued Ordinary Shares in the capital of the Company.

FIRTH CLEVELAND LIMITED

(Incorporated under the Companies Act, 1948)

INDUSTRIAL HOLDING & INVESTMENT COMPANY

AUTHORISED SHARE CAPITAL

		Issued & Fully Paid
£1,000,000	in 1,000,000 6 per cent. Cumulative Redeemable Preference Shares of £1 each	£1,000,000
2,900,000	in 14,500,000 Ordinary Shares of 4s. each	1,100,000
2,100,000	in 10,500,000 Founder Shares of 4s. each	2,100,000
£6,000,000		£4,200,000

LOAN CAPITAL

£893,575 5½% Redeemable Debenture Stock 1973-1978

OFFER FOR SALE

of

4,000,000 Ordinary Shares of 4s. each at 16s. 6d. per share

by ELECTRIC AND GENERAL INDUSTRIAL TRUSTS LIMITED

Payable in Full on application.

The Application List will open at 10 a.m. on Thursday, July 23, 1959, and close on the same

Preferential consideration will be given to applications from holders of Preference Shares and Debentures and from employees, suppliers and trade customers.

The principal United Kingdom Companies in the Group are:

Metals Division : Richard Hill Ltd., Middlesbrough.
The Firth Company Ltd., Warrington.
The Sheffield Wire Rope Co. Ltd., Sheffield.
Firth Cleveland Steel Strip Ltd., Tipton.
British Lead Mills Ltd., Welwyn.
R. E. Roberts & Son Ltd., Bolton.

Engineering Division : Simmonds Aerocessories Ltd., Treforest, Glam.
Firth Cleveland Tools Ltd., Wolverhampton.
Firth Cleveland Instruments Ltd., Treforest, Glam.
Firth Cleveland Pumps Ltd., Leicester.
Keeton Sons & Co. Ltd., Sheffield.
Landmaster Ltd., Hucknall, Notts.
Stenor Ltd., Richmond, Surrey.

There are also 5 manufacturing Companies operating in Australia, Brazil, South Africa, and Holland.

Products range from semi-finished raw materials to complicated electronic devices, and they find their outlet in such diverse activities as agriculture, and the generation of atomic energy, as well as in motor vehicles, shipbuilding, aircraft, domestic appliances, radio and television and many other industries.

Retail Division : Max Stone Ltd. Wolfe & Hollander Ltd.
Civic Radio Services Ltd. Escott Brothers Ltd.

163 Branches, selling radio and television receivers, complete house furnishing, domestic appliances and equipment; industrial electrical installations. Also operates its own Hire Purchase and Rental Companies.

PROFITS & PROSPECTS

The combined profits of the Group (before Taxation) for the past 5 years were: —

1954	.....	£1,097,303
1955	.....	1,471,889
1956	.....	1,613,349
1957	.....	1,846,737
1958	(14 months)	1,705,787

Subject to any major set-back, the profits for the current year should exceed £1,800,000.

DIVIDEND

The Board intend to recommend a total dividend of 24% (less tax) for the year ending 31st December 1959 — Based on the offered price of 16s. 6d. per ordinary share, the dividend yield would be £5 16s. 4d. (less tax.

FOUNDER SHARES

All the issued 16,000,000 Ordinary & Founder Shares carry equal voting rights but Founder Shares will not receive any Dividend until 1961, after that they will rank equally with the Ordinary Shares.

Copies of the Offer for Sale, on the terms of which alone applications will be considered, and Forms of Application are obtainable from:

BANKERS
NATIONAL PROVINCIAL BANK LIMITED,
New Issue Department, P.O. Box 71,
32, Old Broad-street, London, E.C.2, or Branches.

BROKERS
W. GREENWELL & CO.,
2, Finch-lane, London, E.C.3.
THE REGISTERED OFFICE OF THE COMPANY,
Stornoway House, Cleveland-row, St. James's,
London, S.W.1. and its subsidiaries
or from

ELECTRIC AND GENERAL INDUSTRIAL TRUSTS LIMITED,
8, Cleveland-row, St. James's, London, S.W.1.

All of these Debentures having been sold, this advertisement appears as a matter of record only.

New Issue

$39,982,000

The Municipality of

Metropolitan Toronto

(Province of Ontario, Canada)

Debentures

Principal and interest payable in the City of New York in lawful money of the United States of America

$6,759,000 4⅛% to 5% Instalment Debentures

Dated June 1, 1959 — Due Serially June 1, 1960 to 1974, incl.

$33,223,000 5% Sinking Fund Debentures

Dated June 1, 1959 — Due June 1, 1979, 1984, 1989

Harriman Ripley & Co. Incorporated — The Dominion Securities Corporation

Smith, Barney & Co. — The First Boston Corporation

A. E. Ames & Co. Incorporated — Wood, Gundy & Co., Inc. — McLeod, Young, Weir, Incorporated

Blyth & Co., Inc. — Lehman Brothers — Salomon Bros. & Hutzler — White, Weld & Co.

Bell, Gouinlock & Company Incorporated — Mills, Spence & Co. Inc. — Nesbitt, Thomson and Company, Inc.

Burns Bros. & Denton, Inc. — Harris & Partners, Inc. — Greenshields & Co (N. Y.) Inc

W. C. Pitfield & Co., Inc. — Dawson, Hannaford Inc. — Equisec Canada Inc. — Midland Canadian Corporation

June 24, 1959.

COMPANY MEETINGS

THE AUSTRALIAN ESTATES COMPANY LTD

A DIFFICULT YEAR

SIR DENYS LOWSON, BT., ON DROUGHT PROBLEMS

The Annual General Meeting of the Australian Estates Company Limited was held on July 14 in London.

Sir Denys Lowson, Bt., the chairman, in his review, which has been circulated to stockholders, said :

ACCOUNTS

A year ago I was able to report a gross trading profit of £1,405,866 which was the second highest in the Company's history; but I then pointed out that we were already experiencing very different conditions with below-average rainfalls; while simultaneously the price of wool had also suffered a considerable setback. The drought conditions and falling price of wool continued; so that both the pastoral and agency results for 1958 were adversely affected. The sugar areas had a favourable season; but as a result of the international sugar supply situation, and consequent necessity for some restriction of output, earnings did not reach the record level that might otherwise have been anticipated.

It will, therefore, come as no surprise to stockholders that our gross trading profit for the year ended December 31, 1958, amounted to only £738,338; a result that in the circumstances we believe to be not unsatisfactory. Provision for depreciation has again been increased, and at £510,379 for the first time exceeds the half-million mark. Australian taxation is reduced from £358,639 to £81,934; and United Kingdom taxation takes £23,939 against £5,013.

As mentioned in the directors' report, we have been able to bring back a total of £224,533 in respect of taxation which has been over provided in the past, but is now no longer required. As a result of the negotiations which our taxation advisers have been carrying on with the Inland Revenue over a number of years, the liabilities for almost all past years have now been finally settled; in many cases on a basis satisfactory to us. These negotiations have referred not only to the provisions of the Finance Act, 1957, under which the Company received the benefit of the legislation dealing with Overseas Trade Corporations; but also to disputes as to whether expenditure incurred on certain projects in Australia and allowable as a deduction against profits in that country's taxation assessments could properly be set off against income in arriving at the amount assessable to United Kingdom taxation.

After taking into account interest on our loan stocks and other items indicated in the profit and loss account the consolidated net profit amounted to £239,785, of which £22,374 has been retained by our subsidiaries.

Goodwill on businesses acquired during the year has been written off in the sum of £34,648; £17,552 is the amount which we transfer this year to Debenture Redemption Sinking Fund; and £16,000 has been allocated to staff provident fund; this amount is required to make good the decrease in the real value of the fund arising from the depreciation in the purchasing power of Australian currency over the last two years. We believe that in a business in which so much depends on the skill, hard work, and enthusiasm of our staff, this allocation is one which stockholders will heartily approve. Finally, we are proposing to pay a dividend of 7 per cent. on the Ordinary and "A" Ordinary stock which requires £87,127.

After making these appropriations the balance to be carried forward amounts to £393,693; as compared with £347,422 brought in from last year.

TAXATION

We had hoped that this year's Finance Bill would include provisions having the effect of treating income from the overseas subsidiary companies of an overseas trade corporation on the same basis as income from overseas branches, a matter to which I referred in my remarks last year. This has not so far been done; but it remains our earnest hope that before long the Chancellor of the Exchequer will feel himself able to put an end to this anomaly, and I understand that a number of amendments to this effect have been tabled for discussion during the consideration of the Finance Bill in the House of Commons. One such amendment has already been moved but mainly because of the supposed possibilities of tax avoidance the Government refused to accept it. However, stockholders may be interested to know that so far we have found it impossible to visualize any means by which tax avoidance could arise.

DIVIDENDS TO OVERSEAS STOCKHOLDERS

I do not think I need add to what has been said in the Directors' report regarding our proposals to make arrangements to pay dividends to overseas stockholders without deduction of tax from that part of the dividend which comes out of the Company's overseas trading operations. If the new Article is approved, stockholders who are able to satisfy the United Kingdom Inland Revenue regarding their overseas residence will be saved the necessity of submitting an annual claim for repayment of United Kingdom taxation. I feel sure that these proposals will be of benefit to all members of the Company; and I hope that they may also help to increase the number of our stockholders in Australia.

PASTORAL

Victoria had an abnormally dry autumn and winter; but conditions improved in the early spring and were favourable until the end of the year. In New South Wales the season was mostly favourable; but quite the reverse prevailed in Queensland. The failure of the 1957-58 normal Queensland "wet" season, coming on top of a previously light rainfall year, brought drought conditions to large areas of the far north-west, central, southern, and south-western districts, causing heavy drought costs.

Surface water shortages occurred in many parts, and at Terrick Stud and Flock we had the unusual experience of failing to get any run, or flow of water, in important creeks for no less than two and a half years. As a result, some waterholes never previously known to be dry were without water for up to six months.

Apart from Chatsworth and Mount Howitt which experienced particularly severe condtiions, other cattle places got through reasonably well. Brandings were slightly higher; but although more cattle were sold, the price realized was almost £5 per head lower.

Queensland sheep properties, excluding Dagworth and Bonus Downs, suffered severe drought. Thylungra ,to preserve its breeders, sent 36,000 ewes away to agistment outside and to our own property at Bonus Downs; Mount Morris rolled mulga for all its breeders for seven months; Terrick Stud and Flock fed most of their sheep for five to seven months; the Flock, in addition, sending 2,500 ewe weaners to agistment at Dagworth.

Despite these very difficult conditions, the total number of breeders is only about 3,700 lower; with the age classification in the favourable positoin of 87 per cent. between one to five years. Under the conditions which prevailed, this is an extremely good result.

Mortality at 9 per cent, was only 1 per cent. higher. Total sheep numbers are about 8 per cent. down through forced sales of Queensland wethers and wether weaners, together with some lower lambings. As a result of the Queensland drought we received £1 per head less for the sheep which we sold, and we also sold 1,000 fewer rams. Our total wool clip was 1,063 bales lighter than last year's outturn and realized 24d. per lb. less.

Raby continued its 1957 successes at local New South Wales shows, taking top and other awards at Dubbo, Trangie, Warren and Nyngan.

Terrick Stud, though it failed to secure any of the major awards at Longreach and Blackall, secured top prices for its sale rams at both centres; and succeeded in winning several other prizes. In addition, one of its strong wool fleeces was successful in winning top and other awards at Winton, Hughenden, Townsville and Hobart Shows.

Sorghum silage produced at Terrick Stud proved to be a valuable and cheap drought fodder. Lambing ewes and other dry sheep did well on it. Stocks of sorghum are now almost depleted at Terrick Stud; and although we had hoped to replenish these early in 1959, it looks as if the rains have come too late. Dagworth may be able to harvest some; Thylungra could not plant owing to the continuing drought.

Following the drought, the Queensland Government announced that lessees might apply for, and be considered for, a five years' extension of lease where drought hardship could be established. Applications are being submitted for Terrick Flock, Mount Morris, Thylungra, Chatsworth and Mount Howitt; and we are hopeful of securing the extensions, with the consequent temporary postponement of the Thylungra, Kyabra and Mount Morris resumptions indicated in my previous review.

Under recently amended legislation for Queensland stud leases it is likely that we may later secure a new 40 years' lease for Terrick Stud, but unfortunately there now seems little likelihood of retaining any part of the Bonus Downs lease, which is due to be resumed in December, 1960.

SUGAR

Australian production of raw sugar in 1958 was 1,412,000 tons—the highest on record—being some 85,000 tons greater than that of 1954, the previous highest outturn. Production in Queensland amounted to 1,354,000 tons, compared with 1,256,000 tons in 1957.

All Queensland sugar producing areas experienced a favourable season, with the result that cane available for harvesting was greatly in excess of available sugar markets. It was necessary to restrict sugar production and, as a result, a large tonnage of cane was left unharvested. The proportoin of the raw sugar output exported was higher, figures for 1958 being approximately 59 per cent, for export and 41 per cent. for Australian consumption.

The British Commonwealth Sugar Agreement has again been extended for another year, and it will now operate until the end of 1966. A conference of sugar exporters and importers, convened in October, 1958, by the United Nations Organization, negotiated a new International Sugar Agreement which will operate until 1963.

Kalamia Mill crushed 376,000 tons of cane, compared with 380,000 tons in 1957. At Pleystowe Mill 363,000 tons of cane were crushed, compared with 390,000 in the previous year. Both mills achieved increased crushing rates, the results of plant improvements; and in each case crushing terminated earlier than in the previous year. Kalamia produced 56,000 tons of raw sugar in 1958, and Pleystowe 52,000 tons.

Cane crushed from the Company's cane farms at Kalamia amounted to 19,900 tons, compared with 18,900 tons in 1957.

Bulk sugar handling was extended and installations operated throughout the season at Mackay, Lucinda Point and Bundaberg. Similar facilities are now being installed at Townsville, which will assist our Kalamia mill; and these should be in operation for the 1959 season. A fifth port, Mourilyan, is being converted and is expected to be ready for the 1960 season.

AGENCY

Our wool stores in Brisbane and Melbourne handled fewer bales of wool than the record number of the previous year, due to drought conditions which resulted in a considerable fall in wool production.

Sales of stock were maintained at a high level, but sheep values declined in sympathy with the wool market and were also affected by the adverse seasonal outlook.

RESEARCH

The company again acknowledges the very valuable assistance rendered by the Universities, C.S.I.R.O., and the Departments of Agriculture and Stock in both Queensland and New South Wales.

Due to drought conditions, only limited progress was possible with our agricultural project of growing sorghum. However, its value is clearly brought out by the fact that in spite of severe drought we were able to record a 66 per cent. lambing from ewes fed on this fodder, which was conserved in pits.

At the sugar mill, consultants have completed a study of engineering procedures which was of considerable benefit. Similar successful studies have also been carried out in the working of our wool stores, and in our office systems elsewhere.

WOOL

It is estimated that 4,600,000 bales will be received into Australian brokers' stores for season 1958-59; and if this eventuates the production will be second in volume only to 1956-57 when receipts totalled 4,867,000 bales.

That stock losses proved less than expected can be attributed to good management and scientific research, as dry conditions continued for lengthy periods in part of the Commonwealth.

It is anticipated that the number of bales in each State will be as follows:—

	1957/58 (Actual)	1958/59 (Estimated)
	Bales	*Bales*
New South Wales	1,404,180	1,580,000
Victoria	1,244,559	1,250,000
Queensland	696,308	715,000
South Australia	512,209	529,000
Western Australia	406,823	430,000
Tasmania	88,434	96,000
	4,352,513	4,600,000

The clip from many parts of the Commonwealth was below normal standard, being less attractive in style, shorter in staple, and thinly grown.

A comparison of the number of bales sold in Australia and the proceeds of the clips over the last five years is as under:

Season	Bales	£ (A.)	Average per lb.
1954-55	3,955,601	352,814,670	71.28d.
1955-56	4,297,338	333,894,936	61.23d.
1956-57	4,886,897	483,030,133	79.99d.
1957-58	4,374,694	337,770,553	62.60d.
1958-59 (estd.)	4,600,000	285,000,000	50d.

The market has been a most disappointing one, and the average price per lb. lower than any season since 1948-49.

When sales opened in August, 1958, prices were considerably lower than at the close of the previous season (June, 1958) and continued to decline until well into January, 1959. On several occasions there were indications of improved conditions, but these did not materialize.

During February a more stable market was experienced, followed by moderate gains in March and such a sharp appreciation during April that values reached the highest point of the season.

Great Britain was again the principal buyer, Japan occupying second position, displacing France, which, however, filled the third place, followed by Italy.

Market movements during the 1958-59 selling year are illustrated by the following clean costs on Australian Show Floors, which were supplied by the Australian Wool Bureau:—

—	Average 64s per lb.	Average 56s per lb.
1958		
June	109d.	83d.
September	97d.	75d.
December	86d.	72d.
1959		
January	87d.	72d.
February	90d.	74d.
March	94d.	76d.
April	115d.	89d.
May	109d.	86d.
June (19th)	108d.	87d.

WOOL PROMOTION

It has become evident in recent years that the sale of synthetic materials and garments in Australia has increased considerably; and also that many people appear to be unaware of the merits of woollen clothing, which is available in a wide range from Australian manufacturers and importers.

After consulting the trade, the Company undertook to hold displays in a number of their main offices in Victoria, and also in Brisbane; and, with the cordial cooperation from manufacturers, distributors, and retailers, it was possible to show a good range of woollen garments and materials. with a preview of new lightweight printed woollen materials which will be available shortly. Technical improvements developed by C.S.I.R.O., such as permanent pleating, shrink and moth proofing, and stain resistance, were shown, and appropriate literature distributed.

While the displays were limited to the space available in our offices, we believe from subsequent comments from the industry that they did stimulate interest and demand, particularly in the country, and were considered a useful effort to assist the wool industry to regain some of the ground lost in recent years.

GENERAL

There is probably no business in Australia whose income fluctuates more than that of the pastoral industry. Graziers' profits and losses are dependent upon two important factors — seasons and world prices — and neither of these can be predicted or controlled.

Good market prices can be largely offset by drought, which affects the woolgrower in a number of ways: he loses many of his sheep, and the percentage of lambings which he would normally have obtained falls; while his wool clip off the surviving sheep is lightened and reduced in quality. His costs of production per lb. of wool rise owing to drought expenditure, agistment, feeding costs, lighter clips and fewer sheep.

A large northern or western cattle station owner cannot move all his stock to avoid drought; agistment is rarely available, and failing this relief, he can only sell stock at reduced prices. The loss of breeding stock reduces his brandings and lowers his income for several years.

During the last two years the season and prices have been against the pastoral industry ,and have affected this Company's profits, but we have preserved our breeding herds and, given good seasons, recovery should be swift.

This Company has benefited materially during the last two adverse seasons from the substantial expenditure made since the war at our various stations on water, subdivisional fencing, and other improvements. Without them, and the timely judgment of the general manager and the head office management group over the movement of our flocks and herds, we would have suffered very severe losses.

Regarding the general Australian situation, wool prices have fallen over the past two years. In the 1957-58 season, income from wool declined by £145,000,000, and in 1958-59 it is probable that it will also fall. On present estimates a further drop of £50,000,000-£60,000,000 is probable.

Of the many factors affecting Australia's economy, it has in the past been the size of the wool cheque which has exerted the greatest influence and determined whether money was plentiful or scarce. It is remarkable, therefore, that the general level of prosperity in Australia during the past two years has remained high, and secondary industry and manufacturing have been prosperous.

The population of Australia has now passed the 10 million mark, the economy is sound, and leading economists predict a bright future.

FUTURE PROSPECTS

In my review last year I mentioned that the history of the pastoral industry in Australia had shown that the whole situation could change overnight if good rains fell. Although the drought conditions prevailing at the end of 1957 continued throughout 1958, I am pleased to say that most welcome relief was received late in March this year, when excellent rains fell on almost all of our sheep and cattle properties.

This has enabled us to return cattle and sheep from agistment country to their original pastures ,and as we were able to keep our breeding flocks and herds virtually intact, we should be able to build up to full carrying capacity again before long.

The wool market rose sharply in April, reaching the highest point of the current season, and, remained firm in early May; although subsequently there have been signs of hesitancy. With the improvement in stock values and the seasonal position, a better return from the pastoral and agency sections of our business is likely; but much depends on the wool market up to the end of 1959.

The American demand for third grade boneless beef has caused an unprecedented rise in prices paid for all classes of cattle. We have made the best of the opportunities presented by this market through selling aged and cull cows, but care has been taken not to oversell and thus deplete the breeding herds. While it is not possible to predict how long this demand will continue no decline in the American market is at present, in view.

Prices in the United Kingdom for our first quality beef are firm, and it seems clear that the Queensland beef cattle industry will continue to be of major importance in the economy both of the State and of Australia. It should also benefit from the new north-about shipping service for chilled beef sent to this country.

The outlook for the sugar mills remains good, and therefore we confidently expect that results will be improved for 1959 and that this year will again be one of substantial progress.

STAFF

The year under review has been a difficult one for many of our staff, in particular for our station managers in the drought-stricken areas. Their responsibilities were considerably increased as it was necessary to organize large-scale supplementary feeding, and to supervise large numbers of stock on agistment country.

Our agency managers were untiring in their efforts to assist clients, and our own stations, with their drought problems and all our sugar mill staff continued their efforts towards maximum efficiency throughout the year.

The whole of the Company's staff has rendered excellent service, and has merited our warm appreciation and thanks.

Once again we owe deep thanks to the constant endeavour, wisdom, and sound judgment of our general manager, Mr G. S. Colman, and also to the assistant general manager, Mr G. H. Colman, as well as to the other members of the head office management group in Melbourne. They have carried us safely through a difficult and anxious period. We are greatly indebted to them one and all for their enthusiasm, hard work, and never-failing loyalty to the Company.

THE BRITISH PLASTER BOARD (Holdings) LTD

A RECORD TRADING ACHIEVEMENT

SIR GRAHAM HAYMAN ON A WELL-EQUIPPED AND GROWING ORGANISATION

The 42nd annual general meeting of The British Plaster Board (Holdings) Limited will be held on July 22nd at Bath House, 82, Piccadilly, London, W.1.

The following is the statement of the Chairman, Sir Graham Hayman, which has been circulated with the report and accounts for the year ended March 31, 1959:

Directorate: Mr J. F. Strable and Mr T. S. Durham, who have both attained the age of 70 years, will retire from the Board at the Annual General Meeting.

Mr. Strable came to this country from Canada in 1933, since when he has been continuously associated with the development of the Gypsum Industry here. He became a Director of this Company in 1944 when your Group acquired Gyproc Products Limited Mr. Durham has been a mining consultant to the Group for many years and joined the Board in 1947. Both Mr. Durham and Mr. Strable have thus been associated with our organisation during a period when its activities and ramifications have greatly expanded. The experience of both these gentlemen will remain available to the Group as they are to continue as consultants, but I would like to thank them on behalf of all my colleagues for their outstanding work throughout their years of service, and to wish them both a happy retirement.

Since the last Annual General Meeting Mr. F. G. Flood and Mr. D. L. Walker have been appointed to the Board. Mr. Flood has had considerable experience of the Gypsum Industry in this country and is a full time executive in charge of The Gotham Company Limited and its associated companies. Mr. Walker was, until recently, General Secretary of the Federation of British Industries, and in that capacity has had close contact with all branches of industry over many years. I am sure the qualifications and experience of both these gentlemen will prove of value to your Board and I recommend your confirmation of these appointments.

FINANCIAL RESULTS

It is gratifying to be able to report that the Group profit on trading of £2,751,894 for the year to 31st March 1959, was a record, and £470,000 higher than in 1958.

While the volume of trading in all sections of the Group has been maintained at a satisfactory level, these improved results have been achieved mainly by reductions in costs of production arising from the Company's policy of re-investment in more modern equipment, plants and buildings, and by the continuing spread of interests.

The change in the basis of assessing United Kingdom profits tax and the reduction in the standard rate of income tax have made an appreciable and welcome reduction in the burden of taxation.

After providing for taxation on the year's results, and bringing into account adjustments relating to prior years of £138,611, there is an amount of £1,431,146 available for appropriation. Of this sum, subsidiary companies have retained £337,756 as reserves and unappropriated profit and £500,000 has been added to the general Revenue reserve of the Holding Company.

The increases in the issued Preference and Ordinary Capital and in share premiums shown under Capital Reserves represents the cost of acquiring the entire issued capital of O. J. Bradbury & Son Ltd., for £264,999 and the balance of the Ordinary Capital of Gypsum Industries Ltd. Dublin, for £103,457. The Preference capital of the latter company remains in the hands of shareholders outside the Group and represents the major portion of the outside shareholders' interests shown in the

Consolidated Balance Sheet.

It will be noted that the amount of contracts for future capital expenditure is £1,376,000 compared with £453,000 in the previous year. A large proportion of the current year's figure reflects the continuing expansion of our plants in Canada and in the United Kingdom paper companies. The balance represents expenditure to be incurred on modernisation and replacement of assets in other sections of the Group. Should it become necessary arrangements have been made with our bankers to obtain temporary facilities to finance these expenditures.

Your Directors consider that the results now before you justify a modest increase in dividend, and they accordingly recommend the payment of a final dividend of 9%, which, together with the interim payment of 5%, makes a total for the year of 14% compared with the total for last year of 12½%.

It will be seen in the Holding Company Balance Sheet that the Share Premium account now stands at £583,527, and the General Capital Reserve at £2,127,967. making a total of £2,711,494. In order to bring the issued Ordinary Capital more into line with the real value of the assets of the Group, it is proposed to utilise this amount to make a distribution to ordinary shareholders of two Ordinary Stock units of 10/- each for every five such units held. This proposal will be put before an Extraordinary General Meeting of the Members to be held on 22nd July 1959, immediately after the Annual General Meeting, when a resolution to increase the authorised Ordinary Capital from £7 million to £10 million will also be proposed. If these resolutions are passed, the Issued Ordinary Capital will be increased from £6,778,734 to £9,490,228.

TRADING ACTIVITIES IN THE UNITED KINGDOM

During the year our mining companies in the United Kingdom produced about two million tons of gypsum and anhydrite. Gypsum stone is the base for the plaster used in plaster board and for the range of building and special plasters produced by the Group; it is also used in the manufacture of portland cement and for a variety of other purposes. Anhydrite is sold outside the Group mainly for the production of sulphuric acid and fertilizers. The programme of mechanisation of our mining operations continues and this has enabled us to improve quality and off-set the effect of rising costs.

The level of home sales of plaster and plaster board has been substantially maintained during the year in spite of the lower level of building activity.

In the roofing felt section, the operations of D. Anderson & Son Limited were expanded and have been materially improved by the installation of new plant and equipment to which I referred in my last statement. In order to rationalise production, it was decided during the year to close down the small factory of Blackwells and National Roofings Limited at Altrincham, and to concentrate production at the Anderson main factory at Stretford, Manchester. This has yielded beneficial results, but competition remained keen early in the year and has recently been intensified.

Our paper companies centred round C. Davidson & Sons Limited in Aberdeen have shewn improved earnings, mainly due to the extensions to plant and buildings carried out over the last few years. The results have been achieved despite increasing competition in the industry, especially in the converting and merchanting side where profit margins have fallen considerably. At present, the capacity of the industry generally is greater than demand and consumers' stocks are being kept at a low level. However, the anticipated general improvement in business activity in the country should have a favourable effect, particularly in the section producing packaging materials.

As already mentioned, the Group has purchased the entire capital of O. J. Bradbury & Son Limited, an old established company in the Nottingham area, which trades as paper merchants, paper processors and bag makers. This will extend the range of our packaging products and I am sure that the purchase of this company will make a useful contribution to the operations of our paper companies.

The profits of the engineering companies show a satisfactory increase, although they amount to only a small proportion of the Group total. There has been a steady demand for the standard products made for the road transport, refrigeration and agricultural industries. Constant fluctuations in copper prices made trading conditions difficult and until more stable prices for this material are established, it is expected that these difficulties will continue.

OVERSEAS

In Canada our programme of expansion continues. Capacity at the Winnipeg plaster board plant is now being further increased, and the output of the Calgary board plant which was doubled early in 1958, is also being further extended in order to meet the growing demand. In Vancouver, where a satisfactory market for our products has been built up by supplies from our plant at Calgary, we are now erecting a new board plant and plaster mill, which should be in production before 1960. Our rock wool insulation company is shewing a good return on the capital invested, although highly competitive conditions operate in this field.

As I indicated earlier, the Group acquired the balance of the issued Ordinary Capital of Gypsum Industries Limited, Dublin. This Company, with which we have been associated for many years, produces gypsum stone, plaster board and plasters for the Irish and overseas markets. A new gypsum deposit at Drumgoosat, near Dublin, is being developed, and with the latest operating techniques which we are introducing it is anticipated that improved costs and the high quality of the rock should enable our Irish subsidiary to obtain further outlets in export markets.

In France, your Group has substantial minority interests in Placoplatre S.A. and Platrieres Modernes de Grozon.

The unsettled political conditions in that country during the summer of 1958 had a widespread effect on the economy and there was a marked fall in building activity. I am glad to report, however, that there has been an increase in the volume of orders during recent months, and prospects for the current year are favourable.

In Sweden, remarkably good progress has been made by our associated company Svenska Aktiebolaget Gyproc in developing the use of plaster board, and plans are now in hand to increase production to satisfy the growing demand in that area.

The plaster mill of Gyproc-Benelux S.A., our Associate Company in Belgium came into production in the Spring of 1958 and the board plant produced its first plaster board at the end of that year. It may be some time before fully satisfactory trading conditions are achieved, but sales in the Benelux countries are now developing steadily.

Our associated company in South Africa, Gypsum Industries Limited, has had a good year in spite of the fact that during the period under review the building trade generally was less active in that country.

Our Rhodesian subsidiary earned a small profit for the year, but it should be noted that while the disturbance in Nyasaland had no discernible effect on the economy of Southern Rhodesia, the restrictions on credit were not lifted until the end of 1958. This made it more difficult for our board and paper mill at, Umtali to obtain orders and encouraged consumers to keep their stocks on the lowest practicable basis. The future outlook, however, for this Company is encouraging.

In pursuance of our policy of developing overseas, the Group has acquired a 50% interest in a small Australian Company, Woodtex (S.A.) Limited, which makes wood wool slabs. We are to provide technical assistance to enable this company to expand and develop its sales in South Australia.

Our exports of gypsum products were lower during the year but this was to be expected in view of the operations of our associate companies in Europe. However, a contributory factor was the Exchange Control restrictions imposed by certain overseas Governments, particularly in New Zealand.

FUTURE PROSPECTS

While the foregoing is a brief review of the main products of our Group, I would add that we also produce a variety of other materials including many based on gypsum and paper. Your organisation is well equipped to establish new outlets and it is closely following the present drive in the United Kingdom to increase the thermal insulation, fire protection and acoustic treatment of buildings of all sorts for which our gypsum products are specially suitable.

Quite apart from these developments, I am confident that the building industry in this country can look forward to a reasonably high level of activity in the years ahead, so that a good rate of demand for our main products should continue. The higher rate of investment in the public and educational building sectors of the building programme, the removal of restrictions on local authorities in respect of housing schemes, the reduction in the Building Society mortgage interest rates and the freeing of credit generally, should all contribute towards satisfactory trading results during the current year.

In Canada, it is difficult to forecast what temporary effect the recent credit restrictions may have on the building industry, but we are confident that our companies will at least maintain their position.

The foregoing, taken in conjunction with our widespread operations and investments in other markets, should enable your Group to continue its progress.

I feel our Stockholders will agree that the results of the year's operations now presented are very gratifying, and I would like to associate them with the Directors in expressing to employees of the Group at all levels, both at home and abroad, our real appreciation of their sustained efforts and enthusiasm during the past year.

THE METROPOLITAN RAILWAY SURPLUS LANDS CO. LIMITED

Summary of Sir Bernard Docker's statement to Shareholders on the Report and Accounts for the year to 31st March, 1959, at the Twenty-sixth Annual General Meeting on 3rd July, 1959.

Profits.—Gross rents increased by £28,538 to £421,616 and net income from properties by £19,198 to £312,277. The profit on re-sale of properties in our subsidiary was about £10,000 better at about £68,775. In the final result, group profits before taxation rose by £36,803 to £342,330, and after providing for taxation, net profits amounted to £177,264 against £122,529 in 1957-58.

Dividend.—We are now recommending a final Dividend of 7% making, with the Interim Dividend of 3½% paid last November, 10½% for the year, compared with one Dividend of 7½% in respect of the preceding year. This will leave £86,287 to carry forward compared with £75,400 brought in.

Re-valuation of Property Assets.—We have decided that the time is appropriate to adopt the Valuation of our Property Assets made by the Directors as at the 31st March, 1957. Accordingly, we asked Messrs. Knight, Frank and Rutley, who made a Valuation of our properties in 1949, to check the internal Valuation made in 1957, and they have certified that such Valuation is fair and reasonable. We have therefore, adopted that Valuation with adjustments for transactions since, in the Balance Sheet at the 31st March, 1959. The resultant surplus together with the surplus on the sale of a few properties we have carried to Capital Reserve, which now stands at £2,106,742.

Increase in Share Capital and Alterations in Articles.—We are recommending Shareholders to increase the authorised Capital from £2,640,915 to £6,000,000 and to make certain changes in the Articles of Association. The alterations are in the main designed to facilitate the expansion of our property assets which remains our aim.

Subject to the necessary alterations being agreed, we shall ask you to resolve that £1,320,457.10.0 of the Capital Reserve be capitalised and distributed by way of a Scrip Issue of one share of 10/- credited as fully paid for each two such shares held on the 10th July, 1959. We have no intention at present of making any further issue of Capital for cash or otherwise.

We have done well out of our investments in subsidiary and associated companies engaged in trading and development of real Estate. Such investments have hitherto been restricted by our Articles and we have found this a handicap which we recommend should be removed.

Subsidiary Companies.—Ortem Estates is very active indeed in the Estate development field and has already transacted substantial 'profitable busfness in the current year.. Our joint venture in The Whelmar Property Company Limited is fulfilling all our expectations. Two of the six Estates in the Midlands mentioned in my statement last year, those at Mansfield and at Matlock, have been sold. Development and sales have proceeded satisfactorily on the others. The development of two sections of The Alkrington Estate near Manchester is proceeding apace and houses are being sold well in advance of completion. We are confident that this trade investment will continue to be remunerative. On the other hand it is unfortunate that our Buildings subsidiary Thomas Brevetor Limited, incurred a loss of nearly £20,000 on Building Contracts and we shall take the first opportunity of disposing of this business.

General Observations.—This has been an important year for us. We have emerged from the shackles of credit restriction coupled with taxation particularly Profits Tax as formerly levied which bore exceptionally heavily on us. Competition for property investments is exceptionally keen. Nevertheless we have negotiated a number of purchases amounting to between a quarter and half a million pounds in all, which will give a satisfactory return in due course.

We have carried out some small scale commercial property development schemes with success. We intend to take a much larger interest in re-development schemes both for investment by the parent Company and for re-sale by our principal subsidiary and we are actively seeking participation in such schemes.

We are expecting our rents to continue to maintain a steady growth. Any striking increase from this source, however, in any one year will depend on our success in achieving expansion.

We expect unless some factor at present unforeseen intervenes, to pay, in the current year, the equivalent rate of dividend, that is 7% in all for the year, on the capital as enlarged by the proposed 50% Scrip Issue. Furthermore, we have made a good start and if good fortune remains with us, the present indications are that the revenue for the current year may show a further improvement and enable us, not only to maintain this equivalent rate of dividend on the enlarged capital, but possibly improve upon it to a modest extent.

(The Report and Accounts were adopted and the resolutions increasing the Capital, approving the Scrip Bonus and altering the Articles were passed.)

LAMBERT BROS

CONTINUING EFFECT OF DECLINE IN FREIGHT MARKET

The 56th annual general meeting of Lambert Brothers Limited was held in London on 25th June.

The following is an extract from the circulated statement of Mr. Ratteliff Steel:

I am sorry to have to report that the decline in the freight market continues with no sign of improvement. I feel that it will take some time before any material change occurs.

It is true that we have many interests other than shipowning but they are sensitive to the state of the freight market.

The Consolidated Accounts for 1958 show a net profit of £231,647 after charging United Kingdom Taxation £165,984. It is proposed to pay a final dividend on the Ordinary Stock at the rate of 12½% making a total for the year of 17½%; this together with the Preference Dividend absorbs £124,406. It is proposed to transfer the sum of £50,000 to General Reserve, and carry forward in Profit and Loss Accounr £494,958.

It is also proposed to make a further distribution of 2¼% on the Ordinary Stock out of Capital Accretions Account making a total of 4¼% for the year.

The Temple Steamship Company had, as was expected, an unsatisfactory year. The persistent depression in the freight market deepened and severely affected our shipowning activities.

At Austin & Pickersgill's new shipyard at Sunderland, in which we have a substantial interest, the building berths were completed during the year and the whole project should be finished in the autumn.

In reviewing the Company's many activities at home and abroad the Chairman indicated that with the decline in the coal trade the establishments abroad were now mainly occupied in ships agency business.

On the Suez Canal, Lambert Brothers (Egypt) Ltd. has operated under sequestration with efficiency and satisfaction to our shipowning clients. We now look forward to desequestration under the Anglo-Egyptian Agreement.

Our many departments in London, while affected by the laying up of vessels, continue to provide a comprehensive service.

Our Ship Consignment and Agency Departments in London and Liverpool have had an extremely active year.

Our Freight Agency Department has had a busy year looking after the interests of the Interocean Line of San Francisco and of the American Export Lines Inc. of New York. During the year we took over the representation of the Virginia States Port Authority.

The activities of our Aviation Department and Travel Agency Bureaux, in London and Newcastle, have increased steadily with satisfactory results.

With the recession in shipping the Marine side of Lambert Brothers (Insurance) Ltd. has naturally had a somewhat more difficult time in the past year. Fortunately, the basis of its business has recently become more widely spread through its Non-Marine, Overseas and Underwriting Agency activities.

C. C. WAKEFIELD & Co. LTD

GROUP SALES OF CASTROL REACH NEW PEAK
A YEAR OF TRADING PROGRESS AND EXPANSION
MR L.W. FARROW'S STATEMENT

The 42nd Annual General Meeting of C. C. Wakefield & Company Limited was held on July 17th at Winchester House, Old Broad Street, London, E.C.2.

The following is the Statement by Mr L. W. Farrow, C.B.E., the Chairman, which has been circulated with the Report and Accounts for the year ended 31st December, 1958.

Before I proceed to review the results and activities of the Group for 1958 I am sure that Stockholders will be interested to learn that the current year marks the centenary of the birth of our founder, the late Viscount Wakefield of Hythe, the Diamond Jubilee of the business and the Fiftieth Anniversary of the introduction of Castrol. To commemorate the last-mentioned of these anniversaries a special illustrated booklet entitled "The First Fifty Years" has been prepared. This publication records a half-century of achievement in the world of speed on land, water and in the air and a copy is being sent to every Stockholder.

GROUP TRADING

In this memorable year in the history of the Company it gives me particular pleasure to announce that the sales and trading profits of the Group for 1958 were higher than ever before. One of the factors contributing to this achievement has been the acquisition of Fletcher Miller Limited on the 1st January, 1958, but even before taking the figures relating to this new Subsidiary Company into account, the volume and value of sales throughout the world constituted a record for the Group.

Sales of Castrol, both at home and abroad, reached a new peak and this principal product of your Company retained its position as the best selling branded motor oil in the United Kingdom, a tribute to its reputation for high quality established over the past fifty years.

These results have been achieved in the face of continued and undiminished competition directed largely towards restricting the display and sale of Castrol at service stations and garages. Stockholders will be interested to learn that notwithstanding this aspect of competitive activity, Castrol continues to be more widely available to the British motorist than any other motor oil.

During the year under review, following a lenghty period of intensive research and development, your Company introduced Castrol Antifreeze in the United Kingdom and I am happy to say that sales exceeded our expectations. This product contains an exclusive type of anti-corrosion additive making it equally suitable for use in petrol and diesel engine cooling systems.

The Group trading profit for the year amounted to £4,142,919, an increase of £1,044,496 over the previous year. In comparing these results, however, it should be borne in mind that 1957 trading was adversely affected by the Suez crisis.

INDUSTRIAL OILS

Your Group's industrial business in the United Kingdom is now conducted through Wakefield-Dick Industrial Oils Limited and Fletcher Miller Limited, and the acquisition of the latter Company has added considerably to our marketing strength in this field. Much progress has already been made in establishing a co-ordinated trading policy between these two Subsidiary Companies whose combined sales activities place the Group among the foremost suppliers of lubricating, cutting and insulating oils to British industry.

Pleasing results were achieved by both Companies in 1958, notwithstanding the difficult conditions experienced by some sections of industry in the United Kingdom, and they have made a valuable contribution to the record Group sales and profits to which I have already referred.

CHEMICAL PLANT

Throughout 1958 further progress was made in the installation of the Company's new chemical plant at Stanlow and this project has since been completed.

In my Statement last year I mentioned that the surplus production from this plant would be marketed through our Subsidiary, Edwin Cooper & Company Limited, which commenced its new trading activities on 1st January, 1958. I am pleased to report that, in its first full year of operation following its resuscitation this Company has succeeded in making a profit.

RESEARCH

To keep pace with the general expansion of the Group, our technical staff has been increased considerably during the last decade and extensions have recently been made to our Research Centre.

Continued research is conducted at this centre into all aspects of lubrication and the development of improved chemical additives, in order to maintain our reputation for products of a supreme quality and to satisfy the demands of industry for new and highly specialised lubricants.

One example of these speciality products is a unique synthetic lubricant for gas turbine engines which our technologists have now brought to the stage of final development after almost ten years of research. Aero engine builders have been considerably impressed by the remarkable properties of this fluid.

OVERSEAS TRADING

In 1958 the Overseas sales of the Group were, in the aggregate, the highest ever recorded and the overall trading profit derived from these operations showed an increase in comparison with the previous year. These results were accomplished in spite of difficult trading conditions in certain countries where, in some cases, losses were incurred.

Stockholders will appreciate that, as with all international organisations having extensive interests abroad, the Group's Overseas business is sensitive, in varying degrees, to the political and economic changes which occur from time to time in different parts of the world. On the other hand, the geographical spread of the Group's activities adds to its strength and flexibility by making it less susceptible, as a whole, to the vicissitudes of individual markets abroad.

CASTROL HOUSE, MARYLEBONE ROAD, N.W.1

The erection of our new Head Office premises to which I referred last year is ahead of schedule and it is now anticipated that the building will be ready for occupation in the late summer of this year. Having regard to the anniversaries mentioned in the opening paragraph of this Statement ,it may perhaps be considered a happy coincidence that our move to the new address will also take place in 1959.

ACCOUNTS AND DIVIDENDS

The Consolidated Net Profits of the Group, after taxation, amounted to £1,459,412 (1957 £906,560).

A sum of £531,692 has been set aside for Depreciation. This exceeds the corresponding figure for 1957 by reason of additions to the Fixed Assets of the Group.

Difference on Exchange amounted to £100,617 (1957 £105,313), due principally to the deterioration in the French Franc and Brazilian Cruzeiro.

Expenses of a non-trading nature amounted to £40,747, of which £17,142 is attributable to the issue of bonus shares in July, 1958.

In view of the increased profit achieved in 1958, your Directors recommend the payment of a Final Dividend on the Ordinary Stock at the rate of 15 per cent., less income-tax, making a total for the year of 22½ per cent., which, on the Capital as increased by the one for three scrip bonus in July, 1958, compares wtih an equivalent of 20 5/8 per cent. paid in respect of 1957.

Preference and Ordinary Dividends absorb a total net amount of £516,450 (1957 £447,817). Net transfers to Reserves in the Group Accounts amount to £802,315 which includes £735,014 set aside to General Reserve (Parent Company, £721,772). After these appropriations the Consolidated Profit and Loss Account shows a carry forward balance of £793,827 (1957 £653,180).

The Consolidated Balance Sheet and the Parent Company's Balance Sheet reflect the acquisition of Fletcher Miller Limited, and embody the changes in Capital approved at the Extraordinary General Meeting held on the 11th July, 1958.

Current Assets of £14,037,562 exceed Current Liabilities and Provisions by £7,530,876, an increase of £431,106 when compared with the figure at the end of 1957. This is after having paid more than

£750,000 of the cash consideration for the acquisition of Fletcher Miller Limited.

On 31st December, 1958, total stockholders' interests amounted to £11,310,964, an increase of almost 100 per cent, on the corresponding figure six years ago.

The financial results for 1958 reflect a year of progress and expansion and I am sure Stockholders will agree that they reveal an eminently satisfactory position.

PROSPECTS

With regard to prospects for the current year, it is too early to make any firm forecast, although I can say that Group Sales for the first four months show an increase over the corresponding period of 1958.

If this trend can be maintained throughout the year without any narrowing of the margins between cost and selling prices, the Group should have another successful year's trading in 1959.

MANAGEMENT AND STAFF

In conclusion, I wish to pay tribute to our Managing Director, Mr L. M. Broadway, his Management Board colleagues and all members of the Staff of the Group, at home and overseas, for theiz zeal and industry during 1958. The record figures under review speak for themselves but these could not have been achieved without the combined efforts of all who serve the Group so loyally and enthusiastically throughout the world.

WEBB CRYSTAL GLASS COMPANY

The 39th annual general meeting of Webb's Crystal Glass Company Limited was held on July 8th in London.

The following is an extract from the circulated statement of the Chairman, Mr R. E. N. d'Abo:

"The group Profit for the year amounts to £56,574 as compared with £53,294 for the preceding year and the Net Profit, after taxation, to £24,659 as against £23,655.

The balance sheets of the Group and the Parent Company show a strong financial position — our Current Assets and Investments exceeding our Current Liabilities and interests of outside shareholders by £346,297.

Edinburgh and Stourbridge Works. Sales of hardglass for the electronic industry fell during the year but we increased our sales of decorated table glass in spite of a diminishing export field in the Commonwealth.

Walthamstow Works. The main output of this works is the supply of components specially designed to each customer's particular requirements. They now cover an extremely wide range of industries and an increased turnover can be reported.

Your Directors have initiated final plans for remodernising and improving all three works. We hope these improvements will enable the works to take advantage of the expected increase in demand for our products.

The profits for the first four months of this year show a substantial gain over last year, and providing there are no major upsets, I am confident that the 1959 results will show an improvement.

The report was adopted.

M. WISEMAN COMPANY

RECORD SALES

The forth-second annual general meeting of M. Wiseman & Company Limited was held on June 30th in London, Mr. Frank Max Wiseman, chairman and managing director, presiding.

The following is an extract from his circulated statement for 1958:

Despite record sales, the net trading profit of the Group, after charging all expenses and after deduction of Income Tax and Profits Tax, amounted to £58,395, compared with £61,437 for the previous year. The Ministry of Health continue to control prices of all lenses and a proportion of frames, and this considerably affects their profitability.

There is an increasing desire to wear spectacle frames of better appearance than those supplied under the Health Service, and this tendency is now proving of benefit to your Company, and the factories now have full order books.

The turnover for this year up to May 31st is in advance of the same period of last year, and the immediate outlook is satisfactory. The interim dividend for 1958 was 9 per cent. The final dividend paid for 1957 was 12 per cent. Your directors decided not to recommend any final dividend for 1958 but to declare a special interim dividend for 1959 of 12 per cent payable on July 1, 1959.

The total reserves now stand at over £500,000 whilst the issued Ordinary share capital is £244,200. In order to bring the issued capital more into line with the actual capital employed in the business, your directors recommend a scrip issue of fully-paid Ordinary shares in the ratio of two for each five held.

The report was adopted and the proposed scrip issue approved.

BRIXTON ESTATE LIMITED

The Annual General Meeting of Brixton Estate Limited was held on July 2nd, in London, Lieutenant Colonel Sir Francis Humphrys, GCMG, GCVO (the Chairman), presiding.

The following is an extract from his statement:

Properties.—On October 30, 1958, the properties were revalued, as a result of which there was a surplus of £1,905,217 over the Book Value. This surplus was transferred to Capital Reserve.

Gross Income has increased by £26,899 and net profit, subject to tax, has risen from £151,890 to £164,824.

Net Revenue.—The provision for taxation is approximately the same as last year and the net profit after tax has risen by £11,907.

Reserves and Bonus Issue.—Out of the large allocation to Capital Reserve resulting from the revaluation of the properties, £1,050,000 was absorbed in paying a bonus of three for one. After adjustments the Capital Reserve now stands at £857,088.

Future Prospects.—The prediction last year that there would be an improvement of Rental Income is already being realized and if conditions remain favourable increased distributions for 1959 and 1960 can be expected. I am happy to say that the outlook for the Associated Company is also most promising and an increasing contribution seems likely to be made from this source.

Dividend on Ordinary Shares.—Two interim payments of 7½ per cent, less tax, were paid on the Capital before the last bonus issue, and a final dividend of 3¾ per cent, less tax, on the increased Capital is now recommended; the total is equivalent to 30 per cent on the old Capital.

The Report and Accounts were adopted.

ALLEN WEST & COMPANY

BRIGHTON

Full share of orders in temporarily receding market . . .

Improved orders in 1959

Recommended Final Dividend of 7½% on Capital increased by Bonus Issue absorbs with the Interim Dividend of 5% £191,361 (£163,983)

Factory No. 5 now in operation; foundations and steelwork of No 6 completed

Great success of new Apprentices' Training School

From the Annual Report and Statement of the Chairman, Mr M.W.H. Lancaster on the year ended 31st January, 1959.

SOUTH AFRICA - RHODESIA - CANADA

RECKITT & COLMAN HOLDINGS LIMITED

LARGER TURNOVER AND TRADING PROFIT, PROGRESS OVERSEAS
MR J. B. UPTON'S REVIEW OF GROUP'S ACTIVITIES

The Sixth Annual General Meeting of Reckitt and Colman Holdings Limited was held in the Connaught Rooms, London, W.C.2, on Friday, June 19, 1959.

The following is an extract from the Chairman's Statement, in respect of the year ended December 31, 1958:

Group sales, excluding inter-company sales, were 6 per cent greater in 1958 than in 1957. This increase is not quite so large as last year's and reflects the growth of competition at home and abroad, as well as the slight world recession during the year. In the USA, where the recession was most publicised, our American Subsidiary, the R. T. French Company, expanded its turnover and this, coupled with the acquisition at the beginning of the year of two new businesses in Australia and South Africa, has raised to 63 per cent the proportion of Group Sales now made outside the United Kingdom.

Trading profit rose from £7,977,000 to £8,589,000 and this increase is in proportion slightly better than the increase in turnover, thus halting the downward trend in margins of the last few years. This result has been obtained despite the need to provide in 1958 an extra £143,000 for depreciation, and the comparison would have been even more favourable had not the habitual weakness of some South American currencies made it necessary to write-off against exchange differences the sum of £426,000 as compared with £131,000 in 1957.

The Consolidated Profit for the year, after taxation, is £4,481,000 (£3,991,000 for 1957) and from these taxed Profits £511,000 has been transferred to the Reserve for Replacement of Fixed Assets.

It is satisfactory to find that the final results for 1958 have confirmed the expectations of the Directors last November when they decided to increase the Interim Dividend, and I am satisfied that the further increase now proposed in the Final Dividend is also justified.

Resolutions will be put before you at an Extraordinary General Meeting to capitalise some of the reserves and to authorise the issue of two new Ordinary Shares in respect of every three existing Ordinary Shares. If this issue is sanctioned your Directors would expect that, in the absence of upsets in the international sphere, they will be able, in respect of 1959, to recommend Ordinary Dividends totalling not less than 9 per cent on the increased Capital (equivalent to 15 per cent on the present Capital) in which case they may decide to equalise to a greater extent the two distributions by paying 4 per cent as an interim in January, 1960.

Your Directors are conscious of the need to secure a fair return on the proportion of the Group's profits that is progressively being ploughed back into the business and they are satified that since the formation of Reckitt & Colman Holdings Limited at the end of 1953, the additional resources made available each year to the Operating Subsidiaries have been applied profitably. I hope that the future will offer other and equally promising opportunities for development.

Group results for the early months of 1959 are satisfactory and progress is better outside the United Kingdom than at home. This is to be expected for there are in the expanding markets abroad more opportunities to be followed up.

If the payment of the Final Dividend is approved on the basis recommended, the capital employed as at December 31, 1958, represented by the shareholders' interests in Capital and Reserve plus the minority interests and amounts set aside for future Tax, will be £46,676,000, as compared with £43,996,000. The corresponding figure at the end of 1953, that is to say at the time of formation of the Group, would have been approximately £35,300,000.

Over the years part of the increase in employed capital has been applied in replacing, with new products, some of our older lines which have passed through their peak. A further part of our retained profits has been invested by building new factories at home and abroad, in the latter case sometimes to secure by local manufacture the continuance of trade which, because of import restrictions or competition, we would otherwise have lost; another part has been used to acquire new businesses. It is, therefore, reassuring to find that over the last five years the total Profits of the Group have risen to the extent required to pay dividends commensurate with the capital now employed.

Capital Expenditure to meet the needs of an expanding business in various parts of the world was over £3 million in 1958 and the figure for 1959 is likely to be greater. On the other hand a more ready supply coupled with greater stability in the price of raw materials has enabled us to reduce by about £500,000 the value of our inventories, with the result that our liquid position remains strong and well able to cope with such new developments as we foresee.

TRADE

The trade of the Group is carried on by six operating subsidiaries in the way I described last year. However, it was during 1958 that Reckitt & Sons Limited, J. & J. Colman Limited and Reckitt Colman Chiswick (Overseas) Limited took over the remaining parts of the business previously conducted by Reckitt & Colman Limited. The results achieved by these sub-groups in 1958 are therefore compared with what they would have achieved in 1957 had they then been constituted in the same way.

Reckitt & Sons Limited, apart from its chemical subsidiaries, again increased its sales and the resulting profit also grew.

Amongst the new household products, which are taking the place of old, Windolene was one for which a satisfactory sales increase was recorded. Amongst the Toiletries, Steradent did particularly well, while in the Pharmaceutical field our analgesics, led by Disprin, again went ahead and Disprin Junior was introduced especially for children.

The Chemical Subsidiaries did not have so satisfactory a year, chiefly because of a drop in the possible export trade to India. So far as Reckitt's (Colours) Limited was concerned that trade was merely transferred to our overseas subsidiary whose Ultramarine factory in India functions very smoothly.

J. & J. Colman Limited and its Subsidiaries maintained their sales and increased their profits.

Colman's Mustard continues to hold its place as the nation's condiment and, although the weather in 1958 was not such as particularly to encourage the consumption of concentrated soft drinks, the sale of Robinson's Lemon Barley Water held up well, while further progress was made in developing the trade for Robinson's Orange Smash—the high quality concentrated drink made from whole fresh oranges. The name of Robinson has also been known for generations in the world of infant feeding.

Joseph Farrow & Company Limited of Peterborough had a good year and were able to increase their sales of canned foods whilst at the same time expanding the distribution of French's Bird Foods, which they introduced to the UK market just over a year ago. They also increased the share of the honey trade held by Gale's brand. Conditions in the canning industry will be more difficult this year because last summer's unfavourable weather reduced the crops of fruit and vegetables suitable for putting into tins.

Chiswick Products Limited and its Subsidiaries, which now operate almost entirely in the United Kingdom and Eire, did not quite maintain the high turnover they achieved in 1957, but their Trading Profit was very satisfactory.

They held their share of the competitive shoe polish market, and improved their sales of white and suede cleaners. The floor and furniture polish markets remain fiercely competitive.

Sissons Brothers & Company Limited found that 1958 was a somewhat difficult year for the paint industry, partly due to less activity in the building trade. Despite this, home sales were reasonably well maintained.

Siscomatte, the rubberised steam-proof paint for kitchens and bathrooms, is now well established as one of the major lines of the Company while Siscogloss is receiving more publicity and is now available in colours which tone with the more popular shades of Siscomatte. Siscogloss is an alkyd resin paint equal to any top quality gloss paint on the market and its very reasonable price should appeal to the householder.

Export sales were satisfactory, bearing in mind the unsettled conditions abroad. It has however become increasingly apparent that, in order to retain a valuable overseas trade, local manufacturing must be undertaken in some territories and plans are already being made with this in mind.

The statement concluded with a tribute to the Staff and Employees.

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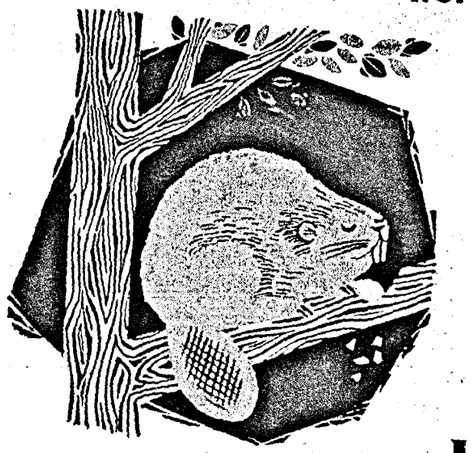

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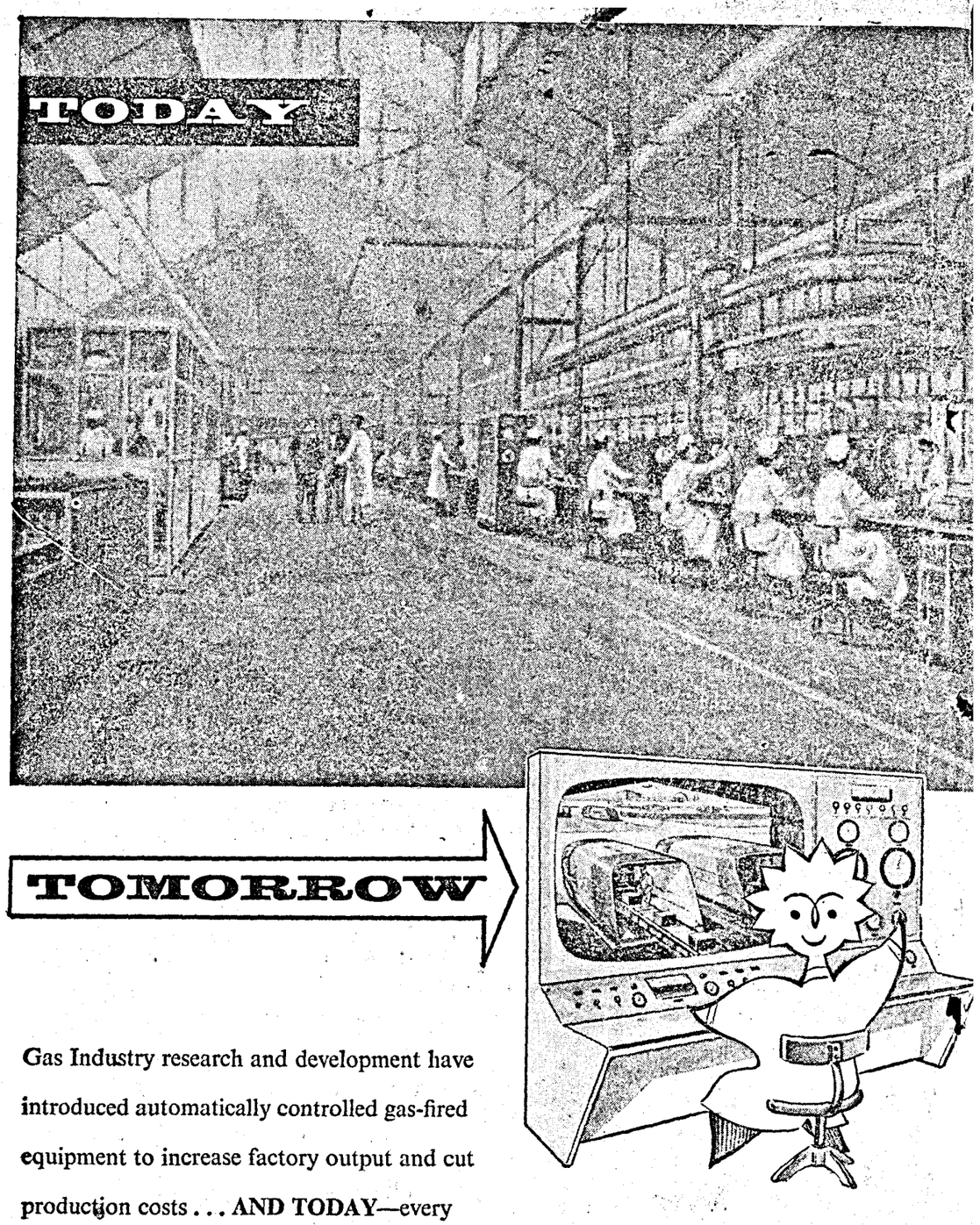

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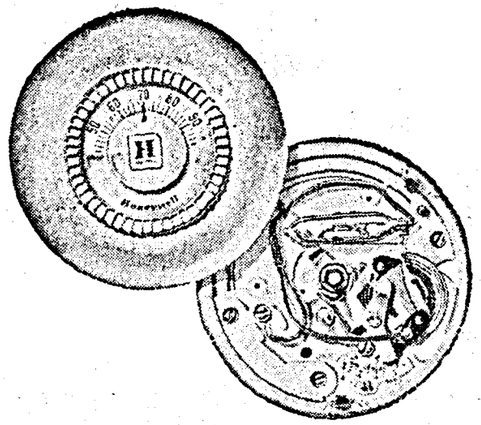

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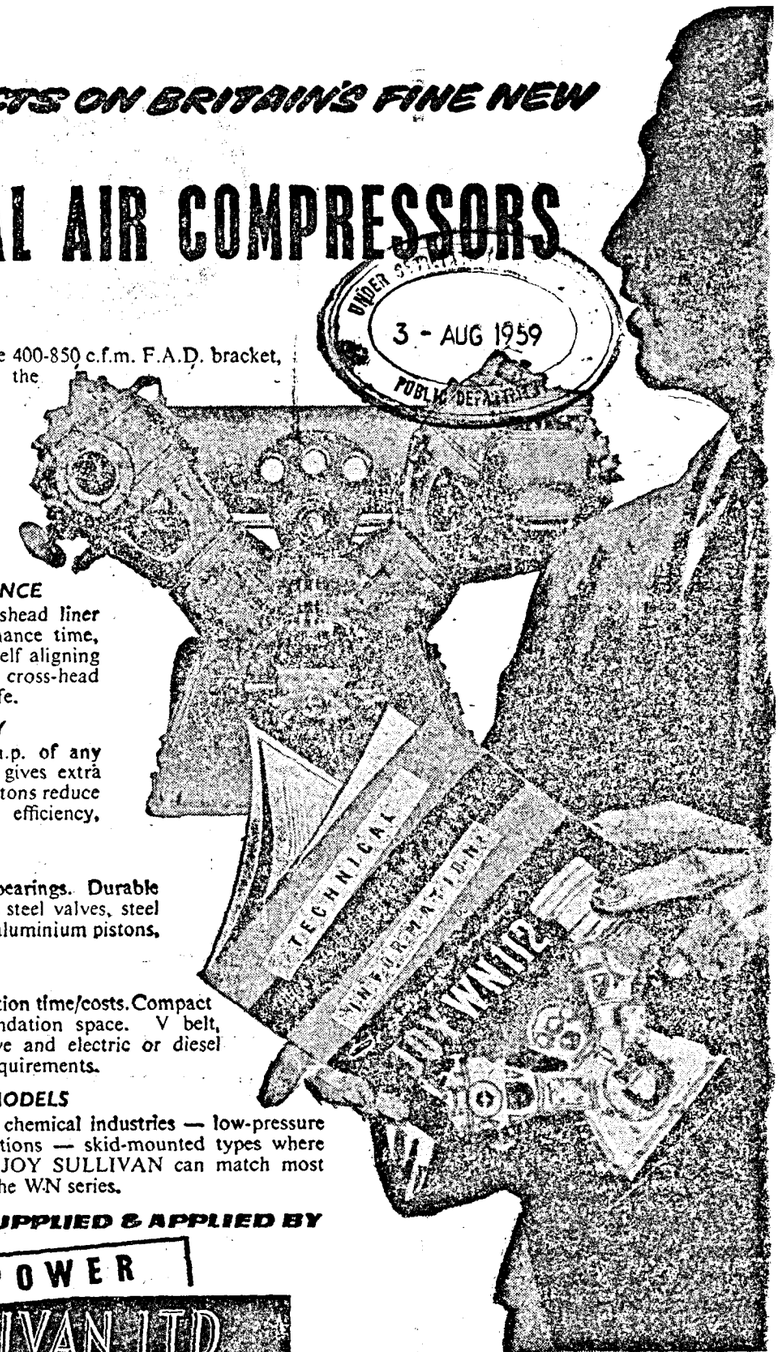

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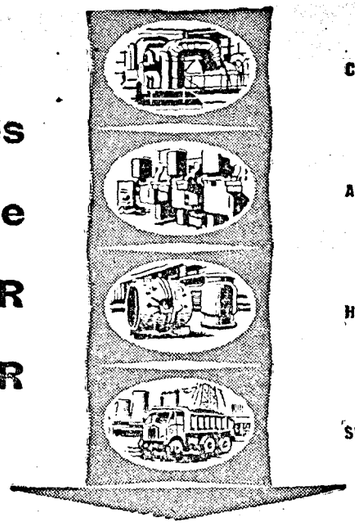

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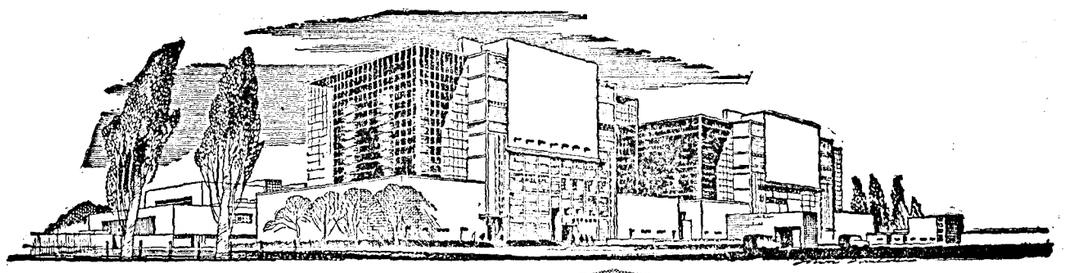

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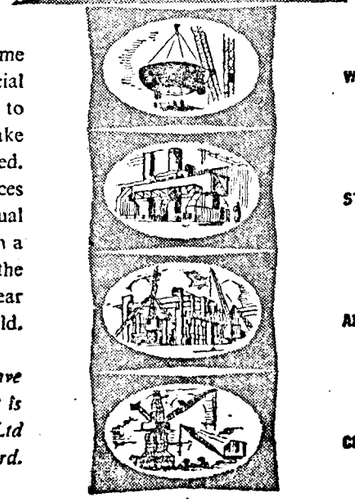

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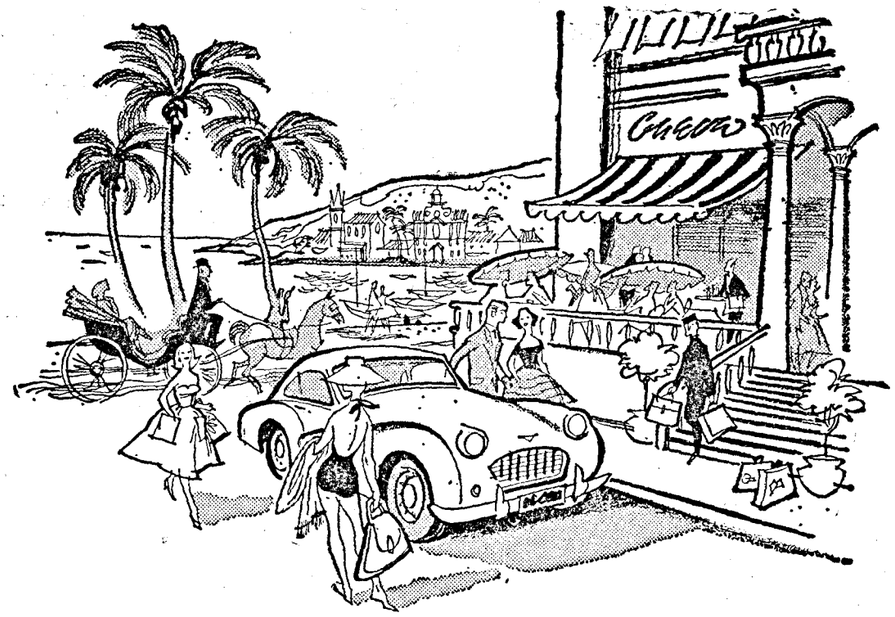

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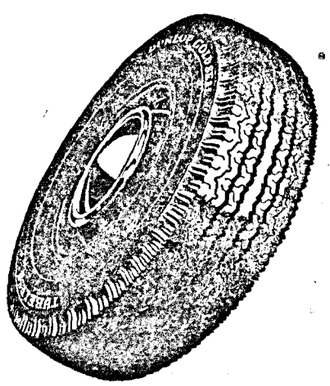

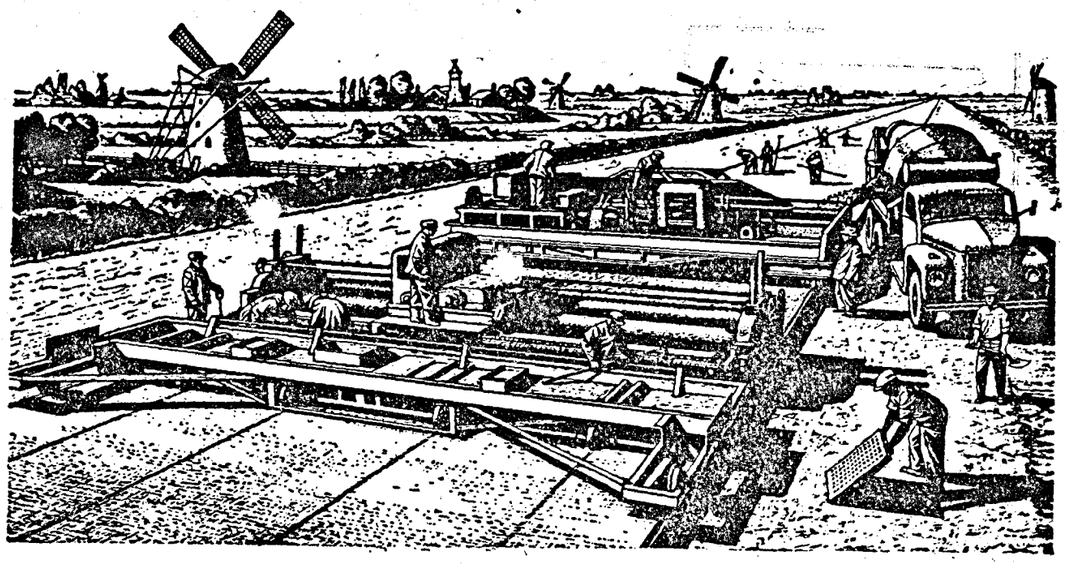

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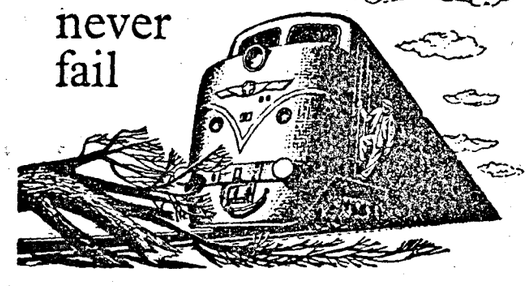

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The Economist

JULY 25, 1959

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Home Thoughts from Abroad

EVERY week for over a month we have had to apologise for imperfections in *The Economist*. Readers are entitled now to an explanation. The best explanation is the facts. The starting point is our belief that the overriding duty of a newspaper at all times is to appear, as best it may. In mid-June we were suddenly bereft of our printers in London by the general stoppage (which may or may not be settled before we appear again). We have not during the stoppage found any printer still working in this country (whether "black" or "white" in the disputing unions' eyes) able to produce a paper suitable or punctual enough for *The Economist*'s worldwide readership (nearly half of which is overseas and unaffected by the British dispute). We have therefore had to print abroad, with the British unions pertinaciously stopping bolt-hole after bolt-hole by appeals to continental solidarity, and with the British masters themselves not too happy about it.

We have had no rest in exile. First a contract we had to print in Switzerland was stopped by union pressure. Then the issue of June 20th was half-composed in Belgium, half-composed in France, and printed in Brussels. The issue of June 27th was produced in half a dozen different places scattered over the city of Paris during a heat wave. The pages for the issue of July 4th were got ready in Copenhagen, but printing there was ruled out only forty-eight hours before publication time, and everything (including staff) had to be lifted by air four hundred miles to Belgium. The worst week of flight from the unions' long fingers was the next : the issue of July 11th was composed in one Belgian city, imposed in another and printed (on a machine for which the pages had not been fashioned) one hundred miles away in a third; the final printing arrangements were only set up near to midnight on July 9th. And so it has gone on. It is only relative to these other flittings that the issue of July 18th, from Hasselt in Belgium, had the smoothest passage so far.

Our trials have not only been abroad. Each week, staff and all copy have had to be flown out in echelon from London (and then switched about according to the state of the chase); and each week, when by the skin of our teeth they were printed, 65,000 copies had to be flown back here. Then our domestic troubles began. From the start the London wholesalers were coerced by their union workers into refusing to handle papers printed "black" abroad. Each week *The Economist*, without the usual help from either these wholesalers or its closed-down printers, has been despatched to its long-suffering readers by its own ordinary staff.

It is the readers, of course, that matter before everything and everybody else; their right of access to news and opinion is the press's duty. *The Economist*, which employs no printing workers, is not a party to the

present dispute. It has its views about the dispute, as it has about all industrial disputes, and has expressed them frankly.

In this as in other disputes, it has set its face editorially against any pressure to make an inflationary settlement simply for the sake of peace. This has not affected in any way its own duty to come out, by whatever means. *The Economist* does not complain that the stoppage (whether called a strike or lockout) happened. These trials of strength are the logical, if primitive, end and sanction of collective bargaining itself; and it would be absurd and unjust to assert either that the printing workers have an obligation to waive what they feel to be their rightful claims rather than to stop the press or (which has been the more frequent and inflationary suggestion) that for the same reason printing employers have an obligation to buy off strikes by paying more than they can afford.

But what this dispute has revealed, and what Lord Birkett (as chairman of the talks between the disputants, which are reported on another page) has surely helped to make plain, is that there is no simple confrontation in the printing industry between employers on the one hand and workers on the other. There are employers and employers — a fact long ago recognised by that powerful, if less than wholly admirable, separate body, the Newspaper Proprietors' Association. For a change, the printing unions have chosen "capacity to pay" as the basis of their claim instead of the usual cost of living (a poor runner this year) or the better pay of other workers (a poor argument for them at any time). They should be pinned to their premise. There are some large combined printing and publishing houses which can afford to pay more (much less no doubt than the unions' asking bid but possibly closer to the NPA rates than many employers care to contemplate); but the general run of printers certainly cannot afford this.

IT IS not only the unions that will have to recognise this disparity. The employers must recognise the disparity, with all the implications it has for them. In every industry the onus is, or should be, on the employers to lead; and leadership cannot consist, as the master printers sometimes seem to believe, merely in the stronger members, doubtless from the highest motives of solidarity, saying No to every wage claim which the majority cannot afford. That is, the more efficient and prosperous firms cannot just hide behind their sentiments of loyalty towards their weaker brethren or simply stand pat on their obligation, which *The Economist* must be the last to deny, not to add fuel to inflation. For good managements, keeping wages down is not the only choice. What they can all seek to do, if they are denied the soft option of higher charges, and if they are given the unions' cooperation, is to absorb higher costs by greater efficiency. This is the crux for them; it is, even more, the crux for the printing unions. Greater efficiency is the key to higher wages, and to better printing; but it is impossible unless the cocoon of restrictive practices in which this antediluvian industry is swaddled can be stripped away. It would be foolish to look for too much from the talks that have been going on; the unions tend to regard their practices not as restrictive but as protective — against precisely the technological changes that the industry really needs. But it was no bad sign that the talkers round Lord Birkett's table quickly got down to studying these questions of productivity.

AS things are, the printing employers have become as defensively-minded on wages as the unions are on conditions of work; and the result is a three-yearly war of attrition which is as stupid as it is unprofitable for everybody. If Lord Birkett has been able to hammer home to the restrictive-minded on both sides all the implications for them of "capacity to pay", something like a sensible outcome might possibly be reached from what has too often seemed, in our own isolated trials, to be a cynical and even farcical performance. The Birkett talks were started only because the national newspapers (who were not involved in the general dispute) were threatened with a drought of ink, of which there has all the time been enough somewhere for them to carry on; and then only after the general union of printing operatives (which has on this occasion made all the running ahead of the printing craftsmen) had very nearly carried its cat-and-mouse act too far by actually stopping them.

Only then did the general printing dispute come to be called a national crisis. Only then did thunderous leading articles appear about the harm done by the dispute to innocent bystanders. The real innocent bystander has been the reader, the customer whom every collective body, whether of workers or of employers or of distributors or of newspaper proprietors, most persistently and restrictively ignores. *The Economist* and every other paper up and down the country which, often against greater difficulties than ours, has striven to appear in these weeks, can claim no special virtue. But they can at least hope to be acquitted of this too prevailing vice.

Invitation to Washington ?

Mr Khrushchev's real interest is not a summit meeting on Germany but improving contacts with the United States

WHAT does Mr Khrushchev see from his window just now ? After the Polish visit his summer plans seem intentionally vague. He has now even cancelled his tour of the Baltic capitals, giving as his reason the unfavourable reaction of some people in Scandinavia to the prospect of receiving him. Must this be attributed to pure delicacy of feeling, or is there another reason ? Mr Khrushchev gives the impression of standing by to catch the first TU 114 to wherever the outlook is most promising. Looming above all, of course, is the summit, still beckoning and still wreathed, however faintly, in the relaxing atmosphere every international clamberer seeks.

Then there is Berlin, that highly awkward little property, apparently needed to round out the communist estate of 900 million souls. But is it so important that everything must be staked to get it ? Mr Khrushchev does not seem too certain. If anything, he seems to be looking beyond Berlin to the American political landscape he has been angling to visit ever since he came to London.

Mr Khrushchev has certainly been prodding the latest American visitors to the Kremlin. Mr Harriman, impressed by Mr Khrushchev's verbal bellicosity, thinks he should be asked to Washington whether there is a summit or not, and Senator Fulbright has agreed. It would not be unlike Mr Khrushchev if he now played hard to get. The sounds of disappointment coming from Moscow over American reluctance to admit the peacegiving benefits of Soviet trade may be part of the process. But this economic rebuff is unlikely to weigh too heavily on Mr Khrushchev's mind. If he really has a purpose to go to Washington himself, it is not to talk trade but to talk politics.

The idea of a visit from Mr Khrushchev as an alternative to the summit is something that President Eisenhower may not immediately welcome. The only Russian he has ever considered having as a house-guest was Marshal Zhukov. But, diplomatically, an informal get-together at the White House seems likely to be a more effective way of doing business than a full-blown conference of heads of government. The main purpose of a summit exercise is to give the Americans and Russians a chance to talk directly to the point, something that is not always possible when there are other people in the conference room. If Mr Khrushchev went to Washington it would cut short the wrangle over what constitutes visible progress by the foreign ministers. It would avoid the side issues of whether Poles, Czechs and Italians should attend or not. It might also set a limit to the influence, on both sides, of those Germans whose political interest is served by the continuance of East-West tension.

If, in fact, the foreign ministers stay at loggerheads for another three weeks, the logical recourse should not be to the four or six-power summit, which can always come later, but to a direct Russo-American confrontation simply to see if there is anything new to be said that Mr Gromyko does not have the authority to say. There seems to be no legitimate British interest that would suffer from Mr Macmillan's exclusion from such a parley; after all, he has had his say with Mr Khrushchev already this year. Britain is not likely to dissent from any Russo-American understanding on either Germany or nuclear tests. General de Gaulle might. But for sheer convenience's sake there is a good deal to be said for nominating Mr Macmillan and General de Gaulle as founder members of the non-summit club.

But has Mr Khrushchev anything to say to President Eisenhower, on Germany or anything else, that Mr Gromyko has not already said at Geneva ? It is possible that he might have. Mr Macmillan returned from Moscow convinced that Mr Khrushchev is the only Russian whom it is worth doing business with. Mr Khrushchev would probably not dissent from this estimate. His final terms for anything must come from his own mouth. To discover what these terms are, the West must test him personally, and test him with something more purposeful than the package deal offered to Mr Gromyko at Geneva. At present there seem to be advantages to Mr Khrushchev in seeking a general relaxation of tension. The greatest advantage would undoubtedly come if the relaxation were accompanied by access to American loans and trade. For Mr Khrushchev to expect this, as Mr Mikoyan seems to have done, would now be unrealistic. What, then, does he stand to gain ?

THE Soviet drive to overtake American production is getting into gear; yet Mr Khrushchev has just had to admit some serious imperfections in his industrial system. There are managerial reforms to be completed; modernisation of machinery is badly needed (it seems to be this that Mr Khrushchev means when he talks of automation); Soviet planners have

run into trouble over the shortage of development capital; existing development funds and production surpluses are badly needed within the communist block and in aid to uncommitted countries. Spending on the astral and arms competitions with the United States will always be high, but any saving in the military budget would help the industrial drive.

At the same time, pressure for consumer goods is plainly increasing in the technocratic and managerial classes. Housing demands are at last having to be satisfied on a massive scale. Visitors to Moscow speak of a car craze — and Soviet production of private cars has hitherto been pegged down to artificially low levels. A magnate community — Russia's top people — has come into being, and its influence and tastes are spreading to a wider bourgeoisie. The whole message of the Soviet exhibition in New York, that a society capable of achieving American living standards already exists in the Soviet Union, is itself the measure of Mr Khrushchev's latest problem.

These pressures have all been evident before, but as Soviet energies are concentrated on the economic race they are becoming more urgent and more difficult to resist. Mr Khrushchev does not see this social development as a weakness. He is the first Soviet leader who is not only anxious to beat the Americans at their own game but is confident that this really will happen. Whatever traces may remain in formal Marxist dogma, Mr Khrushchev's bid for world power no longer depends on the theses of capitalist slump and communist revolution. In place of the slump he puts, as he told Mr Harriman, the contrast between the 2 per cent annual growth of the United States economy and the faster pace the Soviet Union means to keep up even after American production has been overhauled. In place of world revolution, he relies on the underdeveloped world's admiration for Soviet living standards which, according to Mr Kozlov, will be unsurpassed in 15 years' time. These calculations may go wildly wrong without upsetting Soviet self-confidence in the final issue.

When placed in the context of the nuclear stalemate, the new Soviet emphasis on outclassing the United States economically suggests logically some form of political accommodation between the two world blocks. It could easily take a decade to bring about even a limited arrangement. But among the more significant developments of 1959 may be counted the increase in Russo-American contacts, and not least the travels of younger political figures like Mr Nixon and Mr Kozlov. The leaders on both sides need at least to understand how their opponents' minds work.

Mr Khrushchev has understandable personal reasons for having the last word in Soviet diplomacy. This alone would explain his readiness to travel to the summit, or to Washington. He can use a period of international relaxation. He has an evident interest in seeking agreement on the control of nuclear weapons and general disarmament. None of this is so much against western interests that President Eisenhower can refuse to meet him. Mr Khrushchev naturally wants to embarrass the West if he can. His tactics over Berlin have already revealed western divisions and have weakened Dr Adenauer politically in Germany. The crisis has given Mr Khrushchev all the local fringe benefits he could have wished for. But if the West is to plumb the deeper currents in Soviet policy the only way is still to sound Mr Khrushchev himself. The job can be done better in Washington than anywhere else.

The Author's Friend

Between the author and the publisher stands the agent.
What does he do for his ten per cent commission ?

"NOBODY thinks it odd to trust a good solicitor for the sale of a house," wrote G. K. Chesterton to one of A. P. Watt's sons in 1922, "but after all a man can say for himself without embarrassment : this is undoubtedly a large house. It is not always so easy to say : this is a most brilliant novel, or let me offer you this superb epic." By then the profession of literary agent had been in existence for nearly fifty years. It was invented by A.P. Watt himself in 1875 when he was looking for a new job under the shadow of the failure of Strahan, the publisher who employed him; his first client was George MacDonald. In the same year the Society of Authors was founded by Walter Besant. It was a period when Tennyson could demand £5000 for an epic, but a publisher could pick up King Solomon's Mines for £25. Together the Society and the agent have striven to improve the ordinary rewards of authorship, and it may be suspected that the agents have done most of the work.

Today almost every professional author uses an agent. Only a George Bernard Shaw (who was also his own publisher) could expect to explore all the subsidiary rights : translations, paperbacks, films, television, serial, digest, syndication, strip cartoon, long playing records and so forth, which often bring in more than the original book or article. Publishers are now entirely resigned to agents as the middlemen of literary wares. They fight for their clients' rights, but they also act as a sieve through which a large proportion of the flood of incoming manuscripts is short-listed. A large agent estimates that of 1,000 manuscripts submitted to him (other than the work of established authors) he can try to sell only 100, and of this 100 he may place three or four. This takes a great deal of work off the shoulders of the publisher and his readers.

It also greatly increases the power of the agents, through whom publishers must now expect to get most of their publishable manuscripts and new authors. But the work of a literary (now commonly called authors') agent is exacting and specialised. Three-quarters of British authors' output now goes through the hands of five agents, of whom Curtis Brown is probably the largest and most departmentalised, and A.P. Watt the oldest. Outside the big five, there are perhaps a hundred smaller agents, often one man shows and not always very competent. The tendency is undoubtedly for authors to concentrate on the big five who alone have the resources to follow up subsidiary rights and who have a strong pull with publishers. (This excludes a number of agents who specialise in plays and performance rights and the performers' agents who, in the terminology of the profession, handle flesh.) Agents rather grandly say "we choose, we do not seek, publishers." For new authors the advantage of the big agent is that he not only knows what sort of book (and especially novel) is currently appealing to what publisher; he can also sell his books in batches, and, when he does, he can press a few "speculations" on publishers who are obliged to him for last year's best-seller and who rely on him for steady bread-and-butter lines.

How many authors can an agent live on ? This, of course, is a matter of the sales of the authors in question. Three-quarters of all authors make less than £500 a year on their work; only ten per cent make over £5000 a year. The agent who can pick his clients exclusively from the upper income bracket naturally does well. An agent runs his business on the ten per cent of royalties which he deducts by way of commission for his services; thirty authors (who need not even be alive) earning £10,000 a year will, as a matter of arithmetic, provide him with a gross income of £30,000 a year. But agents cannot generally be so selective (though one is reputed to be so), and it usually takes more like 200 authors of all kinds to produce such a sum. And even £30,000 a year will not suffice for more than quite a modest organisation in central London; to cover all rights, an agency probably needs to employ a staff of at least fifteen. In fact the turnover of the big five, though undisclosed, is greater than this, and has to be.

Agents are fussy about their definition of an author. The clients they want are men and women who write continuously (even if part-time). They do not want to place the once-for-all work of scholarship which wins a man his professorship, or deal with the pure specialist who usually knows his own market best anyway. They want (though often they do not get) the steady textbook writer; but in general they handle the broad category of literary work which they sell to a surprisingly narrow range of general publishers. They deal with perhaps 50 of these, sometimes only 30. They rarely offer a book to more than ten successively; if it won't go then, they know it is a failure, or a masterpiece in advance of the age.

An agent needs flair to find, even to create, the new authors of whom he is the impresario (as J. B. Pinker was, before the wars, for D. H. Lawrence and Arnold Bennett). He needs a thorough knowledge of publishing, though he may depute the innumerable BBC and ITV contracts that his agency must nowadays keep lubricated. Agencies are of all kinds : most are built round one man or on a family tradition, others are partnerships or even limited private companies. They share a common tendency to fission; they lose their young subordinates to publishing houses or to practise as agents on their own account. They are as individualistic as the authors themselves; yet some principle of optimum size preserves a situation in which five large firms control most of the trade.

So far they have failed to form a central association. Many agents and authors regret this, since they think an association could fight for such things as the retention by authors of a bigger proportion of the subsidiary rights which they share with their publishers; it is argued that an agents' association, with its greater business experience, could do this far better than the Society of Authors. Probably such an association or negotiating body will come into existence in the end, because subsidiary rights are becoming so valuable in relation to the earnings of the average hard-cover book that publishers, faced with falling earnings from books, are trying to recoup from the author's share. But this is where the agent can expect to increase his earnings also; the future of the author-agent relationship lies largely in the exploration of the new media of mass entertainment which show no sign of shrinking.

NOTES OF THE WEEK

GENERAL ELECTION

Mr Micawber's Victory ?

THE sands of this Parliament seem to be running out. Both parties are now treating it as a good working hypothesis that the general election is likely to be held on October 15th or October 22nd. One bar to this would be if an October election interfered with the timetable for a summit meeting, but that is not thought to be probable. So conversation at Westminster in these dying weeks has turned increasingly from when the election is likely to be to who is likely to win it.

Four years ago one could say that two questions seemed likely to decide the outcome of the election of 1959 or 1960. The first was whether the standard of living would rise sufficiently quickly under Conservatism to make Labour's philosophies look out of date to an enriched working class; that has not happened. The second question, then, was whether the remarkable coincidence of short term advantages that brought victory to the Tories in 1955 could really be expected to come to their aid again just before the new election. By what Labour must regard as an appalling fluke, the coincidence seems to have occurred. Once again, as in 1955, preparations for a summit conference are taking foreign policy out of the election. The small recession is over, unemployment is falling, and this time there have been eighteen months of price stability as well. The sun is shining down on Britain's packed beaches in the first hot summer since 1955, and in an atmosphere of easy holiday contentment the literally floating voter feels no burning need for a change. The printing trade unions have brought some ill-timed discredit on Labour just as the engine drivers' union did in 1955; and Mr Cousins has obligingly caused the party split that Labour's now very shadow foreign secretary did on the eve of the last election.

As a result, the public opinion polls are currently suggesting that the Tories have the sort of one or two per cent lead in the country that they had at the election of 1955. This is not a margin that makes a Tory return to power in an October election anything approaching a betting man's certainty. But it does mean that Labour is having to look very hard for new issues. Where can it find them ? In Africa ? The major assault on Mr Lennox Boyd may seem like manna to Labour MPs, but the ordinary British voter is probably less liberal on colonial affairs than moralists and moderates like to think. Can votes be won by Mr Gaitskell's unflappability about the bomb row ? Unflappability is Mr Macmillan's registered trade mark, even if Mr Gaitskell now has more things to flap about. Nobody who has made any study of the strange things that can swing the minuscule mobile part of the British electorate will deny the possibility that something to help Labour win the last requisite two per cent of the national vote may yet turn up. But at five minutes to twelve the gods that watch over Mr Micawber's philosophy still seem to be favouring the Conservative side.

CENTRAL AFRICA

Storm over Great Smith Street

THE storm which has been blowing up for some time over Central African affairs reached the stage of gale signals this week. Before the protracted three-sided wrangle between Mr Macmillan, Mr Gaitskell and Sir Roy Welensky over the composition of a fact-finding commission could be resolved, rumours began to spread that the report of the Devlin Commission would prove to be highly embarrassing to the Government on several counts. This impression grew with the hurried arrival of the governor, Sir Robert Armitage, from Nyasaland. The publication of the Devlin report was, moreover, expected to coincide at the end of the week with the appearance of the disciplinary tribunal's report on the deaths of the detainees at Hola Camp in Kenya. Thus the last two weeks of Parliament's time are to be dominated by debates on the constitutional future, and the recent administrative past, of East and Central Africa. Mr Lennox Boyd is having to run the gauntlet, and Labour is determined that neither he nor the Government is to be allowed to escape unscathed.

At the unnaturally early hour at which *The Economist* has temporarily to go to press, the full political consequences of all this could only be a subject of surmise. But one point is worth making. The time has come when the possibility should be considered of postponing to 1961 or 1962 the promised review of the federation's constitution. The atmosphere which was being engendered this week hardly seemed conducive to cool thinking about the alternatives for Central Africa's future — which range from federal independence on the present basis, to a much looser form of confederation, or even complete dissolution of the federal bond.

Section 99 of the federal constitution (embodied in an Order in Council in 1953) requires merely that a review shall be made in not less than seven nor more than nine years from its initiation. If the basic issues are now to be clouded by recrimination over Nyasaland, and if an extra two years could be used to enable Mr Lennox Boyd (or any other Colonial Secretary, Labour or Conservative) to provide Nyasaland and Northern Rhodesia with more advanced constitutions, postponement would be worthwhile. Whenever the conference takes place, the most important things are that all the facts, as well as representatives of all communities in Central Africa, should come to the conference table; and that politicians in Britain should face the talks in a spirit as near as possible to bipartisanship and as far removed as can be contrived from this week's excited ructions.

RUSSIA AND POLAND

Gomulka's Not for Burning

IN October 1956 Mr Khrushchev travelled to Poland at the head of an impressive Soviet delegation to bully the Poles into obedience and to prevent the return to power of Mr Gomulka, the heretic. Last week, as soon as he arrived at Warsaw airport, Mr Khrushchev had words only of praise for the Polish people and Mr Gomulka, their leader. In 1956 the tension was such that an explosion on the Hungarian model was only just avoided. Now Mr Khrushchev has been able to travel throughout the country speaking at random at numerous meetings. Obviously, not all his words pleased his audience. Any defence of the Nazi-Soviet pact, for instance, can hardly go down well among Poles. But when Mr Khrushchev proclaimed at a mass meeting at Szczecin (better known under its German name of Stettin) that the Soviet Union "would not hesitate to fight for the Oder-Neisse frontier" the applause was genuine and spontaneous.

Mr Khrushchev has learnt the lesson that Stalin's rule of complete conformism is not the most suitable for running the Soviet block. Within limits, the Polish leaders have been allowed quite a degree of independent action. Personal freedom of speech is not the only feature distinguishing Poland from other countries in the communist world. Thus, last week, the Polish party's central committee discussed agriculture in terms that were more reminiscent of Jugoslav than of Soviet ventures. Small farmers, it was argued, cannot afford the burden of investment in building and equipment needed to increase production. Instead, they should be encouraged, by subsidies and tax-reliefs, to join "peasant circles", a form of co-operation for the common use of equipment. This is a long way from collectivisation, but the Russians have not attacked the heresy. They have promised to supply machinery.

The concessions are mutual. In exchange for a degree of independence and better economic terms, the Polish leaders have proclaimed unequivocally that they belong to the communist block led by the Soviet Union. Both Mr Khrushchev and Mr Gomulka are probably pleased with the bargain. It is one that is certainly a disappointment to those whose hopes about Poland soared high in 1956. Yet Mr Khrushchev's trip is also a reminder of how much things have changed in Stalin's former empire.

PRINTING DISPUTE

Breaking the Deadlock

THE agreement to set up six productivity committees, reached last week between the printing unions and employers meeting under the wily chairmanship of Lord Birkett, seemed as if it might mark the beginning of the end of the printing dispute. For a month or more the two sides had indulged, both verbally and through the letter columns of the press, in a lively battle of words. But after the first three-hour session of joint talks at the Ministry of Labour, both sides agreed that "they were getting to grips with some of the problems". After another 6½ hours of talks, a united appeal was made to the respective ranks and files to avoid aggressive action; and, with the setting up of the six committees at the third meeting, "a real measure of progress" was reported.

By then the bargaining position seemed tolerably clear. The unions, having won their point about not going to arbitration (Lord Birkett's job is to act as a catalyst, not a judge), had had to concede the employers' point that talks about productivity should precede those on wages and hours. The latter remained in contention. Some compromise had to be sought between the employers' earlier offer of the equivalent of a 5½ per cent increase (made up of a 2½ per cent wage increase and a small reduction in hours) and the unions' new real objective of the equivalent of a 10 per cent increase. A figure of 7½ per cent had inevitably been mentioned. The first step might be a guarded agreement by the unions that there is scope for higher productivity. The employers might reply that this higher productivity could enable higher wages to be paid; with Lord Birkett's help a *quid pro quo* might follow. But the question to ask then would be how far the longer term problems of actually raising productivity and standards of management, and of preventing three-yearly wars of attrition in the industry, had really been touched.

IRAQ

The General Promises

GENERAL Qasim, apparently unshaken by the unexplained collapse of discipline at Kirkuk during the anniversary celebrations of the revolution, continues to be both Nasser and Naguib to the Iraqi people. As Nasser, he rules the country, rewards the armed forces generously for the power he owes to them, and keeps in confusion those forces he believes to be hostile to himself. As Naguib, he gives the impression that he is happier in the role of a popular, baby-kissing political candidate than in that of a stern dictator.

Having spent weeks saying that Iraq was not ready for the resumption of party political activities, the general calmly announced that they would begin again

within six months from July 14th, the first anniversary of the revolution. He promised that a permanent constitution would be presented to the people for approval, and expressed his hope that by next July a national assembly would be established through free elections. Pre-revolutionary Iraqi political parties were not of great importance, and freedom of elections was notoriously limited. After the revolution the surviving parties were ostensibly merged into a national union that was neither national nor united. Only the communists had the organisation and discipline to exploit the situation, and their easy success in penetrating the government at nearly all levels set off alarms all around the country's borders. Last week's fighting at Kirkuk may have been less their doing than the expression of local hatreds, namely between Kurds and Turkmen.

Foremost among the communists' demands have been those for participation in General Qasim's cabinet and for the lifting of the ban on party activities. They did not succeed in placing any of their leaders in the cabinet, but they may hold it a greater victory to be able to operate openly as a political party. The general's resistance to communist clamour has recently gained him, outside Iraq, a measure of respectability he has not enjoyed since the earliest days of his revolution; but the claim that he is an obstacle to communism has been largely based on what he has not done. Now he proposes to do something. It is what the communists ordered; but presumably the non-communist politicians who are not dead, gaoled or in exile are to have an equal chance to fight for a share of power. If there ever is a free election campaign, General Qasim may have to reveal what nobody knows about him today: where he stands.

CYPRUS

Archbishop and General

GENERAL Grivas, according to himself, has gone to a remote part of the Peloponnese in order to write his memoirs. How much better if he really would. Instead, he has been making rebarbative statements about the Greek political scene which seem to confirm that he intends to make a bid for power in Athens. If he does, he may well at first attract to himself many of the disgruntled have-nots of Greek politics, but it is doubtful whether in the long run he will prove any more successful at turning the military prestige he won in Cyprus into political capital in Athens, than he was after the war when he tried to exploit his resistance record in the same way.

Of more immediate concern are his attempts to interfere in Cypriot politics. Although Archbishop Makarios has been coming under increasingly bitter attack from the general's supporters in the island, he has done his best to gloss over his difficulties with Grivas. Last week, however, six former Eoka leaders, two of them ministers in the archbishop's cabinet, found it necessary to fly to Greece in an attempt to mend matters between the archbishop and the general. Grivas has apparently complained that he is not being sufficiently consulted in the negotiation of the settlement for Cyprus, and that the archbishop is being too accommodating to the Turks and the British. Basically the trouble is that Archbishop Makarios genuinely wants to make a success of the agreements which he signed in London; but Grivas would not, it seems, mind torpedoing them.

General Grivas may genuinely see the London settlement as a sell-out of Greek-Cypriot interests. He may also calculate that continuing championship of Greek-Cypriot rights will further his political ambitions in Athens. Whatever the truth of his calculation, it could have tragic consequences for Cyprus. Archbishop Makarios is making a statesmanlike effort to carry the former Eoka leaders along with him in support of the London settlement; indeed, he has been criticised for including too many of them in his cabinet. If Grivas goes on sniping at the archbishop, these men will be faced with an impossible conflict of loyalties. The archbishop would most probably weather an open split with Grivas's supporters, but only the extreme Left would benefit.

SPANISH ECONOMY

Opening the Door

THE long awaited rescue operation for the Spanish peseta was announced last week-end, as a prelude to Spain's full entry into the Organisation for European Economic Cooperation on Monday. The peseta has been devalued; the par value is changed from 42 to 60 to the dollar, giving a rate of 168 (compared with 118) to the pound. These rates are close to those that have lately prevailed in free markets, including the London market in peseta notes that was available for tourists. The devaluation is flanked, as expected, by substantial foreign credits. These may total the equivalent of £142 million, or nearly $400 million. The International Monetary Fund, which Spain joined last year, is providing £27 million, and contributions are also being made by the United States government, New York commercial banks, and the OEEC.

Spain's move into OEEC is obviously welcome on economic grounds. More than two decades of economic isolation have left something like economic petrifaction in some sectors of the economy. Some still follow a mediaeval pattern. Even the new industries are gripped by the paralysing fiscal and legislative arrangements of General Franco's corporative state. Inflation has been persistent. The fresh wind of competition from abroad will not solve Spain's economic problems, but it will clean out some cobwebs, political and social, as well as economic. The tourists who have been coming to Spain in the last few years have caused a lot of new questions to be asked. More foreign trade is bound to push the process further.

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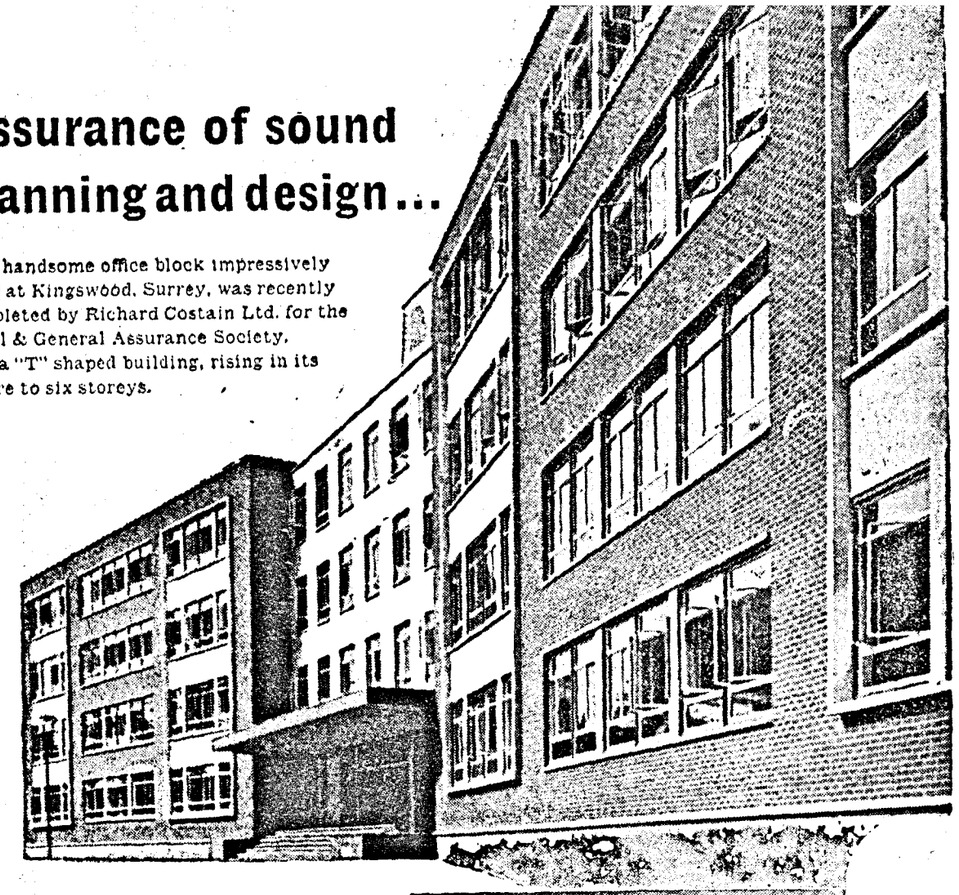

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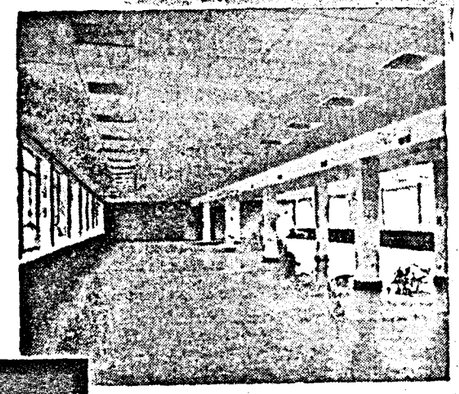

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PARLIAMENTARY PROCEDURE

Debatable Questions

MUCH of the time in the debate in the House of Commons about its own procedure last week was taken up by Labour backbenchers picking over each other's peccadilloes. Ordinary backbenchers made cracks about defeated or sacked ministers who used their privy councillorships to monopolise debates; privy councillors hit back at backbenchers who make one-day forays to the front benches and then return to the obscurity whence they come; and both took it out of shadow ministers who barge in too often with supplementary questions. The delicious part of these spiteful exercises, from the point of view of the regular onlooker, was that, although no names were used, everyone knew exactly who was meant.

But the uneasiness underlying the whole discussion was reflected in the touching solicitude which member after member showed for the well-being of those parliamentary press correspondents who have found themselves increasingly unable to stifle their yawns. It may be, as Mr Gaitskell once pointed out, that politicians do not exist primarily for the entertainment of journalists. But if MPs continue to bore one another to the extent that they have recently contrived to do, the press gallery, which is the most sensitive conducting rod between the elected and the electors, will go on conducting this infectious boredom to the public. This is not a case for the greater staging of sham fights, but for the restoration of genuine debate.

Debate ought either to sharpen and clarify the choices that will later have to be made between the parties by the voter — this is the main merit which the disciplined two-party system is supposed to possess — or at the very least it should identify and define issues that require further discussion. The first purpose is often defeated by the very party system it is supposed to serve; the great issues of principle, concerning for example nuclear disarmament, occur within one party rather than between the two, and the true confrontation of argument is transferred from the open debating chamber to the closed committee meeting. The second is frustrated by that dismally overworked formula with which nearly every MP starts his speech : "I know the hon. gentleman will forgive me if I do not follow his line of argument."

Parochialism at Westminster

MR BUTLER ought not to be allowed to get away with the fantastically superficial manner in which he dismissed the suggestion made by a minority of the Select Committee on procedure for an experiment with specialised committees. Having got off on the wrong foot by assuming that the Select Committee had recommended the experiment, whereas its majority had rather decisively rejected it, the Home Secretary propounded the strange view, without any supporting evidence, that it was impossible to adapt a single feature of another legislative system without assimilating all of them.

The American analogy was a red herring of Mr Butler's own devising. No one had proposed that the specialised committee on colonies should handle legislation. The Select Committee's minority had even refrained (which was rather a pity) from suggesting that it should conduct investigations, with access to officials and official papers. Certainly, within the framework of British party discipline a committee chairman would never possess the practically autonomous political power which he does in the United States. So it is hard to understand why Mr Butler should imagine that a specialised committee would usurp the prerogatives of the executive. What it would do would be to increase the understanding of backbenchers and make their criticisms more sustained, more consecutive and better informed.

If Mr Butler was misleading in his references to the United States, his parochial slip was showing even more prominently when Mr Bellenger promptly pointed out that specialised committees and ministerial responsibility had been found perfectly compatible on the European continent. Claiming precocious academic achievement in the field of French constitutional history, the Home Secretary stooped to the slickest and hoariest argument in British controversial practice : all French experience can be ignored, because look what has happened to France. A few weeks ago the Atlantic Congress was casting round for something useful to do to emphasise the non-military aspects of Nato. It might care to consider a suggestion for the establishment of elementary classes in comparative institutions for Nato politicians.

FRANCE

Diplomatic Troubles

GENERAL de Gaulle is running into serious trouble in Africa. The split with Ghana now seems complete. The news of Dr Nkrumah's recognition of the Algerian rebel government was badly received in Paris, and the French ambassador is not returning to Accra. The general seems to have believed that by presenting his atom bomb as a French Community enterprise he could ignore all independent African criticism. This has turned out to be pure self-deception. Liberia has joined Ghana's protest against the Sahara tests, and a Nigerian complaint, transmitted through London, has also been presented, although its effect seems to have been purposely blurred by Mr Macmillan's conciliatory remarks in the Commons last week. Perhaps the west African states are in no more danger from fall-out than the populations of Nevada and New Mexico have been up to now, but General de Gaulle has shown

himself surprisingly contemptuous of African sensibilities.

The political price may be a steep one. The leaders of Liberia, Ghana and Guinea met last week at Sanniquelle, in Liberia, where Dr Nkrumah had an immediate opportunity to expound his latest action on Algeria. Another chance will come when all the independent African states meet at Monrovia on August 4th. A group of 25 Afro-Asian countries have already put in their regular bid to have Algeria on the agenda for the next session of the UN General Assembly in September. Although General de Gaulle could never have expected to influence this block, the spectacle of independent Africa aroused over both Algeria and the French bomb may have a direct bearing on the United States vote, which the general wants to recover this year.

Even at Geneva, France has been the object of fresh suspicions. Despite Herr von Brentano's denials, the west Germans seem to have sensed a potential rift in the Paris-Bonn axis. The possibility that France may not always be a reliable spokesman for Dr Adenauer's cause is thought to have been partly responsible for Bonn's proposal to have east and west German advisers admitted to any four-power commission on reunification. Beside these troubles, the private chat between General de Gaulle and the Soviet ambassador, Mr Vinogradov, at the July 14th parade in Paris, from which both emerged in evident good humour, may not count for much. But at least Moscow has not yet recognised the Algerian rebels.

TRADE UNIONS

Shaky Alliance

In the past fortnight Mr Foulkes, the president of the Confederation of Shipbuilding and Engineering Unions, has been trying to put some teeth into his embryo alliance of engineers, mineworkers and railwaymen. Backed probably by Mr Paynter, the communist leader of the National Union of Mineworkers, he has been holding meetings with the electricity workers to try to hammer out a common policy in presenting this year's claims for higher wages and a shorter working week. So far, he has not had much success. The electricity workers, instead of supporting the confederation in its double claim, have asked only for a 40 hour week (along with previous demands for longer paid holidays and an improved sick pay scheme); while the immediate support of the railwaymen and miners, who have enough troubles of their own from the recession, seems more unlikely still. There has not been any tradition of close working between the three groups of unions since the collapse of the ill-fated Triple Alliance of the 1920's.

Nevertheless, a loose bargaining alliance between the unions certainly would make tactical sense. Since the TUC has tended to avoid arranging this, it is not surprising to find the confederation taking a lead. The advantage of an alliance springs inevitably from the fact that it is now better to win an award in a prosperous industry and spread it through arbitration than it is to launch an all-out attack on whatever group of employers happens to be nearest to some militant union's hand. Since union strength tends to be concentrated in the oldest and least prosperous industries, where inability to pay is becoming a powerful counter-argument to a claim, a careful plan is needed if another tactical error like the London bus strike is to be avoided. Most of the orthodox union proponents of the new alliance view its functions in this moderate light, even though some of its communist sponsors might dearly like to elevate it into a full-scale working class challenge to the state.

JAPAN

A Place in the Sun ?

The widespread impression that the Japanese prime minister came to London with nothing to offer and left empty-handed may, in the long run, prove misleading. Mr Kishi is a man of broad ideas; and while some of them are evidently based on Japanese self-interest, it is more to the point that the self-interest is enlightened. His visit was perhaps too short to produce any really concrete results, but if it proves to have helped to disperse the cloud of outdated notions that obscures the Japan of 1959, it will still have been worth while. His conversation with Mr Amory and Sir David Eccles revolved around Britain's claim for £1 million for losses arising from Japanese aggression against China in the nineteen-thirties, and Japan's reiterated request that Britain should accord it most favoured nation treatment under the General Agreement on Tariffs and Trade. With Mr Macmillan, Mr Kishi discussed one of his pet schemes for economic aid to the underdeveloped countries.

A world obsessed by much-publicised economic growth in Russia and China has tended to overlook the fact that Japan has made comparable progress since 1945, without communism. Even more than before the war, Japan is today the industrial giant of Asia. Obliged, even more than Britain, to export or die, it now offers manufactures of improved quality, most of them no longer produced by sweated labour.

Last year Mr Kishi's attempt to boost trade with mainland China while still giving diplomatic recognition to the Nationalist government in Formosa broke down when Peking unilaterally denounced all trade agreements with Japan. With the China market closed, politics and commonsense alike dictate that Japanese industry should find outlets in south-east Asia. Bitter memories of the wartime "greater east Asia co-prosperity sphere" have long frustrated this aim. More

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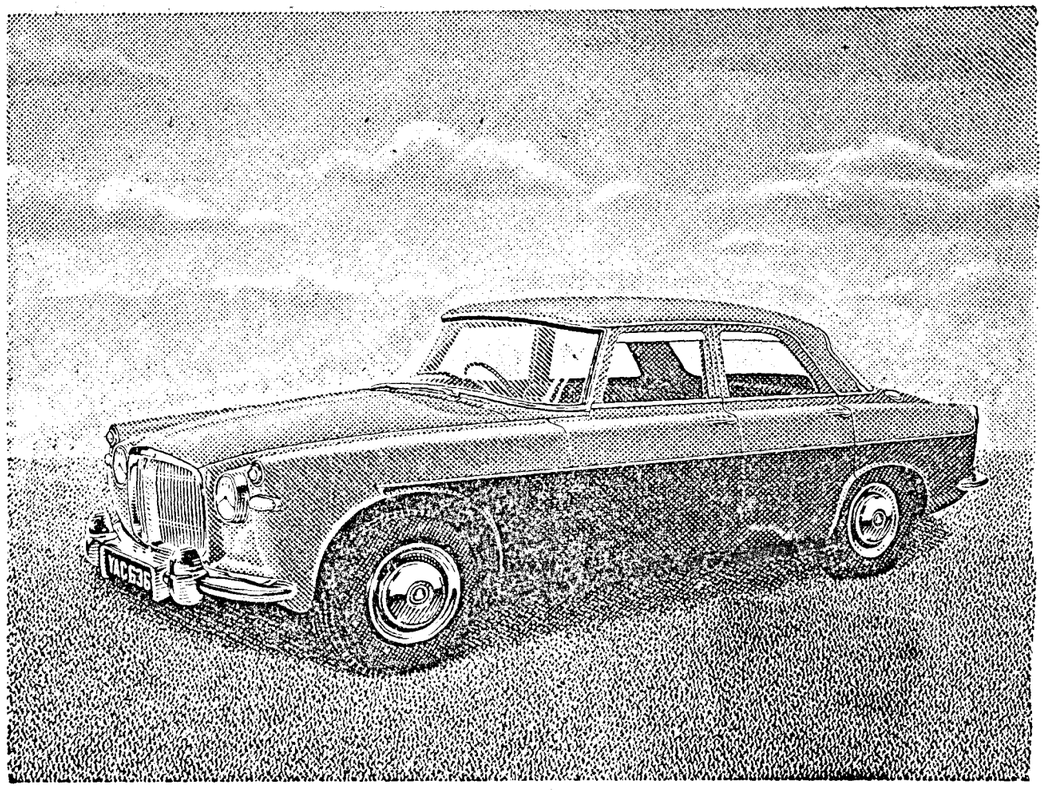

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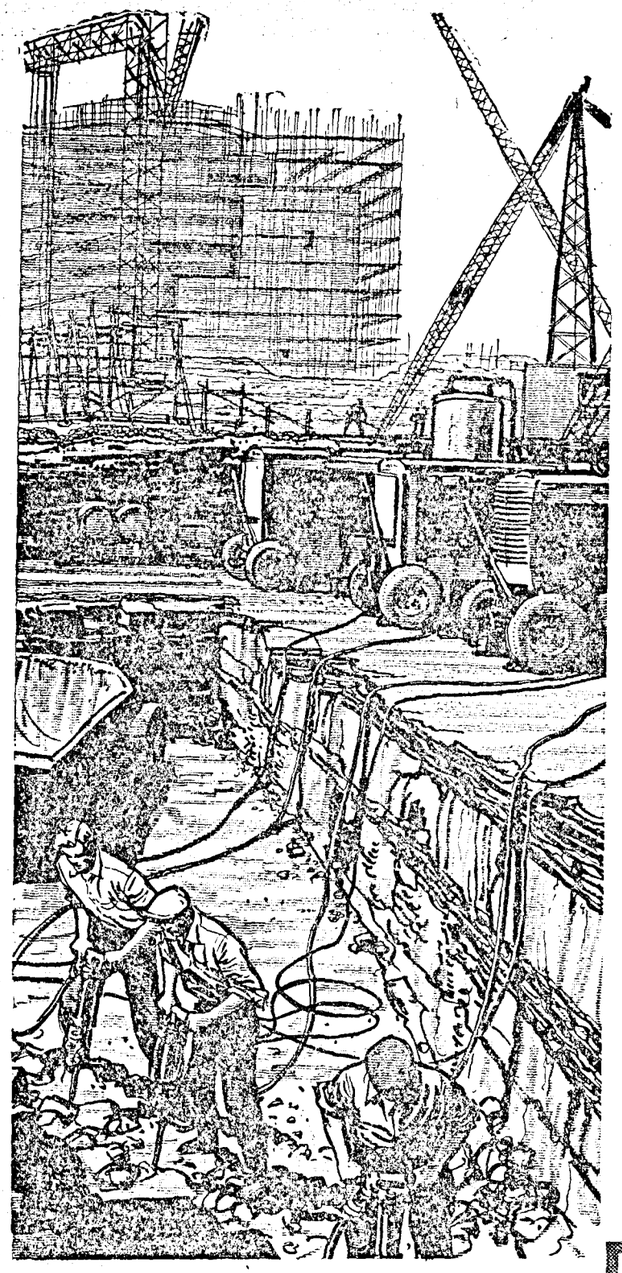

Taylor Woodrow chose Holman

Reliability pays at Hinkley Point

The world's largest atomic power station, with a capacity of half a million kilowatts, is taking shape at Hinkley Point, Somerset. The contract, for the Central Electricity Generating Board, is being carried out by the English Electric, Babcock & Wilcox and Taylor Woodrow Atomic Power Construction Co. Limited.

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recently, however, a series of reparations agreements, of which the latest is with south Vietnam, have opened the way.

Another Prosperity Sphere for South-East Asia

MR Kishi's own original plan was to harness Japan's skills and production to American dollars, to supply the demands of the underdeveloped countries of south-east Asia. After this was cold-shouldered in Washington, he began to think in even wider terms of Japanese help for underdeveloped countries in Africa and the Middle East, as well as in Asia, with a second international bank providing the money.

The idea certainly has interesting features. Trade between Asian countries is tending to grow more rapidly than their trade with the developed West, and this tendency is likely to continue. In these circumstances there is much to be said for the idea that these countries might make an effort to reduce trade barriers on a regional basis. They would hardly be prepared to plunge, at this stage, into anything like a free trade area; but there might well be scope for an effort to get rid of quotas, on the lines of the liberalisation programme applied in the Organisation for European Economic Cooperation.

Such a programme is not likely to get far unless there is a sanction behind it. If a regional organisation had a development bank at its centre, it might enjoy an impetus comparable in kind to that which Marshall aid gave OEEC. Such an organisation could only be a success if Japan was merely one of several equal partners in it. Like west Germany in Europe, Japan has a great contribution to make to a collective effort; but that contribution will be acceptable to its neighbours only if it is clear that Japan is not going to run the show. A regional development bank would, therefore, have to draw substantial contributions from other countries in the area, and perhaps from Europe and the United States.

The Economist

JULY 23, 1859

FOREIGN ENGAGEMENTS.

IF England ever received a distinct and solemn lesson on the infinite evil which is involved in time-serving and makeshift diplomatic arrangements, that lesson has been given her by her share in the treaty of Vienna. Ever since 1815 she has been fettered by the engagements, and her name tarnished by the unobserved engagements, of that treaty. She has seen Austria absorb Cracow without resistance, — she has herself broken through, and righteously broken through, the treaty to establish the independence of Belgium, — and she has never ceased to feel the disgrace of being committed to the Austrian occupation of Venice and Lombardy. Her diplomatists have been hampered and tortured by provisions to which the faith of their country was committed, and which yet they knew to be at once iniquitous and fatal to an enduring peace. England has justly lost position by being a party to a treaty on the observance of which she was not prepared to insist; and still more by being a party to a treaty many of the provisions of which the English people professedly regarded with dislike and abhorrence. The late Government were, in great measure, perhaps mainly, ejected from power because they wished well to the Austrian power in the North of Italy, and might possibly have assisted to strengthen or re-establish it. Yet to the treaty which gave Austria that power England was a principal party, and English faith was pledged to its observance. No position could be more humiliating, and never did we need more than we do at present to read the lesson which it teaches — to give the sanction of the English name most charily to foreign engagements, and only in cases where we are fully prepared to support to the uttermost the principle we have thus sanctioned.

SCHOOLS TELEVISION

More Telly in Class

THE BBC has announced that its experimental schools television service is to be made permanent, and the number of series is to be increased from five to ten a week in September 1960. The Schools Broadcasting Council, which is an independent watchdog, has received a favourable report on schools television from its senior education officer. Some 780 schools (about 2 per cent of all state schools) now have TV sets and use the service, the majority of them being secondary modern schools. They have found that television can be a most useful additional tool in the hands of the schoolmaster, but only, of course, if he is prepared to adjust his own course to the television demonstrations of the subject: television cannot replace the teacher, and it can tempt the lazy teacher to be lazier still.

The BBC is parading the fact that it has successfully laid on the first nationwide educational television service, as compared with the much spottier efforts of American commercial television, and with the more limited contribution of Associated Rediffusion in this country. This is fair comment, but the argument should not be pushed too far as a presumed demonstration in support of the BBC's present charter and privileges as a licence-supported service. There is more than one perfectly good way of ensuring that the schools get a television service even in a competitive commercial set-up. Had the BBC not provided this service, there would indeed have been grounds for criticism. How far central control of educational television (which indulges in rather a lot of general civics) is satisfactory will no doubt have to be watched.

BOOKS

Labour and the Colonies

New Fabian Colonial Essays.
Edited by Arthur Creech Jones.
Hogarth Press. 272 pages. 25s.

British Policy in Changing Africa.
By Andrew Cohen.
Routledge. 128 pages. 12s.

BOTH in office and opposition the British Labour party has played a leading role in the colonies. In the years of power, 1945-51, it took the decisive steps: it gave independence to India, and in Africa it set the colonies on the road to independence *via* one-man-one-vote democracy. It is regarded by Africans as the party that will, when next in office, finish the half-completed job; and for the same reason it is regarded by the white settlers in East and Central Africa (not to mention South Africa, the Congo and Algeria) as the cause of all the trouble.

Such simplified images are never true; colonial policy is at least 80 per cent bipartisan because, to give one good reason, it is to a great extent determined by world events. It would do white settlers a lot of good if they would sit down patiently (very patiently) and read this useful collection of Fabian essays and discover how much more complex are the springs of Labour action and motive; and how many doubts thoughtful Labour people (the kind that influence action when the time comes) still harbour. This is a book full of leftist guilt: guilt about the wickedness of imperialism; guilt about the fact that good was found to be inextricably intertwined with that evil; guilt about the prospect that, for the masses, independence may bring not liberation but a new enslavement to the privileged intellectuals, the people with whom Labour supporters hobnobbed as students in the days when all, black, white and brindled, were members of the oppressed proletariat of the world.

The big gap in these essays, indeed, is any attempt to probe the experience of Ghana since 1957; and it is this which makes it so easy for white Rhodesians to make the jibe that Labour intellectuals choose with care the parts of Africa they get indignant about. But most of the contributors to this book seem to have written with uneasy feelings about Ghana. Dr Rita Hinden ends her introductory essay with the words: "What British socialists are now learning is that an evil is not undone simply by withdrawing from the scene of the crime; there is still a debt to history waiting to be discharged."

But how does one pay a debt to history incurred by making treaties of protection with primitive chiefs in 1880, and by all that followed therefrom? The socialist answer has, it seems, little or nothing to do with politics. Mrs Nicholson, for example, writes most interestingly on the problems of racial and religious minorities, but she advances no theory about how they can be safeguarded; she merely proposes that wider vistas shall somehow be opened up. Independence is right for any country except one that would then be dominated by a white minority. Labour's true solution is to be economic; if standards of living are somehow raised all will be well, and the Fabians repose great hopes in schemes for pouring cooling libations of international capital on the troubled colonial scene. Dr Balogh is quite straightforward: by a rigid system of economic and monetary controls, aimed at turning the sterling area into a controlled, planned economic unit, he would divert the earnings of British working men firmly into the capital development of the territories they have so long exploited by proxy; he has it all worked out technically. Unfortunately, he fails to reassure us that British trade unionists will concur in these plans. Mr Arthur Gaitskell's more cautious exploration of means of developing colonial economies from the ground up is certainly more realistic, informed as it is by his administrative and business experience.

The Fabians like Mr Gaitskell and Mr Creech Jones who have had practical dealings with Africa show up to advantage in this collection. Sir Andrew Cohen's study falls into the same category, and (though perhaps he cannot be called a Fabian) might well have helped to illuminate the Fabian theorisings. His book throws no light on the controversial aspects of his governorship of Uganda, inevitably since he is still a civil servant; but Sir Andrew's socialist predilections have never been successfully hidden, and his book is very much a study of how a progressively minded administrator deals with problems of Africa along the lines which Fabian writers so authoritatively lay down from London. The result is a very good if sometimes wry book, and one that perhaps only those who have served in Africa will fully appreciate (or, here and there, understandingly disagree with). The author was lecturing to Americans; but these are also lectures for Fabians. Dr Balogh should read Sir Andrew.

Man-Agenda

The Landmarks of Tomorrow
By Peter F. Drucker.
Heinemann. 208 pages. 21s.

MR DRUCKER is well known for his studies of big business and of the requirements of modern business management. He has had the valuable experience of being reared and educated in Central Europe between the wars, of working a short time in England, and then of settling in the United States a generation ago and becoming American. In this, the most intellectually ambitious of his many books, he tries to compass the outlook on the world now and in the future that an accelerating technology will demand. Unhappily the high cost of Mr Drucker's transatlanticification is his becoming "so soundly bethump'd with words" that his meaning often escapes Europeans. So much of contemporary American sociological gobbledybook has spun a cocoon round his ideas that words seem to be substituted for thought, rather than to be used for its conveyance.

The book is uneven. Parts are excellent, especially those analysing and describing our plight in the West as victims of the effects of our technology. Also good are the examinations of industrial man in his urban settings, and of the durability of big business. Mr Drucker points out that "of the hundred largest manufacturing companies in the United States thirty years ago, more than half have disappeared from the list today" (though the Great Depression did a lot of that). He rightly emphasises the revolution in organisation and methods, in administration, and in the chain of command in business as in all other social groupings for specific purposes (for instance, churches). He sees the identity of problems in such groupings on both sides of the Iron Curtain — and it is remarkable how many scientists, economists, editors and politicians in the West still fail to see that. But the book ends in what Mr Ernest Bevin, describing a colleague's speech, once epitomised as "clitch, clitch, clitch". "We live in an exciting age of transition" *et*

cetera. At least one reader was delighted by the misprint on page 135 which mentioned "Egypt's Aswan Damn" — doubtless the biggest in the world. If only Mr Drucker had stayed within his expertness, and written simply (as he can), not even a compositor — let alone a proof reader — would have been pushed into such a revealing slip.

Good-bye to Steamers

British Railways Today and Tomorrow
By G. Freeman Allen.
Ian Allan. 194 pages. 25s.

A BOOK outlining the future of railed traction in this country can be considered timely, and anyone interested in the future of British railways, and in the modernisation programme, will find this book well worth reading, though an elementary knowledge of railways is essential to a full understanding of it. The author might well have been forgiven some bias in view of his connection with the railway press (he is editor of a monthly railway magazine) but he has managed to sidestep pitfalls and has presented his subject readably and fairly. The only fault is a rather annoying repetition of certain conclusions, as though the author were drumming facts into a class of schoolboys more interested in other things.

It is the railways' "tomorrow" with which the book deals in the main. It gives all the pros and cons on the question of motive power — steam, diesel or electric — but much of the material on steam is already outdated and can only serve to highlight achievements with a form of power which the author freely admits could never be considered efficient in the same way as electricity, for instance. After stating the reasons for the apparently unnecessary expenditure of high sums of money on diesels — at best a stopgap until electrification can be completed — the author goes on to deal with the various aspects of electrification, examining in some detail the different systems in use. He points out that no matter what the form of traction is, the railways must look to the service of their customer if they are to hold the travelling public. If British railways have not yet had to contend to any degree with the competition from the air that the American railways are experiencing, they may well have to later, when the helicopter gets into its stride. Nevertheless, this book is far from gloomy in its assessment of the railways' "tomorrow".

LETTERS

Parking Discs

SIR — Sir Thomas Hutton in your issue of 13th June made a good case for the use of parking discs in central areas. There are a number of other factors that make desirable an experiment in this method of control of kerbside parking.

The first is the flexibility that can be introduced so that such control schemes can be tailored to the particular requirements of the district. This is unfortunately impossible with parking meters. Moreover parking meter installations by themselves do nothing to solve parking problems. In fact they aggravate conditions in surrounding areas. We must either face the fact in London that every residential and commercial road, street and square from Bayswater to Stepney and from St Johns Wood to Lambeth will have its parking meters, or look for some other and less intrusive form of control of kerb-space in those fringe areas where a turnover of car parkers is not so desirable as it is, for instance, in streets adjacent to a popular shopping centre.

Secondly, and most important, the existence of a parking meter or parking disc method of control over a wide area begins to make practicable the provision of off-street parking facilities for the longer term car parker. The present economics of parking garages scarcely encourage developers to build them. But the picture is quite different if kerbside parking is controlled. For the reasons that Sir Thomas has stated so well, the disc system is the more attractive method in many parts of central areas.

Last year the British Road Federation produced its experimental parking town report based upon these principles and linked to a close assessment of the business, shopping and recreational needs of motorists driving into Kingston-upon-Thames. In the 11 months that have elapsed since the publication of the report, support for its principles has come from the Minister of Transport and, more recently, from the Home Secretary. Moreover the council of the royal borough is considering whether the suggestions made will make it possible for it to become the country's "experimental parking town".

It is to be hoped that such an experiment will be conducted and the lessons learned applied elsewhere. If, as we believe, the system works well, it would certainly not be too late for it to be applied in London.
— Yours faithfully,

C. D. MORGAN
British Road Federation, W.1.

Air Navigation

SIR — In your article "Air Ticket to Moscow" in *The Economist* of June 5th you finished with a statement on navigational aids which we find somewhat difficult to follow. You said: "It seems unlikely on these figures that Moscow Airport and its surroundings are busy enough to justify installing navigation equipment as elaborate as the Decca System, that is designed specifically for areas so crowded that aircraft are flying almost wing-tip to wing-tip. The fairly elementary landing aids ordered from Pye by the Russians two weeks ago seem much more in keeping with the actual traffic requirements." We believe this statement is possibly more than fair to us but certainly much less than fair to the Russians.

We do not claim, nor does anyone else in the navigational aid field for that matter, to provide facilities which will enable aircraft to fly "wing-tip to wing-tip". Indeed, we sincerely trust that the practice of flying in that hazardous relationship will be confined (for many years to come) to trained formation pilots at Farnborough.

There are several major reasons for the Russian interest in Decca. We suggest the following: (1) Its accuracy and flexibility are such as to make it pre-eminently suitable for the control and economic operation of jet and other aircraft. (2) Decca coverage, from a given number of stations, embraces a much greater area than do competitive systems. This coverage is, moreover, available from the ground to any altitude and can therefore be employed by a wide variety of users of all types, instead of being restricted solely to fixed-wing aircraft. (3) The Decca system can cater for any increase in air traffic in the foreseeable future and the co-relation of Decca and our long-range aid, Dectra, means that the system can be conveniently expanded to cover the vast distances of Russia. The use of Decca by Russia would enable a complete navigational link-up to be established through to the west.

Yours faithfully,

E. R. BONNER
The Decca Navigator Company
New Malden.

AMERICAN SURVEY

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

Steel's Crusade

WASHINGTON, DC

ANYONE who thinks the steel strike that began on July 15th is "more of the same old thing" is greatly mistaken. The forces involved are admittedly the same as those that have already produced four major strikes in this industry since the war, but the attitudes of the participants, particularly those on the management side, have undergone something like a revolution. Conceivably the outcome could influence labour negotiations not only in the United States but in much of the western world for a number of years to come.

The position of the steel companies, dominated by the views of a new team of managers at the huge United States Steel Corporation, is simply that the health of both the industry and the country requires an absolute halt to increases in wage costs for a while. Nobody believed the companies when they kept saying this, but it turns out that they meant it. A settlement on the basis of an increase of from 6 to 8 cents an hour in wages and other benefits combined is too much for them, even though such an increase could probably be absorbed without raising prices and with profits remaining as good as or better than those of recent years.

Mr Blough, the chairman of US Steel, is known to believe with something like passion that an increase in steel wages would be "inflationary" even if it required no increase in steel prices, on the ground that it would lead to higher wages in other industries where the cost could not be absorbed. He apparently believes that the United States will drift slowly into the oblivion of the Greeks and Romans unless it can disabuse itself of the idea that working men are entitled to a wage increase each and every year.

Mr McDonald, the president of the steel workers' union, has clearly been as surprised as anyone by this attitude. Although he has never said so publicly, it has become evident that he would be willing to settle for a "package" increase of from 8 to 10 cents an hour, which is pitifully small by the standards of earlier postwar settlements; the last one, in 1956, brought upwards of 20 cents an hour for each of three years. To be rebuffed after a show of what he feels is unprecedented moderation is a galling and bewildering experience for Mr McDonald. Now he has a strike which neither he nor his workers wanted; and he must wonder as he goes to sleep at night whether the industry's attitude will ever change, even under pressure of a strike. He is right to wonder. But if the industry stands by its opposition to any net increase at all in costs, Mr McDonald's position becomes quite impossible. It is almost inconceivable that, say, sometime in October he should settle for practically nothing; this would be a setback to his prestige, and to that of all organised labour, of staggering proportions. But in the unique context of this strike, nothing is inconceivable.

AT the last minute the industry offered a small package of improvements in benefits, pensions and the like, in the first year of a two-year contract and a "modest" wage increase in the second, if the union would accept changes in provisions of the present contract which, according to the industry, lead to featherbedding and higher labour costs. This demand for changes has surprised Mr McDonald no less than has the adamant stand of the employers on the whole negotiation. It seems that he has felt more pressure from the rank and file of the union to stand firm on this point than to insist on a liberal package of new gains.

The local branch's very reason for existence is to "protect" the men against elimination of jobs and other efforts to achieve efficiency. The idea of going back on past successes in this field is even more galling than would be that of accepting an embarrassingly small amount of new gains.

But once again Mr Blough and his followers apparently believe that an important principle is at stake. Taking advantage of what they correctly judge to be a swing of public opinion against the unions, they feel, it seems, that they are knights doing battle for the whole future of the American economy in its struggle with the Soviet Union (and with the European steelmakers).

It is quite impossible to say at what point the sheer loss of profits from a prolonged strike would finally induce them to give in. Perhaps never: after all, in a managerial society, even one in which much of the compensation of top executives takes the form of "stock options", there is not quite the same personal interest in profits as there is in a society in which owners and managers are the same people. Mr Blough is being urged by conservative businessmen from all sides to "hold out until Christmas if necessary to win"; if, unlike most captains of industry in the postwar period, he feels that he is fighting for his country as much as for his industry, he may do so.

AMONG the somewhat bewildered spectators of this strange drama are the officials of the government. Although many of the President's associates have felt from the start that the ideal settlement would involve no wage increase and a price cut, they hold that a settlement modest enough not to require a price increase would be highly satisfactory. It would, among other things, set a postwar precedent. They are evidently convinced — without ever saying so publicly up to now — that a rise of 8 to 10 cents an hour would meet that criterion. There are reports, probably reliable, that they, and in particular Vice President Nixon and the Secretary of Labour, Mr Mitchell, have advanced this view to the management side. But this year, unlike 1956, when the Secretary of the Treasury, Mr Humphrey (a steel man himself), was the President's messenger, these pleas, if they have been made, have fallen on deaf ears. Mr Blough is under no legal compulsion to heed the views of the Administration, and he apparently feels that even the Administration does not appreciate the evils of a settlement which would involve the industry in any increase at all in labour costs.

Mr Blough's view is supported by respected observers as well as by the typically militant segment of business opinion which sees trade unions driving the country to perdition. For example, Mr Allan Sproul, the former president of the New York Federal Reserve Bank, has joined the group of "moderate" conservatives who are scornful of the suggestion that last autumn's automobile settlement, for from 10 to 12 cents an hour, was somehow a victory for sanity and a stable price level. There appears to be some genuine and objective agreement with the idea that it is more important to establish the principle that wage increases must not always be taken as a God-given right than merely to set a standard for much less generous wage settlements than have become usual. Thus the extraordinary stand of the steel companies has not, so far, aroused any strong antipathy in a public that is habitually quite pragmatic and prides itself on a sense of fairness.

To the experts in labour negotiations, it seems almost inevitable that a strike must be followed by a settlement more generous than the companies could have had on July 14th. But nothing is inevitable in this situation. Mr Blough feels the wind of public opinion and the tide of patriotism behind him, and he has the indispensable support of a majority of his fellow executives in the steel industry. The spectre of idle plants and vanishing profits may yet sway him. But Mr McDonald more than anyone else wishes that this could be considered certain.

Democrats Begin to Fight

MR BUTLER, the chairman of the Democratic National Committee, who speaks for the party's members and leaders in the important urban states of the North and West, recently opened fire on its conservative southern leaders in Congress, with whom he has long been at odds. In his view, and that of other Democrats disappointed by the achievements of their big congressional majority, too much watering down of legislation, in order to induce the President to swallow it, runs the risk of blurring the issues on which next year's presidential election will turn. At once the supporters of Mr Johnson, the Democratic leader in the Senate, called on Mr Butler to resign, accusing him of splitting the party in the face of the enemy and of scheming to nominate an extreme liberal for the Presidency at the party convention next July. This cross-fire between two centres of power in the party, which is so cheering to the Republicans, is an embarrassment to potential Democratic presidential candidates in the Senate; even Mr Humphrey, whose progressive views, particularly on Negro rights, are close to those of Mr Butler, has been careful not to take sides.

Last week Senator Humphrey became the first Democrat to admit openly that he wants to be President. On the evidence of the Gallup poll he is the least likely to succeed, and even in Minnesota, his own state, local straw votes suggest that he is losing ground to Senator Kennedy of Massachusetts, who is continuing to pull ahead of other contenders. Mr Humphrey will begin campaigning in the Middle West in the autumn and will enter a number of presidential primaries, including that in Wisconsin; this is a piece of good news for Senator Kennedy. These primaries, which are held in some, but not in all, states, give contenders a chance of demonstrating their popularity and the members of the party an opportunity of expressing their preferences.

Senator Kennedy, however, has found one door after another shut in his face by local "favourite sons" who either have presidential ambitions of their own or who wish to lock up the state's votes so that they can dispose of them to the best advantage at the nominating convention. California is out of bounds because Governor Brown is too strong to beat and controls too many delegates to affront. Senator Kennedy will have to brave the displeasure of Governor DiSalle if he runs in the Ohio primary. Senator Proxmire has been willing to oblige the Governor of Wisconsin by standing as a "favourite son" to keep the local party free of national feuds, but only if he is unchallenged. By not beating about the bush, Mr Humphrey has made it virtually certain that Wisconsin will be the scene of a decisive clash next spring, as it has often been before.

Munitions Lobby Up-to-date

IN the middle thirties when the Nye investigation indicted armament manufacturers as "merchants of death", the United States was spending only about $700 million a year, some 10 per cent of its national budget, on defence. Today it is spending $40 billion a year, almost 60 per cent of its total outlays, for this purpose, and with this huge expansion the armaments industry has become respectable. While nearly all defence buying is done not under competitive bidding but by negotiated contract (any excessive profits are recaptured by subsequent renegotiation with the manufacturers) and while government accountants recently discovered evidence that the services have been overcharged on a number of occasions, yet no serious scandal is likely to be revealed by Representative Hébert's current enquiry into the munitions lobby.

So far he is concentrating on the conflict of interest that may arise from the employment by defence contractors of retired military men and he is handling his witnesses with kid gloves. Nothing else would be suitable for Admiral Radford, Generals MacArthur and Ridgway and the many other national heroes among the 768 former officers who are now employed, according to Senator Douglas, by 97 large companies which do substantial defence business. It is alleged that some of these men may have been tempted to ingratiate themselves with potential future employers while still on active service and that now they earn their large salaries by using their influence with their former colleagues to get military contracts for their new firms. Their activities are restricted to some extent by law and by departmental regulations, but it is thought that these may need strengthening. However, these are all men of proved integrity and the services like to deal with people who know their needs from experience. Moreover, the country would undoubtedly suffer if retired officers were no longer allowed to use their knowledge and ability on its behalf and they themselves would suffer if they were no longer allowed to use their training to supplement their retirement pay.

So far Mr Hébert has not gone into the broader pressures about which the President himself complained earlier. He is said to have been particularly incensed at an advertisement put out by the Boeing Airplane Company, at a time when the future of its Bomarc missile was being debated in Congress, to show the large number of towns which benefit economically from the manufacture of this weapon. There are many communities and many companies today which are almost entirely dependent on defence contracts. Naturally, at a time when defence spending is being held severely in check and when its pattern is changing drastically, local and business interests are going to do all they can to induce the service departments, and the Congressmen who provide the money, to concentrate on the particular weapon for which their town or company is responsible. Thus it is probably true, and if true understandable, that competing defence contractors have encouraged inter-service rivalries and that decisions have been based on political as well as on purely military factors.

Lady Chatterley's Licence

LAST month the Postmaster General banned the first unexpurgated American edition of "Lady Chatterley's Lover" from the post on the ground that it is "filthy and obscene", a ban that has made the 30-year old Lawrence novel a best-seller in some cities and paid handsome dividends to the publisher who had the brilliant idea of asking the Post Office for an opinion. The French film version has not been so lucky. The Supreme Court, a more sophisticated audience, decided unanimously early this month that New York State's refusal to grant the film a licence was unconstitutional. Some Justices poured salt in the wound by describing the controversial old war-horse as a pathetic love triangle that would hardly have offended Victorian sensibilities. Even the lower court in New York, which had upheld the ban, did not contend that the film was obscene.

Justices of the Supreme Court cannot afford to spend much time at the cinema and after this decision they may not need to. The majority went on to strike down the parts of the New York censorship law which proscribe films that portray "immoral" acts as acceptable behaviour. In ringing phrases Justice Stewart, who wrote the majority opinion, declared that freedom of speech, which the First Amendment guarantees, is not limited to the advocacy of ideas which are generally accepted; the Constitution also protects the advocacy of unpopular beliefs, in socialism, for example, or adultery or the single tax. Two members of the majority, Justice Douglas and Justice Black, would not even have left standing the prohibition against obscene films; they feel that prosecutions under the laws against pornography are an adequate protection for the public. To some members of Congress, such liberty slides too easily into licence, and Bills are being proposed to restore to the states their power to censor films. Under the past battering from the Supreme Court only four states and a few cities now attempt to do so; these four ill-assorted bed-fellows are Maryland, Virginia, Kansas and New York. Pennsylvania's efforts to write a statute that would be constitutional have just been struck down by its own courts. A federal court has also overturned Chicago's ban on the film "Anatomy of Murder". Such decisions, and the growing maturity of the public's taste, are helping to liberalise, little by little, the rigid censorship which the moving picture industry itself enforces at the source.

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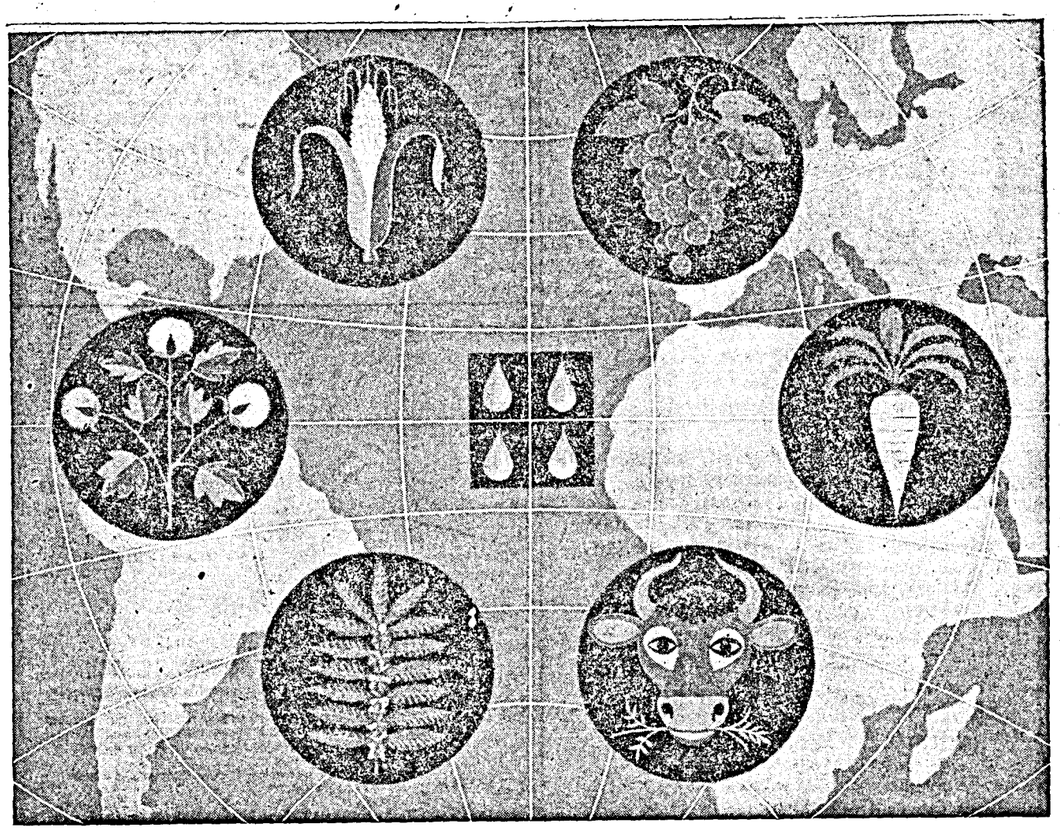

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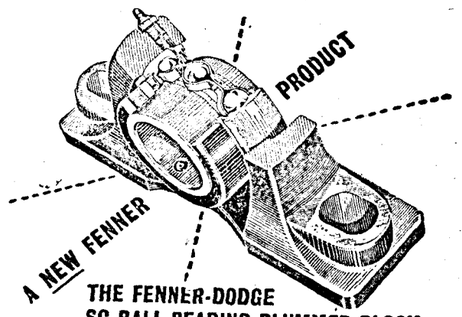

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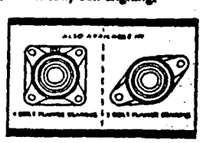

LARGEST MAKERS OF V-BELT DRIVES IN THE COMMONWEALTH

Thaw Toward China

FROM A CORRESPONDENT IN CALIFORNIA

WHEN Mr Clair Engle defeated Senator Knowland in California last November, the main issue in the campaign was whether the powers of trade unions should be limited, but the principal result was to remove the most influential congressional champion of Generalissimo Chiang Kai-shek. In May Senator Engle completed the process by a speech which may mark the beginning of the end for that masterpiece of diplomatic immobility, the policy of the United States toward Communist China. His careful plea for gradual revision went unmentioned in the *New York Times;* he was even relegated to page seven of the *San Francisco Chronicle;* but on the desks of informed people copies of his address were soon in evidence and, significantly, Mr Knowland's newspaper, the *Oakland Tribune*, attacked his successor's "dubious circumlocutions" in its leader columns.

Yet Mr Engle was careful not to leap from one extreme to the other; he did not advocate recognition of Communist China or its admission forthwith to the United Nations. He merely asked that American policy should cease to be completely negative, and begin to seek ways of making contact with the government of the Chinese mainland in hopes of preventing "the total marriage of China and the Soviet Union... on the basis of Chinese necessity". He saw no easy path to friendship with China. But a less forbidding American posture "would wear off the sharp edges. It would reduce our differences, ruling out the specious, artificial, unrealistic images which many Americans hold of China and which the Chinese now hold of the United States."

Mr Engle's is not the first such voice from the West Coast. His colleague from the State of Washington, Senator Magnuson, has long advocated dropping the present total embargo on American trade with the Chinese mainland. All five members of the House of Representatives from Oregon are on record in favour of trade with China; the irrepressible Senator Morse, also of Oregon, was one of the half dozen colleagues who rose to congratulate Mr Engle on his address in the Senate. The San Francisco Chamber of Commerce has passed no formal resolution on the matter but, through its World Trade Department, it has taken an active part in bringing what has been described as "subtle pressure" to bear on Washington to explore the possibilities of trade and of opening channels of information to the Chinese mainland. The *Pacific Shipper*, a trade publication, has campaigned for several years on the issue, its initial interest having been sharpened by the discovery that the United States government itself seemed to know very little about developments in China, and was unwilling to divulge what it did know.

Public opinion polls conducted a year ago by the *Portland Oregonian* and the *San Francisco Chronicle* showed a surprising amount of discontent with the present policy on China, even after allowances were made for their unscientific sampling methods. Only 2 per cent of those who replied to the *Chronicle* favoured retention of the present embargo. Such sentiments are no doubt strengthened by news stories of the embargo's ineffectiveness; a recent account on the front-page of a local newspaper quoted the Assistant Collector of Customs in San Francisco as admitting the difficulty of detecting falsifications under "country of origin" on customs declarations.

The obvious interest of the West Coast is economic. In the Northwest particularly, pre-war Chinese purchases of American lumber and flour are remembered. Mr Harry Bridges's International Longshoremen's and Warehousemen's Union is perhaps the loudest voice demanding a resumption of trade; bulk cargoes such as lumber or grain require much manpower, and would help to offset increasing mechanisation on the docks. Yet neither the ILWU, the businessmen, nor experienced observers expect any very dramatic gains to accrue in the short run from a change of policy. Between 1935 and 1941, China's share of United States imports never reached 2 per cent; exports to China ranged between 2.1 and 3.4 per cent of the United States total. Japan and the Philippines did more trade than did China with West Coast ports.

Recently Representative Charles Porter, a Democrat from Oregon, called for an economic fact-finding mission to China and tried hard to draw up an appetising list of things which the United States might import, but he had to admit that in most cases the pickings were unlikely to be great. Merely to mention such things as "edible apricot kernels" is to suggest limited possibilities. Several of the mainstays of prewar Chinese trade would probably not return to prominence; shortage and embargo have produced their usual results, the discovery of substitutes and the development of domestic output. Hog bristles have yielded very largely to synthetics; tung oil is now produced in the southern United States. Canadian trade with China, through Vancouver, has not been such as to excite Seattle or Coos Bay unduly: last year Canada's leading import from China, by a wide margin, was walnuts; in eleven months her exports to China amounted to less than £8 million, nine-tenths of this from wheat. Given the long lapse in contact, and the great changes in China, prediction is difficult; but in the short run, at least, China would probably not provide more than a useful supplement to the West Coast's already thriving foreign trade.

BUT the short run is not the main concern of Americans who are troubled about the seemingly endless stonewalling of their government on the question of China. West Coast businessmen, watching Britain's exports to mainland China doubling in 1958 while West Germany's nearly quadrupled, fear that they will

find the Chinese market pre-empted by the time they get there. They are increasingly impatient with official arguments against ending the embargo that consist mainly of minimising the trading potential of China; they point out how illogical it is to permit trade, at least a limited amount of it, with the Soviet Union, which is powerful enough to constitute a military threat to the United States, while prohibiting all commercial contact with China, which is still in the early stages of industrialisation.

In some cases, the real concern about China may not be so much economic as political and strategic. But people are still greatly afraid of being tarred with the pro-communist brush if they speak up for revision of policy toward China; and the dead of Korea are not forgotten. It is convenient, therefore, to have a hard-headed economic reason for venturing to criticize the existing state of affairs. It is perhaps because this economic argument carries more conviction on the West Coast than elsewhere in the country that congressional figures from the Far West are leading the way toward a more flexible policy. Although California sent three times as many tourists to the Far East in 1958 as any other state, there is little evidence of a distinctive attitude toward China on the Pacific coast. Any typical audience of the World Affairs Council, whether in New York, St Louis, or San Francisco, will contain substantial numbers of people, probably a majority, who want at least exploratory efforts to be made to end the Chinese impasse.

The clearest indication that a change will come with the next Administration in Washington, if not before, is perhaps the care that some politicians are taking not to be caught with the old China policy in an epoch when not only Senator Knowland, but also Mr Dulles and Mr Walter Robertson, the former Assistant Secretary of State for the Far East, have departed from the Washington scene. The next major opportunity may arise early in the autumn, when Conlon Associates, a San Francisco firm of economic consultants, submits the far eastern portion of the Senate Foreign Relations Committee's massive study of United States foreign policy. Meanwhile both Senator Engle and Governor Brown of California are planning trips to the Far East. Neither is a political neophyte, nor yet a Don Quixote.

Captive Capital

WASHINGTON, DC, may be the capital of the free world, but its voteless residents cannot spend a penny of their own tax money without congressional authority. For months this spring employees of the District of Columbia stood in danger of being sent on leave without pay because the House of Representatives did not want to give the city the supplemental spending authority which it needed to keep its playgrounds open full-time and to maintain its parks. When Congress debated the District's Budget for the fiscal year which began this month, one of the great issues was whether free lunches should be provided for 7,000 undernourished children in the primary schools and whether such a programme should be financed, in part, by raiding the funds for engaging more teachers.

After much delay Congress agreed to permit spending of $241 million, about $5 million less than the city requested; of this $25 million comes from the federal government in lieu of the taxes which it does not pay on federal property in the city. President Eisenhower asked Congress to appropriate the full $32 million which it had authorised for this purpose, but the District has been accustomed, for more than a generation, to being short-changed, particularly by the House, which refuses to believe that residents of Washington pay their fair share in taxes. For this year at least the city has been saved from raising its tax rate by the economic revival, which left the Treasurer with an unexpected surplus of $1 million on June 30th, and by a promise of higher revenues from a property reassessment. Next year, however, the authorities may be forced to take this step, which they fear will speed up the exodus of well-to-do white people from the city and make it even harder to provide adequate services for the impoverished Negro majority.

Such parochial matters make the congressional District Committees unattractive assignments for able members of Congress and the few who are challenged by the city's problems soon become disillusioned because entrenched prejudice in the House bars the way to their solution. For example, a Bill to provide urgently needed judges for the Juvenile Court is being frustrated, for the second time, because the Department of Justice refuses to promise not to appoint a Negro. The Senate is about to pass, for the fifth time, a home rule Bill which would relieve Congress of the boredom of municipal housekeeping and give Washington responsible government for the first time in more than 80 years. But by failing to hold hearings on it, the Southerners on the House District Committee have postponed once more a measure which they fear would mean a Negro-dominated government for the "federal city."

SHORTER NOTE

After two winters of experiment at the University of Wyoming it has been found that overcoats for sheep made of nylon covered with plastic stand up comparatively well to life on the range and naturally even better to life on the farm. These coats keep the wool cleaner and prevent it from being damaged by snagging and so on; it was also found that losses from the attacks of coyotes were less in flocks with coated sheep but that the number of lambs was about the same. The nylon coats seem to have frightened off the coyotes but not the rams. But it is not yet clear whether the coats are worth their cost of from $2 to $3 each when tailored in quantity.

THE WORLD OVERSEAS

Berlin's Golden Summer

FROM OUR SPECIAL CORRESPONDENT

BERLINERS cannot complain of western neglect this summer. The election of a federal president, the final of the west German football championship, and the film festival, brought this month and last into the isolated western sectors a flood of variously distinguished visitors, among them Dr Adenauer and the federal cabinet, some 1,200 parliamentarians, General Aramburu of Argentina, Miss Rita Hayworth, and General Sir Francis Festing, the Chief of the Imperial General Staff. At what was purportedly a wine tasting ceremony, that austere European bachelor, Professor Hallstein, was photographed in the act of being tendered a stiff gin by Miss Esther Williams of swimming pool fame. Fearing that the going may not be again as good, many unsung and unphotographed west Germans have also been looking up old Berlin friends, while thousands of west Berliners, with similar presentiments, have made a point of no longer postponing that holiday in the Alps.

Western protestations of unwavering support for Berlin have been simultaneously almost as numerous and expansive as western visitors. They have come, to name only a few, from President Eisenhower, Mr Herter, Mr McCloy, Mr Diefenbaker, and Mr Selwyn Lloyd. Senator Humphrey has told the annual congress of American mayors that west Berlin is the most important city in the world, regarded by Americans as one of their own cities. "What we do for Berlin", the senator went on to say, "is of more consequence to our future fate than anything we do for our own cities". From Hamburg the Socialist International has assured the Berliners of "feelings of solidarity". And in his more serious moments Professor Hallstein has been inquiring into the possibility of the Six taking collective economic measures to help west Berlin; he has invited Burgomaster Brandt to visit Brussels before the summer is out to discuss the subject further. All in all, it was understandable that an intoxicated daily came out with a banner headline bravely claiming that "Berlin is a capital again".

Happily, there are deeds to report as well as words. According to the Berlin chamber of industry and commerce, the west Berlin economy developed faster during the first five months of this year than that of the German Federal Republic. This expansion was due in large measure to the schemes which the west German Federation of Industries launched to help Berlin within a few weeks of the Soviet threat of November 27th. The allied air lift of 1948-49 was known to the Berliners as the *Luftbrücke* or air bridge. West German industry's politically inspired patronage of Berlin's factories is now being called the *Wirtschaftsbrücke* or economic bridge.

It has had the effect of raising west Berlin's total industrial production between January and the end of May by 9 per cent (west Germany, 5 per cent), compared with an average increase of 4 per cent throughout 1958. Turnover increased at the same time by 11 per cent, compared with an increase of 7 per cent during the first five months of 1958. Deliveries to west Germany, which went up by 7 per cent in 1958, increased between January and May by 12 per cent. It is not surprising to hear that Berlin's big and well-established electro-technical industry has the greatest progress to report. Manufacturers of consumer goods and foods, and processers of chemicals, have also been doing remarkably well. In consequence of busier times the number of unemployed in west Berlin at the end of May was 61,000, some 25,000 fewer than in May 1958.

Yet it would be fallacious to suppose that everything in the Berlin kitchen garden is lovely. The important engineering and textile industries are just holding their own in spite of the abnormally favourable circumstances of competition. West Berlin's exports to countries other than the Federal Republic increased by only 10 per cent during the first five months of the year, compared with an increase of 11 per cent in 1958. At the end of May unemployment in west Germany was only 1.6 per cent, but it was 6.5 per cent in west Berlin. It does not need the use of such words as "economic bridge" to remind the realistic west Berliners of the unnaturalness and precariousness of their present way of earning their beer and *Eisbein*, or to warn them that all those humming factories and purring new hotels cannot count for ever on customers going so far out of their way to help a chronically insolvent friend.

The golden summer has not turned their heads. They are expecting little comfort, if any, from Geneva or a summit conference. Yet their loyalty to the West is still almost embarrassingly unquestionable. Naturally it derives to a large extent from self-interest: the west Berliners can see with their own eyes how much better off they are materially than their compatriots beyond the Brandenburg Gate, and they appreciate their less

oppressive political air. But there is an altruistic streak, too, in their resistance. Between January 1st and June 30th this year, no fewer than 74,377 east Germans fled to the West — roughly the population of a town the size of Jena. It has not been lost upon the west Berliners that half of these refugees from communism have made their escape through Berlin. Nor, of course, upon Herr Ulbricht. There lies the rub.

France's Wine Industry

FROM OUR PARIS CORRESPONDENT

THE French wine trade since the war has undergone its usual vicissitudes. Until 1950 there was a shortage of wine, as of everything else. Then came five years when too much wine was flowing down too few throats and the state had to intervene to absorb the surplus by distilling it into industrial alcohol. Two bad harvests followed and reversed the situation: scarcity returned and there were two spectacular price increases. Now the tide is turning again and a bumper crop this year would certainly produce another crisis of overproduction.

The vicissitudes of the wine trade are not a minor matter in France. Viticulture accounts for nearly a tenth of the total agricultural income. Vineyards cover between three and five million acres and there are close to 1.5 million growers, most of them small producers. In vast areas of southern France wine alone is produced. M. Milhan, an economist, has pointed out that in regions such as the Hérault department (around Montpellier) the whole pattern of existence—including such apparently unrelated features as girls' attendance at secondary schools—is closely linked with revenue from wine. The price of wine, however, is not only of interest to producers; 11 per cent of what Frenchmen spend goes on beverages and wine is their staple drink.

Since most of the small producers cannot afford to withhold their crop for long, whatever the price, the inevitable vagaries of nature are quickly reflected in market fluctuations. Moreover, land under vineyards is usually poor land that is not very suitable for other purposes. Nor can the equipment be easily switched to other uses, while investments in viticulture mature slowly. During the last war production was affected by shortages, chiefly of labour, fuel, sulphur and sulphate. The resulting scarcity attracted fresh capital into the vineyards which suddenly bore fruit with a bumper crop in 1950; this was followed by five years of good harvests. Since the Algerian output—varying from 300 to 450 million gallons—is absorbed by the French markets (it is used to fortify cheaper French brands), total supply outstripped the demand. Every year the state had to purchase some 100 million gallons of wine for distilling into industrial alcohol. This practice was rendered wildly uneconomic by the appearance of much cheaper sources of alcohol; it was made even more wasteful by the state's simultaneous obligation to distil beet. In a country where alcoholism is a national scourge, subsidies to make wine cheaper could hardly provide a solution. In 1953 the government revived the programme for cutting down output while improving quality and applied it with renewed vigour: bonuses were granted for uprooting inferior vines in order to free land for more economic uses.

FRENCH WINE CROP

(Million imperial gallons)

	1949	1950	1955	1956	1957	1958
France	880	1,350	1,320	1,110	715	1,018
Algeria	320	315	317	410	325	293
Total	1,200	1,665	1,637	1,520	1,040	1,310

(Calculated on basis of 1 hectolitre equals 22 imperial gallons).

Bacchus, incensed by man's interference in his affairs, obtained his revenge. In February, 1956, heavy frost damaged the vineyards. In the following winter the damage from frost was again disastrous. Within two years wholesale prices (at the farm) more than trebled and, in spite of the government's efforts, retail prices about doubled. The extraordinary thing was that for some time French consumption went on undiminished. Only in the last nine months has it dropped by over one-tenth.

The part played by the anti-alcohol campaign (with its posters in the metro recommending "no more than a litre a day") in bringing down consumption is a matter for argument. The producers naturally blame adverse propaganda for all their troubles. Frenchmen do not drink as much as they did fifty years ago and younger people today certainly consume less than the older generation. Drinking habits are also gradually changing. Beer consumption has been rising steadily by about 10 per cent a year and even faster in the last couple of years; it has even made inroads into traditional wine-drinking regions. Sales of soft drinks, too, are up, though their competition is less serious. On balance, however, the decline in wine drinking is due to economic causes rather than to anti-alcohol campaigns. Wine consumption remained stable, despite price increases, as long as real wages were rising. It dropped only when real incomes began to fall.

Green into Gold

As long as springtime melts the snows of the Rocky Mountains, the desert will grow green a thousand miles away. From the Colorado River, through the All-American Canal, sweet, silt-free waters now flow abundantly to what was once a heat-crazed, hostile wilderness where only cactus and sagebrush grew and gold-hungry men died for the want of a drink. Today, that same Californian desert gives richly. And the colour of its 20th century gold is the green of a lettuce leaf.

In the Imperial and Salinas Valleys of California and the Salt River Valley of neighbouring Arizona are grown both the best lettuce in the country and the biggest commercial volume. Farming is on a very large scale, over some 180,000 acres, and nothing is left to chance. Unfortunately the constant heat, together with ample moisture from irrigation, provides ideal conditions for insect pests —particularly aphids and the cabbage looper, *Trichoplusia ni* (Hbn.). Infestation builds up throughout the season, sometimes increasing heavily just before harvest, and when this happens, the marketability of the crop is greatly reduced. Until recently, because of undesirable residues left on the leaves, there was no effective insecticide which could be used at this critical time.

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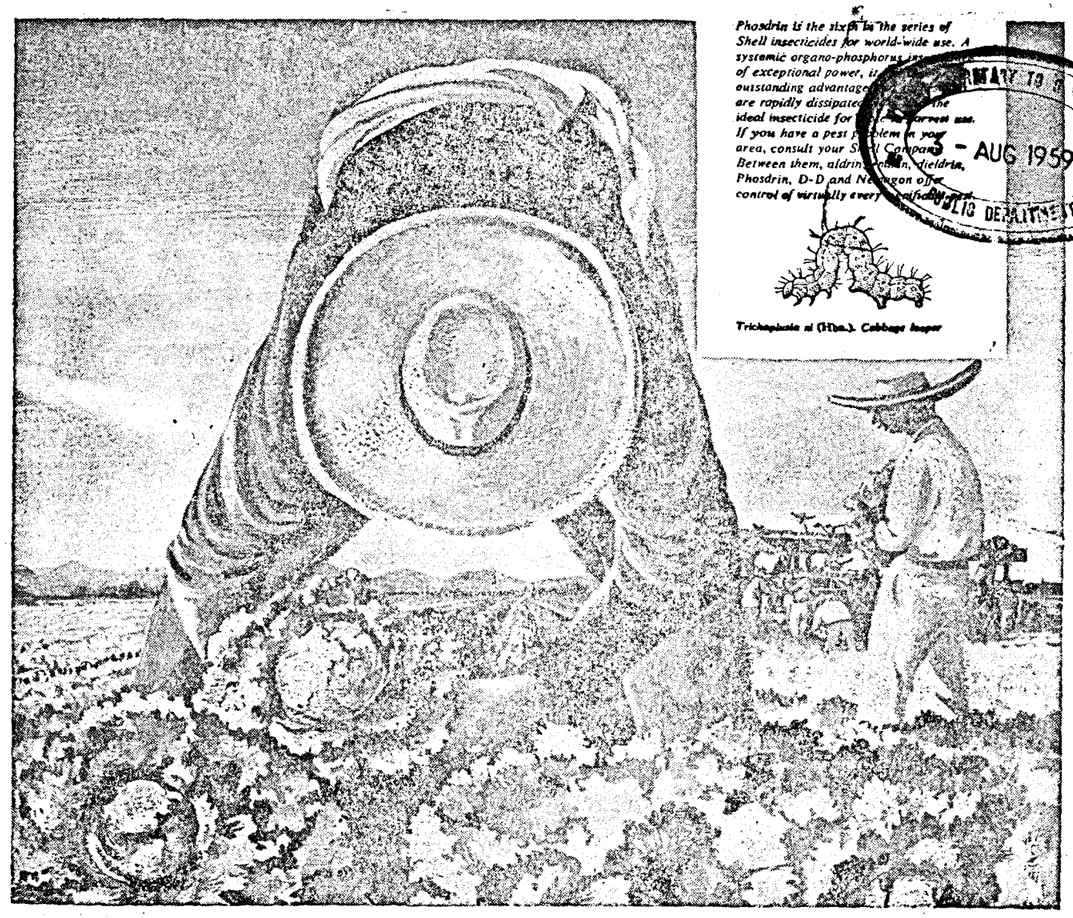

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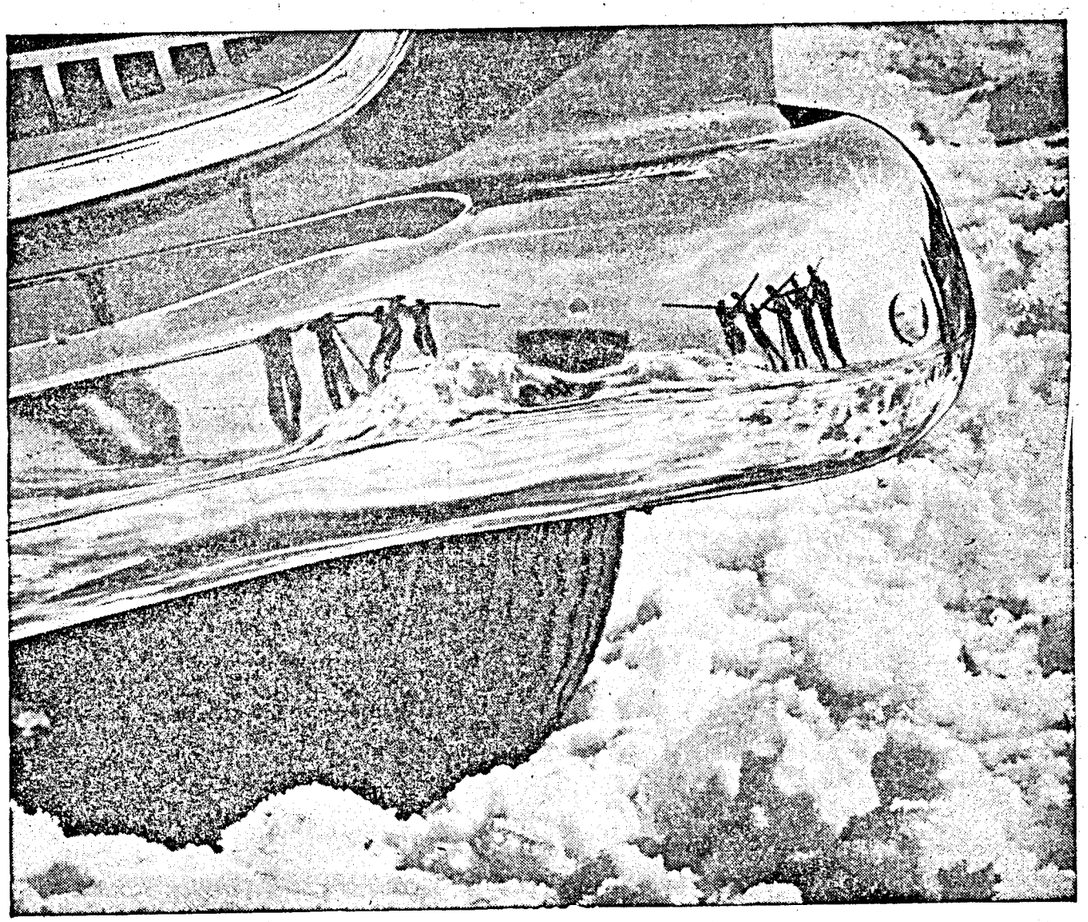

One man's fun . . .

When today's greenness lies deep hidden in snow and the tap's drip is a brittle ice-finger, some eyes will sparkle: to skiers and skaters and small boys with toboggans, winter is a wonderland. But to motorist or truck driver, peering into the blinding confetti of a blizzard or skidding suddenly on unseen ice, the short days of the year can bring both trial and tribulation. At the very least, the penalty of forgetfulness or neglect of winter safeguards can be a fat repair bill.

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Whatever the reason, the fall in demand combined with a growing tendency to import cheap wine in order to keep prices down (wine is an important item in the cost of living index) worried the growers. When last year's harvest showed a substantial increase over its disastrous predecessor, wholesale prices fell sharply. Retail prices have not changed much, partly because of the increased taxes on wine that were introduced in the austerity budget last Christmas. Wholesale transactions are still few, both growers and traders hoping that the price will turn in their favour. But the weather has been good up to now and the consensus of expert opinion is that, in the long run, years of surplus will be the rule and shortages an exception.

Exports cannot solve the long-term problem of wine surpluses for the simple reason that France has too much *vin ordinaire*, and exports are chiefly of quality wine. The labelled quality wines *(vins d'appellation controlée)* account for only a tenth of the crop by volume, and something like a fifth of them are exported. Years of shortage tend to be also years of quality. Burgundies and clarets were excellent in 1956 and good in 1957. According to the *cognoscenti*, last year's quality was more mixed. The white burgundies were still good, but the red rather light-bodied; and as for the clarets, the expert advice is that the 1958 vintage should not be kept too long.

Last year Great Britain, with total imports valued at nearly 11,000 million francs, became France's best customer for alcoholic beverages, followed closely by the United States. Germany dropped from first to third place because the Germans import a great deal of lower grade wine and tend to switch to Italy when French prices rise too high. British imports of French brandy are roughly equal to half the French home consumption and brandy remained last year the most valuable of France's alcoholic exports (more than 18,000 million francs). Champagne came next (about 10,000 million francs), while burgundy and claret combined brought in roughly as much. Exports of wine and spirits are a big source of income for France, but they do not provide a solution for its viticulture problems.

If the diagnosis that surpluses will continue is right, the remedy must lie in the previous policy of reducing the area under vineyards while improving their quality. Wine growers and traders are clamouring for a reduction in taxes, most probably in vain. To prevent a major crisis the government has agreed to intervene in order to keep wholesale prices within guaranteed limits for a volume corresponding to French consumption. It will also subsidise stocks up to 17.6 million gallons. But no government measures are likely to stabilise the wine situation quickly. Road barricades and other forms of protest in the wine-growing regions of the south may soon remind the world again of the perennial vicissitudes of this ancient industry.

Russians and Chinese in Yemen

BY A CORRESPONDENT

THE Yemenis are not backward because they want to be. Until 1956 they confidently expected some western nation to send them technicians, government or private, who would lead them along the road to the twentieth century and make them as rich as their Saudi neighbours. Occasionally there was hope. First there was a French company, then a west German firm was given an oil concession for a limited area around Hodeida, then the Americans of Yemen Development Corporation got a broad concession for minerals of all kinds. The first two failed for lack of capital and the third was little more than a promoter's dream. Token American economic aid was rejected because Egyptian advisers told the Imam that he was being insulted. The Yemenis began to believe that the West just did not care.

When, in 1956, Imam Ahmad met President Nasser and King Saud in Jeddah he found out that perhaps help could be obtained elsewhere. Spurning Nasser's offer to get him aid and arms from Russia, the Imam insisted on making his own arrangements — if he could find the money. King Saud, who was then engaged in widespread meddling among his neighbours, came to the rescue by giving the Imam three million dollars for the purchase of Russian arms. The arrangements were soon made and arms began to arrive in Yemen when the Suez Canal was unplugged in April, 1957. With the arms came economic and technical aid. Chinese, Czechs, Russians, Russians calling themselves Czechs, Roumanians and Bulgarians soon established themselves in all departments of the Yemen government. Now 700 Chinese and 200 European communists exercise great influence in the country. The numbers may not be staggering, but it must be remembered that Yemen was a closed country to all foreigners until three years ago.

The western democracies did little to stop the build-up of communism in Yemen. Between visits to communist capitals, Crown Prince Muhammad al-Badr set off for London in 1957 for talks with the British Government about Yemeni claims to the Aden protectorate. The talks were doomed to failure before the Crown Prince ever left home because the Egyptians had convinced him that he was going to London to receive the protectorate as a gift. When the young man arrived in Whitehall, however, he discovered that his British hosts had no intention of giving him anything but a good time. The Americans, meanwhile, had decided that Yemen was lost and not worth worrying about. For eighteen months, while the communists were sedulously moving in, not a single American diplomat set foot in the Imam's uncomfortable guest house in Taiz.

For the Russians, Yemen is a useful staging area on

the way to Moslem Africa. They seem ready to spend as much as £35 million to gain paramount influence in the country. Chaotic conditions in the government, largely due to the Imam's failing health, enabled the early communist missionaries to establish themselves firmly, but there are signs that they may have gone too far too quickly. While the Russians give the show away by behaving too much like old-fashioned imperialists, the Chinese are more interested in turning the Yemeni peasants into happy communist ones. Work on a road the Chinese are building from Hodeida to Sanaa is accompanied by songs of proletarian solidarity.

Late in 1958 the Imam realised what was happening to his kingdom, and set out to regain the balance he had lost between East and West. It is not a simple task, and he has not yet succeeded.

His first problem was his own health. Five years ago he was given morphine to relieve the pains of rheumatoid arthritis and promptly developed an addition to the narcotic. Then there was the question of the succession, which the Imam had tried to settle in an un-Yemeni fashion by appointing his son as crown prince. During the past few years, the crown prince has become an admirer of all things communist, though recently he has publicly followed President Nasser's anti-communist line; he is a weakling with few followers in Yemen; and he fancies himself a leader of Arab nationalism of the Nasser school.

The only other contender for the throne is the Imam's brother, Saif al-Islam Hassan, who may not be a dangerous rival to Imam Ahmad, but his strong following among the powerful mountain tribes would, barring outside influence, enable him to succeed his brother. The Imam also has to contend with an emotional third force made up of a disunited assortment of anti-monarchy groups including the communist converts, the pro-Nasser students, parts of the Shafai sect of Moslems, and three separate groups who all call themselves "Free Yemenis".

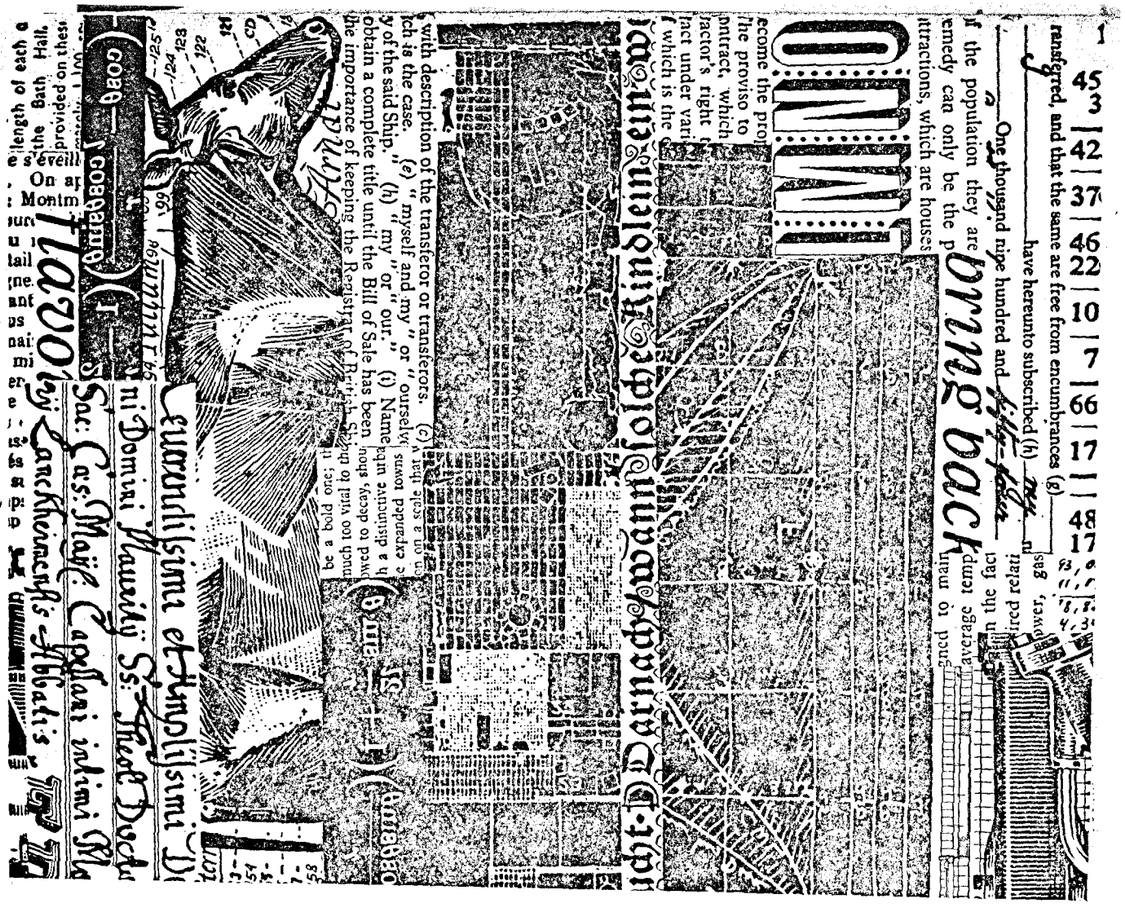
At least, the Imam's health has improved. In April he was packed off to Rome where he has been cured of his addiction to morphine. While his father has been away, the crown prince, whose foreign travels kept him out of the mainstream of local politics for nearly three years, has been unsuccessfully trying to win friends. He transferred or gaoled a number of senior government officials; he announced a pay rise of 25 per cent for the army, though there is no money with which to pay it; and he ordered army units to Sanaa, presumably to protect himself, when they should have been putting down a civil disturbance elsewhere. The number of such disturbances has increased all over the country. In most places it has been caused by isolated units of the army having their own way about some local complaint. At no time have any of the tribes been involved. They, like Saif al-Islam Hassan, are biding their time.

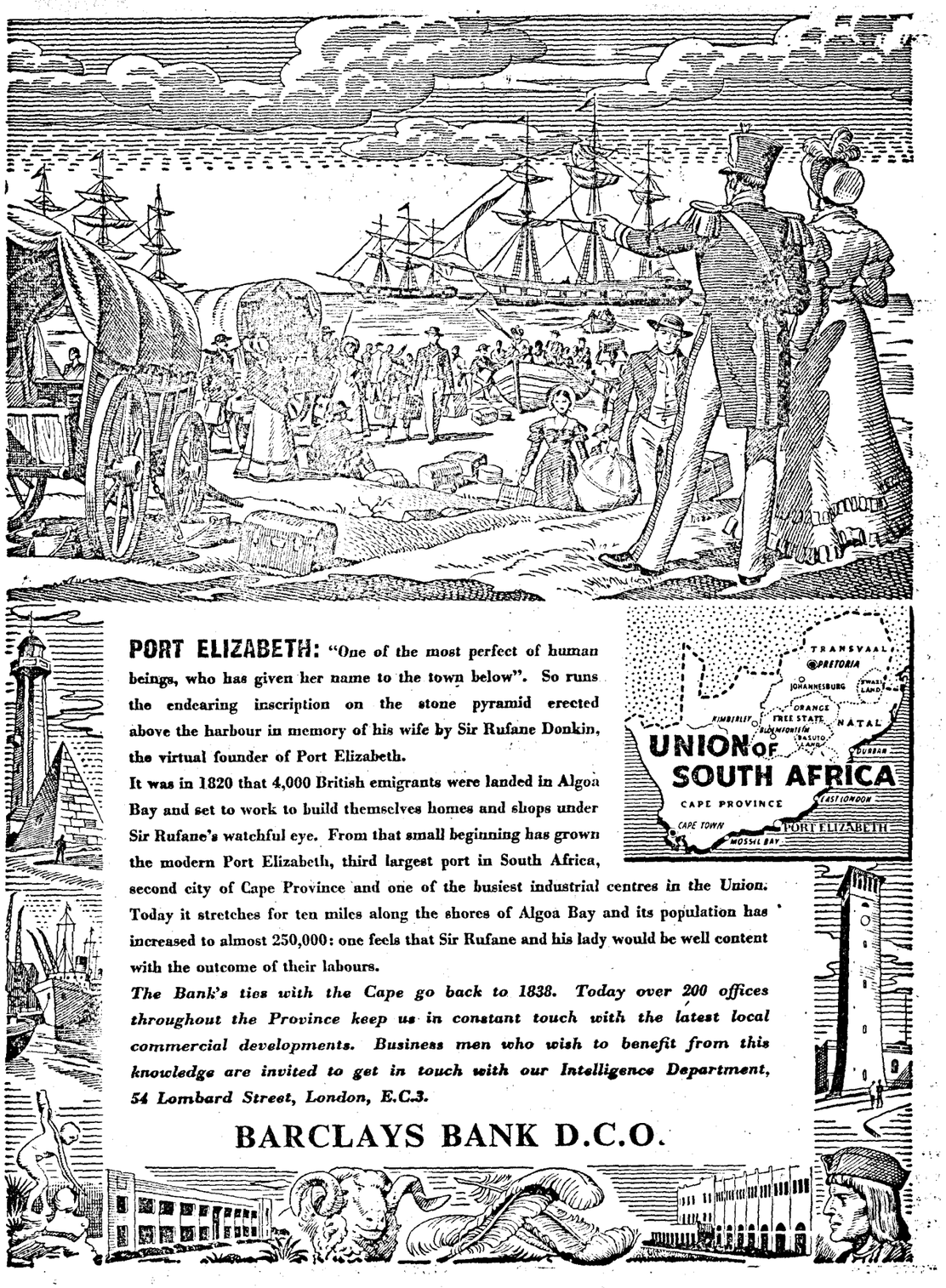
The burden of western help for Yemen falls on the Americans. The remnants of pre-war Italian influence are not political, Algeria keeps the French in disgrace in the Arab world, and Britain's position in Aden prevents close ties with the Imam. An American legation recently joined the growing diplomatic corps in Taiz, and the Imam's first move towards regaining his balance was a request for shipments of wheat from the United States to relieve famine-stricken areas of his country. Unlike the episode in "The Ugly American", when communist agents labelled American wheat "Gift of Russia", these sacks were clearly marked "Gift of the United States". When, later, the Russians sent a donation of wheat they sent it in unmarked sacks, and the Yemenis thought it was further help from the United States.

Tough Bargain in Austria

AFTER more than two months' hard bargaining, during which the coalition between the People's party and the Socialists came near to extinction several times, and Herr Raab, the Chancellor, nearly lost his office, the two parties have come to terms and Austria at last has a new government. The cabinet changes gave ample recognition to the Socialist gains at the general elections in May; the People's party could not get away with "small change" concessions. In the new cabinet formed on July 13th the Socialist Vice-Chancellor, Dr Pittermann, will now be in charge of nationalised industries, the over-due divorce between the chancellery and the foreign ministry has been accomplished, and Dr Kreisky has replaced Dr Figl as the minister. Government by coalition will continue, but by the new pact between the parties the powers of the parliamenary presidium — Herren Figl, Olah, and Gorbach — have been increased, in recognition that parliament should have more say in the affairs of the coalition than hitherto.

Throughout the negotiations, the People's party, although not its chairman, the chancellor, concentrated on the defence of the ministry of finance against inroads by the Socialists. In the new government, neither the minister nor the state secretary is a Socialist; but Herr Raab's party has paid a high price. The control of nationalised industries has passed from the chancellor to Dr Pittermann, whose activities will, it is true, be circumscribed by a number of checks; still, the Socialists have gained a position of considerable influence in economic affairs. This will be reinforced by their acquisition of the foreign ministry, since, in the near future, the minister will be responsible for the conduct of Austrian policy toward both the European common market and the little free trade area





PORT ELIZABETH: "One of the most perfect of human beings, who has given her name to the town below". So runs the endearing inscription on the stone pyramid erected above the harbour in memory of his wife by Sir Rufane Donkin, the virtual founder of Port Elizabeth.

It was in 1820 that 4,000 British emigrants were landed in Algoa Bay and set to work to build themselves homes and shops under Sir Rufane's watchful eye. From that small beginning has grown the modern Port Elizabeth, third largest port in South Africa, second city of Cape Province and one of the busiest industrial centres in the Union. Today it stretches for ten miles along the shores of Algoa Bay and its population has increased to almost 250,000: one feels that Sir Rufane and his lady would be well content with the outcome of their labours.

The Bank's ties with the Cape go back to 1838. Today over 200 offices throughout the Province keep us in constant touch with the latest local commercial developments. Business men who wish to benefit from this knowledge are invited to get in touch with our Intelligence Department, 54 Lombard Street, London, E.C.3.

BARCLAYS BANK D.C.O.

THE BUSINESS WORLD

Banking's Year of Freedom

A YEAR ago the credit squeeze ended; the banks reopened their doors to the personal borrower and bought their way into hire purchase. This year they have made rights issues on favourable terms and their shares have boomed. The dramatic ventures of last summer, which for weeks lifted banking to an unaccustomed place in the popular headlines, have had a lasting impact. Some bankers at the time expressed concern at all the publicity. Few regret it now. The banker is no longer in the popular mind the man who says No. Once again he is a lending banker — a function in which a whole generation of the banks' younger customers had never known him before. At the same time, in their wider and more difficult task of drawing in new classes of customers and returning to their role as leading personal lenders, the banks' progress has been limited.

The clearing banks' advances since the end of the squeeze have risen by more than £600 million, or by 30 per cent; that is an extraordinary expansion. Despite it, the rise in total bank deposits has until quite recently been only 2 per cent. The Government has kept down its borrowing from the banking system, and in order to maintain sufficient liquidity the banks have financed most of the increase in advances by running down their holdings of gilt-edged investments. Their average ratio of investments to deposits has fallen from 33 per cent to under 27 per cent; while their ratio of advances has risen from below 30 per cent to 38 per cent. This is a shift back towards normal. Most bankers would themselves be happy to see the share of advances rise a good deal further; though they recognise that they may at any time be checked in circumstances calling for renewed official restraint.

The authorities are presumably keeping a close watch now. A major initial upthrust was to be expected as the pent-up demand was released; but the pace of lending only recently began to slacken, and then only modestly. In some industries, re-expansion of activity this year may have led to larger advances; but on the whole industry seems to be fairly liquid, and until investment in fixed assets and in stocks revives, this liquidity may actually be enhanced by the rise in output and sales.

AROUND one quarter of the past year's increase in bank advances seems to have gone to personal and professional borrowers, and as much again to hire purchase finance companies and retail traders. Only about a third of the total increase has gone to industry, which was generally favoured through the years of restriction; but there have been many instances, particularly among smaller firms in trades like building, of a switch to bank advances in place of borrowings from finance houses or still more expensive sources. Among the Big Five banks, by far the biggest increase in advances is that of Barclays, at 44 per cent (from July 1958 to mid-June 1959); second with a rise of 29½ per cent comes Lloyds, which together with the National Provincial stands aloof from the new formalized personal loans; and the smallest increase, of 22 per cent, is at the Midland. This is the bank that led the announcement of personal loans and supplemented them, in splendid isolation, with personal cheques, offering at low cost a bare bones transfer account without normal current account service.

To some extent, the differences in growth of advances represent differences in types of business. Thus Barclays has a specially high proportion of personal customers, whilst the Midland and the National Provincial have relatively many big in-

dustrial and commercial accounts. Yet it is difficult to resist the conclusion that Barclays, anxious to maintain its displacement of the Midland as Britain's largest bank, may have been rather more thrustful, and may have been helped by its decentralised administration. It has certainly been prepared to unload large blocks of gilt-edged. But the Midland is not sitting back; and there is no reason to believe that it, or any other of the big banks, is now rejecting any reasonable proposition. Banking competition is very welcome to the potential borrower; it is widening, for example, the alternatives open to the man who wants to finance the purchase of a house.

It has also benefited the banks, including those that have been content to take a back seat in the orgy of innovating and publicising. It is an old adage in the banking world that advertising by Bank A brings customers scurrying not only there but into Bank B; to many people, a bank's a bank. The publicity about personal loans, and even the Midland's advertising of its unique service of personal cheques, has encouraged the banking habit in general. So far, the banks that do not offer the new facilities do not appear to have suffered by not doing so, and they show no signs of a change of heart.

THEY must beware of complacency. The experience of the first year of personal loans has been instructive. They have not been, as some predicted, a nine day's wonder. Since the initial rush abated last autumn the number of applications has been remarkably steady. Most personal borrowing is still in the form of the conventional overdraft with its flexible provisions for repayment and its flexible interest rate charged not on the initial advance but on the actual daily debit balance. The overdraft is the most economical form of borrowing that exists. Yet even those managers who try to persuade their existing customers of this economy have at times found the customer preferring the more expensive and more restrictive personal loan. This is not wholly surprising, especially if the banks are reaching the new class of borrower. The man who has a regular income finds it most convenient to repay in regular instalments; he has found through his experience with hire purchase that he can thereby safely incur a debt that might appear frightening in the form of an open overdraft. There must be very many people, perhaps a whole new stratum of potential customers, who can confidently be relied on to meet fixed monthly instalments but for whom the responsibility of an overdraft might appear excessive.

To this extent, the banks that are not offering formalised personal loans, and those banks whose managers are soft-pedalling them, may be cutting themselves off from a big field of potential expansion. Many bank managers, especially perhaps in the older generation, have a certain reserve towards this form of credit in a packaged parcel, which to some extent denies them the exercise of their traditional banking function. Head offices ought to be on guard against this type of professional thinking, which may discourage new business that is profitable to both bank and customer. There are, indeed, plenty of signs that a new banking public is in the process of emerging; the Saturday morning cashing of household cheques goes with the Saturday morning parking difficulties in every market town and shopping centre. The best branch managers are the ones who recognise these new customers.

A striking feature of the past year has been the rapid growth of hire purchase side by side with the increase in bank lending. Even the smaller finance houses have continued to grow, in face of competition from the bigger houses whose affiliations with the banks have helped both the supply of funds and the flow of business. The prospect for the small fry might appear different if hire purchase as a whole stopped expanding; but not everyone is convinced that this will soon happen. For the bulk of consumer borrowing, the source remains the finance house rather than the bank.

THE bank most committed to personal loans is undoubtedly the Midland, and that could be an important factor in the long-term struggle for growth. The ultimate role of the Midland's personal cheques is still uncertain. They have proved less burdensome to the bank than at first seemed likely, largely because the accounts, including a number opened with a bundle of dog-eared pound notes, have retained substantial credit balances. The publicity for cheap banking has also brought in many people who need, and take, ordinary current accounts. Indeed big increases in new accounts are reported by all the banks.

The new customers include a fair portion of weekly wage-earners; but the more striking feature has been the new middle class customers opening banking accounts for the first time. While the banks are thinking carefully of ways to cater for the mass of wage earners, few bankers expect any sudden inrush. The major obstacle is not the Truck Act but enduring social habit. And the prize currently in reach for the bankers, the top bracket of the wage earners and the bottom bracket of salary earners, is challenging enough in itself.

BUSINESS NOTES

KEMSLEY NEWSPAPERS

Mr Thomson Takes Over

MR Roy Thomson, it is clear, wanted a bigger empire; if Kemsley Newspapers had not been his next purchase it could have been another newspaper group. Whether Kemsley represents the limit of his cheerful ambition remains to be seen but at the moment he and his managing director, Mr James Coltart, have to devote their energies to finding out really what the Kemsley empire is and what should be done to it. The amicable negotiations between Mr Thomson and Lord Kemsley were disturbed only once — and, then, from the outside, when the completion of a buying order for 10,000 of Kemsley ordinary shares was followed by another order for 5,000 shares from the same source. The market price then began to rocket and the jobbers began to complain about a leakage.

The deal, putting a price of 90s. on the Kemsley ordinary shares and thus valuing these shares at over twice the market price that ruled before the negotiations began, is a complex one. First, the 252,000 non-voting ordinary shares in Scottish Television (divested of its interests in *The Scotsman* and Mr Thomson's other Scottish newspapers, seemingly because Mr Thomson has regard for local Scottish pride) are to be sold to Kemsley Newspapers for £1 million in cash, £500,000 of an existing debenture stock and £2 million of a new deferred stock. Secondly, Lord Kemsley and his family will sell their 40 per cent holding of 1,000,000 ordinary shares to Mr Thomson and his associates at £5 a share, £4 million in cash being payable immediately and the remaining £1 million being payable over ten years. To ensure that all ordinary shareholders are treated alike, Lord Kemsley and his family will release out of the money they receive £500,000, to be used in enabling other shareholders to sell their shares at 90s. in cash each. Effectively, then, the Kemsley family receives only 90s. for its shares. Other shareholders can sell out at the same price, for Helbert Wagg and Company has agreed to purchase or find purchasers for the remaining 1,500,000 shares at 90s. each. Certain institutional investors have sub-underwritten this scheme and are prepared to take up the shares.

Ordinary shareholders need not sell and some of them may well be prepared to go along with Mr Thomson. If they do so, they become more akin to participating preference shareholders than to owners of the equity. First, they will be a minority, for through the ordinary and deferred shares Mr Thomson and his associates will control two-thirds of the votes of Kemsley Newspapers. Secondly, though they will gain immediately in income, they have to share their participation in profits with the deferred shareholders. The ordinary shareholders, under this scheme, will be entitled to receive a cumulative dividend of 30 per cent per annum before any payment is made to the deferred shareholders. After deferred shareholders have received a non-cumulative dividend of 15 per cent, the ordinary shareholders will be entitled to receive one quarter of any further profits distributed, with the remaining three quarters going to deferred shareholders. Their stake in the growth of Kemsley Newspapers and Scottish Television is thus restricted. For 1959, Kemsley Newspapers expects to pay an ordinary dividend of 21 per cent (against 15 per cent last year) and for 1960 an ordinary dividend of 30 per cent and a deferred dividend of 15 per cent. On the basis of estimated profits before tax for the group in 1960 of £3 million, full distribution of earnings after charging tax at current rates would mean a dividend of just under 40 per cent on the ordinary capital and one of about 50 per cent on the deferred shares. But existing shareholders have the choice : either a good price in cash or an opportunity to stay with Mr Thomson, who has been willing to pay £5 a share to gain control.

A Number of Honeys

HAVING paid that price, Mr Thomson has to increase the profitability of the Kemsley group. He is confident that he will. The *Sunday Times* he seems prepared to leave alone and he may not have much worry about the *Empire News*, but the *Sunday Graphic* has a comparatively small circulation and cannot be very profitable. Mr Thomson is prepared to bear a loss only as long as there is the prospect of building up the circulation and revenue of a newspaper; like any other business man (and he is that, rather than a newspaperman), he is not prepared to go on making losses for ever. But it is only after trying to put the newspapers on a profitable basis that Mr Thomson seems to be prepared to dispose of them or to close them down. Both at Withy Grove in Manchester, where the Kemsley presses print the northern editions of the *Daily Mirror* and the *Daily Telegraph*, and in London, the printing capacity of the group is not being fully utilised : Mr Thomson will be finding out if it can be.

Mr Thomson has said that there are "a number of honeys" in the provincial newspapers controlled by Kemsley Newspapers. Indeed, in each locality, these newspapers — except the *Evening Chronicle* in Manchester, which may not be easy to put on a profit-making basis — enjoy a monopoly, giving them some protection against the competing claim of com-

mercial television. That monopoly situation is their attraction to Mr Thomson and it is one he is anxious to exploit. Kemsley Newspapers, in the days when it was an even bigger empire than the one now taken over by Mr Thomson, built up a centralised organisation. Mr Thomson may have to think of trimming that organisation if the Kemsley provincial newspapers are to become more local, as he appears to desire. More local in news and more local in advertising is the way that Mr Thomson argues that the profits of the provincial newspapers can be made more impressive. His motto seems to be : give the local editors autonomy, but if they fail to be local enough in their outlook shake them up; and sell advertising space locally — and hard.

INTERNATIONAL INVESTMENT

Fair Play for Whom?

A NEW approach to the establishment of some sort of ground rules for treatment of foreign capital is suggested in a report published this week by an all party commission of MPs, under the chairmanship of Mr Arthur Creech Jones, appointed by the Parliamentary Group for World Government. Its recommendations differ in two fundamental respects from previous proposals in this sphere, which have mainly come from bankers and lawyers. First, the MPs have in mind a charter for borrowers as well as lenders. Secondly, they believe that a rigid code having the force of international law is impracticable; they would be content with a convention embodying a few general principles which would encourage and guide the drawing up of specific agreements between individual countries. The group proposes the establishment of an arbitration tribunal to judge disputes, but it is against any idea of material sanctions, such as a stop on new lending; the one weapon would be the force of world opinion as guided by the tribunal and a secretariat.

The prime object of the parliamentary group has plainly been to produce a report that is acceptable to the borrowing countries. That, certainly, is a vital aim, and it stood little chance of being fulfilled in some bankers' proposals. But the MPs lean over too far. Much of what they say on borrowers' rights, including the right of nationalisation and the right to prevent foreign concerns from interfering in domestic policy, is common ground; affirmations to this effect in the convention would be harmless if irrelevant. But the MPs also seem disposed to accept a lax attitude to restrictions on transfers; it is obviously unreasonable, they suggest, to expect a country to continue large transfers of foreign exchange servicing foreign capital at a time of balance of payments difficulties. That attitude is just what foreign investors fear, and a code that sanctified it in all circumstances in advance could do more harm than good.

Presumably, however, this report is intended only as a starting point; and if it succeeds in bringing borrowing countries into serious discussion it might conceivably lead to useful results. But it is well to recognise that the difficulties of securing a worthwhile agreement are immense. What would or should the arbitration tribunal have said about Colonel Nasser's nationalisation of the Suez Canal Company?

IN THE MARKETS

Election Nerves and Holidays

THE London equity market experienced a sharp setback last week. A steady flow of selling pushed prices lower day by day, though the market rallied before the weekend and opened firm at the beginning of this week. The downturn was widely attributed to nervousness about the election, now strongly tipped for October. By no means all brokers agree that this was the predominant influence. New issues are running high; and investors, particularly the more speculative investors, have been taking profits before going on holiday. Some of the froth has been knocked off the market. But the election is obviously an important restraint, as it has been through the summer. Prices of leading equities, as opposed to speculative favourites, have at no time risen really far above their level at budget time. Some people feel that industrial recovery has been sufficiently discounted in market prices; but there is still a good case for thinking that a Tory victory would lay the basis for a new upward thrust.

While ordinary shares have languished, gilt-edged have been firm, prices edging slowly upward. But activity remains modest. The government broker appears to have achieved some net funding, but not much. A continued drag in this market is exerted by the London County Council's April issue, with a coupon of 5 per cent and a price of 95½. By the end of last week the discount had almost run off. The underwriters may soon be able to see the back of this unfortunate issue; not until then, and until a significant premium appears, will they welcome a resumption of gilt-edged issues.

Meanwhile the £10 million debenture of the Industrial and Commercial Finance Corporation has been offered for sale. With a coupon of 5½ per cent, a price of 98½ and redemption dates 1980-82 the gross redemption yield is about £5 12s per cent. Only £5 million of the issue has been offered to the public, the rest being taken firm by the underwriters. In the money market, the bill rate was again unchanged at £3 9s per cent at the tender on Friday last week, despite the sharp increase in money rates in the United States (with the peak of 4¾ per cent on one year bills there). Sterling remained firm in the official markets (though security sterling wilted somewhat) and the London premium on dollar stocks rose no further.

AIRCRAFT INDUSTRY

Pump Priming

IN last week's aircraft debate the Minister of Transport used the words "pump priming", and Mr Aubrey Jones later made it clear what his colleague meant. The aircraft manufacturers are to receive token orders big enough to necessitate a full-scale commercial production line, but too small to give the manufacturer a profit on the machine in question by themselves. The government apparently hopes that this will start the ball rolling for new aircraft and that ordinary commercial orders will follow in numbers big enough to repay the cost of development. For example, the Ministry of Supply is buying three Handley Page Heralds, which will be operated by British European Airways under an arrangement that indemnifies BEA for any losses incurred. This arrangement was arrived at only after BEA had consistently refused to place a commercial order for the Herald, on the grounds that it would not fit profitably into the corporation's route network. BEA could be wrong, but this is purely a matter for its board to decide. Likewise, BEA has resisted persistent pressure to order the Fairey Rotodyne aeroplane-cum-helicopter. Now the Minister of Transport announces that the corporation is to buy six (while the services buy twelve) and his ministry will subsidise their operation. At the same time he announced that the British Overseas Airways Corporation was reopening services to South America in January and "I hope it will sell more Comets in South America".

This suggests that the government intends that the two airline corporations shall carry out the function performed in America by the military who place initial orders for military versions of many, though not all, civil types. The American services, who are not specially interested in economic operation, nurse these aircraft through their teething troubles on defence account. In this country, the corporations are to do this along with trying to operate commercially : they are to be compensated for the extra costs involved by a government subsidy. If this is in fact the way in which the government plans to salvage the aircraft industry, it needs more careful explanation and justification than Mr Watkinson cared to give it. It implies just the kind of interference with the policy and planning of the two corporations for which the Select Committee only a week or so ago reported that the Minister possessed no Parliamentary authority.

Self Help

WESTLAND'S merger with Saunders Roe will make the combine the biggest helicopter manufacturer in Europe though that is perhaps not saying much. Westland is making an issue of 3,200,000 new Westland 5s. ordinary shares, plus £100,000 in cash, for the ordinary capital of Saunders Roe, while de Havilland, which owns about a third of the Saunders Roe capital, is taking over two subsidiary companies which are interested only in general engineering and plastics. Helicopters are still commercially in their swaddling clothes and are not built in the same numbers even as fixed-wing aircraft. But they have a small, steady market, a good deal less fickle than either the civil or the military demand for fixed-wing aircraft, and Westland, strengthened by the controlling and sustaining interest of John Brown, is in a much stronger position financially and in engineering resources than many aircraft companies whose names are household words.

The Westland merger is made possible because the company sees a prospect of expansion. Other mergers in the aircraft industry fail to take place just because the partners refuse to believe that two can starve as cheaply as one, whatever the Ministry of Supply may tell them. Does this plan for token production orders make the prospect any brighter? In America, the Douglas company announced that it would put a new, medium range jet airliner into production as soon as it had reasonable hope of orders for 75 machines. Only two British civil aircraft, the Viscount and the Britannia, have sold this number in recent years. The government is urging companies to tool up for production on the basis of orders too small to break even, *pour encourager les autres*. It is not only the government which believes this policy will work; the de Havilland company is prepared to enter with its eyes open into a contract to build the uneconomically small number of 24 jet aircraft for BEA. An American accountant would probably disagree.

STOCK EXCHANGE PLACINGS

Regulating the Market

THE public offer for sale is the fairest method of bringing new securities within the reach of investors. Placings, however, are on occasion unavoidable and the Council of the London Stock Exchange is clearly anxious to ensure that when they are made the market should be orderly and that the general body of investors should be given some opportunity to subscribe. It has just issued a letter of guidance to members, setting out a policy which, the Council claims, is designed to facilitate a wider distribution of the stock that is placed.

In the first stage, the Council requires the company concerned to make not less than 25 per cent of its equity capital (or at least 20 per cent of its fixed interest capital) available when it makes a placing. In the second stage, the Council requires that the marketing arrangements ensure that not less than 25 per cent of the equity capital placed (or 20 per cent in the case of fixed interest stock) is made available to the market. That means that in effect the sponsoring brokers can place only 75 per cent of the equity (or 80 per cent of

a fixed interest stock) with their own clients. Having doing so, the Council is of the opinion that the sponsoring brokers should not then participate in the disposal of the securities reserved for the market. It is only after the brokers have completed their placing, the Council argues, that the jobbers should proceed with theirs. In doing so, the jobbers are recommended by the Council to keep their lists for applicants open for a day, and in gathering applications to retain only a reasonable proportion (10 per cent being the amount normally judged to be sufficient) for the opening of dealings. The aim here seems to be to ensure that the jobbers gather in applications at a normal turn to themselves and do not retain too much stock on their own books in advance of dealings that may begin well above the placing price. When dealings begin, however, the Council urges the jobbers to quote realistic prices that need not be closely related to the placing price.

These recommendations make the demarcation between the brokers and jobbers fairly precise and they should make the market more orderly. They cannot, however, in themselves ensure that the shares placed pass into the hands of the general public, for with any placing, however closely regulated, there will always be a hierarchy of privilege.

STEEL

Whose Responsibility?

LAST year the British steel industry began to re-examine its forecasting of long-term demand for steel; decisions were reached taken about its development of further strip mill capacity; and it had to think about justifying certain of its trade practices. All of these matters lie within the responsibilities of the Iron and Steel Board, and the board was indeed concerned in all of them; but in none, last year, did it quite hold the initiative. For two years it had been arguing with the British Iron and Steel Federation about the amount of steel that the industry ought to be able to produce by the early sixties — 29 million ingot tons a year, 27 million tons, or, from the same plants, 28 million tons; during the last stages of this argument, which was never quite stilled, the industry was failing to sell as much as 20 million tons of steel a year. The upshot, last year, was an agreement to do the forecasting exercise over again, and also to look forward a little farther. Late in the year the Prime Minister announced that semi-continuous strip mills would be built at Ravenscraig as well as Newport, the board concurring. During the year the board continued to discuss with some steel producers certain of their trading arrangements which might or might not fit in with its duty of seeing that steel is produced in Britain under competitive conditions; here again, it was not the only authority interested, nor the one that made the pace.

In its annual report for 1958, published last week, it says that it had changed its mind since the year before about the capacity expected by 1962 from 27 million ingot tons to 28 million tons as a result of "more experience of the potential performance of modern plant, progress made with projects under construction, and certain additional proposals since approved." So far as the strip mills are concerned, the board says that it was able to accept both these projects in principle, without waiting for detailed plan, because it was satisfied that none of the alternative places proposed has the same net advantage on all counts as Newport or Ravenscraig.

As regards trade practices and competitive conditions, the board holds its cards even closer to the table. After restrictive practices began to be questioned, the steel industry's agreements requiring producers to charge not less than the maximum prices the board determines sets were abandoned; but the trade associations still recommend, without any sanctions, that members shall in fact charge those prices, and without exception, even in recession, they do. Having regard to the that it sets prices on the basis of costs, the board think that the new voluntary arrangements about prices are "not inimical to the objectives of the Iron and Steel Act of 1953". It adds frigidly that it forms no part of its own functions to examine trade practices in the terms of the Restrictive Trade Practices Act, 1956, which so far has been interpreted according to considerably more orthodox definitions of what is competitive and what is not than the board uses.

ROADS

Mistakes on the Motorways

BRITAIN started to build a national system of trunk roads comparatively late in the day, and is now having to run to catch up: expenditure on these roads has grown from less than £2 million in 1954-55 to over £32 million in the year ended last March. This is an ambitious rise; and the Select Committee on Estimates, in investigating the trunk road programme, showed itself aware of the difficulties that such ambition can bring. But the committee's report is nevertheless sharply critical: the programme is described as inadequately prepared, to some extent out of proportion, and not ideally organised. The committee charges, *inter alia*, that there was inadequate research into materials, methods and traffic needs, before beginning construction; that no adequate scheme of national priorities for road building exists; that too much attention was paid to motorways through fields and too little to removing urban bottlenecks, and that there is a lack of centralised direction of the programme. Its major conclusions call for some serious answers.

The sorest point it touched was the question of research, and the relations between the Ministry of Transport and the Road Research Laboratory, which is part of the Department of Scientific and Industrial

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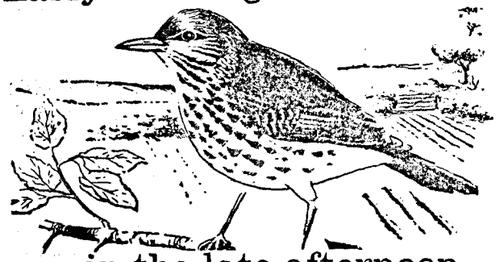

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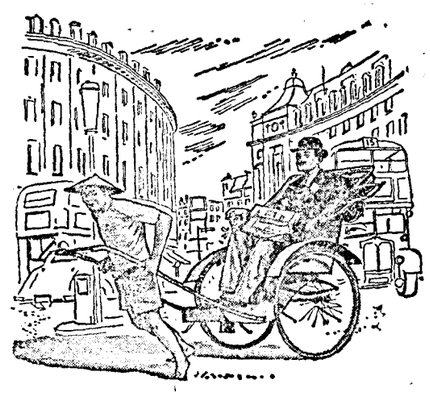

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Research. There has never been much love lost between these two bodies; the suggestion made last year by the Select Committee's report on the DSIR, that the Road Research Laboratory should be transferred to the control of the Ministry, was rejected by both sides. Research on materials and building methods, though authorised in some cases several years ago, was not started until after roadbuilding had begun; other important research, on earth-moving machinery for example, has not started yet and studies of traffic in cities, perhaps the most important road problem of all, are not very far advanced.

COTTON INDUSTRY

The Disinvestment Allowance

THE schemes presented to Parliament for the reorganisation of the spinning, doubling and weaving sections of the cotton industry are ambitious and uncertain of success. The first stage is to scrap a bare minimum of the surplus machinery by March 31st. Firms that want to scrap must apply for compensation by September 30th, and applications received by August 31st will be eligible for a bonus of five per cent on the compensation paid for retiring them. Unless applications cover at least six million of the 24 million spindles in place, 400,000 of the 1½ million doubling spindles and 45,000 of the 240,000 looms, the whole schemes fall through. The government is ready to pay two-thirds of the cost of compensation; the rest will be raised by a levy on the industry, which will also have to compensate displaced workers. The second stage is to encourage re-equipment within the next five years by a government subsidy of 25 per cent. To qualify, a firm must scrap a further amount of machinery, equivalent in productive capacity to the new machinery; if it fails to do so it must repay 75 per cent of its compensation on the net addition to its plant.

Compensation is at three rates, premium, standard and discount. The premium rate applies to a firm that goes out of business altogether; in that case compensation will be tax free. A firm that closes down a particular mill or mills gets the standard rate, and a firm that had a mill closed down, or a part of its machinery idle when the government first announced its proposals on April 24th, receives the discounted rate, provided that its machinery could have been brought into operation again without undue difficulty and expense. In spinning the standard rate is 8s per mule spindle plus a basic sum of £250 per carding engine (to cover the preparatory machinery), and in weaving £60 per 48-inch loom. The premium rates are all 25 per cent higher; the discounted rate in spinning and doubling is 25 per cent lower and in weaving 20 per cent lower. These rates are generous to firms that would have shut down earlier if official aid had not been in the wind.

AIR FARES

Room for Cuts?

IT IS a pity that the ginger group of the Air League of the British Empire (is it not time that name was changed?) did not take the trouble to spell out its case for the halving of air fares in rather more detail, for it might not then have been so easy for the chief executive of British European Airways to dismiss the claim as "nonsense". The Air League says that airlines should be able to carry passengers on international routes at 3d a mile, making a single fare across the North Atlantic of £43 against today's third class fare of £81, or 5.6 pence per mile.

The 3d fare is not entirely unreasonable. The airlines themselves already carry passengers at half, or nearly half fare if people buy a package deal holiday from a travel agent. A correspondent writes from the United States that travel agents there have started their own flourishing underground movement against the standard air fares of the International Air Transport Association. This consists of offering intending passengers membership of a club, which usually exists in name only, that by happy coincidence has chartered an aircraft which leaves for Europe and returns home on the very dates he had in mind to travel. Using the newest equipment and with full cabin service, these chartered aircraft operate on a one-way fare of about £46 to £47.

The Air League reached its figure of 3d a mile after studying the published costs of a piston-engined Douglas DC 6B airliner, one of the outstandingly cheap aircraft of this generation; the figures might have worked out very differently if other types of piston-engined, or even turbo-prop, aircraft had been chosen. But the independent airlines have themselves asked the Minister of Transport for permission to halve fares on several African and Far Eastern routes on which they would use not only DC 6s but also Britannias. The trouble with the international airlines is not, as the Air League suggested, that they should be using old, slow aircraft for cheap 3d. flights; the myth that an old, slow aircraft is also a cheap one dies hard. It is that they operate too many uneconomic routes that have to be subsidised out of profits earned on the others.

FUEL POLICY

Clean Air and Coal

REGULATIONS have at last been introduced under the Clean Air Act that extend to coal-firing installations using automatic stokers that have been put in since the beginning of 1957 the general exemption from smokeless zone prohibitions that already applied to oil-firing "package boilers". Over a period while so many other elements in the choice have been impelling industrial customers to switch to oil, this particular

discrimination has given the coal industry a legitimate grouse; efficient modern equipment burns the one fuel as smokelessly as the other.

To some extent coal also suffers from one of the assumptions upon which clean air legislation is based — that what the eye can't see the nose can't smell. Air pollution, in Britain, is measured almost entirely according to the Ringelmann chart, which classifies smoke according to how sooty it looks at a given distance. The Medical Research Council, for example, considers that diesel fumes are not a health hazard, though in the United States and Germany fumes from vehicle exhausts are regarded as requiring control. Smoky or not, moreover, the sulphur content of fuel oil is often much higher than that of coal.

The coal industry is hardly in a position to complain about clean air legislation in general. But the effect of the legislation could hardly have come at an unluckier time for the industry, and some details of the clean air administration have affected it in unexpected ways. There have been signs in the last few years that a few big coal distributors are at length prepared to mechanise their coal delivery depots: Charringtons, for example, has had excellent results from a year's operations at a new mechanised depot near Alexandra Palace, which handles about 80,000 tons of coal a year and accepts it in full trainloads. But further initiative of this kind is at present checked by the uncertainties of local option in the matter of smokeless zones: a company will not be anxious to spend say £100,000 on concentrating trade into a big mechanised depot in an area where long before it has got its money back local councils may "go smokeless" — in which case the distributor's job becomes simply one of hauling smokeless fuels about, mainly from depots at the local gasworks. Local choice may be an essential element in legislation for smokeless zones; but some closer consultation with the centre, by which broad priorities for given regions were set down, might usefully reconcile it with other, equally desirable developments in the fuel market.

ROAD TRANSPORT

Surveying the Goods Vehicles

Nobody is in doubt that the volume of goods carried by road in Britain is increasing: even the Transport Commission's annual reports, for example, are studded with charts purporting to show how this contrasts with the chronic decline in British Railways' freight receipts. But while there are fairly detailed statistics of the number of goods vehicles in operation, there are no regular or comprehensive measures of their employment. The Ministry of Transport has recently published the results of a sample survey made during one week in April of last year, similar to one made in 1952. Seven years ago 940,000 goods vehicles were on the roads; by last year the figure had grown to 1,270,000, of which more than one million were vehicles with C licences.

Out of a total of 513 million ton-miles recorded as being carried during the survey week, C licensed vehicles (carrying their owner's goods) accounted for about 46 per cent, A licences for about 44 per cent, of which 9 per cent came into the category (carrying goods on contract for particular customers) and B licences for another 9 per cent. Goods vehicles belonging to British Railways and British Road Services come into this total; there are about 35,000 of these in all, most of them with A licences. The growth of a half to two-thirds in A licence business reflected changes in licence regulations under the 1953 denationalisation Act. The rise in C licence traffic of about one-fifth is less than might have been expected; the Ministry speculates that this group may have been the most seriously affected by recession at the time of the survey.

By relating the results from the survey to the manual counts of traffic which it continuously makes at fifty points throughout the country, the Ministry has been able to make some very rough guesses about the volume of goods moved in the year. These suggest that road transport accounted for about 23,100 million ton-miles of traffic in 1958, or about 56 per cent of the total, compared with 18,800 million ton-miles, or 46 per cent, in 1952. The comparable figures for the railways are 18,300 million ton-miles, 44 per cent, in 1958, and 22,400 million ton-miles, 54 per cent, six years earlier. The total volume of traffic, based on these estimates, was virtually the same in each year; in the six years between the two surveys, there was an increase of nearly one-quarter in the quantity of goods carried by road.

LABOUR PRODUCTIVITY

The Edge Remains

A joint study just published by OEEC and the Department of Applied Economics at the University of Cambridge provides new comparisons of national output and labour productivity in Britain and the United States. Valuing the output of industries and services in each country at British prices, the report finds that, on average, in 1950 the United States was producing 5.4 units for each comparable unit in this country; by 1957 this ratio had risen to 5.8. But because employment rose faster over these years in America, the change in the relative productivity per worker was less marked: the average output per American worker was 2.1 times as great as that of the British worker in 1950 and 2.2 times as great in 1957.

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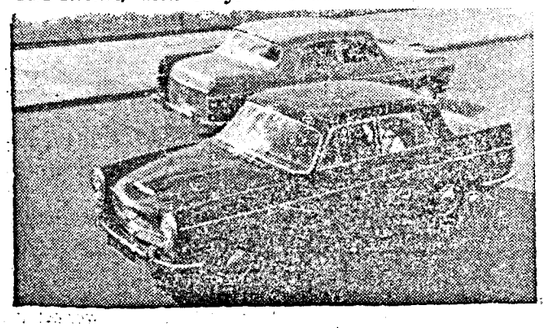

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The picture becomes a little less unfavourable to Britain if the measurements are made at American prices; even so, labour productivity is about 1.7 times as great in the United States. Since it is impossible to say which approach gives the more realistic estimate, the statisticians resort in their detailed comparisons to an average of the two sets of prices — to be precise, they use the "geometric mean".

The detailed study, which is mostly concerned with manufacturing industries, unfortunately relates only to the year 1950. Using 100 to represent output per worker per year in the British industry, the corresponding index in 44 manufacturing industries in America ranged from 111 in shipbuilding and ship-repairing to 561 in the metal cans industry, with an average for all manufacturing industries higher than that for the rest of the economy at 268. The dozen industries for which the index was under 200 included several traditional British export industries, such as cutlery and the woollen and worsted industry. Among the remaining 32 industries were chemicals with an index of 372 and motor vehicles with one of 466.

The difference in wage levels in the two countries, at the official rate of exchange, usually exceeds the difference in labour productivity. Among the 44 industries the resulting cost advantage to British manufactures was most marked in shipbuilding where the ratio of labour costs per unit of output was about eight dollars to the pound; but in only ten of the industries did this ratio fall below the parity figure of $2.80. However, since in general basic raw materials are relatively cheap in the United States, British exporters usually need some advantage in labour costs if their products are to be competitive.

FILMS

Is It Box-Office?

UNTIL April 1957 the terms upon which the National Film Finance Corporation lent public money to finance the production of feature films precluded them from doing so when finance could be obtained elsewhere on commercial terms. An amending Act then removed this restriction, and in the next year the corporation approved more loans for making new films than in any earlier year. But the 1957 Act did replace that limit upon the financing of particular films, with a more generalised duty: the corporation was instructed to perform its functions in such a manner as appeared to it best calculated to avoid making a loss on all its loans taken together. Its burst of activity in 1957-58 did not prevent the corporation from showing a loss of about £116,000; and in 1957-58, the corporation reported last week, it lost £222,367. The conclusion it draws from this is that it should be absolved of even the generalised obligation not to make a loss. Interpreted strictly, it feels, the Act of 1957 would require it to make only guaranteed loans, the kind that might equally easily be made through a bank. But its purpose, it rightly claims, was to assist British film production; and since British film production today appears inherently even more unlikely to make profits, perhaps Parliament should decide "whether the balance of advantage lies in providing the Corporation with further funds or leaving the industry to endeavour to find its finance elsewhere."

If, as would seem to be demonstrated, the British nowadays more and more prefer to take their visual entertainment in drawing rooms rather than in cinemas, Parliament should perhaps also consider whether the corporation's occupation is nearly gone. Entertainments Duty has been considerably reduced, and producers of British films made in Britain still get an extra share of the shrinking total box-office receipts siphoned to them through a statutory levy on takings. Apart from this levy, a backer of large numbers of films with end money, such as the corporation is, would in 1958 have been able to recover only 52 per cent of the total cost of these films — though most other people concerned in the game, such as stars, producers, directors, and distributors do sustain a more than modest standard of living out of these films' having been produced. A film bank accustomed to the peculiar financial circumstances of the film publishing industry is one thing; a film bank which never expects to see the money it lends back is another. Are British films worth an almost open subsidy if the British public do not find them worth looking at?

COPPER

Producers Cut Output

FIRST signs of a check to world over-production of copper came last week when two major producers announced that they were cutting output. Prices in London responded quickly, cash copper rising by £17 to £226 a ton. The first move was by Phelps Dodge, one of the big three American producers, which said that its output in the second half of this year would be seven per cent lower than in the first half. A few days later Rhodesian Selection Trust announced that its output in the second half of the year would be down by 10 per cent.

The other Rhodesian copper group, Anglo American, made a guarded statement; it pointed out that the rate of operation was flexible, and that its sales in the second half of the year were unlikely to be as high in the first half (when output and deliveries were unusually high following the ending of the strike in the mines late last year). During the 1957/58 recession Rhodesian Selection Trust cut output long before Rhoanglo. World stocks of copper are not high, but they have been rising at a fairly rapid rate. If other leading producers also cut output the market will respond quickly.

COMPANY AFFAIRS

DISTILLERS

JUST as the directors indicated last December, the profits of the Distillers group did not forge ahead quite so rapidly in the second half of the financial year that ended on March 31st last as they had done in the first six months. Gross profits after depreciation in half yearly periods have run as follows: £11.4 million, £11.3 million, £12.9 million and £11.9 million. Thus profits were still rising in the last six months but at a slower rate; and it looks as if increased sales of hard liquor have offset lower earnings from the industrial division. Over the full year, the group's trading profits before depreciation advanced from £24.8 million to £27.1 million and its income from trade investments went up from £1.5 million to £1.8 million. Both depreciation and tax were slightly higher and the net profit rose from £10,583,000 to £13,172,000.

The two-stage scrip issue carried through by Distillers in November certainly seemed to point to a more generous dividend policy and now bigger earnings have given the directors the opportunity to be more liberal. The year's ordinary dividend is set at 12½ per cent, compared with the equivalent of 10 2/3 per cent for 1957-58, and it is covered over twice by earnings. Something like three quarters of these earnings come from distilling and so far the group does not seem to have earned on the capital employed in its chemical, plastics and biochemical interests as high a rate of return as it obtains on the capital invested in potable spirits. Last November the directors said that the development programme, of which no details were given, would make it necessary for the company to find additional finance of up to £15 million in the next two years. These plans now seem to have been trimmed, for after another review of future capital requirements the directors say that, having regard to the present programme and the phasing of the expenditure involved, they do not consider it likely that fresh capital will be required on the scale previously envisaged and that it will certainly not be required in the current year. That announcement, almost as much as the increased dividend, was responsible for the rise in the price of 10s. ordinary units by 1s. 1½d. to 27s. 7½d. immediately after the preliminary statement was issued. At this price the yield is 4.6 per cent.

CO-OPERATIVE PERMANENT

THERE are still plenty of people anxious to obtain mortgages for house purchase and the building societies continue to be unable to satisfy all the applications that are made to them. Certainly, in the last six months or so they have been less restrictive but in the coming months, because the net inflow of money has slackened since the reduction in borrowing and lending rates, mortgages may become a little more difficult to obtain than they have recently been. The beginning of the Government scheme of special loans for pre-1919 houses should, however, temper the difficulties. The recent experience of the building society movement is well illustrated in the results of the Co-operative Permanent for the six months that ended on June 30th. Receipts in that period came to £25,294,000, compared with £22,005,000 in the previous six months, and withdrawals to £17,356,000, compared with £15,442,000. The net inflow was thus £7,938,000, compared with £6,563,000, and, as advance repayments practically balanced new advances, the society built up its liquidity ratio from 15.8 to 16.8 per cent at book value and from 15.0 to 16.3 per cent at market value.

The big net inflow of money occurred at the beginning of the year but since the rate on shares was reduced from 3½ to 3¼ per cent, net, receipts have fallen off and withdrawals have risen. The flow of money to the building societies from bank deposits, where rates came down long in advance of the building societies' rates, exhausted itself by the end of April and in the meantime the competition for money from the unit trusts, stock exchange investment and personal spending was growing. Mr Herbert Ashworth, the general manager of the Co-operative Permanent, does not expect the society's figures to be so buoyant in the second half of the year as they were in the first.

FIRTH CLEVELAND

THE marketing of 25 per cent of the equity of Firth Cleveland is the result of the furling of the Chancellor's umbrella on surtax companies. The company's preference shares and debenture stock are already quoted on the stock exchange and now a quotation is being sought for the 5,500,000 ordinary shares of 4s. each. Of these shares 4,000,000 are being offered to the public at 16s. 6d. each. In the fourteen months to December 31st last, the group earned a gross profit of £1,700,000 from a turnover of £21,000,000, a slightly lower rate than in the two preceding years as its operations were affected by the hire purchase restrictions and the credit squeeze. In the current calendar year the directors expect gross profits to be more than £1,800,000. There should be a further growth in profits in the following two years, reflecting the earnings accruing from the greater volume of hire purchase and rental business that the group's retail division has recently secured. On the ordinary shares, the directors expect to pay a dividend of 24 per cent, so that the shares are being offered at a yield of 5.8 per cent. The founder shares, of which there are 10,500,000 in issue, do not rank for a dividend in 1959 or 1960 but on July 1, 1961, they automatically become ordinary shares, with exactly the same rights as those now being offered to the public.

Investors are thus being offered a stake in the equity of a family concern, which is largely the creation of the work of its chairman, Mr C. W. Hayward, and in which he and his associates retain control. It has thrived under his direction and seems likely to go on doing so but within two years time a considerably enlarged ordinary capital will have to be serviced. In the prospectus, Firth Cleveland is described as an industrial holding and investment company: as that, because the group's fortunes and interests have been built up gradually over the years, it ranks among the better of its kind. The metals division, the engineering division and the retail division offer diversity, but within the metals and engineering divisions there is a fair degree of vertical integration; the diversity, in fact, is not haphazard though the group's markets are widespread.

GENERAL ELECTRIC

THE trading results of General Electric in recent years have been among the most disappointing in the electrical manufacturing industry, and its profits in the year ended March 31st last suffered a further setback. But following the pessimistic interim report issued in January shareholders can gain a little cheer from the final outcome, for in the last three months of the year the decline in earnings appears to have been halted. Over the full year profits, before tax, fell by £516,000 to £4,249,000, but with taxation more than £1 million lower the net profit improved from £1,605,480 to £1,983,000. The total dividend for the year is being maintained at 10 per cent, a ½ per cent increase to 7 per cent in the final payment exactly compensating for the cut that was made in the interim dividend. Earnings have improved slightly, to 16½ per cent.

Sales were once again a record rising by 3½ per cent to £108 million but most of the improvement in profits came in the final quarter of the year. Depreciation is said to be higher, though no figure is given, and though the initial costs and research expenditure on the Hunterston atomic power contract have been written off, another £250,000 has been set aside from current profits to provide against any further costs which may accrue. The directors say that it is not yet possible to forecast the outcome of the contract. The £1 ordinary shares rose 2s. to 35s. on the announcement and they now yield 5¼ per cent.

BLACKBURN AND GENERAL AIRCRAFT

NAVAL orders for aircraft are smaller than those placed by the RAF but as Blackburn is one of the smaller aircraft makers the Fleet Air Arm order for the N.A. 39 should, as the chairman, Mr E. Turner, says, keep its aircraft division reasonably occupied for a number of years. As Blackburn, apart from repairs and overhaul, has virtually ceased working on the Beverley Transport, the size of its profits from aircraft will obviously turn on any success it has in selling the N.A. 39 to customers other than the Fleet Air Arm, to whose specifications it was designed. Much of the capital expenditure of £530,000 in the year to March 31st last was on equipment for this aircraft and this year, as Blackburn prepares to manufacture it in production quantities, capital expenditure

will be of the same order of magnitude. Tooling up for this aircraft occurred at the same time as orders for the Beverleys ran off and in 1958-59 the group's trading profits fell from £1,025,013 to £669,596; its net profits fell less sharply, from £547,104 to £408,111; a final tax free dividend of 6 per cent in addition to an interim capital distribution of 4 per cent, free of tax, replaced the 1957-58 total payment of 10 per cent, tax free; and a net bank overdraft of £320,735 replaced a cash balance of £389,794.

In a year or so, there seems to be a chance that earnings from the aircraft division will begin to pick up, for as well as the N.A. 39 order the level of activity in the engine company, which specialises on small gas turbines, continues to grow. Blackburn has already diversified its activities, securing interests in engineering, agricultural and horticultural machinery, building and civil engineering, but aircraft still make up the major portion of its activities. But its policies for the future seem to be aimed more at further diversification, especially perhaps in electronics, rather than at concentration within the aircraft industry. Indeed, Mr Turner argues that mergers and other forms of grouping within the aircraft industry at a time of falling demand can only result in spreading the available work very thinly with consequent increases in the overhead content in the cost of production. To make use of the skills and techniques acquired in the aircraft industry in other fields makes sense, so long as the moves are made with deliberate care and so long as the managers, as those of Blackburn seem to be prepared to do, are willing to spend time, energy and money on reorganisation and development.

RENOLD CHAINS

As Mr Charles G. Renold, the chairman of Renold Chains, forecast a year ago, the profits of the group declined in the year to March 29th last. The trading surplus was more than £220,000 lower at £1,622,000 and the net profit of £495,561 compares with £558,770 for 1957/58. Thus earnings for the maintained 12½ per cent dividend have fallen from 25 5/8 per cent to 15 3/8 per cent on the capital as increased by the "rights" issue in June 1958. As the business is mainly confined to the mechanical transmission of power and the conveying and handling of material by its extensive range of conveyor and elevator chains, profits tend to reflect the general level of business activity both at home and abroad and clearly its latest results have been affected by the recession in economic activity last year. Towards the end of the financial year, trading began to pick up and sales and orders improved, a trend which has been maintained in the current financial year.

During the year a three for eight rights issue was made at par which brought £2 million into the group's funds and enabled it to increase its manufacturing capacity, particularly at the factory site at Burton-on-Trent, to meet an expected increase in orders. The book value of fixed assets has already risen by £1,400,000 and there are still capital commitments of £839,000 outstanding. It seems possible that the shortage of liquid funds may remain something of a problem, for in 1958/59 the net bank overdraft rose from £230,000 to £551,000 even though the new issue was made and the cash from ploughed back profits amounted to more than £559,000. The company has, however, purchased short term investments of more than £1 million.

The profits of all the companies of the group were lower during the year, except for the Australian subsidiary where the planned extensions were completed and where profits from both manufacturing and selling were satisfactory. The contribution of the new acquisition, Perry and Company (Holdings), to profits was rather disappointing, though recently there has been some improvement in its results. With a net asset value close on 43s. the £1 ordinary shares of the group are currently quoted at 43s. 9d. and yield 5¾ per cent.

BUTLINS

BUTLINS can expect a good reception for its forthcoming one for four rights issue at 4s. per share. The existing 1s ordinary shares are quoted at 6s., which points an opening premium on the new shares of 1s. 7½d. Considering the company's recent record — shareholders have had their dividend doubled over the past four years — the issue seems assured of success, but the company's dividend forecast should add to its attractions. Bookings at the company's holiday camps have so far been maintained at last year's record level. The interim dividend on the present capital is being raised from 10 per cent to 15 per cent and the final dividend on the increased capital will at least be maintained at 25 per cent. That points to a total dividend of at least 40 per cent, to offer a prospective yield of 6 7/8 per cent on an ex-rights price of 5s. 7½d. The new issue will bring about £882,000 into the business.

LINEN THREAD AND COURTAULDS

TWO further moves towards diversification in the textile industry have recently been announced. The chairman of Linen Thread, Mr William E. Luke, told shareholders last March that the group would continue to pursue its policy of extending its operations into growth industries to compensate for the decline in its traditional business. The directors have now announced that the group has acquired for £1,500,000 the family business of Delaney Galley and certain of its associated companies. This purchase represents a complete breakaway from the traditional products of Linen Thread. Delaney Galley specialises in the manufacture of various automotive components, such as radiators, heaters and cooling apparatus. Its future plans include developments in the radar, electronic and nuclear fields. No forecast is made of Delaney Galley's profits, which are said to have fluctuated with the changes in the fortunes of the industries it serves. The sale of Linen Thread's American subsidiary brought £4¼ million into the group and this acquisition is presumably only one of the first steps into other fields.

Of all the companies, it is Courtaulds which has been the most active in acquiring new industrial interests. It is now going into the corsetry industry, making a £2,362,500 cash bid for the ordinary capital of Gossard (Holdings) with an offer of 13s. 6d. for every Gossard 5s. ordinary share. Apart from the manufacture of foundation garments Gossard has a tailoring and outfitting business, two London laundries and an engineering company. With interests in both South Africa and Germany, where Courtaulds also operates, the business should make a useful addition to the Courtaulds group. It is moreover an example of moving into industries where the skills and techniques of the traditional business of the bidder have some application. That may be a more conservative approach but also a more profitable one than spreading one's risks by ventures into completely alien industries.

COURAGE AND BARCLAY

LAST year's fall in beer sales is attributed by the chairman of Courage and Barclay, Colonel J. H. Courage, to the bad summer, the London bus strike and to easier hire-purchase facilities. With the hire-purchase sales reaching new peaks every month it does indeed seem likely that the increasing number of people entering into hire-purchase agreements will be less able to spend so much on beer and what Colonel Courage calls other dispensable items. But in spite of these adverse factors the directors have reported record trading profits at £2,140,899, against £2,134,037, and net profits of £1,008,825, against £885,489, and an increase in the ordinary dividend from 11 to 13 per cent. Rationalisation following the merger four years ago of Courage and Co. and Barclay Perkins, increased sales of the extensively advertised "John Courage" bottled beer and a rising demand for Barclay's lager, at home and abroad, have all contributed to these satisfactory results.

The group's expansion and modernisation programme, which in the past four years has led to the building of more than 50 public houses, has so far been financed internally by the sale of high value sites. On the production side, rationalisation continues, and the centralisation of brewing facilities for Greater London at Horselydown has left the Park Street site available for redevelopment: the directors plan to build a new bottling factory alongside the existing factory there. It is hoped to finance this project partly by the sale of other production properties (none of which can be sold before the new plant comes into operation); but the time has now come when the company is forced to raise additional capital. The form in which it will be raised depends on conditions ruling at the time and the chairman says that until the final plans are approved and construction schedules agreed he cannot say when that time will be. In the light of recent discussion on property values as shown in many brewery companies' balance sheets, there is little doubt the directors of Courage and Barclay are now making the best use of their property assets. Whether the talks now going on with H. and G. Simonds result in a merger or a reciprocal trading agreement remains to be seen, but whatever the outcome it could lead to a better share of the market for both concerns. Since the preliminary figures were published the £1 ordinary shares, in line with the general fall in brewery shares, have fallen 3s. to 50s. and now offer a yield of 5.2 per cent.

COMPANY MEETINGS

GUEST, KEEN AND NETTLEFOLDS LIMITED

MR K. S. PEACOCK'S REVIEW

The fifty-ninth Annual General Meeting of Guest, Keen and Nettlefolds Limited, was held on June 25th at Birmingham, Mr. K. S. Peacock, chairman and managing director, presiding.

The following is an extract from his circulated Statement for the 53 weeks ended January 3, 1959:

In my Statement last year I again made it clear that we considered the ownership of our steel works of major importance to the Group and I outlined the size of our investment in the iron and steel industry. Since that time much has been both said and written on this subject by politicians and by those directly connected with the industry. Although no really cogent arguments have been put forward for renationalisation, the Labour Party have stated that they propose, if elected again, to take this step. It is deplorable that for ideological reasons they are still apparently willing to risk the disruption of this great industry on which the country so much depends.

As I dealt so fully last year with our reasons for opposing renationalisation in any form, I do not propose to repeat the arguments but wish again to advise you that your Board are completely and unalterably opposed to the step in every way.

The position of the G.K.N. Group is, I think, almost unique in that our steel interests, as previously explained to you, serve mainly our own finishing works and the great importance of this close through-and-through contact must once more be emphasised. Practical considerations do not seem, however, to be taken into account in Socialist theories,

RESTRICTIVE TRADE PRACTICES ACT

There is another matter, also political, to which I wish to refer, and that is the Restrictive Trade Practices Act, 1956. When this legislation was proposed I am sure that every right-thinking person was anxious that it should be in such a form as to protect the consumer from unreasonable or too restrictive marketing arrangements.

Unfortunately the wording of the Act appears, from the statements made in the judgments of the Court, to go much further than this—so far, in fact, that it threatens to make co-operation between manufacturers in any way virtually impossible. Many Group Companies are members of Trade Associations and, in the light of the Court's interpretation of the Act, it would appear likely that a number of these Associations may have to be disbanded.

They have, in my opinion, conferred great benefits not only on the industries concerned and the workpeople employed but also, as is most important, on the consumer. But in the nature of things it is difficult to furnish legal proof on this point since it involves proving what could have happened without the agreement. It is interesting to recall that a number of these Associations were formed on the recommendations of the Government of the day in the early 1930s after detailed investigation by the Import Duties Advisory Committee. The basic considerations in regard to Associations should surely be:

1. Are they progressive and do they help the industry to co-operate technically and use the latest modern practices?
2. Are the profit rates of members reasonable, taking bad times with good, in relation to turnover and net assets employed?
3. Do members deal fairly with their customers?

TRADING CONDITIONS IN 1958

In spite of a deterioration in trading conditions in the latter part of 1958, I am pleased to be able to report that the surplus (before taxation) for the whole period of 53 weeks has been maintained at the same weekly rate as for the 52 weeks of 1957. Turnover has increased, but profit margins, particularly in the finishing end of the business, declined in the latter part of the year. It must be recalled that prices of materials increased in 1957 with a resultant windfall in profits arising from sales from stocks, but the reverse applied in 1958, representing a decline in profit comparing the two years of no less than £1,300,000. In addition the year 1958 also bore a full year's cost of the new works pension scheme and improvements to existing pension schemes.

The fixed assets have increased from £15,934,000 at the end of 1951 to £78,590,000 at the end of 1958. Bearing in mind that in 1951 we no longer owned the steel companies which had been nationalised, this tremendous growth reflects partly the re-acquisition of the steel companies in 1954 and 1955 and partly the very large expenditure on improvements and modernisation and on expansion of productive capacity throughout the Group.

LIQUID RESOURCES OF THE GROUP

As regards the liquid resources of the Group, consisting of bank balances in hand less overdrafts, tax reserve certificates and marketable investments, these have contracted from their peak in 1951 of £23,229,000 (which included £13,902,508 remaining from the compensation received on nationalisation of the steel companies) by no more than £3,129,000 to £20,100,000 at the end of 1958. This maintenance of the financial strength of the Group, despite the very heavy expenditure on fixed assets and stock, has been made possible by a dual policy of retaining profits and of getting in new finance both by way of loan capital and by a rights issue to the Ordinary Stockholders.

It is the Ordinary Stockholders, however, who have provided by far the most important part of the increase in the Group's financial resources during the period, their total interest having risen from £40,976,000 at the end of 1951 to £105,803,000 at the end of 1958. Profits retained during the seven years account for £47,502,000 of this increase and the balance of £17,325,000 represents the net proceeds of a right issue to the Ordinary Stockholders in 1957 and the value of shares issued on the acquisition of subsidiaries.

The surplus on trading has increased from £9,226,000 in 1951 to £24,895,000 in 1958 and has approximately kept pace with the increases in turnover and in total net assets. This is shown by the ratio of surplus to turnover having fallen only from 13.5 per cent. in 1951 to 11.9 per cent. in 1958, but on the other hand the ratio of surplus to net assets has slightly improved from 16.1 per cent. to 17.1 per cent. Within this overall stability there are, of course, wide fluctuations from year to year as between the different companies, both at home and abroad. But the Group serves many industries and this is a great source of strength.

PROSPECTS FOR 1959

The deterioration in trading conditions applying to the latter part of 1958 has continued in the early part of 1959. It is possible that the trading results for 1959 will not reach those of the year under consideration unless there is some marked improvement in general conditions.

Our capacity has been enlarged in many directions by the large capital expenditure of recent years and we are well placed to increase our volume of sales substantially. The steel companies and the re-rolling sections of the Group have been operating at a reduced rate, but there are now indications of an improvement in demand. Some of our manufacturing companies are also experiencing improved demands as a result of the revision in purchase tax and hire purchase arrangements, and the motor industry, to which we are large suppliers, remains buoyant, but the engineering side of our business as a whole is down, both in turnover and earnings, at the present time. Profits of our overseas companies have been well maintained.

Your Board have decided that, in spite of existing trading conditions, the Stockholders should participate in the increased profits that we are able to report for 1958. The final dividend is, accordingly, recommended to you at 9 per cent, to give a total for the year of 13 per cent. It will be recalled that the dividend paid for 1957 was 15 per cent on the Ordinary Share Capital prior to the three for ten scrip issue in September, 1958. This rate is equivalent to 11½ per cent on the new Capital of £39,492,069, so that the recommended dividend for 1958 of 13 per cent represents an effective increase of 1½ per cent.

Stockholders may be interested to know that capital expenditure in 1958 reached a record total of £17,621,627.

The report and accounts were adopted.

ALBERT E REED & Co., LTD

CONTINUED GROWTH IN PAPER AND PAPERBOARD MANUFACTURE AND CONVERSION
LORD CORNWALLIS REVIEWS GROUP'S ACTIVITIES

In his annual statement presented to the Fifty-sixth Annual General Meeting of Albert E. Reed & Company Ltd., paper manufacturers and converters, the Rt. Hon. Lord Cornwallis of Linton, K.B.E., M.C., the Chairman, said: —

During the year Mr F.J. Clark and Dr P.H. Sykes have joined the Board of your Company, and I am pleased to have this opportunity of welcoming them on your behalf. Mr Clark's responsibilities are to direct the packaging interests of the Group and Dr Sykes is in charge of the research and development activities. We have no doubt that their wide experience in other spheres will constitute additional strength and will be of great assistance in the pursuance of the Group's policies.

TURNOVER AND TRADING RESULTS

Although profits have been maintained at substantially the same level as last year, this has only been achieved by increased production and turnover as the competitive trading conditions in the paper industry to which I referred last year have become increasingly severe during the financial year ended 31st March 1959.

The turnover, including intercompany sales, was £66,200,000 compared with £62,300,000 last year representing an increase both in volume and in value. The total trading profits for the year, before charging depreciation, are £6,000,922 against £5,764,750 for the previous year.

The installation of large new production units and the continuance of our policy of modernisation in our plants is reflected in the depreciation charges which have increased from £1,263,794 to £1,723,252, and this increase is the cause of the fall in trading profits after depreciation from £4,500,956 to £4,277,670.

After providing for taxation on the trading profits, there is left a net profit of £2,515,381 available for distribution as dividend and transfer to reserves, compared with £2,335,883 for the previous year.

The Directors recommend a final Ordinary dividend of 9 per cent., less income tax, which with the interim dividend paid on 13th December 1958, will make a total of 14 per cent., less income tax, for the year, the same rate as last year.

After providing for this and for the Preference dividend, and after bringing in the balance of £375,594 from the previous year, £1,486,397 is available from which £1,000,000 has been transferred to General Reserve, which now stands at £13,000,000.

This leaves £486,397 to be carried forward on the Group Profit and Loss Account, compared with £375,594 carried forward last year.

BALANCE SHEET

The consolidated balance sheet of the Group shows that the net interest of the shareholders of Albert E. Reed & Company, Limited has increased from £37,354,224 to £38,633,604 during the course of the financial year. This is represented by retained profits, less debenture issue expenses, and the 228,572 "A" Ordinary Shares issued as consideration for the acquisition of R.H. Filmer, Limited, to which I refer later.

Capital expenditure involving both the provision of new plant and buildings and the reconstruction and modernisation of existing assets has amounted to £2,780,000 during the year.

You will recall that the consent of the Capital Issues Committee was received to the new debenture issue to which I referred in my statement last year and the £5,000,000 was subsequently subscribed.

GROUP ACTIVITY

I have already mentioned the increase in Group turnover and I am pleased to report that growth has continued both in the paper and board manufacturing and in the converting operations of the business.

World paper and board production, however, is still materially in excess of world demand and we have not, therefore, been able to take up the full production potential of the new paper machine at Aylesford Paper Mills and the new board machine at Colthrop Board and Paper Mills. Both machines have, however, from time to time, operated at full rated capacity and the Group is in a position to expand its output very substantially on the resumption of full demand which may still be delayed for some time, but which we are satisfied will come in due course.

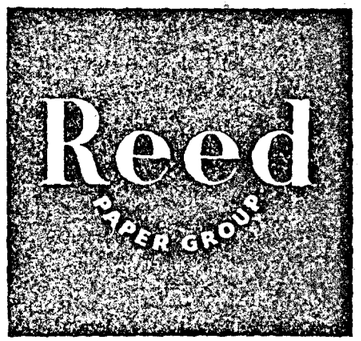
DEVELOPING PRODUCTION POTENTIAL IN PACKAGING

Production potential on the packaging side of the business is being actively developed and ranges over a wide field, with considerable emphasis on research and development in the design and production of new packages.

The acquisition during the year of R.H. Filmer, Limited, has additionally strengthened our productive capacity in boxes and cartons. This company is an old-established concern with a fine reputation and is the largest producer in the country of paperboard containers for the horticultural industry, taking substantial tonnages of board from the Group, thus affording an excellent example of our continuing vertical integration.

An indication of the extent to which these packaging activities feature in the Group as a whole is given in the analysis of Group sales for the year ended 31st March 1959. From this you will see that 74 per cent. of sales are represented by wrapping paper or converted packaging products:—

£66,000,000
Group Sales
Analysis by main products Groups



In addition to these main interests we are continuing to develop certain specialist subsidiary products — the pitch fibre pipes, for example, manufactured by Brookgate Industries Limited and distributed by The Key Engineering Company Limited, both subsidiary companies of the Group, are being rapidly established in the constructional engineering, building and agricultural fields.

ASSOCIATED COMPANIES

The Tasman Pulp & Paper Company Limited in New Zealand, in which your Company holds 25 per cent. of the equity, continues to make progress and it is pleasing to be able to report that for the financial year ended 31st December 1958, that company has shown a profit of £258,019 after providing for the heavy depreciation charges amounting to £1,707,467 to which I referred in my statement last year. I feel that the confidence which your Board has always had in the Tasman company is now proving to be fully justified and that we can look forward to progressive development in this great project, although, partly because of the exceptional depreciation charges and partly because of the major initial problems which always have to be faced in launching a project of this size, it may be some time before we can expect an income return in the way of dividend.

Encouraging results are also being achieved by Kimberly-Clark Limited, manufacturers in this country of creped wadding products, in which we hold a one-third share. We are, in conjunction with our American partners, ploughing back profits in the development of this concern rather than distributing them as dividend, and another high-speed wadding machine is likely to come into operation towards the end of the year.

PROSPECTS

Your Company's liquid resources are for the most part to be utilised in capital development plans already in existence, but I feel that the sound financial position disclosed by the balance sheet will enable your Company to continue the policy of expansion and diversification, and to take advantage of whatever fresh opportunities may arise.

There are indications of an upturn in the general level of business in the United Kingdom, and no doubt if this continues it will have the effect, to some extent, of relieving the situation caused by the temporary surplus capacity in the paper industry, and the substantial recovery of general activity which is reported from the United States and Canada should also make some contribution to this end. It would be unrealistic for me, however, to suggest that we look forward at an early date to any reversal of the extremely competitive situation in our industry, as in certain parts of the world very substantial additional productive capacity is still being laid down although there are no signs as yet that there will be any demand for this additional production when it comes into operation.

EFFORT TO MAINTAIN STABILITY

There are times in almost any industry when productive capacity overtakes demand, and in this respect the paper industry is not at all unique. When, coupled with this situation, there is the interplay of other economic forces a period will be experienced when it becomes more difficult to retain profits at figures which not only enable the capital to be serviced but provide a margin for retention and development of the business. At these times it is important that the efforts to improve efficiency should not be impaired and that quite substantial expenditure should continue to be made on research and development. Unrestricted price warfare in such periods can have very deleterious effects on the health of any industry, produce a state of affairs where capital is not easily available for important projects and menace the continued full time employment of labour, and not, in the long run, give any lasting benefit to the ultimate consumer. We therefore deplore some of the price cutting which has already occurred and which has been to an extent which is in no way justified by reductions in costs. For our part we are continuing to pursue our efforts to maintain stability in paper prices and in the price of wood pulp which is the basic raw material of papermaking. As the world's largest buyers of wood pulp we feel a special responsibility in this connection, and we believe that the continuation of unrestricted reduction in margins will not be beneffeial to the industry in this country or in the world.

CONFIDENCE IN THE FUTURE

In spite of the short term dangers to which I have drawn attention, we have nevertheless the greatest confidence in the long term future prosperity and growth of this great industry of which your Company forms such an important part.

CONCLUSION

The Group markets many types of products — most of them well tried and established, others new and even experimental — and I know it is encouraging to our shareholders to realise that production in our mills has been maintained, and even raised to still higher levels. I can, therefore, sincerely thank, on your behalf, our management and staff for their intensive efforts and our thanks are due to all those whose enthusiasm and, endeavour enables us to keep our production at such standards of tonnage and quality.

LORRAINE-ESCAUT

The Ordinary General Meeting, held on the 16th June 1959, approved the Accounts for the financial year 1958 which show a profit of 1,301,559,552 francs, and resolved that a gross dividend of 8% be paid, that is to say, less taxes but after taking into account the return on income from subsidiaries, 642 francs net, which is exactly the same as the previous dividend.

After having paid tribute to the memory of President Raty, who died on the 20th June 1958, the Board referred in its Report to the development of French industrial activity which, in spite of the fall recorded especially at the end of the year, still shows a 6% improvement in comparison with 1957.

Production of the French Ironworks amounted, in 1958, to 14,600,000 tons against 14,100,000 tons in 1957, and out of this production, the share produced by the Company reached 1,830,000 tons against 1,725,000 tons the previous year.

On the commercial plane, activities remained firm on the home market until the autumn, when a certain slowing down was recorded, consequent upon substantial reduction in stockpiling by consumers. On the export side, following an unfavourable first quarter, there was a marked recovery which did not however affect prices which remained at a mediocre level.

The Tube Industry, like the Iron Industry and contrary to the majority of its foreign competitors, again improved its production with 918,600 tons in 1958 against 867,000 tons in 1957 (the Company produced as its share 383,000 tons of tubes against 359,000 tons). The home demand for tubes showed a certain drop especially in regard to non-welded tubes. The position has been the same in regard to exports, where prices are at a somewhat unfavourable level. On the other hand, there is a very substantial demand for large welded tubes, which is of special interest to the Company's Works at Sedan.

The Board then proceeded to detail the programme of works undertaken by the Company. The extension of the capacity of certain large plants marked fresh advances: the Senelle steel-works, the capacity of which has reached 50,000 tons per month, hoop (strap) iron plant at Thionville, Tube Works at Sedan which make it possible to attain 80 to 90 kilometres of tubes per month, etc.

Moreover important works are in hand, including agglomeration, crushing, construction of a Martin hearth at Mont-Saint-Martin, construction of a second large capacity blast furnace at Senelle and modernisation of the finishing plant and welding shop at Anzin.

The Chairman concluded this Report with a speech during which he dwelt upon the recovery recorded particularly since March and which is illustrated by a gradual return of production figures to more satisfactory levels. It has been clearly stated that during the first five months of 1959, 752,500 tons of steel and 159,000 tons of tubes were manufactured against 792,500 tons and 157,000 tons respectively for the same period in 1958. Compared with that of the whole of the previous year, the monthly average over the first five months gives 150,500 tons against 152,500 tons in 1958 for steel and 31,800 tons against 31,900 tons for tubes.

Finally, during the same period, a total of 2,070,000 tons of ore was extracted, against 2,260,000 tons during the first five months of 1958.

The Chairman finally referred to the manner in which the capital, as decided by the Board, is to be increased; the effect will be to raise the capital from 15 to 16.5 thousand million francs by the creation of 150,000 new shares for cash, issued at par increased by a premium equal to the nominal amount, that is to say in all 20,000 francs. The subscription list, which opened on the 6th July, will be closed on the 31st July next.

GODFREY PHILLIPS LIMITED

ACCOUNTS SHOW STILL FURTHER IMPROVEMENT
A SOUND AND POWERFUL STRUCTURE
MR P. A. GODFREY PHILLIPS ON THE OUTLOOK

The fiftieth annual general meeting of Godfrey Phillips Limited, was held on June 26 at 112 Commercial Street, London, E.1., Mr. P. A. Godfrey Phillips, chairman and managing director, presiding. The Secretary, Mr. A. H. Grindell, read the notice convening the meeting and Mr. H. C. Medlam, F.C.A., of Messrs. Fitzpatrick, Graham & Co., the auditors, read the report of his firm.

The chairman said:

Gentlemen, you have heard read the notice convening the Meeting and the Auditors' Report. As the Accounts and the Directors' Report have been in your hands for some time, with your permission we shall consider them as read. (Agreed.)

It is my special pleasure to welcome you here today on the occasion of our Fiftieth Annual General Meeting, and I am particularly glad that we have with us today the chairman of our Australian Company, Col. F. H. Wright. The history of the business extends back, of course, over a very much longer period, having been founded 115 years ago. In 1908, however, increased capital requirements arising from expansion of trade made necessary its conversion into a Limited Company, from which has grown the Group of Companies with diversified and worldwide interests whose accounts are before us to-day. In its history your Company has had its full share of success and it has also suffered its setbacks, and it is perhaps appropriate, on this occasion, to reflect on the efforts and achievements over the years which have resulted in the building of a sound and powerful structure, the inherent strength of which has enabled us, on more than one occasion, to overcome periods of great difficulty in our trading fortunes.

In recent years, as is well known, we have been passing through such a period, and we have fallen back on these resources to support lower profits and even losses. From this it must not be inferred that we have overcome the immediate trading problems that face us, and which have been featured so prominently in our Reports and in my addresses to you in the past few years. Nevertheless your Board is pleased to be able to present accounts which show a still further improvement in our trading position.

GROUP PROFIT

From the Consolidated Profit and Loss Account it will be seen that the Group Profit before taxation amounts to £496,401, compared with £422,141 for 1957. This increase arises from a higher Trading Profit and from lower Interest Charges, the result both of lower Interest Rates during the year and a further reduction in Bank borrowing throughout the Group. In this latter connection it has again been possible to effect adjustments in the levels of Group stocks. In this section of the Account there is an increased Exceptional Profit of £50,145, arising mainly from the sale of factory premises in Australia, where we have been through a period of considerable reorganisation to which I shall refer later. Against this, however, is a substantial increase in the figure for Depreciation of Fixed Assets which, in the year under review, required no less a sum than £231,594.

I should perhaps here stress that in our industry much of the expensive equipment is of a specialised nature and, in consequence, changing conditions of trade and variations in the preferences of the smoking public throughout the world impose heavy charges for Depreciation in respect of Plant and Machinery. In this matter your Board has always followed a realistic Depreciation policy, the wisdom of which is demonstrated in a period of readjustment and reorganisation.

NEW CIGARETTE-MAKING MACHINE

Furthermore, as most of you will have read, there has been a remarkable development in the design of cigarette-making machinery by a British engineering company and I am pleased to be able to tell you that your Company was the first independent company in Britain to order these new machines which will enable us to maintain our reputation as manufacturers of the highest quality cigarettes.

After providing United Kingdom and Dominion Tax of £273,590 and crediting Provisions No Longer Required of £9,133 there results a Group Profit, after Taxation, of £231,944 compared with £209,350 in the previous year. Of this sum £81,654 is applicable to the interest of Outside Shareholders in Subsidiary Companies so that there remains a profit attributable to the Members of Godfrey Phillips Limited of £150,290 as against £123,005 in 1957.

This sum is added to the amount brought forward from 1957, which is adjusted by £3,428 in respect of Dividends on shares subsequently acquired from Outside Shareholders and, after transferring £11,198 to General Reserve and after deducting Dividends paid, accrued and proposed, there remains to be carried forward to 1959 the sum of £ 1,645,059, an increase of £37,118.

BALANCE SHEET FIGURES

Turning now to the Consolidated Balance Sheet: this discloses that Fixed Assets have increased in net value, after Depreciation, by nearly £118,000, reflecting the acquisition during the year of new factory premises at Waddon, Surrey, in which are housed our Lithographic Group, Day & Wilkins Limited and also our Letterpress Subsidiary, the Spenser Press Limited. Investment in Current Assets shows a reduction of over £533,000 and the excess of these over Current Liabilities and Provision stands at the figure of approximately £6,780,000. There has been no change in the Share Capital. Capital Reserves and Revenue Reserves and Surplus amount, so far as relates to Godfrey Phillips Stock and Shareholders, to over £4,727,000 and have increased during the year by £44,000.

In the Balance Sheet of Godfrey Phillips Limited there has been no material change in Fixed Assets, but Investments in Subsidiary Companies have increased by £297,000. This arises from our acquisition of Forget-Me-Not Cards Limited during the year and from the purchase of the remaining outside interests in one of our Australian Companies. Advances to Subsidiary Companies are reduced by some £137,000 and these, together with Current Assets, exceed Current Liabilities and Provision by approximately £2,990,000.

FACTORS CAUSING CONCERN

Turning now from the accounts to a review of our trading during 1958; this can be classified under three headings; first our Home and Export Cigarette and Tobacco Trade, with which it is convenient to consider our very considerable Imported Cigar Trade; second our overseas Cigarette and Tobacco Trade, conducted through our various Subsidiary Companies in India, Australia, and New Zealand, and our tobacco leaf interests in Southern Rhodesia; and third our diversified interests at home, which include our printing and publishing activities.

It is the first of these, our Home and Export Cigarette and Tobacco Trade which causes most concern. At this time last year I drew attention to the increasing number of brands of cigarettes available in the lower price filter categories and there has been, during the year, no let-up in the launching of new brands generally. In their Report your Board remark on the very heavy weight of Advertising Expenditure now being concentrated on the filter field as a whole. It must be recognised that the margins of profit currently available to manufacturers are, for the majority of brands, quite inadequate to support advertising campaigns on the scale at present carried on to entice the filter smoker. In the straight cigarette field the position is no easier, the public acceptance of brands being seemingly limited to the leading sellers in each price class. In the circumstances it is not surprising that a smaller manufacturer, such as ourselves, finds it extremely difficult and not at all profitable to maintain brands in the face of this competition; from this one must conclude that the opportunities for obtaining rich rewards from the manufacture of cigarettes are severely limited to all but the leading manufacturers.

In pipe tobaccos our position is somewhat more secure, for pipe smokers as a class are more conscious of quality, more selective in their buying and more loyal to their considered choice. However, as the statistics show, this is a gradually declining trade and does not appear to attract the younger restless generation of to-day as much as it did their more relaxed fathers. Nevertheless the high reputation of our products and the steady sale that they enjoy makes a valuable contribution to our home trade.

EXPORTS

It is against this background, together with the volume of exports that we are able to achieve in overseas markets, that our home manufacture is planned and carried on. Exports, however, are dependent on a flourishing Home Trade. It is therefore satisfactory that we have been able to maintain the general level of our exports although we have not yet replaced the volume lost as a result of the New Zealand embargo. There are signs of a softening of the attitude towards importation by the government there, but there is little hope of an early resumption of cigarette imports. Is it too much, however, to hope that at least token imports of smoking tobaccos will be permitted before our famous Four Square name is forgotten in that loyal but distant Dominion?

Our very considerable turnover in imported cigars from Havana and Jamaica has continued to increase. As foreshadowed at this time last year, our business benefited from the increase in the dollar quota for the purchase of Havana Cigars. Unfortunately, as a result of labour conditions in Cuba, our suppliers have just been forced to make a sharp increase in their export prices to take effect immediately. The actual increase exceeds the increase in dollar quota recently agreed for next year with the late Cuban Government; consequently the freer availability of Havana Cigars to this market is not likely to materialise unless a fresh agreement is reached. It can reasonably be hoped, however, that the greater margin of advantage in retail price that Jamaican Cigars will henceforth enjoy, will encourage their sale.

Let us hope that the Jamaican manufacturers take advantage of this golden opportunity to re-establish the prosperity of their industry. The Group's importation of cigars makes a very valuable contribution to profits and, although as a result of this increase in prices our trade may not be able to expand as rapidly as we had hoped, I see no reason at this juncture to fear that we shall not be able to maintain our present position.

SUCCESS IN INDIA

I shall turn now to our overseas trade. In India we had a successful year, your Company there showing a very satisfactory increase both in volume of scales and in profits. India, however, is at present passing through a critical stage in her history and the strains imposed on the economy by her ambitious plans for expansion are formidable not least in respect of foreign exchange. There have been important changes in the structure of Company taxation in the recent Budget, the effects of which are not easy to foresee.

Furthermore, political considerations in India affect quite considerably the rewards of invested capital. Nevertheless, if the risks are large, so also are the potentialities. It would be hazardous to make any long term forecast of the future in India but I confidently expect that results in the present year will be no less favourable than those in the year under review.

IMPROVEMENT IN AUSTRALIA

In Australia during 1958 the improvement of our fortunes was maintained and the sales of Viscount King Size Filter, which was marketed in October 1957 and on which our hopes for ultimate recovery were based, showed very satisfactory progress. This had continued during the present year so that this brand, in the face of formidable opposition, is now easily the second largest selling filter brand. The conditions necessary to pave the way to this achievement have been established over the past two or three years during a very thorough reorganisation of all our interests and the prosecution of economies in production, selling and distribution, which have borne fruit in the success of Viscount. During the last twelve months we have succeeded in negotiating a merger with another manufacturer the International Tobacco Company of Australia (Pty) Limited, and we have good grounds for believing that this will greatly strengthen our position. Our efforts are being concentrated on the progress of Viscount and on the development of the brands acquired as the result of this merger. These efforts will be directed, at the expense I am afraid of early profits, to the sound re-establishment of our trade on a profitable basis for the future.

NEW ZEALAND

In New Zealand the sharp increases in the retail price of cigarettes, necessitated by the heavy increase in taxation imposed by the Budget of 1958, reacted adversely on the level of consumption. This, together with the embargo on imports, has caused some upheaval in the domestic market, which is really only just beginning to settle down as many smokers are forced to transfer their allegiance from imported lines to those manufactured locally.

Your Company there has built during the years very considerable Goodwill both with the Trade and the public and is well-placed to weather this transition period. This is a profitable market and so naturally attracts competition which is scarcely likely to decrease. However our management there is young and energetic and I am sure is equal to the problems now facing it; I fully expect that our New Zealand interests will continue to make a profitable contribution to the Group.

NEW ORGANISATION IN RHODESIA

Now I would like to make some comment about the Federation of Southern Rhodesia and Nyasaland. For some years past tobacco manufacturers throughout the world, particularly in Europe and Asia, have been steadily increasing their use of Rhodesian tobaccos at the expense of tobaccos from the United States of America.

Consequently leading American leaf dealers have found it necessary to enter the Rhodesian market in orders to increase their range of offerings. With the great technical knowledge that they have acquired in buying and handling leaf tobacco, together with the highly trained and expert sales staff which they have at their disposal, they have already become a major factor in the Rhodesian leaf tobacco industry.

Our Group operates on the Rhodesian market through its subsidiary company African Tobaccos (Pvt) Limited who have bought leaf directly on the auction floors and sold, either directly or through agents, to the members of our Group and to other customers. This Company has this year acquired an interest in Dibrell Brothers of Africa (Pvt) Ltd., a newly formed subsidiary of Dibrell Brothers of Danville, Virginia, who have been for close on a century your Group's main suppliers of American tobacco. African Tobaccos (Pvt) Ltd's Managing Director has been appointed Managing Director of Dibrell Brothers of Africa (Pvt) Ltd., and will continue to supervise our requirements of leaf, which will still be handled by the same buyers.

We believe that, as a result of this consolidation of our interests with those of Dibrell Brothers, we shall be able to purchase our own requirements both more economically and at the same time provide better service to our outside customers. Although the benefits of this new organisation are not likely to be felt in terms of profit until 1960, I am convinced that we have made a very satisfactory arrangement which holds out excellent prospects of future profitable returns on our Rhodesian investments.

LETTERPRESS AND LITHOGRAPHIC ACTIVITIES

To turn now to our diversified interests at home; I am glad to report that these are being gradually developed to become worthwhile profit earners for the Group. This cannot be quickly achieved, but the measures which have been taken to house our letterpress and lithographic activities in adjacent modern single storey factory premises and to re-equip these businesses with up-to-date plant and machinery are already showing signs of bearing fruit. In any physical move of production units there is bound to be a temporary set-back in output and such a programme cannot be embarked upon without incurring heavy costs. I am glad to say, however, that both these businesses are well back into their stride although all the new machinery on order is not yet fully installed.

The establishment of our paper back book publishing Company continues and Four Square Books are becoming more widely distributed and read and their reputation for quality and value more generally appreciated. This is a difficult trade for a newcomer, but our undoubted initial success and the foothold which we have acquired are in no small measure due to the benefits we have been able to bring to this venture from our experience in selling and distribution to the Retail Trade, and from our wide associations for distribution in export markets. In the meanwhile we are developing sales technique and methods of display, presentation and marketing which should assist materially in the expansion of

sales and, as we overcome the initial development problems, I look forward to the continued progress of this Company and to its contribution towards profits in the current year and to a further increase in the future.

FORGET-ME-NOT CARDS

In the first half of the year under review we further extended our publishing interests by acquiring a greeting card publishing company, Forget-Me-Not Cards Limited, and I expressed in my Report last year the hopes which we hold for the future of this business. The greeting card habit in this country is rapidly growing and, if it is to follow the pattern on which it has developed in America since the War, the industry must be on the threshold of still further expansion here. It is America that is setting the pace in this industry and we are therefore fortunate to be able to draw on American experience in the design and production of our cards and in the most modern selling methods. We are fortunate too to have inherited a young and enthusiastic management which is energetically working, now unhampered by lack of capital, for the progress of their company.

Furthermore our knowledge of the retail trade in this country, together with help which we have been able to afford through our selling and distribution organisations, has enabled us to plan and put into effect a rapid expansion of this side of your Group's business. Undoubtedly there are profitable years ahead despite strengthening competition. In the eight months of 1958 during which we owned and operated this Company, it made a welcome contribution to our profits and this contribution should be materially increased during the current and subsequent years as the planned expansion of its activities takes effect.

INDUSTRIAL RELATIONS

On the subject of our publishing interests I must utter one word of warning. A prolongation of the present dispute in the printing trade could quite seriously curtail our activities, for we rely considerably on printers outside the Group for our books and greetings cards and are entirely dependent on outside sources for packing materials. In the field of industrial relations the history of our Group is a remarkably good one and it is to be hoped that our new interests will not be hampered, at this early stage in their development, by a prolonged dispute which can do nothing but harm to our future earning power and to our capacity to maintain our present full complement of employees.

I should like once again to thank, on behalf of my colleagues and yourselves, all our various workpeople, management and staffs throughout the Commonwealth for their unfailing loyalty and efforts in the past year. For them particularly I am delighted that we have again been able to show an improvement in results, for it is not always easy when things are not going too well to carry on with that enthusiasm and purpose which is so necessary to a happy and successful concern.

THE CURRENT YEAR

Before concluding I will try and indicate our prospects for the current year, although this is perhaps more difficult than usual owing to the present labour dispute in the printing trade, the effect of which on our publishing interests it is impossible at this juncture to forecast. Notwithstanding this threat we shall pursue the development of these interests with vigour using our very considerable organisation and resources to the utmost in promoting and developing these new enterprises to the point where they are substantial profit earners justifying the effort and investment which has been put into them. This target cannot be reached quickly but we expect to take a considerable step towards it in 1959.

In our Home Cigarette and Tobacco Trade we undoubtedly have a difficult problem and this is under constant review. Any further measures that are necessary will be taken and your Board will ensure that the planning and reorganisation which has been carried out so far does not stop short at a point where unsatisfactory trading is allowed to jeopardise the profit earning capacity of the Group as a whole. Overseas we can, I feel, look forward to a satisfactory year in which our trading results should be at least as good, if not better than in 1958, and should enable us to bridge the gap until the benefits accrue from the new ventures to which I have referred. In general it is my belief that the current year should mark one further step towards the attainment of more prosperous and settled conditions.

On the proposition of the Chairman, seconded by Mr D.V. Littlejohn, T.D., F.C.A., the report and accounts were unanimously adopted and the proposed dividend of 5% and Jubilee bonus of 2½% both less income tax, on the ordinary stocks and shares, were approved; the retiring directors, Mr D.S. Barron, C.I.E., and Mr A.M. Borthwick, M.C., T.D., were re-elected and the directors were authorised to fix the remuneration of the auditors.

BRITISH BORNEO TIMBER COMPANY

The annual general meeting of The British Borneo Timber Co. Ltd. was held on July 23 in London. The following are extracts from the Address of the Chairman, Mr. H. G. C. Townsend:

The year's operations to 31st December 1958 resulted in a profit on working of £43,275 before taxation. This is an improvement of nearly £77,000 over the previous year when there was a loss of £33,498. After providing for taxation, the profit for the year is £22,756. The Board recommend a dividend of 10% less tax.

In 1958 log production rose to some 6½ million cubic feet, an increase of nearly 20% on 1957 which was itself a record. Figures for the past four years show how steeply production has risen since mechanised logging finally displaced hand logging. It cannot be expected that this rate of expansion will continue. As penetration into the jungle becomes deeper an increasing strain is placed on all phases of operations, most of all on transport. All the evidence however points to the conclusion that high production is essential for reasonable profits. The policy must therefore be increased log production with vigilant care over extraction costs.

Sales kept pace with rising production. The main factor limiting profits continues to be the sawmills, and sawn production was again restricted to a figure considerably below capacity.

For the current year log production is running slightly above that of the same period of 1958. Prices for the most part remain firm but as log production generally in North Borneo is rising, increased competition is almost certain. Import restrictions continue to hamper business in some markets but prospects are that the sawmills will show definite improvement.

FORESTAL LAND, TIMBER AND RAILWAYS COMPANY

The fifty-third annual general meeting of The Forestal Land, Timber & Railways Company, Limited was held on June 30th in London. Sir Gerard d'Erlanger, CBE, ACA, (the chairman), presided. The following is an extract from his circulated review:

The results for the year which compare unfavourably with those achieved in 1957, reflect in the main the fluctuation which occurred over these two years in the world market for wattle extract. The year 1958 saw in this industry, as in most others, the operation generally of a policy of running down of stocks and a consequent sharp reduction in the total sales of tanning extract as compared with the previous year. The importance of this factor in relation to the trading results for the year can be gauged from the fact that the total sales of wattle extract by the South African wattle industry fell from 1957 to 1958 by rather more than 23 per cent.

Sales for the first months of the current year indicate a recovery of demand; and the Group continues to hold firmly its full share of the market.

After commenting on the progress of the programme of diversification aimed at the development of new sources of income which was such a vital element in the policy of the Company, the chairman continued:

We are approaching the time when the need to face the financing of the various new projects involved will be reached. I feel, therefore, that I must warn Members that, when considering the rate of dividend which it should recommend in the future, the Board will have to give full weight to the need for conserving our financial resources.

The report and accounts were adopted.

MERCANTILE AND GENERAL REINSURANCE COMPANY

MR H. K. GOSCHEN REVIEWS ACTIVITIES

The ANNUAL GENERAL MEETING of The Mercantile and General Reinsurance Company Limited was held on July 21 at the Company's chief office at Moorfields House, Tenter Street, Moorgate, London, E.C.

The following is a statement by the CHAIRMAN, Mr. Hugh Kenneth Goschen, which has been circulated with the report and accounts for the year ended December 31, 1958: —

The accounts for 1958, which are now presented, have again had to take care of a heavy Canadian experience. It is true that this was better than in 1957, particularly in the Fire Department, but the overlap from that disastrous year into 1958 exceeded the very large reserves that had been set aside in order to provide against this contingency. In 1958 by far the greater proportion of the Canadian loss again arose out of liability business transacted by way of Excess of Loss Covers. It is evident that the adjustments effected in these covers during the previous year were inadequate to meet the rising trend in costs and awards, as well as in loss frequency, and that the situation calls for a far-reaching reassessment of the liabilities undertaken by reinsurance. We have a substantial business in this type of cover in the Canadian market, but if we are to continue to provide this service it can only be on the basis of considerable adjustments in the conditions under which the cover is made available. Reinsurers have supported this market heavily in a most difficult period, but they obviously cannot be expected to continue to do so for an indefinite period. The burden has this year been divided more evenly between this company and its subsidiary, but this has entailed drawing on our reserves in order to write down the investment in that subsidiary to its proper value.

FIRE DEPARTMENT

Turning now to the individual accounts, I can report that the business of the Fire Department closed with a small profit. There were again a number of very heavy losses both at home and overseas. In general, however, apart from Canada, our experience was profitable in almost all the many countries in which we operate. A number of new connections were formed and our Fire business as a whole showed a healthy development. The demand for profitable Fire reinsurance tends to increase as compensation is sought for losses and retrenchment in other sectors and various competitive influences have led to a temporary check in the growth of our net premium income. Competition is intense in Fire reinsurance. We endeavour to meet it by providing our friends with ample and continuing cover and with specialized facilities to suit the particular needs of the individual companies. We are pleased to be able to say that these special services are becoming more and more appreciated.

ACCIDENT DEPARTMENT

The Accident Department continues to expand and the year 1958 has produced an appreciable increase in premium volume attributable in part to a rearrangement of the retrocession protection afforded to our Canadian subsidiary. The addition to the premium reserve to cover unexpired risks corresponding to this increase was a severe charge in a year of indifferent underwriting results.

Turning to the individual classes, I regret to report that Burglary business is now showing a most unfavourable trend in consequence of the hold-ups, pay-roll thefts, and other forms of armed robbery that are almost daily reading in the London Press. Legislation to permit the payment of wages by cheque would be of the greatest help in improving this unfortunate experience and it is to be hoped that these proposals will be implemented shortly. Our Personal Accident Account has also given us many heavy claims this year, including a substantial payment in respect of the air disaster in Munich when the Manchester United Football Club was involved. The rapid growth of air travel, combined with the increasing number of fatalities on the road, are factors contributing to our rising loss ratio for this section of our business that was once so profitable. We have also sustained a loss this year for Guarantee business, normally one of our more satisfactory classes, this being due mainly to the financial difficulties of an important group of trading companies in South Africa, in which we were involved under a number of separate reinsurance treaties. Motor business continues to be a cause of much anxiety and Public Liability, which also gave us a loss, is creating many problems for us with the increasing demand for high limits of indemnity of the widest scope. Our Workmen's Compensation Act business in Australia continues to run heavily and our constant efforts to put this on to a sound basis are made more difficult by the ever-rising scale of benefits payable to injured employees under the local legislation.

It will thus be seen that Accident business generally is running through a most difficult phase at present and it is mainly the less substantial classes that have closed with a profit margin. This is not sufficient to offset the bad results of the larger and more important classes when added to the continuing adverse experience of our subsidiary in Canada, so that I regret to report that we have ended the year with an overall deficit in this department.

MARINE DEPARTMENT

The increase in our Marine income amounting to 22.6 per cent. over last year derives from a further spread of our connections in most of the markets of the world and this is welcome. However, the general trend in Marine business to-day is one of contraction due to tonnage laid up and the fall in Hull values, and in the cargo market rates remain low under the pressure of competition. We must, therefore, expect a slower growth in the next year or two. The impact of serious casualties felt in recent years has lessened, but the runnings-off of the accounts of the immediate past years continues to reflect these heavy losses. These features do not give us much cause for optimism and we are retaining the surplus on our operations in the Marine Fund, which now amounts to 128.6 per cent. of net premiums.

LIFE DEPARTMENT

The Life Department can once again report record business. The net new sums assured amounted to £34,471,971 as compared with £27,616,211 in 1957. In the United Kingdom, our most important territory, new business was buoyant, while overseas a notable feature was the volume of business transacted in Australia by our branch office and by our subsidiary company in Sydney under our Australian general manager, Mr. Owen K. Taylor, and thanks to the considerable underwriting activities of Mr. K. Graves. Moreover, our new branch in Canada also had a successful year under Mr. Michie's guidance, while South Africa too made an appreciable contribution to our progress. The new business (measured in sums assured) was distributed as to 50 per cent. in the United Kingdom, 25 per cent. in Australia, Canada and South Africa, and 25 per cent. in other overseas territories. The Life premium income now exceeds £3,000,000 and the Life Assurance and Annuity Fund has passed the £10,000,000 milestone. Claims by death were heavier than in the previous year, but the overall mortality experience was satisfactory. The interest yield on the Life investments showed a marked improvement and there was a substantial rise in market values at the close of the year.

INVESTMENTS AND LOANS

You will see from the balance-sheet that the Investments and Loans of the Company (General and Life) again show a considerable advance. The total amount, at £20,494,209, compared with the sum of £16,568,077 invested at the close of the previous year, represents an increase during the year of approximately £3,926,000. The year 1958 witnessed a marked change in the economic climate of the United Kingdom. In the early part of the year the financial scene was dominated by the protective measures taken by the Government in the previous autumn, but by the middle of 1958 it became apparent that inflationary pressures were easing. The Bank rate was

reduced in five stages from 7 per cent. to 4 per cent. and measures were introduced permitting some relaxation in the control of credit, principally those relating to hire purchase and bank advances. Long-term interest rates, however, were little affected by the marked fall in the Bank rate and conditions for the investment of long-term funds were satisfactory. We have increased our investment in British, Commonwealth, and Foreign Government securities and we have continued to make important additions to our holdings of Debentures and equities in the United Kingdom. Equity prices, both in the United Kingdom and in North America, showed substantial rises. Taking our investments as a whole, the market value exceeded the book value at the end of the year by an increased margin.

I am sure you will all wish to join with me in thanking the officials and staff throughout the organization for their wholehearted efforts. We are indeed fortunate in having such a loyal and enthusiastic body of men and women to carry on the work.

BANQUE DE PARIS ET DES PAYS BAS

PARIS

The Annual General Meeting of the Banque de Paris et des Pays Bas was held on May 21 with M. Emmanuel Monick in the chair. The following are extracts from the report presented by the Board of Directors:

REVIEW

Two factors dominated the world economic scene in 1958: an abundance of dollars in the monetary field and an abundance of energy in the economic field. On the one hand, sales of $2,300m. worth of gold by the United States showed that the dollar had ceased to be a scarce currency. On the other hand, the fall in the price of crude oil, the increased competition between oil and coal, and the accumulation of pithead stocks of coal marked the end of a world shortage of fuel.

In France economic development during 1958 was influenced by an anti-inflationary policy imposed as a result of the continued drain on the country's currency reserves. Production increased by app. 6 per cent and consumer demand stabilised.

The Bank participated in the launching of the 3½% Government loan as well as in financial operations on behalf of a number of companies.

As a result of the Bank's decision to take an active part in the expansion of the Algerian economy, it collaborated with another organisation in the formation of *Société Algérienne de Développement et d'Expansion "Socaldex"*. Planning is also being carried out in connection with a project to build iron and steel, chemical and petrochemical plants in Algeria.

PROFITS AND DIVIDENDS

At December 31, 1958, the balance sheet total amounted to Frs.177,277,889,645 as against Frs.167,535,853,045 at the corresponding date in 1957.

After all expenses and allocations, net profits amounted to Frs.1,210,667,607, and it was accordingly proposed to distribute a net dividend of Frs.650 per share as against Frs.600 in 1958.

The report, the accounts, and the proposals put forward by the Board of Directors were adopted.

SQUARE GRIP REINFORCEMENT COMPANY

The following are extracts from the Directors' Report of The Square Grip Reinforcement Company (London) Limited for the year ended March 31, 1959:

The year just concluded has been a challenging one, but in spite of keen competition the Company secured a larger share of the business available, and output has again exceeded all previous records, although at lower profit levels.

Export sales were satisfactory but earnings were adversely affected by the low Continental prices being offered.

The combined profits of all the companies of the Group for the year ended 31st March, 1959, after providing £31,193 for Depreciation, amount to £255,608 (last year £338,505). There has been provided for Taxation the sum of £117,731 (£165,237) and the Net Profit of the Group after Taxation is therefore £137,877 (£173,268).

The Directors propose a Final Dividend of 16½ per cent, making 22½ per cent for the year.

In addition to the Final Dividend the Directors are proposing a distribution of 3 per cent free of tax out of the accumulated capital profits of the Company.

The General Reserve now amounts to £150,000, and the Directors are proposing to capitalise the whole of this sum by the issue of 3 new Ordinary Shares of 5/-each, credited as fully paid, for every 8 Ordinary Shares held on the 19th of June, 1959.

HIELD BROTHERS LIMITED

The 37th annual general meeting of Hield Brothers Limited was held on June 30 at Briggella Mills, Bradford, Mr. David H. Hield (the chairman), presiding.

The following is the statement by the chairman which had been circulated with the report and accounts for the year to March 31, 1959:

I have pleasure in submitting our Annual Report, showing a profit after taxation of £113,600 as against £43,968 last year, which we consider satisfactory, but I must point out that these results have been helped by the provision of £37,446 against forward contracts on which tax was provided last year and which has eased our tax burden this year by £18,255.

The profit brought to the Appropriation Account is £216,908, which is £38,570 more than last year. We recommend the payment of the half year's dividend on our 6 per cent. Cumulative Preference Stock and 17½ per cent. on the Ordinary Stock for the year and to put £50,000 to Reserve Account, which leaves a balance of undistributed group profits to be carried forward of £174,819.

It has been a difficult year: in the early part there was a severe recession in trade which was accentuated by a fall of 25 per cent. in wool values, which checked buying, delayed deliveries, and in turn led to the keenest competition for any new business.

We have to-day a substantial order book and all our mills are working full time, but margins are lean.

As to the future, I hesitate to make any forecast, but I hope it will be less troublesome than the year behind us.

I wish to record on behalf of the Board our thanks to our staff for their work in this arduous year.

The report and accounts were adopted and the dividend, as recommended, was approved.

The retiring director, Mr. D. H. Hield, was re-elected and the remuneration of the auditors, Messrs. Alfred Dobson & Co., was fixed.

At a subsequent extraordinary general meeting alterations to the Articles of Association having been approved, the proceedings terminated.

DUFF DEVELOPMENT COMPANY

The 28th ordinary general meeting of Duff Development Company Limited was held on June 26th in London, Mr. Eric H. North (the chairman) presiding. The following is an extract from his circulated statement:

For the year 1958 production of rubber was 4,753,930 lbs from 6,598 acres tapped against 4,528,945 lbs. from 6,688 acres in the previous year.

The cost of production was 15.52d. per lb. To this must be added 1.93d. per lb. for Export Duty making together 17.45d. per lb. The comparative figures for 1957 were 16.42d., 2.36d. and 18.78d. respectively.

The net proceeds of the crop totalled £411,824. The average net price obtained for all grades (i.e. including all forms of scrap) was 20.79 d. per lb. equal to 22.79d. per lb. Landed London Terms.

After meeting the Cost of Production, Export Duty, Administration Expenses and Debenture Interest, a Profit of £70,812 remained.

You will notice that the £45,164 6% Convertible and Redeemable First Mortgage Debenture Stock was redeemed at 105 per cent on 31st December 1958. In order to conserve the Company's working capital the sum of £45,000 (roughly equal to the principal sum involved) has been transferred from the unappropriated profit to General Reserve.

There is left available after various adjustments £74,594 of which the proposed dividend of 30 per cent for the year 1958 (less tax) will absorb £41,869 leaving a balance to be carried forward of £32,725.

The report was adopted.

THE WIGGINS TEAPE GROUP

(WIGGINS, TEAPE & CO. LIMITED)

ANNUAL REPORT AND ACCOUNTS OF THE WIGGINS TEAPE GROUP FOR 1958

PRODUCTS

THE GATEWAY RANGE

(*a*) Watermarked paper for letterheads, ledgers, air mail, blotting, cheques, stamps, office systems and index boards.

(*b*) Printing and drawing papers—coated art papers and boards, chromos, gummed papers, cartridges, details, tracing, chart and recording papers.

BANKS, BONDS, MANIFOLDS AND CONTINUOUS STATIONERY PAPER.

"NO CARBON REQUIRED PAPER"—the time saving copying paper.

PACKAGING PAPERS:
Glassine, Greaseproof, Genuine Vegetable Parchment, Glazed Imitation Parchment, Tissue, M.G. Sulphite, Foil Backing, etc.

TISSUES

INDUSTRIAL BASE PAPERS
Photographic, dyeline, ferro prussiate, plastic laminate, abrasive, oil and air filter, etc.

COMMERCIAL AND PERSONAL STATIONERY AND ENVELOPES

DISTRIBUTION CENTRES—
Home—Belfast, Birmingham, Bristol, Cardiff, Edinburgh, Glasgow, Leeds, Liverpool, London, Manchester, Newcastle, Nottingham.
Overseas—Dublin, Cape Town, Port Elizabeth, Durban, Bloemfontein, Johannesburg, Salisbury, Ndola, Nairobi, Lagos, Karachi, Bombay, Madras, Calcutta, Singapore, Kuala Lumpur, Hong Kong, Tokyo, Melbourne, Adelaide, Sydney, Perth, Wellington, Auckland, Christchurch, Buenos Aires and AGENCIES throughout the World.

SALIENT POINTS

Net Profit (including adjustments in respect of previous years £50,415) after taxation and minority interests	£2,129,979
Debenture Interest	213,732
Preference Dividend	89,007
Ordinary Dividend	869,655
Net Profit retained in Group	957,585
	£2,129,979
Net Current Assets	11,033,063
Fixed Assets	20,630,035
Trade Investments	683,083
Total Capital Employed (including Debentures and Loans)	£32,346,181

EXTRACTS FROM STATEMENT BY MR L. W. FARROW, C.B.E., CHAIRMAN

STATE OF TRADE AND SALES: The state of trade in the Paper Industry is very much the same as I reported in my Statement last year. Though there has been a small increase over 1957 in the demand for paper, the market is overshadowed by the new manufacturing capacity which has become available. This state of affairs continues to promote highly competitive conditions.

With these trading conditions as a background, it is most gratifying to be able to report that the turnover of the Group again showed an increase, so we can claim to have obtained our fair share of the business available. In fact, our volume of sales again constituted an all time record in the history of the Group.

In spite of increased import restrictions in many overseas markets we were able to improve on our 1957 export sales and achieved in 1958 a new record for the Group.

PRODUCTION: It is pleasing to report that the volume of paper produced at our mills in 1958 showed an increase on that of 1957, thus constituting a new record.

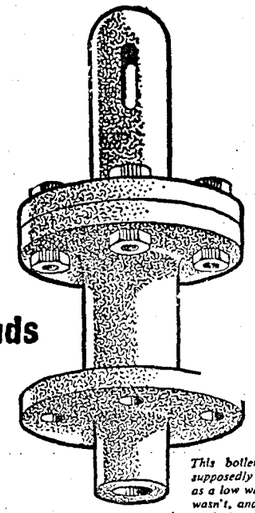
SELLING PRICES AND COSTS OF PRODUCTION: There was no general change in selling prices in 1958 as compared with those in 1957. Severe competition, in some cases from imported papers had, however, an effect on the papers sold in the lower price bracket, in which the bulk of the Company's extra production took place. It was possible to some extent to offset this state of affairs by increased efficiency, although the average profit per ton showed a small decrease.

NEW DEVELOPMENTS: The new paper machine at our Dartford Mill which commenced production last year is one of great complexity. It was designed to make papers of very diverse nature. Profitable operation of this machine has taken much longer than we had anticipated, and some mechanical alterations were necessary before satisfactory quality over the whole range could be made. This delay has resulted in considerable losses. I am glad to say we have now reached a point when these losses have been largely curtailed, if not entirely eliminated.

The woodpulp mill at Sudbrook, South Wales, is now running profitably but the initial operations produced substantial losses. When this mill was started up, no pulp manufacturer had had any experience in processing mixed hardwood by the continuous digestion method of producing bleached woodpulp. Our designs and methods were evolved as a result of information obtained from the U.S.A. and Sweden, which was adapted to the use of the species of hardwood available in this country. It was, therefore, to be expected that losses should be incurred in starting up a plant of this nature. The quality of the pulp is excellent and the present productive capacity of the mill is considerably in excess of our expectations.

I can safely predict that these two ventures which, with working capital, have absorbed over £4,000,000, will prove to be profitable investments for the Group.

PROSPECTS FOR THE CURRENT YEAR: The Sales for the period from the 3rd January to date again show an increase. The net profits for the same period also show an increase. Trading conditions, however, continue to be very difficult or the reasons I have indicated. Subject to circumstances beyond their control, your Directors are hopeful that the results for 1959 should not prove to be unsatisfactory.



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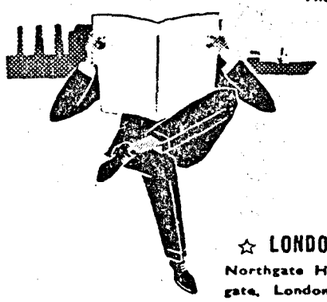

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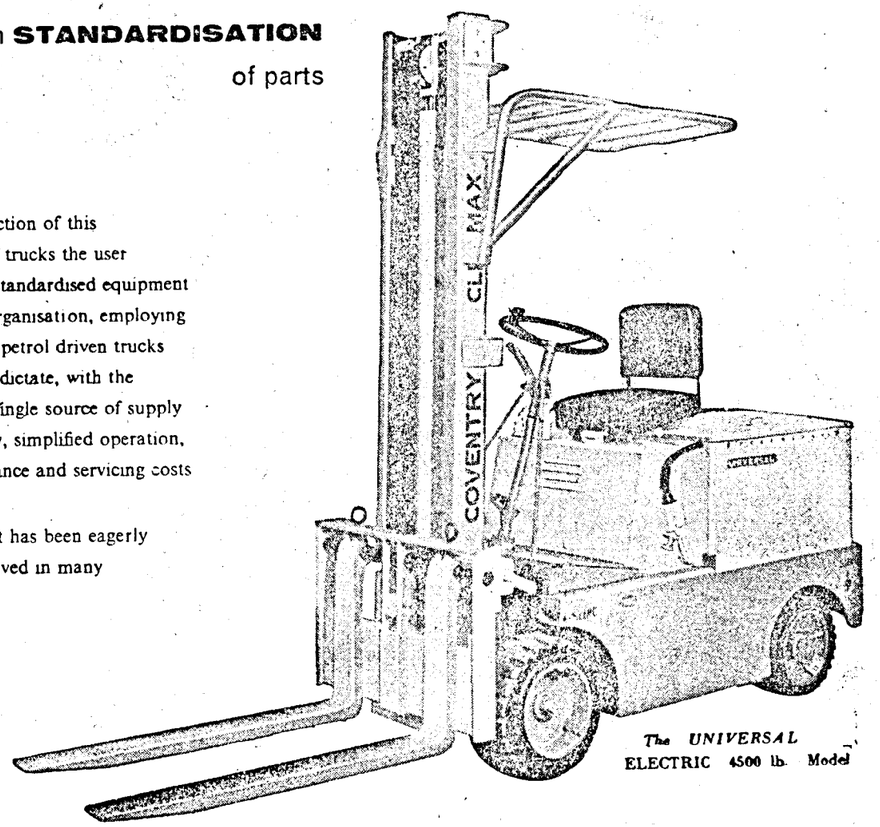

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UNDER SECRETARY TO
10 AUG 1959
PUBLIC DEPARTMENT

LIVING WITH DEVLIN

The report of the Nyasaland commission, mounted by the Government itself, is a boomerang (page 265)

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Losing traffic, the Transport Commission believes it must accelerate its huge investment programme (page 295)

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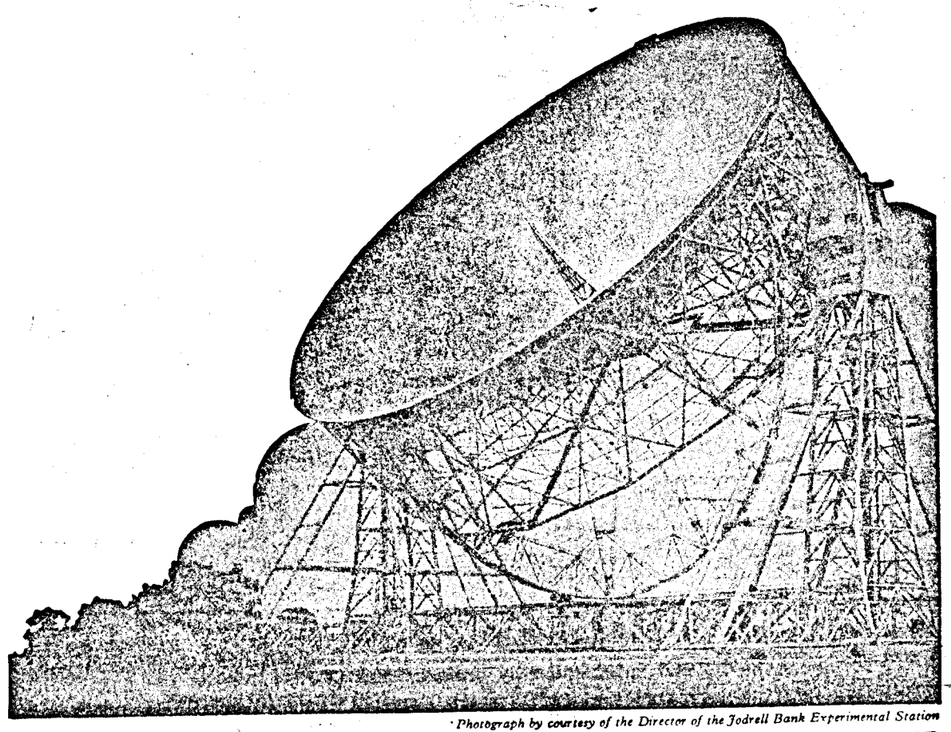

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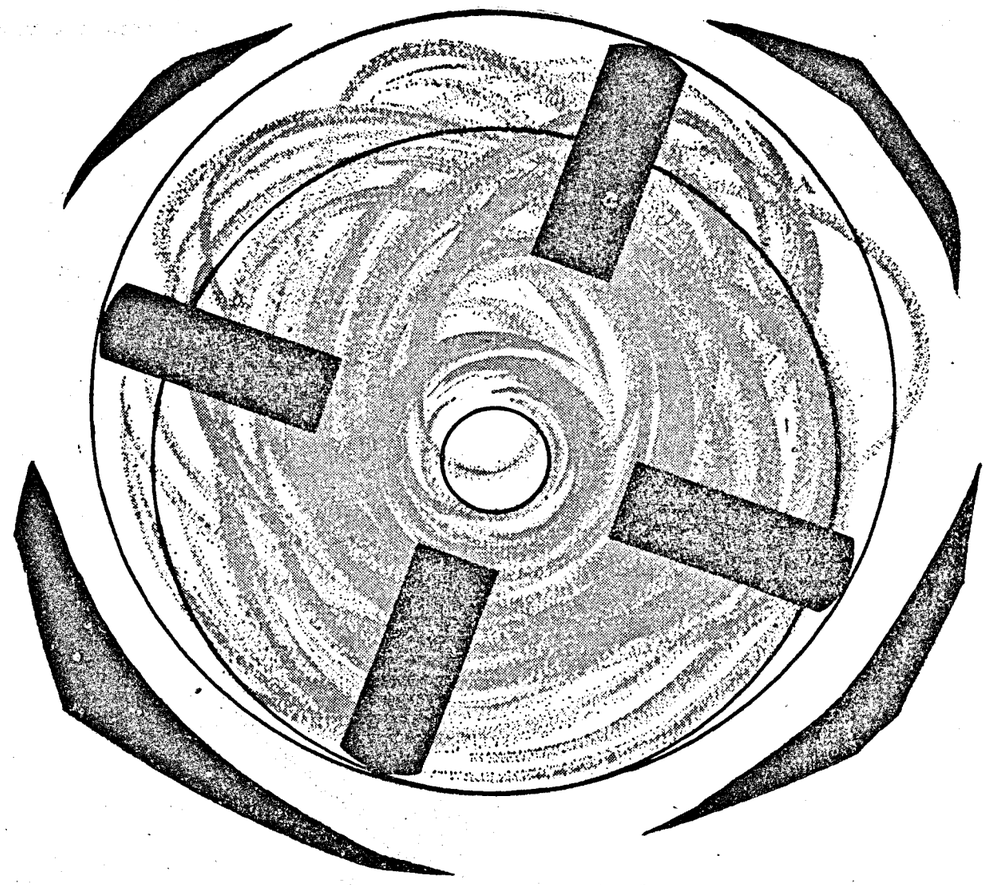

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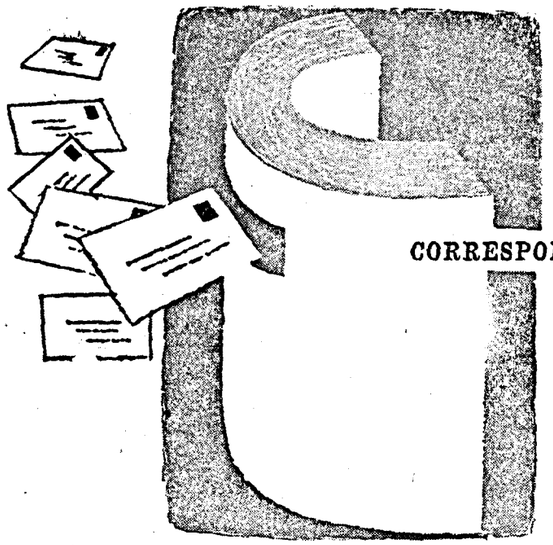

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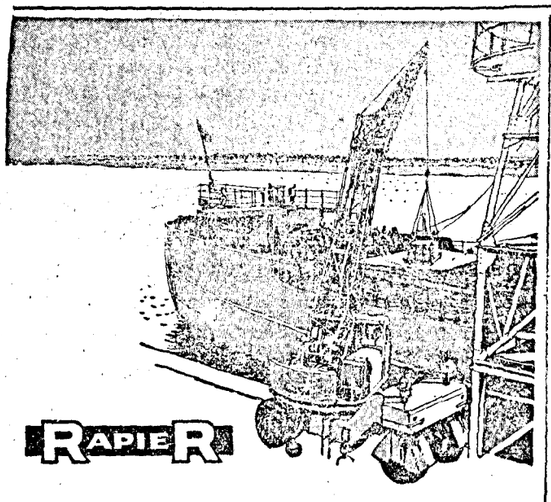

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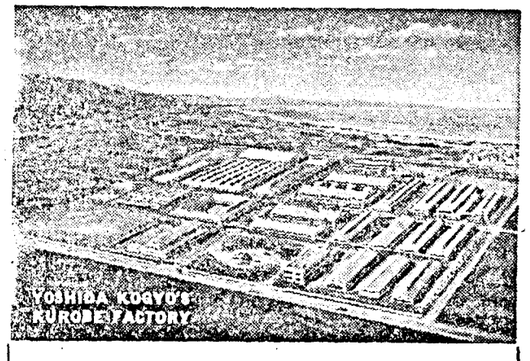

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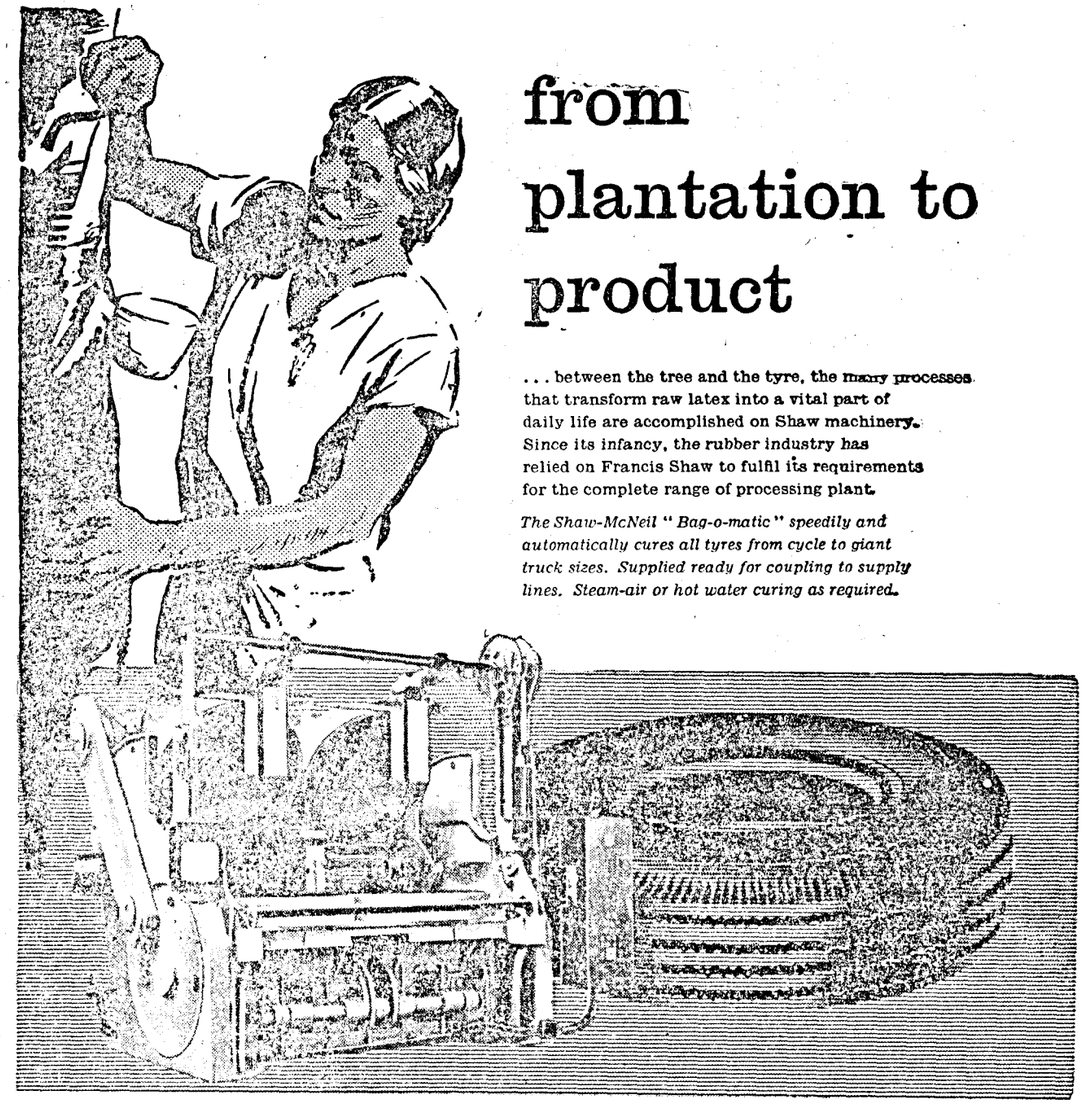

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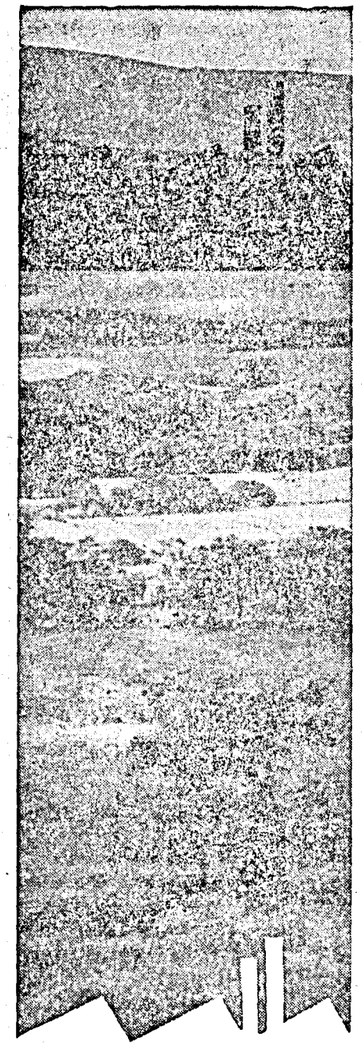

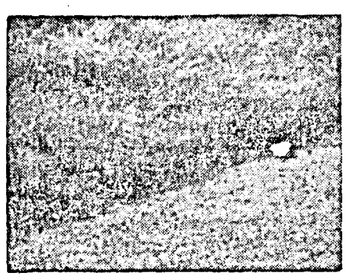

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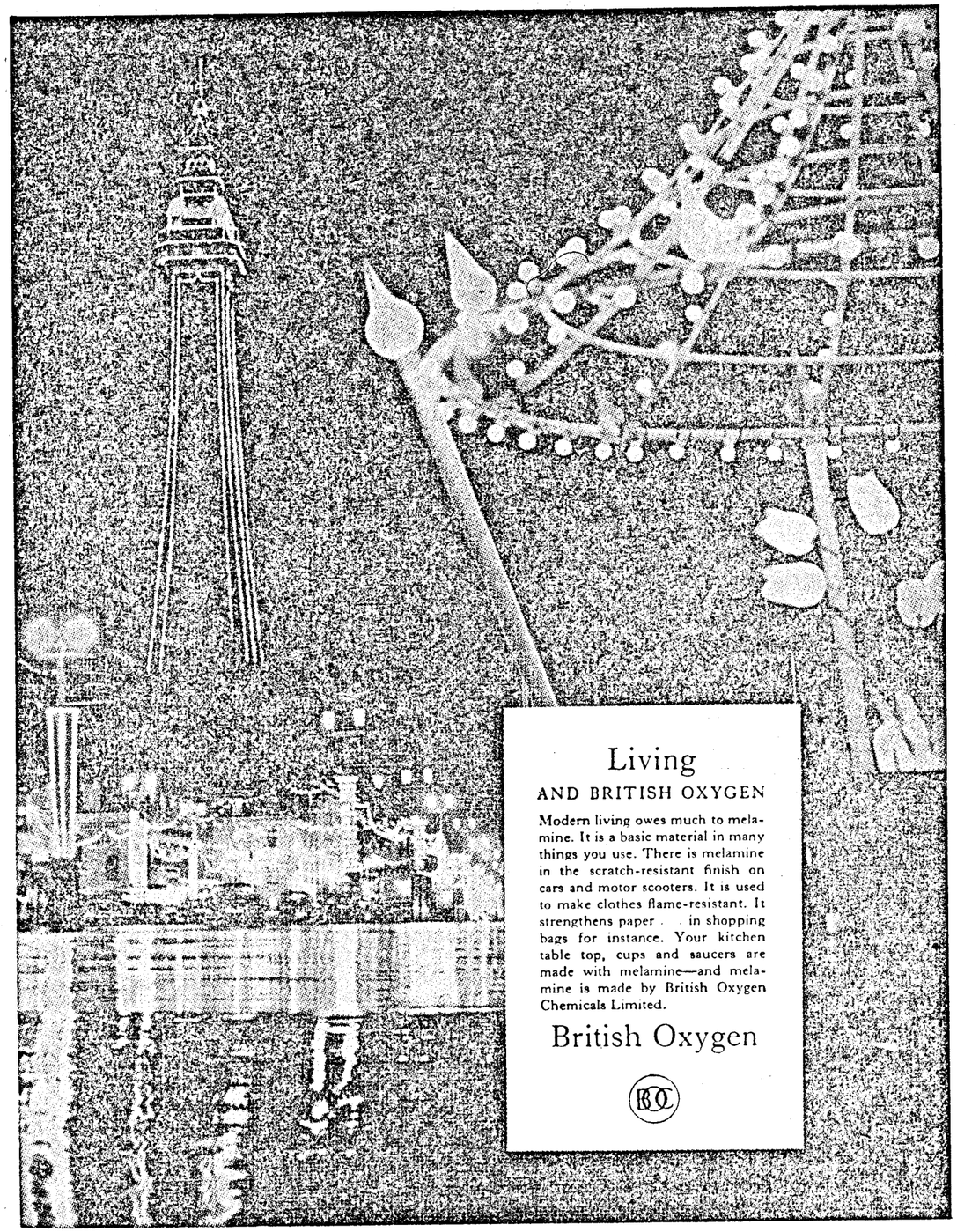

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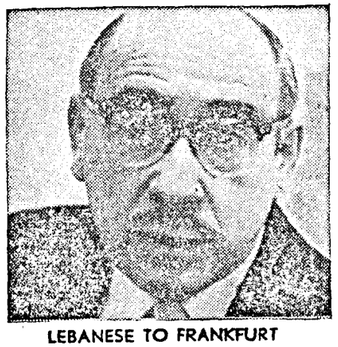

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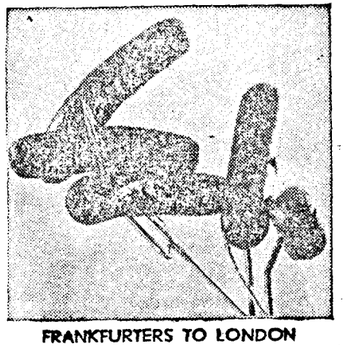

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AUGUST 1, 1959

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UNDER SECRETARY TO GOVERNMENT 10 AUG 1959 PUBLIC DEPARTMENT

Living with Devlin

THE Devlin report is the Government's own self-made boomerang. And it carries a delayed-action charge. Even more explosive than its strictures on what happened in Nyasaland last March are the possible implications of its findings for future policy, not only in Nyasaland but in the Federation at large. The Government's first reaction has been to brazen it out by brushing aside the unpalatable bits. In the debate on Tuesday the Government made this partial but really fundamental rejection of the report a matter of confidence : explanations, yes, but no apologies, still less any resignations. Perhaps, to politicians on the eve of a general election, this seemed the only way to ride out the parliamentary storm; but these expedient tactics have made the responsibility which Ministers are so eager to shoulder together vastly harder to discharge.

On the face of it, this explosive report by the Devlin commission on events in Nyasaland was testimony to detached British justice and fair play. It could even have been regarded as a feather in the cap of the Government that set up this well-manned commission. Instead, the Government's response has been, roughly, "tell the truth and shame the Devlin". The trouble is that ministers chose the commission, its members and its methods of inquiry, precisely to discover the truth. Now they wish, it seems, to have it both ways, to lean on the report where it fits their policies, and to disparage the rest. It is fair enough that the governor-on-the-spot, Sir Robert Armitage, and his supporting ministers in Whitehall should make their full rejoinder to the commission's strictures and conclusions (the points of conflict are summarised on page 267). But ministers and their cohorts in Parliament put themselves out of court in so discrediting their own fact-finders. By so doing, they turn a blind eye to the warnings in the report on both the attitudes of the Africans and the assumptions of their white rulers. And they set an ill precedent for all future impartial fact-finding exercises, at home or abroad, in colonies and in emergent Commonwealth countries equipped with British institutions — most immediately and fatefully in Central Africa itself.

Politics has overridden the appearance of detached justice, as well as the instinct which Mr Lennox-Boyd must have had to resign forthwith. Perhaps this was inevitable. What has happened has justified the doubts expressed here last March whether a quasi-judicial commission to investigate the past would in the event do anybody any good, in preference to a political mission to Nyasaland to show a bi-partisan flag, to calm feelings, and get people talking constructively about the future. From the nature of the task, the Devlin report is argumentative as well as judicial and has completely convinced nobody either in Britain or in Central Africa. Everybody is picking out of it fresh evidence to bolster his own case and

quoting scripture against his opponents. Everyone is splitting hairs about what exactly is meant by a "police state" or whether the omission of the word "so-called" before the word "riot" from a letter of Dr Banda in the original white paper about the murder plot makes Dr Banda a traduced and innocent man. Everyone, including African nationalist politicians, has become more self-righteous. Justice may have been done, but counsel has been clouded.

For this the commission cannot be blamed. The Government, which gave it its brief, can be blamed; convinced that it had crushing evidence of a murder plot, it coveted the imprimatur of a judicial body to trounce its opponents. Yet everybody who knows Africa knows how fantastically hard it is to pin down motives, intentions and even facts in an African situation. It was always a fair guess that the main conclusions of the commission would boil down to three: that by March 3rd Nyasaland had reached the point of near-anarchy where the Government had to act; that whether the wild African talk picked up by informers amounted to a plot to massacre whites or not would depend very largely on the spectacles worn by the observer; and that the shortcomings of a colonial police force aided by inexperienced troops would lead to illegal use of force.

WHAT is done is done. It was never the past that mattered most, but the future. The real challenge of the Devlin report is not what it says about the "plot" and its handling; it is "What happens now?" Whatever the balance of votes in Parliament, this report will powerfully influence the course of events. Above all, it must profoundly affect plans for the constitution of Nyasaland and for the fact-finding commission to prepare for the review of the Central African federal constitution, which the Prime Minister and Mr Lennox-Boyd (before the report appeared but after they knew what was in it) asked the Labour Opposition to back. The Government, jib as it may, has now to live with the Devlin report. Not to recant or resign, however honest the refusal, solves nothing.

The report and everything that has been said about it reinforce the arguments in favour of the wider fact-finding commission ahead of the constitutional review. It has all along been clear that if no preparatory work is done before the review in 1960 (or later), the conference will then bog down in interminable disputation about the results of loosening or tightening federal ties; about whether this or that change in the franchise would bring in 10,000 or 100,000 more black voters; and (here the Devlin alarm bells sound loud and clear) about African attitudes and interests. **The Devlin report itself will be used by all the disputants as ammunition.** Yet, in themselves, its findings do not serve the purpose of a constitutional review, perhaps not even on the Nyasaland Africans' opposition to federation. The preparatory commission will have to check, as a first task, the Devlin commission's conclusion that this opposition is "deeply rooted and almost universally held". Similar scrutiny will have to be made of African feelings in Northern and Southern Rhodesia, if a full picture is to be put before the conference. The Prime Minister has specifically said that the commission is to consider how far the Federation has lived up to the preamble about partnership in the constitution, and even whether federation itself should continue.

Here, indeed, is the immediate crux of the Devlin row. There is no evading the findings of Sir Patrick Devlin and his colleagues on Dr Banda. If they are right in saying that Dr Banda himself never approved of violence and was ready to compromise, Dr Banda has a strong claim to represent the Africans of Nyasaland on the preparatory commission. It is a claim which the Government and Sir Roy Welensky will not, perhaps cannot, admit. But, in rejecting the Devlin commission's opinions on Dr Banda, the precedent is set for the Africans of Central Africa to reject anything in the findings of the preparatory commission. They will be more than ever convinced, after the Devlin findings, that Dr Banda, or somebody from his entourage, is the only fair nomination.

Between now and 1960, moreover, there is the urgent problem (highlighted, again, by the Devlin findings) of restoring the rule of law and something like political life to Nyasaland. The Government has announced that more Africans are to be nominated to the legislative council; and two of these are to be offered seats in the executive council. But what will this amount to while the Congress leaders, enjoying a very strong degree of popular support, remain locked up? It will probably prove hard enough to get any anti-Congress Africans to serve, even if they are assured that Dr Banda and his colleagues will remain under lock and key. And, at worst, these men will be invited to serve in a Government which will have to continue the repressive measures that the Devlin report stigmatised as: "no doubt only temporarily — a police state".

After the Devlin report can the Government indefinitely keep the Nyasaland Congress detainees untried and under lock and key? A judge, working with distinguished colleagues, has found that the charges on which the detention of many of these men were sustained are not proven. The Nyasalanders will not believe that they can be justly held. Others must

ask why, if they must be held, they cannot all be fairly tried. Again the key position is held by Dr Banda himself. If he were now returned to Nyasaland, it would become almost intolerable for the Government and certainly for the governor; if he were brought to Britain and freed, so that he might be declared a prohibited immigrant, everyone would feel that it was a dirty trick. Obviously some sort of political life has got to be restarted in Nyasaland; obviously, too, the frank findings of the Devlin commission have made it extraordinarily difficult to restart it. Yet the longer the Government shrinks from starting the process of release, the louder will become the demand for "justice, based on the findings of a British judge".

The Government can have its way now, with some buffets, in Parliament. Mr Macmillan has involved the whole credit of himself and his Government. In the general election just round the corner it is likely that colonial issues will not be decisive. But, even if the Government wins, it is surely going to find that living with the Devlin report is its own penance.

The Commission and the Governor

THE Report of the Nyasaland Commission of Inquiry (Cmnd 814) under Sir Patrick Devlin, published on July 23rd, seeks to set out the facts of what happened in Nyasaland from July, 1958 (with a brief introduction 1944-58) up to the final operations which crushed the proscribed Congress party. It was not part of its brief to make any recommendations. With the report were published the comments of the Governor, Sir Robert Armitage, in which he disagrees with many of the deductions made by the commission from the evidence it collected. The main points of the two white papers may be summarised as follows (approximately in the order of the Devlin Report):

1 Inevitability of a Clash. The *Commission* holds that by 1958 an unbridgeable gulf existed between the Government and the Congress; the Government, upholding federation, saw almost any protest against it as disloyal and seditious; failed to realise the Congress was based on popular support rather than the machinations of a few agitators; and through the great power of the administration, police and chiefs stifled the attempts by Congress to work up a national agitation. Denied any real constitutional outlet to make its views effective, the Congress was driven to illegal tactics (at first only of a harassing nature, such as the flouting of soil conservation rules).

The *Governor* denies all this, saying that Congress was free to state its views, but "what is not legitimate... is to challenge the lawful authority of government".

2 The State of Emergency. The *Commission* considers that, because collision was inevitable, a state of affairs was reached in which growing excitement and violence compelled the government by March 3rd "either to act or to abdicate", and it had to resort to emergency powers. The *Governor* agrees with this. But the *Commission* contends that some of the incidents which led to police action that roused African anger at this stage were exaggerated.

3 The Responsibility of Dr Banda. The *Commission* considers that Dr Banda did plan a vociferous agitation to bring "pressure" (his words) on the British government to win African control of the legislature and to end federation; but it does not consider that he intended large scale violence. On the other hand it thinks his lieutenants, who brought him to Nyasaland, did intend considerable violence; it blames Dr Banda for leaving so many critical meetings to these men (Chipembere, Chiume, Chisiza) and for becoming a messiah-like front for their actions, and it finds that Banda's main concern was to go to prison, and create a precedent on the Gandhi model.

The *Governor* retorts that, on the contrary, when Banda spoke of "setting Nyasaland on fire" he approved of arson and murder, even if he did not intend to commit it personally.

4 The Murder Plot. The *Commission* did not find "any detailed plan for massacre and annihilation" in the final stages of the disorders. It plays down the significance of the meeting of Congress leaders in the bush on January 25th; it considers that the report of one informer, on which the government relied and which set out a neat series of decisions for "R-day" is entirely suspect; and the corroborative report did not, in fact, corroborate it. It concludes that the meeting was a very ragged affair (at which several people often talked at once); all that emerged was a determination that, if Dr Banda were arrested, "breaches of the law were to be committed and that attempts by the government to enforce it were to be resisted with violence." Some leaders did talk of killing Europeans and something like a "black list" of quislings was started.

The *Governor* replies that this is a distinction without a difference: that "there was not merely talk, but that decisions as to the course of action to be followed had been reached"; he adduces evidence in the Commission's report of Africans speaking of bloodshed (e.g. Chipembere in a speech: "We mean to die for this country or win liberation.") to support his against the Commission's deductions. He considers Banda privy to these decisions.

The *Commission* declares there was much "negative evidence" that there was no plot.

5 Disorders leading up to the Emergency. Analysing these, the *Commission* concludes that Africans generally only meant to make forcible protests, not to kill, it thinks Congress leaders meant to stir up more violence.

6 Disorders during the Emergency. Again the *Commission* considers that the course of these shows that the mobs were slow to violence, but that some agitators egged them on, and this led to the casualties which were incurred, some of which the Commission considers were unnecessary. The Commission thinks undue force was used in the arrest of some Congress leaders. It also thinks that some illegal force was used in the restoration of order, and this was authorised from the top; and that the troops carried out bullying, punitive expeditions.

The *Governor* denies this, and replies that the Commission seemed to expect troops and police to take impossible risks by letting situations get out of control by withholding fire in some instances. He hotly denies that Nyasaland is now "a police state ...where it is unwise to express any but the most restrained criticism of government policy."

7 Sir Roy Welensky's Role. The *Commission* reports, and the *Governor* concurs, that the Federal Prime Minister did not influence the Nyasaland government's decisions in any way, though he recommended that Lord Perth should not proceed on his mission to discuss a new constitution as the disorders were working up, lest the British government should seem to be negotiating under duress.

After Sir Roger

Experience of the Makins experiment at the Treasury raises some important, and impersonal, administrative issues.

THE news of the departure of Sir Roger Makins, at the end of the year, from the Treasury to the chairmanship of the Atomic Energy Authority represents more than merely a change of office by a distinguished, if sometimes controversial, public servant, with a uniquely varied career. It also marks the end of the first stage of an important administrative experiment. It is exactly three years since Sir Roger was appointed to be the first joint permanent secretary at the Treasury with a specific responsibility for economic affairs; the idea was that the other permanent secretary at the Treasury, Sir Norman Brook, should be free to concentrate on the Treasury chief's main role, as head of the Civil Service.

Most people in Whitehall, and especially in the Treasury, resent any journalistic discussion of particular civil servants' contributions to the trend of policy; they say that civil servants should be regarded as powerless and therefore uncriticisable advisers or administrators, and that only ministers' decisions exist to be discussed. This is a misconception of British democratic tradition. Historically, the idea that the influence of particular civil servants is not fair game for discussion has always applied only to those who have had no major influence at all; it was never applied in the nineteenth century to, for example, the great colonial proconsuls and prominent British ambassadors abroad. Now that key civil servants in domestic departments plainly exert an important influence, the press has a duty to comment.

Unfortunately, the duty is a difficult one. By the nature of things it is easier to analyse what appear to be the personal predilections of ministers, who make speeches, than of civil servants, who do not. Yet even in the political field journalistic analysis nowadays is far too often based on unreliable gossip column stuff. Any discussion on the Makins experiment had better be confined to general principles rather than to speculations about personalities.

Two general points stand out. The first is that the creation of the office of a joint permanent secretary has up to now tended to increase the influence of what used to be called the traditional "Treasury view" of economic policy, at the expense of the professional economists' view of it. Before Sir Roger's appointment, ever since the famous budget speech which Sir Kingsley Wood delivered (and which Maynard Keynes wrote) in 1941, the trend had been the other way. In the circumstances of Britain in the last three years the new structure has been almost bound to help cause some swing of policy in this direction. It is endemic in economists to throw up ideas; it is inevitable that a professional civil servant, inserted at so high a place in the hierarchy, should act to some extent as a sieve, deciding that when certain ideas are passed on to the Chancellor they should carry recommendations to caution with them. To say this is not to say whether an extra dose of caution has been a good or bad thing in British economic policy since 1956; but it is silly to pretend that there is anything ungracious in noting one important administrative reason why the dose has been applied.

SECONDLY, the experiment has not led to tighter and more efficient control over government spending and over the mechanics of tax raising, as some people had hoped that it would. It was the wrong office to create for this purpose. There has long been a strong case for appointing some sort of new co-ordinator or overlord to three sub-departments of the Chancellor's domain: the Inland Revenue, the Customs and Excise department and the estimates-examining side of the Treasury. Some people think that this should be a political job, for a sort of Minister of State for the Budget; others think that it should be a civil servant's job. There is probably room for both. But, even in theory, it was difficult to see why a new appointment at the Treasury's civil service summit should lead to a smoother running in the mechanism of these administrative departments lower down; and, in practice, the rough noise made by clanging brakes in these departments, at the time of Mr Thorneycroft's resignation eighteen months ago, showed that the idea just had not worked.

There is naturally great interest in Whitehall in who Sir Roger's successor will be. Most of this interest, however, is a recondite matter of personalities. But an important, if hidden, decision affecting future economic policy will be taken according to whether the vacancy is filled by a man with the same functions as Sir Roger has had, or whether it is filled in a way which suggests that some of the lessons of the experimental Makins period have been learned.

Spending the Oil Money

Middle Eastern streets are not paved with gold, and few are paved at all.

OIL has not made the Middle East rich. There are, it is true, small oases of prosperity in the wide deserts of poverty, but the area as a whole has not been deeply affected by the discovery of oil in it. This is not because wicked oil companies mercilessly exploit unsuspecting populations, or because feckless governments of producing countries have wasted their revenues on plaster palaces and this year's Cadillacs. The neglect of centuries cannot be overcome in a few years. Among the so-called oil-rich states only Kuwait has more money than it needs. Persia, Saudi Arabia, Iraq and Qatar can easily absorb as much money on desperately needed domestic projects as they will ever receive from oil.

It is not necessarily a sign of hard-heartedness or indifference that suggestions that they should use the oil revenues to help their less fortunate neighbours are not sympathetically received by these governments. They see no more reason why they should share their oil than that South Africa should share its gold, Malay its tin or Ghana its cocoa. If the United States is willing to share its wheat, that is because there is too much of it to sell in the world's markets. In Persia and the Arab countries it is not likely that enough oil will ever be sold to produce a surplus of money.

At the congress of the Socialist International at Hamburg last month, Mr Aneurin Bevan offered a plan for the economic development of the Middle East. The money, according to Mr Bevan, would come from (unspecified) outside sources and from Middle East oil revenues. Cantankerous and selfish attitudes on the part of the Middle Eastern oil producing governments would be overcome by taking as much as ten per cent from the oil companies' revenues and placing it in the capable hands of an international agency, the United Nations perhaps. A fund would thus be created to encourage the economic development of the have-not Middle Eastern countries, who would then be happy, friendly towards the West, and less inclined to block up the Suez Canal or to blow up the pipelines across the Syrian desert.

Mr Bevan's plan offers more pitfalls than panaceas. It would raise an unwelcome spectre to brood over the already delicate negotiations between companies and governments. The companies would have to consider it when discussing payments of royalties; the governments would worry about how it might affect concession terms. The governments, both have and have-not, already find it hard enough to get along with each other without the additional abrasive action of a fund established by somebody else with money they would consider at least partly theirs. They would regard it with suspicion as a creation of foreigners, and insulting because it would imply to them that the peoples of the Middle East did not know what was best for themselves. The first Middle Eastern reaction to Mr Bevan's plan came from Jordan, presumably one of its chief beneficiaries, where the Jerusalem newspaper *al-Difai* ignored the economic riches he was offering and reminded him that he had offered no solution to the Palestine problem.

AN Arab plan, like Mr Bevan's in intent if not in detail, has already been presented to the Arab governments. Mr Emile Bustani, an eminent Arab contractor and politician, has been trying for several years to work up support for a plan to establish an Arab development bank. His plan is not complicated by involvement with the United Nations, nor is it one that the Arabs can regard as insulting. He wants the producing governments and the oil companies each to chip in five per cent of their revenues to build up a fund, run by Arabs with expert advice of their own choosing, from which those countries in need could borrow on a business-like basis for economic development.

Mr Bustani ought to know what the Arabs want. As a Lebanese he is aware of the problems of the have-not state, and as a contractor he is well placed to appreciate the benefits that oil revenues produce. But he has had little success in convincing either the governments or the companies that his is a practical proposition. The governments are more interested in the immediate public relations value of token contributions to politically acceptable causes, such as Palestine refugees or Algerian exiles, than in long-range and untried plans. The oil companies already find it difficult to limit the scope of their activities in the area. As the largest employers and makers of money in the Middle East it is not surprising that they are involved

in economic and social undertakings in their zones of operation. One of them recently set up a modest development loan fund of its own. But they prefer to leave regional and national projects to the governments. The plan-makers sometimes fail to realise that oil companies fundamentally are governed by the same economic forces as other major industries, and that millions of pounds are not so easily found simply by dipping into a capacious pocket.

During last summer's protracted Middle East crisis President Eisenhower asked the United Nations to set up a regional economic development plan to assist and accelerate improvement in the living standards of the Arabs. He said that the United States was willing to furnish a lot of money, and he hinted that those Arab governments that could afford it might share the burden. Mr Eisenhower's generous offer fared no better than other less sweeping ones. The Arabs have never taken it up.

Is there any way in which the West can transform the whole Middle East in a single operation ? If all plans are to be based on the supposition that the area can only be treated as an integrated unit then, for the present and the foreseeable future, the answer seems to be No. Individual countries may, at their own request, receive help and use it wisely. Scattered small projects may bring more direct benefits than unwieldy large ones, and they do not rouse so much suspicion. For the present the West will have to be patient, devoting its efforts to the creation of an atmosphere of trust and confidence, until, on its own, the Middle East attains a position of balance between political and social awakening on the one hand and economic progress on the other. If that happy day comes, then large-scale economic development schemes will not have to be imposed on the area by well-meaning outsiders; the people most directly concerned will know when and how to ask for what they really need.

NOTES OF THE WEEK

PRINTING DISPUTE

Hour by Hour

THROUGH the haze of pretence that now customarily surrounds everything that concerns the troubles of the press, progress towards a settlement in the printing talks went steadily, if painfully, forward until on Tuesday agreement was round the corner. Every day had tended, of course, to end in "deadlock" : every bid by the employers was "final" to them, and "unacceptable" to the unions; there was a last minute hitch. And so it was always bound to go on until the settlement was reached. All last week, there was this outward display of militancy and inward degree of nearing agreement. The employers had made a number of concessions on their first stiff draft; and, in spite of the talk about things being final and unacceptable, there was reason to believe that the offer of a 3½% increase in wages and 1½ hours off the formal working week did come pretty close to what most of the union leaders were prepared to accept, with the possible and powerful exception of Mr Willis, of the London Typographical Society.

One thing Mr Willis could not countenance, rather oddly perhaps, was the condition made by the employers that craftsmen should only be employed on craftsmen's work. Even so, Lord Birkett, waiting deftly for his chance, fixed upon the other outstanding question : that is, hours of work. These the unions wanted to see reduced, first in principle and then by stages, to 40 hours a week in 1962. Lord Birkett's first intervention or advice, when he suggested a 41 hour week by 1961, failed. Then, more ingeniously, he suggested an immediate 42 hour week plus a larger percentage wage increase. This, coupled with a two or three years' standstill period and union undertakings about productivity, was the proposition that caused the talks to go on throughout last week-end, and which was finally agreed by both sides. By Tuesday only the mechanics of a return to work were in dispute.

Beyond the bargaining table the expected pressures towards a settlement were building up. Union members, either six weeks out of work or paying a handsome levy to those who were, were becoming harder-pressed, especially near holiday time. On the other side, some big publishers might have been losing sums of £250,000 a week from the stoppage.

Others Join In

IN the week before their annual holidays, 3000 workers at the Morris division of the British Motor Corporation have gone on strike. The reason was that the corporation had decided, after a long series of unofficial stoppages at the plant, to sack a senior shop steward and immediately after the walkout the Transport and General Workers Union, the Electrical Trades Union, and others (though not the Amalgamated Engineering Union whose members ballotted to stay at work) recognised the strike as official. (Was Mr Cousins's support of the extreme industrial left here a follow-up to his support of the extreme political left at the Isle of Man ?). The BMC management has evidently decided to toughen its policy towards unofficial action. Whether it can do what Fords did at Briggs in the neglected state of industrial relations at its plants remains to be seen.

RUSSIA AND AMERICA

Prima Ballerina Assoluta

MR KHRUSHCHEV is hogging the spotlight. He is not going to speak his lines, the decisive lines of this summer's diplomacy, until he is good and ready. Diplomatic reporting, reduced to a study of his moods, has seldom seemed more chancy. He returned from Poland rather tired and, apparently, rather cross with the West. He had some tough things to say about Berlin. He brushed the Scandinavians aside. He brooded darkly over the international danger of American prayers for the captive peoples of eastern Europe. By the time he began his verbal sparring match with Mr Nixon among the washing machines at the American exhibition in Moscow (which is further discussed in American Survey), he had every headline writer hanging on his least word.

In fact, the prospect of a summit conference has depended on Mr Khrushchev all along. He alone can give the word that could draw President Eisenhower to a meeting. The foreign ministers and nuclear negotiators at Geneva evidently cannot by themselves; as this has become plainer, they have dropped out of the news. It is, perhaps, a suitable commentary on the usefulness of foreign ministers' debates in Mr Khrushchev's day and age.

The Postman's Round

YET Mr Gromyko serves one purpose, at least. Whatever Mr Khrushchev may say on the spur of the moment, Mr Gromyko has to follow orders. Last week, Mr Gromyko was still hanging on at Geneva, and still declaring that the Soviet Union would not attempt to change Berlin's status while negotiations with the West were still in being. The nuclear experts, although down to the finest of fine points over inspection, seemed even further from breaking off. Mr Khrushchev's public invitation to President Eisenhower to visit Moscow himself thus appeared to be a positive suggestion on the kind of talks he would personally prefer. Mr Nixon was not empowered to negotiate in Moscow. But he was a suitable postman for carrying invitations of any kind, and one with inside knowledge of the frame of mind in which they might be penned.

Mr Khrushchev's excitability at the American exhibition was not unnatural. He had seen at first hand, for the first time, the idealised projection of those living standards which it is his aim to surpass in the Soviet Union. Whatever thoughts he has about a visit to the United States would be uppermost in his mind. His undisguised aspiration to secure American trade and credits seems to have prompted his comment that the present exhibition was "like inviting someone to a restaurant and offering him dishes forbidden by his doctor." He was frank enough to admit Russia's slow start in the economic race, something very apparent even to a Muscovite audience. Even so, it is a new sign of Russian self-confidence that Mr Nixon's very effective arguments for capitalism were published in part in *Pravda* and *Izvestia*. But none of this gave a sound clue to what Mr Khrushchev's unpredictable diplomatic sense would prompt him to do next.

KENYA

Hola Verdict

THE report of the inquiry into the charges brought against the prison officers in control of Hola camp, where eleven Mau Mau hard core detainees died in such questionable circumstances, appeared in time to deepen the sense that something was badly wrong in British Africa. It is a most careful report — even though it is hard to follow some of its explanations about what force is legal to compel recalcitrant fanatics to work as the first stage of a psychological cure. Nevertheless, it did pinpoint the immediate responsibility for the circumstances in which the Mau Mau detainees died as the result of ill treatment. But even in the case of Mr Sullivan, who alone was found guilty of gross dereliction of duty, there were extenuating circumstances. He did not fully understand the Cowan plan, and he did not receive a copy of it on which he should have drawn up his operational orders. He is therefore being requested to resign, so that loss of his gratuity shall not be added to his punishment. For the reasons which permit this clemency to be extended, Mr J. H. Lewis, the Commissioner of Prisons, who is shortly due to retire, has asked to have a successor appointed at once; of course he incurs no loss of pension rights. Mr Coutts was acquitted and there are no reflections on Mr Cowan. Mr Cusack, the minister (an official) in whose department these things occurred, was already retiring before the inquiries took place.

It cannot be said that justice has miscarried. Yet this "disaster", as Mr Lennox-Boyd has called it, is made to look more like an accident or a misfortune. Some more senior personage in the chain of authority might have felt the call for personal penance, to purge the public sense of guilt for such happenings in a crown colony. Of course other issues hang on such a gesture — the morale of the prison service, the propaganda use to which African politicians could put it — and if the chosen course may not seem instinctively right, it no doubt appears to officials the lesser evil in the interests of all. The Labour party is not convinced by any of this; they want Mr Lennox-Boyd's, or the Governor's,

or somebody's head. In the end, one is left with a committee of experts to make recommendations on the future of the remaining Mau Mau camps. It is a small consolation. The political ripples of this affair, with others, will continue to be felt to the disadvantage of British rule in Kenya.

IRAQ

Can the General Accept ?

NEARLY everybody who is anybody in the world today has been to Moscow. Russian hospitality being what it is, there is nothing strange about General Qasim's being invited there. It would have been more surprising if the Soviet deputy foreign minister, Mr Kuznetsov, in Baghdad for the celebrations of the Iraqi revolution's first anniversary, had not included in his diplomatic baggage an invitation to Qasim. The prime minister of Iraq will have to consider the implications of a visit to Russia with more care than the Russians used in extending the invitation. Mr Kuznetsov announced it at his own press conference, not waiting for the Iraqis to disclose it themselves.

When other heads of state set off on a spree to Moscow they can, most of them, reasonably expect their governments to last until they return. Some doubt exists whether General Qasim can make such an assumption. If all the troubles in Iraq are stirred up by communists, as Cairo claims, then presumably the Russians could order them to behave while Qasim was away. If the army's loyalty is as dependable as Qasim claims, he could count on it to keep things under control; but another revolt, perhaps in Baghdad instead of Mosul or Kirkuk, might mean the end of the army as an effective force in the country. If the adoring mobs represent a solid consensus of opinion among Iraqis, then they would not allow the sole leader's position to be usurped by others, but Qasim may remember that these same mobs once cheered Iraq's dead royal rulers as loudly as they now cheer him. The secret of General Qasim's attitude towards east and west could be kept if he chose to go to Moscow — but the future of Iraq might be settled while he was away.

TUC

Square Look at the Economy

CONSIDERING all the hoops it must have had to go through, the 15,000-word economic survey produced last week by the TUC is a remarkably able piece of work. Most of the survey's difficulties (as of others before it, which never saw the light of day) have been caused by the conflicting economic viewpoints among the 30-odd members of the General Council; there was probably not much worth publishing, for instance, in a document from which Mr Cousins, Mr Carron and Mr Ted Hill had all cut out the bits unacceptable to them. This lack of a strong statement of economic policy did the TUC a good deal of harm. It looks bad when a body that is always urging economic policies (such as full employment) on others cannot produce a reasoned policy of its own.

The economists at Great Russell Street are thus to be congratulated on producing a document that can be so easily used against their members. The history of economic policy before 1955 is succinctly and objectively given, together with a rather bland statement about the economic aims of trade unionism; how many unionists are prepared, as the TUC say they are, to sacrifice wage increases for the needs of wider social ownership or defence? But it is on post-1955 events, when history becomes politics, that the survey is most interesting. It agrees that recent deflationary policies "have, despite the more militant wages policy approved by Congress since 1956, succeeded — at a cost — in imposing a policy of wage restraint on the trade unions". It also agrees that the present economic position is healthy and that "1958 did not see a widespread breakdown in industrial relations". On the other hand, the TUC fairly criticises the slow-down in output that followed deflationary policies and declares that not all our present appearance of prosperity is due to these.

The remedy is expansion. This is the way the economy is now headed. But on the subject of possible inflationary increases in wages at such a time (increases to which foreign holders of sterling are sometimes too touchy) the survey is less than candid. It says that "a government that genuinely seeks to maintain full employment can reasonably expect trade unionists to cooperate" in avoiding difficulties of price inflation. Some Labour shadow ministers must wish that it could.

CRIME

London's Black Record

THE growth in crime continues. Sir Joseph Simpson's first report as London Commissioner of Police (Cmnd 800) records that indictable crimes in the metropolis in 1958 rose again for the fourth successive year. The total was 151,796, which is 25,000 more than last year and nearly twice as many as in the postwar trough of 1954-55, when it looked as if the prewar degree of law-abidingness had been restored after the upsets of the war years and the ending of the black market with the abolition of rationing. Minor offences, which mainly means motoring, have also increased again. In addition Sir Joseph refers to the anxieties of the police over the race situation.

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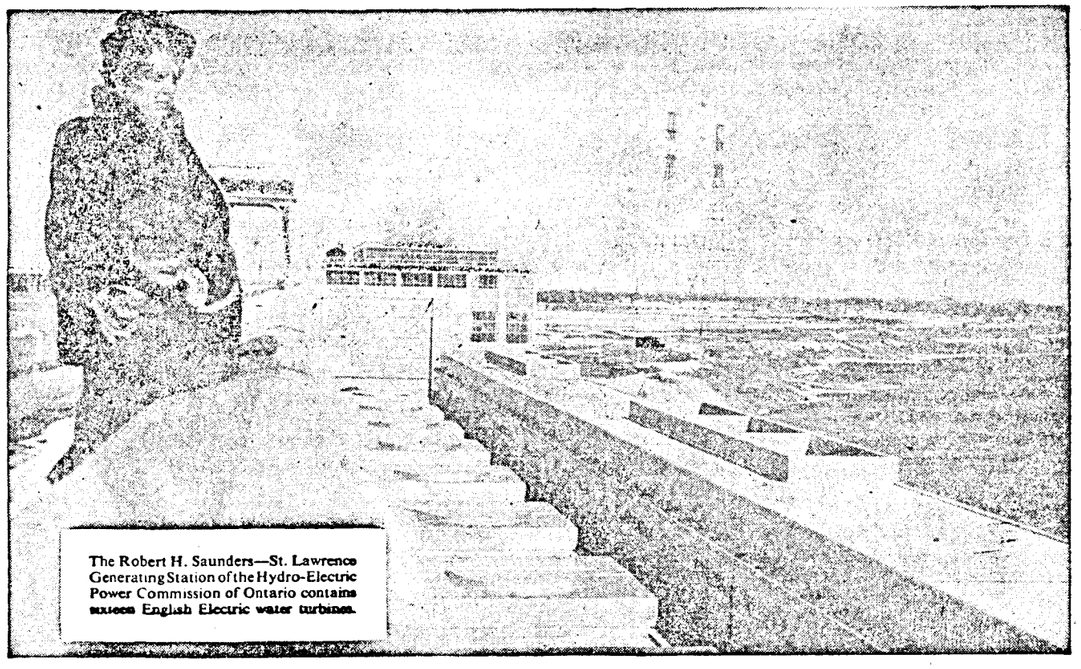

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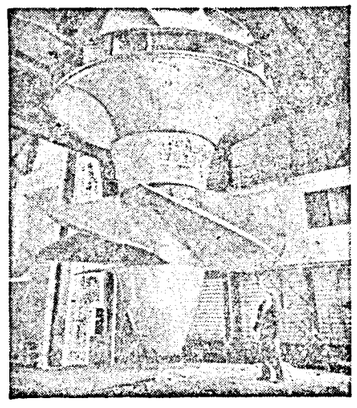

The fixed blade propeller runner for one of the sixteen English Electric 75,000 h.p. water turbines before installation.

For centuries the International Rapids of the St. Lawrence River roared—and their tremendous energies went to waste. Today, from the rapids comes a purr—the purr of thirty-two turbines sitting astride the International Line, sixteen in Canada, sixteen in America, generating power for the two great partners in the St. Lawrence Power Project.

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FIRST, through these schemes English Electric makes a substantial contribution to our national trading balance, thus enabling Britain to buy more freely in dollar or foreign currency markets.

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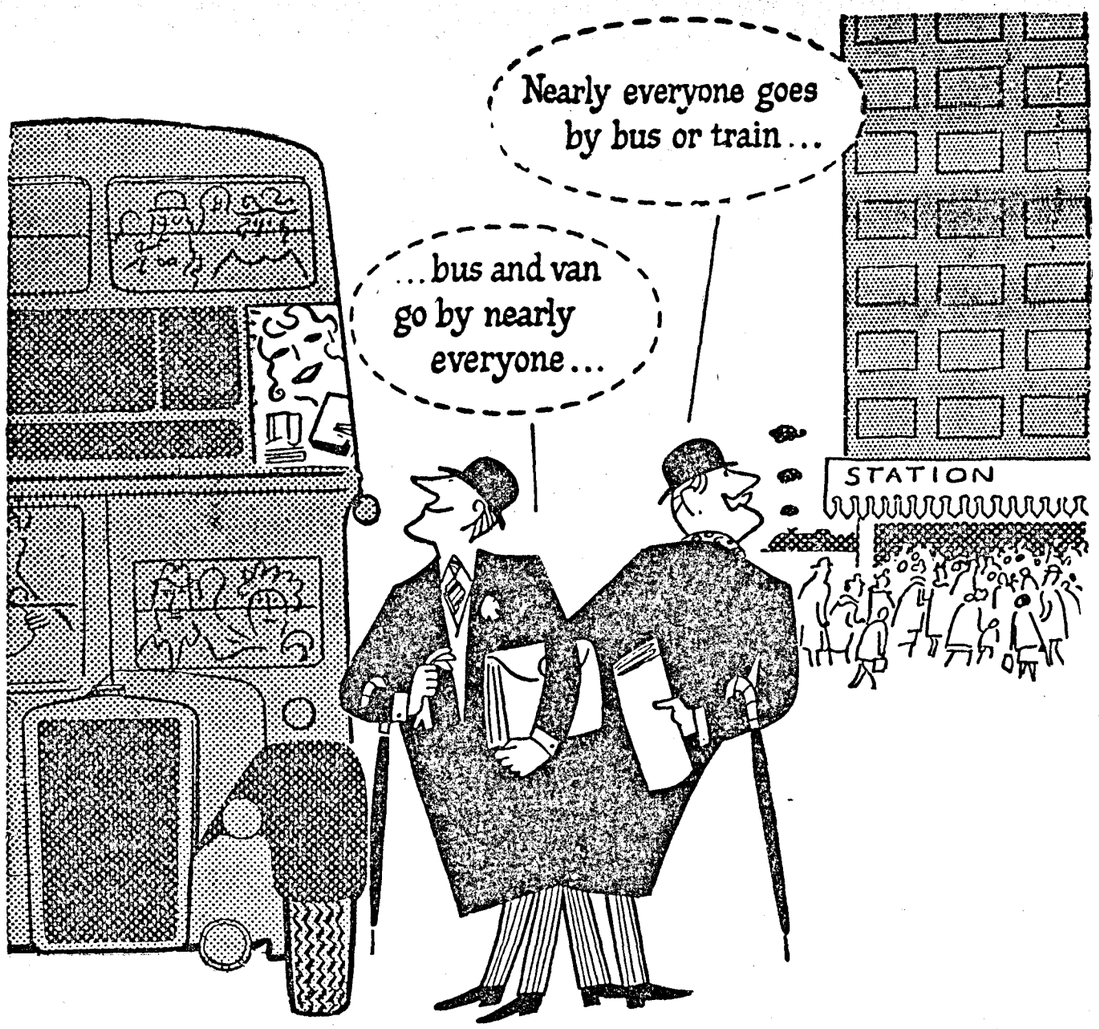

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The Commissioner offers much the same explanations as were put forward by his predecessor. There are too few police, especially in the CID, where the case load has risen from 205 crimes per detective per year to 258. The Commissioner implies that there is a close relation between the graphs for minor and for indictable offences: for the increase in the number of motorists coming before the courts erodes the traditional good relations between the police and the public on the one hand, and draws off policemen from chasing criminals to chasing motorists on the other. The Commissioner hands out quite a number of rebukes this year: to members of parliament who for political reasons still decline to tackle the almost unenforceable laws on gaming and betting, which sets another large section of the public against the police; to the press for its reporting of some types of crime; to the general public for its failure to realise its own responsibilities in repressing crime, and, particularly in connection with race tension, for "a selfish insistence on the rights of the individual citizen", which "conveniently disregarding the rights of his fellows, has made it more difficult for the police to nip incipient trouble in the bud".

The major increase in crime, however, has occurred in the 14 to 20 age groups, in which it rose by the shocking total of 25 per cent. For the 21-30 age group it rose much less and, for older people, by hardly anything. The attitude of the young is therefore the key to the "crime boom"; and here there are two factors. One is that the 14 to 20 age group has grown; in greater London it is now around 700,000, of whom in 1958 in fact some 10,000 were arrested and perhaps 30,000 more got away with their crimes. This puts the wickedness of modern youth in better perspective; but the increase is still bad enough. It seems that nothing succeeds like success with the young and imitative, and the ratio of convictions is just too low, at present, to keep the infection in check. What is needed, in short, is more police, and fewer distractions in the way of traffic problems. The police are prone to think the morals of the entire public are in a state of rapid decay. What Sir Joseph's report discloses is that the attack on crime must be better directed to the points that need attention.

DEFENCE

Recruitment Sags

TRENDS in recruitment during the last three or four months have again begun to worry the service chiefs. There are small but unmistakable signs that the effects of the recent improvements in pay and conditions are wearing off. The Royal Navy and the Royal Air Force are hardly affected; but there has been a sharp fall, since February, in the recruitment of other ranks on regular army six-year engagements. This, however, is the sensitive point in the plan to achieve all-regular forces, and more particularly to build an army of 180,000 regulars. In May, the intake of six-year recruits was almost half of February's intake.

The great response of recruiting to the Sandys plan (designed to replace conscripts by an all-regular force) encouraged the service chiefs last year to think that they could achieve an army of 180,000, instead of the original one of 165,000 which was strongly attacked as inadequate for British commitments to Nato and overseas. On the trends of last winter, in fact, there seemed a good chance that by 1962, when the last conscript goes home, it would be possible to recruit 170,000 or more regular other ranks, which would make possible an army of but little under 200,000. But even on the average of the last four months, assuming it gets no worse, the army should have 160,000 regular other ranks by 1962, thanks to the stabilising effect of long-term engagements. This would still make it possible to hit the revised target of an army of 180,000 officers and men in 1962. Only if the downturn noticed in April and May continues will pessimistic talk of reverting to Mr Sandys's original figure of 165,000 be justified. Reliance on long-term engagements in any event means that the army reaches its peak size only by 1965, so it should have well over 165,000 officers and men by then, even if recruiting drops further in the months ahead.

The great hope of creating all-regular, professional forces was that rising morale and a sense of professional solidarity would halt the tendency for recruiting to rise and fall with successive inducements. But the drop in six-year army engagements has coincided with the upturn in employment in Britain; and it may well be that, when employment is rising, regular army recruiting cannot be expected to touch the monthly intake of last year. It yet remains to be seen, taking one year with another, and ironing out the effect of accidental events (a small war or incident boosts recruiting like a pay increase) how large a wholly volunteer British army can be.

THE SEVEN

Free Trade Writ Small

AGREEMENT on most of the essentials of a little free trade area of seven European countries outside the common market is indicated by the White Paper published this week. Ministers meeting in Sweden on July 20th reached a political agreement blessing the technical work done so far; they have instructed the experts to set to work in September to draw up a convention. Tariffs are expected to come down by 20 per cent on July 1st next year to bring the reductions among the seven into step with the common market. Afterwards, it is intended, tariffs will continue to fall in step with those of the Six; though the seven governments are still bearing in mind the possibility

that if the common market shows no interest in a broader agreement on terms they find acceptable, they may step up the pressure by cutting tariffs faster.

In organisation the new scheme is essentially the old British free trade area plan writ small. It will be run by a Council of Ministers acting by majority vote on certain pre-defined occasions only — otherwise, by unanimous decision — and by a managing board. There will be rules of competition and an arrangement for agriculture. Superficially, some of the same ground is covered as in the Rome treaty. But in detail and conception the new institutions reflect the British preference for keeping institutions and commitments down to a bare minimum, and for solving problems as they arise, not before.

In some of its other features the new scheme differs from the old free trade area plan. The seven are making no arrangements yet for reducing quotas on a preferential basis. One interesting innovation has also been proposed, though not yet adopted: the idea of a consultative committee of industrialists, bankers, farmers, and trade unionists from the member countries. The ministers also agreed that their governments should accredit diplomatic representatives to the European community; Denmark has done so already. This can be seen as a recognition either of the need to come to terms with the Six, or of the permanence of the gulf that has opened. Now the remaining "undeveloped" members of the Organisation for European Economic Co-operation seem to be taking up their positions at the side of one group or the other. Portugal is already a member of the group of seven, although it may have a special position, not unlike that of Greece in relation to the Common Market, when the association comes to be formed. Turkey may follow suit later. Only Iceland of the original seventeen has as yet made no move at all. Another, Ireland, is trying to keep a foot in each camp.

The Economist

JULY 30, 1859

MOBILISING RESOURCES

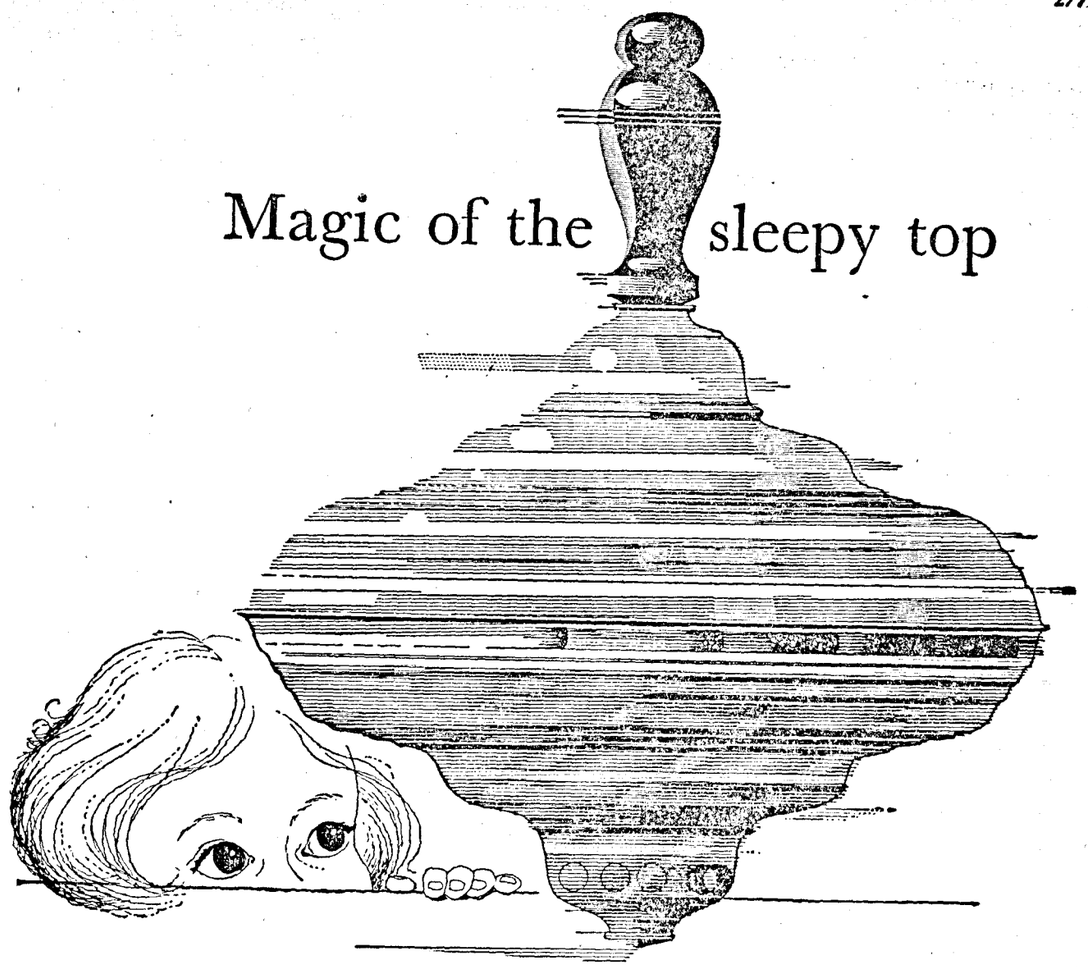
THE announcement in the *Moniteur* of the intention of the Emperor of the French to put the French army and navy on a peace footing will be accepted in England, as it is doubtless meant, as a pledge of that enduring good-will between the rulers of the two countries which we have always wished to promote between the peoples... But, on the other hand, we must protest against any attempt to urge the English nation into so false a step as any relaxation of its efforts to restore the proper strength of its navy on the ground of the announcement we have referred to... Many persons quiet their own apprehensions, and think themselves justified in ridiculing the warnings of others, by the recollection that the *resources* of this country in wealth, science, mechanism, and seamen are vast, unequalled, and almost unlimited. They are so. No country can rival us in these *potential* means of safety and of strength. Taxes to the amount of seventy millions scarcely burden us. A loan to the amount of a hundred millions would scarcely embarrass us. Our seafaring population is probably threefold that of France. Our engineers and our workmen are the most skilful, and our workshops the most numerous and the best fitted in the world... But what are all these boundless possibilities if we do not utilise them, and utilise them in time? What are all these resources if they are not available? What, but a cellar full of ingots when our need is of coined gold? What, but the reversion of a magnificent estate to a man whose life and liberty are jeopardised for the want of a little ready money? Let us bear in mind that property which we have not means of defending, resources which we cannot at once call into activity, belong not to us but to our assailants. *Reserved* forces, such as ours, are only eventual capabilities, not active and existent powers.

THE PODOLA CASE

Westminster Guardians Alert

MESSRS Paget, Silverman, Grimond and others were right to press for explanations in the House of Commons over the mysterious circumstances in which Guenter Podola came to be injured during or after his arrest and the length of time for which he was kept in custody before being formally charged with the murder of a policeman. The Speaker was equally right to squeeze the discussion off at the point at which he did. The whole episode was a refutation of Sir Kenneth Pickthorn's case, made during the recent debate on the House's procedure, for a convention that all sustained argument with the Speaker or smuggling in of substantive points under the guise of points of order should be treated as the caddish equivalent of cheating at cards in a club.

It is true that too much time has been wasted this session through exploitation of points of order. But the Podola case showed how serious a loss it would be if the House's rules and conventions became so cut and dried that even the most determined members were automatically barred from saying another word from the moment that the Minister first murmured the magic phrase "*sub judice*." Indeed it is very much to the House's credit that time and again so many backbenchers are seen on their toes in support of individual causes that are scarcely likely to bring them popularity. The Speaker, having in effect acquiesced in an unmistakable demonstration by the House of its interest and anxiety, took the position that in practice no absolute differentiation could be made, such as many of the lawyer MPs were trying to sustain, between matters affecting the charge of murder against Podola, which everyone would accept as being *sub judice*, and doubts about the conduct of the police before he



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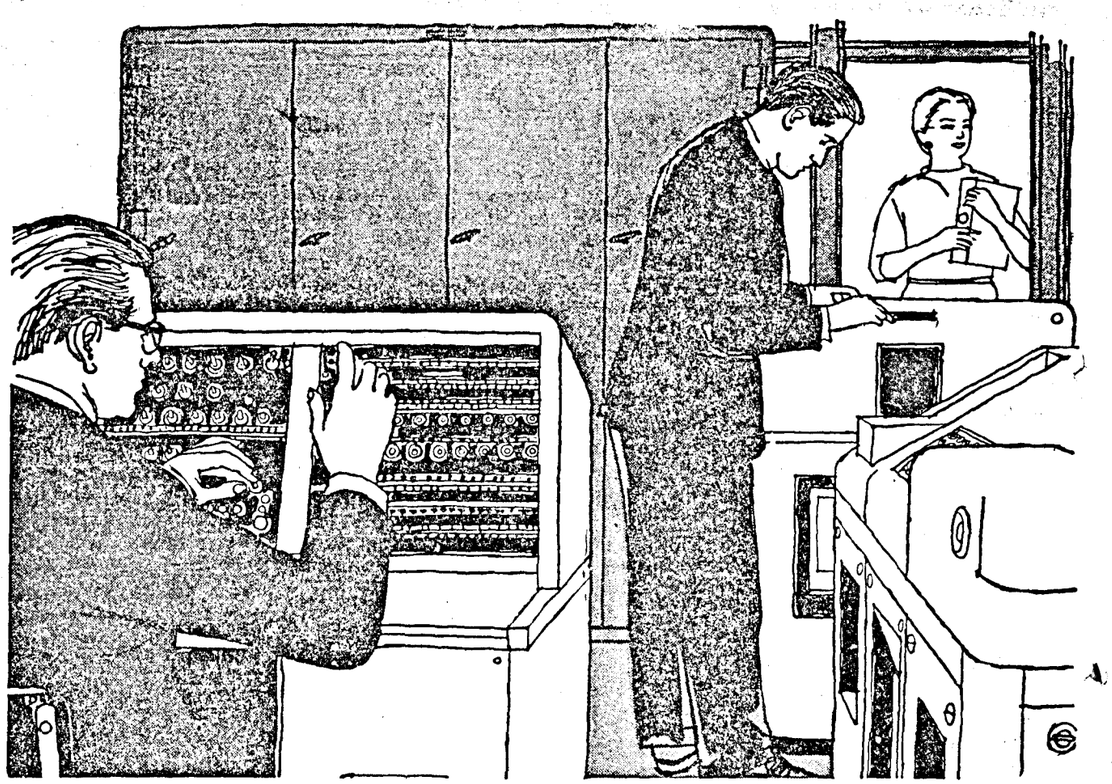

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was charged, on which they wanted to pursue their interrogation of the Home Secretary then and there. The common sense of this ruling was supported by a question from Mr Charles Hobson which, in seeking to put in a good word for the police, gave the impression that Podola had been previously convicted. This was obviously carrying the discussion on to dangerously prejudicial ground.

The danger that remains is that the mystery of Podola's treatment may not be cleared up by Parliament because it will not meet again in time, nor by the court which is hearing the murder charge because such questions might be deemed irrelevant if the defendant had not made a statement whose admissibility was being challenged. But Mr Butler cannot now fail to be aware of the public need for a convincing explanation — if not in the court during the trial, then after.

NORDIC BLOCK

The Stay-at-Home

None of the four Nordic governments that were to have been Mr Khrushchev's hosts this month has been visibly shaken by his brusque decision to stay away. The Baltic jaunt had appeared for some time to be losing its place in Mr Khrushchev's summer calendar. The clinching argument for cancellation seems to have been the Scandinavians' evident determination to see that the affair remained a jaunt, and not a purposeful diplomatic exchange. The Swedish foreign minister, Hr Unden, had already turned down Mr Khrushchev's proposals for making the Baltic a sea of peace, and although the Swedes had some pertinent points to make, including the banning of nuclear weapons on the Soviet shores of the Baltic, this type of discussion was not what Mr Khrushchev had in mind. He clearly did want to influence the two Nato members, Denmark and Norway, perhaps continuing the nuclear discussion where the Polish foreign minister, Mr Rapacki, had left it in Oslo last October. But the Norwegians set aside only one day for talks, and that specifically for an exchange of views, not negotiations.

Mr Khrushchev seems to have been stung both by Scandinavian press criticism and by such happenings, uncongenial to a sensitive man, as Miss Sonie Henie's refusal to rent her Oslo home to him. The long round of official functions, tourist haunts and hostile audiences, without even the chance of political conversation that he had in London, must have struck him as a game not worth the candle. Even in Poland he was complaining that it was a hard way to make a living. This is a setback for the plans for a neutral Nordic block that he seemed to be evolving in the spring, and he has taken it badly. The notes to Sweden, Norway and Denmark on July 20th were particularly querulous about attacks by government papers, and the descent into personalities seems to have been intended to send shivers down Scandinavian backs. It is exactly how the Russians treat the Finns when they want to show displeasure.

This time the Finns themselves have come off lightly. The cancellation sent to Helsinki was polite and regretful, something for which the Finns, entangled as they are in trade talks with both the Russians and the Outer Seven, could be mildly relieved. Although *Pravda* has pronounced darkly against Finnish membership of the Outer Seven, the Finns have refused to be rattled. Their foreign minister, Mr Törngren, has told both sides not to jump to conclusions about Finland's choice. Moscow has time to blow hot and cold by turns before these negotiations are ended.

CUBA

One Man Show

July is high season for revolutionary anniversaries. On Sunday it was the turn of the Cubans who celebrated July 26th, 1953, the official birth of their revolution. Senor Fidel Castro, the "maximum leader of the revolution", has also chosen this as a time to demonstrate his popular strength by drawing into Havana half a million peasants from the six Cuban provinces. Their enthusiasm is his answer to the sour hangover caused by his blatant trickery over the presidency.

Senor Castro resigned as prime minister on July 17th, but his resignation did not last long and proved to be a manoeuvre to get rid of the president, Dr Urrutia, and put in his place Dr Dorticos, a lawyer whose support for the land reform programme is assured by the fact that he himself drafted many of its provisions. Dr Urrutia, appointed president in the first flush of victory on New Year's day, was a magistrate whose exceptional courage and integrity had already been proved under General Batista. At the time there were some rather wan hopes that his presence would have a restraining influence on the revolutionary government. But Senor Castro very soon showed that he identified the government with himself. His spot decisions are announced during marathon television speeches; if his ministers or service chiefs disagree with him, he sacks them; to get rid of the president, a more elaborate technique was required.

Senor Castro has not allowed his inexperience in government to stand in his way. His social revolution has turned Cuba's economic structure upside down with the immediate results of vast confusion, contracted investment and innumerable sore toes. The land reform programme is a gamble; Cuba is short of almost everything that is needed to make it work. But Castro's dynamism, for all his amateurish methods, leaves his critics on the shelf and assures him of the crowd's cheers.

None of this makes him a communist. The accounts of a communist-dominated Cuba which the dismissed chief of the air force, Major Diaz, has been spreading in the United States can probably be regarded as old wives' tales. As is evident, Cuba in its disorganised state is a fine fishing ground for any communist organisation. But Senor Castro has shown no sign of any coherent political philosophy, Marxist or other. And he, for better or worse, runs Cuba.

THE LEGITIMACY BILL

Second Thoughts

A LAST minute squabble between Lords and Commons has been avoided. On July 21st, during the report stage of the Legitimacy Bill (a private member's bill), the Lords agreed, by 83 votes to 64, to restore the main clause, which they had deleted, by 27 votes to 19, during the committee stage at the beginning of the month. The purpose of the clause is to legitimate a child whose parents subsequently marry, even if one or both of them had been married to someone else at the time of the child's birth.

Those who argued and voted against the clause cited, as members of the House of Lords are always prone to do on such occasions, the rare case that might cause difficulties in the most unlikely circumstances, and insisted that the clause would undermine the sanctity of marriage. But, as others pointed out, the clause becomes effective only when the original marriage has been ended in any case and the parents of the illegitimate child have entered into a new, and legal, marriage with each other. The clause is a natural extension of the Legitimacy Act of 1926 and of the divorce laws, and, quite apart from the political problems it would have stirred up, the House of Lords would have been swimming against the tide of opinion had it insisted on deleting the clause.

FRANCE

Anti-Clerical Echoes

THE clash between the advocates of state and religious education in France is deferred to November. Only then will the government present its education bill designed to define the status of private (i.e. religious) schools and the amount of state aid to which they are entitled. M. Debré announced this in the Assembly on July 23rd during a stormy sitting. To keep his pro-clerical majority patient during the holiday interval, the prime minister promised that school credits would be granted at the beginning, and not as hitherto at the end, of term.

The school quarrel is an echo of the great battle which, at the turn of the century, set French clericals and anti-clericals at loggerheads not merely over education but over the whole problem of the separation of Church and State. Yet it is not just an anachronism. The proselytising energy of the Catholic Church and its political connections make the left-wing parties treat the spread of church schools as a threat to themselves. In 1951, the quarrel was revived when a conservative majority (the communist strength having been reduced by a change in the electoral law) secured state grants for private primary schools under the so-called Barangé Law. Deputies favouring church schools were returned in greater numbers at the last election. The government was, therefore, expected to increase state aid and extend it to private secondary schools. The show of popular opposition, expressed in variously-sponsored meetings to defend the lay school, seems to have come as a surprise.

The government has also had a second reason for caution: anti-clericalism is one of the platforms on which Radical, Socialist and Communist supporters can stand together. It has now decided not to rush things. A non-party commission has been set up (presided over by a Socialist, M. Lapie, despite his party's disapproval) to devise a solution that could take the whole question out of politics. But even though it stays at work until November, it is difficult to see how the commission can find an answer acceptable to everybody.

MALAYA

A Racial Election ?

AFTER Malaya's first two years of independence, the Alliance party should get comfortably back into power at the federal elections on August 19th. No other party is contesting all the 104 constituencies (the lower house will now consist entirely of elected members). The Alliance remains a union of the United Malays National Organisation, the Malayan Chinese Association, and the Malayan Indian Congress. Its candidates are drawn from these parties in the proportion of 69 Malays, 31 Chinese and four Indians. It thus appeals to the whole multiracial community.

But, if there is no prospect of any alternative government, opposition has now become formidable, and, what is worse, racialist in its appeal. The failure of the conservative Party Negara has been followed by the rise of the Pan-Malayan Independence Party (PMIP), which has unexpectedly won power in state elections in Kelantan and Trengganu, practically obliterating the Alliance there, and successfully making a crude appeal to communal prejudice among an illiterate Malay peasantry.

Within the Alliance there is fresh racial trouble; the Malayan Chinese Association has split over its demand for better terms for the Chinese community. They are to get little except permission to take examinations in their own language; but several important members have resigned to stand as all-out Chinese independent candidates, and the party accepted UMNO's inability to yield more only with difficulty.

UNDER SECRETARY OF STATE 10 AUG 1959 PUBLIC DEPARTMENT

BOOKS

Men of Conscience

Philanthropy in England 1480-1660.
By W.K. Jordan.
Allen and Unwin. 410 pages. 42s.

PROFESSOR Jordan is well known for his solid four volumes on "The Development of Religious Toleration in England", a study of the sixteenth and seventeenth centuries, and for his stimulating "Men of Substance", an account of two liberal thinkers and pamphleteers of the Civil War period. For him the sixteenth and seventeenth centuries saw the decisive forging of modern institutions and the liberal outlook; and he has now embarked on an ambitious study of charitable gifts and bequests in the period from 1480 to 1660 in order to determine the scale and the changing pattern of private giving. This first volume offers a broad review and analysis of all charitable gifts and bequests made in ten counties, representing a third of the population and over half the wealth of the country. A second volume will deal with London in more detail, and a third with rural England.

It is appropriate that a scholar from America, where the great foundations play so massive a part, should reveal to us with such statistical thoroughness the influential role of the great charitable benefactions of this period. Professor Jordan estimates that by the end of his period the endowed capital devoted to charitable ends may have amounted to as much as a twentieth of the total capital stock of the country. Despite the Elizabethan poor law, almost the whole of poor relief was provided by private charity. Private endowments of schools, scholarships and universities transformed the structure of English education, and the period saw a ninefold increase in the number of lay schools in the ten counties. Indeed at the end of the period one pamphleteer proposed a national system of higher education and the sending of all able students to the universities at the public expense. Private benefactions also endowed the great London hospitals, improved roads, erected municipal buildings and flowed into a wide variety of schemes for social rehabilitation. Private charity both cushioned English society against the dislocating shocks of rapid economic change and gave expression to new views of social welfare and opportunity.

In all this the merchants, who bequeathed over a sixth of their estates to charity, and especially the great London merchants, played a dominant part. Although they formed only one tenth of all donors, they gave nearly half the total contributed to charity, and their influence was the greater since they concentrated their giving on shrewdly conceived and prudently administered trusts. Poor relief and education were their main concerns, with the church low in their scale of preferences. Indeed, Professor Jordan emphasises what he calls "the momentous shift from men's primarily religious preoccupations to the secular concerns that have moulded the thoughts and institutions of the last three centuries".

Here he identifies the church with religion, mistaking a change in institutions for a change in temper and outlook. Certainly private contributions to the church steadily declined until the close of Elizabeth's reign, and the fall was only temporarily checked by Laud. And the isolation of the clergy is further emphasised by the fact that, of all social groups, they were the most insensitive to the needs of the poor. But Professor Jordan has to devote much space to the impetus given to charity by Protestant and Puritan exhortation: religious and secular concerns are not so easily separated.

Professor Jordan, though well aware of the rising curve of prices in this period, wisely avoids any attempt to correct his figures for the changes in the value of money. He warns the reader that "statistical results have an almost hypnotic effect in the beauty and rigour of their apparent accuracy", and yet has been hypnotised himself into forgetting the effects of inflation and into the use of exaggerated language. In eight pages he uses the epithets incredible or unbelievable five times; and in another five pages he is twice staggered and thrice amazed by his own statistics. Nevertheless his laboriously collected and carefully analysed figures throw a flood of light on the changing structure of English society. He has already shown, in "Men of Substance", that he is as interested in individuals as in social trends, and readers of this first volume will look forward to the promised studies of individual benefactors and particular charities in the two volumes that are to follow. To the social and economic historian Professor Jordan has a wealth of new evidence to offer and some important corrections of conventional views; to the reader disposed to think of social welfare as a product of the benevolent modern state he supplies a different and a more individualist pedigree of ideas; and to the intending benefactor he gives some heartening precedents and many practical object-lessons.

Two Bourbons

Louis XIV : *An Informal Portrait.*
By W.H. Lewis.
Andre Deutsch. 224 pages. 18s.

Madame Royale
By Joan Evans.
Museum Press. 208 pages. 25s.

MR LEWIS misses his target, perhaps because he has fired at the wrong one. His foreword says "this is not a biography of Louis XIV, still less is it a survey of French History during the period 1638-1715". But it reads like an attempt to combine the two. Mr Lewis's hope "that it may some day provide notes for a definitive life of Louis XIV" will be shared by those who enjoyed his earlier book "The Splendid Century", for he tells good stories with uninhibited relish and his character-sketches are crisply ironic. But an informal portrait of Louis is a contradiction in terms: his life was monotonously regular, even in its irregularities; as formal as the battle-scenes in which painters immortalised his military mediocrity. Nevertheless he was the one essential and, as it turned out, irreplaceable part of the monarchical machine. Without him the machine broke down. This was the main cause of the Revolution, in which none of his descendants suffered longer or more bitterly than Madame Royale.

None displayed a fortitude more worthy of his example. Eldest child of Louis XVI and Marie Antoinette, Marie Thérèse Charlotte (Madame Royale from her birth in 1778) was made of sterner stuff than either. Her three years in prison under the Terror, deprived of the simplest decencies if not of the bare necessities of life, callously left in ignorance of her parents' execution, and of her brother's miserable death, embittered but did not weaken her royalism. Nor, when the fall of Robespierre brought some alleviation of her hardships and, eventually, her release in exchange for French prisoners held by the Austrians, did she allow herself to be made a pawn in the shifty manoeuvres of her exiled uncle Louis XVIII. She accepted the impotent

Duke of Angoulême as a Bourbon family duty rather than as a husband; but she was the senior partner, domestically and politically.

Like her uncles, she returned eventually to France having learned and forgotten nothing. Her fearless refusal to compromise was politically disastrous: she alienated Napoleonic notables who were prepared to serve the restored monarchy; her rudeness to his wife was a compelling reason for Ney's defection. But during the Hundred Days she displayed an invincible determination, and an impartial contempt for pusillanimous Bourbons, Bonapartist generals, and time-servers who changed sides. Her husband's army in Provence disintegrated quickly but she held out at Bordeaux long enough to win the respect, if not the obedience, of the troops she tried to rally with speeches delivered in her loud, harsh, masculine voice.

It is not surprising that after Waterloo she refused to intervene for Ney; nor that in 1882 she should have wildly applauded her husband's inglorious victories over the Spanish Constitutionalists; nor that she preferred Charles X's reactionary bigotry to Louis XVIII's parliamentary hypocrisy — though had Charles listened to her, the 1830 Revolution might have been postponed, and she might not have passed into a third exile that lasted till her death in 1851.

There is nothing informal about Miss Evan's portrait. It is simply, but skilfully, drawn. It explains the personal failure of the Bourbons; but it also confirms Napoleon's opinion that the Duchess of Angoulême was "the only man of her family."

OTHER BOOKS

FIRST REPORT ON THE WORLD HEALTH SITUATION 1954-56. *World Health Organisation, Geneva.* 400 pages. 17s. 6d.

The first part of this volume consists of a general survey discussing such subjects as nutritional standards, environmental and other conditions affecting health, the administration of health services and activities and future developments in the health services. The second part gives for 157 countries, grouped in the World Health Organisation's regions, a review of the provision of health services, of vital statistics and of the chief health problems and how they are being tackled. Some background information (on population, climate, economy, standard of literacy) precedes each country survey so that the picture of health and sickness presented can be looked at in the light of the country's state of development.

LETTERS

Colonial Students

SIR — Your recent survey of the position of overseas students in this country was read with interest and appreciation here. There is, however, a misunderstanding in the statement that "the British Council cares for students sponsored by the Colonial Office or by their own governments, but not for those who have reached Britain under their own steam".

There are two special services, (a) meeting and help on first arrival, and (b) assistance in finding permanent accommodation, which are available to students from colonial and foreign countries. As regards the first service, obviously the council cannot meet and help a student on arrival — except by accident — unless it has previously been notified that he is coming. This necessarily implies that the student has contacted the official machinery for the notification of movements that exists in his own territory. As regards the second service, the council cannot assist a student to find permanent accommodation unless he has obtained a recommendation from his national authority. This is so that some ultimate authority may be available in the event of disputes arising and is indispensable if the confidence of landladies is to be gained and retained.

These two special services apart, all the council's welfare services are available to any bona fide overseas student of any nationality, whether or not he is sponsored by his own national authorities, and it is pleasant to be able to record that thousands of private students do make use of them. — Yours faithfully,

PAUL REED

The British Council, W. 1.

Northern Nigeria

SIR — There are one or two points that I would like to take up, after reading the interesting and penetrating account of the situation in Northern Nigeria by your special correspondent in Kaduna. The dependence on the premier is an undoubted fact, but the referring to him of decisions in all departments does not necessarily imply the absence of capacity to arrive at decisions by his ministers. It is a legacy of the emirate system that all decisions on matters of importance must be ratified by the head.

It is true that the public service has up till now drawn heavily on the pagans and Christians of the middle belt since they provide the largest number of educated "northerners", but a strong section of the Northern People's Congress has shown resentment of this fact and an unwillingness to accept the middle belters as true northerners. These people already feel that the dice is loaded against them in matters of promotion and selection for the "plums". They fear that with the reduction of expatriate influence in the Public Service Commission and the Establishment Office the career of the non-Moslem northerner may be subject to prejudice and handicaps. This is one of the reasons why the advocates of a separate middle belt state reject the argument that they would thereby lose a great field of advancement for their sons.

Finally, your correspondent says nothing of the vexed question of votes for women. The Sardauna recently committed himself to figures saying that only 5 per cent of the northern women wished to vote and when 50 per cent ask for the franchise it would be granted. The 5 per cent may be comparable with the number of northerners who were genuinely interested in, and aware of, the issues involved in the last election. It is likely that a plebiscite taken after due advertisement of the question would even now produce the required 50 per cent. — Yours faithfully,

MEIMUNA SABO

M.v. Accra.

Sea Fever

SIR — I am sure I shall not be the only reader to pick up a point in your article on the sailing boom.

Surely it was not Queen Victoria who made the celebrated remark "He's gone boating with his grocer", but the Kaiser. Sir Thomas was hardly moving in those circles at the turn of the century, and the remark was made at a time much nearer to the Great War. Moreover, was it not George who had gone boating, and not Edward? Edward, as Prince of Wales and as King, was far happier with the ladies in the gardens of the Royal Yacht Squadron than on board a yacht. — Yours faithfully,

MICHAEL G. HENSMAN

Norton-on-Tees.

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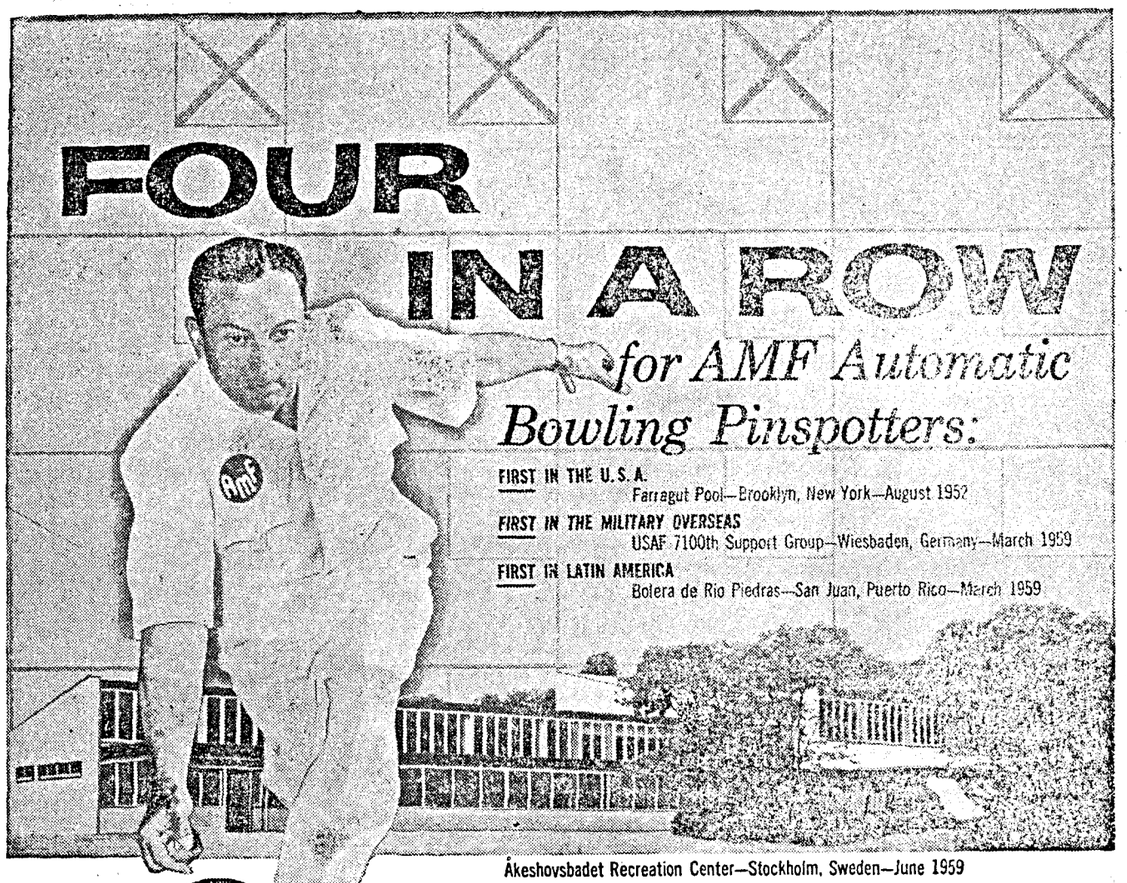

Åkeshovsbadet Recreation Center—Stockholm, Sweden—June 1959

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AMERICAN SURVEY

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

Challenge of the Cornucopia

WASHINGTON, DC

LIKE some mindless machine, the land goes on pouring out more food than Americans know what to do with, while the distraught mechanics in Congress and the Department of Agriculture throw levers this way and that in a vain attempt to stop the flood. Some of the remedies now being suggested by normally rational men would wring a smile from the Marx brothers. Senator O'Mahoney of Wyoming wants wheat farmers to take a year's holiday from cultivation, buy a "crop" out of the existing reserves of wheat, and then sell it again. The Secretary of Agriculture, Mr Ezra Benson, is trying to cure the overproduction of eggs which has brought the poultry industry to the verge of ruin by urging everyone to buy more eggs; if his campaign were carried to its logical conclusion, the Americans would simply transform their bursting granaries into bursting waistlines. It is reckoned that the total value of the surplus crops held by the government, now nearly $6.5 billion, will increase by a third in the next four years if things go on at the present rate. The costs of storage alone — a billion dollars annually — would finance the housing Bill recently vetoed by the President and buy thirty intercontinental missiles as well.

All three most important crops — maize, wheat and cotton — go on piling up. Last summer Mr Benson managed to persuade Congress, at long last, to push the producers of maize one or two faltering steps nearer to a free market. They were allowed to grow all they wanted in return for accepting a lower price support. But the latest estimate is that this year's maize harvest will yield a record 4.2 billion bushels, 10 per cent above last year's, itself a record. Since most of the maize is used to feed livestock, one of the consequences will be a glut of pigs next year. The National Planning Association thinks that this may well bring prices down to near ten cents a pound, the "ten cent hog" which is the nightmare of both the middle western farmer and the politician who will need his vote in November, 1960.

If no legislation is passed by Congress at this session to cut down the supply of wheat (one Bill, which would have reduced the acreage but increased the support price, has already been vetoed by President Eisenhower) Mr Benson prophesies that the entire wheat programme may collapse. This year's harvest will add nearly 1.2 billion bushels to the 1.3 billion surplus carried over from last year, and no more than two-fifths of this can be consumed in the next twelve months. The prospects for cotton are little better.

Neither of the rival ideas for doing away with these surpluses has made much headway. Mr Benson may reasonably point out that his attempt to "set the maize farmers free" has not been given a fair trial, since the support price is still a fairly generous one. But it seems clear that nothing short of sudden and total immersion in the icy waters of a free market will make American farmers cut production drastically. If the support price is cut gradually, they respond by producing more in an attempt to keep up their income. And if all price supports were suddenly abolished, as Senator Capehart of Indiana has brashly suggested, the effect would be to drive off the land thousands of those small (if not especially efficient) farmers whom every good American since Thomas Jefferson has called the backbone of the nation. (The limit of $50,000 a year which Congress has just placed on loans to a single farmer on any one crop is an attempt, probably an ineffectual one, to cut the cost of the subsidies by confining to this group help which up to now has had to be shared with large and prosperous commercial enterprises.)

The alternative method, to limit the number of acres a farmer can plant while guaranteeing him a high price for what he grows on them, is no better. Fertiliser and machinery merely enable him to get more out of a given area. In most crops the yield an acre has gone up by a quarter in the last six years, and no one knows when the process will end. It is this which has made a few bold spirits urge that limits be imposed, not on the number of acres planted, but on the amount of produce a farmer is allowed to put on the market.

THERE remains another possibility. Recently a growing sympathy has been detected for the idea that large food surpluses are not a burden, to be groaningly shouldered by the government until a way is found to prevent them, but a nudge in the ribs from the gods about man's responsibility to man. This idea is not new. The conflict between those who want to cut down production and those who prefer to accept the

surplus and search for ways to use it goes back at least to the New Deal. What is relatively new is the idea that if purchasing power at home and abroad is insufficient to absorb the surplus, then the United States government should step in to create "effective demand" on a permanent basis.

Senator Mansfield, the Democrats' second-in-command in the Senate, in one of the troubled and compassionate speeches that are his speciality, has recently urged that more food be distributed to needy people at home. Senator Humphrey, the first avowed candidate for next year's presidential race and a perennial fountain of ideas, has introduced a Bill to set up a Peace Food Administration for spreading the surplus abroad more effectively. This would combine under a single man the operations which are now run by an inter-departmental committee from nine different agencies. Instead of calling the job "surplus disposal", as if America were getting rid of old boots, Senator Humphrey's proposal would involve long-term planning. He believes that the Peace Food Administration should distribute $10 billion worth of commodities to poor countries in the next five years in return for local currencies (as well as making outright gifts on a smaller scale) compared with the $4.5 billion worth which has been disposed of in this way since 1954.

There are, of course, obstacles. The Department of Agriculture quite rightly points out that over 85 per cent of its surplus stocks consist of six basic commodities. Unless it deliberately buys other foods to add to its larder, it cannot supply a balanced diet to needy families; it claims that it already answers every request from voluntary relief agencies which can be met from existing supplies. Abroad, the problem is to distribute American food without injuring the other suppliers who want to sell their produce on the same market. Senator Humphrey's scheme would make sure that other countries were consulted before the United States acted. The problem is not insuperable; the American surpluses should be used to feed people who simply do not have foreign exchange to buy food on the world market.

If the idea of a permanent "surplus" is accepted, this will lessen the danger that many small farmers are going to be pushed out of agriculture. It may offend economists of the Manchester school that government aid should keep these marginal producers in existence when their output cannot be sold on the free market. But an observer who looks at America's cities today is tempted to reply that it is better liberalism to check the drift away from the land and use this surplus produce to help poor countries overseas. Such a policy would also recall what Senator Humphrey claims is "the authentic America — an America grateful for her bounty... eager in her generosity, an America whose pocketbook is open even if Communists do not threaten."

Exposition of America

Not since Yalta (an unfortunate precedent) has an American of Vice President Nixon's official standing visited the Soviet Union. Mr Nixon is the only man, other than the President, who has been elected to office by the whole body of American voters, and he sits both in the Cabinet and in the Senate. Even without his unquestioned ability he would therefore be able to speak with more authority, and to bring back home more authoritative answers to his questions, than anyone except the President himself. But it was made clear before the Vice President left Washington that he had no power to negotiate but was only to explain the American point of view as firmly and as unmistakably as possible. In particular, he was to impress upon Mr Khrushchev that intransigence over Berlin was likely to force the United States, however unwillingly, into a nuclear war.

The Vice President began brilliantly and in so doing seems not only to have earned Mr Khrushchev's respect but also to have brought a little nearer to fulfilment Mr Khrushchev's belief that Mr Nixon will be the next President of the United States. He showed himself fully as tough and almost as quick as the Russian Premier in a running, or rather walking, debate, in the full eye and ear of the public. In this argument the two threw everything at each other except the kitchen stove on which they were leaning in the typical suburban home at the exhibition of the American way of life which the Vice President had come to Moscow to open.

To Mr Nixon the purpose of this "exposition" is to demonstrate both that Americans have plenty which they are determined to defend and also that they prefer to compete with the Soviet Union in spreading that plenty peacefully over the world rather than in self-destruction. But the main difficulty of the organisers will be to convince the 50,000 visitors who are crowding in each day that the average American can afford, and can find in the shops, the washing machines, cars and clothes which are on display in such profusion (washed down with free Pepsi-Cola).

Even in the United States there has been some doubt whether a true picture is being presented: the dramatised fashion display had to be altered, after its preliminary showing in New York had been criticised on the grounds that too many of the girls wore trousers and that Negroes appeared in unlikely social situations. The art exhibition, too, had to be altered after Representative Walter claimed that many of the artists were communists and President Eisenhower admitted that the abstract works did not appeal to him personally. In one way, at least, the exposition has undoubtedly encouraged friendship between Americans and Russians; only a concentrated co-operative effort got the specially-constructed and imaginative buildings ready, or as ready as such shows ever are, by the opening day.

Army under Ice

FROM A CORRESPONDENT IN COLORADO

Somewhere under the thick Arctic ice, presumably in Greenland, Army engineers are now building an experimental, but complete, military base, big enough to contain living quarters, supply dumps, shops, offices and a garage. This comes after four years of trials by the Snow, Ice and Permafrost Establishment of the Army Engineers in co-operation with the University of Denver. Surface bases are almost impossible to conceal in the Arctic and they are vulnerable both to air attacks and winter blizzards. Moreover, the ice or permafrost underneath them tends to melt so that they sink continually and must be constantly readjusted. But if such bases could be put under the ice most of the inconvenience and risk of surface installations could be avoided.

The chief purpose of the original experiments was to find out whether the ice, since it is plastic, might not collapse, or at least close in, on any large artificial cavern dug in it. Secondly, it was necessary to discover the best ways of digging and maintaining such caverns. The project began in 1955 when a tunnel with huge rooms leading off it was dug straight back into an ice cliff; eventually the tunnel was 1,170 feet long, 12 feet wide and 7½ feet high; one of the rooms was 60 feet square and 25 feet high, the other 120 by 21 feet and 7½ feet high. At the start most of the digging was by pick and shovel, with the occasional help of explosives; then a coal cutter and coal-mining trams, running on rails, were added; and now a continuous coal-mining machine is being employed. The only time when coal-mining equipment is not perfectly suited to the work is when moraine ice, containing reefs of sand and gravel, is encountered. Then it is back to the old pick and shovel again.

At its inner end the original tunnel was 200 feet vertically beneath the surface. Deformation, from the plastic ice filling up rooms and passages, proved to be no problem. Such cavities do close up but so gradually that the room can easily be trimmed to its original dimensions at intervals of months. The roof need not be arched, but it appears that the installations should be no deeper under the ice than is necessary for concealment and protection against bombing — 150 feet or so down. Machinery, food and other equipment left there during the winter were found in perfect condition and it is now being suggested that it might be possible to store America's huge stocks of surplus food in these ice caverns. This would cost less than do present methods of storage and the food would be preserved for the use of the swarming peoples of the future. However, for the present, the military applications of the scheme are of more immediate importance.

Nuclear Show Boat

Nobody expects the *NS* (for Nuclear Ship) *Savannah,* the first atomic merchant vessel, launched by Mrs Eisenhower last week, to be any more of a commercial proposition than the shoal of atomic submarines, which are already in service, or the cruiser, the destroyer and the aircraft carrier, all powered by nuclear energy, which the Navy is building. These are at least considered to have real military, even if little economic, value while the Defence Department is very doubtful if this would apply to any aircraft with a nuclear reactor which could fly in the near future. For this reason the military authorities are going very slowly with their atomic aircraft, to the annoyance of Congress's Joint Atomic Energy Committee. Its members believe that to be first in the sky with nuclear energy would give the United States a great psychological advantage over the Russians. Propaganda is also the immediate purpose of the *Savannah,* which is to sail the seas demonstrating that the United States develops the atom for the benefit rather than the destruction of the whole world, and also keeping the American flag "pre-eminent" upon the international trade routes.

But for some time the sixty passengers (the ship will also have about 750,000 cubic feet of cargo space) will be experts learning how the vessel functions and studying how to make its successors into paying propositions. It is said that the nuclear reactor, cooled by pressurised water and fuelled by 7,050 kilograms of uranium oxide, enriched with U235, will as the result of improved technique be out of date before the ship starts its first voyage, sometime in 1961. One of the great needs is to reduce the weight of the steel shield against radiation; this and the reactor system together weigh 2,500 tons. The builders are convinced that the passengers will receive no more radiation from the reactor than they do from the sun on deck. Already a specialised crew is being trained in such fields as atomic physics and mathematics. The radioactive wastes are to be stored in the ship for disposal when it touches shore; it will not have to refuel until it has travelled 300,000 miles. But the relatively low operating expenses are counteracted by the low cargo-to-size ratio of the 22,000 ton vessel and by its very high cost of over $40 million.

Virginia's Primary Issue

On Bastille Day voters in Virginia had their first chance to choose between Governor Almond's moderate (and therefore revolutionary) stand on racial segregation and a return to the *Ancien Régime,* with its policy of shutting the tax-supported schools for white children when the courts require the admission of Negroes. Virginians gave the Governor a vote of

confidence. Members of the Democratic party were picking their candidates for next autumn's voting for the State Legislature; in a one-party state such as Virginia, this is the same thing as electing them. Die-hard supporters of complete segregation made a violent assault upon the Governor's most influential supporters. If Mr Almond's tiny majority in the Legislature had been destroyed, it might have been possible to repeal the new Perrow laws which, after next March, permit local schools-boards, in the last resort, to admit Negroes.

The repulse of this attack was more impressive than appears from a gain of two seats for the moderates in the State Senate; they actually lost a few seats in the House of Delegates. But it was in the Senate that reinforcements were most needed, and it was in the Senate contests that the racial question was most clearly posed and most decisively answered. In Alexandria, State Senator Boothe won a 2 to 1 victory over an extremist related to Senator Byrd, Virginia's political boss, who rallied all the resources of the Byrd machine to crush Mr Boothe. Like the Governor, Mr Boothe prefers racial segregation, but realises that at least token compliance is necessary now that the courts have destroyed the last legal foundations of "massive resistance." The victory of another liberal in Norfolk, the big sea-port where schools were shut for a time last year, was made possible by the growing Negro vote, as well as by the evident determination of white Virginians not to sacrifice their schools on the altar of racial prejudice. Even some segregationists paid lip-service to public education.

The results were a personal rebuff to Senator Byrd, though his machine is flexible and enduring enough to accommodate itself to change. The real significance of the vote is that the extremists cannot now hope to reverse the first steps toward a saner racial policy; that the "silent moderates" may no longer be afraid to speak out; and that Virginia's example may have far-reaching effects in other southern states. It should strengthen the School Board in Little Rock, Arkansas, which is making tentative plans to reopen the high schools which Governor Faubus shut last year under a state law which the courts have now declared unconstitutional.

Jet-propelled Profits

Of all this year's business stories, none has been more striking than that of the airlines. Twelve months ago bankruptcy was a possibility for nearly all of them; now satisfactory profits are becoming the rule rather than the exception. This results partly from the increased traffic (June's figure was 15 per cent above June, 1958) which has come with the general economic recovery and partly from the higher fares which were allowed on a temporary basis last year; the rise is likely to be made permanent soon and probably augmented a little. But the main stimulus for the industry's optimism is the jet aircraft. The big gains in passenger traffic have come to the companies which have been operating jets on domestic services since the end of 1958, while United Air Lines, which is not going into jets until September (using DC-8s), has been carrying only a few more people than last year.

These aircraft are bringing a new dimension to long distance flights and one which seems sure to encourage more air travel. American Airlines now offers a non-stop service from Washington to Los Angeles (2,300 miles) leaving at noon and arriving at 2 p.m. (there is a time differential of three hours between the cities). The return flight, in the same aircraft, leaves at midnight and sets the passenger down in Washington at 7.30 a.m. Trans World Airlines flies on a similar schedule. The fare is $182.99 each way first class and $125.90 for coach seats; the aircraft are divided equally between the two and have been carrying a hundred or more passengers on every flight. This means that each of these Boeing jets, which costs about $5 million, is bringing in almost $30,000 gross a day; its takings will equal its purchase price within six months.

This depends on the aircraft operating practically at capacity, which may not continue once the novelty has worn off and more of the huge jets are in service on more airlines. On the other hand air travel is one of the fastest growing businesses in the country. Moreover, the jets should be able to show a profit even with loads of 65 per cent of capacity. Companies using the Boeings report that they have had fewer initial operating difficulties with them than with any other new aircraft, until the recent disturbing trouble with the landing gear. And experience has shown that one Boeing jet replaces not two of the piston-powered Constellations or DC-7s, as had been calculated when orders were given, but three.

SHORTER NOTES

Last year Americans spent $306 million on chewing gum, enough to provide them with 200 sticks of gum each. It took 150 million pounds of sugar, 50 million pounds of maize syrup, 20 million pounds of dried sapodillo sap and other natural materials, 24 million pounds of rubber and resin and 6 million pounds of chalk.

* * *

Early this year the United Hatters, Cap and Millinery Workers' Union took over the Merrimac Hat Company, the mainstay of the town of Amesbury, Massachusetts, in order to keep it from closing down and leaving 350 members of the union without work. The union invested $435,000 in the company which has made a profit of $47,442 since February, compared with a loss of nearly $120,000 in the like period of last year.

THE WORLD OVERSEAS

The Sun King's Fortress

FROM A CORRESPONDENT IN THE PYRENEES

Professor Felix Trombe of the Sorbonne is a man of many parts: physicist, speleologist (a labyrinth of Pyrenean grottoes has just been named after him), archaeologist and proprietor of a bucolic thermal establishment *pour les dames et les nerveux*. Ten years ago he persuaded the national committee for scientific research (CNRS) to sponsor an inquiry into the possibilities of harnessing solar energy. The ministry of defence lent him a yard and a cluster of ancient buildings at Mont-Louis, 5,000 feet up in the eastern Pyrenees (what history-loving Frenchman could have resisted the chance of plotting the solar revolution in a citadel built for the Roi Soleil?) and even threw in some old German searchlight reflectors. It was with these swords-become-plough-shares that the first experiments were carried out. Within two years the results achieved coaxed out of the treasury the funds needed for the construction of what is now the Mont-Louis solar station's showpiece — its *four solaire*.

The name "solar oven" is misleading. The boy scout in one is apt to envisage a huge lens on a tripod with a leg of mutton roasting merrily beneath. At Mont-Louis everything is done by mirrors. A mobile plane *mirror, the orienteur*, tilted towards the sun, reflects the sun's rays on to a vertical concave mirror, the *parabolique*, which reflects and focuses them on the object to be heated. Each mirror weighs twelve tons.

The *orienteur*, thirty feet across, is made up of 350 bathroom size mirrors, and is induced to track the sun by a simple arrangement of photo-electric cells and solenoids, two governing the east-west axis and two north-south movement. The parabolic reflector, a masterpiece of optical engineering, is the largest and most efficient of its kind in existence: nearly forty feet in diameter, it has more than 3,300 component mirrors, each one adjustable individually.

The "oven" stands on a platform between the two mirrors, about five yards from the centre of the parabolic reflector. It is roughly the size of a domestic gas-oven, with a hole about two feet wide in the side facing the *parabolique*. Through this hole a cone of light and heat is directed into a revolving, water-cooled crucible, which can be observed only through dark glasses: to watch it is like looking into the mouth of a volcano. Even when Mont-Louis is deep in snow, temperatures of 2,000 deg. C. can easily be reached. The oven's normal working temperature is above 2,700 deg. C. It will melt a thick iron bar in ten seconds.

The old searchlight reflectors are still used for laboratory experiments. Temperatures of up to 3,000 deg. C. are reached and pinpointed so precisely that apparatus only a few inches away can be manipulated without inconvenience to the operator. In a walled garden behind the citadel, *orienteurs* direct the sun's rays into blacked-out laboratories through screens which extract all but infra-red or ultra-violet rays. On the roof, instruments click continuously from dawn to dusk analysing solar radiation. In an inner drawing-office, plans have been drawn up for a gigantic new installation at Odeillo, six miles to the west: there, sixty convergent *orienteurs* will direct the sun's rays into a parabolic reflector 140 feet in diameter. Whereas the searchlight reflectors can heat only one cubic inch of material at a time and the existing *four solaire* not more than a cubic foot, the Odeillo installation will be able to handle commercially important quantities.

Quantities of what? Atomic reactors, jet aircraft, and missiles require what the copywriters call "wonder alloys" tolerant of unprecedented high temperatures and stress. The metallurgists who produce them need refractory ceramics of hitherto unattainable stability, purity, hardness and heat-resistance. Not only are these exotic new materials extremely difficult to purify and homogenise; they also tend to absorb impurities at high temperatures from the chemists' and metallurgists' own electrodes and crucibles.

The solar oven dispenses, of course, with electrodes, a major source of impurities. And since its crucible is a revolving one (originally merely to facilitate its cooling), the combination of heat and centrifugal force builds up a protective layer of the material being purified which effectively preserves the bulk of the end-product from contamination.

Mont-Louis has already supplied several tons of zirconium and other rare metals to French industry. It produces corundum (a crystalline alumina, one of the hardest substances known) more perfect than any existing in nature. It has developed new compounds such as calcium zirconate for use in refractory cements. Security restrictions forbid any mention of the quantities of uranium oxide and other materials treated on behalf of France's atomic research establishments; but it is stated that in all cases the utilisation of solar energy has made possible the manufacture or extraction of a purer and cheaper product than could be obtained by any other means at present employed in France.

(The first of two articles.)

New Outlook for Southern Italy

FROM OUR CORRESPONDENT IN ROME

THE discovery of important methane deposits in the Matera district in Apulia, which was announced in June by the State hydrocarbon concern, ENI, completely changes the outlook for the industrialisation of the South. In the nine years since the Cassa per il Mezzogiorno was set up, succeeding governments have spent vast sums on preparing southern Italy for industrial development. But the results so far have been meagre. Unemployment is alleviated to an appreciable degree only during the temporary work on road building, irrigation schemes and so forth. The special measures devised to attract industry to the South have been neutralised by the scarcity and high cost of electric power. Today, continental southern Italy consumes a bare 9.4 per cent of the total national output of electric power, and a sizeable firm in the South pays fifty per cent more (8.3 lire instead of 5.46) per kilowatt than one of the same calibre in the North. The difference in power costs has been the main reason given by industrialists for their reluctance to move south and the chief argument of politicians, particularly in the Liberal party, who oppose what they call "uneconomic" projects to set up state industries there. Only the chairman of Fiat, Professor Valletta, has had the wit and originality to point out a truth worthy of Lapalisse, namely that until the South has been industrialised it will not be economic to plant industry there. The attempt must therefore be made in uneconomic conditions or not at all.

The Matera discovery goes far towards removing the disparity in power costs between North and South. The wells at Ferrandina and Pomarico relate to a single deposit and ENI has announced an estimated reserve of ten billion cubic metres, but the experts claim that this is a conservative estimate and that the deposit is probably at least twice as big. At their estimated production capacity, the Ferrandina wells will yield two million cubic metres of very pure gas a day. This is three times as much as the two neighbouring provinces, Bari and Taranto, could absorb today for domestic and industrial use. One of the advantages of the Matera site is its nearness to these two industrial centres and the ease with which pipelines can be laid across the Apulian plain. A more difficult task, but by no means insuperable for ENI, which has already laid two thousand miles of methane conduit in sub-Alpine country, will be to take the pipeline across central Italy via Potenza to Salerno and Naples.

Geologically the Matera discovery is important because, at long last, it confirms the existence of hydrocarbons in the Tavoliere which, from Matera to Foggia, has the same geological formation. This means that prospecting will be carried on here with renewed hope and energy. Economically the discovery of gas at such a central point of southern Italy justifies Signor Mattei's constant refusal to extend his northern pipeline in order to bring methane from the Po Valley to the South. This, he claimed, would increase the price of methane to the northern consumer, and the money spent on such a costly enterprise would be better employed on prospecting in the South.

What does Signor Mattei intend to do with this new supply of methane? His first aim is to give southern Italy cheap power. This means building new thermal electric power stations as well as supplying methane to the existing electricity companies, whose present monopoly is one cause of the high cost of electricity in the South. But it is safe to assume that Signor Mattei will not use all his methane to generate power. A handsome margin will be kept for industrial use inside the ENI framework. There is no room in Italy for another synthetic rubber factory which would compete with ENI'S own establishment at Ravenna, but all the other branches of the petro-chemical industries are open to Signor Mattei; fertilizers, plastics, synthetic fibres, pharmaceutical products. The choice will not be made immediately. When the minister responsible for state industry suggested a meeting to concert plans with some leading industrialists, Signor Mattei replied that he would give private enterprise a year's start in which to show how seriously it means to take advantage of the new conditions he is creating for the South. Proof that a new climate already exists is the fact that within a few days of the announcement that gas had been found at Matera the government cut short a long controversy and decreed that the State holding company, IRI, should set up a big steel plant at Taranto.

IN Sicily, ENI's offshore prospecting has discovered an extension of the Gela oilfield which will yield three million tons of crude oil a year. Gela oil is dense and sulphurous and a big international oil company would probably leave it where it is, but Signor Mattei intends to refine it locally and sell the products, shipping them directly from this ancient but long neglected port. His plans for Gela include a six million ton refinery, a thermal electric power station and a fertilizer plant which will use sulphuric acid recovered from Gela crude. This is a characteristically bold act on Signor Mattei's part, for it will probably hasten the closing of the depressed Sicilian sulphur mines. The mines are unhealthy and uneconomic. They employ five thousand workers and cost the state £7,000,000 a year. It would be cheaper to pension off the miners or teach them new skills, but in the old climate no one ever dared to propose this. By creating a new industrial context for Sicily, Signor Mattei acquires the means to give the death blow to the old mines.

Austria's Uneasy Coalition

FROM A CORRESPONDENT IN AUSTRIA

NOW that the Austrian crisis seems to be over leaving everyone feeling better, but a little limp, it is possible to review the events of the past ten weeks. The party leaders have now approved a revised coalition pact which defines their spheres of influence. Exhaustion has helped them. All the protagonists wish for nothing so much as to avoid any further conflict, and to get away for the holidays.

On May 10th, the Chancellor, Herr Raab, found himself with a majority of one over the Socialists. The figures were: People's party (OVP) 79; Socialists (SPO) 78; Freedom party (FPO)8. The Communists had vanished. The Socialists, headed by Dr Pittermann, maintained that they had polled more votes than the People's party, and it was only because of the laws of election arithmetic that they were deprived of that majority of seats in Parliament to which the will of the voters entitled them. They therefore demanded, and were determined to achieve, parity in the government. The main task was to break up the Raab-Kamitz combination. Dr Kamitz, the former minister of finance, is, in the eyes of right-wing supporters, the man most responsible for the solidity of Austria's economic revival. Dr Pittermann said that he would agree to Dr Kamitz remaining, provided that a Socialist secretary of state were to be introduced into the ministry. This, for a time, had the desired effect. Dr Kamitz replied that he would never take office under such a limitation.

The battle continued, week by week, covering the whole field but mainly concentrated on finance, foreign affairs and control of the nationalised industries. On June 12th Herr Raab let off his bomb. He offered the ministry of finance to the Socialists, subject to ratification by the People's party committee, of which he is chairman, adding that if this body did not agree, he would resign. There was general consternation and hefty protests from the provinces, industry and the press. The party committee rejected Herr Raab's proposal at a stormy meeting. In spite of jeering comment by the Socialists, Herr Raab did not resign.

Many attempts have been made to explain why the Chancellor took this sudden step without consulting his party. Was it a matter of calculated shock tactics? Did he — this is a widely accepted view — believe that by throwing the book at the Socialists he would cause them to sink under the weight of their extensive social welfare policy? It is likely that, like Dr Adenauer, Herr Raab overestimated his authority over his own party.

It seemed that either he or Dr Kamitz had to go, since the former finance minister was unwilling to accept the presence of a non-identical twin in his ministry. Negotiations dragged on. At midday on July 7th, Herr Raab handed back the task of forming a government into the hands of the President. Dr Schärf, who has been a working Socialist party member since the age of 15, did a surprising thing. Far from sending for Dr Pittermann, he instructed the party committees to carry on negotiations on their own. The effect of this decision was that the committees, freed of the pressure of publicity and conflicts of personality, have been able to work out a new basis for the coalition. Offices are now distributed as follows:

People's party: Chancellor (Herr Julius Raab); finance (Dr Kamitz); education (Dr Heinrich Drimmel); agriculture (Eduard Hartmann); trade (Dr Fritz Bock); defence (Ferdinand Graf). Socialist secretaries of state have been appointed to the ministries of trade and defence.

Socialist party: Vice-Chancellor (Dr Bruno Pittermann), with ministerial responsibility for the nationalised industries; foreign affairs (Dr Kreisky); interior (Josef Afritsch); justice (Dr Tschadek); social affairs (Anton Proksch); transport (Karl Waldbrunner). OVP secretaries have been appointed to the ministries of the interior and foreign affairs.

Leaving aside a mass of small change, the main outcome is that the conservative People's party has held on to finance, but lost foreign affairs and, subject to restrictions and 3-monthly reports to parliament, control over the nationalised industries. There are few new faces. The last-minute appointment of Herr Josef Afritsch, a member of the Vienna city council, to the ministry of the interior, made banner headlines. Herr Figl, former foreign minister, is senior member of the triumvirate forming the parliamentary presidium.

"This task", said Herr Raab recently, "is going to be the most difficult of my life. Above all, confidence must be re-established between the parties, and a factual basis found for the work of government." What are the prospects? The almost total stagnation of the past two years cannot be maintained much longer. It will depend mainly on the Socialists whether the third Raab government can live out its normal term; and the crucial decisions will come over questions of Austrian and European economic policy.

A Year of Talk on Germany

THE present phase of east-west exchanges on Germany and Berlin can be said to have opened last September with an exchange of notes between east and west. At that time both the east and west German governments were concerned to show that they had not lost interest in reunification. The east Germans and Russians proposed an all-German committee to discuss reunification, side by side with a four-power commission which would work out a German peace treaty. The west Germans replied with a note proposing a four-power commission on the German question which might draw on experts from the two German states. Beneath these two proposals, so similar in form, was

an underlying difference which is present today in the Geneva talks. The west wants free elections leading to the formation of a government chosen by the Germans; the east Germans wish to avoid such elections and to obtain the maximum recognition abroad for their state; they want any moves towards German unity to leave intact the political setup in east Germany and if possible extend their influence westward. Thus Bonn seeks to avoid all direct talks with the east Germans which might give their regime respectability and status. The east Germans on the other hand press for direct talks.

On November 27th Mr Khrushchev added a new ingredient by proposing to end the occupation of Berlin; he suggested that west Berlin be made a demilitarised free city, and threatened to hand over control of the routes to Berlin to the east Germans within six months if no agreement was reached in the meantime. Fears were expressed in the West that such a transfer might be a prelude to a gradual strangulation of the city's supply routes. But it was difficult to see what the West could do to stop it. In the long run Berlin's problem can only be solved as capital of a reunited Germany. The western powers therefore replied by emphasising their right to be in Berlin, proposing broader talks on the German question, and repeating the west German proposal for a four-power commission on the subject. Moscow countered on January 10th, with a note proposing a peace treaty with all Germany; but German reunification was, as usual, to be worked out between the two German states.

During the next three months the Russian position changed in several respects. Early in March Mr Khrushchev, visiting east Germany, backed up his demand for an all-German peace treaty with the threat that Russia would conclude one with east Germany alone if no progress was made. But later he retreated from this position, as well as from the threatened time-limit in Berlin. Instead he agreed to the Geneva conference, which met on May 11th.

There the West once more had the opportunity to seek a solution of the Berlin question by resolving broader issues. It did so in its "package plan" on European security, German unity and Berlin. This plan did not propose what, in many eyes, is the essential *quid pro quo* if the Russians are to be persuaded to give up their puppet regime and occupation in east Germany — an offer to define beforehand the frontiers, alliances and military status of the new German state. But the western governments did make certain significant moves, agreeing that German unity might have to take place gradually, by stages over a period of years; accepting the idea that the east Germans should be brought into the process of working out how this should be done, and proposing a mixed committee consisting of 25 representatives from west Germany and 10 from the east, which would formulate proposals for increasing contact between the two German states and draft an electoral law. As a *riposte* on Berlin they proposed that, until Germany was reunited, not just west Berlin but the whole city should be merged through free elections, and that the four powers should keep their troops in the city.

The Russians rejected the package on May 15th. They returned to the position they had taken up on January 10th, proposing a peace treaty with all Germany, and an all-German committee to discuss reunification.

The differences on Germany were evidently so great that the talks began, after all, to move back towards discussion of Berlin, as a separate question. The emerging idea of a separate interim agreement on Berlin was the most important development in the first phase of the Geneva conference. For a while the Russians appeared to recognise or at least acquiesce in the western occupation.

The east Germans, however, evidently felt that the emerging compromise did not give them enough in the way of recognition or control in Berlin. And on June 9th, after a visit to Moscow by the east German leaders, the Russian position hardened. Mr Gromyko suggested that the western occupation of Berlin could continue under such an agreement only for a year. After that Russia would negotiate a separate peace treaty with east Germany and put into practice its original proposal for demilitarising west Berlin. The ensuing clash caused the conference to be adjourned on June 19th.

WHEN the ministers met again Mr Gromyko reverted to the proposal for an all-German commission on reunification and contacts, linking this with the conception of an interim agreement on Berlin. Meanwhile the west Germans had been active in the exchanges between the western powers. And on the permanent treatment of the German question the western governments reverted to the idea of a four-power commission with east and west German experts attached. Both sides were taking up positions similar to those they adopted in their notes last year. Attempts have been made to bring the two positions closer together. But fundamental differences remain on two matters. The Russians want the two German states to have the same number of votes as the west Germans in any all-German group. The West still insists on giving the west Germans a majority. On Berlin, too, the difference remains wide. The West fears any time-limit on the duration of interim arrangements in Berlin, and holds to its view that if there are to be interim arrangements, they must last until the reunification of Germany is achieved. Russia wants a time-limit. From this point of view it cannot greatly console the West if the Russians, to make a concession, extend their time-limit by six months or two or three years; for the mere existence of a term to the statute of west Berlin would undermine the western position there.

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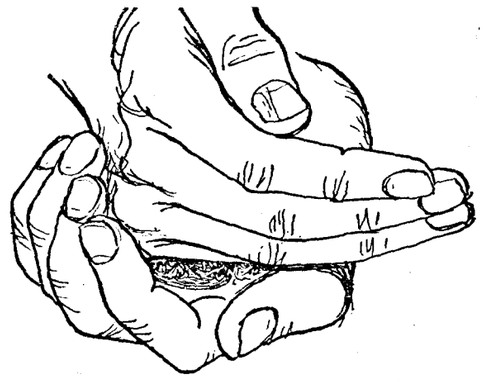

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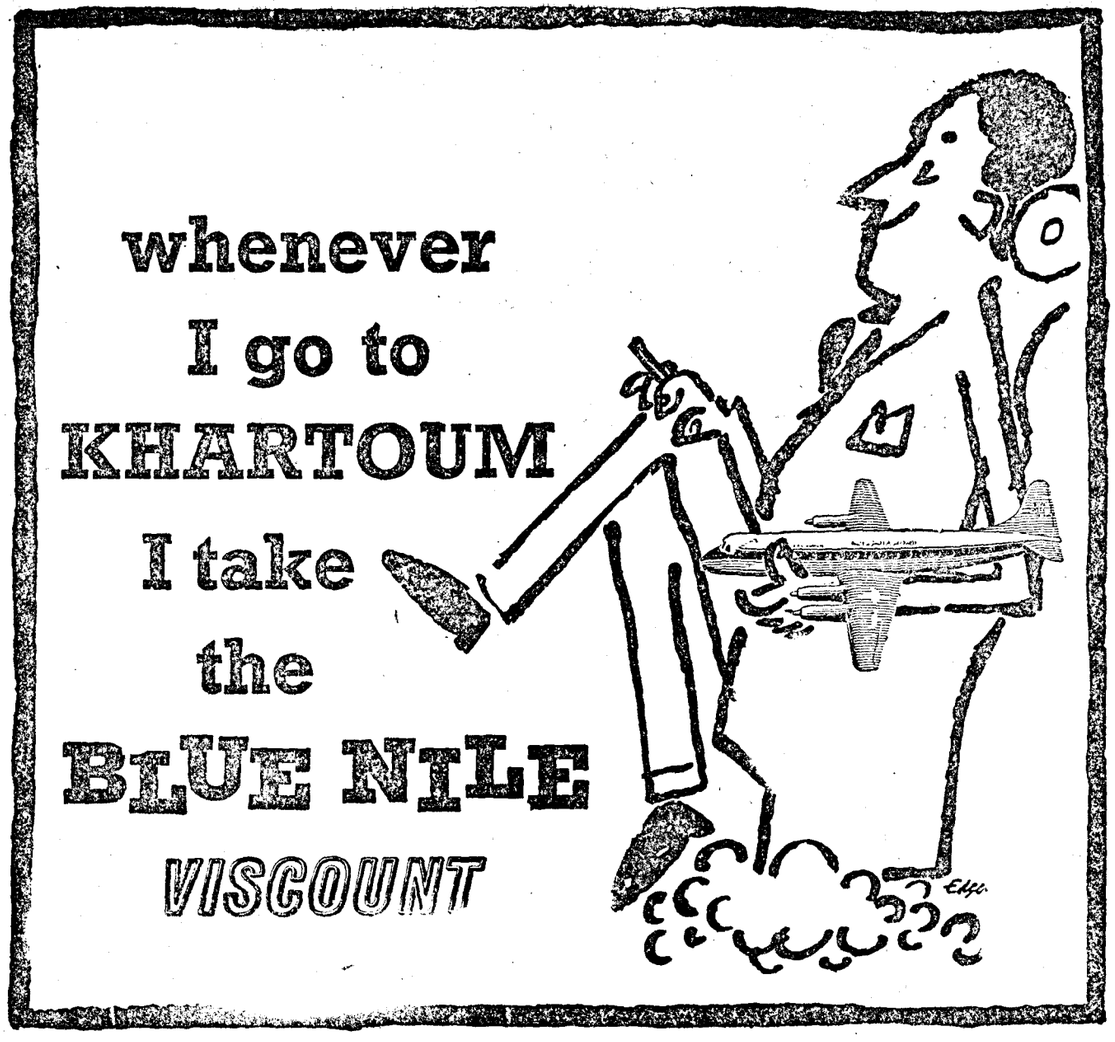

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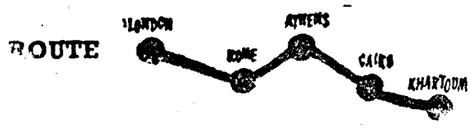

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THE BUSINESS WORLD

Competitive Railways Sooner?

IN THE pounds and the circumstances of 1955, the plan to re-equip and modernise British Railways that was put forward by the Transport Commission and "supported" by the Government covered the expenditure of £1,240 million over the 15 years to 1970. Late in 1957, the commission told the Government that as a result partly of inflation and partly of more precise budgeting, this figure needed to be revised upwards to £1,500 million — and that certain other things that had not been thought of at the time of the plan, but would become necessary to make it a success, would cost about £160 million more. Last autumn the Transport Commission suggested to the Minister of Transport that it should undertake "a full, detailed, and urgent review of the whole modernisation plan," and Mr Watkinson replied that it certainly must. It has — and has decided that the alterations and accelerations it now has in mind will not cut the capital cost below that eventual £1,660 million. The main change it has in mind is to get more than three-quarters of that total spent in the next five years.

At first sight, this seems surprising. The circumstances in which the commission proposed this re-examination were those of slump into an unexampled deficit of £89 million last year, which overstrained even the system of deficit financing upon which the railways had been allowed to subsist since 1956. Since that year the commission has been allowed to borrow to cover its current deficits as well as to finance its long-term fixed investment; and it has been permitted to capitalise the interest upon both kinds of borrowing for three years or more from the time of borrowing. This concession was made because the railways were in too compressed a competitive situation to escape from their deficits by increasing their charges, which seemed likely to drive more traffic away; it was to bridge the period until maturing investment brought them greater efficiency, to stem the loss of traffic and to afford better financial results from a competitive level of charges. The loss of traffic, as expected, went on; and last year's recession in the heavy industries, which provide so big a slice of rail traffic, knocked the commission even farther into deficit.

The commission has not cut back its estimates of what needs to be spent on the railways because it still holds that the original plan, and the financial calculations erected upon it in 1956, were soundly based. Subsequent events, it admits, have now made desirable some modifications to the plan; "but they are not many and are principally in the direction of accelerating its execution." It can cite the government and the main representative organisations of industry in favour of the proposition that a modern railway system is essential to the prosperity of the country. That being accepted, it must, like any other nationalised industry, assume some generally accepted rate of economic growth when it plans ahead.

IN 1955 the commission set its hand to making its sector of transport more efficient during a period in which it knew its competitors would continue to capture some of its share of the business. The total volume of business has not expanded as it had hoped, and it has lost more of its share. The conclusion it draws from these ugly facts is that it needs to be efficient and competitive sooner: 1965-74 will not do. Hence its claim that much more capital investment should be concentrated into the next five crucial years of the plan. Having spent since 1955 some £420 million (of which a quarter covered works authorised before the plan was made), it wants to spend another £975 million from this year to the end of 1963; and to get its revitalised railways competing on a level basis early in the sixties, not late.

Technically, this acceleration does not imply many radical changes from the original plan. Electrification of the main line from King's Cross to Doncaster and possibly York has been put back, and the route will go over to diesel traction for the time being at least. On the other hand, electrification from Euston to Birmingham, Manchester and Liverpool may be brought forward. About 1,000 miles of electrified track are in use today; by the end of 1963 this will rise to some 1,600 miles, and by then work will be in progress on a further 600-700 route miles. There are rather more than 100 main-line diesel locomotives in service today; by the end of 1963 there should be 2,300.

What was always physically implied in this modernisation plan was the development of a somewhat smaller, though technically more efficient, railway service, concentrating upon doing what rail can do well and not doing what other services, or customers' own transport, can do better. Spending more money to achieve this end more quickly means reducing some other things faster. Between 1954 and 1958 the commission closed 300 miles of route and nearly 400 stations; between this year and 1963 it proposes to close another 1,800 miles of route and proportionately even more stations. It gives no figure to indicate what reduction it expects in its labour force through streamlining some services and closing others (such as redundant stations and workshops); the ordinary "annual wastage" of labour over the plan would probably more than cover the expected rundown in employment, but wastage does not necessarily work in the right places.

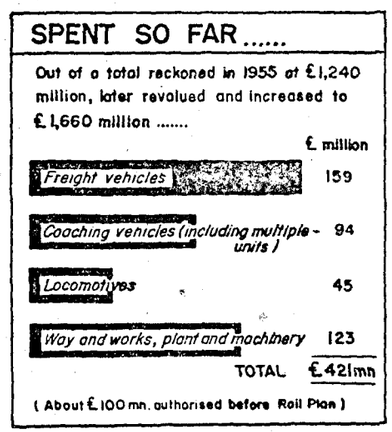
FINANCIALLY, the commission professes the same hopes as before that all will come out right on the night. By 1963, it hopes, gross receipts should more than cover working expenses, leaving a substantial working surplus that should more or less cover its increased capital charges; the prospect is therefore, "if the efforts made are successful and circumstances favourable.. a small net surplus; on the other hand, if circumstances are unfavourable, a deficit is to be expected." Reckoning 1963 against 1957 (not 1958), it is counting upon an improvement of from £5 million to £35 million in freight receipts, from slightly more traffic at slightly lower rates, with reduced working expenses; from £50 million to £70 million more from passenger services, through a higher volume of traffic, higher fares, and reduced expenses; and £10 million more from services other than the railways; all this set against extra costs of about £10 million a year for better signalling, automatic warning control, and the like. Its working surplus, therefore, might be £55-105 million better than the £4 million working deficit of 1957, i.e. a surplus of £50-100 million. Against this it expects its central charges to rise to about £85 million. Its chances of a net balance, therefore, are far too close to be comfortable. And this shaky balance, if achieved, will be in part only because interest on deficits between 1956 and 1963, and on much of the capital invested since 1956, will even by 1963 still be held in suspense.

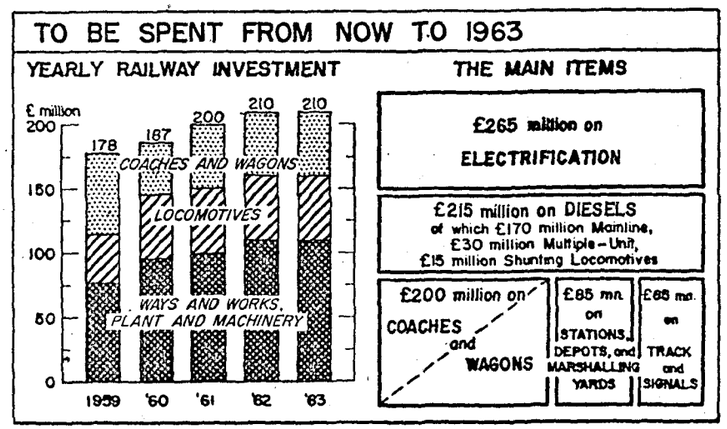
It is not too clear how seriously one is intended to take this brave and wistful hope of solvency. For the first time in public the commission utters some guarded and obscure phrases about the possibility of lightening the burden of its necklace of millstones. Its central charges, it says, are very large compared to the level of surpluses that would be regarded as acceptable by "the various agencies of public control"; they are also fixed and inflexible, being interest on borrowings payble in good years and bad. "If the commission are to be put in a position to pursue consistent policies on a longterm basis, it seems essential that in due course their financial structure should receive consideration afresh".

To this veiled overture Mr Watkinson, commenting upon the new report that it was a "clear honest statement of the problems facing the commission", could make no direct response; anything that might be proposed would be a matter for the Cabinet, not a Minister. He offered no comment either upon the commission's request for some long term assurance of investment allocations. As to the more specific application to spend much more money than had been expected over the next five years he said: "The government has not been able to answer this point at this time. Otherwise the government accepts the report".

Sir Brian Robertson equally was not to be drawn about what kind of relief from its obligations the commission might have in mind, except to say that what it might or might not ultimately propose would certainly be "far more complicated" than simple cancellation of any large block of its financial obligations. If this modernisation and rationalisation programme is pushed through as the commission intends, there is no doubt that by 1963 it will be left with the duty to pay interest in respect of a pretty large basket of assets that are no longer in use or in some cases even in existence. It used to be taught that one essential element of equipment for a railway undertaking in a developing community was the right to go into liquidation from time to time and to write down its dead assets. Nevertheless the interest on transport stock remains a public charge. Nobody could rule in advance upon the proposals for financial reconstruction that the commission has not yet made; but there are many elements in the balance of fairness here.

One is left at the end with the basic article of faith: that a modern railway system is essential to a small crowded modern industrial society, rich and growing, we hope, richer. In this society today, the railways and some other public services suffer from effective competition from capital equipment owned by former customers who apply few commercial criteria to its operation. These former customers nevertheless desire to have public services around (and also clean, new and running on time) for the few times when they might want to use them; and these customers, being taxpayers, also think it a disgrace if nationalised industries do not pay. It is against this rich, sombre and confused background that the commission is resolutely proposing to stake the public's next thousand million pounds.





BUSINESS NOTES

STANDARD AND MASSEY-FERGUSON

A Deed of Separation

STANDARD is to sell its tractor manufacturing plant at Banner Lane and its half-interest in a tractor plant in France to Massey-Ferguson for £14,900,000. It is not selling its tractor engine plant in Coventry, and will indeed continue to supply Massey-Ferguson with diesel engines from there until the end of the year and with vaporising oil engines for some time longer; and only until "disengagement is completed in August 1961" has it undertaken not to sell tractors. The 7,757,938 units of Standard stock held by Massey-Ferguson are to be acquired by J. Henry Schroder and Helbert Wagg and offered to Standard stockholders on a 3 for 10 rights basis at 5s 9d. Standard, after paying off creditors for tractor manufacture, tax on the sale of certain assets, and other items, will ultimately be left with about £12.5 million in cash, representing a capital profit of about £5 million. It proposes to pay out £4 million of this in a tax-free distribution of 2s 6d per 5s unit. The price finally obtained for its tractor manufacturing interests, which have been manufacturing tractors for Massey-Ferguson under a contract that ran until 1966 but which Massey-Ferguson did not intend to renew, was rather more than the market had expected; but the tax-free distribution was perhaps rather less than some investors had hoped, and Standard ordinary slipped a little on the terms.

The company has already earmarked most of the £8½ million with which it will be left after the distribution to shareholders for the further expansion of its car manufacturing capacity. It plans to spend some £2 million on the assembly department at its Canley factory in Coventry, £1 million upon its body-making facilities, £1 million on the new paint and trim shop at Canley and a further £2 million to increase the capacity of its car plant; this will leave over £2 million for extra working capital as production of cars works up towards 180,000 by the end of 1960.

Standing Alone

DURING this financial year Standard will probably have produced about 90,000 cars and 70,000 tractors, though this balance is shifting, and its car output is already at the rate of 110,000-120,000 a year. During this financial year, it says, profits will have come almost equally from tractors and from cars; the final profit will be "substantially higher" than the £2,740,000 earned in 1957-58, but during the coming

year of readjustment Standard expects that it may fall by a quarter to a third. It expects to pay not less than 12 per cent on this year's results; for the unsettled year of 1959-60 it thinks the dividend, given stable conditions, will not be less than 9 per cent. It is steadily pushing up production of cars, particularly of the new Triumph Herald; this is attracting strong demand, though at the moment, the company says, demand is greater than it can meet for every model that it is selling.

By the end of 1960 it expects to have the capacity to produce 180,000 cars a year, and hopes that market conditions will enable it to work to that capacity; next year's production might be something of the order of 140,000-150,000. The company is well aware of the gamble it is taking in trying to compete on cars alone, without the steadying business in tractors. It would hardly have taken this initiative, eleven months ago, had it not believed that the Herald was likely to be a winner in the British market and overseas. It has more models to follow, some of which may revert to a chassis construction as this small car has successfully done. Standard is well aware that its success and its survival among the big six will depend upon making somewhat different cars from theirs; it seems less likely in future to compete, model for model, with BMC and Ford.

Massey-Ferguson, after the divorce, is now left as, it claims, the largest tractor manufacturer in the world; its recent purchase, F. Perkins, will begin to supply the Banner Lane plant with engines soon after Massey-Ferguson formally takes over on August 31st this year. Standard will be left at the outset as the smallest of Britain's big six motor manufacturers, for although its car production is probably about as high now as that of Rootes or Vauxhall, its limited production of commercial vehicles does not begin to compare with theirs. Its decision to expand in the car field involves not only making more cars but also making more of the car: it has bought the body building firm of Mulliners (Holdings) incorporating the Forward Radiator company and the body paint and trim plant at Coventry that used to belong to Fisher and Ludlow. With further paint and trim facilities at Canley, and the new car assembly hall there, Standard will be in more complete command of its manufacturing arrangements than for some years. It has now to prove itself and the new designs upon which it is staking so much.

THE ECONOMY

Quicker Recovery

RESTRICTED by the printing dispute to a short general survey of the current economic scene, the new and fourth issue of *Economic Review* is the most cheerful so far published. "The pace of recovery", the National Institute of Economic and Social Research contends, "looks like being rather faster than we estimated in our last issue." All observers are bound to lean heavily on the official index of industrial production as a progress guide. When the National Institute last put forward its views, the latest figure was a March forecast of 107 - 108 (1954 = 100). Later revisions have now brought this figure up to 109, and the most recent estimate now is 110 - 111 for May. Since this is already 3 to 4 per cent above the level at the end of last year, the Institute's previous view of a rise of 4 to 5 per cent by the end of this year plainly looked conservative. But the latest estimates are provisional ones.

Recovery has stemmed from the rise in consumer spending, focused on durable goods, and from higher exports, notably of cars. As a result, it is by no means widespread. Within the metal-making and metal-using industries, the Review finds that the only two sections to show an increase between the third quarter of last year and the first quarter of this year, after allowing for seasonal factors, were vehicles and electrical engineering. Output in the mechanical engineering industry took the brunt of the decline in investment in plant and machinery and fell significantly, and in the Institute's view, in spite of better export prospects, it may not recover much until private investment picks up. Although there is no firm evidence that investment plans are being revised upward, there are some moderately encouraging signs.

The rise in consumer spending is expected to continue, as the Budget exerts its full impact. The recovery in exports, well under way in Western Europe and North America, may extend to the sterling area. The prospect for price stability remains good; but the *Review* gives a warning about wages. Employment has risen only very modestly in relation to output so that productivity per man, particularly in manufacturing, has gone up sharply (though part of this reflects longer hours worked). So far this year wages have been fairly stable and labour costs per unit of output "must now be falling". This leaves scope for lower prices or higher profits. The Institute hopes that manufacturers will choose to cut prices, since higher profits would encourage wage claims. But would they not also renew faith in new investment?

CREDIT EXPANSION

A Marked Upturn

A SIGNIFICANT change in the credit trend has emerged in the past two months. For the first time since the credit squeeze ended twelve months ago, the rise in bank advances has been accompanied by a major expansion of bank deposits. During the ten months to May, the growth in advances of the clearing banks by no less than £565 million was accommodated, remarkably, without any rise in net deposits, thanks to a substantial reduction in the banks' holdings of liquid assets and their large sales of investments. In these past two months to the mid-July make-up, net deposits have risen by £279 million, to £6,645 million, and the index compiled by Lloyds Bank, which is corrected for seasonal fluctuations, has shot up by 2.7 points, to 116.4 (1948 = 100). This is the sharpest movement it has yet shown. In the preceding ten months it had risen only from 111.5 to 113.7.

This spurt in credit expansion has been attributable to two main factors: first, a striking increase in liquid assets and, secondly, an accentuation of the rise in bank advances. Holdings of liquid assets expanded during the eight weeks by no less than £203 million, a more than seasonal movement that enabled the banks to accommodate their additional advances without any commensurate sales of gilt-edged. Sales during the four weeks to mid-July amounted to only £5 million, bringing the eight week total to £26 million. Advances rose by £89 million during the four weeks and by £114 million in the eight. Part of the acceleration in the latest period was due to the demands of the State boards and part was a reflection of the distorting transit items. If both these elements are excluded, the rise between mid-June and mid-July was at the average rate of about £17½ million a week, compared with £9½ million in the preceding four weeks. In spite of these demands, the average liquidity ratio rose over the two months from 30.9 to 32.7 per cent. The strains on government finance resulting from the budget concessions and stickier conditions in the gilt-edged market are now having their expected and not alarming effect on the credit base.

LONDON ROADS

A Twenty-Year Compromise

THE report of the Committee on London Roads (Cmnd. 812) is the first of a number of studies to help the Government in deciding the shape of Britain's future road programme. Set up by the Minister of Transport in November 1957, the committee included representatives of the London County Council, the Road Research Laboratory and the Ministry, under the chairmanship of Mr Nugent, joint Parliamentary Secretary to the ministry; its report sets forth two alternative programmes for improving London's road system over the next twenty years. The first assumes an average expenditure of £6 million a year on new roads and major improvements, based on an annual government expenditure of £60 million for the entire country. The second assumes that the total road programme will be enlarged, making available an average of £10 million a year for the London area for the twenty years. In each case, three-quarters of the money will come from the Government, and the rest from the LCC.

The volume of through traffic crossing London is comparatively small; the growing commuter traffic now totals about 70,000 people in private cars, against about a million who use public transport. Most of the city's traffic is generated at the centre; it is mixed and growing at an alarming rate (though only half as fast as for the country as a whole). The greatest difficulty arises from the cost of acquiring property in the centre of the city for conversion to roads, from the slowness of natural redevelopment and from the need, which the committee fully accepts, to fit any scheme for improving the roads into the wider social and business framework of the city.

Under these conditions, any road programme is bound to be a compromise. The committee has examined and rejected proposals for urban motorways, such as the A and B ring roads and the Riverside Highway, which in general promise spectacular immediate benefits to motor traffic at a rather considerable price and with rather debatable results later on: the A ring road, for instance, would now cost at least £150 million. At a press conference on the report, Mr Nugent quoted American traffic engineers as feeling that urban motorways had helped to destroy the city centre of Los Angeles. Instead the committee has opted for a patchwork of improvements to the major graded-road intersections (120 of which lie in central London) and on removing bottlenecks from the inner circular and the intersecting cross-routes. The £200 million programme accelerates the £120 million one, and adds further improvements to the main radial roads. The smaller of the schemes would mean the rehousing of about 19,000 people, at considerable extra cost. The new roads and redevelopments planned in these schemes are designed to increase the capacity of the roads and intersections affected by about 50 per cent over 1956, during the working day (though the increase at peak hours, or for the city as a whole, would not be as much as this). The £120 million programme would achieve this in 20 years; the £200 million programme would accelerate the process, and improve radial roads more.

Progress by Deterrence

LONDON'S traffic is already increasing much more rapidly than road capacity would increase in these plans, and a better road system will naturally attract more vehicles. More efficient use will thus have to be made of existing streets, and the future growth of traffic, beyond a point, will have to be discouraged. The committee looks to controlled parking to solve both of these problems. It is convinced that ultimately the streets must be kept completely clear of parked cars except in the few areas, such as Mayfair and Marylebone, in which there are or will be parking meters allowing short-term parking. This will necessitate the building of parking garages to accommodate 30,000 long-term parkers who now take up about 100 miles of kerb space every day in London; it is

thought that such a plan might increase the traffic capacity of London streets by 15-25 per cent.

The cost of parking garages is high: the committee estimates that they may average as much as £1,500 per car space, which would mean a total cost of some £45 million. Assuming an 80 per cent occupation, this would require a daily charge of at least 12s. 6d. By further raising this charge and by firmly prohibiting free on-street parking, all but essential long-term parking could then be discouraged. This is clearly the ultimate answer, and plans have recently been announced for the first parking garage to be built in the City, early next year. But on-street parking cannot be (or at least is not) effectively prohibited until some garages are available; and until it is prohibited, existing garages will not be economically used (this is the case with the one or two private ones now in operation). This will increase their cost even further. The Government's view is that this cost should be borne entirely by the local authorities; the LCC has naturally disagreed.

The committee admits that this is not an ideal plan. Within likely financial limitations, they have produced a sensible set of compromises — and a document for Mr Watkinson to brandish if he ever gets around to answering the criticisms of his activities recently made by the Select Committee on Estimates in a proper manner. Road development is a slow process, and it is not speeded by the Government's (and the LCC's) refusal to allocate funds for more than one year at a time. But even the more modest of the two suggested programmes depends on an annual level of expenditure of £6 million, which will not be reached until 1960-61; only £2½ million was spent on London roads last year.

OVERSEAS TRADE

Guessing at the Surplus

DETAILED trade returns for June seem to confirm that the fall in exports and rise in imports was no more than a statistical reaction from the exceptionally favourable figures of the previous month. These records of physical shipments can fluctuate quite haphazardly in individual months. Despite the apparent deterioration in June, the performance in the second quarter as a whole marks a decided improvement on expectations earlier in the year. Exports were 7 per cent higher than in the first quarter and 4½ per cent above the second quarter of 1958, reversing the earlier downward trend. The biggest improvement has been in engineering products, especially cars. Imports were 4½ per cent above their value in the first quarter and 6½ per cent above the second quarter of 1958. The steepest rise in imports this year has been in oil and finished manufactures. Despite the rise in industrial production, imports of industrial materials have barely risen in volume and are slightly down in value, though in recent months an upward trend has become marked.

The apparent trade deficit shown by the trade returns dropped to a total of £105 million in the second quarter, only slightly above the figure in the second quarter of 1958. The payments figures then showed the true balance of visible trade (valuing imports as well as exports fob and making the appropriate timing adjustments) to be in modest surplus; the current balance including invisible earnings showed a surplus of £107 million. In the first quarter of this year, when the trade returns showed a deficit of £117 million, there was a true trade deficit of only £14 million and a current surplus of £78 million. There is thus a good chance of this being bettered in the second quarter. Moreover, the deterioration from last year's exceptional surplus on visible trade has been wholly in trade with the rest of the sterling area. Exports to non-sterling countries have risen by 10 per cent in the first half of 1959, while imports from them have risen only 4½ per cent.

ATOMIC ENERGY

After Lord Plowden

THE appointment of Sir Roger Makins to succeed Lord Plowden as chairman of the Atomic Energy Authority on January 1st next year was announced a few hours before Lord Plowden was due to present his fifth and last annual report. Lord Plowden's great achievement during his five years' work has been to bestow a more efficient administration on a sprawling, decentralised, autonomous and largely understaffed group of laboratories, factories and construction sites that compose the Atomic Energy Authority's empire. The structure that was designed or just growed to achieve this task somewhat appalled Sir Alexander Fleck when he came to inquire into the AEA's organisation, but in fact it has largely survived; most of the changes in organisation made on Sir Alexander's recommendation have one by one been abandoned.

Lord Plowden made no secret last week of his belief that the AEA has been growing too fast. Its staff has doubled since he took office in 1954; its numbers rose from 30,000 to 35,000 in the twelve months to March 31st this year. This rate of growth must, he said, be halved, to give time for consolidation. Research, however, is unpredictable as thistledown; it is difficult to departmentalise, plan and budget as neatly as sound administration might demand. The chairman of the AEA has to judge how far he can allow scientists freedom to back their hunches when those hunches frequently require the construction of research apparatus costing hundreds of thousands of pounds and of reactors costing several millions. In such a position a wholly scientific training can be as much a disadvantage as an advantage: what is required, here as almost everywhere, is one of those somewhat apochryphal beings who know about science but are not currently

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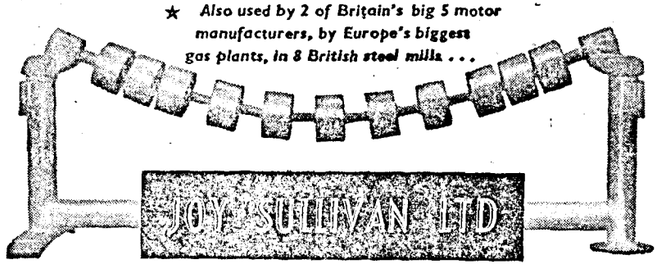

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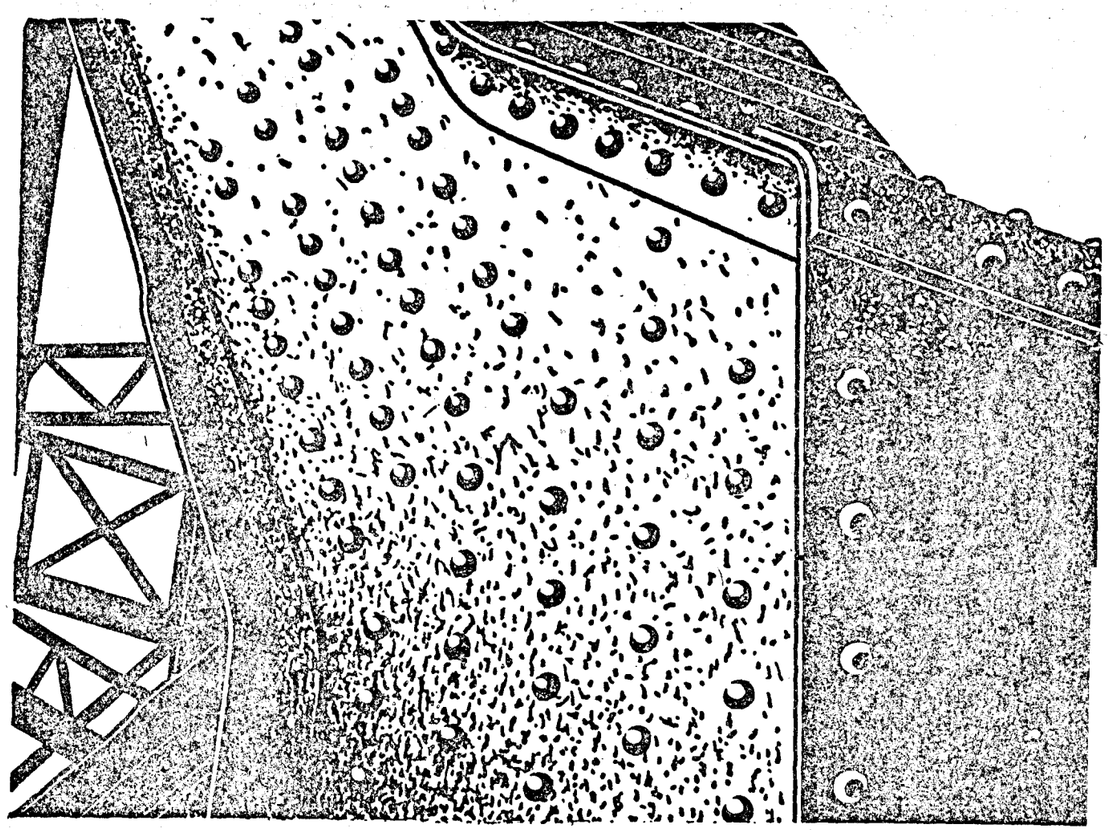

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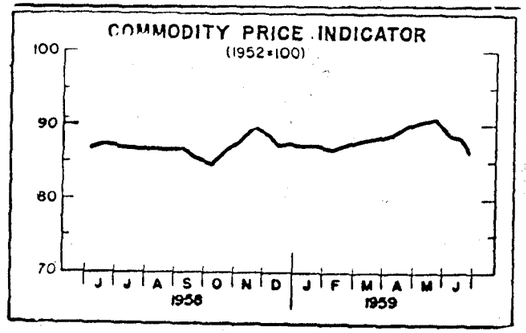
in love with any part of it. In default, a diplomatic administrator who knows what the Treasury will wear will probably do.

Lord Plowden's successor will have to rule upon the question of how many different types of nuclear power stations can be developed by the AEA in addition to the Mark 11 and Mark 111 versions of Calder Hall to which it is already committed. Preliminary studies have been started (and abandoned) of many among the more exotic reactor types; the current annual report shows that the present favourite is a reactor in which the fuel is suspended in heavy water and cooled by steam. This has the advantage that it can be built in almost any size; but Sir William Cook, head of the AEA's industrial and engineering groups, said last week that it would be three or four months before the investigations showed whether it was worth attempting to build such a reactor.

Zeta on Ic(s)e

How important flexibility is in such an organisation is well illustrated by the AEA's experience with research into thermonuclear fusion. The AEA's own scientists have known for some time that they would never be able to achieve controlled fusion in Zeta or any apparatus like it. The extraordinary thing about Zeta is that it worked as well as it did; it has given better results than any other piece of fusion apparatus in the world but for reasons that remain a mystery to this day. Instead of making another frontal attack on the direct control of fusion the AEA has therefore decided to go back to first principles and build a vast piece of experimental apparatus for basic research into the unknown phenomena whose effects have been demonstrated in Zeta.

If this new apparatus, ICSE (for Intermediate Current Stability Experiment) helps to find out why Zeta can be pushed to the threshold of fusion but not beyond, and why the extra power fed into it since the ten-fold increase in the size of its condensor bank merely leaks away instead of raising temperatures to fusion point, the AEA will know whether and how Zeta's successor should be engineered. But ICSE will take two to three years to build. Meanwhile work on larger versions of Zeta is being abandoned. If this decision can be taken as a pointer to future policy, it suggests that the AEA has reshuffled its priorities into the correct order and taken to heart criticism that, compared with other countries, it has been neglecting basic research in favour of active engineering development and doing so to an extent that was beginning to endanger this country's scientific reputation.



THROGMORTON STREET

A Touch of the Sun

Midsummer madness seized the stock exchange last week when spectacular activity in Ford shares, following rumours that the American parent was to increase its shareholdings in Ford of England (of which it owns 55 per cent) jolted the market out of its holiday doldrums. Overnight buying by United States investors on Tuesday followed by professional speculators in London caught the jobbers very short of stock. On Wednesday of last week the shares jumped 16s to 85s and in after hours dealings they touched 90s. Ford of America then denied that the company was purchasing Ford of England stock and stated it had no plans to do so. Next day New York and London took their profits and the price slipped to 76s; subsequently it moved up and down with continued speculation.

The equity markets as a whole showed narrow movements. Investors' attention was concentrated on a few stocks — Standard and Massey-Harris, the new property issues, Ford and Ultramar. The news that Ultramar might be making a rights issue put the stock down 3s 3d to 54s. The company is negotiating for a controlling interest in the Golden Eagle Company of Los Angeles, a subsidiary of the Panama Refining and Petro-Chemical Company. This would help to give Ultramar a better spread of interests; at present it has little refining capacity to balance its output of crude oil. The two companies are discussing plans to build a refinery in Panama with a capacity of 70,000 barrels a day and the scheme will probably be too large for Ultramar to finance out of earnings alone.

Oversubscription of three new property issues suggests that the speculative activity in this section of the market has not subsided. Daejan's offer of two million 2s shares at 6s 8d each attracted no less than 19,000 applications for nearly 22 million shares. The issue of 1.2 million ordinary 5s shares at 14s in Sunley Investment Trust was twice oversubscribed, and that by City and County Properties for £339,000 attracted applications for over £1,350,000. But properties did not drain the rest of the new issue market. The £5 million debenture stock of the Industrial and Commercial Finance Corporation offered at 98½ received applications amounting to about £8,600,000; and the Firth Cleveland offer of over four million ordinary 4s shares at 16s 6d was oversubscribed more than thrice.

INDEPENDENT TELEVISION

Profits Up, Charges Up

HIGHER rates for advertising on independent television followed hard on the heels of reports of record profits for three leading programme companies — Associated Rediffusion and Associated Television, reporting for the year to April 30th, and Associated British Picture which in the year to March 31st derived 56 per cent of its profits from independent television. Associated Rediffusion, whose equity is largely divided between British Electric Traction and Rediffusion, slightly bettered its forecast of "not less than £7 million" by returning a profit of £7,134,000 before tax; this is the highest commercial television profit yet recorded in Britain. The dividend is equivalent to just over 20 per cent tax-free on the increased capital. Associated Television increased its profits before tax by £1,600,000 to £5,316,000 — very close to the estimate last February when the company sought a quotation on the Stock Exchange for its "A" shares. Also in line with that forecast, the dividend is 100 per cent. The full report of Associated British Picture shows that out of total trading profits of more than £5,434,000 as much as £3,051,000 comes from the television interest. The dividend has been doubled to 60 per cent.

In raising their autumn rates by as much as 10 per cent during peak viewing times, the television companies are merely accepting the fact that the demand for peak advertising greatly exceeds the time for it. Advertisers who cannot get a peak time booking will not accept a second-best substitute and off-peak times remain, by comparison, unattractive whatever the rates charged for them. Television contractors have already come under criticism for crowding too much advertising into peak viewing periods, which they are free to do as long as the average over the day does not exceed six minutes an hour. The new rates could well be the result of a hint from the Independent Television Authority that this has been carried too far.

DISTILLING

Competition in the Bar

DISSATISFACTION with the returns that they obtain, as wholesalers, from the rising sales of gin in the bars of the pubs under their control no doubt explains the decision of six of the largest brewers to join in financing the Squires Gin company, which was originally set up by Whitbreads two years ago. Gin sales last year, 4.2 million proof gallons, were about twice those of 1939, and are continuing to rise, while beer sales have fallen. In the past some brewers have sold their own brands of gin, but they have only gained a moderate share of the market. The Squires gin, with the backing of these major brewers, may however secure a larger share of the market; its backers certainly hope it will. They insist that it will not replace the proprietary brands in their bars; but there will be an obvious incentive to offer Squires to the customer who asks for "gin", when at present he will most probably be sold one of the proprietary brands. But it would be far more difficult to "push" the new brand in off-licences without obtaining public acceptance for its name and off-sales form a large, and growing, proportion of the total. The distillers of proprietary brands among whom Distillers Ltd. is the dominating group, do not object to increased competition, and hope that their relations with the brewers will not be harmed; but they would resent any attempt to reduce the public's freedom of choice in the gin it drinks.

Excise duty accounts for 24s 9d on a bottle of gin sold at off-licences for 35s 9d. The distiller sells this to a wholesaler for something under 4s; the wholesaler, who in the case of public-house sales is the brewer, gets a little over 2s; and the retailer selling it by the bottle gets about 5s. The retailer selling the gin in nips, ordinarily the publican, can probably make markedly more profit than this; 30 nips at 1s 9d each would bring 52s 6d from a bottle costing him just over 30s. There is not much room for price competition in the distiller's share of the price, and to sell a new gin at cut prices, until it became thoroughly established in the public taste, might be a hazardous piece of sales promotion. The brewers propose to sell Squire's gin at the normal price of proprietary brands; but this "integration backwards" may give them the chance of slightly larger pickings from the various margins the trade makes on a bottle.

MOTORS

Another Record Month

PRODUCTION of both cars and commercial vehicles climbed in June to a new record level. A total of 123,059 cars and 39,623 goods vehicles and buses were produced during the five-week month (ending July 4th) compared with 104,762 in June 1958; weekly output of cars, at 24,612, was slightly lower than that recorded by the Board of Trade in April, but on a working day basis production was in fact almost ten per cent higher than in either of the two previous months. Car production during the first six months of the year totalled 573,796, an increase of 27 per cent on the first half of 1958. These figures may represent the industry's zenith for this year: annual holidays begin this month, and there have been two strikes at BMC plants, both of which have affected production.

Exports fell slightly, although overseas demand is reported to be continuing at a high level: 47,586 cars and 9,853 commercial vehicles were exported in June, compared with 60,349 cars and 12,995 commercial vehicles in the preceding month. Nevertheless, car exports were a record for the quarter, and the total for the first half-year was 15 per cent over a year ago. Commercial vehicle production and demand have both jumped sharply in the past three months; the record rate of output in June brought total production for the first six months of this year to 168,311, compared with 157,725 in the same period a year ago.

AIRCRAFT

Mr Watkinson Intervenes

THE Minister of Transport has taken the drastic step of ordering the British Overseas Airways Corporation to put the affairs of its associate companies in order, starting with those of Middle East Airlines on which losses are now running at nearly £1 million a year. The corporation's accounts for 1958-59, due to be published soon, may show that losses on the 17 associate companies of BOAC have trebled in twelve months and account for nearly half the £4 million deficit admitted by BOAC on the year's operations. Since these associate companies have been run by a separate holding company headed by the deputy chairman, their operations have been kept separate from the general management of BOAC. Mr Watkinson has now told the corporation's chairman to ask his deputy, Sir George Cribbett, to explore what was described in the House of Commons as the "extremely grave" situation in the biggest loss-maker of them all, Middle East Airlines.

Mr Watkinson is probably over-sanguine in assuming that BOAC would be making a profit now were it not for the combined effects of American intransigence over the Tokio route and the associate companies' losses. But in blaming the associates he undoubtedly puts his finger on one of the weakest points in the corporation's administration, or that of any other airline with similar subsidiaries. Investing in small national airlines gives a big international operator traffic rights that it might not otherwise be granted, as well as a means of keeping its international competitors out. But the small airlines see that it pays dearly for the privilege. In the case of BOAC, they seem to have turned the screw too hard. Not long ago its chairman ruefully told a Parliamentary committee that he is up against a general assumption that BOAC has a bottomless purse. But another difficulty, which was not mentioned, is that these small airlines carry out the kind of short-range operations of which a long-range carrier like BOAC has no practical experience. It may explain how British European Airways, with 12 subsidiaries (not all of them airlines) manages to keep its loss on them within four figures.

The Slump that Wasn't

EVIDENCE published by the International Air Transport Association does not bear out the complaint of many airlines that 1958 was a bad year for traffic. The 86 member airlines of IATA between them carried 7 per cent more passengers than the year before. Excluding those on domestic routes, whose results are dominated by the vast trunk networks of North America, international passenger traffic rose 12.4 per cent, which is far removed from a slump, even for an industry accustomed to think in terms of a flat 15 per cent increase per annum. A total of 14 million passengers on international, and 55 million passengers on domestic routes adds up to a formidable figure.

The trouble with the air transport industry last year seems to have been that although it was carrying more passengers, mail and freight in 1958 than ever before, its aircraft were flying not much more than half full. Airline operations appear to suffer from a surprising lack of flexibility, fluctuating from a state of too few seats for the traffic to too many. Other industries, even though their capital plant is not divisible into small, independent units such as the aeroplane, seem to make a better go of matching long-term re-equipment to short-term demand.

More than Meets the Eye

HAWKER Siddeley's offer to buy the whole of the share capital of Folland Aircraft (10s 6d in cash for each 10s ordinary share, making a total price of £813,750) may prove a bigger bargain than it appears. With the trainer version of Folland's Gnat fighter likely to be adopted by the RAF, it gives Hawker Siddeley a fresh toe-hold on the military market from which it is in some danger of being squeezed out as the Javelin, the Vulcan and the Hunter come to the end of their production runs. It is even more useful in giving Hawker Siddeley a new opening in India, where the group is beginning to build up a considerable volume of business. Gnats have been sold to India and the fighter version is just going into production there under licence.

It is less certain that Hawker Siddeley will be able to take over Folland's other great asset, its chief designer and managing director, Mr W. Petter. He was responsible for the design of the Canberra bomber and did the groundwork on the Lightning fighter, two aircraft that established English Electric as one of the most successful companies in the aircraft industry, before he went to Folland to test his theory that a modern supersonic fighter could still be small, cheap and easy to build. The construction of the Gnat fighter was financed out of profits from Folland's substantial sub-contracting business. The merger with Hawker Siddeley will solve a good many of the difficulties facing the company since the cut-back in military production began to dry up the flow of these sub-contracts.

COMPANY AFFAIRS

GENERAL ELECTRIC

GENERAL Electric's full report confirms that after two rather disappointing years business is improving. Profits before tax fell from £4¾ million to £4¼ million in the year to March 31st; the fall would have been steeper but for a substantial improvement in trading in the last quarter of the year. This has continued into the current year. Sir Leslie Gamage, the chairman, states that the year began with an order book worth £133 million, compared with £110 million a year before. He feels that demand for electrical consumer goods will remain strong, though he expects a slight reaction after the boost following the ending of hire purchase restrictions and the budget. Demand for the group's other electrical products should gain momentum during the year. The improvement in trading has come at a fortunate time for the group: the £8 million loan stock will have to be replaced by a new issue within the next few weeks.

Whilst the chairman hopes for some improvement in total profits in the current year, he is despondent about the cables and electric meters section of the business, where there have recently been price-cuts by some of the group's competitors. He also reports that orders for telecommunication equipment from the GPO have fallen far short of expectations; and the cut in the Electricity Authority's generating programme is likely to have an adverse effect.

It remains to be seen therefore whether GEC can improve its profit margins during 1959-60. In 1958-59, with sales at a record £108 million, profit margins on sales declined further from 4 5/8 per cent to just under 4 per cent. Margins were as high as 9½ per cent in 1954-55 and have fallen every year since then. An attempt to reverse this trend is being made by a tighter control of research and development expenditure; and management consultants are advising the board. Diversification has not brought the intended results, and the decision to cut out certain lines and to concentrate on the more profitable products is to be welcomed. Furthermore, some of the heavy capital spending of recent years should presumably be yielding a return.

But this can hardly apply to the group's substantial expenditure in its atomic energy division. None of the five big consortiums is likely to see its money back on nuclear research for many years, although GEC is better placed than most since it has secured two nuclear power station contracts, one for Scotland and the other for Japan. Neither is expected to yield any profits with which to offset even part of the cost of development; indeed the group will be doing well if it succeeds in breaking even on the bare cost of construction. But they do at least mean that the group's expensive design and engineering staff, as well as a good deal of costly plant, are earning their keep, and that the group is acquiring experience that may serve it in the long run. At 36s the £1 ordinary stock yields under 6 per cent.

GREAT UNIVERSAL STORES

FOR eighteen months, until the relaxation of hire purchase restrictions last autumn, Great Universal Stores appeared to be marking time. The preliminary results show that the group is back on the road of expansion. The raising of the dividend from the equivalent of 32½ per cent to 35 per cent, the one for ten scrip issue in non-voting "A" shares to both classes of shareholders and the increase in group trading profits from £23,193,764 to £24,569,202 were no surprise to the market. The ordinary shares at 51s. remained unchanged following the results; the "A" shares fluctuated and closed 9d. up at 43s. 1½d.

Last year the rise in group trading profits was more than accounted for by the inclusion of £2.1 million of profits earned by companies newly acquired by the group: this year new acquisitions account for only £200,000. Moreover, the practice of spreading income from hire purchase contracts over the period in which the debt is paid off has the effect this year of understating trading income quite considerably. No less than £3,379,253 has been provided for unearned profits and collection charges on increased hire purchase debts, compared with only £326,366 the previous year. This is a remarkable reflection of the surge of hire purchase business transacted by the group; and the benefit should be seen in next year's profits.

After a slightly lower tax charge of £11,326,755 (against £12,034,818), the group's net profit at £9,866,780 compares with £8,181,210 in the previous year. The ordinary dividend is again covered just over twice by earnings; the yield on the 5s ordinary units at 51s is 3.5 per cent, and that on the 5s "A" ordinary units at 43s 1½d is 4.1 per cent.

DOWTY GROUP

ALTHOUGH it is too early to make an accurate assessment of the contribution made to the Dowty Group's earnings by Rotol, the manufacturers of aircraft equipment formerly owned jointly by Bristol Aeroplane and Rolls Royce, the preliminary figures for the year ended March 31st do reflect three months of Rotol's profits. They may have contributed to the increase in group trading profits before tax from £2,018,430 to £2,166,848; Rotol's profits for 1958 amounted to £735,000. And Rotol's concentration on supplies of equipment for civil aircraft will help to cushion the effects on the Dowty Group of reduced orders for military aircraft, which have hitherto been its main interest.

A fall in overseas taxation from £59,496 to £18,396 suggests a considerable fall in profits of one or more of the overseas subsidiaries. Shareholders will be interested to learn more on this point, as well as on the expected advantages of the acquisition of Rotol, from Sir George Dowty in his annual report. United Kingdom taxation is slightly higher at £1,070,313 against £1,030,462, leaving the group's net profit after tax at £1,078,139, compared with £928,472 in the previous year. The £3,500,000 acquisition of Rotol was financed by a rights issue last February of nearly 2 million 10s ordinary shares at 36s. 6d., but these shares do not rank for the dividend of 11½ per cent. It is hoped to maintain this dividend on the larger capital next year. The 10s. ordinary shares yield 4½ per cent at a price of 41s. 3d., a clear indication of investors' confidence in the prospects of the group's widening interests.

CONSOLIDATED GOLD FIELDS

CONSOLIDATED Gold Fields shares have recently been very active in the London Stock Exchange and the group has now announced that it is to follow the lead of other mining finance groups by transferring to the Union of South Africa the operational supervision of its South African interests. At the same time it has made offers for the ordinary share capital of New Union Goldfields and for H.E. Proprietary. It is proposed to change the name of the wholly owned subsidiary, African Land and Investment, to Gold Fields of South Africa. This company will then assume technical and administrative responsibilities for the mining and industrial companies of the group in South Africa, subject to Treasury consent. The company is to remain registered in the United Kingdom and there will be no radical change in the tax position.

Both the concerns for which Consolidated Gold Fields is bidding are mining finance companies. New Union's interests are confined to South Africa, whilst H.E. Proprietary also has interests in the United Kingdom, Canada and Australia. New Union Goldfields has an investment portfolio of over £3 million and, as well as performing services for numerous companies, has mineral rights and other mining interests. One £1 share in Consolidated Gold Fields is offered for every seven 5s. shares in New Union, or 10s. 6d. in cash for each New Union share. Immediately before the offer became known New Union shares were quoted at 9s. 9d. To H.E. Proprietary shareholders one £1 ordinary share in Gold Fields is offered for every three of their shares with an alternative offer of 24s. 6d. in cash. At the price of 20s. 4½d. before the offer, H.E. Proprietary holders see a profit of 4s. 3½d. per share if they accept the share exchange, or 4s. 1½d. if they prefer cash.

The results of Consolidated Gold Fields for the year to June 30th are not yet available, but the directors state that they are confident that profits will exceed those of the previous year. A final dividend of not less than 3s. 6d., making a total of not less than 4s. 9d. per share has already been forecast. Assuming a total of 4s. 9d. or 23¾ per cent, the prospective yield at a price of 75s 3d is under 6½ per cent.

MAPPIN AND WEBB

GROUP trading profits of Mappin and Webb, the gold and silversmiths, fell sharply during 1958 from £327,000 to £136,000; and after charging more for depreciation, there was a loss of £14,000 before tax, compared with a profit of £227,000 in 1957. After providing for tax and minority interests, the loss was £51,000 against a profit of £33,000, and ordinary shareholders receive no dividend. The dividend for the previous year was 10 per cent. Though there is some consolation in the capital profit of £506,000 on the sale of certain fixed assets, and while the directors state that 1959 should show improved results, there seems little to justify the sharp rise of 15s 7½d to a new high of 43s 9d in the 10s ordinary shares, and of 2s 6d to 15s 9d in the "A" shares. Is there a takeover bid in the offing? The property sales should have improved further an already liquid position.

This is the second year running that trading experience has been disappointing and once again the directors could have given more specific reasons for the setback. This is attributed simply to exceptional expenditure on the reorganisation and modernisation of some sections of the group's business, and to the necessity of making further provision to meet exchange losses in Brazil. There is no doubt that the business is soundly enough based to weather a year or two of difficult trading; but it is to be hoped that the company is now beginning to benefit from the reorganisation of recent years.

INTERNATIONAL TEA

LAST year, when International Tea made a one for one scrip issue, the chairman, Mr William Bolwell, warned shareholders that this did not presage any increase in the ordinary distribution. In fact the dividend at 10 per cent compares with the equivalent of 9½ per cent on the smaller capital. Yet the market was disappointed and the ordinary shares were marked down by 11½d. to 12s. Group trading profit has fallen to £2,264,169 from last year's record of £2,448,675 (which covered 53 weeks) but the consolidated net profit is slightly higher at £798,651, compared with £771,410. Tax absorbs £937,895 (against £1,169,572) and the provision for depreciation is increased from £429,505 to £486,152.

The group appears to have held its own during a year of keen price competition between the big multiple stores, and although profit margins have presumably been narrowed this has to some extent been offset by increased turnover. The group is still in the throes of its modernisation programme; last year 200 retail branches were converted into self-service stores which should help to boost sales further. The modernisation scheme has so far been financed by selling certain freehold properties and leasing them back. The directors say that the sale of the remaining properties will result in a surplus in the region of £500,000. The 5s. shares at 12s. yield 4.2 per cent and the ordinary dividend is covered 1.8 times by earnings.

RICHARDSONS, WESTGARTH

LAST year, the chairman of the Richardsons, Westgarth group, Mr I. J. Philipson, warned shareholders that fierce competition in all fields of the group's activities was bound to lead to narrower profit margins, and probably to a lower absolute level of profits in the year ending on March 31st 1959. His forecast is borne out by the fall in trading profits from £1,470,200 to £1,075,600. But a closer look at the accounts shows that the group has come out of the recession in the capital goods industries better than might have been expected. The depreciation charge is up from £323,269 to £412,945 and atomic and other development expenditure has absorbed £391,550, against only £196,279 last year, so that the gross profit before these charges is down by only £109,700 to £1,880,066. On the other hand, the considerable amount of capital expenditure during the year is reflected by the fall of almost 50 per cent in the tax charge from £811,000 to £465,000. A large amount of this expenditure was incurred on developing the group's multi-stage evaporator (which makes fresh water from the sea), the first of which is now successfully operating in Kuwait, and on the extension of atomic research facilities at Heston.

The nuclear power consortium, Atomic Power Constructions, of which the group is a founder member, has won the contract for the United Kingdom atomic power station to be built in North Wales: to be commissioned in 1964, it will have a net output of 500,000 kilowatts. Meanwhile, the ending of the credit squeeze has not led to any rapid improvement in the group's trading: new orders have fallen off considerably and cancellations of orders have been mounting, so that the group's total order book stands at £34 million, against £50 million at this time last year. Any substantial increase in new orders brought about by a general revival in the capital goods trades will not be reflected for some considerable time in profitable work going through the work shops. It is, therefore, inevitable, says the chairman, that the current year's profits will be less than last year. He holds out little hope of any improvement in the ship building market — to which the group supplies marine engines and boilers — so long as the present world shipping surplus persists, but there has been a notable increase in enquiries affecting the general engineering side of the business. But if the short-term outlook appears gloomy, in the long run prospects seem a little more promising. The revival in the consumer goods trades should eventually work through to the capital goods sector. At any rate, the directors hope to be able to maintain the 8½ per cent dividend, at present twice covered by earnings. On this dividend the 10s. ordinary shares at 12s. 1½d. yield 6.7 per cent.

TESCO STORES

THE rise in group trading profits of Tesco Stores (Holdings) from £78,000 in 1952 to a record £714,000 for the year ended February 28th (compared with £583,600 the previous year) speaks for itself. The firm is a pioneer of retail self-service in this country. Of its 150 branches, 144 are now self-service stores and within the next twelve months ten more supermarkets are to be opened. The chairman, Mr J. E. Cohen, believes that the next ten years will see even more rapid changes in retail trading. He is confident that the supermarket is here to stay, although he concedes that certain goods are always best sold by sales staff. Like most of the big retail groups, Tesco Stores has pursued a cut-price policy in the past year, which has led to increased turnover but narrower profit margins throughout the food trade. The group's bulk purchase methods have helped to widen the range of products and to offer exclusive lines to the public.

The rapid expansion over the past few years and the building of one of the biggest food warehouses in the country at Cheshunt has to some extent strained the liquid resources of the group, but the cash balance on February 28th was still comfortable at £554,000. Reserves at £994,000 amply provide for the three-for-ten scrip issue in preferred ordinary shares to holders of the preferred ordinary and ordinary shares, which will absorb only £174,000. The 1s preferred ordinary shares (the ordinary shares are still held privately) now stand at 8s to yield 3¾ per cent allowing for the proposed scrip issue.

PATONS AND BALDWINS

AS had been expected, profits of Patons and Baldwins, the manufacturers of wools and hosiery yarns, showed a marked recovery during the year to May 2nd last. The trading surplus was almost £800,000 higher at £4,349,000; and as there were no stock losses (for which more than £2 million had to be charged in the previous year), the net profit after tax improved from a little short of £500,000 to £1,527,000. The dividend in 1957-58 was 12½ per cent including a profits tax interim, below that of previous years but generous in view of the reduced cover; it is now unexpectedly raised to a total of 16 per cent, even though profits have not quite recovered to their record 1956-57 level.

By the end of the financial year wool prices, which had fallen steadily until December, had regained the levels of twelve months previously. The chairman, Mr J. S. Bullimore, feels that if these prices can at least be maintained, the confidence which is returning to the industry will be strengthened. Sales of worsted and woollen lines were at approximately the same level as in the previous year, despite a slow start, while sales of acrylic yarns made a useful contribution to turnover and profits. Exports were lower, however, because of increasing import restrictions abroad. As the export trade is an important and substantial part of the business any further fall in sales could have a significant effect on the group's profits. Broadly, however, the woollen industry looks in much better shape than for some time and 1956-60 could prove to be an auspicious year for the group. At 42s. 9d. the £1 ordinary shares offer 7½ per cent.

DAVY-UNITED

THE dividend of Davy-United for the year to March 31st last has been raised from 20 per cent to 30 per cent on the capital as increased by the one-for-three rights issue. The dividend is not payable on the recent 100 per cent scrip issue. The trading profit has risen by well over £500,000 to £1,586,000, and the net profit from £532,000 to £910,000 The old shares jumped by a further 8s 9d to 68s 9d on these figures.

COMPANY MEETINGS

COURTAULDS LIMITED

SIR JOHN HANBURY-WILLIAMS' STATEMENT

The Forty-sixth Annual General Meeting of Courtaulds, Limited, was held on July 22 in London. The Chairman, Sir JOHN HANBURY-WILLIAMS, C.V.O., in his statement to shareholders, said:

Ladies and Gentlemen,

It is a pleasure to welcome you to our forty-sixth Annual General Meeting, on this occasion in a new place and a week later than was originally planned.

The Directors' Report is already in your hands. It includes a review of the trading conditions for the past year, and I do not wish to cover that ground again. I should, however, like to refer to the question of the final distribution now recommended by your Board which, if adopted, restores the rate of dividend for the year very nearly to that paid before the recession.

In their interim announcement, the Board gave it as their view that the net profits for the full year would be close to those for the preceding financial year. In the event this view has been justified, though tax adjustments have resulted in an improvement in net profit greater than could have been expected when the interim announcement was made. While trading profits are slightly down, therefore, available profits are up, and these circumstances influenced your Board after a very careful review of the outlook for the year 1959/60 — to which I shall refer later — virtually to restore the rate of dividend to its former level.

In this connection, you will have noticed that we have adopted the practice which is followed by some other companies in declaring dividends in shillings and pence per unit of Ordinary stock, rather than as a percentage of the nominal capital. We feel that the procedure we have now adopted is right, and trust that it has your approval.

HALF-YEARLY STATEMENTS

A further change in our practice which we propose to make is the issue of half-yearly statements of our results. These will be issued with the announcement each year of the interim dividend on the Ordinary stock and will, I hope, be useful to you in watching the progress of your Company. We have reached this decision only after long and careful thought, but we have now been persuaded that the advantages of publication of half-yearly results outweigh the administrative and other disadvantages, including the risks of estimation and trade fluctuation.

INTERESTS OF SMALL STOCKHOLDERS

I may add that in considering their recommendation for a final dividend, your Board had fully in mind the fact that it is a matter of great importance to all stockholders, but perhaps particularly to those who are in the lower income groups. You will, I think, be interested to know that about 84 per cent of our 106,500 Ordinary stockholders — ten thousand of whom are our own employees — hold 500 units of stock or less, and 35 per cent hold 100 or less.

These figures are significant and demonstrate not only the large number of our stockholders — including Preference stockholders there are now over 137,000 — but also the interest which is being shown by the smaller investor in free enterprise. We have very few large individual stockholders and of these almost all are institutions which have the responsibility for administering their investments on behalf of all classes of society.

MARKETING DIVISION

Before passing on to deal with events which have taken place since the Directors' Report was prepared, there are one or two matters of a general character to which I should like to refer. Of these the first is our drive on marketing, and although this has been mentioned both in the report now before you and in the previous report, I feel that I cannot over-emphasize the importance to the Company of the steps we have taken.

In my speech two years ago I mentioned the efforts we were making to narrow the time between successful research and the marketing of new, or improved, products. I said that essentially this was a question of closer collaboration among all those concerned, and that we were making a special study of it. As a result we decided last year to set up a new Marketing Division to co-ordinate certain functions — namely product development, sales, technical service, market research and advertising. Its task is not merely to work within our organisation, but to co-operate actively with others and find out the views of everyone concerned — spinners, weavers, knitters, dyers, finishers, makers-up, wholesalers, retailers, right down to and including the final consumer. We felt that by studying the views and reactions of people at each stage in the process, and relating them to consumer needs, we could best contribute to the ideal of providing the right goods at the right price.

This, of course, has meant that we have become far more concerned with the problems of providing information both to our customers in the trade and to consumers. As you know, we are not large advertisers in the sense that some manufacturers of well-known branded goods are. Nevertheless, we are now making increasing use of advertising in the Press and on television to stimulate public interest in our yarns and fibres and encourage people to buy goods made from them.

In February this year we took a further step in putting these ideas into practice when we opened the Marketing Division's new showroom at Celanese House, 22 Hanover Square. We are extremely proud of this, and believe it is the finest of its kind in London. You have all, ladies and gentlemen, received invitations to visit this new showroom and see an exhibition, designed for you as stockholders, showing the wide range of the Group's products. You will, I think, be surprised at the extent of the range and, I hope, pleased by the quality and attractive design of the exhibits not only in the textile ranges but in the numerous products in the industrial field.

I hope those of you who can will go and see it, and also take the opportunity to see the facilities for fashion shows which are available there. Incidentally, we are not keeping this centre solely for our own use; we make it available to outside organisations too. No doubt many of you will have read that the Incorporated Society of London Fashion Designers chose it for their remarkable Spring Show in the early part of this year.

As the Marketing Division develops its techniques, we hope further to narrow the gap in time and money between research and sales, and we shall continue to use the various advertising media to promote confidence in goods made from our yarns and fibres. Nor should it be forgotten that the goodwill of satisfied consumers can establish confidence among our customers in the trade. Indeed, in the past year when imports from the Far East have done so much to disturb the state of trade, I believe that some of our promotional campaigns have considerably helped to restore a measure of stability.

EMPLOYEE RELATIONS

Another matter which is of paramount importance in your Company — and indeed in all companies — is the co-operation of the employees. I have in the past frequently referred to the first-class work done by those whom we employ. Not only are they proficient in their particular professions, crafts and skills, but they understand the importance of the well-being of the Company and show a readiness to accept change and the will to produce results.

The extent to which change takes place among staff of a progressive enterprise is not always realised. During the past two years alone, many of our top executive staff have either changed their jobs or have accepted wider responsibilities. This has been done harmoniously, and with a degree of cohesion and goodwill at all levels which is particularly gratifying and gives me the greatest confidence for the future.

We continue to give constant attention to developing to the full our employees' potential abilities. As you know, we have our own training centre at Kenilworth for foremen, junior technical staff and others, which is used throughout the year. We make extensive use of outside training courses, such as the Administrative Staff College at Henley, the Oxford Summer School, etc., and above all we continue to apply the system of job rotation which is the keystone of all-executive development.

We are always trying to improve our own arrangements and to that end we are starting a new series of Management Development Courses, the first one now being held at Trinity Hall, Cambridge, designed especially to stimulate and encourage our younger managers and potential managers, on whom so much responsibility will rest in the future for the continued growth and prosperity of the Group's business.

We must not think, however, that the whole benefit of good relations with our employees can be reaped merely by the institution of suitable courses for management at all levels, excellent though these are. For some years we have adopted the practice of acquainting the employees with the main economic events of importance to the nation as well as to the Company. Every year there is an extensive programme of talks given by senior officials of the Company under the general heading of "Financial Enlightenment", and we believe that these have been useful in creating a feeling of identity between the employees and the Company by making them aware of and explaining some of the major problems with which we are faced.

To these methods and, of course, to our co-partnership scheme — in which I have great faith — we can, I think, attribute the good labour relations and genuine understanding of the Company's problems for which we have reason to be grateful during the last two difficult years.

I should, on your behalf, like formally to record our gratitude to all employees of the Group at home and overseas for the hard work, loyalty and enthusiasm which they have given during this last year.

ORGANISATION AND MANAGEMENT

My next point, which is linked to the activities of those whom we employ, is the matter of organisation. Courtaulds, Limited, has during the past few years expanded its activities to a very high degree, and this has raised many questions of organisation and management. Courtaulds, Limited, is both an operating and a holding company, some of the activities being delegated to the direct control of management committees, others being operated by the boards of subsidiary companies.

Those Divisions which form part of Courtaulds, Limited, itself are primarily the Viscose Staple Fibre and Viscose Filament Yarn Divisions, and certain smaller Divisions closely connected with viscose products. All other activities, apart from those of a Group administrative character, are performed through subsidiary companies, and all activities in the Group overseas are performed by subsidiaries.

The organisation is closely knit, since nearly all the directors are wholly devoted to the affairs of the Company, and the remainder spend the greater part of their time on the Company's affairs. Through the chairmanship of management committees and the boards of the main subsidiary companies, all matters of importance come to the main board for decision, and particularly those concerned with new investment and finance. The Board of the parent Company is kept fully informed on the progress of the whole Group through management and financial reports which are regularly submitted to the Board in London, and to speak on which the senior directors of the subsidiaries are invited to attend.

The development of the organisation has been gradual and as the Group expands we hope to make further changes to increase delegation and at the same time to improve control by the main board while, where possible, shortening the lines of communication. These questions are constantly in the minds of your directors.

RATIONALISATION OF PRODUCTION

I will now pass on to events which have in the main developed since the date of the Directors' Report, of which I think the first should be the acquisition of Harbens Limited.

On previous occasions I have referred to the excess capacity of production in the textile industry not only in the United Kingdom but in nearly all industrial countries of the world, and I have expressed the view that the most hopeful means of achieving a prosperous industry was by the reduction of that excess capacity and the more intensive use of up-to-date machinery. With increasing competition, especially from Asia, the problem has become even more acute, and I welcome the proposals of Her Majesty's Government for financial assistance towards the cost of scrapping redundant machinery and re-equipment, which represent a significant move towards its solution.

Broadly speaking, it is laid down that provided certain conditions are fulfilled the Treasury are prepared to make payments to those who are willing to scrap out-of-date and redundant machinery, and also to those who re-equip. In the former case, suitable compensation would be paid to those who become displaced. The speed with which detailed schemes for the spinning, doubling and weaving sections have been prepared and submitted to Parliament for approval, indicates that the leaders of the industry are alive to the opportunities offered of establishing a more efficient and competitive industry.

While the production of staple fibres and continuous filament yarns is excluded from the terms of the new Act, the Company's spinning, weaving, dyeing and finishing activities fall within its scope, and we accept the responsibilities which it imposes. It will take some time to see how the whole scheme operates, and its success will depend very largely on the goodwill of those who are connected with it, but undoubtedly it is a step in the right direction.

In the rayon industry we faced this problem of excess capacity some time ago when, owing to lack of demand, we were compelled to close one of our continuous filament yarn mills and curtail production elsewhere. The acquisition of the Stock of British Celanese Limited gave us the opportunity of implementing our policy of still further rationalisation and concentration in the interests of efficiency and, as is stated in the Directors' Report, we have stopped and are scrapping approximately 2,000 looms. This policy is now beginning to bear fruit.

In spite of the steps which we have already taken in this direction, we believe that still further rationalisation of production is necessary before supply and demand are more evenly balanced; we therefore readily responded to a suggestion, which arose naturally out of discussions on other matters, that we should examine the possibility of making an offer to purchase the Ordinary and Preference shares of Harbens Limited.

After discussions with the directors of that Company, whose friendly co-operation I should now like to acknowledge, an offer was made on our behalf by Baring Brothers & Co., Limited, to acquire the 6 per cent. Cumulative Preference Shares of £1 each of Harbens Limited at 15s a share, and to allot one fully paid Ordinary Share of £1 of Courtaulds, Limited, for each nine Ordinary Shares of 5s each of Harbens Limited. In due course the offer was made unconditional, and up-to-date acceptances representing over 90 per cent. have been received. Our respective experts are at present occupied with working out a plan to integrate production with our own programme in a manner which will cause as little dislocation and hardship as possible with due regard to the interests of all concerned.

Whether, and how much further, we should proceed in our endeavours to equate the capacity of production of the United Kingdom rayon industry with potential demand is a problem which continually occupies our minds and is not easily solved. At present we have a considerable share of the home market in both viscose and cellulose acetate fibres, but the variety of fibres both natural and man-made which makes our business so competitive is a continual stimulus to us in our efforts to keep selling prices at such a level that our plants are employed to the greatest possible extent, and that the ultimate consumer is assured of obtaining good value for money.

This may be the point at which to mention that, as you may have seen in the Press on Monday of this week, an offer was sent out by Baring Brothers & Co., Limited, to the shareholders of Gossard (Holdings) Limited to acquire the 3,500,000 Ordinary Shares of 5s each in that Company at a price of 13s 6d per share. It is obviously far too early for any comment on my part, but the offer has been made at what in my opinion is a fair price, and I hope that in due course we shall be able to record a satisfactory conclusion of the transaction.

RUSSIAN CONTRACTS

I mentioned at the Annual General Meeting last year that we had just concluded a contract with the Russian authorities for a cellulose acetate spinning plant, to the value of some millions of pounds. During the last twelve months, the manufacture of the equipment has proceeded steadily, and

already shipments to a value of £1,500,000 have been made. Further substantial shipments will be made this summer, and some of our engineers will shortly be helping with the installation of the more specialised units.

We felt there was scope for increasing business in this field, and accordingly we formed early this year a subsidiary company, Primex Limited, in order to deal with it. I think most of you will already have seen in the Press that Primex concluded at the end of April three further contracts with the Russian authorities. These comprised a second cellulose acetate spinning plant about a third bigger in capacity than the one ordered the previous year — a rayon tyre cord production unit and an acrylic staple fibre plant. The total value of these contracts was approximately £15,000,000, and work is already proceeding normally on all of them.

The merits of the acetate yarn and tyre cord produced by the Courtaulds organisation are already well known all over the world, but acrylic fibre production is a relatively new thing for us. We are satisfied that we have a very good process and a very good product which we market under the name "Courtelle", and we think the Russians are wise — with a fairly wide choice available — to put down a unit of the kind we have developed.

It may be asked whether it is good business to make available to Russia the fruits of Courtaulds' experience in the field of these various fibres. We have come to the conclusion that it is: the Russian people form a vast market, and the plants we are providing will be only a beginning to satisfy the needs which will assuredly develop in the next decade. I might mention that our agreement with the Russian authorities provides, in some cases, for an exchange of developments for a period of some years. Besides these sales of capital goods to Russia, I am able to say that our business with that country in staple fibre and filament yarns is also steadily developing.

There is no doubt at all to my mind but that a progressive increase in trading between the United Kingdom and Russia will go far to bring about a more normal and equable relationship, and that the opportunities which trade gives for ordinary citizens of both countries to have ordinary contacts will in itself do a good deal to remove possible misunderstandings.

INTERESTS IN SOUTH AFRICA

Our recent Annual Reports have referred to our venture in South Africa, where we now have considerable forest interests and operate a rayon pulp mill to produce from our timber one of the indispensable raw materials for our viscose production processes. Our associates in this venture are the Industrial Development Corporation of South Africa, and I should like to say once more what a cordial and happy association this is, and how much we value the help and collaboration we so unfailingly receive from its Chairman, Dr van Eck, and his staff. This rayon pulp mill in Natal is currently being enlarged, and by the end of 1960 will be producing more than twice the weight of pulp for which it was originally planned. The expansion rests to a great extent on the development of improved techniques in our own research and development laboratories in the United Kingdom, and in the course of this work we have obtained a considerable knowledge in the field of pulp manufacture.

An opportunity arose at the beginning of 1958 to consider whether we should perhaps extend our interests in this direction. The Colonial Development Corporation have since the war developed a considerable acreage of pine forests in Swaziland, and the first plantings in these forests will shortly come to maturity. We have been investigating, with our friends the Colonial Development Corporation, the possibility of using some of the newer techniques devised by Courtaulds in order to ensure the profitable exploitation of the forests. We are now both satisfied that the conditions do exist for a successful venture, and a new company is being set up — the Usutu Pulp Company — in which Courtaulds and the Colonial Development Corporation share equally in the equity, to produce pulp by the sulphate process destined for the paper and board industries.

This venture has an element of pioneering about it in that we shall be using on a large scale a young wood, and it will also be a major enterprise in the relatively undeveloped territory of Swaziland. For its success it will obviously depend on full cooperation and collaboration from the Colonial Office and the local administration in Swaziland, who will be responsible for the considerable measure of road improvement in the province which will be necessary for the establishment of the mill.

The mill itself will incorporate all the results of our recent research work, and will be a unit of very advanced technology. We are planning that it should come into production in the latter part of 1961. Our assessment is that by this time there will be a market for the pulp in the United Kingdom and in Europe, and we are considering other plans which should ensure a market for a considerable part of the output. But I must stress that in going ahead with this scheme we are embarking upon one of the principal functions of free enterprise — that is, to take a calculated risk in the expectation that it will succeed and be fruitful for all concerned.

The work we have done jointly with the Colonial Development Corporation in studying the project in the last twelve months has been carried out in a very thorough and co-operative way, and we look forward to a long and happy association with the Corporation.

While on the subject of Africa, I must refer to the floods which occurred in May and which caused such extensive damage along a substantial part of the East Coast. The pulp plant of the South African Industrial Cellulose Corporation, our subsidiary, was seriously affected and was in fact covered with silt to a depth of four feet throughout the plant. By herculean efforts the area was cleared and production restarted in three weeks, and only those who know the site and the conditions can fully appreciate what this meant in terms of labour. I know you would like to join with me in sending congratulations and good wishes to all employees there. So far as the records show, floods on such a scale are completely unprecedented, and we do not expect any recurrence.

FUTURE PROSPECTS

I now come to the future outlook, and feel that we can look forward with growing confidence. I have already referred to the benefits which might arise as a result of the Cotton Reorganisation Act, and you are aware of the Government announcement in connection with the opening of negotiations for the formation of a Free Trade Area with Austria, Denmark, Norway, Portugal, Sweden and Switzerland. These renewed efforts, in so far as their ultimate objective is to achieve a closer trading association with the European Economic Community, are welcome and although difficulties may arise before the negotiations are brought to a successful conclusion we must nevertheless rely on those concerned to see that not only the textile industry but all the country's commercial interests are properly safeguarded.

The current year up to now has shown an improvement in our trading conditions, particularly in the textile field, and we hope that this will be maintained. The extent to which our hopes are fulfilled in respect of the first six months of this year will be revealed in the interim announcement of profits and dividend to which I have already referred, and which will be issued in the autumn.

In conclusion, may I assure you that our Board is actively engaged in pursuing a policy of development in undertakings which appear to offer a profitable future, and with our strong liquid position coupled with a highly skilled and loyal team, we shall strive to maintain that same spirit of pioneering for which your Company has been renowned for more than half a century.

Copies of the Report and Accounts for the year ended 31st March, 1959, and of the Chairman's Statement can be obtained from the Secretary, Courtaulds, Limited, 16, St. Martin's-le-Grand, London, E.C.1.

ALLIED INDUSTRIAL SERVICES

The annual general meeting of Allied Industrial Services Ltd. was held on July 23 at Bradford.

The following is an extract from the circulated statement by the chairman Mr Frank W. R. Douglas:

I think we can say that we have had a satisfactory year. It has been one in which we have continued to enlarge and diversify as and when suitable opportunities occurred and we have also undertaken a considerable amount of re-organisation in our main subsidiary, A. Bell & Sons Limited, all of which we are hopeful will ultimately result in increased profitability of our operations.

The Group Net Profits for the year ended 31st March 1959 amount to £499,134 as compared with £351,638 for last year. After deducting Net Profits of £32,274 retained in the account of subsidiaries, the Net Profit of the Company for the year is £466,860. With the carry forward from the previous year and taxation adjustments, there remains a disposable balance of £519,660 out of which your Directors have transferred to General Reserve £250,000. Your Directors recommend the payment of a final dividend of 16% on the Ordinary Shares (making a total of 25% for the year) leaving £38,022 to carry forward to next year.

The increase in profits this year over last year has been greater than in any other comparable period and your Board recommends an increased dividend and in addition is proposing a one in four scrip issue credited as Fully Paid.

It is, of course, too early in the year to forecast what our results will be, but there are one or two encouraging signs. Our current turnover continues to show some expansion and I hope this latter feature will increase over the year.

SAUNDERS VALVE COMPANY LIMITED

The annual general meeting of Saunders Valve Company Limited was held on July 28 at 23, Blomfield Street, London, E.C.

The following is an extract from the circulated statement by the chairman, Mr J. C. Billingham, F.C.A.

A year ago I indicated that no great change in trading experience was to be expected, and such has been the case. Turnover of the group has been virtually maintained at the same level as in the previous financial year which must be regarded as a creditable result.

Sales of Saunders diaphragm valves were similarly maintained but the proportion of export diminished from 58% to 51% — the lowest since normal trading in this product was resumed after the war.

A SATISFACTORY NET PROFIT

Profit margins have overall been substantially maintained despite increased wage costs and in general no corresponding price advance; indeed in marginal cases prices have been reduced.

In the circumstances the net profit of £250,000 before providing for taxation may be regarded as satisfactory when compared with the profit for the previous year of £292,000 the figure of profit for comparative purposes after making adjustments. The provision required for income tax and profits tax is £124,000 and we are left with a net profit after taxation of £126,039. From this your directors recommend a total dividend of 17½% (of which 4½% has been paid as an interim dividend). The amount required for this purpose is £52,750 so that the dividend in respect of the past year is covered 2.4 times. In pursuance of our usual and rewarding conservative policy, we retain within the business 58% of the net profits after taxation available for distribution. We propose to strengthen the company's reserves by an addition of £52,744 by a transfer out of the balance of undistributed profits which will bring the general reserve up to £600,000. We shall then carry forward an amount of £65,014 as the balance of undistributed profits.

Since we circulated to you the company's annual accounts as at March 31, 1959 there has been a decision by the Special Commissioners of Inland Revenue in the case of another company on the question of the extent to which indirect and overhead expenditure should be taken into account in ascertaining the cost value of stock and work-in-progress for tax purposes. The decision is understood to be under appeal but is nevertheless being applied by the Inland Revenue, and your directors have decided that the company's stocks should be valued on a basis more in line with the basis being adopted for tax purposes.

CURRENT YEAR'S PROSPECTS

In general we can look forward with some confidence this year. Saunders diaphragm valve sales both at home and abroad should be at a higher level than last year. We like to think of this side of our business now as the provision of an essential service to industry rather than the sale of a product. We continue to keep abreast of the newest developments in chemical resistant materials and have been able to bring what were comparatively recently laboratory experiments to the production stage. Our goodwill depends on the diaphragm valve user's confidence in our ability to manufacture and select the most suitable materials for his particular needs and problems. We shall continue to utilise substantial resources to this end.

Our aircraft section has not had an easy year, but we have had the satisfaction of increasing our output by 20% over the previous year without making inroads into our order book. This is eminently satisfactory having regard to the downward trend which this industry is now experiencing. We are naturally alive to the likelihood of increasing difficulties in obtaining new aircraft business, dependent as it must be on the volume of aircraft construction overall. Yet our products have proved to be adaptable to the needs of allied projects and we are endeavouring to use the technical abilities and precision manufacturing facilities this section demands for the needs of other industries.

DEMAND FOR IRON CASTINGS

The demand for iron castings outside the group is now increasing and we have recently rationalised production in both our iron foundries. Thus the foundry of our subsidiary, Goulds Foundries Limited, has now been fully integrated with that at Cwmbran and we are thereby able to extend the range of iron castings we are able to offer, though at the same time we have limited the grades of metal to those suitable for our own needs. This will both improve the service we can offer our customers and the efficiency of this side of our business.

Our pump section has concentrated some of its efforts in the supply of circulating pumps for central heating systems. There is a good demand for such a product and our newly introduced "Safrav" circulator has been well received. We expect further progress, particularly with this product, in the current year.

THE MORGAN CRUCIBLE COMPANY LIMITED

The 25th annual general meeting of The Morgan Crucible Company Limited was held on July 30 in London.

The following is an extract from the circulated review of the chairman, Mr P. Lindsay, O.B.E., M.C.:

The Consolidated Profit Statement reveals a decline in Group Earnings compared with the outcome of the previous year. For this the trade recession experienced in the initial months of the year is not alone responsible. We suffered a prolonged strike in our New York factory at a time when North American trade was beginning to pick up, and we were involved also in a changeover of production (now completed) in the main factory of one of our Home Subsidiaries. These events falsified our mid-year budget of Profit by causing a fall in Group Sales, with a resultant decline in gross earnings of £180,000 though a net difference of no more than £75,000, thanks to less taxation.

Though the overall picture of Sales and Profit is disappointing, the details are not discouraging. The Parent Company's Sales were well maintained and the resulting Profit slightly higher than the previous year.

EXPORT

Overseas Sales have fallen from nearly 45 per cent to just over 40 per cent of total turnover, for which the interruption of our trade in North America is largely responsible. We have reason to hope that the lost ground will be recovered in the current year. Competition in export markets being intense, we are expanding our organisation. Branches in place of Agencies have been opened in Milan and Mexico City, and in Brazil a manufacturing Company has been formed.

Having completed factory extensions in Sydney, we are now in the process of moving to new production sites also in Johannesburg and Toronto.

It will have been observed from past reports that the value based on the market price of a quoted Investment in an Associated Company has been greatly in excess of book value. We consider it more rational to show this Investment now at nearer its market price, thus causing an addition of £1,798,693 which we propose to carry to Capital Reserve. The Directors are considering as to whether, under the circumstances, the Capitalisation of part of the resulting Reserve is appropriate.

Our standard range of products, particularly of carbon components, calls for constant expansion in step with advances in electrical and mechanical technology. Opportunities have been pursued actively. We have not added, however, to the number of entirely new ventures. Those to which reference was made in my last report are progressing slowly, success being attendant on prolonged test under working conditions.

World trade appears to be emerging from the doldrums. This, coupled with the growth of our potential, resulting from capital development during recent years, is reflected by a marked upturn in our Budget of Sales and Profits.

PATONS AND BALDWINS LIMITED

POSITION MAINTAINED AND CONSOLIDATED

MR J.S. BULLIMORE ON THE OUTLOOK

The annual general meeting of Patons and Baldwins, Ltd., will be held on August 19th at Darlington.

The following is the statement of the chairman, Mr J.S. BULLIMORE, circulated with the report and accounts for the year ended May 2nd, 1959:

Stockholders will observe from the Directors' Report that Mr A.R. Procter and Mr P.A. Wright retire from the Board this year by rotation and do not offer themselves for re-election.

Mr Procter joined John Paton Son & Company Limited at Alloa as a young man, in 1914, and after gaining experience on both the manufacturing and wool buying sides of the business, was appointed in the early twenties the first Mill Manager of the then newly built company factory in Launceston, Tasmania. His service there was recognised by his appointment in 1930 as a Director of the parent company and in 1958 he was elected Vice-Chairman of the Board. My colleagues on the Board and I are glad to take this opportunity of expressing our warm appreciation of the lifetime of valuable service rendered to our company by Mr Procter, which I am sure you would wish me to place on record.

Reference was made in my last report to the great service Mr P.A. Wright has given our company. Since his retirement from the Chairmanship two years ago he has continued to give us the benefit of his wide experience and knowledge of our business, and we are very much indebted to him. We extend to both Mr Procter and Mr Wright our best wishes for a long and happy retirement.

RECOVERY FROM SALES SETBACK

In commenting upon the prospects for 1958/59 at the conclusion of my statement circulated with the Accounts for last year, I referred to a decline in the volume of orders being received both from the home and export markets. By the date of the Annual Meeting at the end of August 1958 I was able to report that the decline had stopped and that there were encouraging signs of an improvement in demand in the Home Market although the Export Trade still looked a little uncertain. I also referred to the heavy write down of stocks at 3rd May 1958 for which the results of last year bore no less a charge than £2,140,105, and suggested that with this out of our system we, as a company, were well placed for the future. You will see from the figures now put before you that the year 1958/59 has, taking into account these circumstances, turned out very much better than might have been expected.

Taking the year as a whole, sales of Worsted and Woollen yarns recovered from the early setback of slow selling and reached much the same level as for the previous year. I made special reference in my statement last year to man-made fibres and the progress made by the company in installing a special process unit for the spinning of yarns from fibres in the acrylonitrile group such as "Orlon," "Acrilan" and "Courtell." This unit was in production during the whole of the year and sales of acrylic yarns have made a worth-while contribution to turnover and profitability.

Overall the company maintained and consolidated its position in its traditional fields of the manufacture and sale of branded handknitting yarns and of wool yarns for manufacturing purposes, and has now in addition become one of the largest suppliers of yarns from acrylic and man-made fibres to the machine knitting industry.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

You will see from Section I of the Consolidated Profit and Loss Account for the P. & B. Group that the gross surplus brought in is £4,348,688 compared with £3,564,725 before last year's writing down of stocks. The group figures include the results of operations of the company's branches in Canada and New Zealand and also of Patons & Baldwins (Australia) Limited which once again has made an excellent showing and a corresponding contribution to Group results.

The credits in Section I for profit on redemption of debentures, interest on deposits and other investments, and from the trade investment, have increased from £92,718 to £139,875, the increase being due to profit on debentures purchased during the year, and to increased income arising from the temporary investment of liquid cash held either against impending tax liabilities or temporarily available for investment.

The charges in Section 1 of the Accounts follow the usual lines and call for no particular comment from me save to refer to the increased charge for bonus to employees. In view of the satisfactory results of the year the Board are pleased that it has been possible to increase the share in the profits and prosperity of the group awarded to our employees at home and abroad. The cost of the bonus this year comes out at £238,501, with the basis of distribution again recognising length of service.

TAXATION

Section II of the Accounts sets out the share of the group profits taken by the greatest profit sharers of all, the Chancellor of the Exchequer and the tax collectors at home and abroad. The surplus of the group before taxation brought in from Section I is £3,387,126 and of this a total of £1,740,190 has to be set aside for taxation, either currently due on profits earned to 2nd May 1959 or to be paid in due course. Last year we welcomed the abolition of differential rates of Profits Tax on retained and distributed profits and you will observe that for the first full year since then £326,473 has had to be set aside for this tax at the flat rate imposed in 1958.

The reduction in the standard rate of Income Tax from 8/6d to 7/9d in the £ in the 1959 Budget marks a step in the direction of more realistic rates of tax and is greatly to be welcomed, also the reintroduction of investment allowances on capital expenditure. Investment allowances and initial allowances, whilst going some way towards recognition of the vital need to maintain and promote capital investment are only palliatives serving to shade off the heavy burden of tax rates. It is to be hoped that the Chancellor will pursue his way towards further cuts in direct taxation by a pruning of all forms of avoidable Government expenditure. Lower taxation is essential to the continuance of a vital and healthy industrial and commercial economy, and on the personal level would give encouragement and reward to endeavour at all levels.

After taxation charges and the taking out of £120,316 for the interest of outside stockholders in the profits of a subsidiary, the profit of the year carried to the appropriation section of the Accounts is £1,526,620.

APPROPRIATION ACCOUNT AND ORDINARY DIVIDEND RECOMMENDATION

The amount of £106,242 for transfer to reserve in the accounts of a subsidiary is the parent company's share of £A.200,000 set aside to reserve by Patons & Baldwins (Australia) Limited, after making an ordinary dividend distribution for the year at a rate of 8½%.

During the year the company has made substantial purchases in the open market of 4% First Mortgage Debenture Stock at prices below par, this yielding a profit against par value of £23,944 shown in Section I of the Accounts. In accordance with past practice a sum of £191,367 being the nominal value of Debenture Stock so purchased has been set aside out of the profits of the year and has been transferred to Capital Reserve.

The balance brought forward on Profit and Loss Account from last year of £748,244 has been reduced by £227,599 being the amount, after deduction of Income Tax, distributed in August last year as a special interim ordinary distribution for the year commencing 4th May 1958 in circumstances which were fully detailed in the statement of accounts issued at the time.

Bringing these figures together, the amount available for disposal at this time is £1,749,565, the first charge on which is a total of £199,582 in respect of dividends on the two issues of Preference Stock and the interim ordinary distribution of 2½% made in February. Your Board recommends that the balance of £1,550,074 shall be dealt with as follows: —

In payment of a final dividend on the Ordinary Stock of 13½%	£436,396
An appropriation to General Reserve	500,000
Carry forward to next year	613,678
	£1,550,074

The Board is pleased that the results of the year are such as to permit the recommendation to stockholders that the final distribution on the Ordinary Stock shall be 13½% giving a total ordinary dividend for the year (excluding the special interim dividend referred to above) of 16%.

CONSOLIDATED BALANCE SHEET

The figures in the consolidated Balance Sheet show no significant change, other than to reflect the steadier results of the year. The cost value of fixed assets has increased by just under £595,000. The major part of the reorganisation of production facilities and plant layout at the Scottish factories is now complete and should yield benefits in the shape of greater flexibility and efficiency in production. The normal replacement of old machinery and the introduction of the latest aids to control of quality, especially important with synthetic fibres, make constant demands on cash resources and underline the wisdom of ploughing back profits for the maintenance, improvement and extension of production facilities.

The value of stocks is some £471,000 up on last year — principally due to the holding of stocks of synthetic tow and materials. Bank balances and cash stand at £1,722,072 compared with £1,192,924 twelve months ago.

Taking the Balance Sheet as a whole, the net assets after eliminating the interest of the outside minority stockholders in Patons & Baldwins (Australia) Limited now stand at £19,057,603.

EXPORTS

The year 1958/59 proved a difficult one in the Export Markets and the volume of trade done failed to come up to the level of the previous year. New Zealand, one of the company's chief export markets, was obliged by her balance of payments difficulties to re-impose in 1958 a quota licensing system for imports and this, coupled with competition from local producers in other foreign markets, has made export trading increasingly difficult. In all the circumstances we have done well to maintain sales within striking distance of the figures for the previous year.

I am glad to be able to report improvement in the trading of your company's branch in Canada. For several years conditions in the textile industry in Canada have been very difficult, but during the last twelve months there has been a modest revival in which the company shared, and it is gratifying to record that the branch is once again contributing towards the prosperity of the Group.

There appears to be no progress to report so far as the European Free Trade Area is concerned, and with the breakdown of negotiations with the Rome Treaty countries, it now looks as if conditions within these six countries when the Common Market comes fully into operation will be such as to render trade for the British producer even more difficult than it is now — if not indeed impossible. The conception of the "Little Free Trade Area" represents only a shadow of the larger plan but is worthy of support if only in that it may serve to alert all to the loss which will occur to all if Europe is to be split into a number of separate economic units.

Export trade represents a substantial and valuable part of P. & B. business and your Board is fully alive to the need for active efforts to meet changing conditions in the world markets in order to maintain and increase our share of the available business.

SHANGHAI

Developments over the year have made it plain that continued operation of the company's factory in Shanghai, China, is a fruitless if not impossible task. There is no true *modus vivendi* between Communist and Capitalist regimes, at least not within the borders of the totalitarian state, and with the growth of China's own productive resources the need for continued toleration of foreign owned enterprise within China has become less and less. The Chinese authorities were therefore approached with a view to the company being relieved of further responsibilities for running and maintaining our plant and personnel and in the hope of obtaining proper compensation for the surrender of our assets.

An agreement has been come to in recent weeks which will not be fully implemented until the end of 1959. Another announcement will be made to stockholders as soon as is appropriate in the circumstances, but I can say now that it would be unrealistic to expect that the settlement of affairs will bring much material benefit to the company.

PERSONNEL

The prosperity of industry and hence of the nation is inescapably bound up with the prosperity and contentment of the workers, as is the one with the other. I am therefore very gratified that during a year when unemployment and short time working have been the common experience in our industry, we have been successful in maintaining full time employment throughout all the factories of the group.

The P. & B. group has long been well served by the loyalty and hard work of its employees of all ranks, operatives and managers, and your Board places on record its appreciation and is pleased that the results of the year are such as to allow the award of the profit sharing bonus to which I have already referred.

THE WOOL MARKET AND PROSPECTS

The past twelve months has seen remarkable changes in the wool market. Raw wool prices, especially in the finer qualities, fell steadily from May/June and at the end of December the price of 64s. reached the lowest point since the days of Wool Control. Greater confidence gradually asserted itself and resulted in a substantial strengthening of wool values in early March, and at the close of the company's year wool prices had regained the levels of twelve months ago.

If these can be fully maintained this should go a long way towards strengthening further the returning confidence which has now developed in most sections of the textile industry, and will at the same time greatly help the economies of the primary producing countries — Australia, New Zealand and South Africa — to our own ultimate advantage. Our own trade prospects appear to me reasonably good and I do feel that with our reputation for quality of products and service to our customers, we can look to the future with reasoned confidence.

SHEFFIELD TWIST DRILL AND STEEL

The twelfth annual general meeting of The Sheffield Twist Drill and Steel Company, Ltd., was held on July 8th at Sheffield, Mr Alexander Dormer, chairman and managing director, presiding.

The following in his statement circulated with the report and accounts for the year 1958:

The net profit of the Group before taxation, for the year 1958 was £437,079 compared with £685,750 for the previous year, a reduction of £248,671. The reduction in profit is due to an all round lessening in demand for cutting tools by the engineering industry. In 1956, I referred to the tying of the demand for tools to work and form steel, to the production of steel. The tonnage of steel melted in Great Britain dropped appreciably in the past year, and your Company's turnover has been affected accordingly. Further wage awards, coupled with a disinclination to increase prices, have also contributed to a lessening in profit margins, partly off-set by our own processing of raw materials. During the current year this processing will help to reduce our manufacturing costs.

Our factories at Worksop and Hednesford are also suffering from the recession in the engineering trade, in spite of strenuous efforts to increase their sales. All the extensions at Worksop, Sheffield and Hednesford are now complete, so that without any further exceptional capital expenditure we shall be able to take full advantage of an upward trend in the engineering trade. Fixed assets now stand at £1,238,961 and the outstanding commitment for capital expenditure, £35,000.

THE CURRENT YEAR

Since the commencement of 1959, there has been a further drop in turnover due to price cutting because of excess national capacity, and a falling demand. The month of May, however, showed a welcome increase in orders, and in the country's steel production. If these trends continue, 1959 should show a turn in the tide towards prosperity in the engineering industry. Export sales for the year showed a 5% decrease as compared with 1957. As this is less than the percentage drop in home trade, it must be considered satisfactory.

The report and accounts were adopted.

GENERAL MINING AND FINANCE CORPORATION LIMITED

(Incorporated in the Union of South Africa)

CHAIRMAN'S REVIEW

The following is Sir George Albu's Review covering the Operations of the Corporation during the year ended 31st December, 1958:

I am pleased that it is possible for me, in opening my review, which covers the progress of the Corporation during its sixty-third year of operations, to refer to the increased dividend declared on the Ordinary shares for that financial year. The dividend income of the Corporation for the past financial year was 25% more than that of the previous year, due mainly to the increasing dividends declared by mines in the Orange Free State and in the Klerksdorp area. In addition to this large increase in revenue, an opportunity arose during 1958 to dispose of a substantial portfolio of investments on favourable terms to the American-South African Investment Company Limited. These events resulted in material improvements in both the profits and the financial position of the Corporation, and your Directors, therefore, were enabled not only to increase the dividend for the year on the Ordinary shares from 5/- to 6/- per share, but also to place an amount in excess of £1¼ million to Reserves. Reference to the Balance Sheet will show that the excess of current liabilities over current assets had been reduced to £473,000 at 31st December, 1958, an improvement of £928,000 in comparison with the previous year's deficiency of £1,401,000.

During the year the Corporation took up rights accruing to it from its shareholdings in various companies and in addition purchased a substantial portfolio of shares in some of the newer mines to replace a portion of the investments sold to the American-South African Investment Company Limited. The financial position is not yet as liquid as it might be, and although opportunities for additional investment will arise continually, there should be some scope, in due course, in the margin of future net profits to improve liquidity gradually.

In my address to shareholders at the last Annual General Meeting I gave a résumé of the growth that had taken place over the last decade in this Corporation, and in the value of its investment portfolio. As compared with a market value of its portfolio of £15,700,000 at the end of 1957, the figure had improved to £22,100,000 at the end of December last, with a further improvement to £26,300,000 at 31st March, 1959.

The Corporation's interests in the older mines of the Witwatersrand at the end of 1957 comprised one-fifth in value of its portfolio at that time, but the position has now altered with changing market prices and today less than 15 per cent, of the Corporation's holdings is in the older mines. I think shareholders will agree that this is a happy position and with the Orange Free State and Klerksdorp goldfields still in the developing stage, with some mines not yet in full production, it is to be expected that the dividend income of the Corporation should increase annually for some years to come.

One of the major contributions towards the improved position of the Corporation at the end of 1958, arose from its interest in Free State Geduld Mines, Limited. The development which was disclosed by the Chairman of Free State Geduld at the recent Annual General Meeting was without precedent in deep level mining in the South African gold-fields. Although the extent of the very rich area then under discussion comprised only 215 feet at which stage the reef was faulted out, it is gratifying to note that the Directors' Report for the quarter ended 31st March, 1959, has disclosed that the reef has again been intersected and 25 feet sampled gave values in excess of 4,000 inch-dwts. With values of this order it is apparent that Free State Geduld has a most promising future.

Among the Corporation's recently acquired interests, the most important has been in the Riebeeck Gold Mining Company Limited, now merged with Loraine Gold Mines Limited following the approval of shareholders in November last. The Chairman of the Company at the recent Annual General Meeting reported that No. 3 shaft (formerly No. 1 in the Riebeeck area) is expected to reach its final depth in December, 1959, and the small amount of development in the Elsburg (Upper) Reefs in the northern portion of the former Riebeeck area had disclosed promising values. We shall look forward to further disclosures in this interesting area.

The supply of European labour in the industry shows some signs of improvement, but there are still shortages in certain categories. The supply of Native labour has recently attained the highest levels known in the Industry for some years and is now practically sufficient to meet the requirements of the Industry.

During the year under review, representatives of the Combined Development Agency visited South Africa for discussions with the Atomic Energy Board. These discussions resulted in an agreement to limit the maximum quantity of uranium oxide that will be purchased by the Combined Development Agency to 6,200 tons per annum. There is provision, however, for the periodical reduction of this total after the year 1963, as and when the various sales contracts entered into by individual producers with the Agency expire.

None of the uranium producers in this group will suffer a diminution in their present scale of operations, but Buffelsfontein may, under certain circumstances, obtain an increase in its quota of some 86,000 lbs. of uranium oxide per annum. There is no restriction on the disposal elsewhere by the Atomic Energy Board of any production of uranium oxide in excess of the 5,200 tons.

It is of the utmost importance that steps should be taken by the Government to ensure that South Africa will be in the forefront in any market that might develop for uranium as and when the contracts with the Combined Development Agency expire, and to this extent it is interesting to note that the initial steps have been taken. You will have noticed in the press recently a news paragraph to the effect that a Sales Survey Team from South Africa, in which the Mining Industry is represented, has proceeded overseas. The purpose of the visit is to study markets at first hand and to make personal contact with those who are responsible for the procurement of their respecti e countries' requirements of uranium oxide.

Although there was a further improvement in the net national income of the Union in 1958, the rate of increase declined noticeably as compared with the immediately preceding years, and the indices of activity in certain sectors of the economy suggested a downward trend. This was noticeable, for example, in farming, building and construction, manufacturing, real estate sales and mining, other than gold mining. The high levels of employment obtaining in recent years tended to decline, except in the gold mining industry in which the decline elsewhere gave rise to a freer supply of labour.

The Union's external trade was marked by a further increase of some £10,000,000 in imports to £568,000,000 and a sharp decline in exports from £446,000,000 to £384,000,000 due primarily to falling commodity prices. The incidence of increased imports fell mainly in the first half of the year, following the relaxation of controls in the closing months of 1957. The gold and foreign exchange reserves declined to the low level of £72,000,000 in May 1958, forcing the authorities to impose measures designed to reverse this trend.

Bank credit was restricted by the application of supplementary reserve requirements to the commercial banks, with successive increases between June and October to a maximum of 8%, subsequently reduced to 6% in November. Some interest rates were raised, the banks were requested to exercise considerable caution in making advances for the importation of goods and there was stricter control of foreign exchange for Union residents. Further restrictions on the importation of motor vehicles were introduced, coupled with a tightening of hire purchase regulations and the imposition of increases in some customs and excise duties.

During 1958 signs of a recession were to be found in most countries, with business becoming increasingly competitive and commodity prices generally declining. It might, therefore, have been expected that there would be some reduction in the working costs of the South African gold mining industry, but these costs continued to rise. Nevertheless, with the improving labour supply and the gradual development of the newer and richer mines on the Far West Rand, in the Klerksdorp area and in the Orange Free State, the gold mining industry made very satisfactory progress. The value of gold production increased by over £7,000,000 to a total of £220,000,000, and the value of uranium exported increased by £3,000,000 to £53,000,000, a total of £273,000,000, equivalent to over 47% of the large bill for imports.

In the second half of the year, world attention was increasingly directed to the importance of South African gold mining shares as a hedge against the continuing depreciation in the true values of currencies, and there was a sharp upward movement on the Johannesburg Stock Exchange, which has continued into 1959, both in the volume of business transacted and in share prices. The net inflow of capital funds to the Union in 1958 was about £86,000,000, of which £55,000,000 was estimated to have been derived from the movement of privately owned capital, much of which was no doubt invested in South African gold shares. For this reason, and following the control measures already referred to, there was a gradual improvement in the gold and foreign exchange reserves to £112,000,000 at the year end, and since then to a higher level.

It should be obvious to those in authority that, while other sectors of the economy are less favourably situated, the gold mining industry is playing its usual very important part as a stabilising factor by providing an impressive and increasing amount of foreign exchange and by attracting substantial capital to the Union. It is, therefore, imperative that future fiscal and other policies of the Government be such as to ensure not only a reasonable return on investments in gold shares, but also an atmosphere of security for overseas and local potential investors.

For some years now the Union of South Africa has encountered difficulty in obtaining sufficient capital funds. With a view to encouraging the flow of foreign capital to the Union the Government last year exempted from taxation profits earned by companies on the sale of shares or gold bullion if the shares or gold are acquired with funds transferred to the Union from overseas for this purpose, or with funds derived from the shares so purchased arising either from their realisation or from dividends received.

Existing Finance Companies domiciled in South Africa would have great difficulty in taking advantage of this exemption and these Companies are, therefore, at a disadvantage in competition with the class of Companies which enjoy the amendment to the taxation laws. The domestic Companies are also subject to a further disability if they fall within the orbit of the Undistributed Profits Tax provisions.

Mining Companies have limited lives and if the Gold Mining Industry is to continue to play its present major part in the economy of the Union it is necessary for the Companies which finance mining development to pursue their present practice of re-investing in new mines profits made on the realisation of shares in the older Mining Companies. With this in view most Finance Companies refrain from distributing by way of dividends any major portion of profits arising from share realisations, but place these surpluses to Reserves where they are available for financing new development. The incidence of Undistributed Profits Tax on such profits is particularly unfortunate in that it severely limits this policy, and it is desirable that the Minister of Finance should give full consideration to this aspect of the tax, especially in view of the exemption from taxation granted to foreign capital, to which I have already referred.

During the latter part of last year and up until the date of the issue of this Review, there have been certain statements made by the Minister concerned in regard to the sale of gold. It has been reported that the Reserve Bank will be prepared to sell gold in bar form in quantities of 25,000 ounces. Although there has been a great deal of speculation on the price of gold, this is a matter in which America is largely concerned, and while the sale to specified buyers through the Reserve Bank is desirable in order to attract foreign currency, such sales cannot affect the position of internal illiquidity which now exists among the leading countries of the world. While it is understandable that the United States of America do not wish to pay a higher price for gold at the moment, I am convinced that the international monetary situation is such that eventually the price must rise. Every economic factor as at present known to us points to this being the logical conclusion of the financial policies being pursued in certain countries. In the meantime I think it would be advisable for the use of gold to be more widely appreciated by the masses of the people throughout the Western world. I, therefore, hope that the South African Government will permit the Mining Industry to dispose of a proportion of its gold either in the form of small bars, coinage or medallions and that this will encourage a generation which has never appreciated the true value of the metal to realise that it has some property which has made it the basis of international dealing throughout the centuries.

THE CITY OF LONDON REAL PROPERTY COMPANY

BOARD'S PROGRESSIVE POLICY

The Annual General Meeting of The City of London Real Property Company Limited was held on June 30th in London. Mr Edmund Howards, FRICS, (the Chairman), presided and, in the course of his speech, said:

Further rebuilding schemes having been completed Gross Rents and Service Charges show a substantial increase and after deducting outgoings in respect of Ground Rents, Rates, Insurance, Repairs and Company Management, the balance remaining amounts to £1,906,392 as compared with £1,655,814 last year, an increase of £250,578. Our total charge for taxation on the profit for the year shows a reduction of £121,207.

The balance on Revenue Account for the year is £883,306 and after writing off £38,101 in respect of 6 per cent Debenture Issue Expenses and Discount, and the payment of the dividend on the 5 per cent Preferences Stock, the Directors recommend a final dividend of 11 per cent on the Ordinary Stock, making 15 per cent for the year. This will leave the sum of £282,464 to be carried forward.

In order to maintain the level of rents and to improve the standards of accommodation for our tenants, we are continuing the policy of modernisation of our older buildings.

In addition, many improvements of a minor nature will be effected in a number of the Company's properties, particularly in connection with the public parts of the buildings and service installations.

There has been little change in building costs over the past year and, although I am naturally grateful that there has been even a short period of stability, I am still confident that with improved efficiency prices could be reduced. Investigations are constantly being made of the latest developments in building technique, both at home and overseas, and I am hopeful that with the introduction of new methods and materials, particularly in the field of reinforced concrete design, we shall be able to improve still further on the standard of office accomodation while effecting substantial savings on initial costs and subsequent maintenance outgoings.

Transactions completed during the year envisage a programme of expansion which has been planned on a long-term basis to include the acquisition of further sites and the redevelopment of some of our existing properties.

The chairman then outlined in detail an extensive programme of development and continued:

The schemes I have mentioned, together with other projected developments, will involve a considerable capital expenditure. Such commitments amounted to £3,900,000 at April 12th, and now with other developments exceed £8 million. Arrangements have been made with the Company's Bankers for temporary finance and at the appropriate time this indebtedness will be funded by the issue of further loan capital.

I make no secret of my satisfaction at the further growth in your Company's affairs which conforms with the outline of policy with which I concluded my speech last year. For the past fourteen years we have planned and carried out very large rebuilding schemes, and your Directors continue to have in mind the enlargement of the scope of your Company's activities and the very extensive programme referred to above is a further step in that direction. I am confident that the outcome will be of benefit to the Company.

The report was adopted.

THE BRITISH BANK OF THE MIDDLE EAST

A SATISFACTORY YEAR'S TRADING
SIR DALLAS BERNARD'S REVIEW

The seventieth annual general meeting of The British Bank of the Middle East was held on July 14 in London, Sir Dallas Bernard, Bt., Chairman, presiding.

The following is an extract from his circulated statement for the year ended March 31, 1959:

We have experienced a satisfactory year's trading and the balance sheet total is £12,150,000 higher than a year ago, an increase of 15 per cent. Moreover, this increase is well distributed through the various items of our Accounts.

Our Cash and Money at Call at £10,393,000 is £3,345,000 less than a year ago but, on the other hand, our holding of Treasury Bill is up by £2,315,000.

Our Investments at £28,104,000 compare with £25,373,000 last year and include for the first time an item of £300,000 representing the first call on the shares we have taken up in The Bank of Iran and the Middle East to which I shall refer again later in this statement.

Our fixed assets at £281,000 are £30,000 less than last year.

Loans and Advances at £35,000,000 are £8,300,000 higher and the liability of our customers for credits and guarantees at £14,549,000 is increased by £2,200,000 on the figures of a year ago.

RESERVES EXCEED £2,000,000

Turning to our liabilities with the allocations now proposed the published reserves of the Bank will stand at £2,375,000.

Current, Deposit and Ancillary Accounts at £74,000,000 show a satisfactory increase of £9,800,000 on last year, which compares with an increase of £9,500,000 in the previous year.

As usual, the past year has been eventful and more than one part of the area in which we operate has occupied the newspaper headlines from time to time. Nevertheless, I think you will agree that the Accounts which are put before you reflect solid progress of which we can be proud.

The final dividend of 7½ per cent which is recommended, makes a total of 15 per cent for the year which compares with 10 per cent for the previous year. The Directors have allocated £100,000 to Reserve and £50,000 to Bank Premises Account, and are satisfied that the results of the year's operations fully justify the higher dividend.

The key to the economic prosperity of the Middle East is oil production. In the four main areas in which we are interested — Iraq, Iran, the Persian Gulf and Saudi Arabia — oil production in 1958 was 204,546,000 metric tons compared with 169,961,000 metric tons in 1957, an increase of 20 per cent. Here is the firm base on which we stand because the revenues accruing to the producer countries in foreign exchange are large and available for financing development and the import of goods which cannot be found locally.

PERSIAN GULF CURRENCY

As members are aware, we have a keen interest in the Persian Gulf Sheikhdoms. The currency circulating in that area has hitherto been the Indian Rupee. The same notes being legal tender in a country where it was necessary to conserve foreign exchange reserves and also in a zone that had a surplus of foreign exchange, there was an open invitation to those in India unable to obtain sterling to find ways and means of sending currency into the Gulf. The Indian Government decided to stop this by issuing a distinctive rupee note, legal tender in the Gulf Sheikhdoms, but not in India. Beginning the 11th May for a period of six weeks, all existing notes circulating in the Persian Gulf are to be exchanged for Indian Rupee notes of a special issue which are easily recognisable. These special Rupee notes will be exchangeable in India for ordinary Rupee notes and the banks remitting such special notes to India will be able to exchange them for sterling on the same terms as they formerly purchased sterling with the ordinary Indian currency. After termination of the period fixed for the exchange of notes, the foreign exchange facilities hitherto attaching to ordinary issue notes will cease. Our seven branches in the Persian Gulf have been co-operating with the Reserve Bank of India in the rather arduous task of effecting the withdrawal of the old notes and their replacement by the new.

Mr W. I. R. Bulfield, who has been London Manager since 1953 and is well known to many of you, has retired after completing forty years of devoted service to the Bank, at home and overseas. We wish him good health and happiness in his well-earned retirement.

His place has been taken by Mr J. D. Hammond, until recently Manager of our Bahrain Branch.

For the satisfactory result which I am able to report, our thanks are due to all our Staff at home and abroad for a year of work which has not been without anxieties.

OVERSEAS INTERESTS

I will now mention separately various areas in which we are interested.

IRAN. — One of the most interesting events of the year which I have to report relates to Iran. As you all know, we established ourselves in that country in 1889 under the title of The Imperial Bank of Persia, and traded there continuously until 1952 when we closed our last branch due to circumstances which we regretted but could not prevent.

Iran is prospering and is now a fast-developing country with modern industrial output increasing every year. Its crude oil production in 1958 was 39,800,000 tons compared with 34,800,000 in 1957 and payments to Iran on this account were £88,250,000 and £76,400,000 respectively.

The laws of Iran make it impracticable for a non-Iranian bank to open branches, but an Iranian bank can accept foreign participation up to 49 per cent.

Several Banks have opened there with this participation and so we ourselves, with Iranian associates, all prominent men, have founded The Bank of Iran and the Middle East — an Iranian limited company with Head Office in Teheran and a capital of Rials 250 million (approximately £1,200,000). We have a 49 per cent interest held in ordinary shares and represented in our Balance Sheet by a separate item.

The new bank has five Iranian Directors and four British Directors; a senior member of our staff has been seconded to it and has been appointed Managing Director.

It opened for business on the 6th May. The experience gained by many years of practical banking in Iran will be at the disposal of the new bank and also the assistance of our chain of branches throughout the Middle East. I am sure you will be glad to hear that we are again functioning in Iran and will join with me in wishing the new bank every success.

ADEN. — As anticipated in my last statement, the world-wide fall in commodity prices and the trade recession in America has had an adverse effect in Aden and there was a decline in exports from the territory in 1958.

PROGRESS OF BRANCHES

In Iraq, our three branches in Bagdad and our branch in Basra had a reasonably satisfactory year, and our new branch at Mosul opened its doors in December.

In Jordan, our branches at Amman and Jerusalem were able to operate satisfactorily and under more settled conditions than in the previous year.

In the Lebanon, our three branches in Beirut and our branch in Tripoli are in a strong position to assist in a revival when the opportunity offers.

In Libya, our branch at Tripoli has had a satisfactory year and our newly-established branch in Benghazi is fulfilling our expectations.

In the Persian Gulf, our new office at Abu Dahbi opened on the 10th February and has made a good start. Our branch at Dubai has had a satisfactory year although lack of demand from neighbouring markets during the latter half of the year has caused a sharp drop in the value of goods imported.

In Tunisia, our Tunis Branch has completed its first full year's operations and to date progress has been satisfactory.

In the United Arab Republic — Syrian Region — our branches in Damascus and Aleppo continued their activities.

At the meeting, the Chairman referred with regret to the death on 3rd June of Sir Kinahan Cornwallis, who had been a Director of the Bank for 13 years.

The report and accounts were unanimously adopted.

RICHARDSONS, WESTGARTH & Co.

The annual general meeting of Richardsons, Westgarth & Co., Limited was held on July 17 at Wallsend.

The following are extracts from the annual review of the Chairman, Mr O.J. Philipson:

The year under review has been one of considerable productive activity, with the value of production more than £16 million, as in the previous year but higher costs have led to the reduction in Trading Profit from £1,470,183 to £1,075,651. The latter figure is struck after deduction of Depreciation £412,945 (£323,269 last year) and Atomic and other Development expenditure £391,550 (£196,279 last year). After deduction of Tax, the Net Profit for disposal is £610,651 compared with £659,183 last year, a reduction of some £48,000.

MARINE

The North East Coast Subsidiaries engaged in the building of Marine Engines have continued in active employment. North Eastern Marine have entered into an agreement with A.B. Götaverken, Sweden, to manufacture Marine Oil Engines to their design, and Parsons Marine are collaborating with Messrs. Brown Boveri, Baden, on Marine Steam Turbine design.

Engineering Division. The Division has been actively engaged during the year in a variety of work, including the design and development of Co² Blowers for use in Nuclear Power Stations, and further work on the Group's new Multi-stage Vacuum Flash Evaporators, which considerably reduce the cost of producing fresh water from the sea and which were pioneered by the Group in this country.

Atomic Power Constructions Ltd. During the year, this Consortium, in which our Group holds a considerable financial interest, continued to build up its organisation of highly qualified technical and other personnel and materially to extend its excellent research facilities at Heston.

Subsequent to the close of the past year it has been announced by the Central Electricity Generating Board that Atomic Power Constructions Ltd. has been successful in winning the contract for the latest U.K. Atomic Power Station, to be built at Trawsfynydd in North Wales.

This is the first nuclear station to be ordered by the Generating Board since 1957. All the Works in the Group will benefit from this major contract.

TRADING CONDITIONS

The difficult conditions encountered during the past year by the heavy Engineering and Eelectrical Industries are too well known to need emphasis here. Fiercer competition has existed in all fields both at home and abroad, orders have been much more difficult to obtain, and then only with considerably reduced profit margins.

With the knowledge that any large orders secured in the near future will not, for a considerable time, reflect themselves in profitable work going through the Shops it is inevitable that profits for the current financial year will be less than for the year now under review unless, however, unforeseen circumstances arise, it is hoped to maintain the dividend distribution at the same rate.

If, from the recent noticeable increase in the number of enquiries, the future of the Industrial Market can perhaps be viewed with a certain amount of hope, that of the Marine Market can only be a cause for the gravest concern. Whilst the flow of cancellations, suspensions and deferments has now diminished, there are few new orders, and little improvement can be anticipated failing a material change in world trade and shipping freights. It must be recognised, that, even when that does occur, there will still remain a considerable excess of world ship-building capacity and that orders will only be secured in the face of severe competition at home and abroad, where already considerably extended credit terms are being offered to Shipowners.

It is neither the responsibility nor the desire of your Directors to indulge in politics in any form. They are of the opinion, however, that they would be failing in their duty did they not draw your attention specifically to certain proposals, put forward by a political party, which might in the future involve nationalisation of the affairs of your Group, by one means or another.

Your Directors are unanimously of the opinion that nationalisation of the larger companies in the industries in which we are engaged would be a disaster for the companies, their employees and the country as a whole. The Board would propose to resist any policy of this kind, in any way that lies within its powers, but the matter being one of such vital principle, shareholders are being invited to support the views of the Directors or otherwise by means of a Resolution to be submitted at the Annual General Meeting.

LONDON & OVERSEAS FREIGHTERS

The 11th annual general meeting of London & Overseas Freighters Ltd. was held on July 15 in London, Mr Basil M. Mavroleon (chairman and managing director) presiding.

The following is his circulated review:

The Operating Surplus for the year under review, amounting to £3,418,403, was £449,199 more than the previous year.

At a time when the shipping industry of this country, and indeed the world, is passing through one of the greatest depressions it has ever known, it may seem odd at first sight that your Company should be reporting increased profits. This is, of course, the result of comparatively long-term charters entered into some years ago. But—and this is the reason for the warning attached to the year's trading figures when they were first published early in April—even long-term contracts come to an end. Some of our long-term fixtures have already run off, others will be completed during the current year. To find profitable employment for the ships thus becoming free is next to impossible, but so far we have not, I am happy to say, laid up a single ship. It is not possible to say what the immediate future holds for the shipping industry, but I know of no one in the industry who expects a material improvement in less than two years —the pessimists speak in terms of a much longer period. My confidence in the long-term welfare and prosperity of the industry is unshaken, but your Company may have to pass through lean times, though perhaps not so lean as some of its foreign competitors. Nevertheless, I am glad to be able to tell you that in my view the profits for the year to March, 1960, will prove to be very satisfactory in all the circumstances.

DIVIDEND

The dividend has been maintained in accordance with your Boards' policy of endeavouring to see that the shareholders for the time being share in the Company's prosperity. There is, however, another side to this policy. It is that in difficult times the Company's resources must be conserved to protect the long-term interests of shareholders as a whole — even at the expense of some reduction, or even sacrifice, of dividends. To what extent this may affect the current year I cannot say.

FLEET AND BUILDING PROGRAMME

The only change in the Company's fleet during the year has been the addition of the "LONDON HARMONY," in March, 1959. This new 19,000 d.w.t. tanker has commenced trading under a charter providing profitable employment for some time.

As regards contracts for new buildings, those placed with Austin & Pickersgill Ltd. for four dry cargo ships have been postponed for two years.

ASSOCIATED COMPANIES

London and Overseas Tankers Ltd. took delivery of its first ship, "OVERSEAS PIONEER" on the 2nd December, 1958, and its second ship, "OVERSEAS EXPLORER" on 13th February, 1959. These two tankers have commenced trading profitably under charters which will keep them employed until mid-1960.

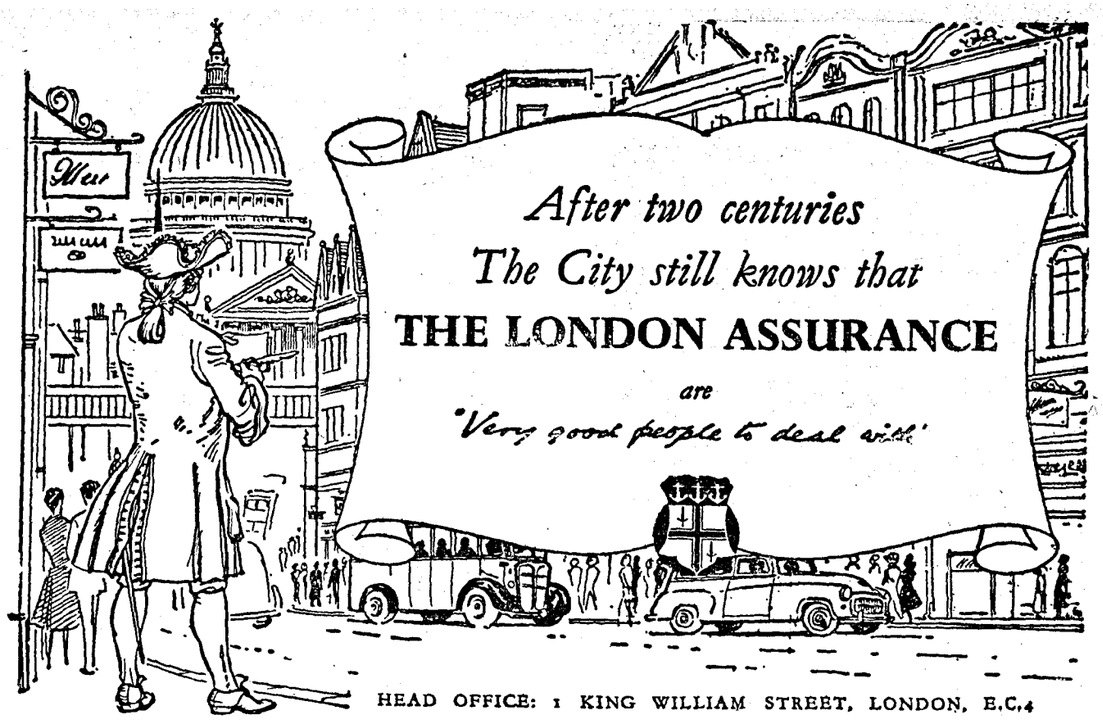
No employment has yet been found for the four 34,000-ton tankers on order in Sweden for delivery during 1961 and 1962.

The keel of the first of the two bulk-carriers on order in Germany for London and Overseas Bulk Carriers, Ltd., is due to be laid in August this year. The vessel should be completed in the second quarter of 1960, from which date it is provided with profitable employment for eight years.

No employment having yet been found for the sister-ship due for delivery one year later, the Owners have asked the Builders to postpone the ship for two years.

Addressing the meeting, the chairman said: The Operating Surplus for the three months ended 30th June, 1959 is estimated at £870,000 compared with £740,000 for the corresponding period in 1958 and £3,418,403 for the year ended 31st March, 1959.

The report and accounts were adopted.



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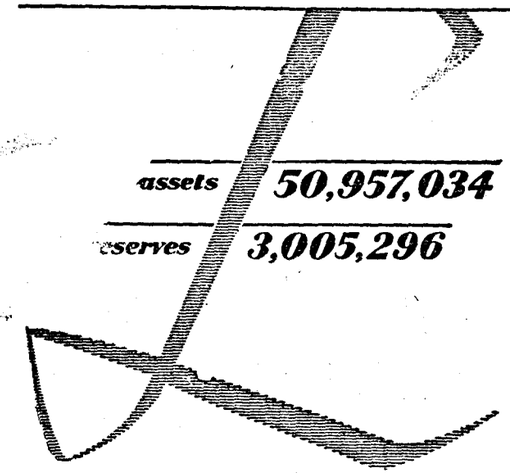

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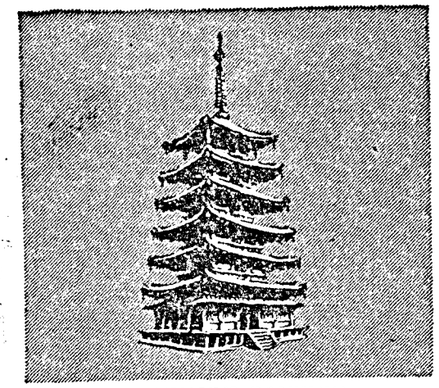

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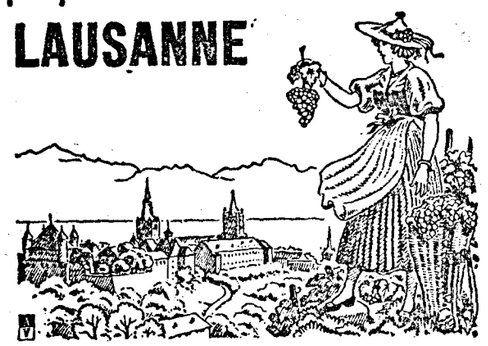

the delightful city which, during recent decades, has become so favoured by Royalty that it has been nicknamed the "City of Kings." Lausanne situated on the lovely Lake of Geneva and surrounded by vineyards and emerald green slopes, is well known for its University, Schools and medical establishments. It is also an important railroad centre, from which many of the most beautiful parts of Switzerland can be quickly reached. Naturally, many visitors call at the local branch of the **Union Bank of Switzerland**, knowing that they are sure to receive prompt and efficient attention.

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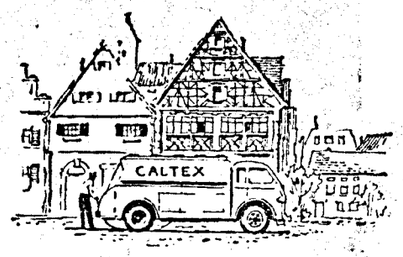
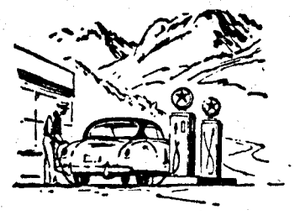
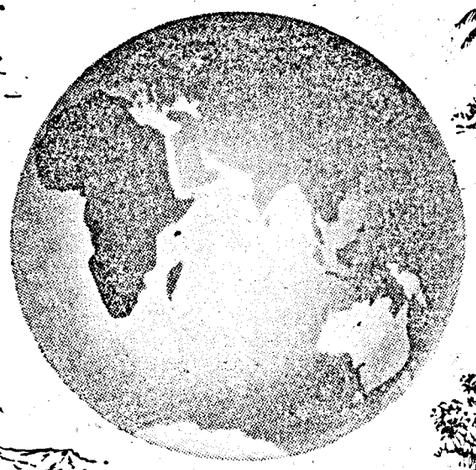


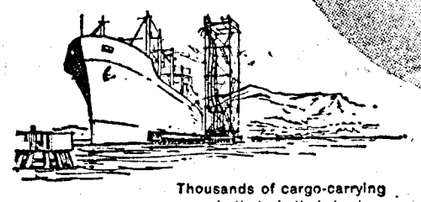
Countless homes and industries use Caltex petroleum products for clean, odor-free heat, power and for efficient lighting.



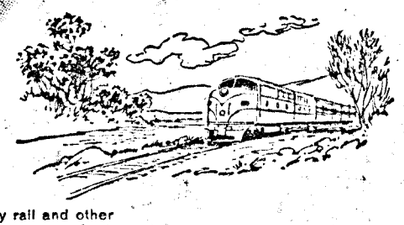
Motorists find that Caltex service stations offer the finest lubricants and fuels their cars can use.



Caltex fuels and lubricants for the farm have helped increase the effectiveness of mechanization.



Thousands of cargo-carrying vessels that ply their trade across the seven seas rely on extensive Caltex bunkering facilities.



Many rail and other transport systems depend on Caltex lubricants and fuels for swift, efficient motive power.

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In these and in many other ways Caltex continues to serve nations, economies, individuals.

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UNDER SECRETARY TO GOVERNMENT PUBLIC DEPARTMENT

FROM ARLIAMENT TO PEOPLE

It is politically all-important to restore some real meaning to the word "election" (page 329)

THE DOLAR

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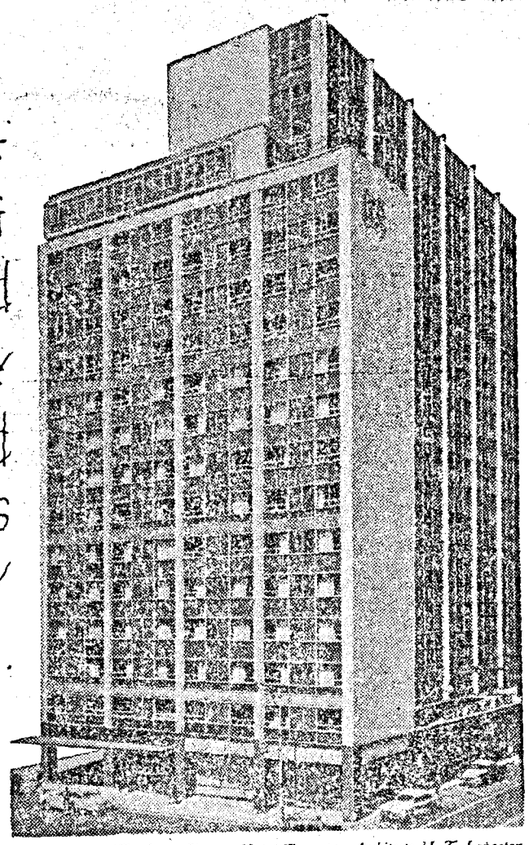
curtain WALLING is when A building stands behind it And KEEPS warm and DRY and looks pretty and...



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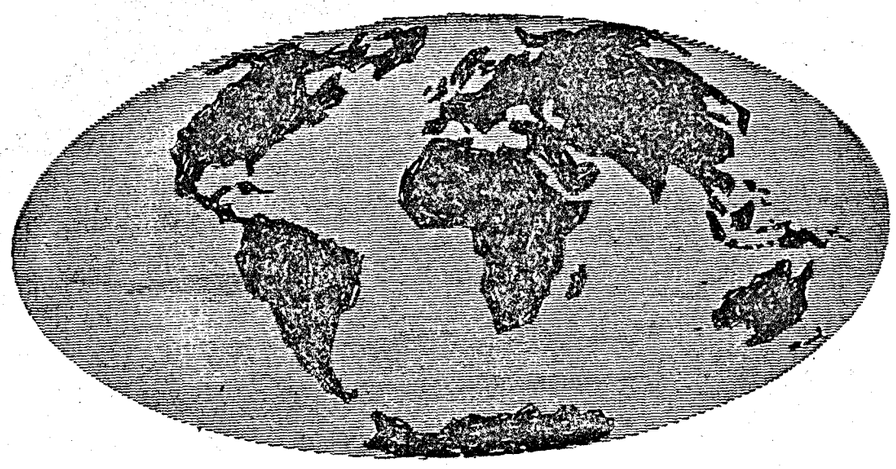

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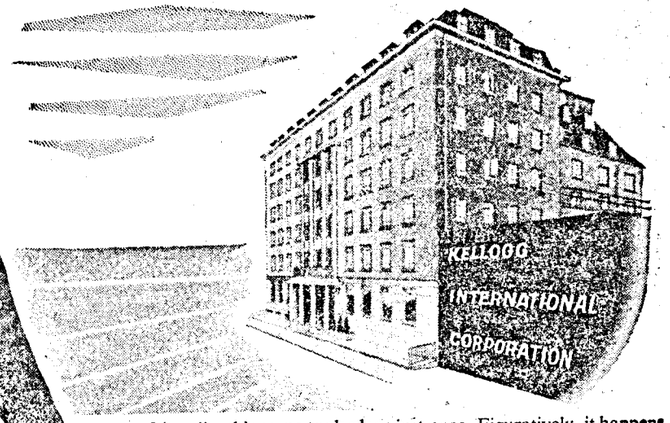

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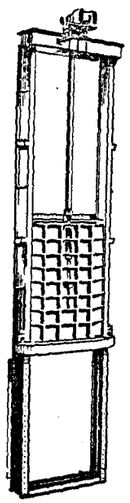

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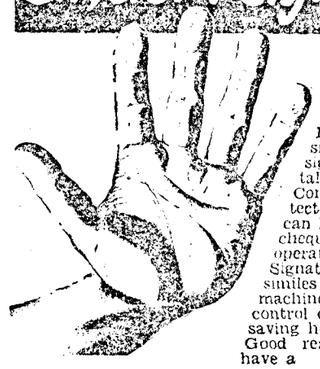

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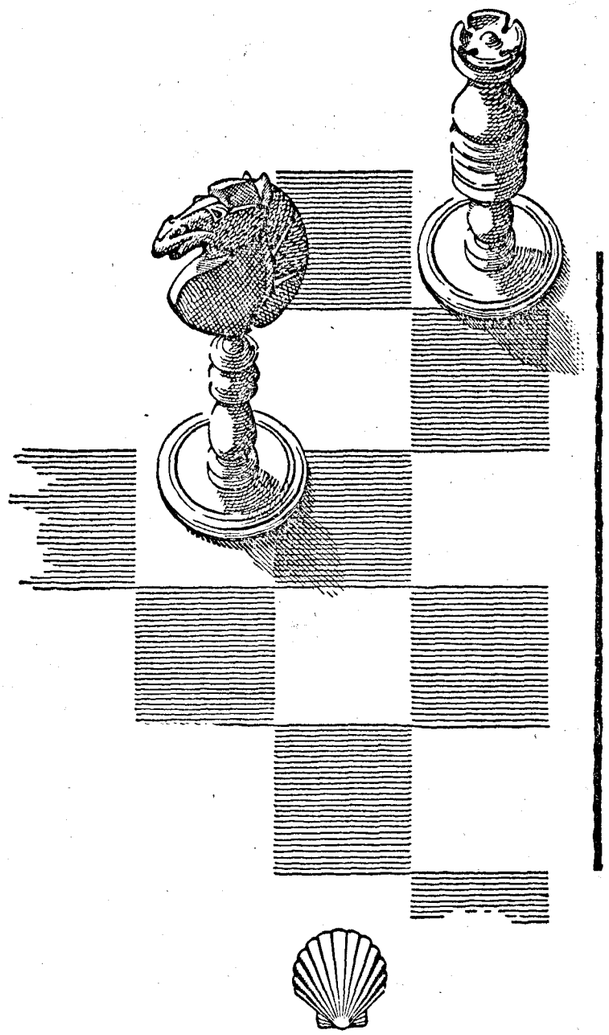

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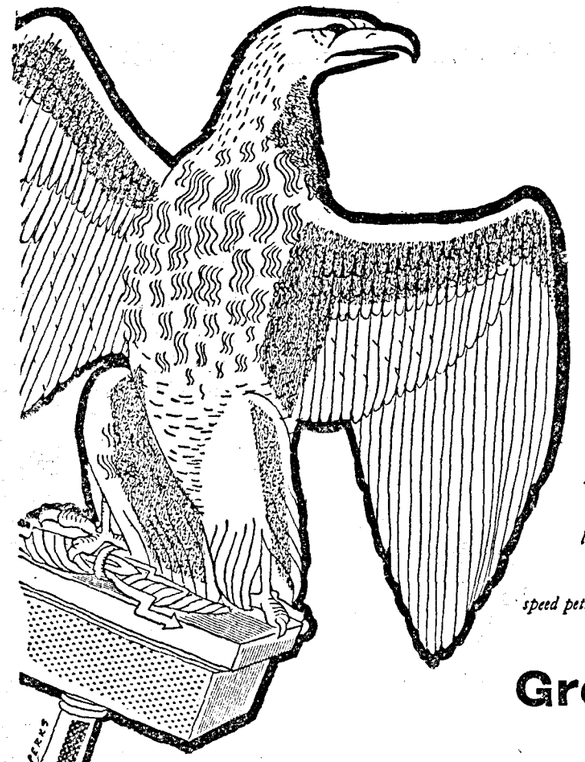

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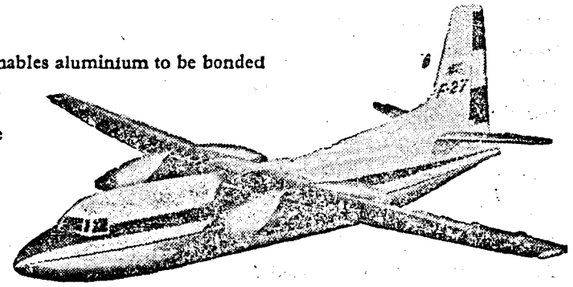

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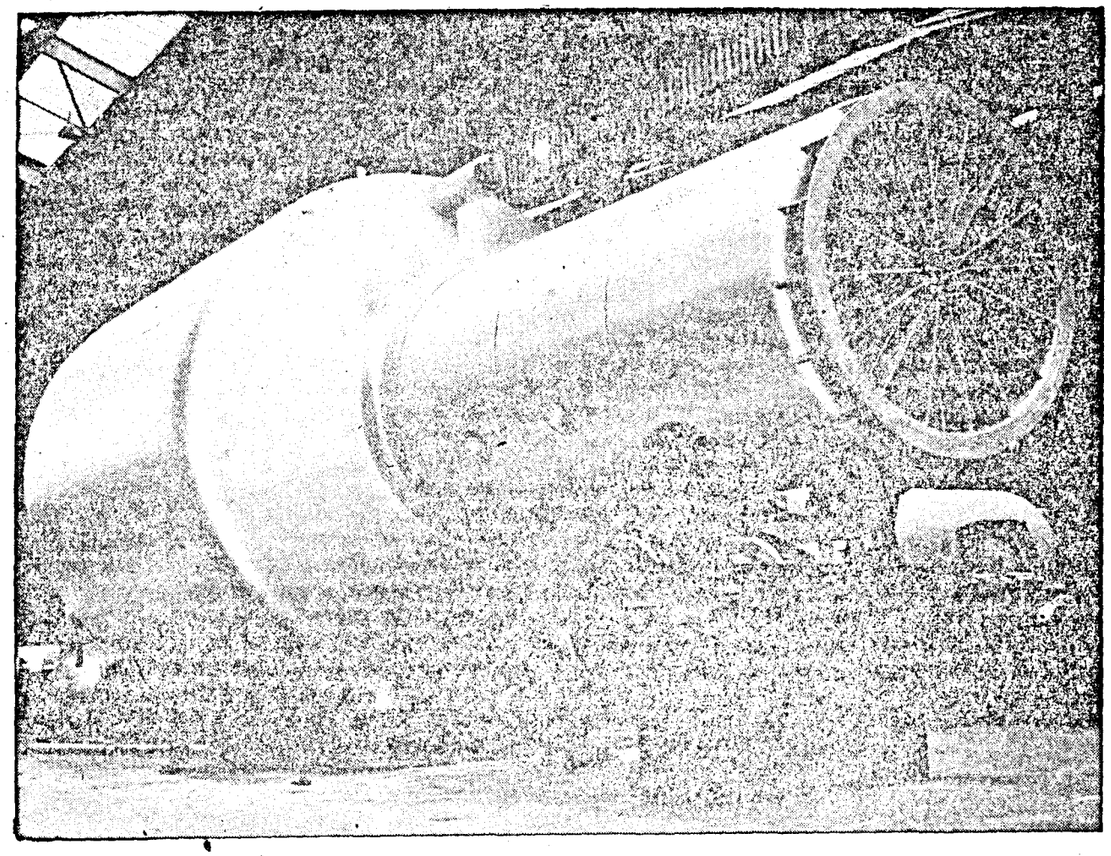

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From Parliament to People

THERE can be no certainty, but there is a strong probability that the session which in fact expired last week is this Parliament's last. In one sense, it has been for almost three years a posthumous Parliament. Elected precisely to sustain Sir Anthony Eden in office, it saw him falter almost from the outset and then tragically, almost grotesquely, fail and fall. Yet it survived the wreck, in order to support a government founded on the principle of treating as an unfact that bitter sequence of miscalculated events for which its leading members bore individual and collective responsibility. This, indeed, it did to such purpose that the world's impression of the Government's vitality and debating skill consistently rose, regardless of the validity of its case; until in the final encounters on Hola and Central Africa the most vulnerable of its Ministers has emerged as the most triumphant of its dialecticians.

How has this paradox been contrived? It is natural to seek the first explanation in terms of men. In Mr Gaitskell the Opposition has a consistently effective parliamentary performer, but he is its only one. Perhaps the name of Mr Wilson might be added, if the memory of the Bank Rate tribunal did not linger, if he refreshed the serious content of his speeches as regularly as he renews his jokes, and if he gained stature by committing himself on such great subjects as nuclear disarmament. But Mr Bevan's fangs are drawn : flair and flare have become mannerism; a muted didacticism that too often betrays an Eisenhowerlike innocence of published information cannot rouse the conscience of the country. There are moments, as in his well-put advocacy of the non-nuclear club, when Mr Bevan gives again at least the hint of a great foreign secretary; but these have been dishearteningly few. As for the rest of the shadow cabinet there is much good hard work, but, away from the levers of power and the springs of information, little élan; and, time and again, the carefully mounted assaults crumble through a disabling want of style.

On the Government side the Prime Minister's performance still veers abruptly between that of the new calm self-contained commander and that of the old insensitive farceur, between aristocrat and parvenu. But, thanks largely to his special and natural skill in the management of men, most of them of over-average ability, the impression that the country is run by a well-oiled machine consciously articulated in Downing Street is uncommonly bright for the fag-end of any administration. What is more, because the Labour Party has been under the necessity of laying out all its signals on the hillside well in advance of the election, Mr Macmillan has been able to display himself in the truest tradition of a Tory prime minister by walking off with much of the Opposition's raiment. By Tory precedent and standards, this sleight-of-hand is in no sense cheating : the

Conservative principle in politics is, at its best, supposed to compass the anticipation by a small margin of any popular demand for any specific change. So, if an Opposition, intent on proving itself more pragmatic than doctrinaire, itself does some suggestive devilling, that is very obliging of it.

Mr Macmillan's skill and the vigour of well-adjusted subordinates, however, are not all. There has been luck, both with the terms of trade and with the election cycle itself. Provided Mr Macmillan could pump back morale into the disintegrated team which he inherited, an election was not necessary until after the interval of pennypinching was over, and the Government could display a new openhandedness towards the electorate. The reality of economic advance here and now blots out any intricate statistical arguments about where the responsibility may lie for the low starting point and the lateness of the starting hour.

There are also in politics, from time to time, great secular trends in popular feeling that bear only indirect relationship to the words of politicians. One of these is the current sense that the folkways of trade unionism, now established and entrenched, are no longer to be pampered as being outside the permissible range of critical discussion. The blessings of a steady price level (and even, as Mr Heathcoat Amory has been wistfully musing, of a declining one) have now a novel value. As more and more people feel middle-class, middle-class feelings rank higher on the totem pole.

But what of Suez itself, the great humiliation ? On no subject does there appear to be a greater contrast between Parliament and people. On that subject alone this Parliament came blazingly alive, but on that subject ever since the event itself the country has played wilfully dead. The one supreme merit that is claimed for the adversary system of politics, with its two artificially disciplined parties drawn up in opposite arrays at a sword's distance from each other, is its superior ability to clarify, by sharpening, the issues on which the country is to pronounce. But when once in a while a great issue arises which is really shaped by nature for this treatment, the country blenches at the implications, aghast at the consequences to its fabric of too much contention.

Mr Macmillan's achievements in the Premiership have been founded on his understanding of this reluctance of the contemporary Englishman to brace himself to confront great moral issues, with all their implications of passionate commitment and severed friendship; and on his further understanding of the common responsibility that a majority of the country feels for having, with Sir Anthony, willed the muddled ends of Suez, irrespective of the possession of the means. Great empires are never willing to contract altogether without first satisfying the psychological necessity of actually suffering a visible defeat, even in circumstances in which a victory is hardly a possibility. It does little credit to the Tories that so many of them should now be whispering that the entire blame for the fiasco can be laid to Sir Anthony's health; it does some credit to much of the public that, having shared the guilty emotions of Tory ministers, it does not now belabour them with the consequences.

Having attained in the Suez debates what was until then his finest hour, Mr Gaitskell never seems wholly to have recovered from his discovery that a large proportion of his own troops in the country were not behind him. A craving for respectability has befogged much of the Opposition's later endeavour. Perhaps the Opposition is right. Perhaps it is true that only Conservatives can get away with the lusty swinging of the broadsword with which, under Sir Winston Churchill's leadership, they approached the elections of 1950 and 1951. Shrillness in an underdog does not perhaps command the same tolerance from the floating voter as the same stridency from a temporarily displaced élite. But it is quite certain that such thoughts would not have inhibited Mr Gladstone, any more than did the remonstrances of his colleagues that the public could not be expected to show interest in the massacre of Bulgars by Bashi-Bazouks.

If the pattern of this Parliament is projected into an autumn election, the Opposition is in danger of finding that Mr Macmillan has by some prestidigitator's alchemy contrived to create, simultaneously, the impressions that there are no issues in British politics and that it is the Labour Party's fissions, fusions and confusions on which the voter is being called summarily to pass a verdict. Too often Mr Gaitskell has manoeuvred himself into the position of a minister defending a white paper, without the aid of a minister's resources; and Labour candidates may find themselves devoting time to explaining what their policies are not that might have been much better spent in advancing the case for replacing an ostensibly successful Government.

The truth is that there are issues aplenty in British politics, at home and abroad, which are certainly not unworthy of submission to the British electorate. The Government may try to fuzz them; the Opposition may be coy about them. But if the coming election is to mean anything, the simplifying process of political battle must work to give the country sharp images of the parties between which it has to choose. This simplifying process is much maligned, sometimes rightly so. Specialists in subjects that become issues of contention raise their hands in expert horror, seek to shoo the simplifying politicians away, and demand that decisions that affect their speciality should be taken out of politics. If they had their way, political debate would concern only trivial things on the margin. This is to take altogether too low a view of the political process.

Party conviction is but one of the three ingredients that go to make up policy. The other two are the permanent role of government and the impact of external personalities, facts and events. It is right that independent commentators like *The Economist* should call attention to intractable facts that limit the choices of whoever attains power. But it is quite wrong that politicians should become so subdued that the voter is given the impression that no elements whatever in the amalgam of forces determining the actions taken on his behalf are at all amenable to the exercise of his choice. It is all-important to restore meaning to the word "election" itself.

Multi-racialism at Home

No single lobby or pressure group has arisen to organise coloured people in Britain for their defence. The most hopeful development lies in interracial co-operation against specific abuses

In half-conscious imitation of the spiders' webs of "progressive" and "betterment" associations which stretch exuberantly through American Negro communities, the West Indians in London have been indulging in almost an excess of organisation. Until the time of Kelso Cochrane's murder last May in London, such groupings, many of them closely related to local associations in the Caribbean islands, kept to themselves. During the race riots in the Notting Hill district there were attempts to float a wider National Association for the Advancement of Coloured People after the American prototype, but although the title was copied, the reality was never approached. Many West Indians, particularly in Notting Hill, feeling themselves let down by inflated aspirations, determined to act only with their immediate neighbours.

In the weeks just before the Cochrane murder the West Indies Migrant Service, smelling more trouble in the bad areas and worried at the complacent assumption that the racial problem had evaporated with Mr Justice Salmon's memorable charge to the jury in the Notting Gate riot cases last year, brought together the various immigrant clubs and societies into a Standing Conference of West Indian Leaders for Community Development. But this move revealed a divergence of viewpoints among West Indian leaders.

The divergence springs from the ambiguities in the West Indian's attitudes towards themselves, towards their white neighbours and towards politics. Should, for example, West Indians take pride in the Negro race ? Or should they seek to be considered first and foremost as British citizens, among whom characteristics of race and colour should be immaterial ? Should the word "coloured" as opposed to "West Indian" be used at all ? As the West Indian Federation gets under way, a further question will doubtless arise as to whether the immigrants should think of themselves as visitors from an independent nation or as British residents in their own mother country.

Such questions are earnestly discussed by articulate West Indians. The answers which they give affect their political attitudes. If West Indians are primarily "coloured people", it follows that their natural allies are the Africans, who are obsessed with the worldwide struggle against "colonialism" and inclined to the conviction that nothing worthwhile is to be got without making a great deal of noise in the getting.

The Cochrane murder provided the occasion for Mr Bashorun, the president of the Association of African Organisations in Britain, to announce flamboyantly the formation of a coordinating committee which would organise Cochrane's funeral and demonstrate by banners and processions, vigils in Downing Street, boycotts of South African goods and so forth against unfair treatment of coloured people everywhere. This approach contrasts with the emphasis which is placed by the West Indian authorities and most of the social agencies concerned with the day-to-day problems of getting individual West Indians accepted in British communities on their merits, regardless of colour.

Cutting across this division is another : the division between those, on the one hand, who feel that West

Indians are more easily assimilated into respectable English society than other coloured people, or indeed than most foreigners, because of their essentially conservative, property-owning, cricket-playing traditions and a cultural background in islands where the colour bar is only occasionally and erratically present; and on the other hand, doctrinaires who see the immigrants as natural allies of the poor whites in the class struggle. Most of the poor whites do not see it that way. The Mosleyites and the White Defence Leaguers are having some local success in stirring them up to believe that their grievances against their environment, many of them legitimate, can be attributed to the West Indians. Nevertheless left-wing enthusiasts see a sharpening of class distinction as the ultimate solvent of race prejudice. But this is an outcome that does not appeal to West Indians with higher social ambitions than being assimilated with the lowest of London's low, white or coloured.

THESE ambiguities, which affect both the West Indians themselves and the large number of English organisations that have become involved in the racial question, should not be overdrawn. There are sensible and sophisticated people as well as hotheads among those who favour the more demonstrative methods. The West Indians leaders passed one critical test of maturity when, on the morrow of the Cochrane murder, the Trotskyites proposed the formation of a vigilante group armed with batons to patrol any area in which the Fascists were operating. Even Mr Ezzrecho, who leads the most militant West Indian group in Notting Hill, promptly wrote to Mr Fryer, the Trotskyite leader, telling him to keep out. The "Defence Committee" of Mr Bashorun's new organisation changed its name, so as to avoid any impression of taking the law into its own hands.

There are skilled politicians like the ubiquitous Dr David Pitt, the only West Indian to be a prospective parliamentary candidate (he has been adopted by the Hampstead Labour Party), who think that the weapons of conflict and conciliation, public protest and private assimilation have all to be used as tactics suggest. But friction between these lines of approach is inevitable. So deep is the prejudice against the public authorities among part of the immigrant community in Notting Hill that attempts to deal with rackrenting landlords by careful preparation of test cases brought by West Indian tenants have not received universal support. Tenants who stick out their necks expect a degree of immunity from retaliation which cannot by the nature of things be absolutely guaranteed; West Indians who work with the authorities run some risk of being dubbed informers by their compatriots.

Nevertheless the diverse strands of West Indian activity are being brought together by the Standing Conference of West Indian Leaders for Community Development and by the British Caribbean Association. The eighteen organisations and clubs with such titles as the Coloured People's Cultural and Social Association, the Harmonist Movement, the Stoke Newington Caribbean Social Club and the Racial Brotherhood Association, which send representatives to the Standing Conference's monthly meetings cover every part of London in which West Indians are to be found.

The mood of these club leaders is healthily self-critical. They are especially worried by their failure to attract local white residents to their activities. Contact has hitherto been largely with outsiders with a conscience about race relations. Such club activities may even promote separateness rather than assimilation. There are a number of ways to avoid this. Clubs should find out what the individual interests of their members are, invite the secretaries of existing professional, social and hobby organisations to address them and offer membership. Local West Indian leaders should see that their compatriots register on the electoral roll as soon as they become qualified, since this is the only way to overcome the extraordinary lack of interest so far shown by local political organisations in the problems of potential coloured voters. Suitable West Indians should try to seek prominence in local affairs, because only then will many white people drop the habit of classifying all West Indians in their minds as unskilled labour. West Indians who find themselves exploited, as many tenants are in areas like Notting Hill, should seek common ground with white inhabitants who are in the same position. It is encouraging to learn that the small group of skilful social workers who were behind the recent successful test cases brought before rent tribunals are now promoting a multiracial tenants' association in North Kensington.

In certain respects West Indians in London's slummier areas have more political pull and more access to publicity than the previous white tenants, some of whom have traditionally put up with rackrenting, intimidation and other abuses because of a feeling that their own way of life was too vulnerable to permit of official scrutiny. Public anxiety about the race problem has called attention to situations which were in any case a scandal and West Indians have a chance of adding in the field of civic virtue to the services which the public is already accepting from them and beginning to accept and acknowledge in such fields as nursing and public transport.

BOARD OF TRADE 15 AUG 1959 PUBLIC RELATIONS

The Six in Business

Tariff and quota discrimination within Europe is insignificant as yet.
But business men are looking further ahead

THE common market today is on the political defensive. Economically it is a fact of life. In France, both inspiration and doubting Thomas of the European movement, General de Gaulle and his followers have rejected the whole intellectual content of M. Monnet's Europe. Yet the start of the common market in January gave occasion for a radical change in French economic policy, while the dynamic sectors of French industry, having already shown some remarkable changes in attitude in the preceding years, have taken the common market to heart and made it the occasion for further advances in organisation and production methods. In Luxemburg and Brussels the "Europeans" are in the vale of doubt and find it difficult to move beyond the letter of their treaties. Yet the first tariff and quota changes under the treaty of Rome have initiated a far-reaching process of economic change.

Exporters from the countries outside have of course been the first to feel the effects. The incidence of tariff and quota changes has so far been small, but with an eye to the future, distributors inside the common market are dropping British agencies and turning to distribute the products of the Six. And business men within the Six are looking further ahead than immediate export opportunities. Earlier this year the European Commission drew up a list of industrial agreements within the community. It listed some fifty mergers within individual member countries as well as arrangements for new investments by outside companies, almost all American. Most interesting of all, perhaps, it listed some thirty cooperative arrangements between firms in the community, cutting across the national frontiers.

Most of the industrial agreements are combined arrangements for joint selling and production. Krupp and the French firm PIC have agreed on joint construction of complete installations for preparing coal. Renault and Alfa-Romeo have agreed to use each other's distribution networks and assemble each other's vehicles. Bayer has agreements with a number of French firms in various fields for joint technical cooperation. Firms in the community are getting a foothold next door so that they can expand sales rapidly as the barriers come down. They are beginning, by agreement, to pool production resources, specialising in different fields, as falling customs barriers make some fields of production less profitable and others more so. Inside individual member countries small firms have been getting together to face the new competition. In France there has been a far-reaching reorganisation in the textile industry. In Holland small engineering firms are setting up a consortium.

In banking it has been realised that a single European market, with capital free to move within it, will produce new needs for services covering the whole market. New joint industrial projects may have to be financed jointly. Backing will have to be found for an expanding flow of goods and capital. Groups of banks have already agreed on cooperative arrangements that could lead to international mergers later on. In distribution the big European stores are already going in for joint buying. The European commission also listed 60 new joint organisations formed by business and professional associations in the six countries. These are not price agreements. They are groups for sorting out common problems that arise from the common market, and lobbies for pressing on governments and the new institutions in Brussels a common point of view.

Is a monster cartel growing up across the Channel instead of a market? Cartels and state intervention are after all, familiar enough historically in Germany, Italy and France. Yet the removal of trade barriers within the common market, which is its essential characteristic, will in itself produce if not a new surge of competition, then at least the threat of it. It is the prospect of new competition, after all, that has initiated the latest stage of industrial change. But in the community, as elsewhere in modern industrial life, competition will no doubt be less than perfect; and the new industrial agreements tend to combine a productive response to competition with resistance to it. The question is which ingredient will be strongest in the new common market cocktail.

ONE judgment can probably be made. It seems safe to say that the agreements, mergers and other arrangements that are taking place within the common market will not wholly arrest the shifts in production that should result as industrial tariffs fall. There are enough dynamic forces to ensure that the *status quo* will not be frozen. The common market has rules of competition, which prohibit certain restrictive practices; much depends on how they are interpreted and enforced. All that can be said at present is that the commission of the community is taking a courage-

ous line. But for the moment enforcement depends in part on national laws. Here only west Germany, with its new liberal economic climate, has an anti-cartel law with real teeth.

What is the implication for firms outside the new industrial relationships within the community ? In one sense the prospect is not yet bleak. It will be some years before major shifts in investment take place, based on the assumption that the division within western Europe will be permanent. German firms, for example, are not yet working on the premise that they will be the only major industrial power to get a new footing in the French market. They still assume, and even hope for, some sort of wider agreement. Once that hope dies, or becomes dim, then industries in Germany may start adjusting themselves to a more permanent hold on a larger share of the markets of the Six, and a more disquieting situation will arise.

One important bridge still exists in the great international companies that operate on both sides of the line: Unilever, Siemens, General Electric, Ford, General Motors, and the others. British firms that have subsidiaries inside the Six, or agreements with firms there for the distribution or assembly of their products, are also playing a part in the holding operation. The British Motor Corporation's negotiation with Innocenti for the assembly of the Austin A40 in Italy is a good example.

The deepening of the industrial division within Europe is thus a gradual process. The rift is by no means irrevocable; but new interests are steadily being established. Habits of cooperation and the technical arrangements made today set the pattern for mergers, common production arrangements, and joint efforts in third markets later on. Indeed, the specific arrangements that are now seeing the light are often the sequel to friendly contacts that have been evolving ever since the common market treaty was signed. There are still some similar contacts between insiders and outsiders. Associations of business organisations still include countries like Switzerland, Sweden and Britain as well as the Six; but inevitably the new common market groupings are tending to displace them.

In new investment, it is true, uncertainty about the future is unfortunately holding all west Europe back, including the common market countries. Both Europe and the American investors are tending to adopt a policy of wait and see. Yet already the tide is beginning to flow. In the first quarter of this year $240 million of American capital came to Europe, compared to $150 million in the same period last year. Inside the Six, Holland and Germany, where the climate is more favourable than elsewhere, are getting the lion's share. Once it becomes apparent that the present division is to last, American firms will tend to push on with investment in the area of the Six, thus identifying their own interests with this new reality.

NOTES OF THE WEEK

RUSSIA AND AMERICA

How Small a Summit ?

WHILE Mr Nixon was on tour in the Urals, word began to go round that the idea of Mr Khrushchev visiting Washington, until lately so fanciful, had to be taken seriously. On Monday the rumours were confirmed by announcements from Washington and Moscow. Evidently Mr Nixon had combined with the other duties of his Russian tour — opening the American exhibition, matching Mr Khrushchev in cross-talk, inspecting power plants and nuclear ships, answering well briefed official hecklers dressed as workers and peasants — the really important task of preparing the way for the heads of the American and Soviet governments to meet, first in the United States next month, and not long after again in Russia.

For President Eisenhower the decision not only to receive Mr Khrushchev in Washington, but also to go to Moscow himself, is the gesture for peace which he has always been thought to intend before his presidency was over. For Mr Khrushchev it is a personal triumph; this is what he has long campaigned for. Elsewhere in the western world reactions were mixed, as had to be expected, and on various levels of sincerity. The governments of America's European allies were not cold to the idea, no, not they; they welcomed it warmly. Or if they had doubts, these were at that moment being allayed by offers of a western summit conference to go over the ground first in Paris, and by assurances that nothing would be settled behind anybody's back, or indeed at all. Meetings between Mr Eisenhower and Mr Khrushchev were even spoken of as the best possible preparation for a *summit* conference: that is, a summit at which the lesser heads of government would join the greater.

It would be a pity if the effectiveness of these vital meetings should be too much circumscribed by too much consideration for the lesser great powers. It is true enough that east-west relations are so intractably deadlocked at so many points that any set of east-west talks has to be seen as one of a long series; and in that

series, not only foreign ministers' conferences but also meetings of two, four and more heads of government, as well as United Nations committees, disarmament bodies, and many more besides, will play their part. But it remains overwhelmingly probable that of all these the indispensable meeting will be the summit for two; and the less that is said and done to limit its effectiveness, the better.

Dust in Whose Eyes ?

MR NIXON's decision to visit Poland on his way home from Russia provoked some dubious reactions. Mr Walter Lippmann, for one, predicted that the Vice-President would be accused of fishing for the Polish-American vote at the expense of Poland's own interests. But Mr Nixon's performance during his Russian tour had scarcely suggested that he was likely to make any false moves in Poland. His responses to the sometimes crass heckling of Mr Khrushchev and the more humble Soviet faithful were marked by the cordial vigour of a seasoned American politician who, in his own good humoured phrase, has been "insulted by experts".

Each day of his visit evidently presented new puzzles to the Soviet press monopoly, which sometimes gave substantial reports of his friendly but frank remarks, but sometimes suppressed key passages; and it played up some fanciful accusations, for example about his having allegedly offered money to a Moscow market employee. It was silent about the long tussle before Admiral Rickover was permitted to get as good a look at the nuclear icebreaker in Leningrad as Soviet visitors had taken at American nuclear achievements. But it published Mr Nixon's plea for the opening to foreigners of cities such as Novosibirsk, that strange Siberian boom town of 900,000 people which turned out, during this unusual visitation, to have no hotel. Back in Moscow, while an inexplicable and dismaying amount of dust swirled up from the cement floor which the Russians had laid for the American exhibition, the Soviet press, not to be outdone, huffed and puffed its best in a too obvious endeavour to becloud this vision of a brighter way of life.

But the forceful plea for the removal of Soviet barriers to understanding between peoples which Mr Nixon, on his return to Moscow, broadcast over the Russian radio and television, was also faithfully reproduced by *Izvestia*, though less handsomely treated by *Pravda* which he had accused of misreporting his tour. And while the press of other east European countries was tongue-tied with embarassment, the Polish papers gave much space to the tumultuous welcome that the people of Warsaw gave him — a far warmer one than they had already given Mr Khrushchev.

PRINTING SETTLEMENT

Counting the Cost

AFTER well over 100 hours of intensive discussions, and after the now too familiar "complete deadlock" at the eleventh hour, a formula for ending the general printing dispute was finally hammered out between the unions' and employers' leaders on Friday last week. Its terms are not simple. The employers for their part have conceded an increase in wages of 4½ per cent and a 1½-hour reduction in the working week (with some extras for provincial press workers who already have a shorter working week). This is reckoned to be an effective rise in pay of at least 8 per cent, against the employers' original overall offer of 5½ per cent; it is a big jump. Although it is supposed to run for three years, the agreement is subject to review after two if the unions feel, as they will no doubt say, that a further increase is then justified. On paper, the unions have also made what could be in practice some important and productive concessions. They have agreed that in future better use will be made of the industry's various skills, that shift-working and work study will be encouraged where necessary, and that new processes will be cooperatively developed. They have also agreed at last that a boy who stays at school for a year after he is 15 should be allowed to deduct this time from his six-year apprenticeship course.

In the end, outside pressure and the patient and persuasive services of Lord Birkett made it possible for the agreement to be reached, and work to be restarted, without waiting for the separate unions to ballot on the terms first. All 100,000 men returned to work on Thursday (an earlier resumption might have involved the employers in unwelcome payments for the August Bank holiday) and now the unions will each ballot their members with a recommendation to accept the terms. It is not likely, though it is still possible, that, once the strike has been called off, any of them will refuse to do so. (And quietly on Saturday, to the pleasure of the national press, the ridiculous dispute in the printing ink industry was settled.)

At this stage one can give only a first and cursory judgment on the dispute as a whole. The 4000 printing firms involved are estimated to have lost £13 million, the 1000 provincial newspapers £3 million, the unions another £3 million and the men themselves perhaps £8 million or about £75 apiece. The employers who, apart from their direct losses, have also to face the long term effects of lost readers and clients, will almost certainly never get their money back; while the men, having gained 2½ per cent, or 6s 6d a week, in earnings by the strike, will take up to four years to recoup themselves. Whether it was a famous victory, and for what and for whom, will now depend upon what happens to prices — and to productivity.

THE ROYAL TOUR

Candour Among Friends

THE Queen's return from Canada ends a six-week visit that has not had the best of press notices. This candour does not mean that the tour has done other than fulfil its purpose. The Queen herself undoubtedly did all in her power to make it a success. It should have been no surprise to the organisers, or to anyone else, that the thinnest and least vocal crowds were in French-speaking Quebec and in Ottawa, a city that has by now become accustomed to royal occasions. The tour seems to have given most pleasure to the smaller communities of the northern and western territories.

Through shock, personal discomfort or the daily search for originality, a number of British correspondents chose to misinterpret the facts of Canadian life into suggestions that the Queen had been by turns insulted by popular indifference and overworked by offical eagerness to overdo the local formalities and pomposities. The Canadian press, particularly in Toronto, promptly replied by declaring all was well and showing up most of Fleet Street's wilder inanities. The outcome of this unnecessary squabbling was that when the Queen did succumb to travel tiredness and a minor illness in Alaska, the affair was bungled into being presented as a major, and almost political, crisis.

The Queen may well echo Mr Diefenbaker's conclusion that future tours might be less formal and less strenuous. The Canadians, like all Commonwealth countries, have to decide exactly what active part the monarchy is to play in their public life. The question arises over the duties of the Queen and the Governor-General, a post which is now to be filled in Ottawa by its first French-speaking occupant, Major-General Vanier. Experience should bring a compromise in which a royal opening of parliament has its own ceremonial style, and a visit to a prairie township another; and neither need be on the British pattern. Not the least valuable part of a royal visit is what Britain learns about the rest of the Commonwealth.

INDIA

In the Deep South

THE reluctance with which Mr Nehrù eventually decided to ask President Prasad to oust Kerala's communist ministry was wholly understandable. India is engaged in the world's largest experiment in democracy, and it is an unwelcome admission of the limitations of democracy when a state government duly constituted after free elections has to be dismissed and direct administration from Delhi imposed. Moreover, the communists themselves have several reasons to welcome the introduction of president's rule in Kerala: it may enable them to appear as martyrs instead of as tyrants. Since they won power in India's southernmost state in the 1957 elections, their reputation has sharply declined. Mr Namboodiripad and his colleagues have visibly failed to provide a marxist panacea for Kerala's poverty, and they have increasingly turned to beatings-up and volleys of rifle fire as a substitute for popular support. Next week, they would have faced a mass march on Trivandrum, the state capital, and a Hobson's choice between yielding to their angry opponents and mowing them down.

Now, while protesting their own innocence, they have been enabled to complain that their dismissal from office is discriminatory and unconstitutional. Communist leaders have also dropped heavy hints that the game of making life impossible for a state government can also be played where the Congress party is in power, specifically in West Bengal. The weak link in their argument is their rejection of the idea of going to the polls again at any early date. (Many observers, eyeing the divided and ill-led Kerala opposition, have judged that the communists stood a good chance of winning another election if it was held now; but the party leaders presumably think that their chances would be better after a short sojourn in the wilderness.) Mr Nehru's unwillingness to award them a cheap martyr's crown was evidently overcome by the prospect of a complete breakdown in the deep south.

LOCAL GOVERNMENT

The Copper and the Council

THE Nottingham Watch Committee suspended their Chief Constable, Captain Popkess, for refusing to divulge to them the contents of a report which he made to Scotland Yard on the behaviour of certain Nottingham councillors on a visit to East Germany, including two members of the Watch Committee. The Home Secretary told them bluntly and rightly that they had no power to do any such thing. They have therefore perforce reinstated him. Inevitably their feathers were ruffled and they went back on their decision reluctantly; but they are unwise to show this in their public statement, which also contains a lengthy, but irrelevant, exposition of the relations between the watch committee, the chief constable and the Home Office. Their plan was, no doubt, to throw dust in the eyes of the Nottingham electors, by vaguely suggesting that Mr Butler, in some mysterious and tyrannical but certainly Tory way, had been twisting the arms of a decent bunch of Labour councillors who had been persecuted by a high-handed, nosey (and ungrateful) copper. It is rather a lame piece of electioneering, but it may go down better than it deserves to do if the tension between the public and the police has grown to the extent that the recent report of the Commissioner of the Metropolitan Police, and the Report on Criminal Statistics for England and Wales, published last week (Cmnd 803) suggest.

It has been an unhappy month for the public relations of city councillors. The public is clearly not siding with the Labour councils that have excluded the reporters of emergency local newspapers on the ground that Labour principles must be put before the right of the public to have the news of what their elected Bumbles are up to — so far as this is ever possible, which is often not far enough. But in other matters councillors in several cities have lately given the impression that they are a great deal more authoritarian and a great deal more obsessed with party political dogmas than are the politicians at Westminster. This is a very bad impression to give. It is hard enough to make the public realise that the town hall and county hall are important; the worst way to go about it is to show that they are self-important.

LAOS

The Uncivil War

EVER since May, the communist governments of China and north Vietnam have been claiming that there is a civil war on the territory of their small Buddhist neighbour, Laos. Since, at the time the claim was first made, casualties scarcely exceeded half a dozen, it was hard to take it seriously. A dissident battalion of the communist-led Pathet Lao forces had broken away from encirclement by the government's army and was heading for the north Vietnamese border. Now it has come back in greater strength, inflated with Thai troops from north Vietnam, who look conveniently like the Laotians of the border region, and officered by cadres trained in north Vietnam. Until torrential rain began a few days ago, fighting of some violence was taking place in Sam Neua, one of the two provinces overrun by the north Vietnamese communists in their invasion of Laos in 1953.

By these methods, a merely tense situation has been turned into a dangerous one, and a local skirmish into a fair imitation of a civil war, calculated to deceive the eye at a distance of a few thousand miles. The Laotian government has reacted by despatching reinforcements to the threatened area and by arresting various leaders of the communist-line Neo Lao Haksat party, including the royal prince Souphanna Vong. Further confusion has been caused by reports of incursions across the Laotian border: from Burma, by remnants of the Chinese Nationalist forces; and from Siam, by Vietnamese communist refugees, evidently provided with arms.

The new threat to Laos arises from communist schemes hatched in Peking and Hanoi. The Chinese are determined to weaken and, if possible, eradicate American influence over Laos. The north Vietnamese are trying to provoke a return of the three-nation supervisory commission for Laos, set up under the Geneva agreements of 1954 but disbanded last year at the request of the Laotian government. Mr Gromyko advocated the return of the commission when Mr Selwyn Lloyd called on him at the weekend to complain of interference in Laotian affairs by the North Vietnamese. The British and Soviet foreign ministers, as co-chairmen of the Geneva conference of 1954, which ended the Indo-China war, share responsibility for seeing that the truce is observed. Laos, as a member of the United Nations, will doubtless prefer recourse to that body to the reconvening of the three-nation commission, in which it sees an instrument for the protection of local communists.

SICILY

Signor Milazzo's Second Victory

THE latest twist in Sicilian politics has put the Roman political dovecotes into a fine flutter. Signor Milazzo, who broke away from the Christian Democrats last November and for eight months ruled Sicily at the head of a bizarre coalition ranging from the extreme Left to the extreme Right, was again elected regional president on July 28th. It was a hard-won victory. At the regional elections on June 7th, Signor Milazzo was unexpectedly successful; although all the biggest guns of the Church and of the Christian Democrat party were mounted against him, he and his Christian Social Union won nine seats.

The Christian Democrats, with 34 out of the 90 seats, embarked on a frenzied and protracted search for a formula that would either allow them to reabsorb Signor Milazzo into their own ranks, or at any rate exclude him from power. They did not succeed, in spite of manoeuvres which included a boycott of one session of the regional assembly. After two indecisive ballots last week, Signor Milazzo finally defeated his Christian Democrat opponent, by 45 votes to 43; this time his party is supported by the Communists and Socialists, who between them have 32 votes, and four unknown defectors from the Christian Democrat or extreme right-wing ranks.

In Sicily, Signor Milazzo's victory is hailed as a triumph for Sicilian autonomy. In Rome it is deplored as a success for the Communists. It is bound to have considerable influence on the heartsearchings and manoeuvrings in which the Christian Democrats are already indulging in preparation for their party congress in October. The party's severe setback in Sicily may cause it to swing away from the Right, on which it is now dependent for its parliamentary majority, and may considerably assist Signor Fanfani's efforts to stage a comeback.

GERMANY'S EASTERN NEIGHBOURS

Stillborn Pacts

WHEN the Geneva conference was approaching, the west German foreign office brewed up a plan for getting on friendlier terms with the Poles and

Czechs. For some time a school of thought in Bonn has held that diplomatic relations with the two countries could help to tone down their persistent ill feeling towards Germany, and could even contribute to the eventual settlement of the German question. Hitherto, however, any such move has been held up by the doctrine that Bonn could not recognise governments that recognised the German Democratic Republic. Now, with the east Germans at the side table in Geneva, that doctrine is becoming more and more anomalous, as well as more obviously an obstacle to progress on the German question.

If the talks on Germany went well, the west German foreign office proposed to offer non-aggression pacts to the two countries, and a mutual pledge not to use force against each other, as a prelude to the resumption of normal relations. The west Germans were not prepared formally to accept the Oder-Neisse frontier line; they would have stuck to the formula that a settlement of the frontiers must be left to the peace treaty. But even on this matter, more normal relations might have helped to move things in the right direction.

The first phase of the Geneva conference hardly seemed propitious for the plan, and Herr von Brentano held his hand. When round two, in turn, went badly he asked the federal cabinet whether he could put forward the proposal anyway, however the Geneva talks went. But the Bonn cabinet has turned the idea down. The Geneva conference, Dr Adenauer explained, was not going to be saved by such a device. Above all, the German refugee leaders from what is now Polish or Czech territory were raising vehement objections to a move that would, they thought, prejudice Germany's territorial claims.

It seems unfortunate that this pressure group has been allowed to tip the scale. Support for the more extreme refugee leaders is steadily dwindling as the refugees are absorbed into west German life. Yet their organisations still get financial support, and a ready ear, from the federal government. It is held in Bonn that German public opinion is not ready for a new approach to the frontier question. But by falling over backwards to avoid offence to its diehards, the federal government inhibits any turn for the better.

WORLD YOUTH FESTIVAL

Operation Youth

THE seventh world youth festival, generously endowed by Moscow, which officially ended in Vienna on August 4th, represented an experiment. For the first time since the inception of these festivals in 1947, the meeting was held in a non-communist country. This put the organizers' nerves to a test. For once there was no benign, absolutist state in the background to bulldoze any difficulties away. The Communist party of Austria was in no position to supply the customary applauding masses to form a backcloth to the festivities. Delegates could not be protected from encountering a hostile, or indifferent, or highly argumentative public. The professional shepherds of youth knew what to expect and did what they could to provide against it. All the Soviet block delegations had been carefully selected and primed before their departure; in Vienna, fleets of coaches conveyed them swiftly from one event to another; most of them lived on Danube barges, at a safe distance from the corrupting influences of the capital.

After the first meeting in 1947, it has been customary to provide the festivals, which occur every other year, with brief, easily intelligible and translatable slogans: the banners through the years would provide a useful guide to the development and changes in Moscow's propaganda line. Whereas the early rallies were designed to inspire young men with a hatred of the capitalist system and a desire to fight it (the Bucharest festival in 1953 was the last to pursue that purpose directly) a shift of emphasis occurred two years later in Warsaw, where Picasso's dove of peace brooded over the proceedings. In Moscow in 1957 the "peace offensive" was launched in full force; in Vienna, peaceful coexistence and the "non-political" character of the festival were stressed, but the African and Asian nations, the "fighters against colonialism and imperialism" were singled out for special attention.

By now the serious young men in Budapest, Prague and Moscow, who tried hard to organize pleasure and edification for the not-so-serious young from all over the world, will be holding the inevitable *post mortem* on their efforts. It is likely that the unrest among students in Warsaw and Moscow that followed the last two rallies there was one of the reasons that made them to look to Austria for hospitality. But their experience in Vienna has probably taught them that on neutral or hostile ground, the effort and money involved in this propaganda exercise are liable to go unrewarded. Peking ought to be safer.

THE ARABS

Mending Arab Fences

IN 1948, as the Arab world began its descent into the morass of discord from which it has yet to rise, the then secretary general of the Arab League went from country to country selling war. He was a better salesman than statesman and the Arabs bought a war they were not militarily or psychologically prepared to win. Seven Arab armies failed to save Palestine from the Israelis. The leaders who so rashly promised arms and soldiers they could not furnish spent the following years blaming their defeat on each other until, one by one, they were replaced by *coup d'état*, revolution and assassination. The secretary general eventually became a political adviser to King Saud and, presumably, studies war no more.

The new generation of Arab leaders has been as

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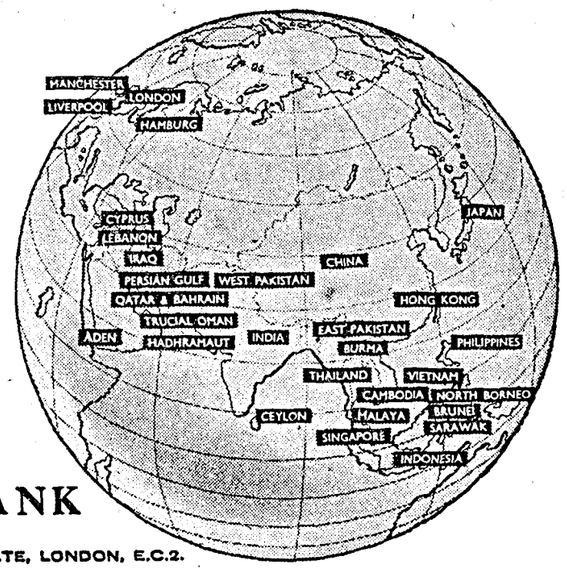

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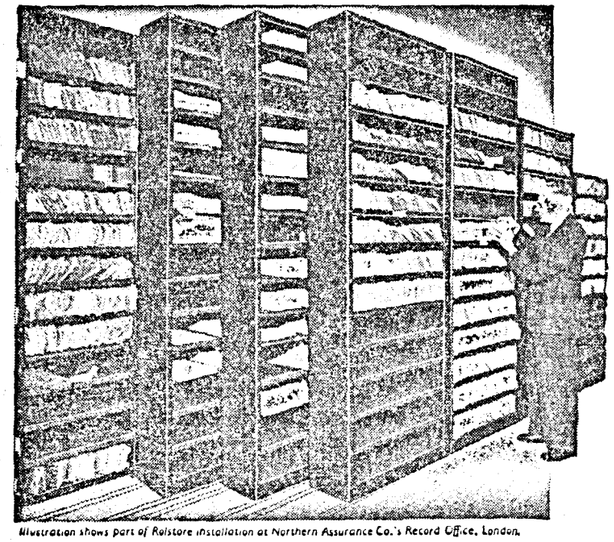

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unsuccessful as the old in creating an atmosphere of peace and good will among all Arabs. The recent reconciliation between the United Arab Republic and Jordan is the first concrete sign of a change in Arab attitudes since last summer's brief period of amity between Cairo and Baghdad; but this time there is reason to believe that it will be of a more enduring nature. King Hussein broke off relations with the UAR because he held President Nasser responsible for the fall of the Hashemites in Baghdad. But he soon found that trouble with Nasser also meant increasing difficulties with the Syrians on his northern border. After an appropriate number of olive branches had been sent to Cairo by King Hussein, President Nasser despatched Mr Abdul Khaliq Hassouna, the present secretary general of the Arab League, to Amman to talk peace. Mr Hassouna said all the right things, and the border between Jordan and Syria, closed for nearly two months, was reopened on July 30th. The way was paved for the restoration of full diplomatic relations.

In Cairo, President Nasser spoke for three hours on the occasion of the seventh anniversary of his 1952 revolution without attacking any of his favourite Arab enemies — the prime minister of Iraq, the king of Jordan or the president of Tunisia. Turning aside from the talk of political glory that has kept Egyptians excited, if not particularly well fed, for the past seven years, he promised to double the income of Egypt in ten years and that of the UAR in fifteen. It is too soon, perhaps, to say that he now believes that if he can improve the lot of the Egyptians and Syrians, he will be in a better position to do something for other Arabs as well. If he can bear to devote his energies to his own economic problems and leave inter-Arab politicking to the able secretary general of the Arab League he will discover that much of the first seven years of his rule was wasted in needless quarrelling.

Summit at Casablanca

As many Arab states as are then on speaking terms will meet at Casablanca on September 1st to talk about the Palestinian refugees. The meeting is being described as a summit conference, but whether or not all the heads of state will turn up depends on the rise and fall of diatribe in the intervening weeks. Meanwhile there is talk of a preparatory conference to thresh out an agenda or at least, on the Geneva model, to define the lowest common factor for getting talks going.

The genesis of this conference is Mr Hammarskjöld's report in June in which he recommended to the General Assembly a way of tackling the refugee problem within the framework of the economic development of the countries in which the refugees now find themselves. While acknowledging the UN resolution that the refugees should be free to choose between repatriation in Israel and integration in their places of exile, he faced up to the impossibility of putting this into practice; he suggested integration *in situ* as a sensible alternative. Mr Hammarskjöld recognised that a plan to help the refugees needs to be part of a wider economic programme for the benefit of the whole area. He sugested one that would involve outside investment of $3,400 million by 1970 to provide stable employment at a slightly higher standard of living for the indigenous population, and a further $1,700 million to provide jobs for the refugees. But so far the Arabs have ignored the economic attractions of this scheme because, publicly at least, it has been impossible for them to focus on anything except the tacit departure from the principle that the exiles should be free to go back to their old homes.

Casablanca, which is about as far from the Palestinian refugee centres as anyone can get in the Arab world, was chosen as the meeting-place in preference to Jerusalem, Baghdad or Beirut because it seemed one of the few places where all the heads of state might be able to gather at the same time. There may even be advantages in Casablanca's remoteness. Should the conference decide to tackle the refugee problem as an economic and social exercise instead of dwelling on its politics, the Arabs will have addressed themselves to the human substance of the question for the first time.

KENYA AND TANGANYIKA

Mr Nyerere's Reconnaissance

Mr Julius Nyerere, the president of the Tanganyika African National Union, has been making a reconnaisance, and very wisely, in London before the report of the Tanganyika constitutional investigation which will appear in August. So far Mr Nyerere, the victor of the Tanganyika elections, has kept his party admirably in check. But he will clearly find it difficult to maintain a situation in which, having won an overwhelming electoral and moral victory, his party sits in opposition in the Legislative Council but contributes five ministers to the Executive Council. In order to indicate that this can be regarded only as a transitional arrangement Mr Nyerere has not himself taken office. He is asking that within a reasonable period, but certainly some time next year, Tanganyika should have new elections under a constitution that would provide a majority of common roll (and therefore African) seats in the Legislative Council and African control of the executive council. Broadly, he is asking for the Gold Coast constitution of 1951, though he agrees to reserved seats for Europeans and Asians, and would undertake not to abolish them when he gets — as he would get — power.

It seems almost inevitable that this demand will be conceded in principle; the difficulty is more likely to be outside than inside Tanganyika. The Colonial Office is probably worried about repercussions in Nyasaland and Kenya. But in Kenya a new and more hopeful avenue has been opened up by the government's

decision to permit non-racial political parties to organise. This has apparently broken up Mr Mboya's uncompromising Constituency Elected Members' Organisation and has caused its African, Asian and European elected members to get together as a genuinely multi-racial party, not unlike Mr Blundell's New Kenya Group, if far more radical and pro-African. Mr Nyerere has already sought to act as a mediator in Kenya, and he may be useful in that role again. He is well aware of deficiencies in Tanganyika, where Africanisation has barely begun. But nationalism, it is clearer than ever since the Devlin report, cannot be thwarted, only guided; and there seems sense in giving a chance to Mr Nyerere who is nationalist but commonsensical, and who is happily free of the chip on the shoulder that warps the outlook of so many African leaders. With his help, East Africa might be brought forward on a practical timetable to self-government.

EDUCATION

Commonwealth Teaching

THE Commonwealth Educational Conference, which has just completed its labours at Oxford, has done extremely well; if its proposals can be filled out more vigorously by the constituent governments, it may prove to be the most substantial result of the Montreal conference, which launched it last September. The £5 million scheme to provide a thousand scholarships for able young academics to study at Commonwealth universities is a natural and useful attempt to maintain intra-Commonwealth cultural links; as a greater Rhodes scholar scheme it could do a lot of good, provided that it is not confined to the narrower type of scholarship-subsisting academic who is now becoming so prominent and so peripatetic a feature of the modern scene. The core of the conference's achievement is the agreement to help the educationally-backward members to obtain more expatriate teachers and to train more indigenous ones. It was wisely recognised that there is a shortage of teachers in all countries, no matter how advanced; for the demand for education is almost insatiable, whether it be a question of ever higher educational standards (and ever more well-found teachers) in countries like Britain, or a question of raising literacy from the level of 5 per cent that is common in parts of Africa.

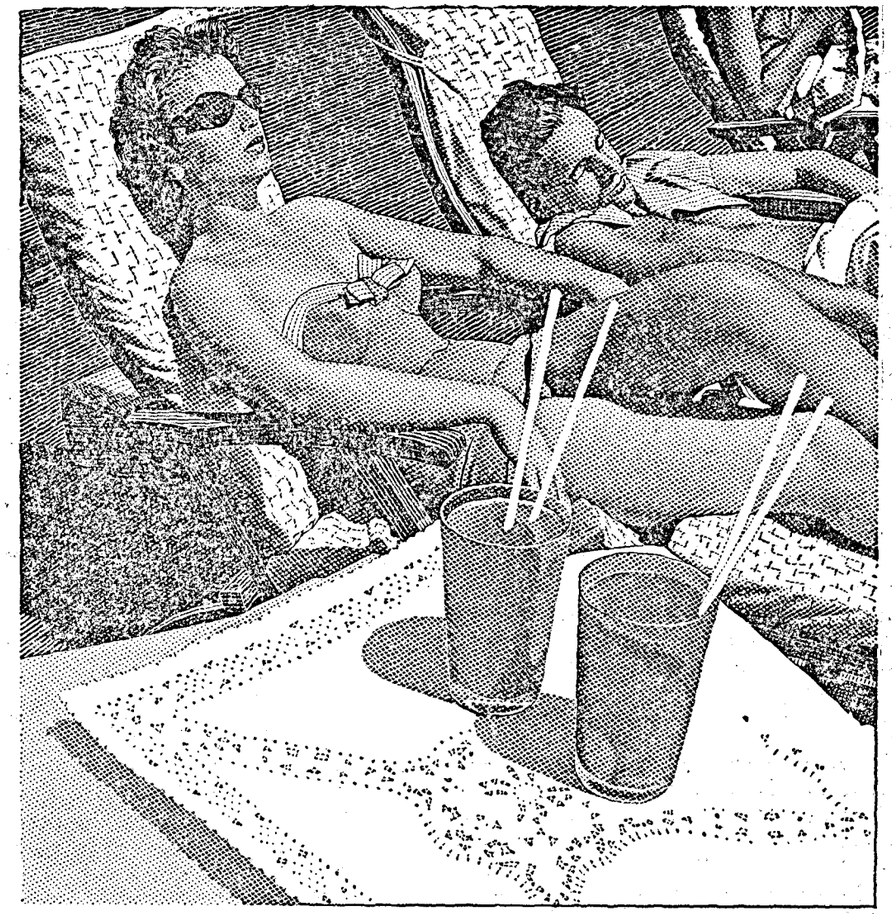
But in countries like Britain and Canada it is relatively easy to train more teachers, while in countries like Nigeria, Nyasaland or India, the shortage of teachers in secondary schools — the crucial growing-point in the provision of technical, professional and administrative cadres — is critical. In Africa, the success of self-government, and certainly the survival of British institutions, is likely to depend on a rapid expansion of the secondary schools, and on improving the higher classes in those schools. The conference's estimate of 1200 technical and secondary schools teachers a year as the requirement in the needy Commonwealth countries is certainly not an overestimate. It is not, however, entirely clear from the conference's report how help is to be given. In the interests of reducing the size of classes and giving teachers a better training, the British teacher-training programme has been twice expanded. This fresh challenge means more places in colleges (and university education departments) to enable both British teachers to take service abroad and African teachers to train alongside British (which is particularly important in science subjects and for the better teaching of English as a second language). The £5 million to be spent by all Commonwealth countries on this programme will not go far. There is to be a further review in 1961 — and it may be predicted that by then the sum will have been found quite inadequate.

The Economist

AUGUST 6, 1859

THE BUILDING STRIKE

THE hours of work are a simple matter of agreement between masters and men, and on neither side, independent of positive contract, can they be fairly or legally made matter of compulsion. Nay, the men have a perfect right, an indefeasible claim, to demand ten hours' wages for nine hours' work, or eleven hours' wages for their present ten hours' work — if they can get it... If the men see, or believe, that the building trade is so brisk that their employers can well afford to give higher wages, and will probably do so rather than encounter the inconveniences of a turn-out, they have a right to ask for an advance, and even to strike work if it be refused. If they know that the demand for their special class of skilled labour... is greater than the supply, if contracts are many and labourers are few, then they are fully entitled to ask and to expect an advance of wages; or, if they prefer to take their benefit in that form, a reduction of the hours of work. In that case they would simply be requiring the increased market price of their peculiar commodity — a requirement which it is mere folly and injustice to expect them to forgo. We may even go further, and admit that they are entitled to agree among themselves, and to combine with one another not to work — i.e., not to sell their article — except on their own terms. To this extent, therefore, we concede and endorse their claims; and we hold that the blame which has been cast upon them has been unreasonable and undeserved. But — and here we take issue with them — when they ask for an advance of wages or a reduction of hours in the face of the fact, notorious to all and blazoned by themselves, that numbers of men are unemployed and that the trade is overstocked, they are guilty of unpardonable unfairness, ignorance, and folly, because they are asking an increased price for an article of which, by their own admission, the supply exceeds the demand; they are asking what is impossible, and are flying in the face of the clearest and best established economic laws. And when, in order to enforce this unnatural claim, they compel fellow-workmen, who would fain continue at work, to join their union and partake their strike, they are guilty of a tyranny which is no whit less wicked than the oppression of King Ferdinand.



Her boss was unlucky . . .

. . . he had to race back!

Miss Holt is a much-travelling secretary to a much-travelling Business tycoon. She and her boss had to go to South Africa recently, and, business completed, he was again looking forward to a fortnight's well-earned relaxation, with his feet up, in Union-Castle comfort all the way home. But London called him and said 'Sorry, you've got to race back, most immediate'. He was *not* in a good temper when Miss Holt saw him off at Cape Town. She took his heavy luggage with her by sea, the restful way, the right way, the Union-Castle way Sunshine, smooth seas, wonderful food, first-class service, swimming, dancing, cinema shows and good companionship. That young man in the next chair is extremely glad Miss Holt didn't have to race back. So is Miss Holt.

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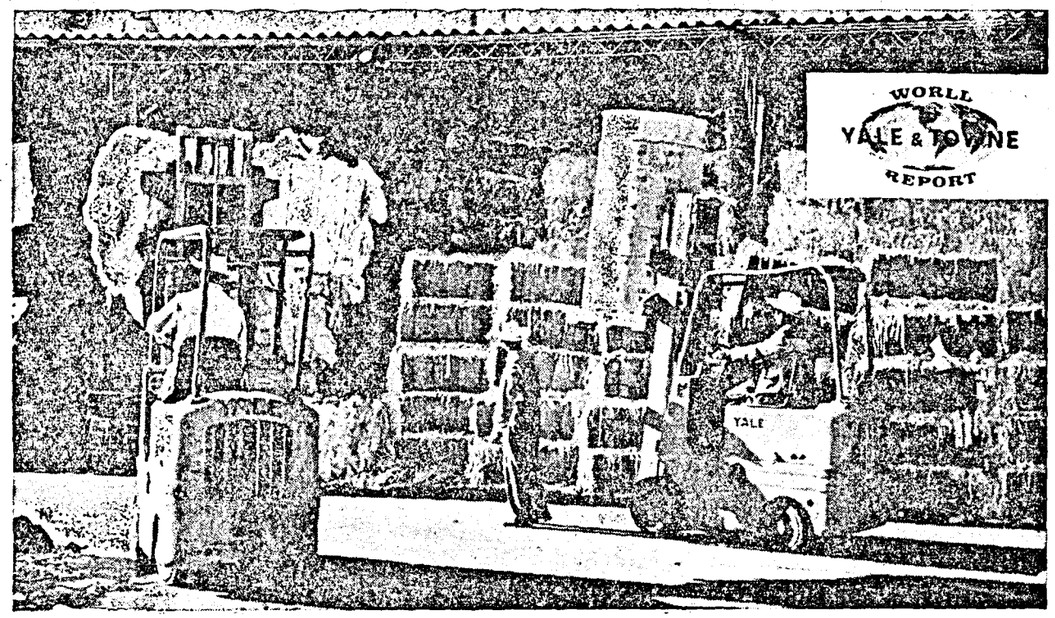
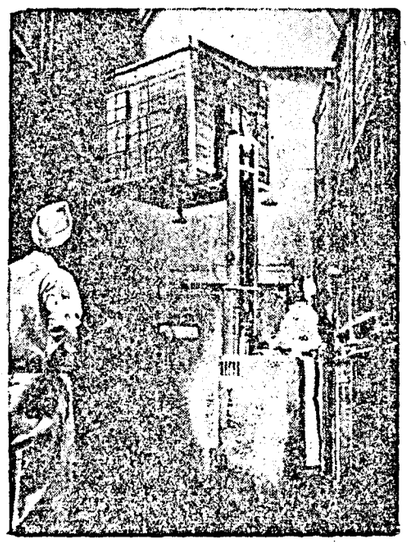


YALE TRUCKS SPEED HANDLING, CUT COSTS COMING AND GOING

SANTA CLARA, MEXICO—One Yale petrol truck speeds raw pulp into this paper plant, another speeds finished paper to market. Operations are performed at great saving in cost, time, space and labour. These lowered production costs take place in all types of industry using Yale Industrial Lift Trucks. Capacities of Yale petrol trucks range from 2,000 to 20,000 lbs.



NARROW AISLE TRUCK SHOWS AGILITY IN HANDLING STORAGE CONTAINERS

ENGLAND – Special containers of chocolates are stacked in rows 3 high by this straddle type Yale Warehouser. These Yale narrow aisle trucks manœuvre with ease in areas only 6′ wide. They permit the greatest possible use of floor and air space. They handle loads of 2,000, 3,000 and 4,000 lbs. with unusual speed and the economy of electric truck operation. Complete Yale Warehouser line includes fork, platform, pallet and tractor models.

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BOOKS

Being Groomed for the Top

William Lyon Mackenzie King: *A Political Biography. Vol. I, 1874-1923.*
By R. MacGregor Dawson.
Methuen. 526 pages. £4. 4s.

THE biography of Mr W.L.M. King, long delayed as it has been, has acquired a curious topical interest this year since it has become known how great an influence he continues to have on the present Canadian prime minister, Mr John Diefenbaker. Although in the spirit of proper political piety Mr Diefenbaker has collected a number of relics of Sir John A. Macdonald, the first and greatest of Canada's Conservative prime ministers, the place of honour in his house and his mind is reserved for the Liberal Mackenzie King. Above his bed hangs a framed letter from Mr King, congratulating him on his contribution to some long forgotten debate. The first volume of the projected biography covers only the first few years of Mr King's premiership, which was eventually extended to become the longest tenure of office ever held by a Commonwealth prime minister. In one way this gives it a special fascination, for it covers the first forty-eight years when he was largely unknown; and in those years must lie the key to understanding the later years, when his characteristic private quirks became so very odd and his characteristic public postures so extraordinarily successful. The temptation to seek for clues to the current actions of Mr Diefenbaker will, however, be greater in the succeeding volumes.

The biography has been dogged with misfortune. Professor Dawson, of the University of Toronto, was originally to do the whole work with a grant from the Rockefeller Foundation, which had for so long given financial support to Mackenzie King. But the unfortunate death of Mr Dawson last summer has led to other arrangements for the remaining two volumes. The second is in the hands of Professor Blair Neatby, of the University of British Columbia, who has been collaborating with Professor Dawson. The third, covering the final years, has a unique interest since it was undertaken by Mr J.W. Pickersgill, Mr King's closest political collaborator from 1937 until the end. Mr Pickersgill has now become a prominent and controversial political figure in his own right, after joining Mr St. Laurent's last Cabinet as minister from Newfoundland; but in the crucial years with Mackenzie King he was officially "executive assistant", a political adjutant in the backroom, speech-writer, arranger, adviser, and regarded variously as joe-boy, or Man Friday, or Grey Eminence – according to the viewpoint.

Professor Dawson's first volume neatly leaves the story on the threshold of what in retrospect has come to be called the King era, concluding with an account of the Imperial Conference of 1923, at which Mackenzie King fought almost alone against the British Government's efforts to lay down a common imperial policy on preferences, on foreign policy and on defence. It records a remark General Smuts is supposed to have made to Mr King as the conference ended: "You ought to be satisfied. Canada has had her way in everything". L.S. Amery, who was leading the drive for common defence, commented in his memoirs thirty years later: "Mackenzie King was chiefly concerned to avoid committing himself to anything". Lord Curzon, foiled in his attempt to get the draft declaration he wanted on foreign policy, wrote to his wife at the time: "Mackenzie King, the Canadian, is both obstinate, tiresome and stupid, and is nervously afraid of being turned out of his parliament when he gets back". Mr King was always nervous about the reactions of the Canadian Parliament and people; but that is only another way of saying that he was extremely sensitive to public opinion and more concerned not to lose touch with it than to press any particular policies of his own. His own diary, summing up the Imperial Conference, records: "It was very outspoken, perhaps too much so; but I know I have saved a very serious situation developing so far as Canada is concerned".

BUT the main theme of the first volume is how Mackenzie King ever came to be the spokesman for Canada, for he would never have seemed an obvious or even a probable choice. Mr Dawson describes rather than explains. He is the first writer to have access to an unimaginably voluminous collection of personal files. The diaries, made available by the trustees through a generous interpretation of Mr King's will, would have been almost enough by themselves. In addition there are copious letters, memoranda, university papers and state papers and a complete collection of all the invitations ever sent to the Prime Minister, whether he accepted them or not, together with his personal notes prescribing the vegetables to be served at an official dinner. Nothing was too trivial for Mr King to keep, and he seems never to have doubted the abiding interest of everything relating to himself.

This persistent conviction of his own importance becomes somewhat more intelligible through Mr Dawson's description of his "peculiar family". His mother was a daughter of William Lyon Mackenzie, leader of the farcical revolt of 1837; his father, John King, was a lawyer who somehow never managed to become entangled with an adequate income. No one in the family seems ever to have doubted that the mother should have the best of whatever was available; and even when Willie's sisters were of marriageable age the new dresses went to Mrs King, gladly sacrificed by the daughters. Equally unquestioned, even by Willie himself, was the assumption that nothing must be allowed to curtail his preparation for a brilliant career. Constantly encouraged by his father to seek ties that would be "helpful" and of a "solid, substantial character", King's ability to know the right people would have earned a more robust character the reputation of a pusher. But his approach was ordinarily too meek, too subtle, to provoke jealousy. It is no surprise that his first success in Canadian public life should have been as a conciliator in labour disputes. Nor is it at all out of key that, after losing his seat in Parliament in the 1911 election, he found wartime employment in the United States as a labour consultant to the Rockefeller Foundation. Having avoided the conscription crisis of 1917, which split the Liberal party, he seized the chance to appear as a compromise candidate when the Liberals chose a new leader in 1919. (There appears to be no substance in Mackenzie King's claim that he was Sir Wilfred Laurier's own choice).

Thus was decided the dilemma which he chronicled himself in his twenty-second year: "There are three worthy ambitions before me: a leading position in political life, a leading position in university life, and a leading position in the Church". Which of the three it should be, he piously left to God; but in any case it was to be "a leading position".

The Public School in the New Age.
By George Snow.
Bles. 142 pages. 12s. 6d.

NOW that one comes to think of it, there has been a remarkable falling off in the public school novel. In the twenties the angry young men emerged to fame (and rich pickings in journalism) from the squalid purlieus of Eton or Dotherichboys College, bursting with indelicate copy, and looked back with anger on fagging, compulsory games, and compulsory (but deviationist) sex. Alternatively, they took the loyal line and went big in the middle-class magazines (or was that before 1914?). There seems to have been a bad falling off, at any rate; and perhaps Mr Snow's loving excursus of the public school in the welfare state supplies some of the reasons. It is, apparently, dreadfully hard to be misunderstood, bullied, beaten or sacked in the public schools of today; games are not compulsory, there is woodworking and ornithology *ad lib;* it is almost as pop (is that right?) to compose the school opera as to get one's cap; people are far too busy to fall in love with each other, and if they do the masters are wonderfully understanding and modern about it; and as for the masters, that grand team of excellent men, there is not an eccentric, drunk, sadist or ex-convict among them. Experts in boy-master relations, they have boundless care for the dullest boy. They set a fine tone, but in quite the modern idiom; religion flourishes and all of it seems to be splendidly C.S. Lewis and Anglican.

Mr Snow is a respected public school headmaster with great experience; and if he portrays the public school as an institution now perfected at the very moment when the barbarian attacks on it are reaching new heights, his witness is not to be rejected out of hand. Indeed it carries much conviction for all its curiously archaic and essayish absence of references, footnotes, and quotations from psychological textbooks and government documents. There is something convincingly technical about the picture he produces. The boys are busy; the colleges hum with activity. Leadership is being produced. A sense of responsibility is being turned out. It is easy to understand why prominent business men send their boys to public schools or try to recruit their young executives from them; and why the preponderance of executives comes from public schools. The schools promote a mass of organisation of boys for boys and by boys, who really obtain wonderful experience in "running meetings, serving on committees, keeping minutes and accounts, learning points of procedure". To think that managerial experts bewail Britain's lack of graduate schools of business administration! In the public schools, cool efficient business routine is inculcated at the right, the impressionable age.

But is the public school outworn for all its educational efficiency (boys are got through GCE in goodly numbers at A and O level)? Does it promote class education for those "born to rule but not to serve"? Mr Snow's answer is to admit that only the relatively well-off can send their boys to public schools but even so the public school community is a mixed bag nowadays: the son of the take-over-bid magnate rubs shoulders with the son of the newspaper peer. Friendships are formed readily across such social gulfs. Mr Snow regrets that the old professional classes are sending fewer of their sons to the public schools and putting up with state grammar schools. But, against that, he can show that a high proportion of boys come from fathers who never went to a public school themselves, so there is much valuable mingling. In this the public school of today performs the function of its Victorian predecessor, which brought together the heirs to the old landed aristocratic culture and the newer commercial dynasties of power. Certainly, if the schools are as good as Mr Snow says, it is no wonder that, notwithstanding taxation, inflation and death duties, they are all booked up for as far ahead as can be foreseen. They cannot be starved out; if the socialists want to destroy them, they must take them by storm. And that, as is clear even from a book that lays the gilt on the gingerbread rather thickly, would be a loss to the country.

The March of Conquest: *The German Victories in Western Europe, 1940.*
By Telford Taylor.
Edward Hulton. 460 pages. 42s.

WE are now as far distant in time from VE day as the beginning of 1933 was from Armistice Day, and the intervening fourteen years have produced far more dramatic sources of concern with the present rather than with the past than even the troubled years between Versailles and the New Deal. Yet despite missile and space satellites, the second world war remains a subject of absorbing interest to the professional historian and the general reader alike, as the pages of the *Sunday Times* bear witness. In Britain there is an element of nostalgia in this, nostalgia for the days when Britain's shoulders held the sky suspended, but in the main it is legitimate interest in a series of episodes and a developing narrative that not only encompasses the most dramatic six years in human history, but which also still enfolds a host of unsolved conundrums.

Mr Telford Taylor is not a professional historian, but a New York lawyer, who saw much of the war from the inside as an intelligence officer and an official. He has already published a study of the relations between Hitler and his generals on the eve of the war, and in this long, scholarly volume he traces this relationship through the first winter of the war to the triumph of the Somme-Aisne offensive and the fall of France. Although he draws on material that has for the most part been available for some time, he has a comprehensive grasp of it, and his descriptions both of the organisation of the German war machine and of the actual course of operations is clear and most readable, even though his style sometimes lacks form and restraint.

But it is more than just a narrative, for Mr Taylor's purpose is to show the enormous gap in quality between German tactics and German strategy. "On land and sea and in the air, the tactical handling of the German Forces in Norway, the Low Countries and France was superb. On a large scale, no such level of performance had been achieved in the twentieth century... At the higher level of inter-Service plans and operations, where tactics and strategy often overlap, the Wehrmacht's achievements were often remarkable, but serious shortcomings were likewise apparent. Army-Luftwaffe co-operation is a good example... In the uppermost range of grand strategy, the Germans' record was abysmal. Vitally important problems were overlooked or nonchalantly disposed of on the basis of personal penchants... In the realm of ultimate strategy — waging total war to achieve a victor's peace — the leaders of the Third Reich were miserably incompetent."

Mr Taylor's explanation of this undoubted fact, sketchy though it is, is an important one. There was in Hitler's Germany no general concept, even in its hour of triumph, of the national interest. It was not merely inter-service rivalry but rivalry between services, industry, the SS, and the Nazi party, which made it impossible to reach clear decisions. "And by a strange but appropriate irony, it was especially in the sphere of strategic decision-making, where by common supposition dictatorships are more swift, flexible, and cold-blooded than democracies, that the Reich was found wanting."

AMERICAN SURVEY

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

Tomorrow's Strategy

WASHINGTON, DC

IT is at last possible to hope that a change in American military policy is in the making. For the last six years it has lain as slumber-bound as the sleeping princess, dreaming its dreams of massive retaliation; now a twitching eyelid, a fluttering of finger-tips, can be observed. The prince whose magic kiss has started this process is Mr Dean Acheson, the former Secretary of State. Mr Acheson is chiefly responsible for the excellent pamphlet on defence published recently by the advisory council of the Democratic party, which challenges the whole basis of the strategy adopted by Mr Eisenhower's Administration. But the new ideas are not confined to a handful of Democratic intellectuals. It appears that the council's pamphlet was prepared with the unofficial advice and consent of a good many senior officers in the Defence Department, particularly in the Army. It is widely believed that both Vice President Nixon and Mr Nelson Rockefeller are ready to make the necessary reforms (and spend the necessary extra money) if either of these Republicans becomes President in 1961. No doubt Mr Eisenhower is too deeply entrenched in his fiscal foxhole for anything to be done in the next eighteen months; but there may well be radical changes after that.

Ironically, this major assault on the President's entire defence policy is developing just when a minor attack on a single part of it is fading away. There is no longer as much alarm about the dangers of the "missile gap" as there was in the early spring. It now seems likely that the Administration was right, and the pessimists wrong, about the probable Russian lead in intercontinental missiles. Mr Khrushchev, it appears, was uncommonly modest about his production of long-range missiles — as distinct from shorter-range ones — in his recent talks with Mr Averell Harriman. On the American side, it is now known that the supply of Atlas missiles can be doubled if and when Soviet output makes this necessary. Moreover, some ingenious ideas have been put forward (for siting Atlases in mountain canyons, for instances, and putting half of the Strategic Air Command's bombers in underground hangars) which would probably require the Russians to launch about ten times as many missiles to guarantee knocking all of the American ones out. Thus the danger that the Soviet Union might soon get so far ahead that it could destroy America's entire retaliatory power in one fell swoop no longer seems as acute as it did.

But this bright coin has a reverse side: the Americans, for their part, know that soon they will be unable to knock out enough of the Russians' missile sites to save their own cities from destruction. It is impossible to get officials in the Administration to admit the chilling implications of this; but it should have been apparent long ago that a state of "nuclear parity", as the Democratic pamphlet calls it, gravely undermines the usefulness of atomic weapons as a means of deterring the Russians from a conventional attack. It does not destroy it entirely: the Russians might still fear, for instance, that a conventional assault on the whole of Europe would anger the Americans so deeply that they would let the nuclear boomerang fly. At the other end of the scale, Mr Khrushchev might judge that the benefits of plucking some peripheral plum like Iran were too small to justify even the very faint risk that massive retaliation might be used against him. But in general the nuclear deterrent (except as a means of deterring the other man from using his nuclear weapons) is plainly a diminishing asset.

THIS has three possible consequences for American strategy. The Democrats' pamphlet faces two of them squarely. It wants the United States to spend enough extra money to make sure that the "missile gap" stays tolerably narrow and that nuclear parity is maintained. But, more important, it believes that the growing freedom of the Russians to exert pressure on the free world's frontiers with their conventional forces must be met by an expansion of the United States Army. General Maxwell Taylor, who retired this summer as Chief of Staff of the Army, has put the same idea very lucidly by saying that the North Atlantic Treaty Organisation's concept of "the sword and the shield" is being reversed. The big atomic weapons are now the shield — against similar weapons on the other side — and the task of providing an active deterrent has been inherited by the ground forces.

There are various ideas about how much the Army should actually be expanded but it seems agreed that it would be better to keep most of the extra divisions, probably about six in all, as a mobile reserve in the United States, with air and sea transport to move them quickly abroad, rather than to deploy them around the edges of the free world.

The second likely consequence is that tactical atomic weapons will be demoted. These are coming to be

considered as dubious an asset for an army to carry around as were Hannibal's elephants. If it is the aim of strategy to avoid a general holocaust, then the use of tactical atomic weapons is also to be avoided unless a limited nuclear war, involving only the smaller varieties of mushroom clouds, is thought to be possible. The Administration still appears to be wedded to the theory that it is, but the Army, which would have to pull the lanyard, is less certain. It seems that General Taylor and his successor as Chief of Staff, General Lemnitzer, would rather be in command of forces well equipped in other ways, so that it might not be necessary to use atomic armaments. The Democratic pamphlet says flatly that the Army should carry them only in order to deter the Russians from using theirs, and should be prepared to fight with conventional weapons alone.

The pamphlet does not discuss the third consequence of the new strategic thinking, but this may well prove to be the most important for the West's foreign policy. It rests on two premises. First, the Russians undoubted superiority in medium-range missiles means that the American bases which lie under their nose in Europe will soon be (if they are not already) virtually worthless. This will strengthen the movement to "bring the deterrent home" — to concentrate it, eventually, in solid-fuelled Minuteman and Polaris missiles stationed underground or under water. One school of thought in Washington thinks that this may make it necessary to provide the European allies with a nuclear deterrent of their own. So far this is a minority view; but even now the Administration is quietly handing over a number of atomic weapons, with everything except the actual warhead, to five or six Nato countries. In the second place, many observers believe that General Norstad's goal of 30 front-line divisions, plus a reserve which can be mobilised quickly, will be enough to hold the line in central Europe even if atomic weapons are ruled out. But if the European allies can be persuaded to raise more troops (and, in particular, if German rearmament continues) it is hoped that something like this goal might be reached without expanding the present American contribution of 5 divisions.

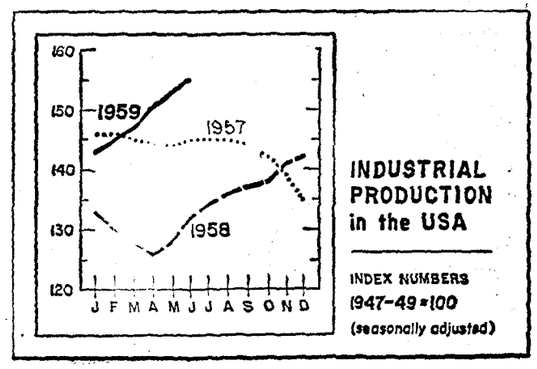
If this is so, it is possible to foresee a time when the Americans will play only a minor part in the ground defence of Europe and when they themselves will want to station their nuclear weapons elsewhere. Thus the need for an American presence in Europe, which killed the proposals for disengagement eighteen months ago, would have been stripped of its obvious urgency. It might then be possible to revive the idea of separating the two great powers in Europe (with the beneficent effects this would have in Eastern Europe) without pulling out the cornerstone of the West's defence.

Before any of this happens the West will have to steel itself to pay the cost. The Democratic pamphlet which sets out the basis of the new strategy says boldly that the Americans will have to spend an extra $7½ billion a year for five years to buy the right kind of and, even more important, the new Governor and defence; perhaps the other Nato countries will also have to put more in the kitty. There was some argument among the Democrats about the exact size of the bill, as well as about the wisdom of announcing it. But the pamphlet has been received, encouragingly, without loud shrieks of dismay. Perhaps the United States, after so long a dalliance with the false charms of massive retaliation, may now realise that it cannot buy security cheaply.

More Prosperous than Ever

HALFWAY through 1959, on the eve of the steel strike, every major statistic told the same story of a great new surge of prosperity. The first official estimate of the gross national product during the second quarter of the year, issued at the end of July by the President's Council of Economic Advisers, puts it at a seasonably adjusted annual rate of $483.5 billion, a new record for the third successive quarter. The $500 billion economy expected in 1960 may now arrive this year, even with the slowing down of growth imposed by the strike. Part of the expansion is due to stocking-up, particularly of steel, but higher consumer spending accounted for nearly half of the rise.

Personal income, rising month by month, reached a seasonally adjusted annual rate of $383 billion in June, $26 billion more than in June, 1958; this was due mainly to record-breaking employment. There were 67 million at work, an increase of 4.6 million jobs in four months, and if unemployment also rose in June, this was only because about 2 million school-leavers and college graduates were looking for their first jobs. The index of industrial production, now soaring above the peaks of the last boom, is continuing to rise, and the revival in the production of durable goods, particularly automobiles, is especially heartening. To gild the lily, the Federal Reserve Board, which has been revising the index, finds that it has under-estimated the rate of growth in the past decade; when the new figures are published, June will be at 165 per cent, not 155 per



cent, of the 1947-49 level. The only unwelcome new record is that of the cost of living, but the increase is slight and seasonal.

The great expansion of sales has had a spectacular effect upon corporate profits. The automobile companies made three times as much money in the first half of 1959 as in the first half of 1958 and the Ford Motor Company's profits set new highs. Rather to its discomfiture, everything the steel industry touched also turned to gold. The United States Steel Corporation, which has been telling the strikers that they cannot expect a penny more this year, has had to confess that it made $148.4 million in the second quarter, the largest profits in its history. Nevertheless the chairman announced that the industry could promise to hold prices steady only if it were left to reach a voluntary settlement with its workers. This is a plain warning to the Secretary of Labour, who has constituted himself a one-man fact-finding expedition, to keep out. The aluminium industry, which employs some members of the steel workers' union, and whose contracts expired on July 31st, is doing so gladly. Its workers have agreed to continue on the job until 30 days after the steel strike is settled.

Republicans' Rising Star

THE first election campaign in the new state of Hawaii was conducted in the romantic and rambunctious style to be expected of the Paradise of the Pacific: hula dancing and ukelele playing at every meeting, leis permanently round the shoulders and hibiscus behind the ears of all the 155 candidates for 81 offices, speeches in nine languages, continuous television appearances, eight large islands and numerous small ones to visit and local colour without end. In one way the results were also what was to be expected. Over half of the successful candidates (in a region where three-quarters of the people are non-white) were of Asiatic race and these included three of the five men elected to state-wide offices. The Lieutenant-Governor is a Hawaiian, the state's single member in the House of Representatives in Washington, Mr Inouye, is a young Japanese-American lawyer with a distinguished war record, and one of the two United States Senators, Mr Fong, is the millionaire son of a Chinese labourer.

But something else about Mr Fong is not at all as expected: he is a Republican. The Democrats have dominated Hawaiian politics since 1954 and had counted on repeating there their sweeping success last winter in Alaska. Admittedly Mr Inouye and the other Senator, Mr Long, are both Democrats and that party also holds 33 seats to the Republicans 18 in the State House of Representatives. But the Republicans won narrow control of the State Senate, by 13 to 12, Lieutenant-Governor are both Republicans.

It is, indeed, to Governor Quinn personally that the Republicans seem to owe their surprising success, according at least to a report from the islands in the *Christian Science Monitor*. A young man, he was appointed Governor of the Territory by the President in 1957, but his Democratic opponent was equally well known and liked. Mr Quinn's main contribution was to promise a land reform programme, which appealed to a wide public in an area of large estates where land is scarce and difficult to acquire. The proposal was also an effective answer to the Democratic charge that the Republican party in Hawaii is controlled by a few wealthy landowners and interested only in preserving things as they are.

Governor Quinn's courage and imagination have brought his party even bigger rewards than its stimulating victories in the election. For in a new state the first Governor has power to fill all the appointive offices at the same time, a chance which seldom if ever occurs again. Mr Quinn will have some 750 appointments to make in the law courts and on various boards and commissions and hundreds of less important jobs to fill.

Inquest on the Bond Market

FOR the last five months the government bond market has been under close scrutiny by a joint study group drawn from the staffs of the Treasury and the central bank. While the full report is not yet generally available, its principal findings are now known. The investigators have concerned themselves, not with the current difficulties in the government's financing, but with last year's speculative boom in government securities which ended abruptly in a summer break from which the market has never recovered. When the Federal Reserve Board reversed its tight credit policy at the end of 1957 to combat the recession, speculators rushed into the bond market in the expectation of still easier money to come, only to unload in haste when the Fed again reversed its course.

In re-enacting the crime, the study group has gathered a mass of information and technical detail but its general diagnosis contains little that is new. It found evidence of speculative excesses and other undesirable practices, but it also placed some of the blame on the timing of the various government issues and on the sharp swings in monetary and budgetary policies which, aimed as they were at maintaining economic stability, had jeopardised the market.

In its recommendations the report is neither radical nor definitive. To build a defence against future bursts of immoderate speculation, it explores various possibilities for enforcing larger down-payments in cash, either through the imposition of direct margin requirements similar to (though much lower than) those now imposed on purchases of equities, or through more indirect methods. On the basic question of whether the

bond market as now constituted is the best way of organising government financing, the report expresses confidence in the present system in which a select group of seventeen dealers, acting on their own account and as brokers, make the primary market in "governments". The alternative is an auction-type market which, like the stock exchanges, would draw in a multitude of brokers and subject all transactions to the full light of publicity. The report rejects this on the grounds that, in view of the large size of the government's financial transactions, such a market would prove more, rather than less, temperamental.

Equality ad Absurdum

SENATOR Humphrey of Minnesota, the first man to hurl his hat into the presidential ring, snatched it back the same day. But even his written statement, "I am not a candidate for the Presidency", failed to persuade the Columbia Broadcasting System to let him appear on its well-known television programme "Face the Nation". The Senator was the first victim of the ruling of the Federal Communications Commission that televisions and radio stations which allow one candidate to appear, even on a news programme, must give equal time to every other one, no matter how obscure or how cranky. CBS, which is leading the campaign to have this ruling reversed, may have applied it with intentional and unnecessary harshness; so far, the Senator is only seeking to become the Democratic candidate. But the National Broadcasting Company, which took a more lenient view of the Senator's presidential status, heard at once from Mr Lar Daly, Chicago's perennial candidate for almost every office, who was the occasion, last February, for the FCC's pettifogging ruling.

The Federal Communications Act prescribes that, when a station allows a candidate to "use" its facilities, it must give equal time, on the same terms, to all others. But the principle was not applied to news until last February; if this interpretation is not reversed by Congress, there may be no first-hand coverage of next year's presidential campaign. In 1956 there were over a dozen presidential candidates representing splinter groups which polled, in all, only 410,000 votes out of the 62 million cast. One, the Christian Nationalists, received eight votes. Under the present ruling each of these candidates could have claimed as much news coverage as the President, even when he was appearing in a non-political capacity.

Congress is composed of potential candidates seeking the widest opportunities to appear on radio and television programmes and, fired by Senator Humphrey's sad plight, the Senate Commerce Committee voted unanimously to amend the Communications Act to exempt not only news broadcasts, but also new interviews, panel discussions and documentaries from the shackles of equal time. Debates were omitted as impossible to define, but in other respects the broadcasting companies should be well satisfied if this Bill is passed. It may have to be toned down, however, to please the House of Representatives, whose members have to seek re-election every two years, not every six, and who consequently are more alarmed than are Senators by the risk that broadcasters may be tempted to play favourites.

Reforms for Bank Reserves

CONGRESS agreed last month to eliminate certain inequities in the requirements for the reserves which must be held by banks that are members of the Federal Reserve System. Such banks have always been classified in three ways, as country banks, reserve city banks (those in most big cities) and central reserve city banks (those in New York City and Chicago, the two main financial centres). Under the old law, the Federal Reserve Board could require country banks to keep from 7 to 14 per cent of their deposits at the appropriate Federal Reserve Bank; banks in reserve cities to keep between 10 and 20 per cent; and those in central reserve cities to maintain reserves of between 13 and 26 per cent of their deposits.

Bankers hold that some reform in this system is long overdue. One provision of the new Bill permits cash in the vaults once more to be counted as part of a bank's reserves. This is of particular interest to country banks, which keep more cash on hand than city banks do, and would add about $2.5 billion to the reserve base. The Bill also provides for the elimination, in three years, of the classification of central reserve city banks; at the end of this time, and perhaps sooner if the Federal Reserve Board so decides, they will need to keep reserves no larger than those held by banks in other major cities. The new range for such banks is from 10 to 22 per cent, a maximum two points higher than the central bank thought necessary. The original justification for classifying banks into three groups and treating them differently was that, before the central banking system was created, country banks kept their reserves with their city cousins; this is no longer true and many country banks are now as big as the city ones. The third reform also moves away from the old geographical standard by giving the Federal Reserve System more power to vary the reserve requirements for individual banks; for example, it may permit a small bank in a reserve city to hold the reserves appropriate to a country bank.

All of these changes in effect lower the reserves which must be kept and thus permit a greater expansion of credit. The central bank will move cautiously to put them into effect and can always counteract the expansion. But credit restriction will not always be necessary and these reforms will make a modest contribution some day to the broader credit base which a growing economy demands.

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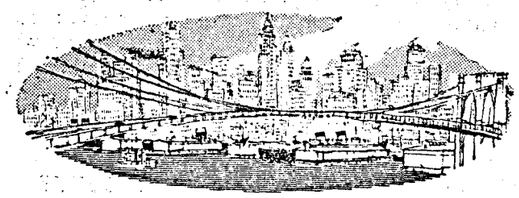

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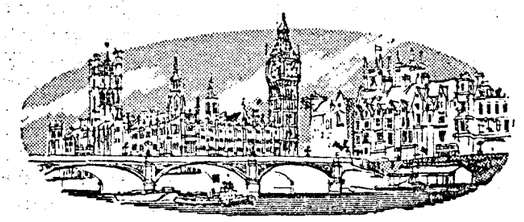

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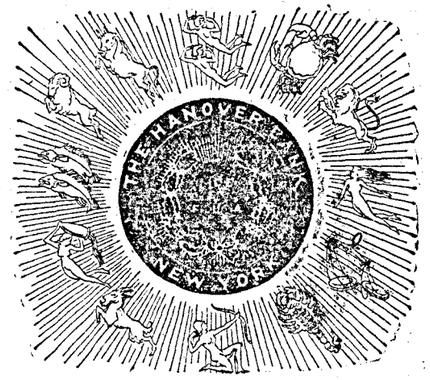

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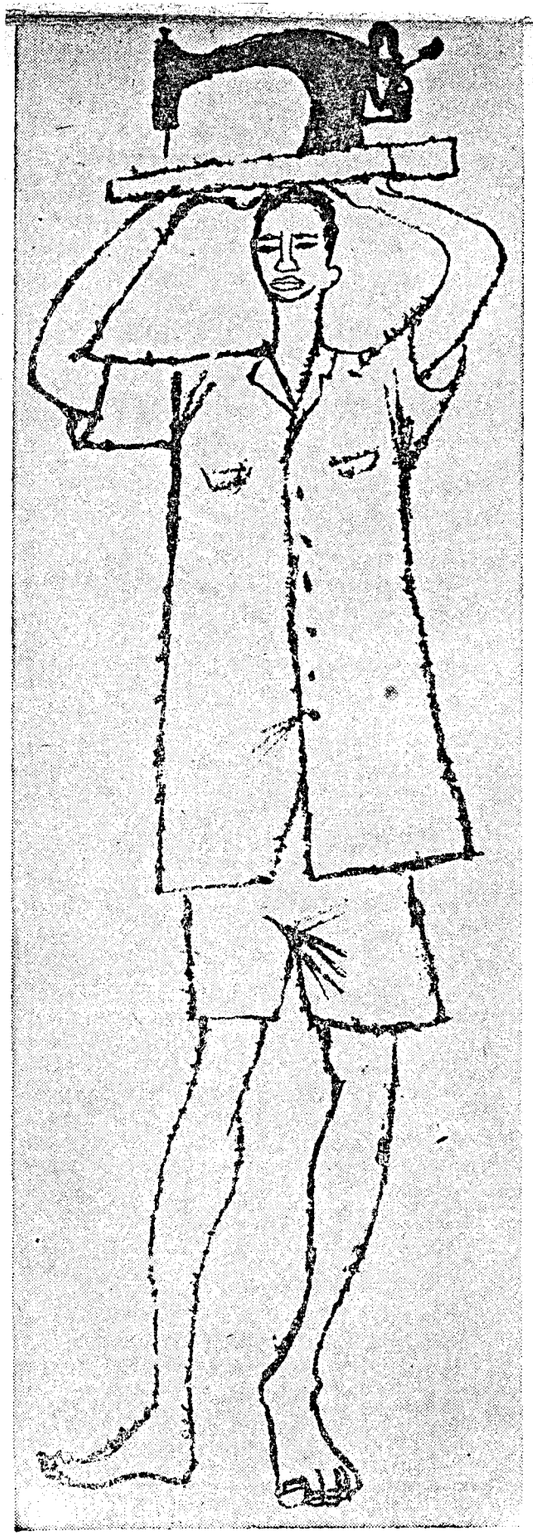
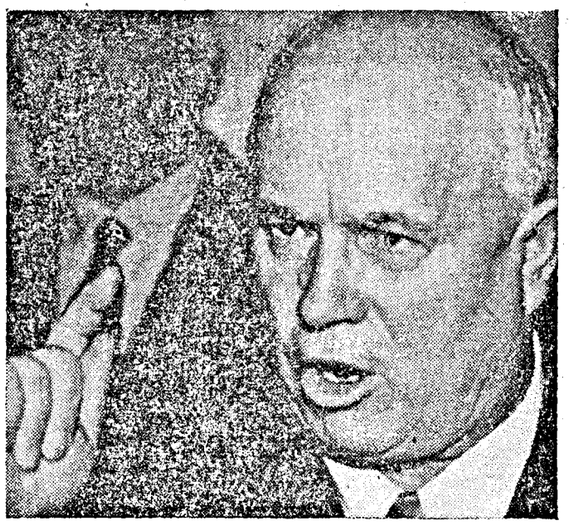


A Nigerian carrying Singer Sewing Machine—illustration in an article on the sewing machine war. *Drawing by Ben Shahn*

Nikita Khrushchev speaking at a Moscow party—key picture in a revealing report on the U.S.S.R. *Photo by David Douglas Duncan*



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THE WORLD OVERSEAS

Shabby Chaos in Iraq

FROM OUR CORRESPONDENT LATELY IN BAGHDAD

GENERAL Qasim is showing the Communists his teeth. Without mentioning them by name, he has made several sharp references to their illegal activities, notably after the outbreak of July 14th at Kirkuk. He continues to reject some of their more extreme demands, such as the carrying out of death sentences. Far from bowing to the clamour for arming the Popular Resistance Forces, he has suspended their activity and announced severe penalties for members found carrying arms or even wearing PRF uniforms. Several Communist party members of the second rank are in jail. Many hundreds of prisoners have been released, despite strident communist protests. There are strong rumours in Baghdad that the prime minister proposes shortly to reinstate several senior army officers arrested for suspected complicity in the Mosul revolt.

Yet, just as the assumption last spring that the Communists were carrying all before them has proved to be wrong, so also it is necessary to beware of the present tendency to credit General Qasim with the intention of "cracking down" on the Communists, with a view to eliminating them as a political force. Study of his acts as a whole suggests that he is still engaged in a balancing act, with the aim of establishing his own leadership over all political groups supporting the republic. This seems to be the only reasonable explanation of apparently contradictory actions. Having stood firm against the communist demand for the immediate resumption of political activity, he has now set a date — January 6th — when parties will be free to operate as such. Having condemned the manifesto of the Communist-inspired United National Front, he has admitted three of its signatories into his government. At least one of them is a Communist. She is Dr Naziha Dulaimi, the new minister for municipalities and the first Arab woman ever to hold ministerial rank.

Whether or no January 6th will also mark the end of the famous "transitional period" of the revolution is a subject of conflicting opinion. In any case, it is largely a matter of words. The revolution has let loose forces that will take a long time to settle down. General Qasim himself once brightly remarked that Iraq would have "a revolution every month"; it may prove to be only too true. In effect, if not in so many words, he has added an important proviso: there must be no revolution against his own authority.

In the circumstances, it is probably idle to look for finality. The only political finality in sight is a straightforward military dictatorship, and that is a step which General Qasim would take only in the very last resort. It would certainly lead to serious unrest, and probably to copious bloodshed. It could even bring about his own overthrow.

The admission of Communists or near-Communists to the government is interpreted by some as a Communist victory. But it is more commonly regarded as a sop. The leading Communists, such as Abdul Qader Ismail and Adel Salam, were overlooked; and the posts awarded to their comrades were of minor importance. The key ministries of defence, foreign affairs and finance are still held either by General Qasim himself or by men unconditionally loyal to him. The promotion of the staunch General Ahmed Saleh Abdi, the military governor-general, confirms the recent conspicuous growth of his power, which he wields with singleminded determination to see the authority of law restored.

While the Communist press still enjoys remarkable freedom to criticise the government, its monopoly is now broken. The respectable *al-Ahali*, the organ of the National Democrats, is becoming increasingly outspoken in its polemics with the Communist *Ittihad al Shaab*. Two frankly anti-Communist papers are now appearing in Baghdad. "Why", asked one of them the other day, "did Adel S'Lam adopt his present name? Because S stands for Stalin, L for Lenin, A for Angles and M for Marx". That evening a wholly plausible though unfounded rumour that the paper's plant had been wrecked swept through Baghdad.

General Qasim's speech on July 14th contained an interesting hint that the Iraq government is still dissatisfied with the present arrangements with the Iraq Petroleum Company. "We are conducting negotiations with the petroleum companies", he said, "and our position will be decided later according to the results of the negotiations". IPC, as usual, is non-committal on this. But it is inevitable that the company's position in Iraq will suffer for some time from the same lack of finality that characterises the political situation as a whole. One high government official remarked that the negotiations would probably be phased over a long period. When asked whether the government proposed to respect its contracts, he said that there were many ways of carrying out agreements: "For instance, one can observe them formally and make — shall I say? — difficulties".

Baghdad today is a paradise for the political analyst and the crystal ball merchant. Yet one leaves the city

with two overwhelming simple impressions. First, that what Iraq needs, as General Qasim himself so often insists, is a long period of steady work, with a truce to holidays, demonstrations and general junketing. Second, that the country is unlikely to get it. A pall of shabby chaos seems to hang over the city, as opaque and irritating as the dust storm that blanketed it for a week before July 14th. Most things seem to work somehow, but seldom at the time or in the way one expects. After a few days in Baghdad, one discovers that a life full of surprises is not necessarily stimulating.

Spain's Second Chance

FROM OUR CORRESPONDENT IN MADRID

SPAIN's admission (on July 20th) into the Organization for European Economic Cooperation is a rescue operation with a strong do-it-yourself twist. For while membership in the organization makes available to the Franco government international credits amounting to $375 million, this aid is conditional on drastic, even revolutionary, reform of the Spanish economic structure. In effect, Spain is to have a second chance to set its economic house in order.

The first chance came in 1953, when the United States agreed to furnish aid in exchange for the right to build and man military bases. But Spain muffed the chance. The billion dollars' worth of economic assistance (not counting some $700 million spent on base construction and modernization of the armed forces) funnelled into Spain in the past six years has served merely to slow, not halt, the downhill drift of the Spanish economy. Economic diagnosticians place the blame for this on the regime's stiff-necked refusal to follow the American prescription that came with the dollar tonic: liberalise your economy; let foreign capital come in to help; develop agriculture, your biggest foreign exchange earner; end the complicated system of multiple exchange rates and give your currency a realistic exchange rate; jettison some of the controls and red tape which tend to throttle rather than control economic development; encourage competition. Rather than do these things the Franco government took advantage of the American windfall to embark on an extensive industrialization scheme. The temptation to do this was understandable. The American aid programme went along with it in vital sectors of the economy, such as development of power, transport and communications. But the Spanish government pushed its industrialization scheme too far too fast, borrowing more and more to finance it. Spain found itself in the grip of growing inflation. Since 1956 the cost of living has risen 40 per cent, wiping out the benefits of the wage increase of three years ago. Gold reserves were almost gone, the currency was weak, and the value of imports nearly twice that of exports. The country — and the regime — were headed towards bankruptcy.

Now, through membership in OEEC, Spain is being given a second chance to reform its economic life. Economic aid from this new source is conditional on compliance with the organization's recommendations (and those of the International Monetary Fund). Unlike the United States, which has avoided talking tough to France out of solicitude for the American bases, OEEC can lay down the law on pain of withdrawal or cancellation of the assistance made available. The Americans felt, perhaps mistakenly, that they could not risk offending General Franco, because of their military needs in Spain, by vigorously cautioning him on economic policy. No such qualms hamper OEEC; it is Franco who is having to conform to the organization's terms, to the relief of the Americans.

His government has pushed through a stabilization programme which, in effect, revamps the economy along (for Spain) sensationally liberal lines. The peseta was devalued as a start. Measures have been set in motion to restrict credit advances, cut expenditure, balance the budget, increase tax revenue, and check monopoly practices. But the road ahead will be rocky and hazardous. Observers point out that the new credits are being made available to help Spain meet the initial impact of the reform programme, and to instil confidence, and that if the Spanish have to use up all these credits within a year, then there will be reason to doubt the programme's success.

They attach great importance to public confidence in the Spanish government's stabilization programme. Success depends to a large degree on collective willingness to play fair and to sustain for a while the painful readjustments which the new policy makes inevitable.

To what extent the public can be inspired to back up the new programme would appear to depend on the government's ability to demonstrate its good faith, by distributing the weight of taxation more equitably, or by putting a stop to monopolistic practices which have had the effect of keeping prices high in certain commodities, like textiles, despite a glut on the market. Above all, much depends on the government's ability to keep prices in line. If prices go up substantially, then the menace of a wage spiral will loom and with it the collapse of the stabilization plan. In this connection it is surprising that the censorship allowed the Madrid paper *Ya* to say, in an article discussing the reforms, that prices "should not go up more than 5 per cent... certainly not more than 10 per cent." Will traders take this as an invitation to raise their prices by that much now, before imports start trimming the shortages?

An interesting corollary to the Franco regime's programme for economic liberalization is its evident determination to resort to unabashed authoritarianism against any subversive tendencies which application of the programme might stimulate. A new and tough law on public order codifies and fortifies the earlier legislation which has served to keep the regime in power and the people in their place.

Ammunition for Israel's Elections

FROM OUR CORRESPONDENT IN TEL AVIV

JULY has seen a fundamental change in Israel's pre-election scene. A month ago there did not seem to be any vital election issues; neither in foreign nor domestic policy was there room for a major battle. The prime minister, weary of coalitions, had promised to make his main election issue the abolition of proportional representation and the introduction of a two-party system on the British model. But it did not seem likely that this platform would arouse a deep response, especially among voters many of whom would be taking part in free elections for the first time.

Now this has all been changed: first, by the news of the arms deal with west Germany and, second, by the communal riots that have broken out at Haifa, Beersheba and a village in Galilee called Migdal Haemek. The election campaign has been intensified on both fronts: the arms sale provides the material for a fight over foreign policy, while the riots have torn the veil off one of Israel's most delicate problems — the relationship between the old-timers and the new immigrants.

No holds are barred in the battle over the sale of grenade launchers to the west German army. Mr Ben-Gurion's opponents accuse him of violating the memory of the Nazis' victims, and of helping to arm a Bundeswehr led by members of the old Wehrmacht. The prime minister and his supporters argue that the defence of the state must have priority over everything else, and that the Germany of Adenauer is not that of Hitler. To the surprise of many who believed that the public would not tolerate an arms deal with Germany, Mr Ben-Gurion has won considerable support. The argument that once Israel has sold arms to Germany, it will be able to buy German arms in return has made a deep impression on people who believe that the Arabs can get all the Russian weapons they need.

The emotional tone of the debate has largely blurred the political implications. It is, however, well known that Mr Ben-Gurion is worried by the fact that Israel does not enjoy the advantages of membership of any group of powers, and that he has tried to bring Israel closer to Nato. As friendship with France did not open all doors, the deal with Bonn might provide another way in. Some Israelis doubt the wisdom of this political line, and point out that the advantages of a rapprochement with Germany must be weighed against the hostility it would arouse in Moscow.

In discussing the riots, all the parties move very carefully. This is not only because they all hope to catch the votes of the new immigrants, particularly the North Africans, but also because everyone is aware how explosive the situation is. At Haifa the riots were touched off by a policeman who, apparently losing his nerve, shot and wounded a disorderly drunk. About a week later North African immigrants on relief work at Migdal Haemek protested violently against an order to work harder, and the next day fighting broke out in the main street of Beersheba. Both at Haifa and Migdal Haemek there was renewed rioting last weekend. Some of the housing conditions at Haifa are shocking, while the Galilean village lacks employment other than emergency relief work. At Beersheba, on the other hand, jobs and houses are adequate and the police blame the riots on criminal groups.

A government committee, with a judge as chairman, has been appointed to report on the riots and their causes. The committee will meet in public, and so will give the Israelis an unusual opportunity to study the relationship between different communities and the frame of mind of those who believe themselves underprivileged. Nearly all the immigrants from Moslem countries find it difficult to fit themselves into a western economy, and, at least to begin with, their standard of life is lower than that of most Europeans. People recognise that the fusion of various tribes into one nation must take time; still, they feel uneasily that the suspicion of the eastern Jews that they are discriminated against might, unless dealt with quickly, lead to an explosion.

Prairie Politics

FROM A CORRESPONDENT IN WESTERN CANADA

OVER the last two months, two of Canada's three prairie provinces, Manitoba and Alberta, have held provincial general elections and in both of them the government in office has been returned to power with an increased number of seats. In Manitoba, the Progressive Conservative government, led by Mr Duff Roblin, changed its minority position in the assembly into a majority one, by winning 34 out of 57 constituencies. In Alberta, Mr Manning's Social Credit government did considerably better, having 35 out of 61 seats at the dissolution and 61 out of 65 seats when the election was over. But there the resemblance between the two elections ends.

Mr Duff Roblin is the grandson of a former premier of Manitoba. At the provincial election last year, as Conservative leader, he faced the Progressive Liberal party which had enjoyed one of the longest continuous terms in office of any Canadian provincial party. Mr Roblin emerged from the election as leader of the strongest of the three parties contesting it, but his government could be voted out of office whenever the two other parties, the Liberal and the CCF, chose to combine to do so. These two parties gave Mr Roblin a year in which to consolidate, or damage, his position, and he made good use of it.

He made an extensive reform of the educational system one of the main planks in his programme and he

was wise enough to take his proposals, and his cabinet, to the electors in a campaign for a referendum. Thus, in effect, he fought his next election in advance, and on ground of his own choosing. Mr Roblin also took trouble to include in his party's candidates an unusually high proportion of youngish and able men. In this last May election the Conservative gains in seats have deprived both the opposition parties of some of their best men. Mr Roblin can fairly be said to have established for himself a position as one of the ablest provincial political leaders in Canada.

When Mr Roblin's success in Manitoba was followed by a parallel Conservative victory in Ontario, many Conservatives and some others were disposed to believe that the Progressive Conservative resurgence in Canada under Mr Diefenbaker was far from exhausted. But they were wrong. After the Alberta election, which took place a few days after that in Ontario, the Conservatives could console themselves with the fact that they had displaced the Liberals as the second choice of the province and secured almost one vote in every four cast; but the fact remained that the Social Credit party, after twenty-four years in office, had won an absolute majority of the votes cast and the largest proportion of seats in the legislature that it had ever held.

At first sight the result of the Alberta election would seem to be a considerable set-back to the Conservative cause in Canada as a whole. But it was not the Social Credit party that won in Alberta; it was the premier of the province, Mr E.C. Manning.

It would be hard to find two political leaders in the same country who contrast more sharply than do Mr Roblin and Mr Manning. Mr Roblin is concerned to get capable men around him, to use them fully and to preside over them as *primus inter pares*. The party he leads may be more competent than those in opposition to it, but it is not basically different from them. Mr Roblin has shown that he can be as effective in opposition as in power. Mr Manning has never been in opposition, nor has he thought of his party as having any kinship with any other. Instead he has come to embody in himself the four strains that predominate in the Alberta of 1959. First, as political head of the province he neither shares nor, probably, wishes to share, any of the real responsibility of government with anyone, whether in his executive council or in the assembly; equally, they are content to serve as members of a Manning team. Secondly, he has retained control of the development of the oil and natural gas industry within the province from 1947 onwards, and has discharged that responsibility in a way that has satisfied the major companies operating in that field. Thirdly, he is a religious leader who regularly conducts every Sunday a religious radio programme that covers far more of Canada than Alberta alone. Fourthly, he has managed to avoid (or, as some detractors would say, to suppress) any scandal within his government or party that would tarnish the public image he has consistently displayed.

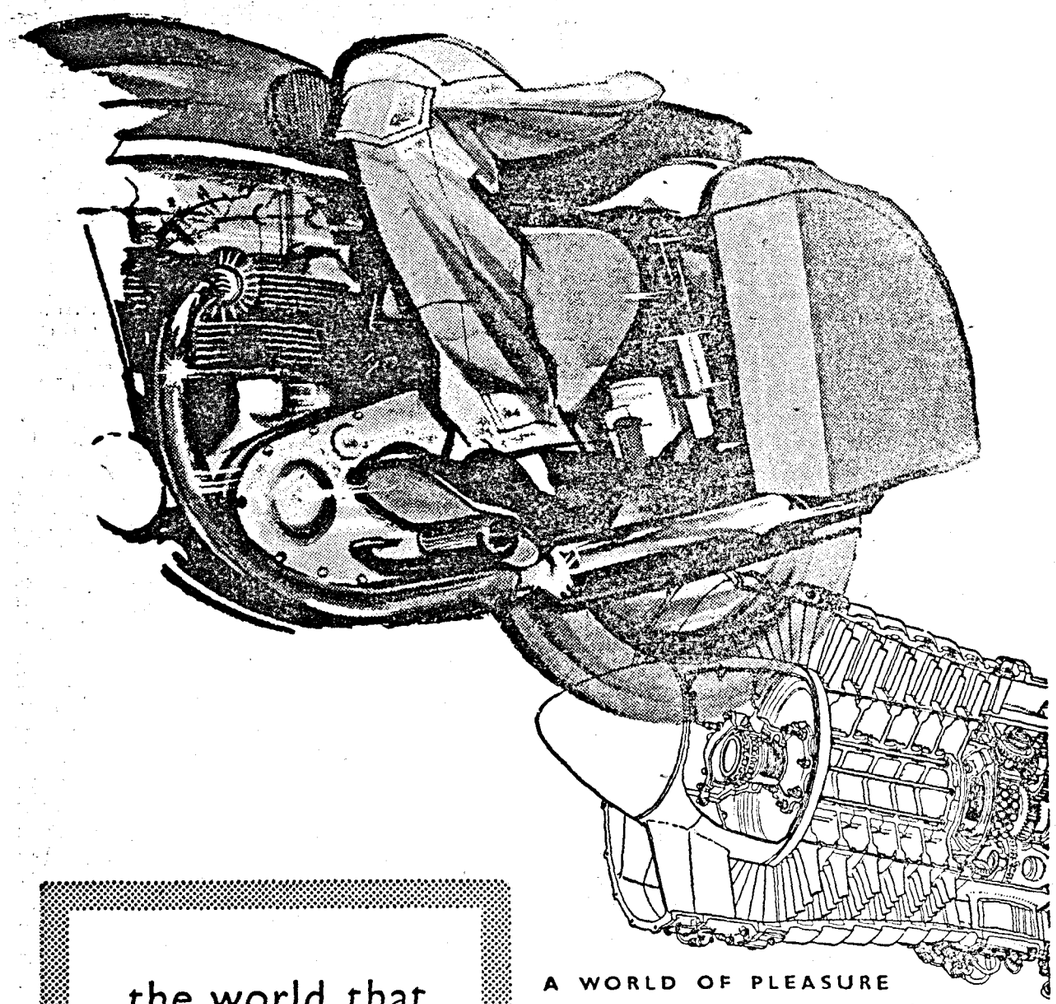
For the Liberals in Alberta, this election was a disaster. Four years ago, they had captured a third of the popular vote and had won fifteen seats in the assembly of 61 members. Last year, after their Federal defeat, they changed provincial leaders and the change was more a sign of demoralisation than of recovery. They have four years now in which to begin to regain political health and strength, but they start any recovery under many handicaps that the Conservatives at least do not share. The Conservatives, however, have very real problems. They know now that for them the Diefenbaker spell has been broken and that, if they are to win next time, they must fight as Albertan Conservatives. And they have no one now whose shadow is large enough to fall across Mr Manning's smiling and confident face.

Roubles for the Negus

As the Emperor of Ethiopia, Haile Selassie, continues his travels, he may well be congratulating himself on the apparently inflated value Moscow seems to attach to his friendship. Alternatively, he may be wondering just why Mr Khrushchev is bidding so high. The most curious feature of the trade and economic agreement concluded during the Emperor's visit to Moscow in July is the size of the new Soviet loan. If the full amount of about $100 million (400 million roubles) is paid out in, say, five years, it will represent about $1 a year per head of a population of perhaps 20 million. In recent years, economic aid to Ethiopia from all sources has worked out at only 30 cents a year per head. The United States allocated $27 million to Ethiopia between 1952 and 1958, but had only spent $17.3 million by June, 1958. In terms of magnitude, therefore, the Soviet offer dwarfs previous offers.

Mr Khrushchev must be as well aware as Haile Selassie that Ethiopia's financial and economic situation makes it difficult for this technologically backward country to carry a loan of this size. Ethiopia's usual exports of raw hides and agricultural produce are normally barely sufficient to cover imports of essential consumer goods. Can it confidently expect to repay a loan — even at Moscow's usual low rate of interest — which is to bring "various machines and equipment, precision engineering products, rolled ferrous metals" leaving little room for traditional trade?

It would not be surprising if the full amount of the loan were never spent; yet this does not mean that the whole thing can be dismissed as propaganda. Mr Khrushchev's grand gesture will certainly have repercussions well beyond Ethiopia's southern borders. Soviet technicians will be given a chance to make informative geological surveys in a region to which Russia attaches increasing importance. A corner of "non-Arab Africa" will have been opened to Soviet economic influence.



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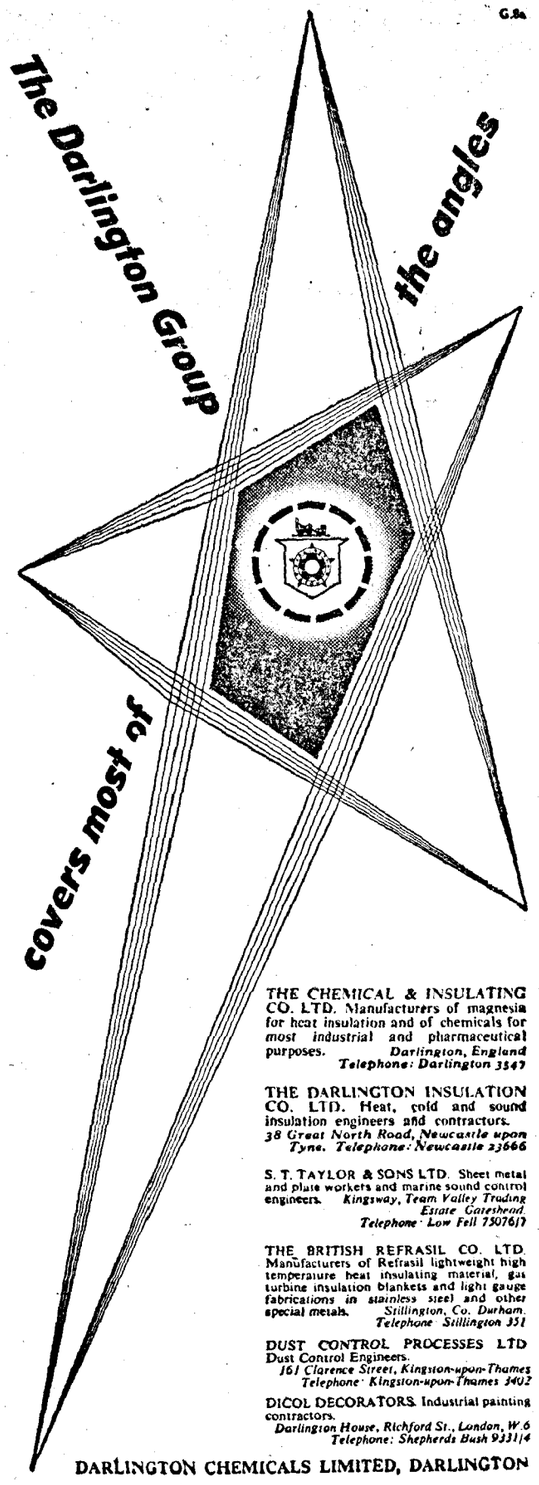

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THE BUSINESS WORLD

The Dollar

ALL this year, world exchange markets have presented an unaccustomed sight. Sterling, convertible and on the eve of a general election, has remained strong; the D-mark, while firm, has not regained its magnetism for speculators; the French franc has at last been given solid foundations. But one currency, the United States dollar, has been persistently weak for well over a year, and has attracted increasing attention. At the annual meeting of the of the International Monetary Fund in Washington next month, many delegates will be tempted to offer to the fallen the helpful advice that not long ago was being administered to them. "Really there's no reason why America should have to devalue the dollar" is a double-edged comment that is nowadays to be heard in surprising places

There is, indeed, no smoke without fire, but fires are started, and smoke billows and blows. The fact that the dollar has been below its middle parity against sterling and the leading Continental currencies and the modest inroads into America's vast gold stock do reflect significant movements in America's foreign payments. But these movements are quite unlikely to force a devaluation on the dollar : they make a rise in the price of gold (which America alone could introduce) more remote, not less. And a devaluation of the dollar which was not immediately followed by other currencies is inconceivable. The current denigrators of the dollar, and their innocent followers on both sides of the Atlantic, ignore the massive and unparallelled defences of the American authorities; they also misrepresent, through ignorance or wishful thinking, the nature of the change in the American balance of payments. All this could have serious consequences, for while false reasoning and loose talk could hardly bring about the results their perpetrators predict, they could still push the American authorities into defensive action of a quite different and possibly harmful kind on interest rates, or tariffs or foreign aid.

Last year, for the first time, America discovered and began to view with alarm what has been called its net payments deficit. In fact, America's surplus on current account has been exceeded by capital payments in every year since 1950, with the exception of 1957, after Suez. The rest of the world has been drawing gold from America and adding to its dollar assets. In 1958 the deficit rose sharply, to $3.4 billion; and $2.3 billion of this was taken out in gold. This year, partly in response to higher interest rates in New York, foreign withdrawals of gold have slackened. But America's net deficit has grown, and a week or two ago the National Foreign Trade Council issued some arresting forecasts for the outcome in 1959.

The current surplus, as the first chart shows, is expected to disappear completely, and the net deficit is expected to rise to a record of $4.9 billion. Compared with immediately preceding years, the basic deterioration is in merchandise trade. Recently, for the first time, the United States has lost its traditional trade surplus with Europe, including the United Kingdom. America, it is being said, is pricing itself out of world markets.

A second look at the figures suggests a different picture. The outstanding fact is that the surplus on current items of a commercial nature (excluding both exports of military equipment under direct grants and military expenditures overseas) remains very large. In 1958, when the dollar came under pressure, it was $5.2 billion. This was one third higher than the average in 1951-55, and meant that receipts were nearly 30 per cent in excess of payments. But even in 1959, the United States will earn a commercial surplus of about $3 billion. The point is that net earnings of this impressive size barely suffice to finance vast overseas military outlays; nothing is left over to finance payments on capital account.

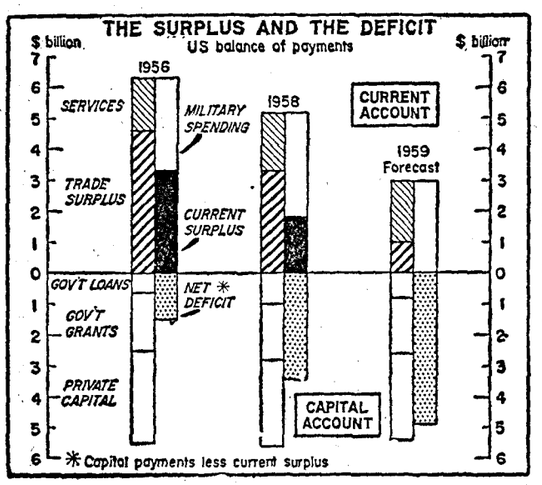
So the outflow of gold and dollars is entirely attributable to the American Government's special payments. Even at their diminished levels of 1959, commercial earnings are sufficient to finance outflows of private American capital (these are in fact just about met by investment earnings). But current earnings are not sufficient to finance the government's outlays for its overseas military establishments, at $3 billion or more, and for grants and loans to foreign countries of another $2½-3 billion.

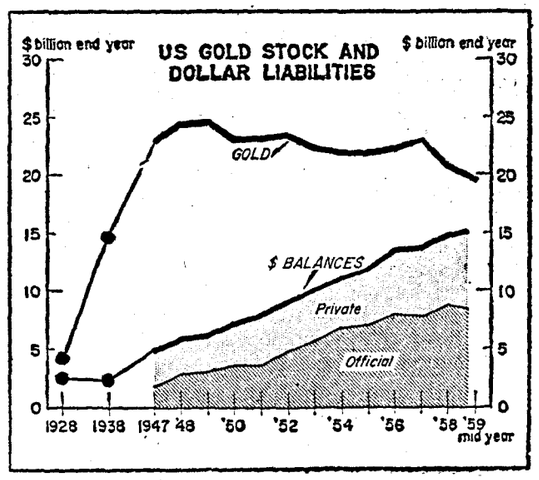
These increases in military spending and foreign assistance were masked in 1956 and 1957 by abnormally high trade surpluses. Now that these have duly run down, misleading conclusions are being drawn. The remarkable fact is that America's huge trade surplus has kept up for so long. For many years after the war America was virtually without a rival as a supplier of industrial equipment in world markets. Europe and Japan had to stage their comeback; America's advantages in design, delivery and kudos could not last. America's share of world exports has indeed fallen in the postwar period, but no more than Britain's; it is still a quarter larger than it was before the war. Nor is there any general weakness in the main indicators of potential competitive power. The growth in national product has been much slower in recent years in America than in Continental Europe: but America's expansion since 1938 (averaging 4.2 per cent a year) is unmatched in Europe. American export prices have risen rather more than those of its competitors (other than Britain) in the fifties; but, notwithstanding the present obsession with inflation, the creep in domestic prices in America has been much slower than in almost all other countries.

What of the rise in imports, which this year is expected to bring the total to $15 billion, compared with less than $13 billion in 1958 and an average of $11 billion in 1951-55 ? This could reflect a tendency for any enriched society to favour the foreign and exotic product — though enriched societies also know the passing fashion. A short two years ago, when Sir Donald MacDougall's penetrating study of "The World Dollar Problem" related to dollar scarcity, the usual projections were being produced to show how American imports tend to lag behind. Indeed even now American imports have risen no more than in line with national income.

To recapitulate: there is nothing surprising in the recent narrowing of America's industrial and trading lead over Europe. Indeed it was specifically planned, with Marshall aid as a leading instrument to bring it about. The tapering of aid to Europe would ordinarily have offset, in the American payments balance, the effects of Europe's revived competitive ability. The current disequilibrium is caused by the intrusion of new aid and special outlays of a different kind, stemming from America's reaction to the Korean war and its desire to help the poor non-Communist countries of Asia. Little of this aid goes to Europe, but the dollars percolate into its reserves. Non-economic factors, as M. Bertrand de Jouvenel has recently shown in an elegant analysis (published in his June bulletin from 205 Boulevard Saint Germain, Paris 7), have dominated the whole postwar economy, and are now distorting the external position of the dollar.

ONCE it is accepted that the new style dollar problem is a political product there should be less confusion about appropriate remedies. America is not suffering from domestic over-spending nor, relatively to other people's performance, from cost inflation. Given the size and wealth of the American economy the budget is not frightening in itself; nor, to anyone who understands and accepts the elements of modern economic theory (which many bankers do not), are budget deficits on the scale of 1958-59 inflationary in an under-employed economy. No fundamental domestic re-adjustment is demanded by the foreign balance of commercial transactions.





As the American authorities and American public opinion come to appreciate this, the pressure will inevitably grow for an adjustment of the non-commercial items (though protectionists will doubtless lose no chance to reinforce their pleas for higher tariff). Already there have been indications that the American administration is thinking of paring its contribution to the proposed International Development Association. The Continental countries are likely to be urged to take a bigger part in international aid for poor countries, and that is certainly reasonable. There may be growing pressure on the American administration to tie its aid to purchases from the United States, which would be unfortunate; but the receiving countries could still spend a higher portion of their free dollar earnings outside the United States.

It is not the fact that payments considerations are forcing America to choose between radical adjustment of foreign aid or radical adjustment of its domestic economic policy. If America wants to continue to help underdeveloped countries, it can do so without imposing artificial pressure on its ordinary foreign transactions, simply because, unlike other countries, it has tremendous leeway for running a net payments deficit. Observers recently expressed alarm when the American gold stock dipped below $20 billion, yet it is still as large as the rest of the gold reserves in the whole free world. There has been alarm too about the fall in the ratio of gold to dollar liabilities, yet it is still comfortably greater than unity.

In practice, the American authorities have been much more worried about outflows of gold than about the ratio of gold to dollar liabilities; and their recent increases in interest rates have helped to finance more of the deficit through an inflow of short-term funds. Foreign dollar balances could safely rise a lot further; America's chosen foreign disbursements could be financed partly in this way rather than through a constriction of the commercial balance. And if the American authorities themselves became nervous about their vulnerability, they might feel less hostile about proposals for taking the strain off key currencies by widening the facilities and strengthening the powers of an international monetary body.

That could conceivably be one beneficial by-product of this year's strange dollar scare, together perhaps with some eventual advantage for sterling from the demonstration that it is not the only major currency to come under fire. The other potential results are less likely to be comforting. European Governments and central banks ought to seize their opportunity for helping to save the Administration from being forced into restrictive measures. They could abandon discrimination against dollar goods, which is now anomalous on all counts; they could ease restrictions on exports of capital to America; and they could contribute their fair share of international aid. Next month's IMF meeting will provide an obvious chance for a display of goodwill. If it is missed, Europe may long regret smug talk about the weakness of the dollar.

BUSINESS NOTES

RESTRICTIVE PRACTICES

A Judgment for Price-fixing

IT WAS inevitable that the Restrictive Practices Court, which so far without exception had ruled against every restrictive agreement brought before it, in strict conformity with the simplest copybook headings of orthodox economics, should eventually encounter one in which the balance of advantage was considerably more complex. It did so in its latest case: and Mr Justice Upjohn held that the price-fixing agreement of the Water Tube Boilermakers Association, because it benefited the industry's exports more than it harmed the public at home, was not contrary to the public interest. The association had entirely failed to prove, he found, that the public would be denied any benefits if the scheme were ended: on the contrary, slightly lower prices might be quoted. But its abolition would be likely to cause a substantial reduction in the industry's volume of earnings on export business: and Mr Justice Upjohn held that the association had satisfied Paragraph (f) of Section 21 (1) of the Restrictive Trade Practices Act, and proved that their restriction was not contrary to the public interest.

The agreement in question was one under which six large boilermaking companies — Babcock & Wilcox, Clarke Chapman, International Combustion, John Thompson Tube Boilers, Simon-Carves, and Yarrow &

Co. — consulted about prices before putting in competitive tenders. They tried to "evaluate" prices on a common basis; the lowest price agreed was called "the lowest evaluated price"; and one or occasionally two "selected members", chosen as being relatively short of contracts (by comparison with shares in a base period) were allowed to reduce their quotations down to this "lowest evaluated price", while all other members stuck to their original quotations.

The object, as Mr Justice Upjohn saw it, was to spread the work in a period of admitted recession in the industry, which might be expected to last for about five years. The industry was concentrated into the hands of eight or nine companies, including these six in the association. In the home market there is only one customer, the Central Electricity Generating Board, for the very large power station boilers; it is nowadays placing only a few orders a year for huge boilers, which take four or five years each to build, and some of the companies in the association have not managed to secure any CEGB orders for some years. The Generating Board, it may be said, had given evidence against the price agreement, which it felt made for higher quotations than these companies might have put in given straight price competition. It feels that there is surplus capacity artificially maintained in this industry by the process of sharing the work.

Boilermakers As Before

SEVERAL other grounds upon which the boilermakers had sought to justify their price agreement were partially or wholly rejected by the court. They had argued that it was necessary to help them bargain on equal terms with "a preponderant buyer", the CEGB: the court held that this might be so, but the scheme applied to many other home contracts as well and was therefore unnecessarily wide. The court did not accept, either, the argument that capacity, or key personnel, could not be retained in these big companies without the agreement: or that the industry's comparatively small expenditure on collective research, £80,000-100,000 a year, would have to cease without price-fixing; or that quality would depreciate if it were abolished. But the court was satisfied that the main object of the scheme when applied to foreign business was to get the order for Britain; that it made for much more pooling of technical, commercial and financial information and consultation between companies than would occur without it; that without it companies which now maintain overseas offices and staffs might have to close them "with a consequential loss of orders"; and that if the agreement were removed there would be a substantial drop in the volume of exports compared to the total of the whole business.

Mr Justice Upjohn said that the court's partial acceptance of the "preponderant buyer" argument as regards CEGB did not mean that wherever such a buyer required competitive tenders a case for some restriction was made out: there were six big and efficient firms "who ought in the national interest to stay in business", quoting for these few very large orders which it was expedient should to some extent be spread over the industry. The case does not therefore offer a general precedent: nevertheless, some other industries that supply the Generating Board with heavy equipment, and in which the number of companies and the methods of tendering may not be dissimilar, will no doubt be studying this aspect of the judgment with the greatest of care.

The key point of this judgment, from the practical rather than the legal or economic point of view, is that the amount of capacity now in the industry, and now considerably under-employed, is held to be required in being and in the same ownership against the increase in demand that the industry hopes will occur after the mid-sixties. The Generating Board reckons that it will place no more than two to three contracts a year for the next few years and not more than eight a year over the period 1965-75: outside the court, it has often communicated the feeling that in several of its main supplying industries there are too many separate groups, if not too much capacity. It is by no means axiomatic that the structure as it is, without further amalgamation, will be of the greatest possible benefit to this industry as a whole, to its customers, and to Britain's export efforts over the next decade or so: it is a matter of judgment.

THE ECONOMY

Rising Less Rosily?

THIS week, the official statisticians have taken a little of the rosiness out of the view of the economy's progress given last week by the National Institute of Economic & Social Research. Their latest calculations of the index of industrial production, based on 100 in 1954, have produced a June forecast of 109-110 following 110 in May (the lower of the two figures forecast a month ago) and 109 in April (revised downwards a point). Production has reached 4 or 5 per cent above the low point of the middle of last year but seems to have lost impetus again.

Moreover, the official estimates of the first quarter's national income and expenditure in the current issue of *Economic Trends* do nothing to dispel the doubt. Measured from the expenditure side, the gross domestic product in the first quarter of this year is reckoned to have been just about the same as a year ago at current prices and 2 per cent lower in real terms at constant prices. On the other hand, measuring the gross domestic product from the income side, it appears to have been 3 per cent higher in current prices and therefore, presumably, about 1 per cent higher in real terms. But whether the nation in the first few months of this year was producing rather more or rather less than a year ago seems to be anybody's choice.

TAKE-OVERS

Profit and Loss

THE long drawn out struggle for Harrods took three new turns last week. Mr Hugh Fraser submitted his formal offer to shareholders; United Drapery, which at one time seemed more likely than Debenhams to counterbid effectively against Mr Fraser, withdrew; and Debenhams duly increased its own bid. For Harrods £1 preference shares, Debenhams offer one 10s ordinary unit and 10s in cash, worth 40s at the time of the offer; the Fraser offer is 30s in cash. For Harrods £1 ordinary shares, Debenhams offer 3½ of their own ordinary shares and 40s in cash; the Fraser offer is 2¼ of its shares plus 60s cash. The Debenhams offer originally had an edge of some 6s per share over Fraser, but this quickly fell away as Debenhams shares fell and Fraser picked up. But the really striking feature of this take-over situation is that the Harrods shares themselves are far lower than their potential worth in terms of the rival offers. Last week they slipped from 130s to less than 135s, 12s-14s below the theoretical value of the Debenhams and Fraser bids.

The fact is that in any take-over of this scale, involving potential new issues of shares by the bidders that would increase their issue capital by 70 per cent, the market price of the bidders' shares before the outcome is settled provides no reliable guide to what the successful bid would be worth; for the market is plainly in danger of being depressed by the swollen volume of shares. Investors clearly feel that the auction in this case is running high. Significantly, the ordinary shares of United Drapery rose by 1s 3d to 39s after it announced that it was withdrawing from the fight. Equally, investors gave a good reception to Mr Fraser's hint in Glasgow that his present offer might be the last word and that a new issue of shares would never constitute a threat to the company's dividend record. The total dividend for the current year will not be less than 40 per cent; on the larger capital, this would only just be covered by last year's earnings of Fraser and Harrods. Mr Fraser has stated that he will not seek finance from outside for the take-over. Does he intend to sell some of the Harrods properties? Debenhams, which has forecast a dividend of 15 per cent that would be covered 1½ times, and would invite the Harrods board to continue in office, proposes to seek short term bank finance and then to fund this through the issue of a debenture.

It seems that the battle can still go either way; and conceivably there can be deadlock. That adds another reason for the lag in the Harrods shares. Certainly the general investing public is more wary of taking a speculative fling in any and every take-over than it was some months ago. Undiscriminating followers of Mr Charles Clore in particular, have had their fingers badly burnt. Following withdrawal of his bid for Watney Mann, he last week dealt a blow to speculators in Mappin and Webb, the silversmiths, who also control certain department stores. The Mappin and Webb shares had risen dizzily to 50s in preceding weeks, in the face of a passed dividend and poor trading results. Mr Clore was after the shares; but instead of putting in a bid above the market, he acquired control through market operations and was able to make his offer for the rest of the shares at 27s 6d, a realistic price, no doubt, but a painful one for innocent speculators.

THE MINISTER IN REPLY

There is A Road Plan

MR HAROLD WATKINSON, the Minister of Transport, had a busy time of it during the final week of the last Parliamentary term. In a number of answers to questions, he covered certain of the points that had been raised by the Select Committee on Estimates in criticising his department's planning of the trunk road programme: he handled a debate on the rehash of the railways' long-term modernisation programme; and just before Parliament rose, in a smoothly-phrased written answer, he dealt with most of the main comments on his relationships with the airlines that had been made several weeks before by another Select Committee, that on nationalised industries. Every department, at times, comes in for these protracted, time-consuming, and no doubt salutary ordeals by committee; a year or so ago it was the Ministry of Power that was going through several hoops at once. The process will, from now on, affect these two ministries fairly steadily, owing to their relationships with and responsibility for the public industries and other large sectors of public investment. Those relationships are more complex in practice than the statutes might suggest: particularly for the Ministry of Transport and Civil Aviation, of which it has been said that if it stayed within its actual statutory powers practically no major road improvements might ever get done at all.

One of the Select Committee's main criticisms on the roads had been that no adequate scheme of priorities seemed to govern the trunk road programme. On the last day before Parliament rose, Mr Watkinson did set out an order of objectives, at least: the creation of a network of national trunk roads, the relief of major urban bottlenecks, and the carrying out of as many lesser schemes all over the country as remaining funds will allow. Work on the trunk road network is now concentrated on five major projects: the modernisation of the Great North Road, the construction of the London-Birmingham motorway, the improvement of access from London to the Channel Ports, the improvement of roads between the Midlands and South Wales (including the Bristol-Birmingham and Ross Spur motorways) and the construction of the South Wales radial road. The relief of urban congestion "has to be tackled where it occurs": at present work on about £80 million worth of large schemes is in progress

in urban areas, and "no major city is without examples." This bald restatement will not adequately answer the select committee's criticisms, though it should do more to turn away wrath than his earlier, testy public rejoinders.

Ice on the Rails

THERE had been "no plan, no recommendation and indeed no discussion with Sir Brian Robertson on the capital structure of the railways," said the Minister of Transport in the debate on the annual report of the Transport Commission, which conveniently turned into a debate on the commission's recent re-appraisal of its long-term railway modernisation plan. Any particular proposals would be carefully and sympathetically examined, said Mr Watkinson; his Parliamentary Secretary, Mr Nugent, had earlier noted that the industry found the fact that all its capital is in fixed-interest stock a handicap, but had added that any shift from the present capital structure could only be considered if "it will strengthen financial discipline and accountability, rather than the reverse." Here as elsewhere in comments upon the report, the Ministry's spokesmen were coldly non-committal. "The reassessment is the honest opinion of the commission" summed up Mr Watkinson, "and the Government accept it as such and will give it the most careful study."

Mr Watkinson was careful to add that the commission shares its financial troubles in running a railway with almost every other railroad in the world, with the exception of the Dutch railways and possibly some on the West Coast of the United States. But he found a convenient dog to belabour in passing by noting that the plan upon which the government had lent the commission a great sum of money would still be running much as it should have been "had it not been for the complete failure of the nationalised coal industry to sell its products". Rational debate upon the proper running of nationalised industries is perhaps more than can be expected from either side of the house during what could be the last debating of a moribund Parliament.

Flying Without Controls

URBANITY was the keynote of Mr Watkinson's reply to the recommendations made by the select committee that recently reported on the operation of the two nationalised air corporations and his relations with them. He agreed with the utmost blandness that "it may seem unsatisfactory that certain functions I exercise in relation to the corporations and independent airlines lack statutory force", but gave no indication that he might be prepared to behave in any other manner in the future. He pointed out that the Minister must have some control over the corporations' capital expenditure, whether or not he has any statutory authority to do so, simply because the money comes from the Treasury. Elsewhere he "entirely endorsed", "noted with interest", or "was greatly interested in" the Select Committee's views about such diverse subjects as BOAC's engineering costs, a possible merger between the two airlines, and supersonic aircraft.

Mr Watkinson did, however, repeat once again his opinion that something drastic must be done about present arrangements for licensing air services run by the corporations and the independent airlines. For several years he has not concealed his view that the present system is unsatisfactory and that new legislation should be introduced to put it on a more sensible basis. The test case that has been before him for several months, namely applications by three independent airlines to run services to British territories at half the present fare, must be settled within the next few weeks. Whatever the compromise he makes between the conflicting interests of the independent airlines trying to expand their network and the corporations trying to protect their traffic from half-price competition, Mr Watkinson appears resigned to the fact that it will be a thoroughly unsatisfying one. This Gordian knot, however, he leaves to be cut by another parliament and conceivably by another minister.

CDC

A One Way Equity ?

THE Colonial Development Corporation should be well pleased with the report on its financial structure recently submitted by a committee headed by Lord Sinclair of Cleeve with Sir Archibald Forbes and Sir Harold Howitt as its other members. The report, produced with remarkable expedition (the committee was appointed in April), applies a convincing logic to the reconciliation of statutory aims and appropriate means of finance; its basic acceptance of the principle of special financial treatment where the corporation is required by Parliament to do things that a commercial undertaking would not find profitable must certainly have been noted by Sir Brian Robertson, even if he would have a more difficult case to prove.

Hitherto, the CDC has been financed by fixed interest stock from the Government at current gilt-edged rates, with cancellation of interest on special loans and postponement of interest for a fructification period of the first seven years. This abatement itself implies an emerging strain on the corporation's finances in future years. The Sinclair committee suggests a division of capital into three. Money used by the corporation for loans to governments or statutory bodies, which is regarded as commercial business, would be borrowed on A stock. Interest would be paid by the corporation under existing arrangements, and capital would be repaid on terms similar to those set by the corporation for its own borrowers. For other, more risky purposes, the Corporation would borrow from the Government on B stock, and this would replace the rest of the

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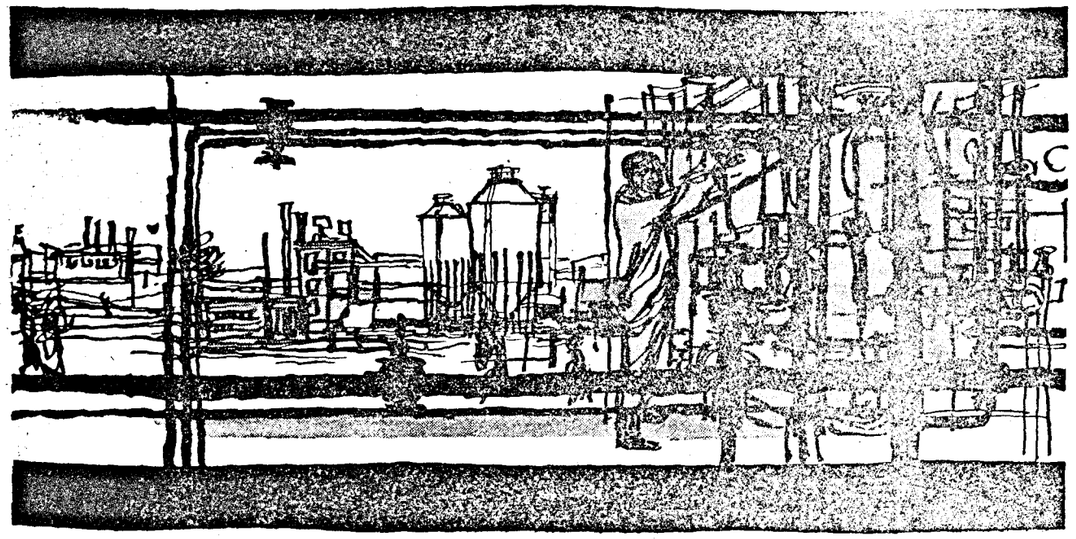

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URGENT SECRETARY TO CONGRESS 14 AUG 1959 PUBLIC DEPARTMENT

corporation's existing debt, except that representing the special losses, which would be replaced by a C stock. The C stock would also replace the accumulated liability for interest resulting from the fructification arrangements.

In each financial year following January 1st 1959, the committee recommends, any surplus on the profit and loss account should be appropriated in the following order of priority. First, interest on A stock; second, transfer to general reserve fund, which the corporation should try to maintain at £500,000. Payments of interest on the B stock should rank after this, and should be subject to a maximum of, say, 5 per cent. Provision for redemption of the B stock would rank fourth, and redemption of C stock last. The vociferous demands for special treatment made by Lord Reith during his chairmanship have thus won the committee's endorsement.

GOLD

London and New York

THE market price of gold in London has for some time been held at an unusually high level. In terms of dollars it has been up to $35.14 and though it has come back to $35.12¾ per ounce, it is well above the price ($35.08¾) at which central banks can buy gold in New York against sales from their European holdings in London. The disparity is partly explained by the fact that many central banks have become diffident about converting dollars into gold. In view of this reluctance the demand for gold tends to be concentrated on the London market and to lift the price here to a premium over the New York parity; this is not a shipping parity because gold is dealt in between the two centres without necessarily obtaining any physical movement of the metal.

The premium on gold in London is a reflection of the reluctance with which the Bank of England has been prepared to satisfy the demand of the market. The Bank is an unwilling seller of gold, for it does not wish to increase its holding of dollars and thus itself incur the odium of converting these dollars back into gold in New York. This limitation of supplies in the London market has reduced its turnover during July. But suggestions that gold business has been at a low ebb during the whole of this year are wide of the mark. Experience may have varied from one firm to another but for the market as a whole it seems probable that the turnover in the first seven months of this year was about 50 per cent above that of the corresponding period of 1958.

Turnover in the new gold certificates which offer non-residents future delivery of gold in Toronto or London has been very small; foreign hoarding demand has not yet become accustomed to this London facility. Certain types of central banking business have also disappeared with the transition from the European Payments Union to the European Monetary Agreement; but private as well as central banking appetite for gold has remained keen, as the high level of the free market price shows.

COMMERCIAL TELEVISION

Uneconomic Rent ?

PROGRAMME contractors of the Independent Television Authority pay an annual rent that averages something like 1s 4d to 1s 6d per head of the population within reach of the ITA's transmitters, giving the ITA an annual income described as "substantially above" £3 million. But the contractors' joint income is running at £40 million a year, or very nearly £1 a head, and half of this represents clear trading profit. Some contractors are in fact paying well above these average rents, but the discrepancy between rents paid and profits earned is so large that the Committee of Public Accounts has bluntly told the ITA that, in the Committee's opinion, the authority is not getting a large enough share of the cake. To which the ITA has replied that only one-third of the rents are required to cover running costs. The balance is put to a reserve which, even after financing the construction of all the Band III transmitters it has built and will build between now and 1964, will leave ITA at the end of its initial charter period with a balance of £4 million in hand. "Enough", Sir Robert Fraser seems to imply, "is enough". He plainly feels no enthusiasm for the committee's suggestion that a proportion of any higher rent could be passed on to the Treasury.

If licences to operate a station were put up to tender, then the committee feels that the ITA might discover what really constitutes an economic rent. This proposal has outraged one contractor, Associated-Rediffusion, but it is by no means certain that the rest of the industry regards it with equal disfavour. One possible obstacle is that since its inception, the ITA has had remarkably few bidders for any of its stations, even after the emergence of commercial television from initial losses to big profits. There is no shortage of deserving projects on which the ITA could spend its extra income. For example, it sponsors no research; all the investigations into new transmission systems and colour television are done either by the Post Office or the BBC.

TOOTAL & HOLLINS

A Textile Merger

TOOTAL of Manchester and William Hollins of Nottingham have announced that they are discussing the possibility of a merger. Both companies are well known for their branded goods, Tootal for its Pyramid handkerchiefs, ties and socks and Hollins for its Viyella and Clydella fabrics and manufactured goods. A merger would bring together two organisations which are not directly competitive but have much in common. Both firms have a wide range of production not limited to any one fibre; both are vertically integrated and spin, weave and manufacture their products; and both have extensive marketing organisations. Plainly there is scope for considerable economies. Tootal has recently been extending from textiles into the plastics and chemical engineering fields; the attraction of this amalgamation is presumably that it would create one of the strongest textile groups in the country.

The merger is expected to take place on the basis of some sort of a bid from Tootal for the issued capital of Hollins. On the latest available balance sheet figures, for June 30 1958, the total assets of Tootal amounted to £10.1 million, compared with Hollins's £5.2 million. Issued capital is in about the same proportion, £4,750,000 for Tootal and £2,250,000 for William Hollins. Tootal's 7½ per cent dividend was paid from a net profit of over £232,000 which provided earnings of 9 per cent. William Hollins paid a 10 per cent special interim for 1959, in lieu of a dividend for 1958 when there was a net loss of £64,000. Since the directors have stated that discussions are expected to take some time, movements in the companies' shares have been modest. Tootal ordinary were unaffected by the announcement and remained at 30s, whilst Hollins moved up 10½d to 25s.

AIRCRAFT INDUSTRY

Development Costs

EVERY year that the Committee of Public Accounts scrutinises the books of the Ministry of Supply it can rely on uncovering at least two or three instances where the cost of developing some item sponsored by the Ministry has risen two, three or four times above the original estimate. In its latest report published last week it cites the case of the Bristol Orion turbo-prop engine, the estimated development costs of which had doubled from £6.5 to £13 million before the engine was cancelled after the "largely nugatory" expenditure of £4.5 million. But this is easily outstripped by the record of Rolls-Royce's civil version of the Avon engine, the RA 29, specially developed for the Comet IV. The cost to the Ministry almost quadrupled, from an original estimate of £2.4 million to £8.8 million, after which it was made plain to Rolls-Royce that any extra cost would have to be borne by the company. Nor is this confined to engines alone: the de Havilland Sea Vixen fighter has trebled in price and its development cost jumped from £1 to £4 million since it was first ordered in 1953. The bill for a radar scanner rose from £60,000 to £1.9 million, a 30-fold increase in eight years.

The committee barely conceals its suspicion that the Ministry and the industry are partners in a conspiracy to take the Treasury for a ride. When it recommends that "the Treasury are specifically warned... if an estimate of cost is conjectural and may well prove to be too low", it is putting its finger on the main reason why estimates do in fact go awry, apart from the fact that specifications are frequently changed in mid-design and made much more exacting, as they were for the radar scanner. The environment in which the Ministry and the industry both work, knowing that if the decision to order an aircraft or an engine has been taken the cost becomes of secondary importance, does not encourage accurate forward estimating. Costs may also depend, as they did in the Rolls-Royce factory, upon the progress made with companion projects that may be halted halfway through. But is the industry going to adopt quite the same cavalier attitude to the cost estimates of civil projects now that the companies have to pay for their own development?

SHIPBUILDING

The Slump Spreads

EIGHT million tons of shipping are at present laid up throughout the world for want of cargoes, and shipping freights, at rock-bottom levels, show no sign of recovering in the near future. This state of paralysis, now entering its second year, is beginning to spread to the shipbuilding industry, both in Britain and abroad. According to Lloyd's Register shipbuilding returns for the second quarter of this year, tonnage under construction in Britain at the end of June totalled 280 ships of just over two million gross tons, a decline of some 215,000 tons from the previous quarter and the lowest level for two years. Roughly one-quarter of this total is now fitting out afloat, and the rest remains to be launched; 49 per cent represents tankers. During the quarter 69 ships (364,000 tons) were launched, and 90 (417,000 tons) were completed: only 58 ships, totalling 189,000 tons, were started.

This tonnage commenced in the second quarter was the lowest for any quarter since the war, and the amount of work "preparing" (i.e. for which plans have been approved or materials bought but on which work has not yet begun) has fallen by half in the past year. According to the Shipbuilding Conference, new orders received in the first six months of 1959 amounted to only 82 ships of 98,000 gross tons — and these orders were almost entirely offset by cancellations during the same period. At the end of June, the industry's total order book stood at 528 ships of 4.7 million tons; but this total, though comfortable at first glance, does not reveal the postponements arranged by a number of owners, which are believed to have been considerable.

The slump has been felt unevenly throughout Britain so far (Belfast and Dundee shipyards have in fact more work in hand than a year ago), but several of the smaller yards have laid their last keels for a while, and have no new business of any kind in sight.

AIR TRANSPORT

Mediterranean Clapham Junction

BRITISH European Airways attaches more importance to its recent agreement with Olympic Airways than at first sight either the size of the airline or the amount of traffic originating in Athens might appear to warrant. Olympic, with its fleet of 14 Dakotas and half a dozen bigger aircraft, has taken on a new lease of life since it was bought from the Greek government by Mr Onassis nearly two years ago. It now has two jet D.C.8 jet airliners on order and, more important from BEA's point of view, two of the same type of Comet IV which BEA will have in service early next year.

A third of all BEA's traffic consists of passengers taken over from other, long-distance airlines and carried on the last leg of their journey which may lie off the main inter-continental trunk routes. More and more of these passengers find it convenient to change aircraft at Athens which is rapidly becoming the Clapham Junction of the Mediterranean. By forming a consortium with Olympic, and pooling fleets, the two airlines will be in a position to offer a daily jet service to all the major cities of Europe and the Middle East. Olympic possesses some valuable traffic rights, especially in the Middle East, which will now be available to BEA.

TOURISM

Scope for Superliners ?

FOR more than two years an American, Mr Edgar Detwiler, has been seeking support in Europe for the building of two superliners of some 100,000 tons for use on the North Atlantic : he recently announced that he hoped building would start soon in Holland. The Verolme United Dockyard of Rotterdam has recently completed a dry dock capable of taking ships of this size, and would like to use it for the construction of these vessels. Mr Detwiler proposes to use the ships to develop low-fare Atlantic traffic carrying 8,000 passengers each at suggested minimum fares of from £36 to £62 return, excluding food, which passengers would have to buy at the various restaurants on the ship. The operating speed would be 35 knots and the power required about 32,500 h.p. All machinery would be mounted as far aft as possible to give the maximum clear length of hull for passengers; no portholes would be provided, the entire ship being air-conditioned, though there would be fixed windows on the upper decks. Construction would be prefabricated, as for a bulk cargo carrier.

Technically the design seems entirely practicable, and it shows careful thought on the problems of passenger-carrying ship design — even if the paucity of open deck space might be unpopular with some passengers. The economics of the project seem more questionable. A 100,000 ton ship could only be used on the Atlantic because nowhere else would there be ports to take it. This is a serious drawback for a ship intended to tap the tourist market; unlike the business traveller, the tourist is seasonal in his habits, as airlines have discovered with their increasing dependence upon him. It would be impossible to use such a ship for winter cruises — which seems to be the most satisfactory means of ensuring the profitable operation of an Atlantic liner.

An increase in traffic might reasonably be expected by operating a ship at fares that, even on the higher estimates, are about half current sea or air fares. The airlines obtained a 27 per cent rise in traffic from a 20 per cent cut with economy fares, but the capacity of one ship would be 480,000 passengers a year, assuming 60 crossings, which seems possible with four-day crossings from Rotterdam to New York; this capacity would itself be 20 per cent more than the total number of passengers who crossed the Atlantic in 1958, and more than the total capacity of all the new ships scheduled to come on the Atlantic route by 1961-2.

ATOMIC ENERGY

Second Thoughts

SINCE it entered a hurriedly designed project for the nuclear ship competition organised by the Admiralty, the General Electric Company appears to have had second thoughts about just how such a marine reactor should be built. It has now produced details of a much smaller, lighter design, weighing less than 2,000 tons as against the original figure of 2,400 tons, and costing £2 million (excluding turbines) instead of £3 million. The company makes two bold claims for this reactor : that it could be built immediately on the basis of existing techniques, and that if installed in a 100,000 ton vessel to give 50,000 shaft horsepower, it would be competitive with conventional diesel powered ships of the same size. With some development, the company claims that this reactor could be scaled down to give 20,000 shp in a 50,000 ton vessel.

GEC has done intensive research on scaling down the diameter of nuclear reactors of the Calder Hall type (the design used here is the Mark II, advanced gas cooled version) to reduce their capital costs. It now believes that a 70 MW power station could be built around this design for a capital cost of £65 a kilowatt, compared with £108 for nuclear stations now under construction and the A.E.A.'s estimate of £80 to £90 a kilowatt for advanced gas cooled reactors in general. Ironically, however, its only chance of proving this claim is to convince the Admiralty that such a reactor is suitable for ships, since the Admiralty is willing to sponsor a marine reactor but no one at this moment is asking for tenders for small land-based power stations.

WHEAT AGREEMENT

The Council and the Surplus

THE NEW three-year International Wheat Agreement came into force on August 1st, and the wheat council met in July in London to prepare for it. The old exporting members, Argentina, Australia, Canada, France, Sweden and the United States are joined in the new scheme by Italy, Mexico and Spain (but not Russia), making nine in all; and Britain, the largest importer, has returned to the club. The new scheme is broader in scope as well as in membership than the old one, and simpler in its obligations. Members can no longer be obliged to buy or sell certain quantities at the maximum and minimum price. Instead, importers undertake each year to buy from the exporters, as long as the price is below the maximum, not less than a certain percentage of their total commercial imports, and exporters undertake to supply all their commercial needs. When prices are declared to be at the maximum the importers' obligation lapses, but the exporters' obligation broadly continues. The minimum price remains at 150 cents a bushel for the standard grade, No. 1 Northern Manitoba wheat, ex-Fort William, but the maximum has been cut by ten cents to 190 cents; the current price is 167 cents.

Owing mainly to British pressure, the council is now required to make an annual review of national production policies, stocks, prices and trade (including the disposal of surpluses). It remains to be seen how quickly the council tackles its task, and how effective this practice of confrontation will be. The surplus is growing bigger still. The United States, which was embarrassingly blessed with a record crop of 1,460 million bushels in the 1958/59 season, had a carry-over of 1,280 million bushels on June 30th, nearly half as much again as a year ago. With a new crop estimated at about 1,150 million bushels, and allowing for some fall in exports owing to the good crop prospects in most importing countries, its carry-over a year hence could rise to a record of nearly 1,400 million bushels, giving it a year's crop to spare. Canada is expecting a bigger than average crop, and the Australian surplus is growing again.

SHIPPING

Higher Fares in Season

TRANS-Atlantic steamship lines suffer from highly seasonal demand. From mid-June through October the demand for bookings greatly exceeds capacity; during the rest of the year the number of passengers falls off so sharply that some lines switch their trans-Atlantic ships to pleasure cruising. The revised fares recently announced by the 26-member Atlantic Conference attempt to overcome this by raising all basic fares from next year by roughly 7½ per cent (in some cases, ten per cent), and then offering a reduction of ten per cent on round-trip travel during the off-peak season. Cunard's cheapest single tourist class fare from Southampton to New York, now £62, becomes £67 next year in summer and £60 10s in winter. The differential between summer and winter fares will thus be about twice as much as now.

The increases will bring peak-season sea fares substantially closer to the £81 basic third class fares offered by the airlines throughout the year. The concession on winter fares leaves them almost unchanged from their present levels. For the first time more people crossed the Atlantic by air than by sea last year: it might have paid to try lowering the off-season fares rather than raising the peak-season ones.

PLASTICS

Polyester Film from ICI

AFTER several years spinning Terylene polyester fibre, Imperial Chemical Industries has decided to install plant for the production of the same material in sheet yarn. A pilot plant for the film, Melinex, has been working since 1954, its limited output being supplemented by imports from the USA where du Pont has been making the film for some years, or from Germany. The new ICI plant, which will cost £2½ million, will be producing 2,000 tons a year by 1960-61, in the disused Ardil factory at Dundee. Melinex costs 25s to 35s a pound against only 2s 7½d for polythene. Costs should fall when the new plant is ready and the difference may be reduced in practice because the polyester film is stronger than polythene and can be used more thinly. Its melting point is 260 degrees centigrade, about twice that of polythene and its insulating properties are good.

The film is used at the moment in the form of tape as cable insulation, enclosed by a rubber or plastic cover and for other electrical uses where a thin insulating material is needed. ICI intend to concentrate first on the electrical market then on its decorative uses. Metallic sheet or thread can be covered with polyester film to make it untarnishable, and in the USA this has led to an increase in the popularity of dress or suit materials shot with gold or silver thread; cars are also built with metallic sheet for the interior trim. So far the main use for this product in Britain has been tinsel.

SHORTER NOTE

The new semi-continuous steel strip mill to be built by Messrs Colvilles at Ravenscraig is to employ one additional blast furnace instead of two (Ravenscraig already has one furnace in blast). The existing steel-making capacity there consists of open-hearth furnaces; but it has generally been assumed that the new capacity at Ravenscraig and at the other strip mill to be built at Newport would employ one or other of the oxygen converter processes that have been developed on the Continent since the war, and both companies have now chosen the Austrian L-D process.

COMPANY AFFAIRS

ASSOCIATED HOTELS

THE forthcoming rights issue of participating preference shares to the ordinary shareholders in Associated Hotels may presage further issues of this type by companies whose owners do not wish to lose control of voting power, but need to raise money. In the present climate of investment opinion, a company would find it very difficult to get a good response for a rights issue in non-voting shares. Associated Hotels is to issue 627,150 6½ per cent cumulative participating preference shares at par on the basis of one for every four 5s ordinary shares already held. In addition to their minimum 6½ per cent, the new shares will rank for a further payment of one-third of the payment on ordinary shares: in other respects they will in effect share in one quarter of the company's equity. Holders of the existing 50,000 £1 preference shares will be offered the opportunity of converting into the new shares. Since they will gain about 7s a share on the exchange the offer will presumably be fully accepted.

The issue is being made in order to finance recent purchases of property by the company. A 60 per cent interest in Kensington Palace Hotel, which owns five other hotels, has been acquired at a cost of £1.14 million borrowed from the bank. The issue will enable some £600,000 to be repaid. The Erskine family which controls the business has stated that its own allotment of the new preference shares will not be put on the market.

HOOVER

THE boom in consumer durable goods set off by the removal of hire purchase restrictions last October has lasted longer than most business men dared to hope. Hoover's interim report underlines the continued buoyancy of demand for household appliances: but the directors state that there are now definite signs that demand is tapering off. This is not likely to disappoint shareholders who have been told that group trading profits for the six months ended June 30th, more than doubled, to reach £5,650,000, only a little below profits for the whole of the previous year. A tax charge of £3,000,000 (against £866,000) leaves a group net profit of £2,566,000 compared with £852,000 in the same period last year. But the interim dividend stays the same at 6d a share on the ordinary and "A" ordinary shares.

Group sales, helped by the cuts in purchase tax on household goods and the introduction of new models as well as the freeing of hire purchase, increased in the six months ended June 30th by no less than 90 per cent. Exports, however, rose by only 4 per cent and presumably a substantial proportion of this increase went to the United States; the group's sales in this market in the previous year were hit by the recession. The directors are gloomy about the possibility of maintaining exports at their present level, especially to Western Europe where, they say, the advent of the common market is making their position more difficult. But the plans already announced to spend large capital sums in France while partly designed to overcome the ban on imports of washing machines in France should also give the group a firmer foothold in the whole common market.

UNITED DOMINIONS TRUST

NEW evidence of the booming conditions in hire purchase is furnished by the results of United Dominions Trust, whose gross profits increased by practically 50 per cent in the year to June 30th. The latest year's figure is £3,237,980, compared with £2,264,357, and net profits show an even sharper increase from £990,732 to £1,535,707. The final dividend of 16 per cent and bonus of 5 per cent bring the total distribution up to 25 per cent, payable on the capital after last year's issue of £1 million ordinary stock to Barclays Bank. The dividend on the smaller capital in the previous year was 20 per cent. The consolidated balance sheet shows that customers' accounts receivable have jumped from £58 million to £77 million and bank loans and acceptances are up from £14.7 million to £28.7 million.

JOHN BROWN

JUST why John Brown and Co., the Clydeside shipbuilding and engineering group, has avoided the setback the directors thought likely at the time of the £2 million rights issue last March, when they forecast a 10 per cent fall in group trading profit, will no doubt be explained in the chairman's full report. In fact, group trading profits for the year ended March 31st rose from £3,336,382 to £3,353,153 and the dividend remains at 10 per cent on the increased capital. The preliminary figures took the market by surprise and the ordinary shares were immediately marked up. Tax absorbed £1,669,155, compared with £1,944,422 last year; after a smaller credit of profit from prior years, at £70,000 against £135,000, group net profits rose from £1,391,960 to £1,683,998.

Last year the chairman, Lord Aberconway, said that only a very small proportion of contracts placed in British shipyards had been cancelled; and presumably the continued progress of the group is partly attributable to the steady working through of a long order book. Meanwhile shareholders will have to wait for the full report to see how a year of recession in the capital goods trades has affected the other subsidiaries — and particularly John Brown Land Boilers, who last year experienced intense competition from overseas together with a drop in demand for thermal plant arising from the switch to nuclear power stations. Earnings on the ordinary capital have gone up from 23½ per cent to 24 per cent despite the rights issue, and the 10 per cent dividend is still covered 2.6 times by earnings. The group is clearly in a healthy position to face the vagaries of the shipbuilding industry. The £1 ordinary shares at 32s. 3d. yield 6.2 per cent.

JOHNNIES

THE net profit of Johannesburg Consolidated Investment fell sharply in the year to June 30 th last from £1,940,000 to £990,000. The setback stems partly from lower investment income, but also from a very sharp increase from £400,000 to £1,050,000 in taxation. Switches in portfolios resulted in a profit for tax purposes of £230,000 and together with investment appreciation these have entailed a tax provision of £370,000; in the previous year, by contrast, the group secured a tax credit of £681,000 for investment depreciation. The profit before tax is only about £300,000 lower at £2,040,916. The dividend, as expected, is maintained at 22½ per cent.

Income from the group's holdings was probably at least equal to that of the previous year. The increase from £18.9 million to £25.2 million in the market value of investments reflects the improvement of Kaffir prices during the past year. The decline in earnings was presumably caused by the absence of any dividends from the platinum companies in which the group has substantial investments and the lower return from the base metal holdings. At 63s. 3d. the £1 ordinary shares yield 7 1/8 per cent.

VACTRIC

LAST June, Arusha Industries made an offer to Mr W.C. Pegley, the chairman and largest shareholder of Vactric, of 55s and 53s a share respectively for the ordinary and 'A' ordinary 5s shares. The offer was rejected on the grounds that it did not take into account the earnings potential of the group. Provided the upward trend of the group's trading profits is maintained, outside shareholders will feel that Mr Pegley was right: but the ordinary shares at 42s 6d (to yield 4.3 per cent) and the 'A' ordinary at 39s 6d (to yield 4.6 per cent) are still well below the bid price. Trading profits of the group as at present constituted were £636,044 for the year ended March 28th, against a comparable figure of £246,802 in the previous year. The final dividend of 25 per cent on the capital increased by the one for nine scrip issue raises the total distribution by one third, to 36¼ per cent.

The Canadian subsidiary, which has now been sold, incurred a loss of £271,602 compared with £73,931 the previous year; and the sale of Awley Finance meant that the group received a dividend of only £45,000 against a full year's dividend of £163,745. Capital reserves of the group now total £557,012 (against £208,231); they include £281,556 transferred to reserve as part of the capital profit on the sale of Awley Finance and £67,225 from the sale of the Canadian subsidiary.

Obviously Vactric has benefited from the relaxation of hire purchase restrictions and the reductions in purchase tax on its refrigerators, washing machines and vacuum cleaners. There are also signs that the fall in orders from the aircraft industry, which last year caused a setback in the precision tools section, has recently been reversed.

COMPANY MEETINGS

THE GENERAL ELECTRIC COMPANY

SIR LESLIE GAMAGE ON IMPROVED OUTLOOK

The Fifty-Ninth Annual General Meeting of The General Electric Company Limited will be held on September 3 at Magnet House, Kingsway, London, W.C.

The following are extracts from the statement by Sir Leslie Gamage, M.C., the chairman, circulated with the report and accounts for the year ended March 31, 1959:

In my review last year I expressed the hope that we should achieve some improvement in profits in the 1958-59 financial year. This hope seemed far from realisation when the board reviewed the figures for the first nine months' trading and decided the interim dividend. In point of fact, however, the profits for the last three months of the year surpassed our expectations. As a result the profits on actual trading account, before charging depreciation, etc., amounted to £9,407,000, a slight increase on last year's figure of £9,320,000.

We have decided to recommend a final dividend of 7 per cent, which, with the interim dividend paid in April, will make a total of 10 per cent, the same as the previous year.

NEW WORK OUTSTANDING

Under the conditions which prevailed last year it was a real achievement to have increased our turnover by over £3,000,000 to an all-time record of £108,000,000. More important still, we start the year with a satisfactory order book of £133,000,000, considerably higher than last year. Outstanding among new work is an atomic energy plant in Japan.

It was also a notable achievement on our part to have increased our exports over a period in which total British exports showed some decline; this was accomplished despite fierce competition which forced down profit margins. At home the recession in industry continued to deepen until the late autumn, when a change of Government policy was announced — a change which I had hoped would have taken place some months earlier. The results of that change in policy, so far as our Company is concerned, were felt more immediately in the domestic equipment and radio divisions.

FACTORS IN THE OUTLOOK

You will, I think, expect me after these two lean years through which we have passed, to give you my views as regards the future. With economic and political conditions at home and overseas constantly changing, it is impossible to promise or to guarantee — I can only tell you frankly what I think and hope that I shall be proved correct.

I expect that the increased demand for electrical consumer goods will continue though perhaps at a somewhat lower level, while the revival in demand for many of our other products will gain momentum as the year progresses — hence the current year's prospects should, for these reasons alone, promise some improvement.

There are, however, unfortunately, some clouds on what might otherwise be a clear sky. In cables, electric meters, and certain other sections of our industry, some of our major competitors at home and abroad seem bent on a price-cutting policy, which appears to me self-defeating, particularly at a time when markets are expected to expand and when the cost of raw materials is tending to rise.

We have also to see what may be the effects of the dollar import liberalisation, and whether our American competitors will endeavour to use our market as a dumping ground for their surplus production. Added uncertainties arise from the recurring demands of labour. There are also those uncertainties which must arise with a general election in the offing. Without talking politics, I would emphatically state that the renationalisation of Britain's efficient and expanding steel industry would bring no benefit to steel users; while the recurring threat to penalise advertising is not only myopic but could affect the scale of production dependent on a mass market. Another cause of uncertainty arises from the negotiations for a Free Trade Area of the 'Outer Seven'. I doubt whether this by itself holds any dramatic advantages for industry as a whole, but I endorse the proposal hoping that it will provide a bridge for closer association with the Common Market. For the British electrical industry, liberalisation of trade between the 'Outer Seven' should, on balance, bring some advantages, but business may be hindered for a time by the differences between British and Continental standards.

INCREASED EFFICIENCY

I have dealt so far with the economic and industrial factors which have affected last year's trading and are likely to affect the current year. If I were to weigh them all up, the good against the bad, I would say that the outlook for the company for 1959-60 can be viewed as improving.

However, the company's management is not content merely to wait upon events, many of which are beyond our control. We have taken a number of steps internally calculated to improve the company's efficiency and profit-earning capacity.

We have continued the reorganisation of the company's management. Our widespread general products group has been split up into divisions, each under a general manager responsible for both production and sales; the new arrangement will add to the efficiency of both manufacturing and distribution. In the engineering group, we have reorganised the functions of the senior staff on a divisional basis, so as to bring about greater individual control, quicker decisions, and better and more personal service to our customers.

FEATURES OF YEAR'S TRADING

General Products Group: Home sales for the group showed an increase over the previous year of 8 per cent. The increase was spread over the group as a whole, with particularly marked increases in the domestic equipment, lighting and radio divisions. The contribution of the group to the company's overall profit improved.

The main outlets for the group in overseas markets were in the domestic equipment range, lamps, lighting equipment, and ventilation. "Osram" lamps continued to hold the largest share of all lamp sales in the United Kingdom and make an important contribution to G.E.C. exports.

Engineering Group: The heavy engineering industry is showing signs of improvement following an 18-month period in which capital expenditure in heavy equipment was at a low level. The company's order book reflects these trends and there has been a distinct improvement towards and since the end of the financial year.

Towards the end of the financial year, we entered into extensive negotiations with Japanese Atomic Power Co. for the construction of a complete 150 MW nuclear power station. A 'letter of intent' to proceed with the contract has been received and, in the meantime, design work is proceeding.

We have entered into manufacturing and 'know-how' agreements with M.A.N., of Germany, and the F.A.P.I.G. Group of Companies of Japan. We recognised some time ago that only highly industrialised countries would be interested in nuclear power and they must inevitably wish to construct and fabricate the major part of the plant themselves. The agreements entered into provide us with a contribution towards our development costs.

Telecommunications Group: Within this group, our company manufactures a wide range of telecommunication and electronic equipment. These products cover the requirements of the General Post Office telephone service at home, as well as overseas telephone administrations, remote control systems, long distance speech and television transmission and designs and manufactures of a wide range of electronic systems, both for peaceful and defence purposes.

On the telephone side of our business, the reduction in Government expenditure had its effect upon us in common with our competitors. We have made strenuous efforts to build up our telephone exports and our success has to some extent offset the lowering of purchases by the General Post Office; we have, in fact, increased our telephone exports by 60 per cent in the last three years, a significant achievement. We installed trunk-dialling equipment at Bristol during the year, the first of its kind in the country.

THE BRITISH & COMMONWEALTH SHIPPING COMPANY LTD

SIR W. NICHOLAS CAYZER'S REVIEW

Addressing the company's shareholders at the fourth annual general meeting, held in London on July 15, the Chairman, Sir W. Nicholas Cayzer, Bt., said:

When I addressed you last year I forecast that there would be a substantial fall in profits for the year 1958. Unhappily, this forecast has proved only too correct, and recently when the 1958 results were announced your Directors warned you that there would be a further decline in profits. At this stage it is impossible to be precise, but the further decline will be material in amount though present indications are that it will not be of the same magnitude as we have just experienced.

The dividend on the Ordinary Capital for the year 1958 has been maintained at the same rate as 1957, but as in the meantime the Capital has been increased by a 5 per cent. bonus issue stockholders have received a slightly larger amount, though, thanks to the change in Profits Tax legislation, the net cost to the Company is somewhat less. Although we have been able to maintain the rate of dividend for 1958, I must warn you it may not be possible to do so next year. We shall, however, look most carefully at the results and take into account the prospects at that time before arriving at a decision.

As explained in the notes, the cash flow is all important and we shall have to watch this with the greatest care. When considering the overall position it should be appreciated, however, that in the event of the trading profit falling below the wear and tear allowances certain recoveries of tax will be made which will help to offset the fall in profits.

THE OUTLOOK FOR SHIPPING

I think it may help you if I outline the situation as I see it today. Until recently, with minor setbacks, shipping has had a satisfactory run since the war ended, though the ever-increasing cost of replacements has tended to place a strain on the financial resources of those Companies which wished to maintain and modernise their fleets. Korea and Suez accentuated the need for ships, and in those days even ships that were old and ready for the scrap heap could make a profit. As a result of buoyant trading the rate of shipbuilding orders increased. Then some eighteen months ago shipping capacity outstripped world trade and freights fell sharply, and have been falling ever since. There is no doubt that the estimate of the increase in world trade was over optimistic, and this perhaps has been most dramatically illustrated in regard to the world consumption of oil. We face, therefore, an unbalance between trade and ships.

In assessing the future on this broad front we must consider to what extent and when the unbalance in trade and ships, to which I have referred, is likely to be redressed. In the normal way the fact that rates are unattractive would ensure that fewer orders for ships were placed, and that the ships that are laid up at present would gradually disappear from the scene thus redressing the balance. Nevertheless, these simple economic facts of life can be completely upset by decisions taken at national levels. The reasons for the decision of a nation to foster its own Mercantile Marine will vary according to circumstances — national security, balance of payments problems, prestige. But whatever the reasons such policies can result in building or retaining tonnage in excess of world requirements.

If this goes on, with its depressing effect on trading results, unsubsidised fleets must decline, or be subsidised, and in the case of the subsidised the taxpayer must pay more and more tax to keep up whatever fleet is decided on for one reason or another. But the policies of subsidies and flag discrimination are the very negation of all the other attempts which are being made to expand trade between Nations in order to foster a spirit of friendship and progressively improve the standard of living of all concerned.

The solution to many of our problems lies in greater International understanding. However good the reasons for such policies may appear I think there is no doubt that, in time of peace subsidies, flag discrimination and so on create situations when in due course all will be losers. Subsidies create subsidies, counter measures can create ill-feeling, and so it goes on. It remains to be seen if there is sufficient wisdom and understanding in the West to surmount what are admittedly very real difficulties to the partners who make up this alliance. The more we can meet and discuss our problems the better chance there is of overcoming them. There is a tendency at a distance to become rigid and rather emotional about one's own National difficulties. Much study is needed if we are to comprehend the International problem of transport that exists today and pursue the right course.

It so happens that traditionally we are a seafaring Nation, and given an equal opportunity I think we are capable of providing a service second to none. In the interests of the world as a whole would it not be a good thing to allow those who have shown ability or aptitude in a particular sphere to get on with the job without hampering their effort with unnatural restrictions? After all, the world can only go round if we are ready to take in each other's washing.

From what I have said it might appear we are reconciled to our fate and are crying for charity. As an industry we are anything but idle. We shall fight for our place in the sun, and I am happy to say that we have the sympathetic understanding of H. M. Government in trying to find a solution to the many problems which confront us. Only lately our Minister of Transport, in spite of his many other pre-occupations, made time to go to Washington for discussions on shipping. At these discussions the problem that exists between the subsidised and the unsubsidised, as well as flag discrimination and other matters, were discussed, and although no spectacular progress was made it was a beginning to worrying out the problems that oppress us, and this beginning must be vigorously followed up.

OUR OWN AFFAIRS

To return to our own affairs, we are constantly reviewing the services which we operate. We have come to the conclusion that the passenger ships which operate the Round Africa Service can be improved quite considerably without major structural alterations, and we are proposing to commence work on the three newer ships, the KENYA CASTLE, RHODESIA CASTLE and BRAEMAR CASTLE, as soon as the necessary arrangements can be made. While as much as possible will be done during normal repair periods, it may be necessary to withdraw them progressively from service for short periods.

While watching our existing services we continue to examine new developments which may affect our business, such as the bulk carrier, containerisation of cargo or the carriage of liquid gas in ships. We have not cancelled any orders for new ships, but we have parted with a number of old friends, and some not so old, for whom profitable employment depended on unnatural trading conditions. The bulk of tonnage laid up at the present time would require fairly substantial increases in rates of freight before it became economic to return it to service, whereas a more moderate increase in rates would suffice to make many of the modern ships which are trading reasonably economic units. In this context one tends to refer to rates of freight because one thinks in terms of the tramp or the tanker which is largely employed on short term or voyage charter. In the liner business, in which we are mainly engaged, rates are not quite so susceptible to the same movement, but lack of cargo can result not only in reduced earnings from smaller carryings but an inability to raise rates to meet increasing costs.

SPRINGBOK SHIPPING COMPANY

Since last we met I have paid a visit to South and Central Africa. During my visit I announced our intention to create and develop a South African Shipping Company in which, in due time, it is hoped that the South African public will wish to take an interest. Mr D.G. Malan, who has accepted the appointment of Chairman and Managing Director, is here at the present time to finalise arrangements regarding the transfer of ships and the setting up of a South African organisation, and I am sure you would wish me to express our thanks to him for giving up the very responsible position of General Manager of the South African Deciduous Fruit Board, and to the Deciduous Fruit Board for releasing him, to undertake this important task. I know that he feels, as we do, that it is one well worth doing.

NEW PASSENGER SHIPS

Further developments during the course of the year include the entry into service of the PENDENNIS CASTLE and the launching of the WINDSOR CASTLE. We were greatly honoured that the WINDSOR CASTLE was launched by Her Majesty Queen Elizabeth The Queen Mother, and such an auspicious beginning must surely give to all of us just that bit of extra encouragement to put our best foot forward in this new endeavour. The entry of the PENDENNIS CASTLE into the South African Mail Service has, I think, been received very well. She is a beautiful ship, and from the passenger angle her decor has come in for a lot of praise.

I am very conscious of the threat of competition from the air with ever faster and faster aircraft, but our passenger revenues are being well maintained, and there seems to be an increasing awareness of the fact that a voyage by sea can do much to restore the health of body and mind, or better still act as a preventive medicine.

DISPUTES IN SHIPBUILDING

It has been said many times before, but is still worth repeating, "the building of new ships is an act of faith". How disappointing it is to find that having created work for our shipyards strikes within the yards can retard progress and increase costs. Surely it can only be a matter of time before all sections of the community recognise their responsibility, the one to the other. But time is not on our side, it is only the realisation today of our needs which will ensure our future. To the Unions I would say, there is no point in achieving better working conditions for your members if there is no work to do through pricing yourself out of the market, and equally I would say to Management, let there be no misunderstanding between you and those who work for you as to the issues involved in so international and competitive a business as ship building. Good relations between Management, Unions and workers are paramount. Better to swim together than sink alone or together.

Finally, let me say that the Directors, Managers and staff, afloat and ashore, have all worked, and are working, hard to secure a future for your Company. In these challenging times we must consider ourselves indeed fortunate to have such a loyal team working for us and they deserve our thanks. I am confident that with the determination to succeed we shall overcome our present difficulties and prove that we are not just fair-weather sailors.

NYASALAND RAILWAYS LIMITED

The 28th annual general meeting of Nyasaland Railways Limited was held on July 22 in London, Mr W. M. Codrington, C.M.G., M.C. (Chairman and Managing Director), presiding.

The following is an extract from his circulated statement:

In my statement last year I alluded to two inter-related factors, one economic and the other political, which would affect the progress of Nyasaland and consequently the future of our Company. Towards the latter part of the year both these factors increased in importance. It became apparent that the credit squeeze was affecting the rate of development and capital investment in the Protectorate; while, at the same time, concern about the political future was having an adverse effect on commercial activity—particularly in relation to import traffic—which naturally has a considerable bearing on our earnings. In these circumstances it is satisfactory that the results achieved justified the maintenance of the dividend at 6% on the Ordinary shares; but it must be remembered that this would not have been possible but for the satisfactory level of activity attained in the earlier months of the year.

INCREASING ACTIVITY OF EXTREMIST ELEMENTS

The events which led to the declaration of an emergency in Nyasaland have been described in a despatch from the Governor of Nyasaland which has been published as a White Paper. So far as the Railway and its staff is concerned, our own experience amply confirms all that Sir Robert Armitage reports about the increasing activity of extremist elements and the intimidation of moderate Africans who are anxious to continue their progress in co-operation with Europeans. That this intimidation has been real and that it is reinforced by threats of witchcraft in its most horrifying form there can be no doubt. Indeed, when I was last in Nyasaland, long service members of our African staff, who were playing a valuable part in our staff welfare and liaison activities, complained to me personally and sought our protection.

Altogether we employ some 7,000 Africans of whom approximately 3,000 are employed at Limbe where our central workshops are situated. When the emergency was declared, all but about 200 of our African employees in Limbe stopped work. Out of the whole of our staff about 60 were detained under the emergency regulations, of whom 27 were employed in our workshops at Limbe. As soon as these few men had been removed all our staff returned to work; and our officials have told me that, with the threat of intimidation lifted, the whole atmosphere regained the cheerfulness which had been strikingly absent during the preceding months of fear and uncertainty. The railway service was never interrupted; and within 24 hours all trains were running normally. That the authorities were faced with a serious plot, which they frustrated just in time, I have no doubt.

The emergency placed a considerable strain on our staff; and in particular the Lake Service was called on to carry out special services for the transport of police and troops, and the removal of detainees. The contribution that our Company and its officers, headed by Mr Stevens, was able to make has been generously acknowledged in letters we have received from His Excellency the Governor of Nyasaland and from the Federal Minister of Transport.

While the removal of a relatively small number of extremists has resulted in the restoration of law and order and to a great extent removed the fear of intimidation, uncertainty undoubtedly exists about the future of the country. This uncertainty is unsettling for our staff of all races, holds up the development of the country, saps confidence, and consequently decreases economic activity of all kinds on which the fortunes of this Company depend. This state of affairs is aggravated by the prospects of a General Election in this country in the relatively near future. Nobody in Nyasaland knows whether a change of Government here would mean an attempt to implement the views expressed by individual members of the Opposition who have been active in colonial matters, some of whose statements have encouraged the more gullible Africans to think that a change of Government in London would result in the immediate grant of "one man one vote irrespective of colour" in Nyasaland.

STATEMENT ON FUTURE BRITISH POLICY NEEDED

That Nyasaland will progress towards a predominantly African Government is reasonably certain. This prospect is indeed accepted by most of the 8,000 or so Europeans in Nyasaland. But those of all races who realise the extremely small proportion of Nyasaland's 2½ million African inhabitants who can even read and write, let alone understand current political and economic problems, are understandably concerned lest any attempt to progress too rapidly may merely have the effect of subjecting the great mass of Africans to domination by a very inexperienced minority. On this problem there must surely be a considerable measure of agreement between the major political parties of this country. The restoration of confidence in Nyasaland is in the interests of all its people just as much as of our Company. In my opinion it is a matter of great urgency. Would it not be possible to issue an authoritative statement backed by both the Government and the Opposition about future British policy in regard to these territories? Such a statement would be twice as effective if reinforced by definite steps to inspire confidence in the future of Nyasaland and to develop its potentialities by making available substantial sums from the Colonial Development and Welfare Fund.

We, for our part, within the limit of our resources, shall continue our policy of trying to train Africans for posts of greater responsibility in our organisations. We are also continuing to explore the possibilities of raising fresh capital with which to improve the transport facilities which we hope will be needed in an increasingly active economy. But at the present time political uncertainty is completely inhibiting commercial enterprise and development, and unemployment among Africans is rising. It is only right that I should warn you that until this uncertainty is removed and future stability assured, our traffics will be adversely affected. This can only lead to a serious reduction in our profits to the detriment of our dividend. Meanwhile our Management are actively pursuing economies imposed by the decreased economic activity in the country.

The report and accounts were adopted.

LAPORTE INDUSTRIES LIMITED

MR L. P. O'BRIEN'S REVIEW

The 52nd annual general meeting of Laporte Industries Limited was held on *July 16 in London, Mr. L. P. O'Brien* (the Chairman), presiding.

The following is an extract from his circulated statement:

Despite the less favourable conditions which were encountered in selling our chemical products both at home and abroad, the Group total turnover was only 2.07 per cent in value lower than for the previous financial year, and that notwithstanding price reductions over a wide range of our chemical products.

The Group profit of £1,813,378, after provision for depreciation and other items, is lower by £285,567 or, say, 13½ per cent less than in 1958. However, in these accounts we have increased the provision for depreciation by £265,914 to £968,786. Higher provisions for depreciation occur in the accounts of nearly all the subsidiary companies throughout the Group and arise mainly in connection with completion of construction of plants for increased manufacturing capacity with improved efficiencies for our principal chemical products. The new plants provided came into operation progressively throughout the year and an expensive "teething" period elapsed before they attained full efficiency and their rated productive capacities, and before achieving satisfactory costs of production.

Based on the lower rates of taxation now in force it is estimated that we require to provide £809,640, which is £244,123 less than a year ago, and consequently, our Group income after taxation, at £1,003,738, has declined by £41,444.

In July 1958, as a result of capitalisation of reserves, the Ordinary stock (which was reconverted into shares) was increased to £8,114,743, on which an interim dividend was paid in December last of 2½ per cent less tax at 8s 6d in the £, and your Directors now propose a final dividend of 5½ per cent less tax at 7s 9d in the £, making 8 per cent for the full year.

We are left with retentions within the Group amounting to £602,558, which is £81,510 less than was the case twelve months ago.

Of the profit retained within the Group of £602,558, £537,661 has been placed to reserves, the profit and loss carry forward in the subsidiary companies has increased by £44,474, and that of the parent company by £20,423.

The current year has opened with a firmer tone than prevailed twelve months ago so far as our United Kingdom and Australian companies are concerned, and I believe that in twelve months' time you will receive a satisfactory report and statement.

SUBSIDIARIES

Laporte Chemicals Limited: Although this subsidiary pursued a policy of price reductions, it was successful in maintaining its sales turnover, but with reduced profit margins. The completion of the new hydrogen peroxide plant operating by the autoxidation process referred to in previous statements was unfortunately delayed and it was not until the last quarter of the year that it was operating at rated capacity and efficiency and satisfied the Company that it was a technical and commercial success which justified it in embarking on this method of manufacture on such a large scale.

Laporte Titanium Limited: This company came through a more than usually difficult year with a slight increase of profit after meeting a much heavier charge for depreciation on fixed assets not yet fully employed. The Phase III additions to manufacturing capacity and the new sulphuric acid plant were completed and Laporte Titanium Limited is now equipped to deal with anticipated additional demands which can reasonably be expected.

Laporte Acids Limited: During this year, consequent upon the completion of the new sulphuric acid plant at Stallingborough for Laporte Titanium Limited, Laporte Acids Limited lost the benefit of orders from that source, but that was for the planned benefit of the Group as a whole. The older sulphuric acid plants have been dismantled and in consequence the output of acid at the Yorkshire works rateably curtailed, with corresponding reduction in profits for the year ended 31st March 1959.

The Fullers' Earth Union, Limited: This company enjoyed a successful year's trading following the modernisation of its plants during recent years and improvement of its manufacturing technique.

Laporte Chemicals (Australia) Proprietary Limited: This subsidiary has made good progress and should continue to do so during the current year.

Pembina Mountain Clays Limited: The first year's trading results are not satisfactory, as a loss was incurred. Needless to say, the closest attention is being given to the affairs of Pembina Mountain Clays Limited by all concerned, and it is anticipated that better results will be achieved at an early date.

After reviewing the activities of the Associated Companies, the Statement continued: The Chemical and Engineering Research and Development Departments throughout the Group have enjoyed the satisfaction of witnessing practical demonstrations of the value of their joint work in connection with some large scale capital projects on which they have been engaged for several years past.

EXTENSION OF THE GROUP

The Company has acquired the whole of the issued capital of The Sheffield Chemical Company Limited, James Wilkinson and Son Limited and Glebe Mines Limited. These three companies were closely allied through some of their largest shareholders and work in close harmony together with a considerable amount of inter-trading.

The total consideration for the purchases has been the issue of 1,285,715 Ordinary shares of 10s each, allocated as agreed by the vendors as a whole.

The report was adopted.

CHARRINGTON GARDNER LOCKET & Co.

The 56th annual general meeting of Charrington, Gardner, Locket & Co. Ltd was held on July 24 in London, Sir John Charrington (the Chairman), presiding.

The following is an extract from his circulated statement:

A year ago I was pleased to be able to report record profits and I am able this year to put before you results which represent a further advance.

Profits after Taxation at £197,383 show an increase of £55,869 on the corresponding figure for last year of £141,714. Your Directors recommend an increased Final Dividend of 7% on the Ordinary Stock which, with the Interim Dividend, makes a total of 11%.

The distribution of fuel oil as it continues to develop is assisting in our improved results, but I must make it plain that the increase in the profits of the Company is not due to an exceptional rise in oil profits. Trade in coal and coke has made a valuable contribution.

Our Lighterage Department has inevitably suffered from the general decline in goods available for carriage by barge which has occurred in the Port of London this last year. Our fleet has been maintained in good condition and some of the larger craft converted to the carriage of oil.

Our sales of house coal continue to decrease, whilst those of smokeless solid fuel show a marked tendency to rise. We have made a feature of smokeless solid fuels for some years, and with the introduction of the Clean Air Act we expect to maintain fully our lead in this market and to offer the public a wide variety of those available.

It is only to be expected that our sales of coal and coke for industrial purposes should show a decline in tonnage in view of the increase in the use of oil in this field, but in so far as those customers have continued to use coal and coke, our trade has been maintained in all respects.

The Company's trade in oil has continued to advance sharply in line with the national tendency.

The comparatively young branch of the Company's oil trade in Birmingham is developing well, and already more storage has been provided at our terminal at Bedworth.

The Mobil Company is at present engaged in the construction of an ocean terminal for their various petroleum products at Ellesmere Port, near Liverpool, and we have been entrusted by them with the marketing and distribution of all their fuel oils from this point.

Our capital expenditure has continued during the past year at a fairly high level. Our plans for future expenditure are for the provision of the additional plant necessary to handle our trade in all types of fuel. I believe that this immediate programme is within the compass of our existing financial resources, and I look forward to a continuation of the Company's good progress.

The report was adopted.

THE MIDLAND TAR DISTILLERS LIMITED

IMPROVING DELIVERY POSITION

The 37th annual meeting of The Midland Tar Distillers Limited was held on July 17 at Oldbury, Mr R. B. Robinson, B.A. (the Chairman), presiding.

The following is the statement by the chairman circulated with the report and accounts for the nine months ended 31st March, 1959:

In my statement to you in December last I referred to the absence of Mr. Stanley Robinson and to our hope that we should soon see him back and in good health. I am more than glad to say that both these wishes have been fulfilled though as some of you may have seen from Press Announcements he has on medical advice relinquished his responsibilities as Chairman. I have been elected in his stead and Mr Brendan Robinson has been elected as Vice-Chairman. Mr Stanley Robinson occupied the Chair for twenty particularly difficult years. As to his success in that office, I need do no more here than point to the present position and reputation of this Company; they speak for themselves. We are indeed glad that Mr Stanley Robinson's services and long experience are still available to our Board.

CHANGE IN ACCOUNTING YEAR

The Accounts now before you cover, as forecast in December last, a nine months period; our year end is now 31st March and in consequence of this it is not profitable to make comparisons with the last Accounts. Not only does a change of this kind introduce difficulties on the first occasion but in addition we are holding our Annual General Meeting two months earlier, relatively, than in the past. We are grateful to Messrs. Harrison, West, Ledsam & Co., the Company's Auditors; Messrs T. O. Williams & Davies, the Auditors under the Tar Agreement and to all the Company's staff concerned for all that they have done to make this possible.

As a result of the change in the accounting year certain tax provisions amounting to £191,791 are no longer required. We have applied this useful non-recurring benefit to the General and Obsolescence Reserves. A secondary effect is the virtual elimination of the provision for taxation under "Current Liabilities" and a considerable reduction in the item "Income Tax 1959/60 payable January 1st, 1960."

I referred last December to the fact that we were liquidating some of our Local Loans. With one exception these investments have now been called in and the money arising has been used to finance temporarily high stocks and to purchase Tax Reserve Certificates.

The reduction in debtors and the high stocks should not mislead you into inferring any reduction in our activities. The explanation lies in the fact that at 30th June we normally have large sums owing to us from Local Authorities for deliveries of Road Tar, whilst at 31st March the season's deliveries have not yet commenced.

During the period under review the first annual Sinking Fund instalment of £10,000 has been applied by the Trustees in the purchase of £10,854 (nominal) of our Debenture Stock.

TRADING CONDITIONS

The price-cutting in Petroleum Fuel Oil, which I referred to last time, continues and our prices have had to reflect it; on the other hand deliveries are improving and the effect of the Steel recession seems to be moving away.

Our Tar Acid home sales continue to be reasonably good. Mr Brendan Robinson, our new Vice-Chairman, was in the U.S.A. earlier in the year on the affairs of our American Subsidiary. Whilst he is not despondent on a long view, and indeed, sales are improving, there is no doubt of the present competitive effect of the large quantities of domestic tar acids. We are more than ever glad to have our own small storage installation (Midland Storage Inc.) and its activities extra to the primary purpose of handling our Tar Acids justify some optimism.

PRODUCTION OF SECONDARY DERIVATIVES

In the policy of producing secondary derivatives from our orthodox Refined Products at Four Ashes, we are making successful progress. As an example of this our plant to make 2-Vinyl Pyridine from Alpha Picoline went into successful operation at the programmed date at the beginning of February last and is now in commercial production. This chemical is mainly used in the preparation of a special synthetic rubber for tyre construction.

Our Chief Research Chemist and Chief Chemical Engineer have recently been in the U.S.A. The experience and the information they have gained in their tour will be of considerable benefit to us.

We have, as you may well imagine, many visitors to see our Four Ashes Refinery from time to time, and we were extremely glad to welcome the Midland Section of the Institution of Gas Engineers under its President, Mr Bate, in October last.

In the new distillation plant at Nechells we have met with some unfortunate teething troubles but experience so far indicates that its performance and ease of control are remarkable. There is still a good deal of redevelopment to do at Nechells as I indicated to you in December last but this programme is well in hand.

Once again I must thank all our staff and workpeople for their loyal and efficient service.

The report and accounts were adopted and the dividend of 7½% on the Ordinary Shares was approved.

THE METAL BOX COMPANY LIMITED

Below are excerpts from the Chairman's Review of the Year: —

Sales at home and overseas and income from investments were again a record at £76,786,000.

Profits after all charges and taxation were £569,903 higher at £3,913,410.

The sale of beer in flat top cans again increased and there are now 118 different types of canned beer available.

It is also encouraging to report a growing interest in canning among soft drink manufacturers and we anticipate that several of their products will be marketed in cans during the coming twelve months.

RESEARCH AND ENGINEERING DEVELOPMENT

Expenditure on Research, Engineering and Production Development was some £750,000 and is still increasing. The work already done has resulted in improvements in techniques, equipment and materials, the advantages of which are passed to our customers — and also to many of our suppliers. The sum spent, although a large one, has to cover not only our needs in an increasingly diversified field, but also to some extent those of our associated and subsidiary companies.

Research. The substantial enlargement of our research facilities to which I referred last year is now nearing completion.

Our greatest efforts are directed towards economy in the use of tinplate and to the development of more economical protective and decorative materials and processes. We have also extended the breadth and depth of our research and development work on plastic containers and greatly intensified our efforts to achieve supremacy as suppliers of containers and service to the frozen food industry.

Technical Engineering Development. The new facilities at Boreham Wood for engineering developments are in fairly full occupation and have already enabled work to expand into the non-metallic field. The development programmes in all fields have been designed to ensure that the Company will continue to keep firmly in the lead in its manufacturing techniques.

Production Engineering Development. Service to our customers is being provided on an expanding scale and extensions to the service depots have been put in hand to give the increased facilities required.

We have always considered it of the utmost importance to give service, in a very wide sense, to our canning customers. Similar assistance is now being rendered to our customers using paper and plastic containers. A new range of equipment has already been developed and is being added to as the field expands.

I anticipate an expanding demand for our products but despite the technical advances which we are making, we shall, I think, be hard put to it to hold our profit margins.

At the Annual General Meeting the resolutions adopting the Report and Accounts, the Dividend, re-electing retiring Directors, altering the Articles, and capitalising the Reserves, were approved.

AMALGAMATED ROADSTONE CORPORATION

The 23rd annual general meeting of Amalgamated Roadstone Corporation Limited was held on July 21 in London, Mr W. H. Gatty Saunt (chairman and joint managing director), presiding.

The following is an extract from his circulated statement:

The Consolidated Accounts show that operating profits of £903,333 compared with £1,116,775 in the previous year, were down by £213,442.

However, when we come to "Net Profits after Tax and Minority Interests" of £253,684, compared with £323,251, the reduction is only £69,567 and, after maintaining dividends on the Ordinary Stock at the rate of 15 per cent. per annum, we have been able to increase the net amount carried forward by £84,871.

TRADING CONDITIONS

In my Statement a year ago, I warned you that the substantial reduction of all constructional work and the progressive reduction in expenditure on road maintenance was continuing during the year now under review and would inevitably result in contraction of our trade and profits. We also had to contend with the most adverse weather conditions experienced in any summer since the War. Since early March of this current year, however, our tonnage and profit have shown substantial improvement compared with last year and we have every reason to believe this upward trend will continue.

While it is, of course, disappointing to have to report a reduction in operating profits of over £200,000 even though the net reduction after tax, etc., is as above-mentioned only approximately £70,000, it is, I think, fair to point out that this is considerably more than offset by realised tax-free Capital Profits, and still further by our indirect interests in the profits of Associated Companies not consolidated in our Accounts.

The Capital Distribution of 5 per cent., £62,500, referred to in the Directors' Report, derives from our shipping Subsidiary, but your Company also received on its holding of Amalgamated Limestone Corporation Shares a Capital Distribution of 6d per Share in November, 1958. A further Capital Distribution of 2s per Share will be received on the 5th August. These two distributions amount to £127,890, and this sum added to approximately £10,000 still left to the credit of the Capital Profits Account from other sources, means that an amount equal to 11 per cent. tax-free on our Ordinary Stock still remains undistributed.

Last year I referred also to the heavy burden of the old Distributed Profits Tax, especially on our Preference Dividends. We have enjoyed only partial alleviation in the year under review, but henceforth, the effect for our Company is such that it would now actually cost less (in the net amount distributed plus the amount of taxation involved) to pay our Preference Dividend and 20 per cent. on our Ordinary capital, than it used to cost to pay our Preference Dividend and 15 per cent., a remark which should not be taken to imply any present intention to increase dividends to that extent.

From the Directors' Report and Chairman's Statement of Amalgamated Limestone Corporation Ltd. you will see that from the proceeds of the sale of its Cement Works at Plymouth, it repaid on the 1st July, 1958 our loan of £500,000 and also retained a profit of £372,000.

The profits of that Company derived from its wholly-owned undertakings in the United Kingdom are, of course, consolidated in our Company's Accounts, but its holdings in Ulster and Kenya are minority (but only just minority) interests. The profits accruing thereon are not, and cannot be, consolidated in its Accounts, still less in the Accounts of our Company.

It is therefore pertinent to draw your attention to the substantial achievements of both Ulster Limestone Corporation and the British Standard Portland Cement Company of Kenya, described by Colonel Cleaver in his Statement to Shareholders of Amalgamated Limestone Corporation Ltd.

ANNUAL REVALUATION OF FIXED ASSETS

This seems to me to be an appropriate point at which to refer to our annual revaluation of Fixed Assets by Messrs. Gerald Eve & Co. and of our ships by Messrs. T. W. Tamplin, which, as at 31st October, 1958, were as follows:

	Balance Sheet £	Valuation £
Property	1,150,000	1,787,000
Freehold and Leasehold		
Fixed Plant and Machinery	1,530,000	3,315,000
Loose and Mobile Equipment	243,000	1,054,000
Ships, including payments on account of new ships	1,027,000	1,328,000

from which it can be seen that such valuations aggregate nearly £7,500,000 against written-down book values of less than £4,000,000. In addition there is, of course, our valuable holding in Amalgamated Limestone Corporation Ltd.

It is especially noteworthy that the valuation of our ships at a time when shipping values are at the lowest point for twenty years and £200,000 below last year's valuation, still exceeds book value by £300,000.

The reliability and validity of our annual revaluations has been strikingly illustrated by the fact that the purchase price of the Cement Works sold last year by Amalgamated Limestone was actually based on Messrs. Gerald Eve's valuation.

With regard to Tarmac Limited, preliminary conversations with a view to amalgamation were initiated early this year.

In conclusion, I would like to express my thanks to each and everyone of our Executive Directors, who coped so well with what was a really difficult year.

Once again I am glad to report that no labour troubles have marred the happy relationships which exist in all branches of our Corporation and I am sure you will join with me in expressing our thanks to all concerned.

In response to a Shareholder's question regarding the negotiations with Tarmac Limited, the Chairman said: "Several months ago it seemed to us to be a very constructive amalgamation and on both sides we tried very hard to work out mutually satisfactory terms. We very nearly came to terms, but when we attempted to compromise the gap seemed to widen, and last week it became quite apparent that we could not get agreement on terms which would be proper to go on with and we could not recommend such terms to our Shareholders, so we had to issue a notice to the effect that the negotiations had broken down."

The report and accounts were adopted.

CHAMBERS WHARF AND COLD STORES LTD.

IMPROVED FACILITIES

The 32nd annual general meeting of Chambers Wharf and Cold Stores Limited was held on July 29 in London, Mr. Charles Goldrei (Chairman and Managing Director), presiding.

The following is an extract from his circulated statement:

The Net Profit before Taxation for the 52 weeks ended 27th March 1959, after charging Depreciation and the other charges detailed in the accounts is £295,029, as against £350,476 for 1957/58. The charge for Taxation is £148,955 as against £204,598, thus leaving the Net Profit after Tax at £146,074 as against £145,878 for the previous year. £54,000 has been transferred to General Reserve.

Your Directors recommend the payment of a Final Ordinary Share Dividend of 11½% making 16½% for the period — the equivalent dividend for the previous year on the Ordinary Share Capital as augmented by the Scrip issue in September 1958 would be 16 1/8%.

DEVELOPMENTS

In my Statement last year, I reported the completion of the extension to our Riverside Jetty. This has considerably improved our Riverside berthing and cargo handling facilities and enabled us to increase the number of ships worked. During the year two of our older warehouses have been demolished and are being replaced by a modern riverside Dry Goods Warehouse of some 3,500 tons capacity, which should be completed by the end of the year. We have acquired the adjoining freehold riverside warehouses, known as Sterling Wharf, which, after alterations, should be available by September next.

In order to improve the facilities offered to our customers, especially in the Meat and Quick Frozen Food Trades, a night service at our Riverside Cold Store has been in operation since May 1st 1959.

Your Directors decided that the time had arrived to provide additional cold storage accommodation in the suburbs of London and so assist in the distribution of Quick Frozen Foods. We are therefore now erecting a modern mechanised Cold Store of some 5,000 tons capacity in the Walthamstow area, and this we hope will be in operation before the end of the summer.

The report and accounts were adopted.

THE METAL BOX COMPANY OVERSEAS LIMITED

The trading results of the Overseas Group have again shown an increase on the previous year but this year the increase has been less pronounced. The sales of the overseas subsidiaries totalled £18,770,000 representing a rise of just over 4%; the trading profits were correspondingly higher at £2,242,000.

During the year our subsidiary in South Africa completed its twenty-fifth year of operations and in so doing followed closely on our Indian Company's anniversary, which was celebrated last year.

Demand for the Group's products continues to rise and additional manufacturing operations have been started in India, Malaya and South Africa.

In India, land has been purchased at Faridabad near Delhi for a new factory to serve customers in Northern India and it is hoped to commence production in the new premises early next year. An additional factory is also planned in the Bombay area and negotiations for a suitable site are in progress.

The factory at Petaling Jaya near Kuala Lumpur in the Federation of Malaya, to which I referred last year, is almost completed and will shortly be in production. This factory will initially be equipped to produce general line containers and will serve the needs of the expanding industry in the Kuala Lumpur area. There are encouraging signs that the availability of Metal Box containers will stimulate existing local packaging industries.

In South Africa, the Vanderbijl Park factory is being extended and will be equipped with a new high speed line built by Metal Box England for the manufacture of beer cans.

All the factories will be equipped with modern machinery manufactured by the Home Company, thereby providing a very valuable market for exports from the Home Machine Shops. During the year machinery to the value of £850,000 was exported overseas.

Towards the end of the year the Company acquired from its Italian associates their holding in La Superbox Fabbrica Contenitori Metallici S.p.A., the can making company in Florence to which reference was made last year. More than 90% of the capital of that company is now held by us, the balance being held by our associates in France and America.

The existing factory is being equipped with additional Metal Box machinery and will operate under our management.

It is expected that the demand for cans in Italy will steadily increase following the establishment of the European Common Market, and it is planned to build a second factory in Italy during the coming year.

EXPORTS

In the past year we have exported goods to a value of £2,660,000. This shows an advance of some 10% over the previous year's figure, part of which relates to machinery and equipment manufactured in the Home Company's factories. This continues the changing pattern of our exports.

THE MOUNTAIN COPPER COMPANY

The 57th annual general meeting of The Mountain Copper Company, Limited was held on July 17 in London, Mr. R. Ellerton Binns, B.Sc., M.I.M.M. (the chairman) presiding.

The following is an extract from his circulated Review:

The operations for the year ended 31st December, 1958 resulted in a Group Profit on Sales of £188,118 as compared with £174,715. The total gross earnings amount to £193,984 as against £217,757 for 1957. The reduction in gross earnings is due to the fact that San Francisco Chemical Company paid no dividend in respect of the year under review, whereas in the previous year we received £35,478 ($100,000) from that source. These results can be considered most satisfactory, for the year was an exceptionally difficult one characterised by extremely erratic trading conditions.

SHASTA OPERATIONS: The adverse effect of the American business recession was decidedly more marked in the earlier part of the year, the general trend being toward a gradual improvement.

With regard to the current year I am pleased to report that pyrites sales to date are higher than for the corresponding period of 1958 and the gradual improvement which marked the latter half of that year so far appears to have been maintained. The future, however, remains obscure, fraught as it is with the prospects of labour troubles and major strikes in the United States, which could adversely affect our business. However, I believe that in the absence of any unforeseen setback or protracted strike troubles the current year should be a better one for Shasta than was 1958.

MARTINEZ: The rapid fluctuations and changes in Martinez operations and sales as evidenced in the past year's working should clearly indicate the difficulty of gauging with any reasonable accuracy even the trend of that business over a twelvemonth. On the other hand sales to date remain satisfactory and accordingly, bearing in mind the probability of strikes and other troubles, I think we can look forward to the current year's results being as good as those for the year of the Accounts.

SAN FRANCISCO CHEMICAL COMPANY: As I have previously stated, the San Francisco Chemical Company, in which we hold a 50% interest, paid no dividend in respect of 1958 although the results were better than those for the previous year. Its liquid position, having regard to its immediate commitments, remains satisfactory, a factor which, together with the large reserve of ore now proved and available at Cherokee and other areas and the highly efficient plant and equipment now in service, may be regarded as providing the Company with a sound platform from which to take-off on its next important expansion stage.

The resolution for the adoption of the report and accounts and the payment of a dividend of 9d per share, less tax, was moved by the Chairman, seconded by Sir Denys Lowson, Bt., (Deputy Chairman) and was duly approved.

CREDIT LYONNAIS

At its meeting on 10th June 1959, the Banks Control Commission approved the Accounts for 1958 and the proposals of the Directors. The dividend is fixed at 200 francs gross (against 175 francs for the financial year 1957), including the guaranteed minimum interest of 69 francs 63 and a super-dividend of 130 francs 37. Payment was made on the 6th July 1959 at the rate of 176 francs nett.

The Banks Control Commission also approved the proposal to increase the Capital and Reserves of the Credit Lyonnais. The capital is thus increased to 12 thousand million francs and the Reserves entered in the Balance Sheet to 2,500 million francs.

The Report stresses that results show a definite improvement with a total of 944,407,682 francs against 673,179,641 francs. Interest charges continue to increase considerably; although capital employed in discount and overdraft operations increased to a lesser extent, it reaped the benefit of a continuance in the official discount rate at 5% during a greater part of the year. Commissions on bank operations increased to a modest extent, and stock exchange operations have fallen sharply. The mass share issues dealt with in 1958 favoured an expansion in commission on subscriptions. The increase in operating expenses is due primarily to interest paid (especially with respect to re-discount and pension transactions) as well as to a heavy increase in fiscal burdens.

MILLARS' TIMBER & TRADING

The annual general meeting of Millars' Timber & Trading Co., Ltd., was held on July 6 in London, Major A. W. Bird, D.S.O., managing director, presiding.

The following is an extract from the Directors' Statement for the year 1958:

Trading results showed a reduction compared with 1957. The Group trading surplus fell from £365,290 to £293,074 although turnover did not suffer to a great extent, being only 5 per cent. down. Net profit amounted to £87,914, and from that we have transferred £20,000 to Contingencies and General Reserves.

The merchanting side of our timber business made reasonable profits. The main cause of the falling away in our profits was the Jarrah and Karri side of our business in the domestic Australian market. The turnover in the export markets for Jarrah was well maintained although there was keen competition from other woods and amongst the Jarrah and Karri producers themselves.

Our Liverpool Company—David Roberts, Son & Company (Bootle) Limited—made satisfactory profits and increased their turnover. They are the main specialists in the Greenheart trade throughout the world. Greenheart is in increasing use in docks, harbours, and similar marine works everywhere.

Unrest in the Middle East disturbed our markets, but we are actively engaged in expanding our sales elsewhere, and these efforts have met with some success.

AMALGAMATED LIMESTONE CORPORATION

The 8th annual general meeting of Amalgamated Limestone Corporation Limited was held on July 21 in London, Colonel D. W. Cleaver, D.S.O. (the chairman), presiding.

The following is his circulated statement:

I will mention first the sale of Saltram Cement Works which enabled us on 1st July, 1958, to repay £500,000 borrowed from our Parent Company, Amalgamated Roadstone Corporation Ltd.

It also resulted in a Revenue Profit of £196,672 and a Capital Profit of £175,979. It is this Capital Profit which, supplemented by a recent receipt from Kenya, provides the £200,000 which we have decided to distribute on the 5th August 1959, being 2s. per Share free of Income Tax and Surtax.

THE YEAR'S RESULTS

Trading Profit of our wholly-owned undertaking amounted to £160,090 (which included seven months profit only in respect of Saltram Cement Works which were sold as from 1st June, 1958), against £175,998 for the previous year. Depreciation absorbs £45,910, Loan Interest £20,000, Taxation £170,960, Auditors' and Valuation Fees £2,420, leaving, after bringing to credit the above-mentioned Revenue Profit of £196,672 arising from the sale of Saltram Cement Works, £117,472 to be added to the net amount to be carried forward which will then be £274,962.

The exceptionally wet summer of 1958 was most adverse to our trade in ground limestone for agriculture, but I am glad to say that this current year is looking much better and we must hope for continuation of fine weather for the rest of this season. Profits from the Company's other activities were satisfactory and are being maintained.

Ulster Limestone Corporation whose trade, as you know, is also the production and sale of ground limestone for agricultural purposes, suffered from last year's exceptionally wet season; its profits were about one-third lower than those of the previous year. Since March this year, however, its production and sales have recovered well and given a continuation of favourable weather conditions, I shall be surprised if the current year's results are not back to those of previous years.

I am glad to be able to report that having ploughed back all profits available to that end, it has now redeemed in full in four successive annual instalments, the whole of the £94,000 Loan Stock issued to finance its undertakings. The resultant undivided profit was capitalised by the issue to Shareholders by way of bonus, of new Redeemable Stock the total amount of which is now again £94,000.

PLANT EXTENSIONS COMPLETED

The British Standard Portland Cement Company in Kenya continues to flourish. The Plant extensions to which I referred last year have been completed and the productive capacity can be rated at 300,000 tons of cement per annum. Average selling prices in East Africa have shown some contraction during the year under review, but the very high quality of cement produced, and its consequent ever-increasing popularity with consumers, together with reduced costs stemming from the increase in production, should enable the Company to continue to show excellent results.

This Company has also now redeemed out of profit the whole of the £560,000 Loan Stock issued to finance the first stage of its development. Also out of profit, its capital expenditure on properties and works as at 31st October, 1958, amounted to over £1,900,000 and its net liquid surplus had grown to over £400,000.

In the absence of that Company's Accounts and Directors' Report, this is, I think, the best way to bring home to you the value of this investment. As soon as the Directors' Report reaches us, copies will be circulated to you.

The staff and workmen have worked throughout with their usual zeal, and on your behalf I take this opportunity of thanking them for their unfailing goodwill and assistance.

The report and accounts were adopted.

BRITISH SUGAR CORPORATION

The 23rd Annual Ordinary General Meeting of British Sugar Corporation Limited was held on July 28th in London.

The following is an extract from the circulated address of the Chairman, Sir Edmund Bacon, Bt., for the year ended March 31st, 1959.

Turning now to the agricultural and operating results of the past twelve months, I am able to tell you that with a yield of 5,724,328 tons the 1958-59 sugar beet crop established a new record for this country. It was almost a million tons higher than the average of the previous five years. The crop was grown by 35,454 farmers on 413,658 acres, representing an average of 11.67 acres per grower.

Many individual factory yields per acre were also records. Spalding averaged 16.53 ton per crop acre and five East Anglian factories had yields of over 15 tons per acre. The average yield for the whole country was 13.88 tons per acre, compared with the previous record of 13.11 tons in 1953-4, and 11.81 tons, the average of the past five years.

FAVOURABLE WEATHER

Favourable weather during the winter of 1957-58, which facilitated the preparation of excellent seedbeds, gave the crop a good start, and the excellent germinating quality of 1957 harvest seed resulted in higher plant populations. Heavy rains during spring and early summer kept the crop growing and prevented the spread of aphids, with the result that it was relatively free of virus yellows.

In addition there was a greater use of systemic insecticides than in any previous season and one-quarter of the crop, or 100,000 acres, was sprayed by the end of July. Another favourable feature was the good growing weather during the autumn, which resulted in a steady increase in root weights during the greater part of the campaign.

Harvesting was handicapped by periods of excessive rain in the South and snow in the North, but thanks to strenuous efforts by growers and our field staffs, factories were kept fully supplied, and the whole crop, with the exception of some very small quantities of frozen or waterlogged beet, was delivered. Although the heavy rainfall depressed sugar contents to around 15 per cent., juice purity has shown a welcome improvement and has been equalled only once in the past five years.

ADVANCE IN MECHANISATION

The fact that about 60 per cent. of the crop was harvested mechanically compared with about 6 per cent. ten years ago shows the advance that has been made in the mechanisation of autumn work on the crop. Similar if less spectacular progress is being made with the mechanisation of spring work to reduce hand labour, and 42 per cent. of the total acreage was sown last year with specially-processed seed.

This has been brought about to no small extent by the demonstrations which we have organised in conjunction with the Sugar Beet Research and Education Committee. Both the spring and autumn demonstrations in 1958 were well attended and very successful.

Sugar production consisted of 451,241 tons of white and 285,550 tons of raw sugar, equivalent to a total output in terms of white sugar of 722,538 tons. The production of dried pulp in all forms was 413,888 tons. The increase in the production of pulp nuts to 19,811 tons enabled them to be more widely offered both to growers and the feeding-stuffs trade and they have been well received. Molasses production was 242,735 tons.

NEW TECHNICAL RECORDS

I am glad to tell you that new technical records have been achieved. These have been made possible both by our policy of capital expenditure to expand capacity and increase efficiency and by the magnificent work of our employees at all levels, in preparing for the campaign and in the campaign operations.

The daily slicing capacity of the factories rose to a new high level of 47,617 tons per day, and even at this capacity the loss of sugar which occurred in processing was the lowest recorded.

We have again reduced considerably our seasonal labour complement so that the number of man-minutes per ton of beet worked has reached a new low level.

Capital expenditure last year was £1,898,000, a sum which has never before been exceeded in the history of the Corporation. We have not yet obtained the full benefit of this expenditure, as much of it is being devoted to large schemes which will take two years to complete, as, for example, continuous extraction plants at three factories and one new power plant. Amongst projects completed during the year were the erection of bulk sugar silos at Brigg, the provision of a large pulp drier at Cantley, improvement in beet reception at Cupar, and a new evaporator plant at Ipswich.

The use of automatic control devices and instrumentation has been widely developed in our factories and this work has resulted in a more constant quality of output and generally in improved working conditions.

The report and accounts were adopted.

"MONTECATINI"

Società Generale per l'Industria Mineraria (Milan)

The Board of Directors of *Società Montecatini* met on June 15 in order to review the progress made by the Company and the Group as a whole during the first part of the current business year.

The economic results of the first three months of 1959 are better than those of the comparable period of the previous year. For the period January-May 1959, substantial progress in production, sales and deliveries, whether in respect of Montecatini or the Group as a whole, may also be recorded. The Montecatini Company itself has had an average increase of 5% in its turnover up to now.

The Board also took note that, following the resolution adopted at the Company's Annual General Meeting of April 28, 1959, a bond issue for 510m. is to be floated in the United States, in co-operation with Mediobanca. This loan will be underwritten by a group of American banks led by Lazard Frères & Co., Lehman Brothers and Kuhn Loeb & Co. It will ensure the necessary funds for the erection of a plant for the production of Moplen (polypropylene). This plant is expected to be completed and on stream by the beginning of 1961, and will further increase the high esteem in which both Montecatini's technical prowess and its achievements are held abroad.

The issue of the second part of Italian bonds totalling Lit. 30,000m. has been deferred, however, pending the provision of legislation, which has been foreshadowed for some time, regarding the incidence of income tax on the interest accruing on bond holdings.

The Board further noted with satisfaction the gradual but steady development of the wide production programme of the Parent Company and its subsidiaries, which continue to follow, especially in the depressed areas of Italy, the traditional Montecatini policy which tries to combine the provision of production facilities in accordance with sensible market requirements, with the objective of contributing, directly and indirectly, to raising the standard of living of the Italian people in the wider general interest.

Fully conscious of its duties as a great national enterprise, the Montecatini Company has a number of industrial projects in the planning stage and in process of erection in various parts of the country, and particularly in the following eleven provinces: Grosseto, Terni, Pescara, Naples, Foggia, Brindisi, Catanzaro, Syracuse, Caltanissetta, Agrigento, Cagliari.

These projects are in almost every case of considerable magnitude and some are constructed on a grandiose scale. They are always exceedingly well received both by the local authorities and by the local population, since it is realised that in the ordinary course of events they are bound to give rise in their turn to new and growing enterprises for ancillary and complementary production. They will also promote the expansion of transport facilities by sea and land and the establishment of infra-structures, the technical specialisation of labour and other important aspects of economic and social life.

LOBITOS OILFIELDS LIMITED

The 51st Annual General Meeting of Lobitos Oilfields Ltd. was held on July 21, Mr F. C. Bowring presiding.

The following are extracts from his circulated statement for the year ended 31st December, 1958:

In addition to the highly competitive trading conditions which have prevailed in the oil industry during the year under review, the results for the year unfortunately also reflect the serious difficulties with which our interests in Peru and Ecuador are contending.

In order to safeguard as far as possible the future of your Company's operations, your Board has sought to broaden its interests. Your Company's stake in Canadian oil and gas, and potential oil-bearing territory has been increased; plans for modernising and increasing the flexibility of the Ellesmere Port refinery are under consideration, and investment in the manufacture of specialty products has been increased.

PERUVIAN SUBSIDIARY (C.P.L.)

The continuing uneconomic domestic prices obtainable for refined products necessitated severe curtailment of the Field operating programme, and by the end of December all drilling had ceased and all possible economies were being effected. As a consequence production is declining and, unless economic conditions permit resumption of full drilling, it must continue to decline to the detriment of the operating companies and the Peruvian economy.

TANKER

The new 15,500 d.w.t. tanker was launched on 21st December, 1958, and named "El Lobo." She commenced her maiden voyage in May.

DISTRIBUTION AND MANUFACTURE

Highly competitive trading conditions continued in the areas served by the three distribution companies, but they maintained their respective market positions.

Since the end of the year under review your Company has acquired a majority interest in Dussek Brothers & Co. Ltd., manufacturers of cable oils and compounds, paint and putty and other specialty products.

CANADA

During the year under review the exploration and producing Company of Lobitos in Canada, became a subsidiary. It acquired further acreage in Pembina and two drilling reservations in the Bigoray area some miles North East of the Pembina Field. Two successful gas wells have been drilled on these reservations on a farm-out basis, and one of them has indicated the presence of a substantial gas reservoir at shallow depth.

Further drilling will, however, be necessary to evaluate the full potential of these discoveries, which are separate from and in addition to the Minnehik gas field already proved by the Company.

Lobitos' field of activities has recently been widened by an application for a permit to explore approximately 2,500,000 acres in the Arctic Islands of Cornwallis, Bathurst and Melville. It has been arranged for geological and aerial surveys to be undertaken immediately. Owing to its geographical remoteness, it is proposed to carry out these operations through the Round Valley Oil Company, which is a subsidiary of Lobitos Oilfields Ltd.

PROFIT

The Profit of £451,668 shows a substantial fall from the results of the previous year in spite of a material reduction in the United Kingdom taxation charge due to Investment Allowances granted mainly on the new tanker m.v. "El Lobo."

SOCIETE ANONYME DES AUTOMOBILES PEUGEOT (PARIS)

At the Annual General Meeting held on June 23rd with M. Jean Pierre Peugeot in the Chair all the resolutions were unanimously adopted.

The gross dividend for the financial year 1958 was fixed at Frs. 962.60 gross for the 1,600,000 shares at Frs. 11,250 which will be payable at the rate of Frs. 756 net at a date to be decided by the Board of Directors. This represents an increase of 7 per cent on the preceding year, taking into account the changes brought about in the firm's capital.

The turnover for the year reached Frs. 133 milliard — an increase of 19.56 per cent on the previous year — with a total production of 188,714 vehicles against 166,521. The sales in France have increased by 4 per cent, while those overseas have risen by 51 per cent, this figure being greater than that for the total overseas sales of the French automobile industry, which now stands at 47 per cent for 1958.

The net profit for the year after deduction of Frs. 4,400 million for amortisation amounts to Frs. 3,179 million, an increase of Frs. 200 million on the previous year, the percentage on the turnover being slightly less than that of 1957 (2.68 per cent) due to the fact that the increased sales consisted almost entirely of exports.

REPFRANCE

75, Champs-Elysées, Paris, France

The First Annual General Meeting of REPFRANCE was held in Paris on April 27th under the Chairmanship of M. Jean Picard, Chairman of the Board of Directors. The following is a summary of the report presented by the Board:

The Company was formed in 1957 by Lazard Frères, Banque de l'Indochine, Chargeurs Réunis, Cie Financière de Suez, Cie Française du Sahara, CNEP, CIC, Paternelle, Pechelbronn, and Société Financière de l'Artois, in order to finance the development of oil prospection and extraction in France and the Franc area.

REPFRANCE holds interests in 21 companies engaged in the search for oil. The portfolio includes a 2.77 per cent interest in SN Repal which itself controls half the Hassi Messaoud and Hassi R'Mel oil deposits.

Other holdings include a 10 per cent interest in Petrorep which exploits the Coulommes deposits in the Paris region. As a result of its participations, and of various

agreements between interested companies, REPFRANCE participates to a greater or lesser degree in existing deposits or future discoveries from 71 per cent of the area in France for which prospecting permits have been granted, and from 85 per cent of the concessions in the Sahara.

Consequently, REPFRANCE shares to the extent of 4 per cent in the discovery of the Hassi 'el Gassi field, some 50 miles south of Hassi Messaoud, by Pétroles d'Aquitaine. The Company also holds 1.5 per cent interest in the oil deposits found by COPESEP in the Paris region.

The report, the accounts, and the proposals put forward by the Board of Directors were adopted.

HENDERSON'S TRANSVAAL ESTATES

The 47th annual general meeting of Henderson's Transvaal Estates, Limited was held on July 8 in London.

Sir Joseph Ball, K.B.E. (the chairman), presided and, in the course of his speech, said:

The net profit attributable to the parent Company, after all charges including taxation, at £89,000, is rather more than double the figure for last year, namely £43,700. In the light of these very satisfactory results, your Board feels justified in recommending a final dividend of 15% which will make a total distribution for the year of 21¼%. It is probably unnecessary for me to point out that the recommended rate of dividend is an all-time high in the history of the Company.

Commenting on the Company's dividend record, the Chairman said: Stockholders have been well rewarded in the past, and I have no hesitation in expressing the view that they may look forward with some confidence to the future prospects of the Company.

Turning for a moment to the Company's investment portfolio, I may here remark that, since the end of the financial year, there has been an increase in the value of our quoted securities which, on 3rd July, showed the very substantial appreciation of £350,000 on the balance sheet value of £675,000 — as compared with an appreciation of £216,000 on 31st March last.

The Chairman then reviewed the activities of Tweefontein United Collieries Limited, White's South African Portland Cement Co. Ltd., and Mineral Holdings Limited.

The report was adopted.

SPEAR AND JACKSON

The 54th Annual General Meeting of Spear & Jackson Limited was held in Sheffield on July 16, the Chairman and Managing Director, Mr Stephen M. de Bartolomé, presiding. The following are extracts from his statement.

1958 had not been an easy trading year. Mr de Bartolomé recalled that a lessening of activity in the timber trade inevitably affected the Company's important export business in wide bandsaws and circular saws, just as a general reduction in demand for steel had its effect on the Company's home sales of metal-cutting saws, notably segmental saws.

Despite unfavourable factors there were others contributing to the Company's very satisfactory results. In British Columbia, for example, an upturn of demand from merchants serving the lumber industry, prompted by fears of stoppages, helped to explain the better results achieved by the re-built Canadian factory. The purchase and subsequent trading results of a subsidiary, acquired in April, 1958, were also reflected in the accounts. Modest improvement had been recorded by most manufacturing departments, off-set here and there by narrowing profit margins. Demand, in particular, for first quality Sheffield made hand tools had shown no slackening.

Continuing development was an essential condition of continuing prosperity, said Mr de Bartolomé, and the Company's considerable modernisation plans were being pressed forward. Outstanding contracts and schemes approved required £293,000.

Group trading profit, before taxation, of £317,258 compared with £266,239 for 1957. Net profit increased by £26,449 to £149,938, and recommended by the Directors was a dividend of 20% and a bonus of 17½% (as against 20% and 7½% for the previous year). The report was adopted and an increased distribution of 37½% was approved.

TELEPHONE MANUFACTURING COMPANY

The 29th annual general meeting of Telephone Manufacturing Company Limited was held on July 13 in London, Mr Fred. T. Jackson, O.B.E., Comp.I.E.E. (Chairman and Managing Director), presiding.

The following is an extract from his circulated statement:

The Group profit for 1958 amounted to £102,848 before providing for Taxation. This represents a reduction of £140,316 on the figure for 1957. After various adjustments, including provision for Taxation of £59,059, the Balance of Net Profit of the Group amounts to £61,890 as against £84,412 for 1957.

We are now suffering from the loss of business from the British Post Office for Subscribers' Apparatus and whilst it was possible to maintain in 1957 the rate of turnover achieved in 1956 with the help of business from other sources, it has proved quite impossible to offset the further reduction experienced in the year under review.

The expansion of the Telephone Service and the plans for automation are dependent on capital being made available. The Post Office are not their own masters in this respect and until the Treasury loosens the purse strings they will continue to be handicapped in their planning of the service and prevented from undertaking any energetic campaign to expand it.

The Line Transmission business at our St. Mary Cray factory has been well maintained. Our Capacitor Division, also at St. Mary Cray, is growing steadily and we believe has a promising future.

General prospects for the current year are not encouraging. I am afraid that I can only forecast a further deterioration in the result of our trading for 1959.

The report was adopted and the total distribution of 10% approved.

DENNISTOWN RUBBER COMPANY

The 26th Annual General Meeting of Dennistown Rubber Estates Limited was held on July 10 in London, Sir Harry Townend (the chairman) presiding.

The following is an extract from his circulated statement:

The working profit for the year under review was £26,620 compared with £31,351 for the previous year. This reduction is attributable mainly to the lower price which we received for our product. Output also declined by some 24,000 lbs. After providing for taxation your Directors were able to maintain the dividend at 20 per cent.

Replanting is continuing according to plan and in 1958 we dealt with 107 acres on Kim Song Estate and 93 acres on Parit Buntar Estate. At the end of the year the Company had 1,319 acres of improved material equivalent to 40 per cent of the total acreage under rubber. Some 376 acres of this improved material were mature.

Output from the Oil Palm area on Parit Buntar Estate continues to improve and this area is making a contribution to the profits of the Company.

The estimates for the year ending 31st December, 1959, are based on an output of 1,350,000 lbs. The crop harvested up to the end of May amounted to 563,600 lbs.

The present spot London price for No. 1. Ribbed Smoked Sheet is around 29d. per lb. and is giving us a satisfactory return. Prospects for 1959 accordingly appear good.

The report was adopted.

WALKER CAIN LIMITED

The 37th ordinary annual general meeting of Walker Cain Limited was held on July 10 in London.

The Rt. Hon. Lord Brocket (the chairman), presided and, after commenting on the adverse weather conditions encountered during the year and the setbacks suffered by certain heavy and capital goods industries together with textiles, continued:

Against this background of less favourable economic conditions our own output lost some ground; but the drop in production was not alarming and I am glad to say that draught beer, by far the greater output of our Brewery, suffered less than bottled. Wines and Spirits sales were well maintained.

You will remember that for many years I have complained of the high taxation on Beer and Spirits. In my last annual speech I expressed the rate in terms of purchase tax as 160%. I am therefore grateful to the Chancellor of the Exchequer for reducing the beer duty which, expressed in terms of purchase tax, now stands at 130%.

Following our usual practice, the benefit of this reduction in beer duty was immediately passed on to our customers.

Since the Budget our beer sales have risen, but an improvement in trade was apparent during March, and one must conclude that a proportion of the increased trade since April is a continuation of this improvement. It may be a little time before a recovery in the heavy and capital goods industries manifests itself, but prospects are now brighter.

The report was adopted.

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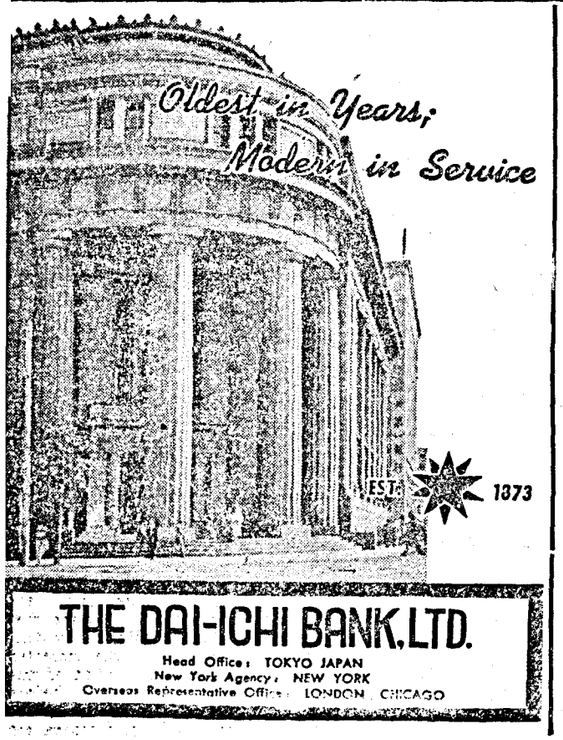

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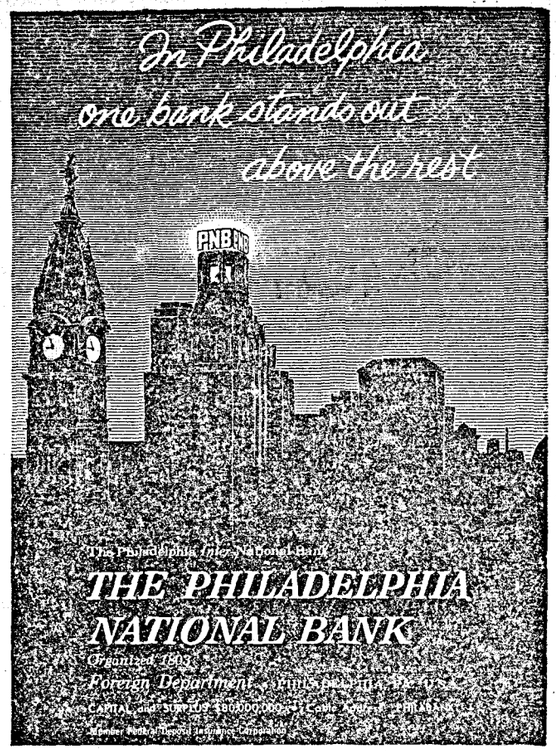

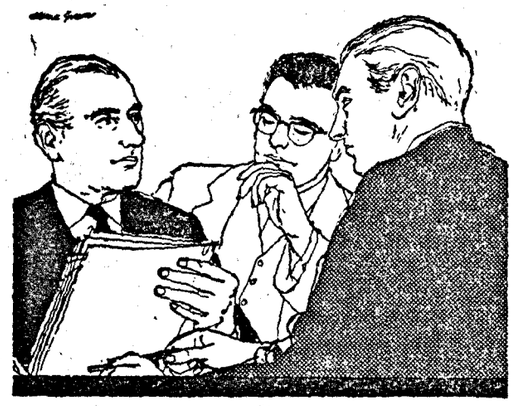

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Manchester: 75 Whitworth St. Central 5429
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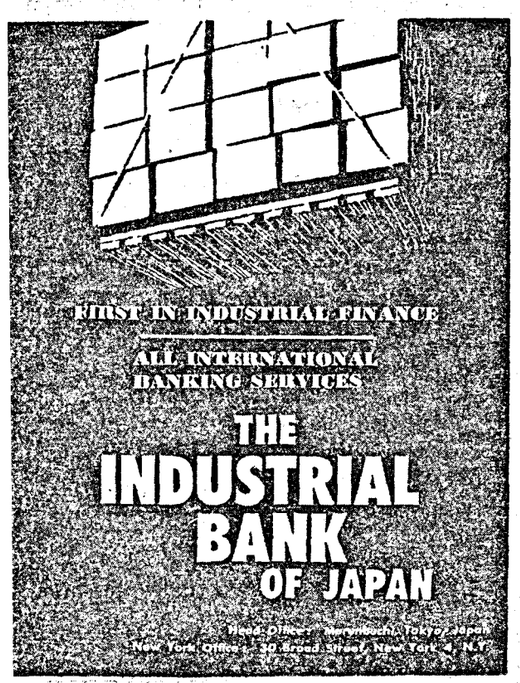

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The Economist

AUGUST 29, 1959

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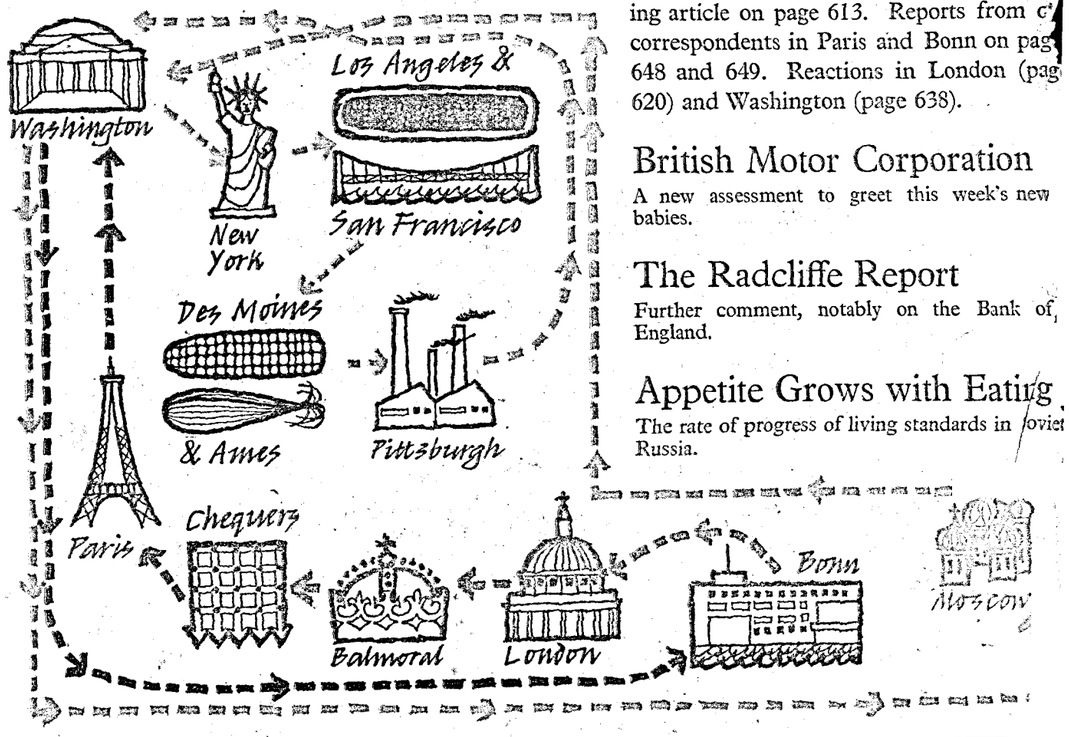
UNDER SECRETARY TO GOVERNMENT 7 - SEP 1959 PUBLIC DEPARTMENT

Mr Eisenhower in Europ



First stop Bonn, discussed in the first leading article on page 613. Reports from c' correspondents in Paris and Bonn on pag 648 and 649. Reactions in London (pag 620) and Washington (page 638).

British Motor Corporation

A new assessment to greet this week's new babies.

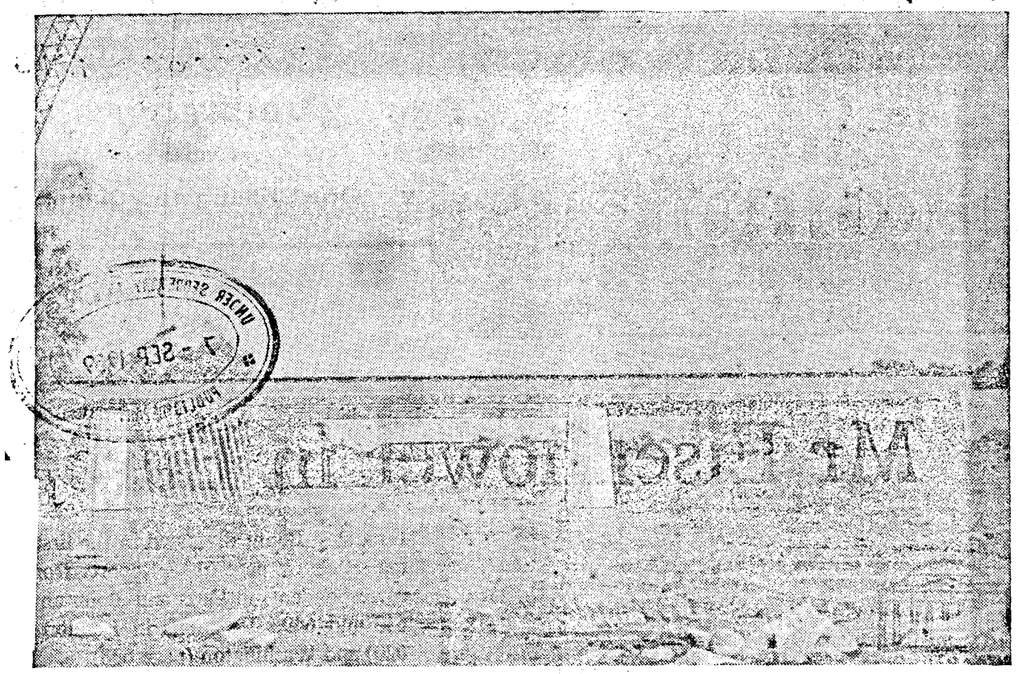
The Radcliffe Report

Further comment, notably on the Bank of England.

Appetite Grows with Eating

The rate of progress of living standards in oviet Russia.

World Politics and Business



DORMAN LONG UNIVERSAL BEAMS AND COLUMNS IN THE HIGHWAY PROGRAMME

Universal beams and columns have a far greater load-carrying capacity than any previously available in Great Britain, and can be obtained in lengths up to 90 ft.

In relation to the highway programme, this extra strength means that for a great many bridges Universal beams are now being used with a minimum of fabrication. Moreover, each basic section is available in different 'weights', giving a wide selection to the designer.

Compared beam for beam with those hitherto available, this means that the same loading per foot can be carried over a much wider span, or several times the loading if the spans are equal. For example, they are capable of carrying the heaviest Ministry of Transport loadings over clear spans up to 75 ft. wide, in some cases greater if high tensile steel is used.

All work is simplified whether in design or fabrication.

The illustration shows the Cataractonium Bridge, one of 8 bridges built under the direction of R. Sawtell Esq., A.M.I.C.E., County Surveyor for the North Riding County Council: this bridge over the River Swale is built upon piers and has side spans of 56 ft. and a centre span of 75 ft.

In all these bridges, Dorman Long Universal beams have been used to great effect, and except for the widest spans, without added flange plates.

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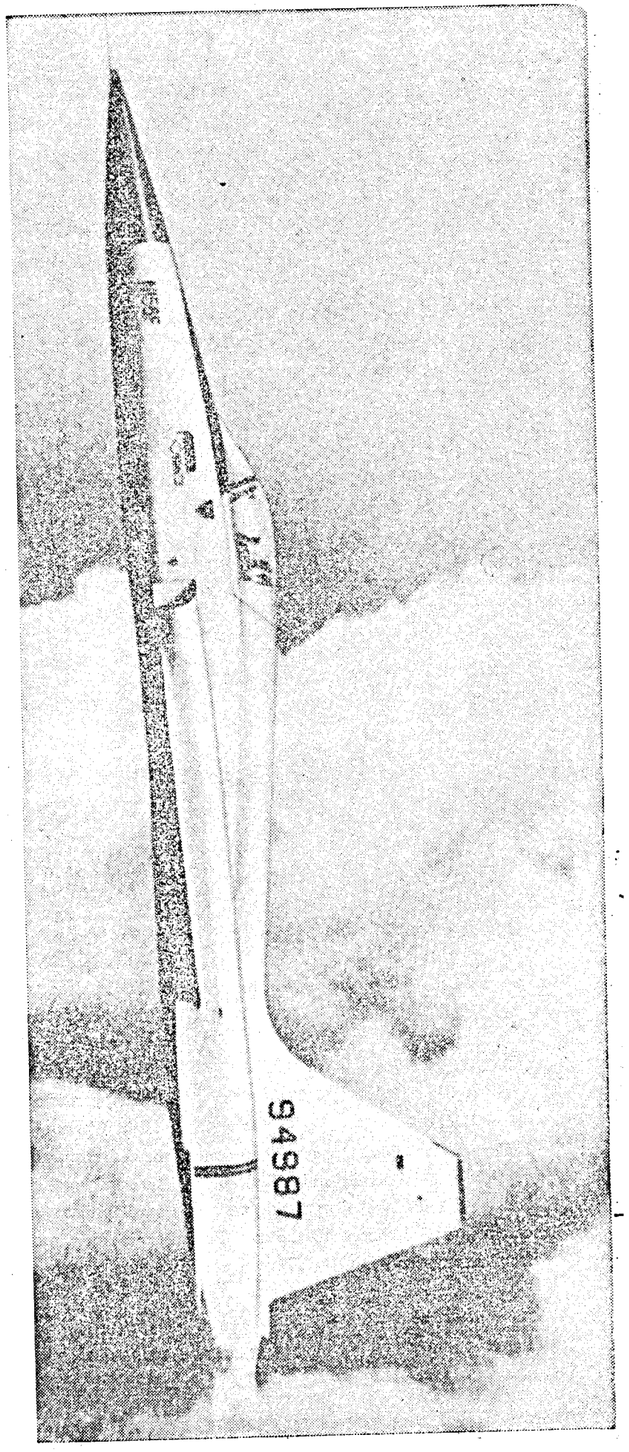
This is because the Freedom Fighter is lighter, smaller, and easier to operate. Light, simple design cuts procurement costs, results in fuel savings and ease of maintenance. The Freedom Fighter cuts by approximately 50% the need for heavy, costly ground support and rare skills.

This highly reliable airplane can take off any time—almost anywhere—scant seconds from the scene of possible air or ground combat. This mobility contributes to quicker reactions. It keeps more aircraft battle-ready along a wider and more dispersed perimeter for maximum striking power—with minimum vulnerability. As a multi-purpose fighter, the N-156F flies air-to-air, air-to-ground, and low-altitude strike and reconnaissance missions.

No weapon system today matches the Freedom Fighter's advantages. It costs less to buy, to fly and to maintain. And because the N-156F is designed for production outside the United States, this new fighter will contribute to the economies of the countries it will defend.

Test pilots use the word "clean" to describe the N-156F's performance. Their reports praise its low- and high-speed flight handling characteristics. They find the new fighter meets and exceeds all the performance indicated and assured by extensive wind tunnel tests. They appreciate its twin-jet safety – its all-weather dependability.



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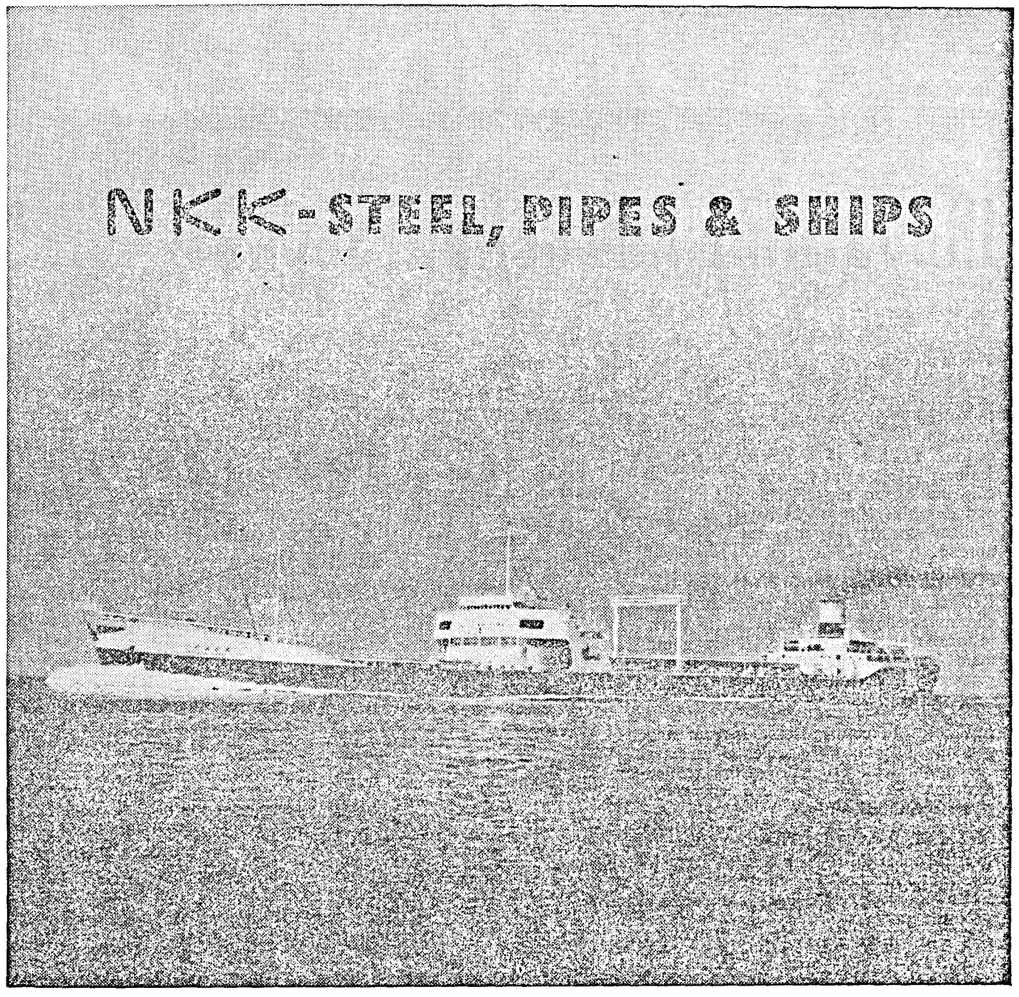

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GET THE FACTS ON BRITAIN'S FINE NEW

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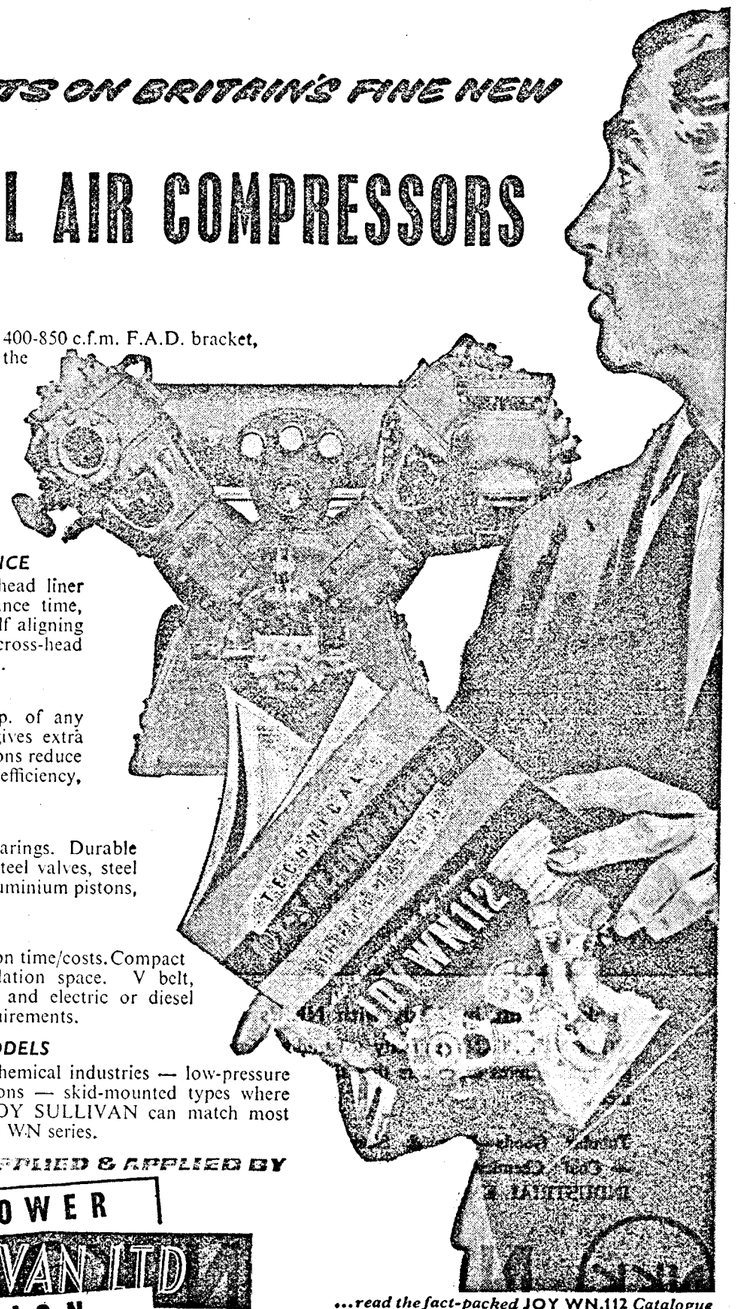

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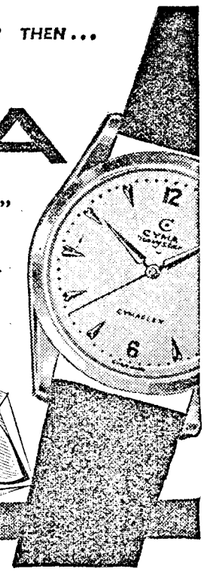

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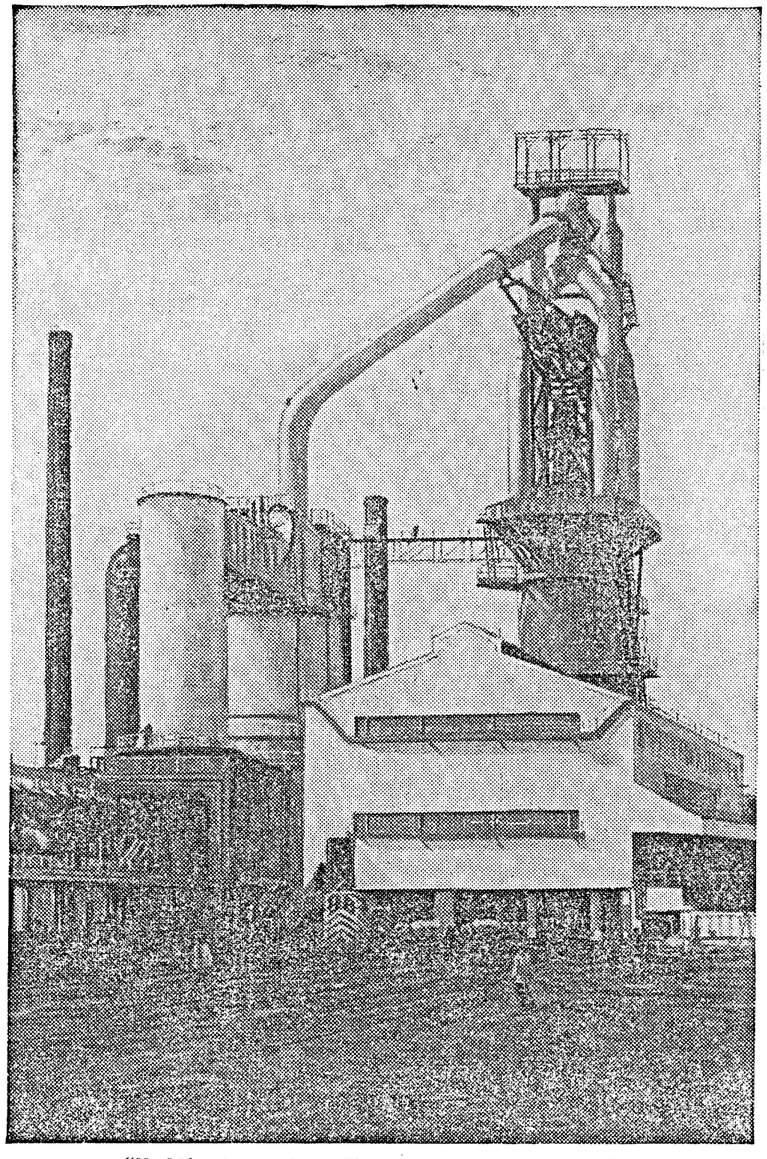
CITY OF STEEL

That is why we in the City of Steel have been increasing our capacity. Our Third Development Plan, now nearing completion, has entailed the construction of magnificent new plant, part of which is the new blast furnace. Designed with all the most modern technological improvements, it also happens to be one of the largest in the world.

But what matters to us in The Steel Company of Wales is the extra 10,000 tons of pig-iron it will produce every week for making into steel.

No. 5 Blast Furnace is an expression of our confidence in the continuing rise in standards of living at home and abroad.



"No. 5 Blast Furnace, Margam Works." From an original painting by Charles Cundall, R.A.

THE STEEL COMPANY OF WALES LIMITED

This is Broadsheet No. 14 from the City of Steel

SUBATLANTIC TELEFILMS

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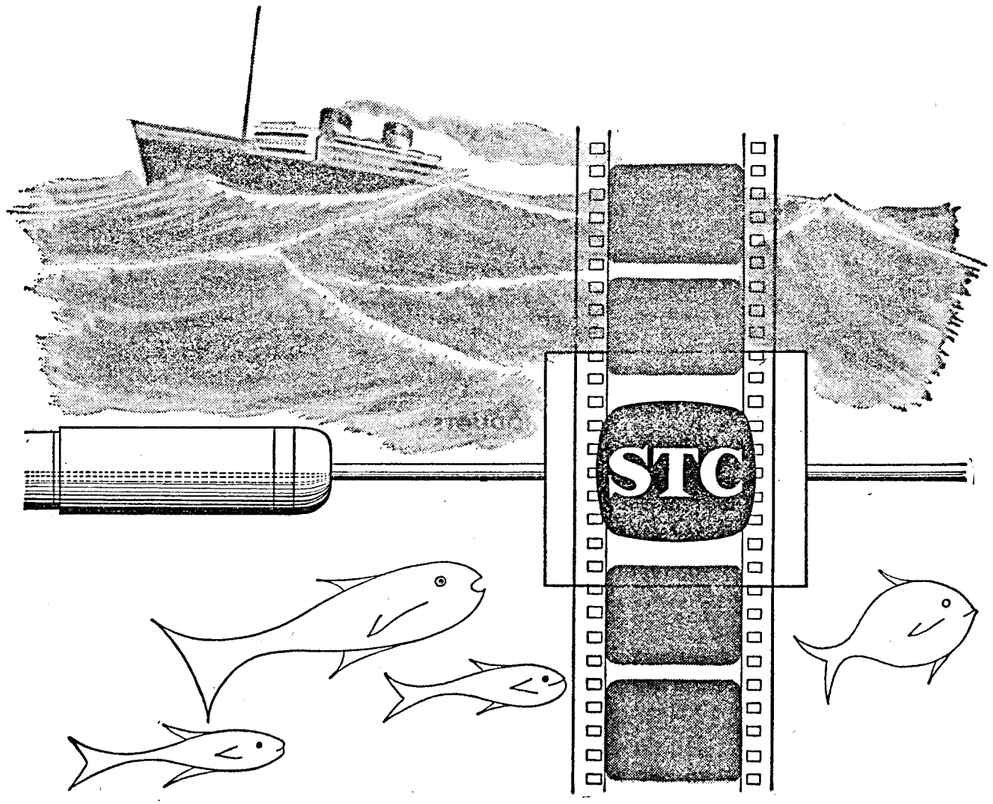

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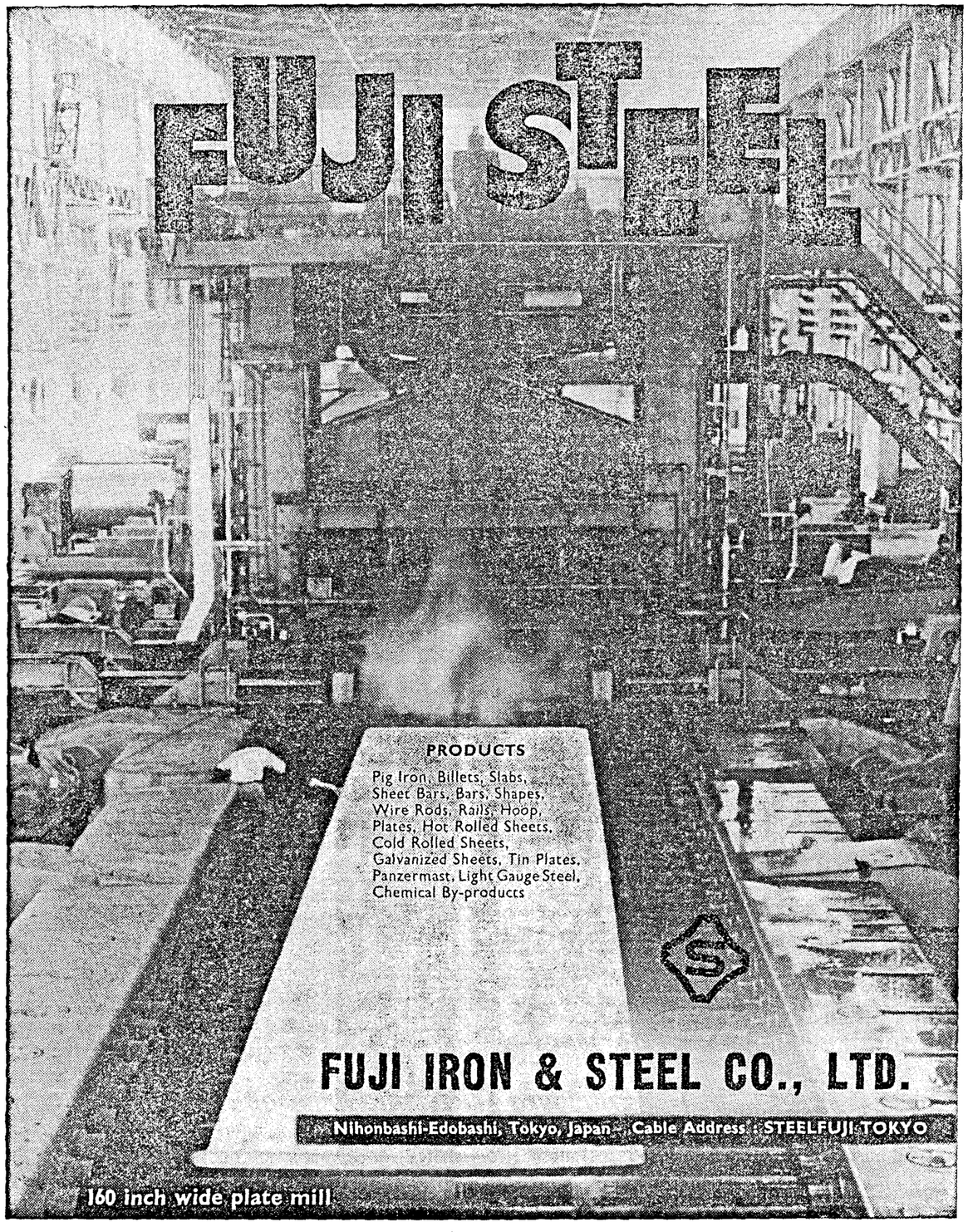

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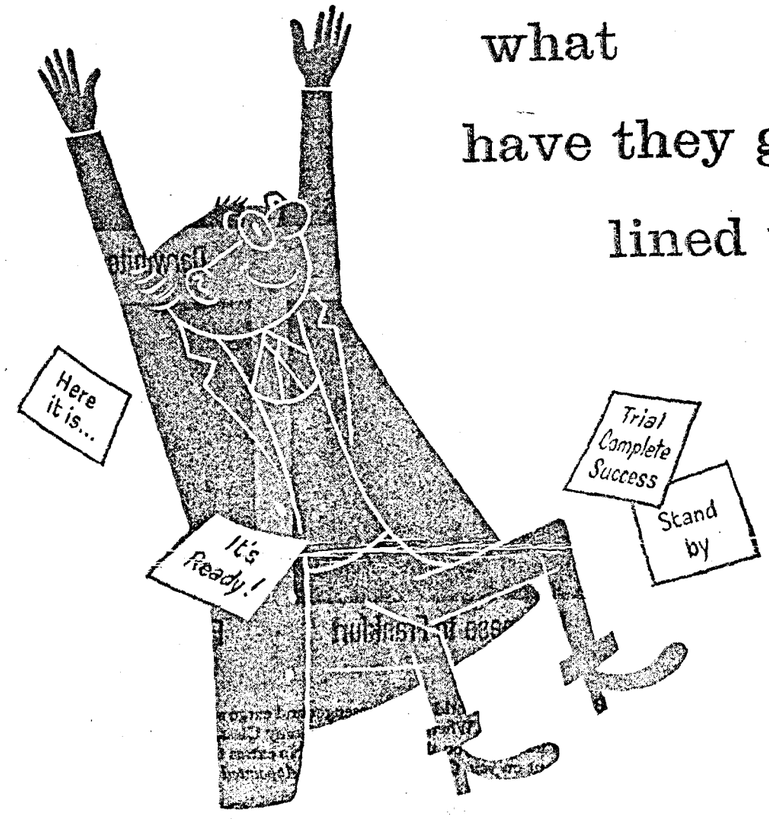

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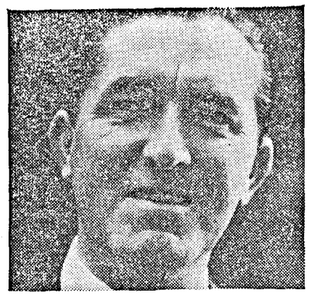
Londoners to Johannesburg



Johannesburgers to Boston

Bostonians to Bombay

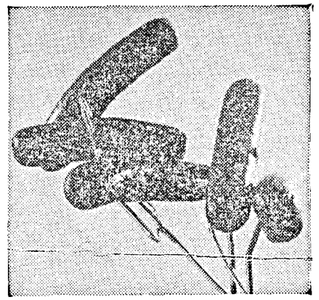
Indians to Japan

Japanese to Darwin

Darwinites to Ceylon

Ceylonese to Beirut

Lebanese to Frankfurt



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BRITISH OVERSEAS AIRWAYS CORPORATION WITH ASSOCIATE AIRLINES

The Economist

AUGUST 29, 1959

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The German Deadlock

WEST GERMANY, it has been said, has its foundations in the west and its national aims in the east. Thus, Bonn rightly sees its western friendships as a condition of survival; whatever unwelcome things Mr Eisenhower may have heard from Dr Adenauer during his Thursday in Bonn, he will not have heard anything to throw doubt on west German loyalty to Nato or to the European Community. At the same time, the pursuit of national unity is imposed on German governments by a trend in German national feeling older and deeper-rooted than the German Federal Republic; and Nato, in accepting west Germany as a member, had to accept this German national aim as its own.

It is an aim that necessarily involves conservative west Germany with communist eastern Europe, either by way of conflict, or by way of accommodation. It is not, therefore, through an old man's eccentricity that any attempt at a change in east-west relations causes Dr Adenauer to look round indignantly, like a man who has just discovered that his wallet has been stolen. Not only is west German policy adjusted to bad east-west relations and, in a way, based upon them. An attempt to change them (say, by Mr Eisenhower and Mr Khrushchev) will involve those who attempt it in a discussion of German affairs in Dr Adenauer's absence, whether (as in Mr Khrushchev's case) they like it, or (as in Mr Eisenhower's) they do not.

It may not have been inevitable, but it was certainly natural, that the assiduous cultivation of western friendships should have been matched in west German policy in these ten years by a dogged mistrust of any east-west talks. Mr Eisenhower may have been able to reassure the German chancellor that there would be no rash deals with Mr Khrushchev behind Germany's back. He was probably able to draw reassurance in turn that Bonn will put the cohesion of the alliance before the pleasures of self-indulgent policies of prestige and, equally, before the deceptive attractions of a European block led, in opposition to American leadership, from Paris. His landing at Bonn will have done good. Still, an underlying west German suspicion of the American-Russian talks is likely to remain, and to come to the surface again if the talks appear to go well.

Yet Dr Adenauer must be aware that Germany's inability to help in any way to shift the deadlock on the German question is the point at which he is most vulnerable. In his ten years of rule he has attended to west Germany's foundations, the western ties, with astonishing success. West Germany is the strong and respected ally of its former conquerors and the trusted friend of the United States. Dr Adenauer's single-minded vision and generous willingness to make concessions have wrought a historic change in Germany's relationship with France. But the decade of this transformation has also seen the division of Germany gain acceptance in international life and the two German states grow steadily apart. In economic life, political behaviour, and military effort, each part of Germany has been welded into the power block in which it lives. In the pursuit of national unity the Bonn government can show no progress.

In part that has been by the Russians' wish; they value the existence of a communist regime in east Germany, and the Russian military base there has been, at times, a key to its control of all eastern Europe. But the west's efforts to remove the division have been no more than negative—the refusal, in effect, of formal acceptance to the present position, without any very plausible

suggestions for changing it. Dr Adenauer and his allies have accepted the stalemate, for very different reasons.

He himself seems well aware that inflexible western policies are unlikely to yield results today. But he still cherishes the hope that one day, if the west steels itself to wait and builds up its strength relentlessly, Russia will give way. Germany's allies, by contrast, did not rearm Germany for the purpose of imposing western policies on central and eastern Europe. Nor is it easy to see any reality in Dr Adenauer's hopes of a crumbling of Russian power. But in both Britain and France there is an inclination to be content with the *status quo* in Germany; to divide a country in two is, after all, a most effective curb on its power. This is not to accuse the western governments, which have regularly paid their respects to German unity, of hypocrisy. But their first interest was to see west Germany tied to the western camp; the need for collective self-defence against Soviet hostility has caused other, longer-range considerations to be put aside.

MR KHRUSHCHEV and President Eisenhower are not going to remove the east-west conflict in a few meetings. Their separate concern for the security of their alliances will remain. Yet the fact that they are to meet indicates a change of attitude, a common reluctance to leave world relations where they are, and the dawning awareness that if the risk of war between them is not to continue to grow, it must somehow be actively reduced. Once accepted, this awareness could constitute a common interest between the two greatest powers, which carry the heaviest burdens and run the greatest risks.

Such a new approach must differ markedly from Dr Adenauer's conception of a long, dedicated wait while the strength of the west builds up. No doubt, therefore, he has been urging President Eisenhower to caution; reminding him that west Germany must be treated as a military equal with the other allies; doing what can be done to ward off negotiation, particularly on central Europe, but also generally on any subject except, perhaps, world-wide disarmament, which experience has shown not to promise early results. This is not an easy role to sustain year in, year out, without reaping odium. Dr Adenauer's policy is not only yielding few results in the east. It is also beginning to cast shadows across the second key interest of west Germany, its friendships in the west, not only with Britain, but with America as well.

Dr Adenauer's position in the alliance is indeed a difficult one. With reason he has made the alliance with France a first object of policy. Less rightly, he has sought to use this new alliance to block what looks like a new turn in the policy of the United States. But the partnership with President de Gaulle, too, is uneasy. In his use of the ties with Bonn to further national French aims, General de Gaulle sometimes treads on German toes. General de Gaulle's demand for a special place in western councils is both a slight on Germany's own standing in the alliance, and a test of Germany's allegiance to the United States.

One episode in the new exchanges between the United States and the Soviet world has already caused heart-searching in Bonn: Vice President Nixon's visit to Poland and the warmth of his reception there. Bonn not only refuses to accept Poland's present frontiers, it also refuses diplomatic relations with the east European countries that recognise the east German state. Now it has had to watch the Poles explaining to Mr Nixon that there is another side to the frontier question, reminding him that it is just twenty years since German troops marched into Poland, and providing him with a living demonstration that some of the changes in eastern Europe since 1945 are here to stay. Bonn's effort to cold-shoulder the eastern countries seems to invite the very deal over the heads of Germany which some Germans fear. The Nixon visit has prompted a good many people in Germany to ask whether it is not time for a change, at least in this matter of diplomatic relations with the Poles and Czechs. In the end, after all, a lasting settlement of the eastern frontier question implies a *rapprochement* between Germany and Poland, just as peace within western Europe required the reconciliation between Germany and France.

SUCH considerations apply, with equal force, to the German question itself. So long as Bonn continues to set its sights beyond this world, it will find it hard to exert the influence that is due to it if serious, down-to-earth east-west exchanges take place. Dr Adenauer, it is true, still has considerable scope to obstruct; the West still needs Bonn's loyalty. But the American interest in a *détente* might grow to such a point that he would be overridden. In Berlin, for example, the western allies have a real interest in an interim agreement that might allow them to hold the line there without trouble for a number of years. If, during the breathing-space, nothing were done by the Germans to encourage a process of unification, then at the end of the pause the schism in Germany would be all the deeper, and Berlin's position in an alien world more precarious still.

Dr Adenauer's insistence on the total boycott of the east German state is in one sense wholly understandable. He knows that its citizens dislike the regime they live under, and that they look to west Germany for leadership and moral support. Yet could there be any better evidence of the west German interest in an easier relationship between the two blocks than Herr Ulbricht's own efforts to clutch Mr Khrushchev's coat-tails and hold the process back? A military relaxation in central Europe would deprive the present east German regime of its *raison d'être*. There, too, the time may come when Russian interests, like American, may override the obstructive efforts of lesser allies.

The failure of the Adenauer era has been the failure to reconcile the foundation-laying in the west and the aims in the east. Any relaxation, military or political, of the tension in central Europe implies putting the present crescendo of hostility between the two German states into reverse. It implies the fixing and recognition of frontiers that west Germany so far refuses to accept, and arrangements to limit forces that would seriously curb German liberty of action; it might well mean the end of Bonn's claim to a complete equality of military status with the other Nato powers. In the circumstances of the cold war that may seem unpalatable. Yet Dr Adenauer's own historic achievements in burying the ancient feud with France and building the European Community can only last if they can outlive the circumstances of the cold war which gave them birth and if they are made to serve a wider and more settled Europe.

Labour's Way Out

A suggestion for Labour's first task if it loses the next election

MR GAITSKELL can be excused if he feels dispirited when he sets off for Moscow this week to visit Mr Khrushchev. In 1955 Labour became the first British opposition for ninety years to allow the government of the day to increase its majority at a general election. In 1959, the pollsters now say, Labour has an odds on chance of promptly beating its own record.

Why has this come about? In 1955 it was commonly said that the Tories had been exceptionally lucky during the preceding Parliament. It is less easy to say that in 1959. The Tories have seen a Prime Minister fall sick in the middle of an explosive crisis, they have had to absorb the first significant world trade recession since the war, they have run into almost every possible colonial trouble, they have seen the government of Britain's most important ally incapacitated by prolonged illness, and they have had very bad luck both politically and economically in Europe. This is not a picture of the most fortunate administration for ninety years.

So the fault behind the Opposition's unhappy showing must lie in the Labour party itself. Is it a matter of leadership? This is always an easy jibe, but, within the limits set by his party's constitution, Mr Gaitskell has tried to do nearly all the things which middle of the road critics in 1955 said that a Labour leader ought to do. In the last Parliament Mr Attlee was blamed for not setting out sufficient policy statements. In this Parliament Mr Gaitskell has emitted shoals of them, twopence plain and sixpence coloured. He has wrung them by main force through his party machine, and has done his utmost to make them conform with his own moderate views. But the electorate has taken less note of the moderation than of the bombast in the margin of the threat that Labour would municipalise all those houses, and of the scope given for the Institute of Directors and Mr Mikardo to say that it would nationalise the six hundred largest British companies. On balance the carefully planned policy statements have probably lost votes for Labour, by putting the Opposition upon the defensive.

If Labour did badly in 1955, when it had no policies, and threatens to do worse in 1959, when it has them galore, where does the fault lie? Is it something deep in Labour's organisation—in the company Mr Gaitskell has to keep and drill and compromise and quarrel with when he tries to put forward a reasonably satisfactory Labour face to the world? All the evidence suggests that this is indeed the trouble. The floating voter feels that the Labour party is still in some measure in pawn to class warrior socialists, with whom he has no sympathy, and to one big vested interest, which he has come to resent.

The past week has provided yet another object lesson in the self-defeating nature of Labour's constitution. Because seventy-five delegates to the Municipal Workers' Union left their conference hall to have tea one afternoon last June, the union's delegates had to be recalled last week to get Mr Gaitskell out of a very awkward corner. All the newspapers are saying that the way in which the union thus reversed its policy on the H-bomb was an insult to democracy. But surely, in terms of the practical state of affairs today, the real insult to democracy, the thing that really annoys floating voters, is quite different: it is that, just because these three hundred men follow one particular full-time or part-time occupation, that of trade union organiser, their views should come to be all-important in deciding what policies should be put forward as the prescribed diet for that one half of Britain's electorate which does not want to vote Tory.

ALL political parties in a democracy today tend to be in some form an organised hypocrisy. On the one hand, their problem is to convince those who mainly finance them (in Labour's case the trade unions, in the Tories' business enterprises), and those who work and canvass for them (a few hundreds of left or right wing zealots), that their money and effort are properly appreciated. On the other hand, they have to perform the much more important national role of putting forward a policy which their elected leaders genuinely judge will advance the common weal and for which they think that they can secure the support of more than half the country.

The Tories have been helped out of this contretemps because their industrial paymasters in recent years have accepted that they should not wield exceptional influence, even over policy matters that directly concern them (such as monopoly trade practices), let alone over those that do not; it is impossible to imagine the directors of ICI having to be recalled from holiday in order to restate their personal views on the H-bomb in such a way as to save Mr Macmillan from having to resign the leadership of his party. And the Tories' way of handling their constituency zealots is by arranging that the only motions debated at Conservative conferences are ones that the party leadership is ready to accept; hordes of black-minded Tory reactionaries, screaming for flogging to be reintroduced for crimes for which it ceased to be the punishment a century ago, find themselves formally voting for a resolution which propounds only that current problems of crime and punishment need greater research.

The Labour party has always relied on a different form of organised hypocrisy. Its system is to allow private delegates to its conference to put forward the wildest motions, which, if carried, would presumably oblige the leadership to resign. But it then arranges with half a dozen big trade union bosses, gathered in a back room, to use their block vote to ensure that such motions are defeated. This system is generally praised by visiting journalists as making for a livelier conference, mainly because there is always an outside hope that something may go wrong to confront the leadership with a catastrophe. Even regarded as light entertainment, the conference cannot be such huge fun to the party leaders as it is to the reporters. But the Labour system has two much more serious other defects.

First, it has made the party leadership the prisoner of its

paymasters; Mr Gaitskell feels bound to agree with the TUC, or at any rate not to disagree with them, on a whole range of subjects from strikes to restrictive-minded trivia about Shop Hours Acts—in a way that Mr Macmillan would never feel bound to concede to the FBI. Secondly, because the danger of defeat at the annual conference is, in some small degree, ever-present, and because the leadership believes that a defeat would have such dire results, Mr Gaitskell and his colleagues are continually having to make at least verbal concessions to their left wing zealots. At present no Labour leader dares to talk about nationalisation or any other outmoded feature of the fundamentalist socialist faith except with some mixture of vagueness, insincerity and part-acceptance of the militants' nonsense; and all three of these shifts have been proved to repel the middle group of voters. Moreover, the strains at conference time seem likely to grow in the next few years; the biggest, but not the only, reason for this is the emergence of Mr Cousins in charge of the largest block vote.

IF Labour loses this third election in succession, and does not want to lose a fourth one, its first concern after the debacle, before busying itself with forming any new policies, should be to set its leaders free from these crippling ties to people and interests outside Parliament. Would this strategic way out for Mr Gaitskell and his colleagues really be as difficult as most Labour MPs assume?

What would happen if the first item on the shadow cabinet's rebuilding programme, after the election, were to announce that henceforth they would only continue to serve if they were allowed to treat conference resolutions as no more than interesting expressions of view? Mr Gaitskell could add that if the conference decided to pass a specific motion of no confidence in him, and if this was confirmed by the parliamentary party, then he would resign; but that otherwise the main decisions on policy, as tempered by listening politely to other party members' views, must become the sole concern of the leader and his shadow cabinet. This would involve a considerable trimming of the powers of that extra-parliamentary body, the Labour national executive. The next party conference would seethe with indignation, but the movement would not really be likely to combine to bring all its best-known national leaders down.

Then, fortified by this new independence, Mr Gaitskell and his colleagues could explain to the TUC that henceforth they would have to risk occasional rows with them, as the Tories have several times done with their own industrial paymasters. Nothing would do the Labour party more good with the electorate than this demonstration that its day-to-day policy is independent of any vested interest, as any left wing party's policy always ought to be. The unions would feel hurt at this occasional criticism from within their own household, but they would be unlikely to withdraw their financial support from the party, for they are always going to prefer Labour to the Tories.

To many worried Labour MPs all this will seem an awe-inspiring counsel of desperation. But if it loses the coming election by an increased majority, will the party really fail to see that it will then be in a desperate situation? Until it reorganises its hypocrisy, Labour seems likely to face—not indeed perpetual election defeats, for sometimes the swing of the pendulum against the Tories is bound to override every other factor—but at least a lower batting average of success than can be good for the continuance of the two party system of government in this country.

Private Bills

How private bills which confer new powers on local authorities, companies or individuals plough their way through Parliament.

THERE are skeletons at the bottom of Hammersmith Flyover. Under the Disused Burial Grounds Act of 1884, the land that contains them should remain open space for ever. The London County Council's highway programme in the area could only proceed after special petition of Parliament and relief by private legislation.

So many legal snags crop up in a single year of its task of governing London that the LCC has to promote an annual catch-all private bill. Some nationalised industries, particularly the Transport Commission, are also regular promoters of private bills. But a private bill is a rare, important and expensive event for most local authorities. It has to run an interesting gauntlet through Westminster; promoters and opponents of private bills present their case before legislators who act for the time being as judges.

When a council wants additional powers it entrusts the task of drawing up and handling a bill to a parliamentary agent. This disappearing breed—there are now only eighteen, in ten firms as compared with thirty-two before the war—consists of persons, usually lawyers, authorised by the Speaker to engage in parliamentary proceedings. The agent's first task will be to advise the council about the formal steps it must take to warn possible objectors before Parliament will entertain its petition, and about the informal steps which may appease potential opposition before the parliamentary process starts. He is likely to emphasise that the average cost to the promoters of an unopposed bill in the 1952-53 session was £1,549, while a bill fought by objectors through every stage cost a full £5,970, quite apart from the objectors' own costs.

One cost common to both unopposed and opposed bills is the traditional fee charged by each House of Parliament, the size of which relates not to the complexity of the bill but to the amount of money which the bill proposes to raise or expend; minimum fees, except for charity bills, are £82 in the Commons and £100 2s. in the Lords, and the scale is anything but logical. In addition, the ratepayers have to pay the parliamentary agent's fees (rigidly fixed by the Speaker and the Clerk of the Parliaments) and the printing bills, both for the draft statute itself and for the advertisements in the local press and the *London Gazette*, usually eight in number, which have to precede consideration in parliament. When

works are to be constructed, plans, dossiers, and the cartoon (a large-scale map which is the chief visual aid to any exposition before a parliamentary committee) have to be prepared and notices served on landowners and others who may be affected. If the bill is opposed, the council has to meet, on top of all this, the fees to counsel, shorthand writers and expert witnesses and duplicating the daily proceedings.

Before any local council can promote a bill, a majority of its total membership must have approved it at two successive meetings which have been advertised in the local press. The bill is then deposited in Parliament by November 27th. If the authority is a borough or urban district council, a town meeting of all local government electors must be convened by press advertisement and placard between December 12th and New Year's Day. Fortunately only a small proportion of those eligible turn up—Manchester would have had difficulty in accommodating the 490,936 people invited to such a meeting in 1950, to which six hundred actually came. But more than a hundred demanded a referendum of all the voters, which then had to be held; in it 5.2 per cent of the voters participated and it cost the city 2s. 11d. a head. In smaller towns the public meeting is usually farcical, with only members of the council and the press turning up.

IF the bill has cleared these hurdles, it is then allotted to one of the two Houses by the Chairman of Ways and Means and by the Lord Chairman, at present Sir Charles MacAndrew and Lord Merthyr respectively. Their job is to organise private bills through all their stages, just as the Leaders of the two Houses do with public legislation, and they try to divide the initial work, which is usually decisive, more or less evenly between the two Houses. If the bill is to originate in the Commons, Sir Charles sends it first to Mr Hugh Farmer, a parliamentary clerk who has the title of Examiner. He checks that the bill's sponsors have met all the procedural requirements of Standing Orders up to that stage. Opponents may submit memorials complaining that the newspaper notices were inadequate, the plans inaccurate, the vote in the council invalid or the estimate of costs too rough.

The next stage is that the Speaker reads out the title of the bill, with others, at the opening of business before question time. If a single cry "Object" is heard, the bill is held up until the Chairman of Ways and Means can steal time from Government or Opposition to hold a second reading debate at 7 p.m. The parliamentary agent, brooding over the fate of his foster-child from a box "under the gallery," will try to spot the objecting member, and later corner him to try to induce him to stop blocking the works. If a second reading debate does occur, a member can move an instruction to the committee which is going to consider the bill in detail. This will either suggest or direct that it insert certain provisions—say, that a contract be open to public tender or that the design of a new bridge shall be decided only after a competition and with the advice of the Royal Fine Arts Commission.

After second reading, the bill goes to one of two types of committee, depending on whether opposing petitions have been received. Unopposed bills are scrutinised by a small panel headed by the Deputy Chairman to make sure that their terms do not violate sound legislative practice, and that the views of government departments have been properly taken into account. When bills are opposed, objectors must first get their petition past the Court of Referees, consisting of the Chairman and Deputy Chairman of Ways and Means, the Speaker's Counsel (Sir Alan Ellis), and seven MPs. This interprets the recondite precedents that determine whether a petitioner has *locus standi* (a concept whose wafer-thin refinements occupy no fewer than seventeen pages of Erskine May).

The bill then comes before one of the Committees on Opposed Bills, on which four MPs sit, one of them in the chair with an original and also a casting vote. The attendance of committee members is compulsory; indeed this is the only duty which an MP who has been suspended from the House can be obliged to perform. The cases of the promoters and objectors are presented by bewigged counsel from the parliamentary bar, who examine and cross-examine witnesses on oath. Normally promoters try to limit further expense by meeting legitimate points that appear to be making an impression on members of the committee. The parliamentary agents flit to and fro drafting and redrafting compromise amendments. One wall of the committee-room is lined with a benchload of bureaucrats, who at frequent intervals are called upon to state "the view of the Minister."

After the committee stage, the bill goes to the House for consideration (the equivalent of a public bill's report stage) and third reading. Unless all opponents have been appeased or have given up, the fight may then begin again in the Lords. A Joint Committee of the two Houses has often been advocated to cut down the expense, and this device is occasionally resorted to. But most of the experts are against it on three grounds: many interested parties who at present hold off until the first hearing has revealed whether the bill is worth fighting would, if there was only one committee stage, feel it necessary to reserve their rights by filing formal petitions, which would thus become more numerous; secondly the breathing space provides an opportunity for accommodation between opposing parties; and if all such attempts fail the second House does act, in effect, as a court of appeal.

ALTHOUGH this ancient procedure for private bills has often been criticised, generally on grounds of expense, it emerged almost unscathed from two major reviews in 1930 and 1955, though they produced useful minor reforms. Another joint committee, which is looking into the methods of promoting bills, is due to report shortly. Recommendations for massive changes seem unlikely. There has been scarcely any support either at the time or since for the proposal by the House of Commons' most celebrated clerk, Sir Thomas Erskine May, that private bill work should be transferred to a special branch of the judiciary.

The House does not allow party political judgments to intrude upon its judicial function in considering private bills. Indeed MPs may carry this virtue too far. The unopposed parts of opposed bills sometimes contain clauses that need conscious consideration by politicians, exercising political judgments about civic freedom or the power of local executives. Sometimes, on second reading or thanks to an alert government department, they get this, but not always. A committee can only hear the witnesses produced by the contending parties—it may not send for witnesses of its own—and almost all its time is taken up on clauses contested by particular vested interests. Four rather haphazardly selected

(and perhaps self-selected) backbenchers seem rather an inadequate sample of the House to make decisions, perhaps by default, which set important precedents.

Conversely there has been an increasing tendency in recent sessions for private bills which have passed their second reading to be rejected by the small private bill committee because of the objections of a government department. This happened this year over the bill to permit a harbour barrage to be built at Milford Haven. The promoters argued that without a harbour barrage there would be insufficient industry; the ministry that until there was sufficient industry it would be premature to build a barrage. This would hardly seem to be the kind of issue for a small committee.

Despite all the sometimes over-elaborate precautions to ensure that legitimate interests are alerted, it is still possible for powerful promoters to slip through a fast one. Two examples come to mind. Despite the paraphernalia of deadlines, meetings, advertisements, standing orders and so forth it is possible for a promoter to insert an amendment into his bill months after it has been deposited, provided he can persuade the Standing Orders Committee that it is above board. The combination of short notice and heavy emphasis on the expensiveness of fighting a case in committee may silence protests.

The second example comes from this year's LCC (General Powers) Act. The ultimately awful House of Commons speech was delivered by Mr Albert Evans, the Labour member for South-west Islington, last month on an instruction to committee to save the people of Islington from having an annexe of Covent Garden dumped in their midst. Nevertheless it did the trick. At the last minute, after all the elaborate examination of plans and witnesses in committee, the LCC announced that it had suddenly woken up to the fact that the ideal solution of the annexe problem was to place it not in Islington but in Finsbury. The power that would enable the LCC to acquire the Finsbury site had been conveyed in general terms in another clause of the bill, without the committee or the Finsbury interests being aware of it.

Whatever its occasional shortcomings, however, the process of private legislation is a valuable constitutional safeguard. It would be a pity if, through inadequate appreciation, public opinion allowed its sphere to be eroded still further by the tides of legislative delegation and ministerial order.

SOVIET LIVING STANDARDS—I

Appetite Grows with Eating

A review of the progress of Soviet society towards its proclaimed goal of a standard of living able to stand comparison with the West.

IN the dawning era of cordial invitations it may be ventured that the emphasis in the competition between the two blocks will one day be shifted from guns to butter, or from rockets to well-filled refrigerators. Within limits a country's striking power can be inferred from its total industrial strength and particularly from the capacity of its heavy industry. To a judgment of its standards of life, output per head of the country's light industries is more relevant. Russia's industrial power is no longer questioned, and the progress of its heavy industry has been sufficiently demonstrated and acknowledged. Much less is known about how the Soviet population actually lives; the subject was for too long obscured by Russia's secrecy, and by the Manichean versions of opposing propaganda, representing the Soviet Union alternatively as the workers' paradise or the communist hell.

Calculation of average supplies per head of population is not the only, or the most sophisticated, method of assessment. But it is a sufficient yardstick roughly to measure Soviet achievements or plans and to set them against the advanced Western standards, so long as the limitations of the method are kept in mind. Ideally, it assumes that the available supplies are equally divided; the bigger the discrepancy between the rich and the poor, therefore, the more it is out. In Russia the differences were widened in Stalin's time by general scarcity and the policy of incentives; now the gap is being narrowed by more plentiful supplies and an increase in the lowest wages.

The Russian leaders now openly admit their lag and set the American standards as their goal; it is only fair to state the handicaps under which they have entered this race. The Bolsheviks took power in a backward country devastated by war and civil war. Scarcely were the not very high levels of the beginning of the century restored in the late nineteen-twenties, than collectivisation wrought more damage in the countryside than any armed conflict had done. Efforts to make this up and to build up a powerful industry were then interrupted by the German invasion; and the recovery from the second world war was not complete until, say, 1950. Throughout the Stalinist period rapid industrial progress had to be assured by a high rate of investment out of a small national income. Consumers had to wait while the present was being mortgaged for a distant future. Only after Stalin's death did Mr Malenkov promise a rapid improvement in living standards; and Mr Malenkov's fall was accompanied by the reassertion of the rule of "priority for heavy industry." Whatever the slogan, targets set for light industry now tend to be reached. The average Russian feels an improvement and his hopes for the future are high. But it is not long since he ceased to be the planners' Cinderella.

AGRICULTURE was the traditional laggard of the Soviet economy. For years increases in food supplies were merely enough to keep pace with the growth of urban population and little was left over for improving the diet. In 1953 Stalin's successors decided to get quicker results through a policy of higher investment and greater incentives. The results so far have been very successful, though further objectives are no less ambitious. If they are achieved, the food problem in

Russia in the late nineteen-sixties will be one of quality rather than quantity. Already the familiar shift is taking place from the starchy foods—like bread and potatoes—towards meat, vegetables and dairy produce. As supplies grow, Soviet citizens should fairly soon be more concerned with taste, variety and freshness.

Questions of quality and taste should soon become important, as well, for such staple consumer goods as clothing. Here, Soviet progress has been steady rather than spectacular. Three pairs of shoes every couple of years—the present average—may not be excessive but it is quite a lot in a country where many people went barefoot a generation ago. The variety of materials promised is also quite impressive (the rising proportion of silk is interesting) so that the public may begin to discriminate, to ask for brighter patterns, for better-cut and better-finished ready-made clothing. Mr Khrushchev relies on the chemical industry to help him with the job; hence the Russian interest in foreign synthetic fibres (as well as in plastics). Drabness rather than shortage may be tomorrow's trouble.

If the average Russian can expect fair comfort in food and clothing in the near future, should the planners keep their word, his chances of owning durable consumer goods remain small. Here again there are interesting exceptions. In a country lacking dressmaking and repairing facilities, a sewing machine is still a valuable possession. By now sewing machines are fairly common; by 1965 there should be one in nearly every household. Watches are another exception, which shows how much can be achieved in a short time when the decision to move quickly is taken. Soviet greed for watches was proverbial after the war and "Davai Chassy" (give me your watch) was an expression well known where Russian troops were stationed. Last year Soviet output of clocks and watches reached 25 million (about a third wrist-watches). Yesterday's coveted bit of loot has ceased to be a luxury. Wireless has also spread; by 1965 there should be one in almost every Russian house. Television is beginning to catch up. A million sets were produced last year and by the middle nineteen-sixties a third of the Soviet population should be able to view at home.

THE GROWTH IN SOVIET CONSUMPTION

TABLE I

ANNUAL SOVIET OUTPUT OF FOOD STUFFS PER HEAD

	Unit	1953	1958	1965 planned
Meat*	lb.	65	84	158
Milk and dairy produce**	,,	420	645	1,000
Butter	,,	5·7	8·4	11·2
Vegetable oils	,,	n.a.	13·2	19
Eggs	units	80	115	165
Sugar	lb.	40	57	93

* Carcase weight (incl. lard and offal). ** In milk equivalent (butter is included).

TABLE II

CONSUMER GOODS. SOVIET OUTPUT PER HEAD

	Unit	1928	1940	1950	1959	1965 planned
Cotton fabrics	yards	18·5	23	23	30·6	38
Woollen ,,	,,	0·5	0·6	0·9	1·6	2·5
Silk ,,	,,	n.a.	0·4	0·8	4·5	7
Linen ,,	,,	1·3	1·6	n.a.	2·5	3
Leather shoes	pairs	0·33	1·1	1·1	1·7	2·2
Paper	lb.	4	9	13·5	23·5	33·5

TABLE III

SALES OF DURABLE GOODS IN THE SOVIET UNION.

	Annual Average				Index 1959–65
	1952–58	1959–65 planned	1952–58	1959–65	(1952–58 = 100)
	'000	'000	'000	'000	
Refrigerators	1,150	6,690	164	956	580
Washing machines	1,150	10,400	164	1,486	910
Sewing machines	11,950	25,175	1,713	3,596	210
Radio sets	19,500	35,100	2,787	5,014	180
Television sets	2,950	13,625	421	1,947	460
Motor-cycles	1,525	4,125	218	589	270

OTHER symbols of the "American way of life" will be scarcer. A motor-car is clearly to remain the privilege of the very few for years to come. Even in 1965 only one Russian in fifty will have a motor-cycle; the bicycle will be the only popular means of private travel. Supplies of other durable goods are to be stepped up considerably but even so it remains the upper quarter of the population that can hope to own a refrigerator, a vacuum cleaner or a washing machine. Refrigerators for all may be a slogan for the next plan.

The relatively slow expansion in consumer durables has two reasons. One is that they compete with producers' goods for scarce resources. This is particularly true of motor-cars. But lack of space is the restricting factor for household equipment. Overcrowding remains the worst hardship of the Soviet citizen. The urban population has increased by over 70 million people since 1926, and the pace of industrialisation has precluded a volume of investment in housing that could have matched this influx. With about nine square yards of floor space, the average Russian town-dweller is now scarcely better off than in Tsarist times. Even at the end of the current major housing drive, in 1965, his average will be about 12½ square yards. Thus, where there are now about three persons a room, the average will be nearer to two. It will be a relief. But a huge effort will be required to bring the Russians rapidly to the desired level of one person a room.

Services are another field where there is need for rapid improvement. Not the social services; there, Soviet achievement has been remarkable. A life expectation of 67 years (compared with 44 years in 1927) is a tribute to the health service. Soviet education no longer needs advertisement. The number of books, papers, theatres or cinemas, though rising steadily, is already high. Social insurance is comprehensive, and at 60 everyone is entitled to a pension of at least half his (admittedly low) wage. The deficient services are those aimed at the customer: laundries, hairdressing saloons, repair shops, efficient snack-bars, general shops easily accessible and providing the goods that are wanted. Mr Khrushchev had launched a campaign on this front earlier this year. The scope for action is tremendous.

Wider rights for the consumer are likely to be followed by demands for the political rights of the citizen. Why does Mr Khrushchev nevertheless follow this path? Moscow's interest in the American exhibition—and Soviet propaganda against it—are not the only proofs of the Russian's desire for an easier and more comfortable life. Mr Malenkov is gone from power, but his slogan of a new deal for the consumer is alive because it fitted what the Soviet people wanted. Mr Khrushchev cannot forget, in his diplomatic travels, what they expect of him.

(A second article will compare Soviet with British and American standards.)

NOTES OF THE WEEK

MR EISENHOWER

Two Summers

AUGUST has been even more golden than the sun-bathed August just twenty years ago which ended with the die cast for world war. That month was marked by its own form of east-west contact, the collapse of French and British talks with Stalin's government and the suddenly disclosed German-Soviet pact, which cooked the goose of Poland. This year, having opened with an international crisis over Berlin, has taken a different course; the threats to stand and fight that were being heard in the spring are forgotten, and the autumn is to be marked by the comings and goings of the leading statesmen seeking ways round the conflicts of power that divide them.

Mr Eisenhower on his journey round north-western Europe will no doubt hear some uneasy voices pleading doubt or special interest; but few people who recall the contrast between this summer and that can well doubt the validity of his mission. His remarks before he left Washington leave no real room for supposing that he is unaware of the limits of what personal diplomacy can accomplish when hard causes of hostility stand in the way. If they did, the bounds will have been thoroughly beaten by the time his successive talks with Dr Adenauer, Mr Macmillan, General de Gaulle, and the other western European leaders are over. In the talks with Mr Khrushchev that are to follow, Mr Eisenhower will no doubt do what he has said he wants to do: seek "some little break" through which it may be possible for world relations to move into a better phase. There is no cause for wild hope in this, but none for alarm.

THIS August, Stalin's successor has sent letters of his own to the western heads of government, designed, no doubt, to play upon their sensibilities and divisions over the Berlin issue; and notably, to drive a broad, blunt wedge between the West Germans and the others. But, in keeping with the diplomatic style of our cautious times, Mr. Khrushchev's messages cannot be equated with the secret diplomacy of twenty years ago. His letters have always been of a kind with Russian statements in open conference: lengthy, logical, remorseless expositions of Soviet attitudes and aspirations that are in themselves well known.

It is not that Russian diplomacy has become meaningless but that it seems to seek, even in the written word, to clear itself from the blame for any possible misunderstanding, however casual or subtle, that could lead anybody to do anything rash. The excessive solemnity and elephantine dialectical style of Mr Khrushchev's diplomacy seems to offer its own small glimmer of hope.

Quiet Weekend?

NOT the least bitter source of Franco-German discontent has been Mr Macmillan's agility in cutting himself in on the Eisenhower-Khrushchev exchanges. Even at the beginning, when Mr Eisenhower read out the invitation to his press conference on August 3rd, Mr Macmillan's approving cable was already in his hand. These avuncular greetings clearly implied that the whole business began in Moscow last February; it would be a hard man who could really think of locking uncle out altogether. Mr Eisenhower's response, including a television date on Monday night, has been all that is gratifying. It has become a pleasant, and not wholly untrue, conceit to point to the pastoral joys of Chequers as a refreshing interlude for the tourist between the lecture rooms of Bonn and the state chambers of the Elysée. If, in fact, Mr Eisenhower decides to return next week, purely to sniff the breezes of the Ayrshire coast, it will take a lot of explaining away.

The talks at Chequers may be leisurely; all the same, Mr Macmillan is likely to have something pertinent to say. The British attitude has at least one thing in common with the continental allies: the belief that the Eisenhower-Khrushchev exchanges are in no sense a proper method of negotiation between East and West. Mr Eisenhower's steady avowal that his talks will be merely exploratory has served to confirm the British view that, sooner or later, the four-power summit, empowered to negotiate directly on central Europe, will come to the forefront again. Its timing may depend on Mr Eisenhower's journey to Moscow, but it could become practical politics early in the new year. The doubtful factor is Mr Khrushchev's interest in resuming the Geneva talks on any other basis except western abandonment of what he still, after six months of argument, dismisses as the anachronistic status of west Berlin.

LABOUR'S HEALTH SERVICE

Nothing But the Best?

THERE is a remark in the introductory paragraphs of Labour's policy statement on the health service that takes us right back to 1945. "It is as stupid," it runs, ". . . to have anything less than the best as it is to neglect industrial maintenance and capital provision for new industrial development." "Nothing less than the best is good enough"; "we cannot afford not to have it"—it was as a result of basing the welfare state on such slogans that the Labour party ran into the periodical financial crises that caused Sir Stafford Cripps and later Mr Gaitskell to place a ceiling on health service expenditure and to introduce the charges that the party now pledges itself to abolish.

No ceiling is to be found in the new *manifesto*, which both Mr Gaitskell and Mr Bevan have signed. It is simply taken for granted that the taxpayer will have to find most of the extra sums needed for Labour's ambitious plans, although there is a mention of reviewing health service contributions when Labour's superannuation scheme is introduced and meanwhile "Labour intends that the employer should pay a fairer share towards the cost of the health service."

There is no recognition anywhere in the statement that the Labour government may have to choose between, say, bigger spending on the hospitals and on the general medical services. Yet some such choice would be inevitable, for even if Labour were prepared to spend the necessary money, there simply would not be enough professional people to carry out its proposals. On the financial side there is no attempt in the statement to cost the reforms on any accurate basis. The £50 million mentioned for annual capital expenditure on the hospitals, though certainly not larger than is desirable, will apparently be spent according to the length of waiting lists—a most misleading guide. The figure of £100 million a year, mentioned as the possible total extra expenditure which a Labour government would be incurring on the health service at the end of five years, was apparently simply a guess thrown out at the press conference. When allowance is made for such facts as the cost of any new demand now held in check by the charges to patients, which Labour wants to abolish, it may well be an underestimate.

There is some evidence that the prescriptions charge, in its present form, is inefficient; but there is no evidence that either it or any of the other charges

causes real hardship. If the new hospitals are to be the splendid places Labour envisages, the case becomes stronger, not for abolishing charges wholesale, but for extending them: for example by making the existing charge for amenity beds universal.

Likely Professional Reactions

THE great pity about this financial irresponsibility is that it vitiates a document which, viewed purely as an exercise in firing the imagination, would otherwise have much to commend it. A Minister of Health who would inject some initiative and drive into health service administration is certainly needed. Nor are most of the detailed proposals likely to rouse professional opposition. More money for research, higher pay, better working conditions, the encouragement of group practice for general practitioners—these are intended to allay professional mistrust of Labour policy, and there is no mention of a fulltime salaried medical service, over which Mr Bevan fought and lost a battle with the doctors.

There are, in fact, only three proposals to which the doctors' representatives are likely to object. The first is the integration of the teaching hospitals with the regional hospital boards, which means that they would lose their separate governing bodies. Even this proposal, however, which would bring the English teaching hospitals into line with the Scottish, is not likely to provoke the opposition it would have done in 1946. The second is the establishment of more intermediate posts between junior hospital staffs and consultants. The medical profession will need to be assured that this is not a ruse to obtain more consultants on the cheap.

The third, and most controversial, proposal is the abolition of paybeds in hospitals. It is true that this is not set out as an aim in itself, but is said to follow naturally from the improvement envisaged in the general wards, their conversion into small units and the provision of enough staffed beds to put an end to waiting lists. If, however, accommodation on this scale and at this standard is ever achieved—which, frankly, does not seem likely—private specialist practice, which is so heavily supported by insurance schemes, is likely to remove itself into premises outside the health service. There would then be a duplication of capital resources and manpower which the provision of paybeds in health service hospitals was intended to avoid.

CHINA

Down to Earth

THE Chinese Communists have owned up. The eighth plenary session of the party's central committee, which took place at Lushan in the first half of August, drastically revised the production plan for the current year. This involves cutbacks that are far more serious than anything even Chinese drought and floods—which have hit agriculture badly this summer—could account for. According to the official news agency, the committee "re-examined this year's plan for the development of the national economy and found that the original targets were somewhat too high and need to be appropriately adjusted." The projected "great leap forward" was in fact transformed into a skip: the Chinese planners have reverted to the target figures of the second five-year plan, announced in September 1956 and condemned, two years later, as over-cautious.

Not 18 million, but 12 million tons of steel will be produced this year; 335 million tons of coal instead of 380; for grain, last year's output figures and evidently this year's target figures have had to be still more severely cut. Because of the shortage of agricultural labour, the central committee decided that the production of steel by simple back-yard methods, of which so much had been expected, should no longer be included in the state plan. The lowering of sights means that the Chinese now expect to take ten, instead of the two or three years promised last autumn, to catch up with present British output.

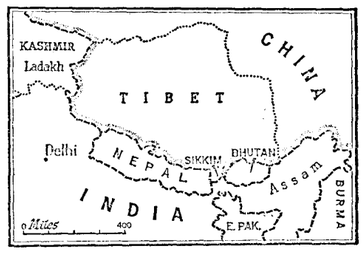
In the higher echelons of the party, the moderate planners have made their points; the preservation of the agricultural communes—they are now proving their value in combating natural disasters—was a concession to the more ambitious leapers. But while the central committee was ruthlessly cutting down its plans, it detected a new party deviation. On August 14th, two days before the conclusion of the committee's secret session, a leading article in *Hung Chi* (Red Flag) denounced "*rightist* go-slow tendencies"; true, it said, they were limited to a small number of cadres, but they might spread "like germs." Mr. Chou En-lai, one of the first men to return to Peking from Lushan, attacked the same aberration before the seventeenth session of the Supreme State Conference on Monday. The party bosses are clearly interested in letting their more humble comrades know that the new modesty of the target figures is intended to bring the planners' world closer to real life, not to make things easier for the common man.

INDIA AND CHINA

Expansive Motherland

THE friendship between India and China, which has been such an important element in Mr Nehru's foreign policy, is becoming more and more of a one-way street; it now consists of a long-suffering determination of the Indian Government not to be provoked by the increasingly arrogant and outrageous behaviour of the Chinese. The rights of trade and pilgrimage in Tibet retained by India under the 1954 agreement with China are being steadily whittled away by Chinese action. All kinds of obstacles have been put in the way of Indian traders, and some have been forcibly prevented from going to the Indian Consulate in Lhasa. Now the right of pilgrimage to the Tibetan holy places has been virtually abrogated by a warning to would-be pilgrims not to enter Tibet because the People's Liberation Army will be conducting military operations and cannot assure the safety of foreigners. The aim appears to be to seal off Tibet completely from the outside world, so that there may be no foreign witnesses of what is happening there.

Not content with their subjugation of Tibet, the Chinese have been talking of "re-uniting" with "the great motherland of China" Ladakh, Sikkim, Bhutan and



the northern frontier districts of Assam. Substance is given to reports of Chinese expansionist intentions by Peking's continued refusal to give India any satisfaction over the circulation in China of maps showing considerable areas of Indian territory as part of China. Questions in parliament at Delhi have now drawn from Mr Nehru an assertion that the MacMahon Line—the boundary of Assam agreed with China more than forty years ago—will be defended. Ladakh, as part of Kashmir, and Sikkim are both officially under Indian protection. So far there has been no commitment on India's part to defend Bhutan, but Mr Nehru demonstrated his concern for its future by his recent visit, and it is now reported that the Bhutanese prime minister, Mr Jigme Dorji, is to visit Delhi to arrange a defence pact with the Indian government, with the purpose of keeping the Chinese motherland on the other side of the Himalayas.

TRADES UNION CONGRESS

No New Momentum

THE 280-page report of the General Council of the Trades Union Congress is not, this year, a particularly scintillating document. There is no event like last year's bus strike to liven it up. Perhaps the most enterprising section of the report is the economic committee's survey, already published separately, of Britain's economic

situation since the war. The TUC reports somewhat negatively on the chances of greater co-operation between unions, on its lengthy exchange of critical letters to the Electrical Trades Union about press charges that that union has been rigging the election of its officers, and on the fact that total trade union membership appears to have declined, albeit slightly, for the first time since 1953. As well as finally admitting, as Mr Woodcock did on the radio recently, that public opinion is beginning to turn against the unions, the general council also seems to have decided that there is nothing much at the moment that can be done about it.

This promises little excitement for the Blackpool conference which starts on September 7th, since the procedure followed there is to go through the general council's report, section by section, and to debate resolutions critical of the report submitted by member unions. Few of these are new. A sensible one from the Engineer Surveyors' Association urges that all unions should define more clearly the separate functions of their officers and their shop stewards; but it is not likely to lead to any positive action. In the main group of resolutions on wages and hours there is much less emphasis than usual this year on straight wage claims and much more on demands for the 40-hour week; but this may well be indicative of a tactical ploy rather than of a trend. New straight wage claims in some profusion should probably be expected some time after the general election. Mr Cousins's long, woolly motion, attacking Labour's (and everybody else's) H-bomb policy, remains on the final agenda. The debate on it will presumably be the highlight of the congress; but now that the municipal workers have dodged their way back to Mr Gaitskell's side, Mr Cousins faces a prospect of a possibly fairly heavy defeat. One problem may be whether he will be a big enough man to accept this without finally relapsing into an angry rebellious role in all trade union affairs.

SUBSIDISED LEISURE

The Bids . . .

THE pamphlet on "The Challenge of Leisure" published by the Conservative Political Centre this week, over the signatures of four Tory MPs and five other able Conservatives outside Parliament, has come at what ingenuous people might regard as an inconvenient time. Detailed reports on the Youth Service by the Albemarle Committee, and on sport by the Wolfenden Committee (for the Central Council of Physical Recreation), are expected shortly; and the CPC itself is to publish this autumn a long Bow Group report on "Patronage and the Arts," which has taken two years to prepare. The only reason for publishing a short (23 pages) pamphlet on all these three subjects now is the imminence of the election; Labour was known to be about to propose taxpayers' bounty on these matters too. So the Tories craftily decided to get in first.

The Tory group's proposals for increased subsidies and grants would cost between £7 million and £10 million a year at first, increasing progressively as standards rose. In sport they call for large loans or grants to local authorities and voluntary bodies for the construction of outdoor and indoor sports centres, and for the establishment of a Sports Council on the analogy of the Arts Council. This is the most amateurish section of the document. For youth, the pamphlet notes that "the facilities afforded by the Youth Service, in varying degrees of efficiency, are used by about 30 per cent of the 15 to 21 age groups"; it wants to double both this proportion and the present state expenditure on it of £3 million a year. The section on the arts, as might be expected from this group, is the most expertly written. Where the report remembers to advocate discrimination, most of its emphasis falls in the right places—it wants to support drama and the arts in the provinces and not merely in London, to found any National Theatre around the Old Vic, and it urges artistic enterprises to use a "pound for pound" approach in seeking extra subsidies from industry and local authorities. But the group's main concern, in its dozen or so recommendations about the arts and fifteen other "points for study," is to mention every possible form of aid before Labour gets round to mentioning it too.

. . . and the Yardstick

THREE years after the abolition of the subsidy on bread, both political parties have therefore decided that it is now more popular to advocate the subsidising of circuses. There is no need to be too crabby about this. In terms of health and fun and cultural development, some of the proffered money will be a good long-term investment. But one reminder to hard-headed electors seems advisable. Many teenagers nowadays, and most (though not all) of the people who are keen on the sorts of arts which committees want to subsidise, belong to the better off section of the community; they can legitimately be expected to pay at the booking office or in membership fees some of the extra cost of the expansion of their chosen amusements. Votes will deserve to be won by whichever party prospectus least infrequently remembers this.

EUROPE

Erhard's Bitter Mission

DR ERHARD has been visiting Greece and Turkey during the last fortnight, discussing German investment in the two countries, and their projected association with the common market. The mission has been valuable. While the twelve principal industrial states of western Europe have been getting together in the new trade groupings, the undeveloped countries have been left out in the cold. Now, at last, something is being done to show them that they are not forgotten.

For Dr Erhard, however, the mission must have had something of a bitter taste. For the line-up of Greece and Turkey beside the common market, and Portugal beside the outer group, is one more reflection of the rift in western Europe, already so apparent in the diplomatic field. Economically, it is nonsensical for some of the undeveloped countries of southern Europe to be attached to one group and some to the other. What they all need is access to all the markets of free Europe, together with a joint scheme of aid to assist them in development.

A Mediterranean Bridge

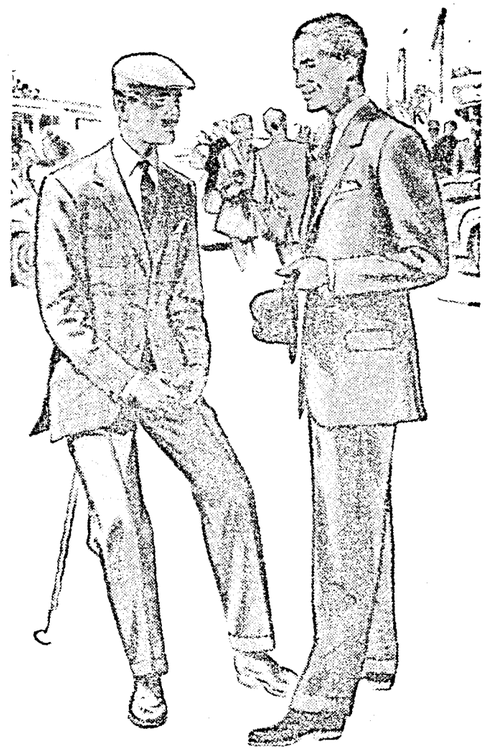
THE common interest is so obvious that it prompts a question. Why not, despite the rift between the industrial states of western Europe, make an effort to devise a common programme for the undeveloped ones after all? Neither one "side" nor the other has any spectacular interest in keeping one or other of these poorer neighbours to itself. Indeed, the supply of capital to them, and perhaps even the opportunities they want for agricultural exports, will be a burden. The points of contact between the two trading blocks in western Europe are, in all conscience, few enough today. If a common effort could be made, before separate vested interests get entrenched, to devise a joint programme for Turkey, Portugal and Greece, perhaps Iceland and Ireland, and one day Jugoslavia and Spain, then one small unifying force would have been set in motion. No doubt there is also a need for the rich European countries to get together to help the vaster undeveloped areas overseas. But a start could be made in Europe's own backyard.

A first obvious move would be for all twelve industrial countries to extend the same trading facilities to the undeveloped countries. Investment is the second main requirement of Europe's undeveloped world. The common market already has an investment bank to help its backward areas. OEEC, too, has cherished the idea of a lending institution of its own. A solution might be a joint arrangement in which the common market's contribution went through its investment bank, while other members of OEEC contributed through a linked or associated OEEC channel. The two would have to work together in a common programme.

KENYA

One Forward, One Back

KENYA'S new multi-racial National party has had its teeth pulled before it could even show its bite. The party was formed



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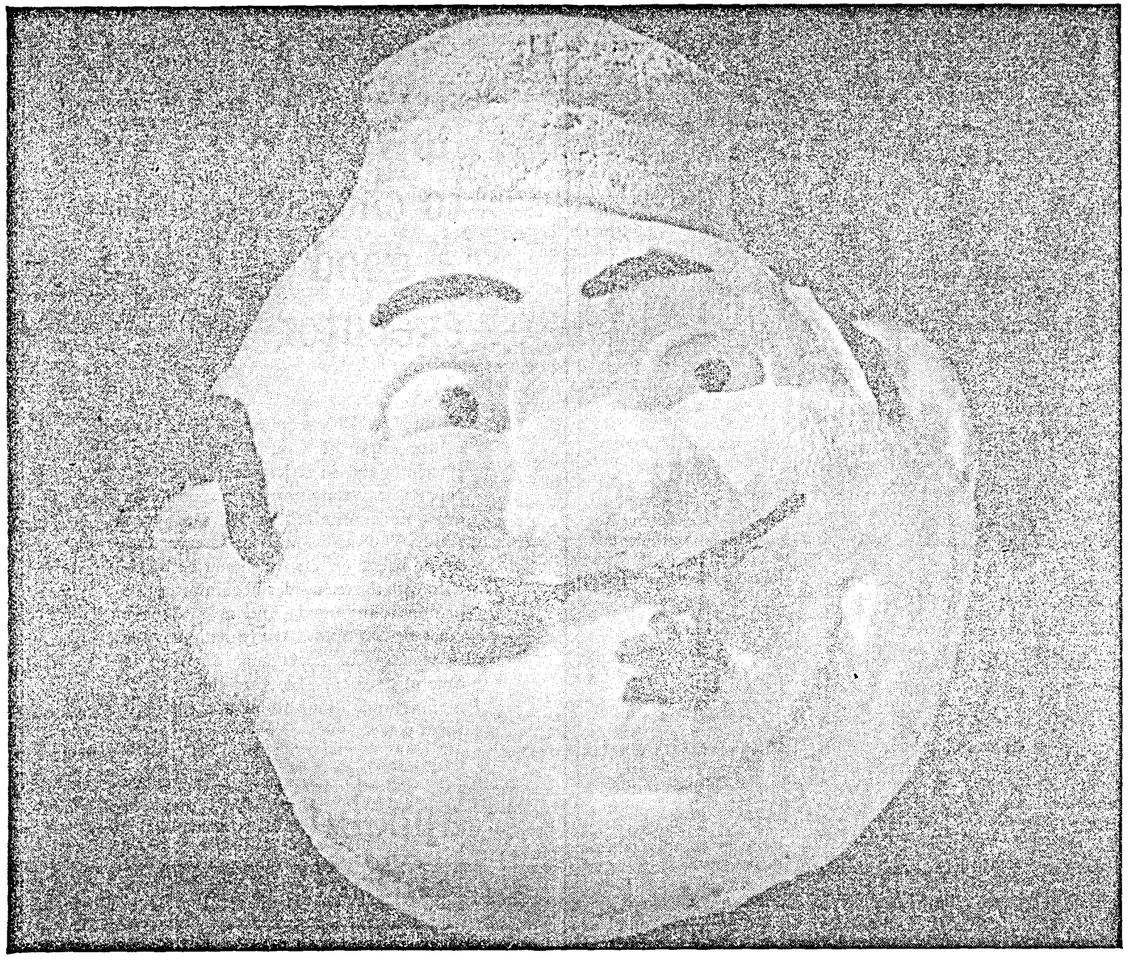

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about a month ago to fit the emergency regulation that allows political parties to organise on a nationwide basis only if their members belong to more than one racial community; it looked for the support of both the African and Asian elected members of the legislative council. But six of the fourteen African elected members, led by Mr Mboya, Dr Kiano and Mr Odinga, quarrelled with the vagueness of the party's constitutional proposals. This dissident group issued its own policy statement, reiterating such demands as elections by common roll, a definite date for independence and the release of all political prisoners. On Sunday, the six made their break-away official by announcing the formation of a new political party, the Kenya Independence Movement.

The emergence of the two multi-racial parties, the National party and Mr Blundell's New Kenya Group, had made it look as if Kenya's constitutional deadlock might at long last be eased. The fact that both alliances contained African, Asian and European members was a sign of grace; it was hoped that sufficient numbers from each community would be in the mood for concessions by the time the bargaining started at the constitutional conference next year. This was certainly true of the Europeans. Although the New Kenya Group's policy statement was studded with old-fashioned reservations, Mr Blundell's success in canvassing nearly all the European elected members was alone evidence of change. The settlers, except for the die-hard fringe that follow Group Captain Briggs, have backed Mr Blundell because, in the context of modern Africa, they can protect their interests only by bargaining, not by sitting tight in an exclusive but untenable position. But by the same token, it is probably naïve to expect Africans, who are becoming more and more conscious of the strength of their position, to retreat to meet the Europeans half way.

NYASALAND

Anticlimax

The Nyasaland government's first positive reaction to the Devlin report is to issue a set of constitutional modifications. If these changes were intended to show goodwill, their triviality defeats their purpose. The number of nominated African members on the legislative council is to be increased from 5 to 7, but this gesture is to be offset by adding 2 seats to the official majority on the council. Two African members are for the first time to be appointed to the executive council. Any member who is in detention can have his seat taken away at the Governor's discretion, and a substitute appointed in his place; both Mr Chiume and Mr Chipembere have now lost their seats. The Governor, Sir Robert Armitage, emphasises that these are only interim measures to tide over a difficult period. But this sort of constitutional arithmetic adds up to very little; it will certainly not cool tempers that are looking for a more relevant solution to a wretched situation.

BISHOP OF SOUTHWARK

Prayer Book Controversy Again

The Bishop of Southwark's attempt to secure liturgical uniformity in his diocese has received widespread publicity in the secular press. For this, his dramatic denunciation of the Reverend Harris of Carshalton and his subsequent press conference have been largely responsible. Unhappily these reports have served not to clarify but confuse the issue. Mr Harris's case is an extreme one. He is a "papalist"—that is, a member of the Church of England who accepts all the teachings of the Church of Rome, but maintains that, since the Church of England broke from Rome as a corporate act, reunion should be on a corporate not an individual basis. However sincere the motives of the papalists, their attitude will strike the majority as unstraightforward to say the least, and the Bishop's action in suspending Mr Harris will command very general support both inside and outside the Church. But the explosive issue is not the papalists, a tiny minority, but the use within the Church of England of the 1928 Prayer Book; the Bishop's orders restricting the use of this in his diocese could raise some interesting legalistic controversies.

What are the facts? Only one Prayer Book is authorised by law, that of 1662. The revised Prayer Book was rejected by the House of Commons in 1928. Nevertheless the 1928 Book is sanctioned by the spiritual authority of the Church; all four Houses of Convocation approved its use in 1929. The Bishop could thus make a case either for forbidding the use of any Prayer Book save that of 1662 or for allowing it with the variations proposed in 1928. He has taken neither of these courses, but followed the one for which no authority spiritual or temporal appears to exist: he is permitting some of the 1928 variations and forbidding others. His critics will thus accuse him of acting contrary to the mind of the Church as expressed in Convocation and also to the genius of the Church of England which has been to allow the widest variations in liturgical practice within reasonable limits, clearly exceeded by Mr Harris. If his clergy refuse to obey, then the Bishop will have to accept the flouting of his authority or proceed against them in the courts; if he does the latter, some of the old controversies between Church and State could arise in a particularly complicated form. The one thing that is certain about the publicised neck of this new and newsworthy Bishop is that he has a doughty talent for sticking it out.

AGRICULTURE

Chief Farmer's Exit

The decision of Lord Netherthorpe (much better known as Sir James Turner) not to seek re-election as President of the National Farmers' Union will bring to an end a long and significant period in the political history of British agriculture. For fifteen years the retiring President, assisted by the general secretary (Mr Knowles) who was himself an earlier president, has made farmers' views known in Whitehall and Westminster in no uncertain way. During this period, the farmers' union built up a uniquely influential position in the counsels of government—typified by that annual marathon of consultation procedure, the price review, and by some vigorous horse-trading over statutory marketing schemes. The team of Turner and Knowles acquired an experience of top-level policy-making for agriculture which no minister or civil servant could match, and the "sacred bull of British agriculture" (as one harassed official once called Lord Netherthorpe) knew how to roar to good effect if the union's accumulated prerogatives were at any point threatened.

The union's strategy might even be said to have been built around the personality of its departing president. Not only was he a scourge to recalcitrant Ministers of Agriculture, but he knew well how to charm and bully his fellow-farmers into accepting the numerous deals and compromises to which union and government agreed. His speeches, full of mixed metaphors and dripping with righteous indignation and honest (but frustrated) patriotism, were admirably John Bullish. In steering the union firmly into a non-partisan political position, to the occasional disgust of Conservative MPs, he nicely reflected farmers' typical sentiments—which are that the Conservatives are best for the country but that Labour may be induced to give most money to agriculture. This neutrality also paid handsome dividends in preserving the union's close consultative status in Whitehall, "aloof" from political entanglements.

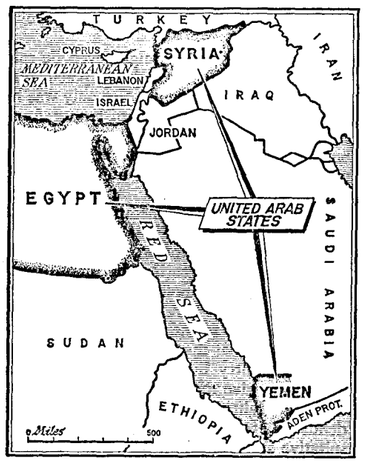
Yet the gains of the union under Lord Netherthorpe have in fact been reached by political means. While farmers' unions overseas have often concentrated upon agricultural co-operation and self-help schemes, this union has thrown all its collective weight behind enlisting state backing over price guarantees, compulsory marketing boards, and other means of support. Recently, however, the close partnership between the union and the government has grown thinner and shakier. The Ministry of Agriculture, strengthened by its amalgamation with the Ministry of Food, has become more resistant; a marketing setback pushed the union into trying a competitive marketing venture of its own (the Fatstock Marketing Corporation); and the Government's small

farmer scheme—which the union did not altogether like—is weakening its role as the equal guardian of all farmers, big and small. Lord Netherthorpe's exodus leaves a void in the union's leadership which some think will eventually result in a new organisation (possibly with again a rotating presidency). Might it also pave the way to a new strategy?

YEMEN

The Imam's Return

TRADITION says that a ruling Imam of Yemen must never leave his own domains. In the past Imam Ahmad got around this restriction by claiming, not very seriously perhaps, all the Arabian peninsula. He refused to accept the word "border" in any language and introduced a transliteration of "limitrophe" into his Arabic correspondence. He could not, however, stretch his *limes* as far as Rome, where he had to go for a cure this summer; and by going there he was clearly flaunting a long-established custom. Quite possibly, now that he is home again, he wishes he



had not. He was hardly off the ship at Hodeidah when he had to begin setting straight the affairs of state that threatened to get out of hand while he was away.

A speech made to tribal and popular delegations at Hodeidah has been widely quoted to prove that the Imam is a reactionary and bloodthirsty character (there was rather a lot about chopping off heads) and that his bumbling son, Saif al-Islam Muhammad al-Badr, represents progress. The Imam's knowledge of some things may be limited, but he knows how to run the Yemen; his son, easily persuaded by Egyptians to say what they tell him to say, does not. Imam Ahmad, too, wants his country to catch up with the rest of the world, but he pursues progress in his own way. His speech at Hodeidah was designed to show his subjects that he was once more in his old fighting form. It was meant for local consumption, but outside the country it was interpreted by some as a protest against any kind of Arab unity and by others as a protest against the federation of amirates in the Aden protectorate.

Whatever the commentators on his own radio stations said, and they have probably been set straight by now, the Imam has no desire for a closer union with President Nasser's United Arab Republic. Even the vague arrangement called the United Arab States, composed of Yemen and the UAR, is not entirely to the Imam's liking. He regards the Egyptians as carpet-baggers and more dangerous to have about the country than other foreigners. Their efforts on his behalf in his quarrel with Britain and the rulers of the Aden protectorate oblige him to treat them with civility; but that is all.

MALAYA

A Clear Mandate

TENGKU ABDUL RAHMAN'S Alliance party won its expected victory over a deeply divided opposition in the Malayan federal elections on August 19th. With 70 seats out of a total of 104, the government should be able to carry out its middle-of-the-road policies with a considerable amount of confidence in the future. Any European government with such a majority would not hesitate to put its policies into action; but the Malayan government will still feel the necessity of keeping an eye on the growing threat of the right-wing Pan-Malayan Islamic party which won 13 seats.

Directing its appeal to the Malays alone, the PMIP unreservedly pledges itself to transform multi-racial Malaya into an Islamic state with a government and legal system based on the Koran. The party's surprising triumphs earlier this summer in the state elections in the two preponderantly Malay states of Kelantan and Tregganu threw the ruling Alliance party into a state of near-panic. In the race against modern political institutions the Moslem fanatics can be certain of two advantages: it is hard for the government to ignore their demands without giving the appearance of being against religion; and their appeal is attractive to those Malays who feel that their country is already overrun by foreigners of all races and creeds.

The threat of a strong left-wing opposition has diminished as that from the right has increased. The Socialist Front, with eight seats, demands abolition of the emergency regulations, abrogation of the Anglo-Malayan defence treaty, expulsion of foreign troops, restrictions on foreign investment, and neutrality in the cold war. It is the pattern that has led newly independent countries into economic dependence on the communist block. Perhaps the Malayans, having had a taste of communist methods in their own jungles, are less anxious to take the path that leads to positive neutrality.

At home the prime minister has a clear popular mandate for the co-operation among Malays, Chinese and Indians that his party offers. Success in the elections, however, does not mean that he can overlook the necessity of keeping the foundations of his party strongly based, as equally as possible, on the three communities. If he can keep the political home front quiet he will be able to take the lead in promoting economic and cultural co-operation among the independent nations of South East Asia from Burma to the Philippines.

CROWDED PRISONS

Struggling Against The Tide

THE prison commissioners' report (Cmnd 825), which covers the year 1958, cannot reflect the improvements promised by the White Paper last February. Thus the report still shows the commissioners struggling with an ever-increasing influx of prisoners—the average population in 1958 was 25,108, against 22,368 in 1957 and 20,900 at the end of 1956—and the number of men sleeping three in a cell in the local prisons had risen to 6,000. Further, although the commissioners have repeatedly complained that the resources of the local prisons are unnecessarily strained by having to take in men awaiting trial who are not subsequently sentenced to imprisonment, they have had to make the point yet again. Over 27,000 untried men were remanded in prison in 1958, and, for each of the years 1954 to 1958, from 38 to 44 per cent of prisoners so received were not sentenced to prison on conviction.

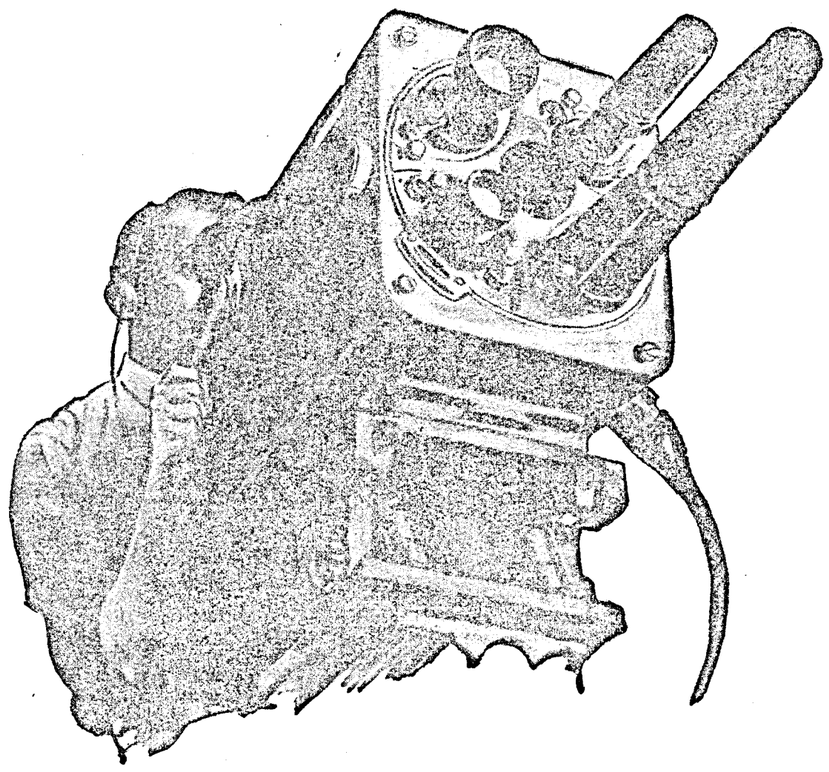
But in spite of the increase in numbers the report is able to report a gradual spreading of the better atmosphere in local prisons to which the commissioners called attention last year. The so-called Norwich experiment, which has revolutionised the mutual attitudes of prison officers and inmates, has now become the Norwich system and is being extended to nine other prisons. The participation of prisoners in the running of the prisons, which has followed from the Norwich system, is proving successful. A great deal can clearly be done in making a prison sentence more constructive without waiting for the new buildings to be put up.

REFRIGERATORS

"Which" Hunting

FEW bodies in Britain today can claim a brighter record of growth than the two voluntary organisations that set out two years ago to advise consumers on which brands of goods in the shops seem to provide the best value for money. But as their strength and market impact have grown, so inevitably has the counter-attack

Marconi in Television



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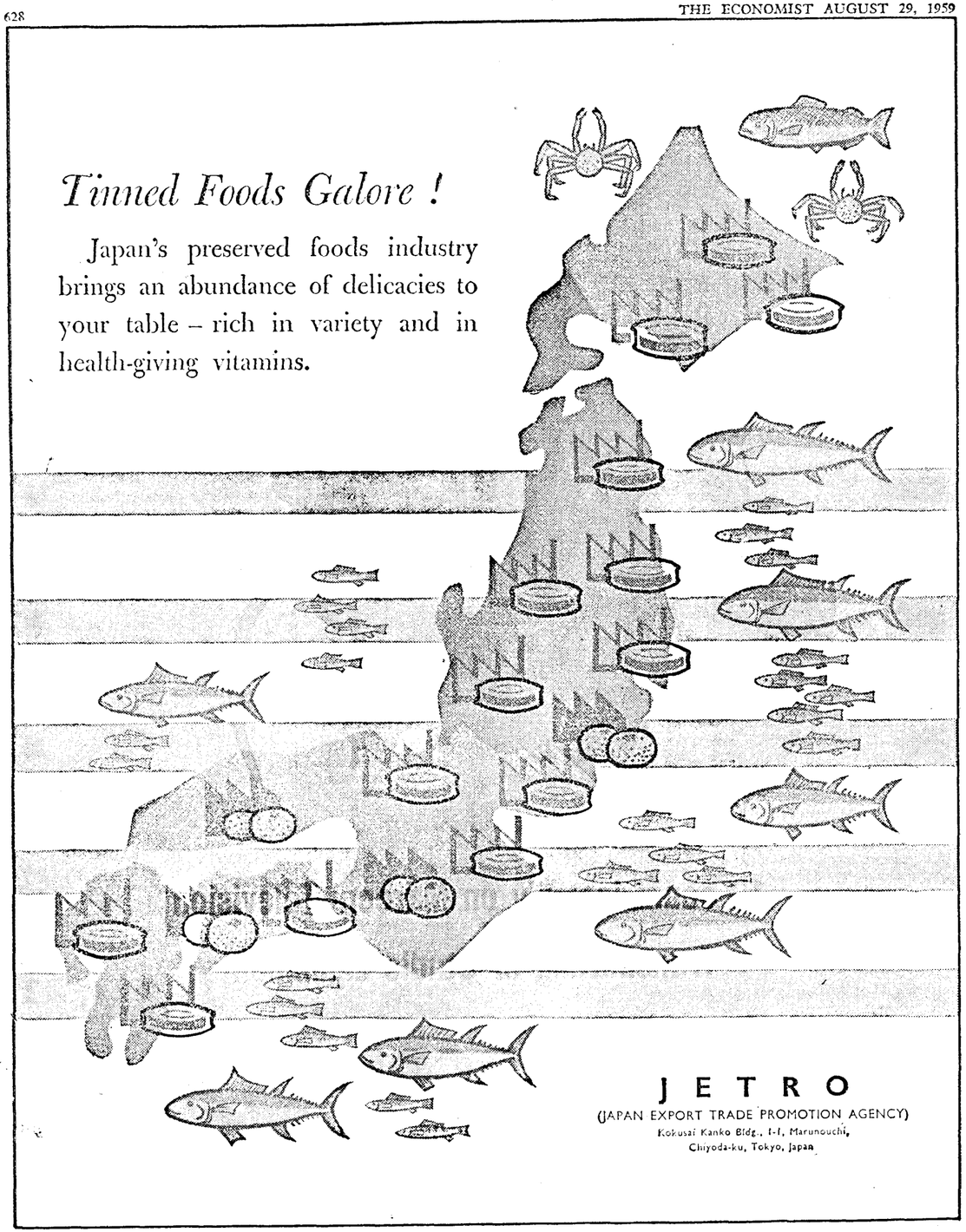
Tinned Foods Galore !

Japan's preserved foods industry brings an abundance of delicacies to your table – rich in variety and in health-giving vitamins.



JETRO

(JAPAN EXPORT TRADE PROMOTION AGENCY)

Kokusai Kanko Bldg., 1-1, Marunouchi, Chiyoda-ku, Tokyo, Japan

by aggrieved manufacturers against their judgments. A particular assault is now being launched by some manufacturers of refrigerators against the Consumers' Association, publishers of *Which*. Starting from scratch in the autumn of 1957, this association now has nearly 150,000 members paying £1 a year for its monthly magazine. It has already tested products as diverse as cameras, smoking cures and tennis balls.

Earlier this year it tested refrigerators. Rightly or wrongly, but certainly independently of any pressure, it recommended a *model made by Lec International* as the best bargain among those it had tested. This has raised a storm of protest. One leading competing manufacturer has circulated all its stockists refuting the report in bitter terms, while several other firms have made more discreet protests. As a result, anybody now going to a retailer to buy a refrigerator on *Which*'s recommendation is likely to come out again with a bundle of indignant anti-*Which* leaflets.

To a large extent this mutual criticism is healthy, as well as inevitable. Prospective purchasers ought to be intelligent enough to make up their minds after reading both sides of the case. But perhaps three guiding principles can be enumerated to help them. First, examine whether the protesting manufacturers have been able to impugn the association's reports on any important question of fact ; that will be quite possible on occasions, for sometimes the association's testing methods, as well as the products they test, are bound to be less than perfect. Secondly, note that the two sides are sometimes talking about different things ; manufacturers tend to judge their product by its technical efficiency, while the associations try to sum it up in terms of its value for money to the average consumer. Thirdly, remember that the retailer is rarely a really independent expert adviser ; at any one moment, in most consumer durables, he is almost bound to have a personal interest in pushing a particular brand or brands.

SOVIET UNION

Russians on the Never-Never

HIRE PURCHASE—so often described, in communist literature, as the capitalist squeeze on the instalment plan—has made its debut in the Soviet Union. By a decree, published last week, Soviet shops are allowed to sell certain consumer goods on hire purchase. The buyer will have to pay between a fifth and a quarter cash and the rest in six to twelve monthly instalments. The rate of interest will vary from one to two per cent.

What has decided the Russians finally to adopt a method which for years they had abused? The suggestion that they have been forced to it by consumer resistance, and that this is merely a scheme to get rid of unwanted goods, cannot be taken seriously. Soviet planners fix the prices; a price reduction would have been a more logical step. On occasions sales have also been authorised when shoddy or unwanted goods had piled up. Besides, the list of items that can now be sold on HP disproves the theory. Radiograms, better quality wireless sets, cameras, motor cycles, sewing machines or watches are not goods for which demand is lacking.

The explanation seems to be that the Soviet Union is now beginning to produce on a mass scale certain durable goods too expensive for workers to buy at once. The 6 or 12 instalments and the low interest rate (however unorthodox) should help. For a few years now Russian town dwellers have been able to hire goods ranging from an accordion to a sewing machine. The addition of hire purchase forms part of the trend towards mass consumption.

WEST AFRICA

Woman's Day

IN Accra this week the Federation of Ghana Women has been running an Ideal Home exhibition. The component parts of the perfect house have been provided by various business firms; thus the United Africa Company has contributed an all-electric kitchen. On traditional Women's Institute lines, there are also competitions for the best cake (with palm wine an acceptable substitute for yeast), the best dress and the best flower decoration. If the exhibition is a longish step from Olympiad standards, its organisation, with the emphasis on *douceur de vivre*, is yet another sign of the rising star of the West African woman.

Clubs, welfare societies and lecture groups have been springing up in the last few years. Their members are advised how to control their hair, their figures and their husbands; how to dress and make up with sophistication; how to educate their children and themselves. The Federation's bulletin "The Ghanaian Woman" not only discusses routine topics like health, beauty and cooking, but also goes into the question of too easy divorce laws, and the problem of the husband who thinks himself "superior" by virtue of his manhood.

Outside the home, women are competing for jobs that would have been unthinkable for them even a short time ago. There are women doctors, two or three lawyers and journalists; one woman runs an ante-natal clinic, while another is on the board of Mobiloil in Lagos. On a different level of education, girls are displacing men as switchboard operators, shorthand typists and —the ambition of many pretty girls—shop assistants. The market women, an influential group, have always been more active in retail trade than West African men; by now many of them are extremely well off, own a lot of property and could, if they wanted, have a powerful say in the way things are run.

Next term the University College of Ghana will for the first time open a residential hall for its women students. The numbers have risen fast, but there are still only 44 women out of a student body of 650. There is room for more girls: the difficulty is to find candidates with the right qualifications. The old argument that there are no jobs for female graduates no longer holds water, but most families need a lot of convincing before they will let their daughters remain at school for the sixth form. Social patterns are changing fast, but the "superior" father still prefers a daughter whose education will not frighten away a husband.

The Economist

AUGUST 27, 1859

POWER FOR AGITATORS?

The influence of the Trades' Unions is also a characteristic of the present movement which, in its political aspect, is in the last degree unfavourable. We have recently given our opinion of these associations in themselves, and with reference to their particular objects, and we need not repeat it. But the whole of their practical working shows the dangerous prominence they give to the talking agitator among labourers above the true industrious labourer. Operatives, as a class, are too busy to be able to carry on such associations as Trades' Unions : persons who have to work nine or ten hours a day cannot do it, especially when they belong to a class whose experience in business is very small. In consequence, these unions fall into the hands of a professional class of secretaries and similar persons, who have very often sinister interests, not identical with those of the true working men, but who impose upon them by superior fluency in speech and greater readiness in administration. The indefinite power which experience shows that such persons acquire, would cause us much anxiety if we thought that a household or a rate-paying franchise would be adopted by Parliament. Whatever views the working man may take of his own interest, he is often unable to act on it without the consent of irresponsible functionaries. He is not independent, but dependent. The experience of these strikes confirms what has often been alleged before, viz., that in giving power in name to the working classes, you in reality give, or run a risk of giving, power only to those who do not work among them. We can imagine no greater political misfortune than an acquisition of general political influence by the kind of agitator who is popular in 'Trades' Unions'. But conclusively as we think recent facts establish the extreme danger of giving the whole power in the State to the working classes, they rather confirm than disprove the arguments of those who desire that the working classes shall, nevertheless, have *some* power in the State. These facts show that the working classes have peculiar interests, peculiar ideas, and peculiar feelings. We may not think their notions well founded : we may believe that they frequently misunderstand their own true interests : we may be sure that their sentiments are often exaggerated. Still if it be the principle of a free constitution to give a share of influence and an opportunity of expression to every class and interest in the State, so exceptional and distinctive a class should not be omitted.

LETTERS

Radcliffe Report

Sir—It is difficult to read your comments on the Radcliffe Report without being convinced that the welcome you give it is far less warm than the document deserves. And the chief reason for this seems to be your refusal to accept the committee's evaluation of the role of Bank rate.

Thus "whatever can be argued about September, 1957, surely the package consisted of one article (the 2 per cent rise in Bank rate) and it worked," and again, commenting on the Radcliffe prescription for dealing with a threat of headlong inflation, "there is one rather staggering omission from the emergency package: Bank rate."

But surely it must be clear to you by now that September, 1957, is irrelevant, in that by that date no "headlong inflation" in fact threatened. It is not necessary here to analyse the particular events of that summer, events that led a running-down of the sterling balances to degenerate into a devaluation-scare rout, nor even to argue whether for that particular (external) problem 7 per cent Bank rate was or was not an appropriate remedy. It is sufficient to point out (*a*) that the run on sterling had little, either in its initial or its final stages, to do with the state of the domestic economy, and (*b*) that the world recession of 1957-58 was already under way in this country—as is clearly evidenced by (among other things) the fact which you yourself acknowledge that Mr Thorneycroft's ceiling on bank advances was never even touched. And it was, of course, largely the recession (and no Thorneycroftian nostrum) that caused the unions to tone down their wage demands.

In short, since the "evidence" of September, 1957, is seen to be phony, and since no corroborating evidence exists, there must be more than a strong presumption that the Radcliffe Committee is, after all, right in the function it allots to changes in Bank rate.—Yours faithfully,

NIGEL LAWSON

London, SW3

Chemical Weapons

Sir—In your issue of August 22nd you seem to deprecate the idea that the West should devote more effort to the development of non-lethal chemical weapons such as nerve gases. "The only use . . . of chemical weapons," you say, "would seem to be in minor wars. . . ."

Since the end of World War II, however, the West has been involved in only one major war (Korea). During the same period our forces have been engaged in a substantial number of minor campaigns (Palestine, Malaya, Kenya, Aden, Oman, etc., etc.). It would therefore seem that weapons suitable for use in minor conflicts are of major importance to us.

The argument in favour of chemical development can be briefly stated:

1. It is sometimes desirable that the West should be able to use force.

2. It is almost always desirable to keep casualties to a minimum.

3. The best way of keeping casualties to a minimum is the use of non-lethal weapons.

4. The best potential non-lethal weapons are chemical weapons.—Yours faithfully,

PHILIP GOODHART

House of Commons

The Householder's Highway

Sir—Your suspicions are misdirected; I brought the cases which you referred to last week in order to prove to residents and others that "garaging" was a misuse of the road. (My family's cars are garaged at some expense, the rateable value being increased on the conversion of the saddle room into a garage.)

The very nature of the horse encouraged the use of the road for the purpose for which it was built: a local service and access road. Now with the horseless carriage, "garaging" often leaves no space for necessary parking and stopping, *which is permitted by law*. You also overlook the strong probability that a householder has a common law right of access; a right which receives some recognition in a meter parking zone.

About five years ago a garage with standings for, say, 100 cars, within 100 yards of my front door, was closed and let to the GPO. Moons Garage 300 yards away is not always full. Again, with the permission of County Hall, developers in the immediate vicinity have for the most part neglected garages; indeed, stands for four cars have been converted into living accommodation.

Old folk of limited means have written letters of thanks, complaining themselves of noise, smell and the obstruction of light, coupled with the disinterest of authority. Except in certain sections of the Press, I have found no sympathy for people who "garage" daily all day in a place where they neither live nor work.

The problem is "garaging" (not parking). The solution is coercion; the choice, meters, regulation 89, or some other method.—Yours faithfully,

ANCRUM EVANS

London, SW1

Parking Discs

Sir—I was pleased to see from Mr Morgan's letter in your issue of July 25th that the British Road Federation, like the AA and RAC, support the parking disc scheme. Surely such expert opinion should not be lightly brushed aside by the Ministry?

I have now been able to see the report of the party led by Mr Samuels which visited Paris in April this year on behalf of the Ministry. It is clear from this that while it was admitted that the disc scheme had worked effectively in Paris, there was no attempt to see if it could be adapted to meet their requirements for London. They were only concerned, as in the report made in January, 1958, to find arguments against its adoption.

These were singularly weak and may be summarised as follows—with my comments:—

(a) "Enforcement is likely to be expensive." There is no evidence that, other things being equal, this would be more expensive with the disc scheme than with parking meters.

(b) "The cost of enforcement falls on the public rather than on the motorist." This is not an essential feature of a parking disc scheme and can be overcome very easily by making a charge for the disc.

(c) "Commercial vehicles gain only haphazard benefit." It is just as easy to reserve road space for commercial vehicles under one scheme as under the other—if it is really necessary.

(d) "No alternative provision is made for the all-day parker." Nor is it under the parking meter scheme, and it has already been admitted that the so-called profits will be quite insufficient to do anything effective.—Yours faithfully,

T. J. HUTTON

London, W1

Restrictions on Motorists

Sir—We appreciate the points made in your article "Red Tape on the Bonnet." You are, however, unfair to this association in suggesting that we have not actively pressed for a change in the present situation. For some time past we have made very strong representations to the Government to change the present regulations which make it difficult and burdensome for foreign visitors to bring their cars to this country. It is quite true that Great Britain alone of all the major European countries still insists on customs documents.

We have also suggested that there should be very close co-ordination between the Government departments dealing with aspects of tourism. The association enjoys very close relations with the Board of Trade, but many matters which affect the tourist are the concern of other departments, although to those departments they may appear to be on the fringe of their activities. The Ministry of Works guards and maintains but does not always promote or floodlight ancient buildings. Customs and the Home Office inspect travellers coming to this country for reasons which have nothing to do with the encouragement or welcome of visitors. In spite of this we would not agree with your suggestion that customs officers are ill-mannered. We have no complaints about their lack of courtesy, but only sometimes question marks about their excess of zeal in charging duty on passenger's "trophies" of the tour, which, of course, is entirely according to the law.

This association organised, with the assistance of Government departments, a conference on tourism last year, bringing together all the interested parties. The need to make provision for the enormous growth of touring by private motor car was emphasised at this conference and the association will continue to draw the attention of the Government to the urgent desirability of easing the burdens which Britain almost alone in Europe still maintains on the foreign motorist bringing his car to this country.—Yours faithfully,

L. LICKORISH

The British Travel and Holidays Association, London, SW1

Sir,—In your article "Red Tape on the Bonnet" you refer to the restrictions applicable to foreign motorists if they wish to enter the United Kingdom. May I draw your attention to another curious example of "red tape" in connection with the importation of motor vehicles by British owners, who have previously resided abroad?

I, for instance, have held a valid German driving licence for the past 5 years, having held a British Control Commission driving licence for three years before that. Whenever I came to the United Kingdom as a visitor I was allowed to drive any car, my German licence being considered sufficient proof of my ability to control a vehicle in motion.

Now, however, that I am resident in the United Kingdom I am not allowed to drive my car unless accompanied by a driver holding a British licence and having "L" plates on my car.

As one has to wait a considerable time before being admitted to a driving test, it does seem rather curious that someone who is let loose on the roads without qualms when being a temporary visitor is not trusted to be capable of driving his vehicle the moment he becomes resident in Great Britain.—Yours faithfully,

Bromley G. P. CLARE

. . . and on Dogs

Sir—I was interested to see a reference to the six months' quarantine for dogs in your article "Red Tape on the Bonnet." This unnecessary and obsolete law causes a good deal of unhappiness to dog owners, misery and sometimes death to the dogs. If the period were reduced to, say, a fortnight, with the dogs being inoculated on arrival in the UK at an approved kennel, rabies or other illness must show up almost at once. Besides Britain, I believe only Australia (and Canada in certain instances) still insist on a period of quarantine and it is comparatively easy to take a dog in and out of most other countries in the world.

It is said that breeders in England are the active supporters of the present law since they are frightened of competition from kennels on the Continent. Surely the organisations for protecting animals should start a campaign for more logical regulations or have they, too, some interest other than the happiness of the animals themselves?—Yours faithfully,

R. R. G. RIVINGTON

The Hague, Holland

Iceland

Sir,—I greatly enjoyed reading your two articles under the heading "The Iceland Saga." That is not to say that I agreed with the opinions expressed, but, after all, a saga is by definition an old heroic Scandinavian tale or myth. It is far from my intention to tangle opinion-wise with *The Economist*, but may I be allowed to make three points?

First, big nations, too, have their rights. The fact that Goliath was big did not prove him to be wrong. If, as we believe, our trawlers are engaged upon their lawful occasions around Iceland, then it is the duty of any British government to provide them with protection. This isn't aggression.

Secondly, it is not accurate to say that "Icelandic fish have been staying outside the 12-mile limit in the past year." At some seasons there is prolific fishing inside the 12 miles. I was in the *Lord Beatty* in April when she returned with a fine catch of more than 3,000 cwt of fish, including 980 cwt of some of the best haddock landed in the UK this year, all caught inside a haven within the 12-mile limit. This was by no means a unique experience.

Lastly, going about my business in this country among those most hurt by Iceland's action, I find little or no ill-will, or anything akin to it, towards the Icelanders.

May I now look forward to an article exploring the way in which the Icelandic and British industries can be made more complementary? Then perhaps we shall get somewhere.—Yours faithfully,

FARNDALE PHILLIPS

The British Trawlers Federation, Grimsby

The West Indies

Sir—I should like to comment on your note on the West Indies. First, it seems a trifle optimistic to assert just now that "Jamaica is beginning to learn, if falteringly, that it is too small to stand on its own without federation." Attitudes there have hardened against the centre since the federal elections of March, 1958, and are now virtually unanimous. The JLP fought the general election last month on the theme "Jamaica must lead or leave the federation," while the winning PNP made an election pledge on federation which included "proper representation on a population basis, protection against every form of taxation, revision of the constitution to give us freedom to pursue our own economic development policy, protection of Jamaica's interest and in particular of our industrial programme in everything that relates to customs union." The official proposals for constitutional change—described by some as a "Hands Off Jamaica" stand—include a suggestion that some units might establish a closer relation with the federal government while others would be free to have a looser association with it. This might be interpreted as a proposal that some units belong to a federation while others opt for membership of a *con*-federation.

Secondly, as regards British Guiana, while there is strong support there already for accession to the federation, my own observations suggest that none would enter if the representation offered were strictly proportional to the present half-million population. This might be shortsighted, of course. It is based on several fears—of being a small minority in any federal parliament, of being swamped by immigrants as the result of the votes of other units, of the East Indians being dominated by Africans, and of Jamaican politicians. However imaginary or exaggerated, these fears exist as a force to be reckoned with in regard to the accession of British Guiana to the federation. Adoption of the Jamaican demand for representation on the basis of population, subject to each unit having one representative, seems to me sufficient at present to keep British Guiana out of the federation.—Yours faithfully,

Manchester D. J. MORGAN

Nottingham

Sir—May I, as one who a year ago was resident in Nottingham, correct one item in your comment on the city's affairs last week?

The gentleman you describe as Councillor Ives is not in fact a councillor, although he did go with two Socialist members of the council to Jena in connection with the suggested planetarium. I have also been told on what seems to me to be good authority that he has on occasions been present at meetings of the Labour group at which council business has been discussed. In fact, if you were to look into it, I think you would find that the presence of Mr Ives, who as secretary to Nottingham Labour party has no official standing in council matters, in the Jena party and at Labour group meetings helped to start the criticisms and allegations to the police that caused Capt. Popkess to start the investigation that would not have been needed if the Jena party had been frank about the financing of their visit.—Yours faithfully,

Kidderminster K. M. RAW

BOOKS

Sociology and the Cold War

The Causes of World War Three
By C. Wright Mills.
Secker and Warburg. 175 pages. 15s.

SINCE Professor Wright Mills is the Texan sociologist whose work on the "power elite" supplied left-wing discussion groups in Britain with most of their current clichés, his views on the cold war are certain to command an audience. Unfortunately this bundle of passionately written articles and lectures seldom addresses itself to the theme of its sensationalist title. The nearest Mr Mills produces to a "cause" is the glib judgment that Russia and America are growing more and more alike. This is only true to a very limited and qualified extent, and even if it were more true than it is, that it makes war more likely does not follow self-evidently. Still less does it follow that war is inevitable, which is the proper implication of the title. Mr Mills clearly does not believe that himself since this would render pointless the third section of the book, which contains his manifesto on how to avoid war. The author restates his celebrated thesis.

> The top of America is increasingly unified and often seems wilfully co-ordinated. . . . The power of decision is now seated in military, political and economic institutions . . . . As each of these domains has coincided with the others, as decisions in each have become broader, the leading men of each—the high military, the corporation executives, the political directorate—have tended to come together to form the power elite of America.

Mr Mills goes on to say that the familiar checks and balances of American politics, which give observers the impression that American government is weak, multiform and diffuse, still operate but that they only apply to the range of issues that used to be, but are no longer, the principal subject matter of politics. They do not apply to the issues of peace and war, boom and slump. The public therefore enjoys the illusion, but not the reality, of living in a liberal democracy.

There is something in this. But of course it has never been true of any democratic government that problems of foreign policy and defence, which in the long run may affect people's lives more drastically than any others, were susceptible to proper democratic discussion and control. The question has only just arisen in America because until recently it scarcely had any foreign and defence policies. Factors that Mr Mills interprets as making America more like Russia are in fact making it more like Britain. Even so, with their congressional hearings, American politicians have a bigger shot at bringing the monster of government under control than the House of Commons ever aspires to.

Mr Mills attaches great importance to certain defects in the structure of American government that do in fact differentiate it from the British system. There is no "establishment" to connect the "power elite" by intangible links with unofficial sources of informed opinion. There is no higher civil service and the so-called "political appointees" are not skilled politicians at all, but politically inexperienced corporation executives and retired generals. Lastly, the United States lacks disciplined political parties that can present clear choices to the electorate.

This is all true up to a point, although Mr Mills has his full share of the usual American academic illusions about the logical qualities of disciplined parties while the concentration on corporations as the principal recruiting ground for government service rather than, say, the universities is a temporary phenomenon of the Eisenhower Administration that could well be changed by its successor. But where has this got Mr Mills? For his sociological analysis to justify the importance he attaches to it in the context of the cold war he would have to show that the adoption by America of these features of the British system would make it more likely that the United States would adopt his own recipe for avoiding the otherwise inevitable third world war. Since this includes unilateral American disarmament the connection is, to say the least, not apparent. Nor, to take a lesser point, does it seem to follow that the installation of a British-type civil service (which might be a good move in its own right) would lead to a greater degree of participation by the individual citizen in decisions affecting peace and war.

Mr Mills's own attitude to his discovery, the "power elite," is highly ambiguous. At one moment we are told that the top military, political and economic institutions seem "wilfully co-ordinated" and must be attacked in a rigorous uncompromising way; at another we are led to suppose that it is rather a good thing that there is so much effective power concentrated in a small group because if the intellectuals would only bestir themselves they could influence it decisively by reason. For an apostle of reason, he often verges perilously close to hysteria. But this may only be the effect of flagellating a pedestrian style in order to make it appear forceful.

Mr Mills supplies a manifesto for the intellectuals to force down the throats of the power elite. Its points include unlimited subsidised travel for intellectuals, and unilateral abandonment of American bases (and Berlin?; he does not say). The art of Madison Avenue is to supplement the science of the sociologist. The American government would announce its unilateral programme "one big item every other day, beginning at once and in plain language," and Mr Mills stipulates that:

> until the sequence of announcements is completed, the US Government should not respond officially to inquiries from any other nation.

Through American Eyes

The English Health Service
By Harry Eckstein.
Harvard University Press. London: *Oxford University Press.* 310 pages. 30s.

THE sub-title of this book on the health service is "its origins, structure and achievements," and Mr Eckstein proclaims that it is, in fact, primarily a study of how the health service came into being—to which he devotes the first 160 pages. They will be more interesting to his fellow Americans, who may one day be faced with the decision to accept or resist socialised medicine, than to the English reader, who now takes the health service for granted but would like to have an outside observer's view of its achievements and shortcomings.

In this, however, he may be somewhat disappointed. Mr Eckstein writes fully about the organisation of the service, and gives useful diagrams showing how the various administrative and advisory bodies interlock. But the third aspect mentioned in the sub-title—achievements—is hardly dealt with. Mr Eckstein mentions the better distribution of doctors, particularly general practitioners, brought about by the health service. He agrees that it has made nothing much worse and a number of things much better. But this, though it may reassure American doctors anxious about their clinical freedom, is niggardly praise. One would have liked a much fuller appraisal of, for instance, the hospital service, which is claimed to be the health service's greatest achievement.

The shortcomings that Mr Eckstein lists are familiar to English readers: the lack of co-ordination between the three main branches of the health service; the failure to spend money on hospital building; and the status of general practitioners—which is, however, not so low as he makes out. But there is one shortcoming, or what he thinks to be a shortcoming, which people in this country will think he belabours excessively and that is the Ministry of Health's decision not to press local authorities to go ahead with health centres. Health centres would, Mr Eckstein seems to think, have solved many of the health service's problems. But, quite apart from the question of capital cost, they have practical disadvantages that he ignores

There are one or two other points on which he does not give the whole story. The wholesale revolt of the medical profession against Mr Bevan early in 1948, was not only a reflection of its distrust of certain

aspects of the National Health Service Act. It also symbolised the feelings of all the professional classes about certain aspects of the Labour Government and about certain statements made by one or two of its members. Secondly, when Mr Eckstein deals with the Ministry of Health's campaign to end the queues of tuberculous patients waiting for hospital beds, he ought to mention that it was enormously helped by the big advances made in the treatment of tuberculosis at the same time. Thirdly, it is difficult to see why he equates a desire for privacy in hospitals with snobbery. On this subject he also omits to point out the extent to which private specialist practice in hospitals is underpinned by insurance schemes.

This book is one of a series called Harvard Political Studies, which explains Mr Eckstein's approach to his subject and his long epilogue on the health service and the process of planning. It is therefore not altogether fair to him to judge the book simply by his account of the health service; and English readers looking at it as a case study of planning will find much to interest them. One should add that they will also find the book readable, lucid and at times even sprightly.

The Government of Transport

The Ministry of Transport and Civil Aviation
By Gilmour Jenkins.
The New Whitehall Series: Allen and Unwin. 231 pages. 21s.

THE movement of people and things is a major form of activity in any civilised community, but, more striking, it is an activity involving more interaction between its individual components and requiring more co-ordination than almost any other form of activity. That we should need a large and complicated machinery of government to deal with the field of transport is therefore not surprising, and a description of part of this machinery by such an authority as Sir Gilmour Jenkins is welcome.

The authors of the books in this series on the various Ministries have had a problem to avoid being dull, but the writer of this book has taken full advantage of the widespread interest in the subject and has produced a readable and, at the same time, comprehensive study of the activities and methods of working of his Ministry. The central part of the book is obviously arranged according to the three principal media of transport: the sea, the land and the air. Under each can be found an outline of the main problems and the policies applied for their solution. Much is said about safety, particularly on the sea, on the road and in the air; the railways have less of a problem in this respect. Something is said about efficiency and integration, but the main theme is the protection of the public interest.

The Minister of Transport is responsible for the merchant navy and other services such as the coastguards. His responsibilities take him as far afield as to the protection of whales in the Antarctic.

Many readers will turn to the section on highways in the hope of finding something to encourage them. They will learn that the Minister is not responsible for very much; the villains of the traffic problem are the 1,300 local authorities, the property owners, the police and above all the tradition of freedom for people to use the roads as they will. There is little indication in the book of the tremendous amount of bargaining that goes on between the Ministry and other authorities—"If you do this for us, we'll do that for you." It is a wonderful game of finesse, but how costly in time. The cost of the man-hours needed to get a minor road improvement agreed usually exceeds those required for the improvement itself. The frustration that this leads to among civil servants after a time is not discernible in this book, perhaps because the author was presumably helped by younger colleagues.

Any reader will realise from the book the negligible part that science plays in the government of transport. Except for a small team on indefinite loan from the Ministry of Supply for work on airports, there is no scientist to be found anywhere, and only a casual reference is made to the Roads Research Laboratory, the main source of scientific advice available to the Minister on the roads side. A "Traffic Engineering Branch" appears in the appendix but not in the index or in the text—perhaps because it contains only two traffic engineers. As a consequence, the long required book of standards to guide highway engineers throughout the country has never been finished.

Other reviewers might have different comments to make. All, however, would emphasise that no library on transport matters would be complete without this book. No writer of letters to the newspaper should put his pen to paper until he has read the appropriate chapter.

Early Africa

The Prehistory of Southern Africa
By J. Desmond Clark.
Penguin. 366 pages. 6s.

LITTLE by little the archæologists and anthropologists are drawing Africa into the general stream of human history; and the general reader, as well as the specialist, can be grateful to Professor Mallowan for making sure that Penguin Books' excellent archæological Pelicans bear full witness to this process. In securing Dr Clark's new book for publication in this series, which he edits, Professor Mallowan has done more than provide a successor to Sonia Cole's book in the same series, "The Prehistory of East Africa": he has published the best general book on African prehistory to have appeared, so far, in any language.

Part of the reason for this superiority lies in Dr Clark's gift of organisation: this mass of material, spanning æons of uncounted time and burdened with a bewildering luggage of nomenclature (much of it wildly inefficient), needs a powerful grip if it is to yield an orderly narrative. Dr Clark knocks it around with an admirable lack of respect such as only a man who really knows his subject can dare to show. Moreover, Dr Clark bothers with his prose; he really seems to want to be understood.

Apart from being orderly and readable, Dr Clark is also a practical archæologist. His work on early iron age layers at the Kalambo Falls, near the border of Northern Rhodesia and Tanganyika, has quietly undermined a good deal of wild and academic guessing, and has put the recent prehistory of southern Africa on a solid foundation at last. He is consequently especially good on the long and difficult transitional period from late stone age to iron age in east-central and southern Africa. For the same reason he is clear and sensible about the medieval stone-building cultures of southern Africa; and these concluding sections of his book are much superior to those in its companion volume, "The Prehistory of East Africa." Much that Dr Clark has to say here confirms the view that a thorough-going archæological survey of central-southern Africa, co-ordinating known results and covering territories hitherto unsurveyed, is now badly needed.

The Young Cowper

William Cowper of the Inner Temple, Esquire
By Charles Ryskamp.
Cambridge University Press. 293 pages. 30s.

THE poems and letters on which William Cowper's fame is established belong to the second half of his life. We think of him as a recluse, an intensely pious Evangelical convert, living quietly at Huntingdon, Olney or Weston Underwood, comforted and sustained by Mrs Unwin, but seldom quite free from the dread of a return of that insanity which in 1763 put a complete stop to his life in the world of affairs.

Dr Ryskamp has produced an authoritative account, copiously documented, of Cowper's earlier years: his childhood at the rectory at Berkhampsted, his schooldays at Westminster, and his life in the Middle and Inner Temple, as a rather desultory student and practitioner of the law. He has chased up references to dozens of Cowper's relatives, friends and associates and the second half of this beautifully produced book is devoted to hitherto uncollected letters, essays and verses. Dr Ryskamp's scholarly study will be indispensable to serious students of Cowper; but one wonders how many these are, in com-

parison with those casual readers who, dipping into the delightful letters or sampling the poems, fall under the spell of Cowper's gentle charm.

What Dr Ryskamp's researches have usefully established is that Cowper before his mental breakdown was a gayer and more normal young man than we might have guessed. He had quantities of friends, he belonged to and wrote for a Nonsense Club, he was fond of good clothes and of the amenities of life. Indeed, throughout his life, and in spite of his tiny private means, he always managed to satisfy the requirements of a gentleman of very modest tastes, relying on his friends to provide when his wants exceeded his budget.

The title of this book is taken from Cowper's habitual description of himself on his title pages. That he styled himself "Of the Inner Temple" suggests the importance that he continued to attach to his brief period of association with men of the world; and as for "Esquire," he was always very conscious of belonging to a good family. There is a rather pathetic letter printed here, to his cousin Maria Cowper, in which he admits that he had sent William Unwin to call on her at the Park, Hertingfordbury, partly in order that "when he hears me called that Fellow Cowper, which has happened heretofore, he may be able upon unquestionable Evidence to assert my Gentlemanhood and relieve me from the Weight of that opprobrious Appellation." Of course, his tender conscience impels him to blame himself bitterly that his Vile and Deceitful Heart should harbour such considerations: "In good Truth it was abominable Pride of Heart, Indignation and Vanity, and deserves no better Name." But in this book we get little of the Evangelical Cowper; and it is both interesting and salutary to have our attention directed to his early years, when, like any young man, he seems to have relished pastime and good company.

Be it Remembered

The Spanish Town Papers

By E. Arnot Robertson.
Cresset Press. 199 pages. 21s.

THE "libel," or official statement of a prize case before the Vice-Admiralty Court at Jamaica, invariably begins with the formula "Be It Remembered." The author of this elegantly written and elegantly produced book says that it is only the stout paper on which these "libels" are written that has preserved the enclosed personal correspondence of such improbably named people as Mr Zachariah Goforth and Mrs Thankyou Wickham from disintegration by damp and neglect or destruction by hurricanes, thieves and ants.

Miss Arnot Robertson has resurrected these obscure personages from the dry legal records of the War of American Independence. The material may be of slight historical importance, but she has distilled an unusual amount of human interest out of it. Moreover, her book illuminates a neglected aspect of the war: the interruption of the commerce between the rebellious colonists and the West Indian planters, who never really cared who won the interminable wars that were always being fought in the sugar islands provided their trade was not damaged by busybodies like the young Captain Nelson. The history of privateering is so obscure a subject that one deplores the absence of solid statistics in an otherwise admirable little book, which illustrates, by extensive quotation, how

> despite the smell of wickedness, greed and brutality which comes up from these brown damp-stained, insect-eaten papers, there comes, too, movingly, across the years, a sense of the good, enduring human things.

Of Diverse Origins

Psychiatry and the Public Health

By G. R. Hargreaves.
Oxford University Press. 118 pages. 12s. 6d.

IN his Heath Clark lectures, which this book records, Professor Hargreaves briefly traces the evolution of psychiatric practice as we know it today. It is a complex story involving "private madhouses," Justices of the Peace, compulsory education and juvenile courts as well as general medicine, and in unravelling it the author shows very clearly that many of the present difficulties stem directly from the diversity of these origins.

Psychiatry's isolation from general medicine, which is still only slowly being broken down; the curious and difficult relationship between hospital and local health authority; the division of responsibility for child guidance clinics; the vast nineteenth century mental hospital and the disputed post of medical superintendent; even the tendency of psychiatrists to invade fields which strictly are the preserve of the sociologist, the moralist and the theologian—all these and other problems become clearer, but no more easy to solve, if their historical causes are known

The book looks forward, too, to the development of preventive psychiatry, and here Professor Hargreaves has much to criticise and many constructive suggestions to make. The more obvious defects in medical education and the harmful effects of the present division of responsibility for the health of the young between family doctors, hospitals, education authorities and local health authorities are two of the problems of current concern that he deals with. His plea for an extension of the services provided by the local health authority for patients discharged from mental hospitals and for the development of an integrated mental welfare service is, of course, in keeping with the proposals of the Mental Health Act. Anyone who is concerned with the establishment of an effective service of this kind ought to read this summary of the background.

OTHER BOOKS

THE ECONOMICS OF "UNDER-DEVELOPED" AREAS: An Annotated Reading List of Books, Articles, and Official Publications. Second enlarged edition. Compiled by Arthur Hazelwood. Published by *Oxford University Press* for *Institute of Commonwealth Studies.* 168 pages. 8s. 6d.

This invaluable guide to the published material on under-developed countries has been out of print for some time. The new edition contains some 400 additional items selected from the material that appeared from 1954 to early 1958.

THE STRUCTURE AND EVOLUTION OF THE UNIVERSE. By G. J. Whitrow. *Hutchinson.* 212 pages. 21s.

This is a completely revised edition of "The Structure of the Universe" which the Reader in Applied Mathematics in the University of London (Imperial College of Science and Technology) wrote over a decade ago for Hutchinsons Home University Library. Described as an introduction to cosmology, it should admirably fill students' needs; but it is of equal use to the inquiring reader equipped with some mathematics. The conclusion is worth citing:

> Our idea of the universe as a whole remains a product of the imagination. . . . There was a monk indulging against the teaching of the Master in cosmological inquiries. In order to know where the world ends he began . . . interrogating the gods of the successive heavens. . . . Finally the Great Brahma himself became manifest, and the monk asked him where the world ends. . . . The Great Brahma took that monk by the arm, led him aside, and said: These gods, my servants, hold me to be such that there is nothing I cannot see, understand, realise. Therefore I gave no answer in their presence. But *I* do not know where the world ends.

That, from the "Dialogues of the Buddha," shows how little is new under our sun.

Paperbacks:—

THE AMERICAN PRESIDENCY. By Clinton Rossiter. *Muller.* 166 pages. 4s.
This was reviewed in *The Economist* on April 6, 1957.

THE PSYCHOLOGY OF THINKING. By Robert Thomson. *Penguin.* 215 pages. 3s. 6d.

POETS IN A LANDSCAPE. By Gilbert Highet. *Penguin* in association with *Hamish Hamilton.* 270 pages. 6s.
This was reviewed in *The Economist* on April 20, 1957.

GALLIPOLI. By Alan Moorehead. *Arrow Books.* 320 pages. 3s. 6d.
This was reviewed in *The Economist* on May 12, 1956.

THE MAKING OF THE MIDDLE AGES. By R. W. Southern. *Arrow Books.* 288 pages. 3s. 6d
This was reviewed in *The Economist* on April 25, 1953.

GLASS THROUGH THE AGES. By E. B. Haynes. *Penguin.* 310 pages. 8s. 6d.

A DICTIONARY OF ART AND ARTISTS. By Peter and Linda Murray. *Penguin.* 363 pages. 5s.

GEORGE FOX AND THE QUAKERS. By H. Van Etten. *Longmans.* 191 pages. 6s.

MOSES AND THE VOCATION OF THE JEWISH PEOPLE. By André Neher. *Longmans.* 191 pages. 6s.

MEDICINE AND MAN. By Ritchie Calder. *New American Library of World Literature.* London: *Muller.* 256 pages. 4s.
First published in March, 1958.

MUSIC AND IMAGINATION. By Aaron Copland. *New American Library of World Literature.* London: *Muller.* 127 pages. 4s.

SIR GAWAIN AND THE GREEN KNIGHT. New translation by P. Stone. *Penguin.* 144 pages. 2s. 6d.

THE PENGUIN BOOK OF FRENCH VERSE. 4—THE TWENTIETH CENTURY. Edited by Anthony Hartley. *Penguin.* 377 pages. 5s.

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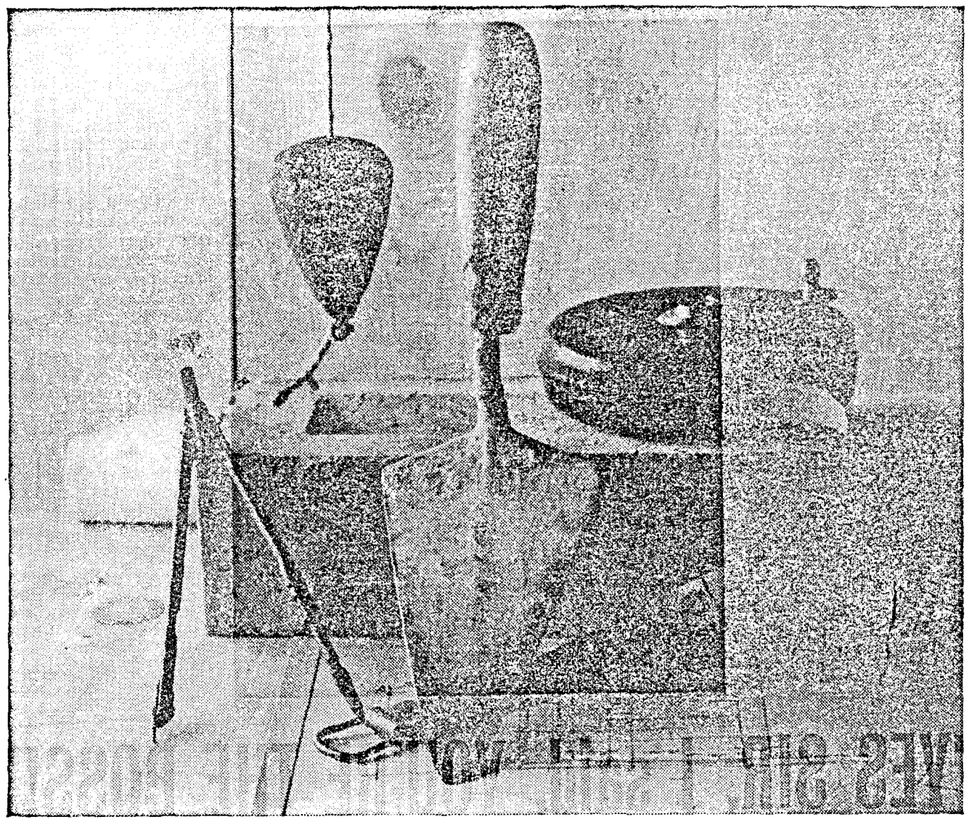

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AUSTRALIA

AUSTRALIA'S REPRESENTATIVES ARE AT AUSTRALIA HOUSE, THE STRAND, LONDON, W.C.2

AMERICAN SURVEY

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

Economic Specialists

WASHINGTON, DC

By the time Vice President Nixon's special Cabinet committee and the special inquiry by Congress's Joint Economic Committee, both initiated early this year, have produced their respective prescriptions for encouraging economic growth, guaranteeing full employment and maintaining stable prices, the national economy may be giving a practical demonstration of all three. With any luck, and assuming only elementary good sense in the government's monetary and fiscal policy, the next few years could see America enjoying the "soundest" prosperity in the country's postwar experience. While in the good years of 1956 and 1957, American productivity remained in a strange state of semi-stagnation, all the investment made in the later nineteen-fifties should be bearing fruit in the form of genuine growth during the new period of expansion which is now beginning. With farm and food prices remaining low, with the first signs of resistance to wage inflation and with wartime liquidity now at last worked off, the chances are better than they were in earlier booms that price rises will not get out of hand. While no one counts on this, publicly, at least, the arguments for its probability seem highly plausible.

Meanwhile, the two surprisingly parallel inquiries into the matter go on. Unfortunately for Americans, they are most unlikely to produce anything as reasoned, unanimous and clear-cut as did the Cohen and Radcliffe Committees in England. There are different causes for this in each case, and they help to explain why it is so difficult under the American political system for the "commission" approach to be as effective as it is in England.

Mr Nixon's Cabinet Committee on Price Stability for Economic Growth has produced two reports so far. The first, unfortunately for the later work of the committee, was inevitably regarded as political. Dealing only with the threat of inflation, its effect was merely to endorse the policies of the President. The report was well worded and persuasive on such matters as why indefinite creeping inflation is to be avoided, but political speeches on the television screens are also well worded and persuasive. The committee's next report, issued ten days ago, contained a series of elementary lessons in economics—asking the question of "what do we want from our economy" and answering it with "growth, maximum opportunities for employment and reasonable assurance of stable prices"—but it was so innocuous that it baffled the reporters who were assigned to write about it.

At a briefing one of the members of the committee let slip that the Administration now felt that the problem of inflation was pretty well under control for the moment and would therefore concentrate on the problem of growth. This was promptly emphasised in the newspaper stories on the report and produced a cry of triumph from the labour leaders who had long insisted that this was the right approach. Meanwhile, nobody has read the elementary lessons—which are rather well done—and the next items in the series may suffer the same fate. Even if the news value of these coming dissertations is greater, as for the next ones it may be, the committee's future output will inevitably be tarred with the political brush of the first report and will be viewed with suspicion in many quarters. This is probably a pity, for the quality of the reports promises to be high and the matters to be examined are of great importance.

The Joint Economic Committee suffers from a different difficulty. By all odds its most useful function is the taking of evidence. Economists of great ability and reputation sit down and prepare reasonably concise, occasionally brilliant papers on all manner of subjects, which are then thrust upon the press, and presumably, the public. But even the best of these papers are often too abstract or historical to provide a decent newspaper headline and as soon as a government official testifies the newspaper stories concentrate on the political clash arising from the committee's questions. As a result, to cite one example, a brilliant analysis by the Secretary of the Treasury of the process of growth, presented as his prepared paper, went almost entirely unnoticed.

When the Joint Committee produces its report next January or February, it will almost certainly show the effect of partisanship. The Democratic chairman, Senator Douglas, was once a prominent economist, but the life of politics has dulled his objectivity and diverted his attention. The membership of the committee includes a strange mixture of those who are there by virtue of their intelligence and those who owe their positions to their congressional seniority. While the Democrats include three of the brighest of the younger liberals (Representatives Bolling, Reuss and Coffin), the Republicans have only recently acquired a persuasive spokesman. By dint of extraordinary effort and doggedness, Representative Curtis of Missouri is at last beginning to speak in an economically intelligent conservative voice, and recently he has received some assistance from the sensible Senator Bush. But many of the members do not attend the sessions at all and others, like Representative Patman and Senator O'Mahoney, confine their participation to endless cantering of irrelevant hobby horses.

In general, the committee's inquiry suffers from the fact that if it is to be objective—as it has been so far—it will inevitably be unexciting, while if it sets out to prove the viewpoint of the Democratic majority, its report, even if basically sound, will be discounted as political. If, after receiving and presumably digesting the papers of two score economists, the committee produces a unanimous answer to the problem of reconciling price stability with economic growth, everyone will be surprised.

By the time both inquiries have completed their work, the 1960 election will be dominating economic discussion, for better or for worse. From this distance in time it seems likely that the economic argument, with all its ramifications, will be by far the most outstanding issue in that election. A great deal of importance in American economic history has happened during the six and a half years in which a conservative Republican Administration has been in charge. The election debate, while perhaps distressing to the economists, will at least have the merit of creating an image, and revealing the fact, of a genuine split between the parties in this field. But it will also obscure the amount of genuine agreement on some of the elements affecting growth, price stability and full employment. Thus the two current and ambitious attempts to elucidate publicly what Mr Heathcoat Amory has called "the great economic problem of our time" are likely to be frustrated on every side by political considerations.

Preparing for Mr Khrushchev

THE millions of words which the airborne regiment of reporters accompanying President Eisenhower to Europe will dutifully send back to fill the newspapers and the television screens may make Americans realise that their allies are looking askance at Mr Khrushchev's visit to the United States. Until now the average American has been so occupied with discussing the plans for that visit and with trying to decide whether it is to be welcomed or cold-shouldered that he has hardly noticed the reactions to it in other countries.

But if he had, he would have little sympathy for fears that the United States may come to an agreement with the Soviet Union behind its allies' backs. For the average American's views were put, as so often before, by President Eisenhower at his press conference on Tuesday when he said that he had invited Mr Khrushchev to the United States in order to find out whether he had any proposal for reducing world tension which was worth studying and in order that Mr Khrushchev might see for himself how a free people lived and worked. The visit is regarded as a mere holding operation and nothing is expected from it, for some time, at any rate. Nor does the average American share the fears felt abroad that the friendly, open-hearted Mr Eisenhower may be led up the garden path into the lions' den by the cold, calculating Mr Khrushchev. The new, or rather the renewed, Eisenhower is confidently felt to be as capable of coping with a Russian Premier today as he was with German Generals fifteen years ago. Certainly he will be well coached during his present European trip.

After some initial doubts Mr Khrushchev is being given the full treatment of a Head of State, with the President meeting him at the airport and a National Press Club lunch with questions afterwards. Congress is beginning to reconsider its determination to adjourn before he arrives so as to avoid the embarrassment of having to invite him to address a joint session. It is also being suggested that it might be instructive for Mr Khrushchev, when he goes to Pittsburgh, to find the steel strike still in progress (as it probably will be) as a demonstration of the freedom enjoyed by American workers. The leaders of those workers have refused to meet him officially, in protest against forced labour camps in Russia, but some of them will tell him privately about the facts of American trade union life. And Mr Henry Cabot Lodge, the American Ambassador to the United Nations, is to accompany Mr Khrushchev because, it is said, he is so expert at answering difficult Russian questions quickly and efficiently. Mr Khrushchev may be refusing to visit defence installations and the small towns and housing estates which were suggested as being particularly educational for him, but he will not be able thus to escape the lectures on the American way of life which are the price he must pay for his invitation.

The State of Hawaii

LAST Friday Hawaii, which is closer to Tokyo than it is to the federal capital, became the 50th state to be admitted to the Union. The occasion was proclaimed with all due solemnity in Washington and received with characteristic informality in the executive chambers of the Iolani Palace in Honolulu, where the new Governor, sporting a four-foot garland of pink carnations, was duly sworn in. The Republican elephant will not forget in a hurry its pleasant surprise that the first encumbent of this distinguished office—Mr William Quinn—should be a Republican. Hawaii's emissaries to Congress—one Republican and one Democrat to the Senate and a Democrat to the House of Representatives—will now start wrestling with unfamiliar problems, such as farm surpluses, and others, such as defence, race relations and labour reform, which strike nearer home. The Stars and Stripes, which only recently rearranged its pattern to accommodate Alaska, has now added a fiftieth star, although the new flag will not come into use until July 4th of next year.

"By Golly, I Didn't Think I Could Swing It"

Despite its strange geography and relative lack of industry, Hawaii is no poor relation; the income a head of its half million inhabitants is higher than that in 26 of the states, and it contributes more to federal funds than it takes from them. In contrast to Puerto Rico or the West Indian islands, Hawaii has enough jobs to go round and its agricultural wages are the highest in the world. Dependent on supplies from the mainland for most of its food and raw materials, Hawaii has four large money-earners which at present more than foot the cost: defence installations, bringing in over $300 million a year, sugar ($150 million in 1958), pineapples ($110 million) and tourists ($83 million). There is little official encouragement of industrialisation and a good deal of sentiment in favour of preserving Hawaii's charms, but new industries have taken root, many of them under the guidance of the west coast industrialist, Mr Henry Kaiser, who came to the islands for a holiday five years ago and stayed to give them a strong taste of his imaginative enterprise.

Hawaii's economy rests heavily at present on its value as a military base and is highly vulnerable to a change in strategic fashion. More and more tourists offer the only practical way of reducing this dependence, and hopes are running high that statehood will bring thousands of visitors curious to look over the new state. In any event, jet air services will make this pleasure resort more quickly accessible to the American holiday-maker. Hawaii also sees itself as the air cross-roads of the Pacific; a stop at Honolulu is scheduled on BOAC's round the world flights. As if to justify this hope, the International Air Transport Association meets in Honolulu next month.

IDA and Boggs

SINCE one of the purposes of President Eisenhower's visit to Europe is to increase co-operation in improving living standards in under-developed countries, he is presumably going to back up the efforts already made by his economic officials to sell the idea of the International Development Association to other potential participants. IDA, deposited on the Administration's doorstep early last year by Senator Monroney and only very recently accepted as a desirable member of the family, is intended to provide long-term loans on much easier terms than can the World Bank, which works to strict commercial standards. A capital of $1 billion is suggested for IDA; it will finance only sound and essential projects, but they will be in under-developed countries and will be

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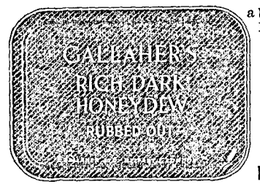

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FLAKE OR RUBBED OUT

HOW CAN TV BEST HELP TEACH?

one answer to the problem

The problem of how television can be best used for education is not an easy one. That its potential value is enormous is hardly disputed—it is how most effectively to fit it into the general pattern of education that has still to be discovered.

A contribution towards solving this problem has now been devised by Granada TV, in a series of programmes which will be shown on television screens to Science Sixth Forms next term.

For this series of programmes a number of Britain's leading scientists have consented to give lectures. Among them will be:

SIR EDWARD APPLETON
SIR ALEXANDER TODD · PROFESSOR LOVELL
SIR JOHN COCKCROFT · PROFESSOR MASSEY
PROFESSOR WADDINGTON

The lectures will be independent of any school syllabus. Each programme will be self-contained. The aim of the series is to give Sixth Form students the opportunity of seeing, in their own classrooms, leading scientists talking about their work. Each lecture will last for half an hour.

The programmes will be supported by Teachers' Notes which will be provided in booklet form in due course.

The programmes will be transmitted between 11.40 a.m. and 12.10 p.m. each Thursday, with a repeat at the same time on each following Monday. There will be ten programmes during the term and they will start on Thursday, September 24.

GRANADA TV

Starting 24 September

of types which do not qualify for assistance under other international programmes.

IDA has two main advantages, from the American point of view, and these are the excuse for setting up a new agency to do work which is already being done elsewhere, by the American Development Loan Fund, for example. IDA will bring other countries into the programme for helping backward areas, notably West Germany and Japan which could now afford to be generous, it is felt; and its loans should be acceptable to "neutral" countries which have been reluctant to commit themselves to the United States by taking its money but in which there is often urgent need to counter communist influence. IDA is to deal in soft as well as hard currencies and thus to provide an outlet for the foreign funds which have accumulated under the American programme for disposing of farm surpluses abroad. Other countries may feel that this provision has been inserted to suit the convenience of the United States and various other objections are also likely to be made when the scheme is debated at the World Bank meeting next month. But if IDA is approved, little difficulty is expected in getting Congress to provide the American share of her dowry, $320 million.

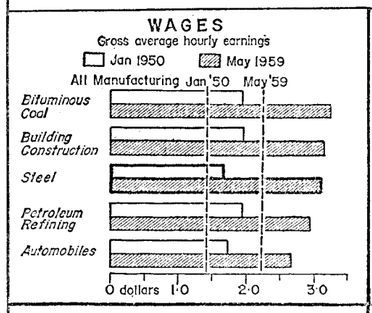
The growing conviction that foreign aid should no longer come from the taxpayer, but should be confined to loans and private

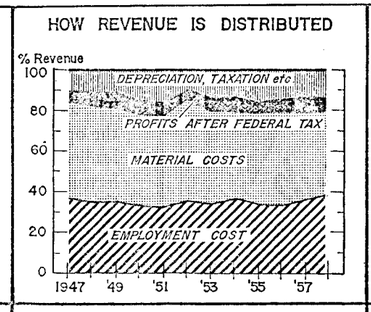
Background of the Steel Dispute

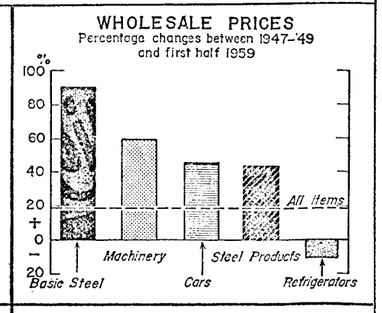
THE steel strike, which started at midnight on July 14th, is now in its seventh week. The United Steel Workers' union is demanding an increase in wages and other benefits equivalent to 15 cents an hour—a sum which it considers the industry can well afford without raising prices. The companies, on the other hand, are sticking to their original view that no wage increase is possible unless steel prices also go up. In order not to start a new inflationary spiral, they want to freeze wage rates for this year and to grant a "modest" increase next year in return for concessions on work rules; these the union has indignantly rejected. In addition, the companies claim that a further rise in the price of steel would invite excessive foreign competition. At the same time the record level of company profits in the first half of this year, which has been a central factor in the dispute, reflected in part the general anticipation of a strike by steel users. Arguments have thus centred on the relative movements of wages, prices and profits, and to this welter of facts and figures the Secretary of Labour has now added the results of his own fact-finding mission, some of which are set out in the charts below.

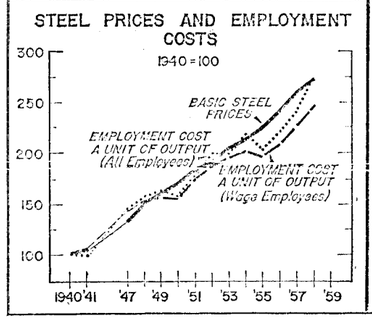
The immediate effect of this official publication has been to confirm the claims of both sides. Management is upheld in its contention that steel wages are higher, and have risen more steeply, than those in most other manufacturing industries; and that employment costs per man hour have risen faster than have steel prices. By turning to different series of statistics, the union can point out that steel prices have risen more steeply than employment costs per ton of steel; that they have increased more than wholesale prices generally and much more than retail prices; and that steel users have kept their prices down more effectively than have steel producers. The figures on profits similarly support both cases: steel profits have been higher than those for manufacturing generally when set against revenue, but lower when judged in relation to the amount of capital invested. If these findings fail to suggest where the bargain should be struck, they do give the layman a strong impression that both sides can afford to make concessions.

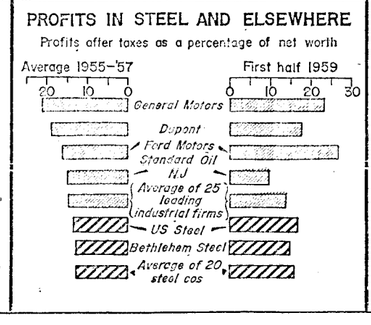
Over half a million workers are employed in an industry which can produce 148 million tons of steel a year. There are over 250 producers of finished steel, but the four largest plants employ more than half of the industry's workers. Capital investment for each production worker has more than doubled in a decade, to $20,000 in 1957. Steel workers earned on the average $5,350 in 1957, but the recession last year reduced this to below $5,000; in both years nearly a third of them earned over $6,000.

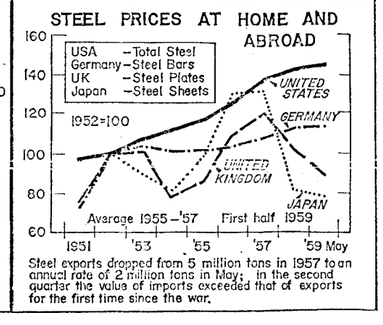












Steel exports dropped from 5 million tons in 1957 to an annual rate of 2 million tons in May; in the second quarter the value of imports exceeded that of exports for the first time since the war.

investment, is also apparent in the progress at last being made by the Boggs Bill which gives tax relief to companies doing business abroad. Intended to encourage foreign investment, it should get through the House of Representatives before adjournment, although the Senate will not consider it until next year. By then, unfortunately, more attention may be being paid to the trade unionists and others who are already arguing that American firms which are active in other countries are competing unfairly with domestic industry. The Bill has been amended to counter some, but not all, of the Treasury's fears that it will mean a heavy loss of tax revenue. Its chief provision now is for the setting up of special subsidiaries by American firms operating abroad; their earnings would not be subject to taxation until the money was brought back to the United States.

Labour Closes its Ranks

THE executive council of the American Federation of Labour and Congress of Industrial Organisations met in the Pennsylvania mountains last week to plan for next month's convention in San Francisco and to examine its wounds after the rain of blows under which the labour movement has been reeling recently. The sharpest of these, and one which the trade union leaders seem to feel has knocked them right out of this particular political ring, was the passage by the House of Representatives of a Bill for reforming the trade unions which was bitterly opposed by labour spokesmen. In fact, the opposition may have been too bitter; the labour lobbyists apparently failed to allow for the strength of the public reaction against corruption in the unions and for the pressure that this put on Congressmen. Arrogant threats of loss of trade union support seem to have influenced some Representatives who normally follow the labour line to vote for the Bill. Its passage, and the likelihood that the Senate will accept it with little modification, left the members of the AFL-CIO council wondering what had hit them. For only last November they were rejoicing that nearly all the candidates they supported had been returned to Congress and that the new Legislature could be relied upon to favour labour. The old-fashioned trade unionists who have always shied away from direct political action are now saying "I told you so."

But in the long run the trade unions may be more severely hurt by the steel strike. This was forced upon a union which did not want it by a group of managers who have only recently come to the top in the industry and who are determined to substitute a "tough" policy for the "give and take" which has long characterised wage bargaining in steel. If this reactionary approach prevails, and it now looks as if it may, it will be copied in other industries. For this reason the AFL-CIO council came swinging into the ring against this "big business conspiracy": they demanded that President Eisenhower intervene to force a settlement on the industry; they organised various gestures of solidarity with the steel workers; and they made plans for giving the strikers financial support.

Finally the council decided that at such a time labour should close its ranks, and so the International Longshoremen's Association is to be invited to return to the AFL-CIO under a few not very onerous conditions. This was the first union to be ousted by the federation for corruption, six years ago; it has now been cleaned up, but by the New York Waterfront Commission rather than by its own efforts. One reason for the invitation, which hardly seems to have been earned, is that the AFL-CIO leaders fear that if the ILA is left on its own any longer it may be tempted to co-operate with Mr Hoffa's notorious teamsters' union on which most of labour's congressional troubles can be blamed.

Second Try on Housing

HAVING failed to rally the necessary two-thirds majority to override Mr Eisenhower's veto of the Housing Bill sent to him last month, the Democrats in the Senate concurred in the passage, last week, of a substitute measure. By reducing total commitments from $1.3 billion to a little over $1 billion, the revised Bill goes some way to meet the President's complaint that its predecessor was "excessive" and "inflationary," but on individual programmes he has by no means got his way. The authorisation for new public housing has been cut from 45,000 units to 37,000, against the President's request for none this year. Funds for slum clearance have been reduced from $900 million to $650 million, but his objection to the present method of financing the programme—by direct Treasury advances instead of congressional appropriations—has been ignored. And new schemes for building college class rooms and homes for the elderly have survived his disapproval.

The Bill contains, however, one provision which the Administration urgently needs: permission for the Federal Housing Authority to continue its insurance of mortgages on private homes. FHA has not only exhausted its funds but has issued letters of "intent to insure" to a value of $5 billion. Democrats are taking full advantage of the Administration's susceptibility on this score. It explains why they have felt able to take the risk of making only modest concessions on this year's Bill and why they have given FHA only a one-year extension instead of the two requested; they hope next year to tack additional funds for public housing and slum clearance on to the coat-tails of a new authorisation which FHA will be needing.

The House of Representatives is expected to approve this measure, providing technical difficulties, exploited by its conservative opponents, do not prevent it reaching the floor at this crowded end of the session. According to usual practice, the Bill has been dispatched to the House Banking Committee, from whence it must go to the Rules Committee to gain a place in the legislative programme. Not only might its progress be blocked, but by this route the Bill would in any case be open to amendments which there is now little time to debate. An alternative course is to bypass both committees and bring the measure straight to the floor of the House; but standard procedures can only be broken in this way on certain days. Providing the Bill reaches the White House, Mr Eisenhower is likely to sign it; not only will there then be no time to extract a third version from Congress, but the Senate's vote of approval last week was large enough to over-ride a second presidential veto.

Democrats and Angels

THE recent argument over who in the city of angels were to be the actual angels financing next summer's Democratic convention in Los Angeles was basically a struggle for power within the party. For a few days it looked as if the city would lose its chance to inaugurate its new sports arena with the first presidential nominating convention ever held in Los Angeles. It owed the chance to Mr Paul Butler, the chairman of the Democratic National Committee, who beat down those who did not want the delegates to have to travel so far in order that California's Democrats might be rewarded for their sensational victories last November by being the centre of the party's attention next year. The move west was also meant to ensure that the convention would be dominated by the liberals, the group to which both Mr Butler and the party leaders in California belong.

Unfortunately for this plan the subsidy of $350,000 with which

Up the High Mobiles

FROM A CORRESPONDENT IN NEW YORK

UNTIL a firm of market analysts gave the term a new meaning, a mobile was a modern art object hung from the ceiling on wires, its several parts so delicately poised that it vibrated with the slightest breeze. Now the phrase "high mobile" has been coined for what are also called the "tastemakers" or the "leadership elite for change." These mobiles are not art objects, but people, also delicately poised and vibrating, but not so much with breezes as with new products, services and ideas. They have been identified and pinned down in a New York suburb, but their cousins can be found along the Main Line near Philadelphia, on the North Shore near Chicago, and across the bay from San Francisco. Their discoverers believe that this new species may help to answer the questions which obsess the manufacturers of consumers' goods: what is the customer going to want tomorrow, next week, next year? How can his wants be predicted?

Millions of dollars have been spent in an effort to find the answers and more millions will be spent in the future. The newest theory, formulated by students of buying habits and backed by a Princeton professor of sociology, is based on the belief that a high degree of mobility, up, down, and sideways, is the distinguishing mark of American society in the twentieth century, and that it contains the key to reliable predictions about consumers' tastes. These theorists argue that in the American world change is not only constant, but also profitable and desirable; it is painful only if people are not prepared for it.

But what, or who, causes change? The second step in the argument is that "whenever change occurs, some unusual individuals must be the first to make the change." If this is accepted, the third step is to identify these unusual individuals

and find out how they tick, for what these "high mobiles" want today is what millions will want tomorrow.

THE first search for them was conducted in Ridgewood, New Jersey, a leafy suburb on the west side of the Hudson River, full of commuters, community fervour, outdoor barbecues and high fidelity, where people own their own homes and enjoy a "high saturation in communications media." Here 82 white families having an income of more than $5,000 a year, and half of them headed by college graduates, consented to act as guinea pigs. The first aim was to find out how receptive these families had been to change. Out of these inquiries came the discovery that only about 27 per cent could rank as high mobiles; 50 per cent were in a middle range and 23 per cent belonged to the world of snails and tortoises.

The high mobiles had bought items from the test list very early. It included 75 products and services which have become popular since 1945. They moved from high fidelity to stereophonic sound two years before the others followed; they led in buying electric blankets, foreign cookbooks and credit cards for travel. They were purchasing Irish whiskey for ten years before it became popular in the United States and ballet slippers for eight years before they became common street wear among the young. On the other hand, they were only four years ahead of the crowd in buying automatic clothes driers, and only two years ahead in accepting automatic dishwashers. The high mobiles led the present boating boom, but fell behind the middle mobiles in installing home swimming pools. As for the low mobiles, copper saucepans are their prestige item; if the high mobiles ever started this trend it was so long ago that they have forgotten it.

THE outstanding characteristic of the high mobiles is their sensitivity to change in many sectors, whatever their age or income. Quick-moving, easily bored, these are the restless ones, tied not to habit or to the values of their ancestors (except for eighteenth century furniture and political theories) but always seeking something different. Not too far ahead of the crowd, they are bird dogs of the about-to-be-popular, bellwethers of change whom the rest will follow happily. They have more than the average tendency to travel, a wider variety of friends, more curiosity, a slightly better education, more success in their careers and a greater interest in politics than the normal man or woman. Comfortable, but not rich, they do not watch television but they do buy paperback books—and read them. Education and culture rank high in their scale of values.

Whether the high mobiles can be exploited commercially remains to be seen. Obviously the theory has not been tested sufficiently to make wide claims safe. But the implications of this attempt to get out in front of the crowd must not be underestimated. It flies in the face of egalitarian democracy; it challenges the pre-eminence of the lorry driver. If this trend continues, a high mobile might even run for President.

Los Angeles in effect bought the convention was offered by a group organised by Mr Edwin Pauley, a conservative oil magnate. He is an old crony of ex-President Truman's but did nothing to help the Democrats in California in the days when the party was in eclipse there. Mr Pauley claimed that he had been promised 5,000 seats; these are valued at $500 each and were essential if he was to raise money for the subsidy. The arena will only hold 16,000 people and, when delegates and press and wireless representatives have been accommodated, there will be fewer than 5,000 places left. If Mr Pauley's claim had been accepted, the public galleries would have been filled with a host of people from the host city and there would have been no seats available for allocation by either the state party organisation or the national committee. More important, Mr Pauley would have been able to pack the galleries with supporters of whatever presidential candidate he favoured—his choice, like Mr Truman's, is believed to be Senator Symington—and a claque of this kind can have a decisive influence on a nomination.

Faced with this challenge to his prestige, Mr Butler, denying that any promise had been given and backed by California's Democratic officials, stood firm against both Mr Pauley and the Republican Mayor of Los Angeles. When it became clear that Mr Butler was prepared to take the convention business and publicity away from Los Angeles altogether, the Mayor capitulated and Mr Pauley withdrew to Hawaii. A new committee, headed by Mr Dan Kimball, also an ex-member of Mr Truman's Cabinet but a liberal sympathiser, undertook to raise the $350,000; the 4,500 spare seats will be shared equally between the state committee, the national committee and the Los Angeles committee; and the presidential nomination will, from present indications, be "wide open." California's Democratic Governor, Mr Pat Brown, intends to arrive at the convention with the state's delegation, the largest after New York's, pledged to support him. That he will in fact be nominated is improbable, but he may dictate who is to be.

ADVERTISER'S ANNOUNCEMENT

THE WRONG WAY AND THE RIGHT WAY

Dr FRANK N. D. BUCHMAN

"WE are not ready to live in the world that faces us." The man who says this is a production genius in charge of 400 scientists and 35,000 men who launched Atlas in answer to Sputnik. There is a wrong way and a right way of launching a rocket into space. There is a wrong way and a right way of living on earth.

Dr. Douglas Cornell, Executive Officer of the National Academy of Sciences, says, "Science has made it possible for the world to be destroyed between lunch and the cocktail hour. But the problem does not lie in science, it lies in man. It is modern man who needs to be remade."

There is a wrong way and a right way to meet the challenge of Communism. An American general who trained the army of an Asian nation says, "I tried to fight Communism with an army and with economic aid. I trained good soldiers. But I was unable to equip them with a world idea superior to Communism. Moral Re-Armament is the idea I was looking for. It is the right way to do it."

We have been living the wrong way for so long that we have come to accept it as normal. Broken homes, disrupted industries, divided nations, deadlocked conferences—these things are not normal. They are the inevitable outcome of doing things the wrong way. Many people condemn Communism. But could it be that the hate, greed, fear and selfishness which create confusion and division in our own society, are the strength and essence of Communism? Millions who would never join the Communist Party, make its advance inevitable by the way they live.

MORAL RE-ARMAMENT OR COMMUNISM

Admiral William H. Standley, who was United States Ambassador to Moscow and Chief of Naval Operations, sees this issue clearly. In a thought-out statement which has gone all around the world, he says, "The choice for America is Moral Re-Armament or Communism."

An Air Force general in charge of 8,000 men who are part of the Strategic Air Command and for two years have been on a fifteen minute alert, says: "The young men who are sent to me don't know what democracy is about. They live as they please. As for Communism, that doesn't concern them and they don't or won't trouble to understand it." While arming against atomic attack from without, we have already surrendered within ourselves the basis of our defence—moral character.

The right way is not "my way." It may not even be "your way." The right way is God's way. Some seem to think that freedom and democracy mean "do as you please." Each man decides and goes his own way. Fathers and mothers do as they please and then they are alarmed when their children follow their example. It is estimated that more than one million youth will go through the juvenile courts this year in America. Broken homes spread disillusion throughout the nation.

A play called *The New American*, written and produced from their own experiences by a group of young Americans, is capturing the mind of America with an answer to delinquency, divorce and subversion. At the invitation of the Commanding General, it was shown at one of the largest Marine Air Stations in the world, and at command performances for Air Force bases, and in high schools. At one of these bases a newspaper described it as "a great driving force which is awakening the free world from complacency." The Mayor of one city where this play was shown, said: "It is the soundest, most down to earth thing that ever came to our community." The Mayor of another city said: "It must go to every school and college throughout America."

MOST ASTONISHING EVENT

There is a wrong way and a right way in statesmanship. A high official of the German Foreign Office, former Ambassador to Canada, told the Press, "The most astonishing event of post-war European politics is the reconciliation of Germany and France. A major factor in the birth of an apparently permanent friendship between these former enemies is Moral Re-Armament." And Dr. Adenauer, the German Chancellor, in a letter to me says, "Unless this work of Moral Re-Armament is extended the peace of the world cannot be preserved." The Chancellor talks of Moral Re-Armament as the unseen but effective force in achieving international agreements.

A diplomat who has been at the heart of the great international conferences that have taken place in the last fifteen years, writes to say, "Three events in recent months have amazed the diplomats." In each case the answer has been found through men who have changed.

The first was the Lebanon crisis. This issue which divided the world was solved by ten Arab nations who united to bring an answer to East and West. The man most responsible for this was the Secretary-General of the Arab League, who was in Egypt when he heard the news of the crisis. He had the compelling thought, which he believed came from God, to fly immediately to New York. He obeyed. He found the Arab States divided amongst themselves, and all the other nations divided against each other. There was a real risk of war. Early one morning a further thought came to him, that the Arab nations were meant to be a bridge and not a battleground. He brought them all together in one room, and they stayed together until they found a resolution on which they all agreed. When it was put to the United Nations, the vote was 80—0. *The Times* of London said: "Overnight an almost magical transformation has come over the scene."

NEW UNITY IN ASIA

The second event was the new unity being brought to birth through Asia. A token of this was the visit of the President of the Philippines to Japan and his reception in the Japanese Diet. Little more than a year ago the feeling between those two countries was so intense that such an action would have been political suicide. The man who as Speaker of the Japanese Diet received the Philippine President, and was one of the plenipotentiaries who signed the Peace Treaty for his country, says that in the last two years Moral Re-Armament has brought reconciliation between Japan and the Philippines, wrested control of the largest single political organisation in Japan from Communist hands, established new relations with Indonesia and Viet Nam, ended a dispute with Free China, and is now in process of healing the division between South Korea and his country. The President of the Philippines says "The bitterness of former years is being washed away by compassion and forgiveness." *The New York World-Telegram* comments, "This visit of the President of the Philippines to Japan may mark an historic turning point in post-war affairs."

THE CYPRUS SETTLEMENT

The third most recent event is the Cyprus settlement. An Asian Ambassador in Washington was in my home. He had been chairman of the committee that vainly tried to bring an answer to Cyprus in the United Nations. He told us, "Cyprus

(*Continued*)

ADVERTISER'S ANNOUNCEMENT

The Wrong Way and the Right Way (continued)

unsolved would have shattered European unity and could have led to European war this year." The answer was brought by men—British, Greeks and Turks, who through Moral Re-Armament honestly faced the fact that they had been doing things the wrong way. A British Member of Parliament went to see some of the Cyprus leaders and was honest about the places where he felt he and his country had made mistakes. A Greek leader expressed his sorrow to the British leaders in London for the situation of bitterness and bloodshed in Cyprus. A Turkish editor went to Athens and in an article which appeared throughout the Greek Press, said that his country and Greece were meant to live as brothers and not as enemies. *The New York Times* called it " a resounding success for enlightened statesmanship." Is not this the answer for our overworked and under-inspired statesmen ?

ONLY HOPE FOR AFRICA

A diplomat of world experience says, " In Africa today they are saying everywhere to the white man, ' How soon can you leave ? ' But to the Moral Re-Armament men and women they are saying, ' How soon can you come ? ' " My friend Dr. Azikiwe, Premier of Eastern Nigeria, recently entertained Premier Nkrumah of Ghana on a State visit. He took the occasion to show him the Moral Re-Armament film *Freedom* through which Africa has spoken to the world. Written by Africans, and acted by Africans it shows how a young nation threatened with destruction through division and Communism in its own ranks, can find the secret of unity and the right road. Afterwards Premier Azikiwe spoke to the nation of 36 million Nigerians and said, " We must build a hate-free, fear-free, greed-free Africa, peopled by free men and women." The newspaper of Ibadan, the great Nigerian city where the largest university in West Africa is situated, came out with the headline, " MRA is our only hope."

In the great cities of South Africa *Freedom* has been showing to packed audiences. In Cape Town the manager of the theatre himself introduced the film and said : " We believe this is the most effective weapon in the free countries today to win the world to the right idea." At the end of the film the man who plays the part of the Prime Minister in it, the former President of the African teachers of South Africa, steps in front of the screen in the glorious robes which he wears in *Freedom*. He speaks to those audiences, which is an unprecedented event in the life of South Africa. For probably all the white people in that theatre it is the first time they have ever listened to an African speaking. Afterwards night after night he is surrounded by those who want to find from him the secret of how to get their own lives and the life of South Africa on the right way.

The Colwell brothers sing at each performance. These three young Americans are playing a major part in this revolutionary answer in South Africa. They have given up Hollywood contracts, and over the past years have had a profound influence on the leadership of Asia and Africa. In South Africa they won thunderous applause by their commitment and their songs sung in national languages that few South Africans have ever tried to master. Of them, the Mayor of their own city in California says, " These three are securing and undergirding the defences of America." They tell the South African audiences that they are giving their lives to the answer they feel Hollywood is meant to interpret to the world.

BATTLE FOR THE WORLD

A battle is being fought for the mind of the world. Think of the mothers in Asia, Europe, Africa, yes, even America, who weep because their children are learning the wrong way to live from the motion pictures we make in the West. Rickard Tegström, the brilliant Walt Disney cameraman, who went to Africa to film *Freedom*, spoke of the films he saw in Africa. He says, " From white screens against the blue-black African night, the dregs of Western civilisation's film production were poured out over defenceless young Africans night after night." Now this cameraman is lending his genius to put the answer on celluloid. He is at present completing the filming of *The Crowning Experience*. It is inspired by the marvel of the life of Mary McLeod Bethune, born of slave parents, who rose to be the adviser of Presidents in the White House, and who said of Moral Re-Armament, " To be a part of this great uniting force of our age is the crowning experience of my life."

The Crowning Experience showed in the South as a play for four months last year and then broke the 123-year attendance record at the National Theatre in Washington. Of its effect a leading newspaperman of Atlanta said, " This is the greatest news story to come out of the South this year." Rickard Tegström adds, " Filming must be in the hands of men who understand the need of the world today and the deepest need of mankind. The statesmen who realise this in time can save the world from disaster."

CLEAN UP THE NATION

U Nu, Burma's great statesman, recently visited me. We talked of the need for statesmen to be able to read men as we read a page of print. We spoke of their need to diagnose and cure every corrupt and subversive influence, and so safeguard our nations from going the wrong way. We dealt with the urgency in the ideological struggle for the men who lead to be incorruptible and to create around them men and women with clean hands and pure hearts. U Nu together with the Prime Minister of Japan and Presidents of the Philippines and Viet Nam has just welcomed the Moral Re-Armament Assembly of Asian peoples in Japan. Said he : " It is giving a clarion call to one and all to read the writing on the wall."

The objective of the Assembly is to clean up the nations from bottom to top. One of the instruments is a play called *Shaft of Light*, written by the great-grandson of the founder of modern industrial Japan. This play deals incisively with men at the Cabinet level, with politicians of all parties, with industrial and labour leaders who can be bought with money, tempted by position or by indulgences which make them vulnerable to Communist strategy. The play is being nationally acclaimed because it deals fearlessly with the primary need and gives the answer.

What is the answer ? The author of this play, Masa Shibusawa, spoke recently in Washington at the farewell service for a great American patriot, Priscilla Cornell. For the last few years, with her family and through the weakness and pain of cancer, she has fought for a clean-up in the leadership of America, Europe, Asia, and Africa, and helped create the good news of a world changing. Said Shibusawa, " It is up to us to carry on what she lived. With the Cross of Christ lived in reality — which means a change at the very root — America can save the world. This is the revolution which takes the Communists' breath away and changes them."

That's it. The whole-hearted, single-minded, completely dedicated commitment to provide our nations with leaders who are fear-free, hate-free, greed-free, men and women who know the strategy, the power and the unity that comes when the will is totally given to God for the building of a new world.

There is a wrong way and a right way for statesmanship. MRA has conclusively demonstrated in some of the most critical national and international deadlocks that when the fear, hate, and greed in man is changed, solutions are rapidly achieved. This is the panorama before us — so simple that many miss it, so fundamental we cannot do without it.

This challenging statement of the clear and urgent alternatives facing America, Britain and the whole free world was given at the opening of the Summit Strategy Conference for Moral Re-Armament at Mackinac Island, Michigan, U.S.A. It has been carried by press and radio in all five continents. It is inserted here by a group of British businessmen at their own cost because they are convinced that the only choice is between Communism and Moral Re-Armament. They are determined that Britain and the world shall choose Moral Re-Armament.

For further information write to Moral Re-Armament, 4 Hays Mews, Berkeley Square, London, W.1.

Bill of Health—I

Insuring Against Illness

NEW YORK

THE problem of how Americans can best be protected against the high cost of illness is much in the public mind. The central question is whether the present complex of voluntary insurance agencies can move far enough and fast enough to forestall government intervention. The numerical success of the voluntary system has certainly been impressive; while in 1940 only 12 million Americans carried any sort of health insurance, today the number has reached 123 million, or nearly three-quarters of the population.

The existing pattern of health insurance bears a peculiarly American stamp: the mingling of a host of local, non-profit schemes with the standard commercial operations of private enterprise. The non-commercial side is at present dominated by two complementary organisations—Blue Cross, which provides hospital insurance, and Blue Shield, which gives some coverage against surgical and medical costs. Both grew up in the nineteen-thirties. Blue Cross plans were originally sponsored by the hospitals in an attempt to get a solid and predictable financial base for their operations. Blue Shield's main expansion came after the war; its dominant motive has been the doctor's passionate desire both to hold " socialised medicine " at bay, and to maintain a direct financial relationship with his own patients even when they are in hospital. There are today 90 Blue Cross and 70 Blue Shield plans in different parts of the country, and each one lays down its own rates and benefits and is financially independent.

Pitted against the " Blues " are the insurance companies which do not, by contrast, enjoy a tax-exempt status. Reassured by the earlier successes of Blue Cross, they have made a major inroad into this type of insurance and have taken first place (in terms of numbers enrolled) in the provision of both hospital and medical insurance. In addition, there are several independent insurance plans which represent new approaches to pre-paid medical care.

BY offering more attractive policies to those in existing groups (of employees in one firm, of householders in one area) the main problem of a voluntary scheme—how to attract the healthy as well as the sick—has largely been met. In the past the " Blues " have, as a matter of principle, applied uniform rates irrespective of the health expectations of the recipient, but this desirable social goal has now been undermined. The insurance companies have adopted variable " experience " ratings, particularly in their group policies, and the " Blues," which cannot afford an overdose of the unhealthy or a heavy loss of customers, are being forced to do likewise.

The overhead costs of insurance are by no means negligible, although the various agencies have improved their performance progressively. Blue Cross now retains on the average 5 per cent of its income to cover operating costs while Blue Shield absorbs 13 per cent. On their group policies, the commercial companies allot 11 per cent of income from premiums to overheads, but on individual policies (with their heavy cost of selling and collection) over half the annual premium is absorbed in expenses.

The average plan today provides good cover against any short illness that can be treated in hospital ; it does not safeguard the insured against prolonged or chronic illness on the one hand, nor does it cover the out-of-hospital medical expenses—on doctor's bills and medicines—which make up such a large part of the total. Moreover, except under a few isolated schemes, neither mental illness or dental treatment have been brought within the field of insurance. Thus, even the insured person can only expect to get, on the average, one-third of his total medical costs covered.

THE " Blues " are making various and differing attempts to extend the benefits they provide, but the insurance companies have gained the centre of the stage with their " major medical expense " policies, offered either as a supplement to other plans (they are often carried in conjunction with a Blue Cross plan) or as a comprehensive scheme. In exchange for high maximum benefits ($5,000 to $10,000), the insured pays the first instalment of any claim (typically $100) and a percentage (20-25) of the rest of the bill. Launched only nine years ago, this type of insurance covered well over 17 million people at the end of 1958.

But even if insurers were ready to broaden the benefits they offer, premiums would then rise beyond the reach of a great number of families. With the current accent on " fringe benefits " in wage negotiations many employers are paying part or all of the health insurance premiums of their employees, and in many cases either they or the trade unions are providing supplementary health facilities. Employers today contribute more than a quarter—over a billion dollars—of total premiums. Even if they could be persuaded by the unions to shoulder more comprehensive policies, these benefits would accrue only to certain groups, and only to them during their working lives.

The main obstacle to providing insurance for out-of-hospital medical expenses has been the difficulty of welding the independent medical practitioner into a workable insurance scheme. Thus most of the experiments in more comprehensive insurance have been based on group medical practice in which the physicians, as a rule, are salaried and the patients forfeit the right to choose an individual doctor. In the past these schemes have faced active opposition from the organised medical profession which has made many difficulties for them. But this summer, after years of internal controversy, the AMA has officially removed the stigma against pre-paid group practice, although some of the state medical societies—notably New York—remain adamantly opposed to it.

Today about 5½ million people are enrolled in some 150 group plans of which the best-known are the Health Insurance Plan of Greater New York and the Kaiser Foundation Health Plan on the west coast, each with over half a million members; the largest is the union-sponsored United Mine Workers' Welfare and Retirement Fund with a million participants. There are of course group practices, such as the famous Mayo clinic, which are not associated with insurance.

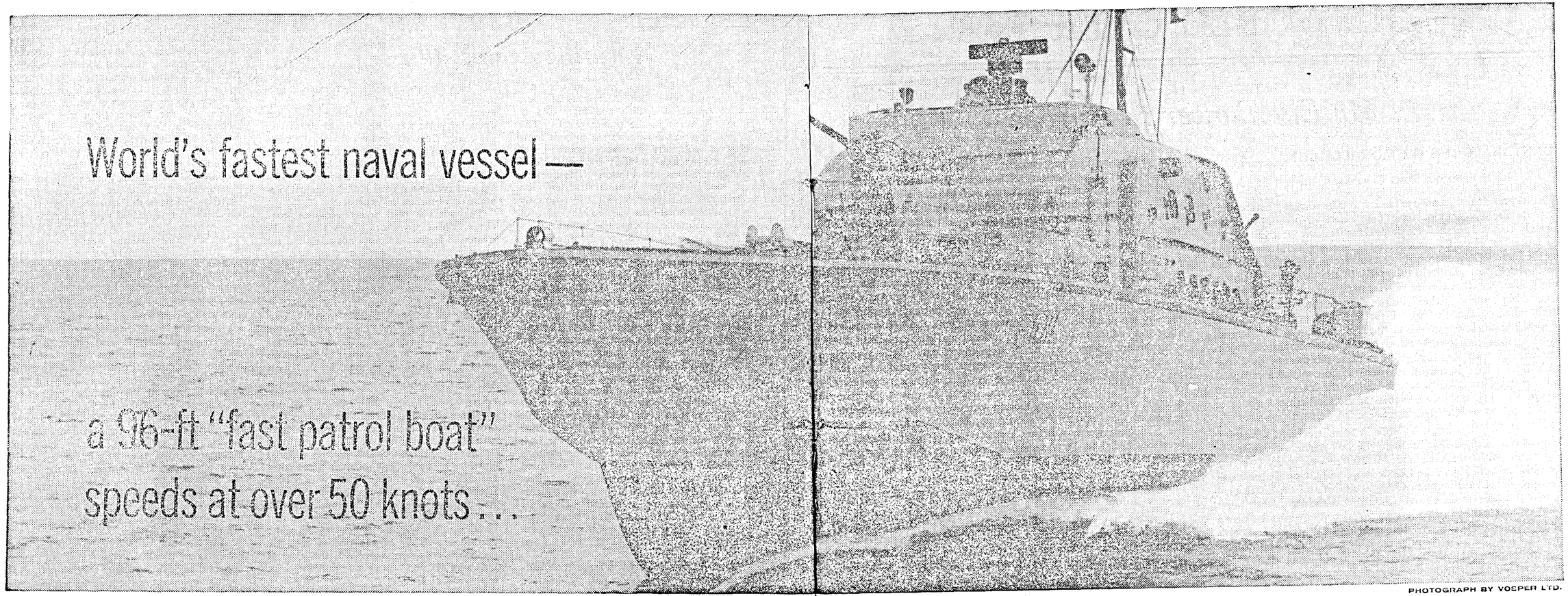
FOR all these schemes, nearly 50 million Americans still carry no form of health insurance, and this group consists to a large extent of those who can least afford to meet their own medical expenses. In particular, the retired worker poses a singularly intractable problem. For at the very moment when his use of medical services tends to rise steeply, he is likely to find either that his policy expires with his job or at best that his premium (without contributions from his employer) doubles—and meanwhile his income has probably been reduced by half.

Congress is considering a Bill which would provide federal health insurance for pensioners, and the insurance companies, most of whose policies have in the past expired automatically at 65, have been offering group insurance to the aged. But the scale of benefits—tailored to the premiums which can be paid—is very low. The " Blues " have always looked leniently on the retired worker, and they too are attempting to improve his lot.

Also left out of voluntary schemes are low-income families, who trust to luck rather than pay insurance premiums, and the unemployed, whose policies either end with the job that is lost or, if they can be continued, impose a financial burden that cannot be met. It is a sad fact that the individual commercial policy, which gives such a poor return in benefits, is more prevalent among low-income families, particularly rural ones, who tend to fall less obviously into some insurable group.

The idea of comprehensive government insurance has always had its staunch supporters, but in recent years the demand for it has been blunted by the rapid progress of voluntary schemes. In particular, the trade unions, having failed to achieve a more radical programme, have been concerned more with supplementing than with replacing the present system. But today the issue has re-emerged because of the very sharp increases in medical costs. Several Blue Cross plans have raised their rates by as much as 40 per cent in a single step, and others are due for substantial up-grading. While the insurers cannot on the whole be held responsible for this trend, it has inevitably focused attention again on the question of how health costs can best be met. On the other hand, the majority of Americans are far from convinced that the government could handle the job better.

THE ECONOMIST AUGUST 29, 1959



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One of the largest manufacturers of motive power units in the world, Bristol Siddeley Engines Limited produce the Marine Proteus. Adapted from the outstandingly successful Proteus aero-engine which powers the Britannia airliner, the Marine Proteus has been chosen by the Royal Navy for the "Brave" class fast patrol boats. These boats have been developed by the British Admiralty in conjunction with Vosper Limited, the builders. Three Proteus give a total of 10,500 hp —propel these boats at over 50 knots.

The Marine Proteus is quick-starting, flexible, reliable and holds large reserves of power for acceleration. It is also very compact, easy to maintain and in its latest form gives 4,250 shp for a weight of only 2,885 lb.

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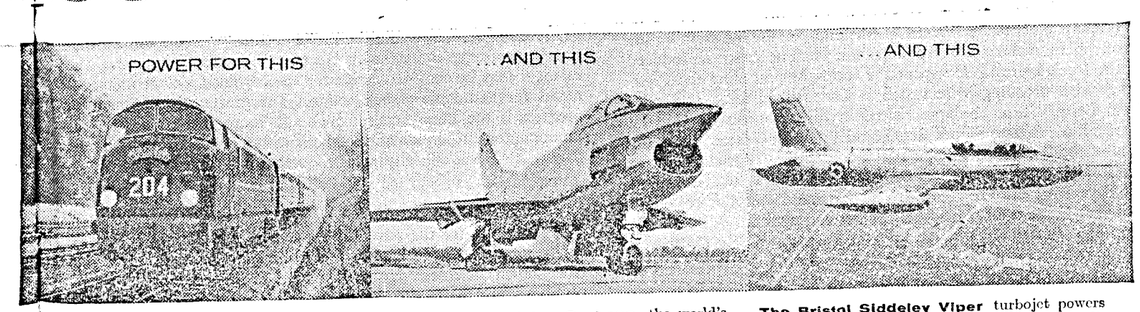


Bristol Siddeley Maybach diesel engines are designed for a wide variety of applications and range from 200-3,000 hp. Here is a British Railways diesel hydraulic locomotive powered by two Type MD 650 engines, developing a total of 2,200 hp.

The Bristol Siddeley Orpheus, the world's most advanced lightweight turbojet engine, powers this Fiat G 91 strike fighter (chosen by NATO). The Orpheus is already in service in 6 different aircraft and is specified for 8 others.

The Bristol Siddeley Viper turbojet powers the Italian Macchi MB 326 trainer (illustrated). The Viper family ranges from 1,640-3,000-lb thrust and powers many different aeroplanes including the RAF's basic trainer, the Hunting Jet Provost.

THE WORLD OVERSEAS

Mr Eisenhower in Europe

BONN: DIALOGUE OR MONOLOGUE?

FROM OUR BONN CORRESPONDENT

THAT President Eisenhower and Mr Khrushchev, before they meet in Washington, have considered it proper to listen privately to the irreconcilable hopes and fears respectively of Dr Adenauer and Herr Ulbricht strengthens the general assumption that the future of Germany is the last subject on which the American and Soviet leaders are likely to agree. In the western and eastern camps alike, an official voice of Germany can be heard asserting that the big brother in the White House (or the Kremlin) can be utterly relied upon not to imperil the fine spadework which junior has put into the construction of the Federal (or the Democratic) Republic. Yet, just to make sure, the German federal government has obviously been at special pains to make the most of the President's brief visit. If only there were a more positive policy at hand for the Chancellor to recommend to the leader of a western coalition showing signs of restiveness at the conflicting demands of the alliance and national self-interest.

Although Mr Eisenhower's public welcome received something of an official fillip, there was none the less much spontaneity in the warmth with which he and Mr Herter were greeted in the provincial streets of Bonn and Godesberg, and along the ten miles or so of country road between Cologne airport and the provisional capital. The government frankly hoped that the President's heart would be touched by such a turn-out and consequently hardened against any temptation to pay Danegeld to the Russians at Bonn's expense. Dr Adenauer is understandably resentful of the widely-held conception of himself as a difficult old man, deaf to all counsel, standing alone in the way of European concord. With the help of his loyal Rhinelanders, he hoped to remind his powerful guest that he, the Chancellor, was supported by the free votes of the majority of the west German electorate. His claim to speak for the many has been reinforced by many messages surreptitiously addressed to President Eisenhower from Germans east of the Elbe.

As usual, Dr Adenauer has seemed to be largely unaware how many touches he himself contributes to the portrait of the aloof supernumerary that so offends him when he sees it reproduced in the foreign press. He spent the fortnight preceding the President's visit brooding in seclusion at Cadenabbia, some 500 miles from Bonn. True, he was visited in his seclusion by General Norstad, M. Spaak, Signor Segni, and Professor Furler, the chairman of the Bundestag foreign affairs committee. But all this time his foreign minister was at Baden-Baden, and it was not until the day before the President arrived that the Chancellor consulted —if that is the right word—his cabinet colleagues.

It had been agreed in advance that there should be no set agenda for the talks; that no themes requiring the presence of experts should be discussed at any length. It is possible to hazard a fair guess at what went on in the Palais Schaumburg on Thursday. For one thing, it can be safely assumed that Dr Adenauer did most of the talking: President Eisenhower had already intimated that he was coming to Europe primarily to listen; and in his first talk with Mr Herter as Secretary of State last month Dr Adenauer as good as monopolised the conversation with the single-minded importunity of a man whose heart is inditing of a good matter. For another, it is no secret that the Chancellor is unshakably convinced that there is no call for a major change in western policy towards Russia.

Consequently, it can be assumed that in reply to the President's invitation to say what was on his mind, Dr Adenauer has been restating his now familiar theses: that the prime aim of the West must be to bring about a relaxation of international tension, and thereby the possibility of a German settlement, through controlled all-round reduction of both conventional and nuclear arms; that the positions adopted by the West in the recent talks at Geneva, including the Berlin position, must be unyieldingly maintained; that the price of a concession can be no less than a counter-concession of approximately equal value; and, lastly, that west Germany must be on an equal military footing with every other Nato country —that is, the Bundeswehr should not be expected to forgo the use of nuclear weapons before a satisfactory political solution has been reached. In Dr Adenauer's opinion, to pursue any other course would be to write off the eastern territories and perpetuate partition, if not to push the Federal Republic on to the slippery slope leading to the bolshevisation of the whole of Germany and most of Europe.

How much talking President Eisenhower wanted, or managed, to get in, as well as listening, is not known at the time this is written. It was generally expected that he would broach two relatively new matters, if Dr Adenauer omitted to do so himself. The first concerns the possibility of achieving at least a modest reduction of tension in Europe by improving the relations between western Germany and Poland. The second concerns the embarrassment caused to the Nato alliance by the recent friction between various partners for various well-known reasons.

The prospect that something might be done about Polish relations seems to have been improved in American eyes by the friendliness with which the Poles received Mr. Nixon. And since the federal government has long been urged by many of its supporters in the Bundestag, as well as by the opposition, to show some initiative in resuming contact with Germany's eastern neighbours, the moment may be considered ripe for another good look at the arguments for and against such action. The greatest impediment to progress is the Bonn government's still inexorable maxim that it cannot enter into diplomatic relations with any government (except Russia) that has officially recognised the east German regime.

UNHAPPILY for the advocates of a more conciliatory policy, in recent modest dealings with Poland the Christian Democrats have shown an Adenauer-like disregard of other people's susceptibilities. For the forthcoming Warsaw meeting of the Interparliamentary Union they originally selected a delegation including Herr Majonica, a Bundestag deputy well known for his militant support of General Chiang Kai-shek; Herr Krüger, the Pomeranian president of the refugees' federation; a Balt named Eplée and a Sudeten German named Szaja; Freiherr von Guttenberg, who is vigorously opposed to any resumption of diplomatic relations with the eastern European countries; and lastly the Baltic Baron Manteuffel-Szöge, a former president of the refugees' organisation. All these incongruous messengers of goodwill have now been withdrawn from the team in response to Polish protests. But the harm has been done.

President Eisenhower and Dr Adenauer can hardly have avoided taking a look together at the aberrations and the ill-natured biting and back-biting in which some of the Nato partners have lately been engaged. It is assumed here that the President has come to Europe not only to listen but also to utter fatherly warnings in all three capitals; and that he will have left Bonn with the assurance from Dr Adenauer of a loyalty to the western alliance that transcends the Paris-Bonn axis.

PARIS: THE GENERAL UNDER PRESSURE

FROM OUR PARIS CORRESPONDENT

ON the eve of General Eisenhower's visit to Paris official secrecy surrounds the French agenda for the meeting. What is obvious is that General de Gaulle has been chiefly brushing up his Algerian file in preparation. He returned from holiday this week to preside over a council of ministers on Wednesday that lasted four hours and was described in advance as "the most important of the present government." Nothing was revealed about the business transacted, but it is known that the ministers had been asked previously to use their holidays to crystallise their views on the Algerian situation and on the best way of tackling it. On Thursday the General flew to Algeria, where for three days, avoiding the big towns, he is trying to get the feelings of officers of all ranks on the same subject.

The Algerian question may thus dominate the background of the Franco-American talks and there would be nothing astonishing in this. The war of repression in Algeria affects French relations with the United States directly because France needs American backing, both generally and, just now, to avoid defeat in the United Nations when this topic comes up for debate. French spokesmen have thus been active in proclaiming that support for the French policy is the price for its alliance. The indirect effect of the Algerian problem is not less important: General de Gaulle's claim for greater international status—his bid for a share in the effective control of the world strategy of the Atlantic Alliance and for a seat in the nuclear club—would be greatly strengthened by the prospect of this costly war coming to an end. General de Gaulle may well be lining up his forces to show Mr Eisenhower such a perspective.

The members of the cabinet are reputed to have opinions, and even differing opinions, on the Algerian problem. M. Debré, the prime minister, now loudly expresses his own almost every week, uttering warnings that "France's policy in Algeria cannot be contested or opposed by anyone who wishes to be our ally." Yet it seems unlikely either that ministerial views would deter President de Gaulle once he had taken his decision, or that cabinet opposition would go beyond mere sulking. The general's second consultation is more important. He is not the man to split an officer's corps to which he owes so much. He must, therefore, test how far he can carry it with him when making political concessions in Algeria.

The Army's view, often expressed, is that it needs time, plenty of money and men to solve the problem. Operation "Binoculars," launched with triumphant publicity orchestration six weeks ago, is now described as merely a stage in a long-drawn process. Twenty thousand crack troops were thrown into Kabylia to join an equal number stationed in that mountainous, obstinate region. The rebels replied by dispersing their forces. French commentators had to tone down their reports. They now argue that everything is working to plan, and that the region must be heavily occupied for a long period so that the population can be won over. Officers resent any suggestion that "the last quarter of an hour" is approaching. Their critics claim that they are comfortably settling down to a Hundred Years' War.

Mr. Eisenhower cannot welcome such a prospect. He does not share the French army's conviction that it is the vanguard in an anti-communist crusade. On the contrary, American diplomats consider that the continuation of the war weakens western influence in Asia and Africa. Unless the French suddenly announce a spectacular new initiative, the most they can expect from the United States, in Mr Lippmann's words, is "benevolent neutrality and discreet abstention." Paris knows, however, that without American backing France runs a very strong risk of being condemned by a two-thirds majority at the next session of the General Assembly of the United Nations. This would be a blow to its prestige which the French government would like to avoid.

GENERAL DE GAULLE'S bid for a higher status in Nato is also hindered by the Algerian war. General de Gaulle's view of this higher status was set out a year ago in memoranda, the gist of which seems to have been that France is a world power bound to be involved in any world conflict and must, therefore, have an effective share of control over allied policy outside Europe as well. Critics argued that the general was actually asking for the setting up of an Atlantic triumvirate and for a French veto over American strategy in, say, Formosa or the Middle East. Judging the response cold, the general has been trying to reach the same objective by turning France into a nuclear power, but here again American refusal to share atomic secrets has prevented him from reaching this aim by a short cut. Resentfully, the general has replied—by a policy of obstruction.

He has withdrawn his Mediterranean fleet from Nato's control. He has refused to allow the United States to set up intermediate range missiles on French territory unless France shares more fully in American nuclear secrets. He has even turned down American offers of a double-veto (the system accepted by Britain) on the use of American atomic bombs stored in France, as a result of which Nato bombers have now been moved to west Germany. Neither side wants a breach, but the Americans have politely stuck to their guns, with the exception of help in constructing a French atomic-powered submarine.

If a dozen up-to-date French divisions were an integral part of the Nato military structure, the general's claim would certainly be more solid. But his divisions are trained for guerrilla and psychological warfare, and, tied down in the Algerian djebels, they are not even available in Europe. Finally, the nuclear programme, the progress of which could lead the American Congress to waive the rules of secrecy, at least in part, must also compete for funds with the Algerian war effort.

International politics have brought some disappointments as well. Gaullist policy, based on a Paris-Bonn axis, is beginning to feel some strains in the post-Dulles era. General de Gaulle and Dr Adenauer could work together on economic integration, or weep together over allied trippers to Moscow. The general has noticed that Bonn, as well as Rome, has no intention of considering France as the spokesman of a continental alliance, and that his European partners show no enthusiasm for French claims to superior status in Nato. He has also become aware that German backing cannot be relied upon in any French conflict with Washington.

The feeling that gaullist foreign policy is in a dead end has given ground to rumours of a search for an alternative. Mr

Khrushchev recently sent messages to several western heads of government, but only the French press, in reporting Mr Vinogradov's call at Colombey, tried to represent the message as possibly a friendly Russian overture. These rumours may have been merely the fruit of journalistic invention ; or they may have been inspired to remind allies that the general has other cards in his hand.

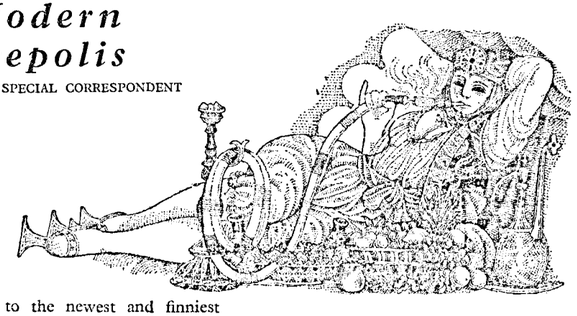
The mood of frustration has prompted journalistic bad temper. Picking a country nearer France's size, commentators are currently incensed with Britain. British newspaper criticism of French efforts to join the nuclear club provided an excellent opportunity for reviving old saws about pots calling kettles black. In vain did *Le Monde* try to put things rationally in perspective. Right-wing French dailies, forgetting M. Debré's claims about freedom of opinion, lumped all English papers together as mouthpieces of the Foreign Office. Indeed, for some of these French papers the hand of perfidious Albion can be seen everywhere. If France has difficulties in Africa, the blame is placed squarely on Dr Nkrumah's appointment as Privy Councillor. If there are troubles in Europe, they are inspired by British desires for revenge on the Six. Should east-west relations improve and an agreement be reached on nuclear disarmament, even this might be put down to a British plot to hold the French back from greatness.

Such nonsense, whatever its source, is unimportant in itself. But the irritation is a symptom of the growing awareness that gaullist foreign policy lacks the means to attain its ends. What would undoubtedly improve its chances (and strengthen the regime at home) would be a settlement of the Algerian war. And this is why again there are persistent rumours that, after fifteen months of rule, General de Gaulle is finally to make a choice. It will not be easy. The rebels are apparently in no mood for concessions. Something more than an invitation to cease-fire talks will be needed this time. The assertion of Algeria's right to independence, with guarantees of a genuinely free choice, might be called for to convince the rebels (or at least to convince the United Nations) that France is doing everything in its power to make peace. But can the French army accept such a prospect? Can the general take such a decision without its assent?

All these questions are being raised in Paris on the eve of President Eisenhower's visit. Not that General de Gaulle feels bound to render account to anyone. But he may choose to share his plans with the American President in an attempt to get his backing in this and other fields.

A Modern Persepolis

BY OUR SPECIAL CORRESPONDENT



TEHERAN is not the fairest or the oldest among the cities of Persia. It did not exist at all during the days of the great Achaemenian and Sassanian kings and it was of no importance when the Safavid kings ruled Persia from Isfahan. Only since the end of the eighteenth century, when the Qajar rulers chose the well-watered plain at the foot of the Elburz mountains for their capital, has it increased in importance and size. Critics say there is nothing in it over thirty years old, but this is not quite true. The Gulistan palace was built over a century ago. Its gardens are what the poets have led us to believe Persian gardens should be—shady trees and blue-tiled pools. Inside, visitors with satisfactory credentials may gaze upon one of the world's largest pieces of jewellery, the peacock throne which Nadir Shah brought from Delhi in 1738.

The interior of Gulistan represents a style of decoration as yet unlabelled by Mr Osbert Lancaster but which might safely be called "elaborated eastern Rothschild." Mirrored stalactite vaulting reflects handsome carpets and a collection of showy gifts from foreign royalty to Persian royalty. These knick-knacks were obviously chosen with great care for the royal whatnot and one can only sympathise with the courtiers whose job it was to think up an appropriate offering for a shah who had everything. Gulistan is used only for formal occasions these days. The Shah lives and works at the more comfortable, if only slightly less ornate, marble palace that his father built not many years ago in a quiet residential district on the other side of the town.

The taxi-drivers of Teheran, perhaps 16,000 strong, are said to wield a tremendous amount of influence in local politics. The cost of a ride—anywhere in the sprawling city for about one shilling and threepence—is cheap enough, but the risk is great. Teheran traffic is the worst in the Middle East and the drivers the most reckless. The cars range from Volkswagens and Morris Minors through Pobedas and Chevrolets to the newest and finniest American giants. The Russian Pobedas are more popular than might be expected among the Russophobic Persians but they can be bought on more favourable terms than American or British ones and, anyhow, they look just like 1932 Fords.

There are few reminders of the romantic east about the streets of Teheran. Reza Shah's dress reforms left the Persians as drab and undistinguished as their brothers in the West. The bazaars are filled with cheap European manufactured goods, not sold very cheaply however, or Persian copies of the same kind of wares. The famous carpets on sale in hundreds of small shops reflect a decline in the arts of weaving and design. In the bazaars of Teheran some of the most pleasing carpets are those found nailed over the counters of shops selling shoes or second-hand clothing. The porters' packs are often padded with scraps of finer carpets than can be found in the stalls. In the smart shops of Firdowsi Avenue, Teheran's Piccadilly, one comes across good carpets, but even there the selection is limited and better ones are on sale at cheaper prices in any large western city.

About 35 miles west of Teheran lies Karaj, a large village at the foot of the mountains, whose only claim to fame used to be the presence of an agricultural school. Now, seven miles beyond the village, along the river of the same name, the Plan Organisation is building the Karaj dam. It is Persia's first attempt to build a dam to supply both electric power and water-storage facilities. When it is finished, perhaps in 1961, the dam will be 590 feet high and will store over 200 million cubic metres of water. Pessimists say that Teheran has grown so large while plans for the dam were being discussed by the government that it will not furnish enough water or electricity when it is finished. Too often in the Middle East there is more talk of public works than actual work in progress. The construction of Karaj dam is already an impressive sight. On the edge of the canyon there is an observation point with a restaurant attached. The construction men felt that the building should not have been built until there was more to see, but the whole operation will provide amusement to those Teheranis who can tear themselves away from their television sets (two channels) on hot summer evenings.

In general, the Persians give the impression that they are anxious to catch up with the rest of the world. Their government is justly criticised for not doing business in a business-like way and there is never enough money to carry out all the schemes the planners dream up but, given the right kind of guidance, the Persians show greater promise of becoming a modern nation than most of their neighbours.

Alsogaray Says No

FROM A CORRESPONDENT IN TUCUMAN, ARGENTINA

DURING the ten years of the Perón regime Argentina lived in an economic wonderland where all the rules were turned topsy-turvy. It was paid for by the sale of Argentine beef and wheat to post-war Europe at famine prices ; to ensure his popularity General Perón gave regular wage increases and social benefits to government-sponsored trades unions and kept rents and foodstuffs absurdly cheap by price-fixing and subsidies. All this lasted only as long as the foreign reserves that financed it ; General Perón was overthrown shortly after he confessed that Argentina had become a debtor nation.

President Arturo Frondizi, elected in 1958, was not at first prepared to carry out unpopular reforms with sufficient ruthlessness. He resorted instead to more subsidies and salary rises, financed by the printing press. But by the beginning of this year Argentina had come to the end of its Peronist joy-ride, and the president, inaugurating an austerity programme, secured loans of $325 million from the United States by promising monetary reforms and a limit to government spending. In June, threatened by a revolt in the armed forces, he reorganised his cabinet and gave a free hand to the new minister of economics and labour, Señor Alvaro Alsogaray.

Señor Alsogaray is a staunch believer in free enterprise. In his first weeks in office he removed controls on the sale of wheat, demobilized the transport workers who had been drafted by President Frondizi, discharged 10,000 of the government's million civilian workers, and even persuaded the armed services to dispose of some costly installations and study the possibility of a 25,000 man cut in their forces. In daily press conferences and weekly radio-television talks Señor Alsogaray stressed the gravity of the situation, called for greater productivity and announced the elimination of one government subsidy after another.

Such a programme, after a dozen years of guaranteed wages and prices, was bound to be unpopular. Last month, Señor Alsogaray encountered the first major opposition to his policies in one of the poorest and most peronist-dominated areas of Argentina, the sugar-producing north. Tucumán, the nation's smallest, most backward, and most densely populated province, has lived almost exclusively upon sugar ever since the British-built railway reached the area in 1876. Lack of other resources and the need for a cash crop have kept the industry there, though conditions are far from ideal. Insufficient rainfall in some years, and killing frosts in others often cut the crop in half from one harvest to the next. The cane is cut and cultivated entirely without machinery, by a dissatisfied labour force that has gone on strike five times in the last four years, and hauled to the mills in antiquated trucks over inadequate roads, with frequent breakdowns and delays. The mills have not imported any new machinery for over twenty years ; one of them uses a press made in the Germany of Kaiser Wilhelm II, and the boiler in another was manufactured in England in 1922.

The 20,000 independent cane-growers in the province are paid, under law, according to the weight of their product regardless of its sugar content, with the government making up the difference by subsidies. Consequently, Tucumán cane has a sugar content only about half that of, say, Cuban cane, and there is no incentive to develop better varieties. In the absence of other fuels, all the crushed cane is used to fire the boilers, and there is no output of any by-products. The peronist slogans of anti-imperialism and agrarian reform were meaningless in Tucumán, for there is no foreign capital in the sugar mills and most of the land is already in the hands of small holders.

Because of these handicaps, Argentine sugar has always been well above the world market price, and even Uruguay buys Cuban sugar, rather than that of its neighbour across the River Plate. The industry has survived only with the help of government subsidies and an absolute prohibition on imports. An 80 per cent price increase last year, and perfect weather during the growing season, produced a record crop of over a million tons, but a quarter of this had to be stockpiled. This year the industry faced a crisis. Señor Alsogaray obviously intended to cut or eliminate the subsidies, and yet the workers were demanding a substantial increase in their basic daily wage of 85 pesos (about 7s. a day).

The minister's plan for the industry, announced on July 25th came as a distinct disappointment to mill-owners, cane-growers, and workers alike. He proposed the elimination of all subsidies over the course of the next five years and an increase in the retail price of sugar from the present 8 pesos a kilo to 14.50 pesos ; if the price went above this limit, he warned the industry that the government would allow in foreign sugar. As for wages, and the price to be paid to cane-growers, he insisted that these were matters to be worked out between the interested parties without government interference.

The next day every cane harvester and mill worker in the country went on strike, this time with the tacit support of the growers and factory owners. The latter were willing to give their workers a 75 per cent increase, and they hoped the strike would force Señor Alsogaray to let them more than cover this by keeping the ban on imports. "After all," said one of them, "we're already very short on foreign exchange, and it would be crazy to import sugar when we've got six months' supply left over from last year. If you want

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to see my mill in operation come back in a few days and I can promise you it will be running. The government won't dare let us stop grinding in the middle of a harvest."

But that was exactly what Señor Alsogaray intended to do. After two weeks of fruitless negotiations, the Sugar Workers' Union in Tucumán declared a two-day general strike throughout the province which closed everything but the power plants, the water supply, the hospitals, and the police stations. But neither this measure, nor a one-day general strike throughout the country on August 11th, made Señor Alsogaray change his mind. President Frondizi apparently had full confidence in his minister, and public opinion has begun to swing around to support a man who has the courage of his convictions. Argentina appears to be heartily tired of economic demagogy, of wage increases not earned by increased productivity, of repeated strikes and violence. As the sugar mills started up again on the terms Señor Alsogaray had insisted upon from the beginning, it seemed as if the nation might indeed be ready to take a new road.

The Bodegas and the British

FROM A CORRESPONDENT

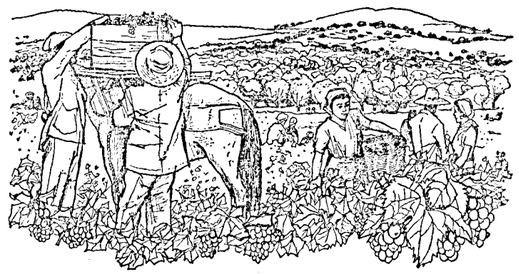
ABOUT two-thirds of all the sherry, and imitations of sherry, exported in the world is drunk in the United Kingdom: roughly five and a half million gallons a year. It is not surprising, therefore, that Britain has from the earliest times had a great deal to do with the whole sherry business.

About a third of the "sherry" consumed in Britain is empire wine, which comes mainly from South Africa and Australia, or wine manufactured in England by firms like Vine Products and Whiteways from must or concentrated grape juice imported largely from Cyprus. The rest comes from the true home of sherry—a small area between Jerez and Cadiz in Southern Spain. Even there the number of British names and the sum of British connections reflect the powerful influence of the best customer.

Although English, Scottish and Irish factors (and one or two arbitrary interlopers like Drake and the Earl of Essex) had been shipping sherry from this area since the sixteenth century, it was not until the nineteenth century that the British managed to infiltrate into the actual business of making it. In fact, although sherry has probably been made in Spain since Phoenician times, few of the hundred-odd factories or bodegas, as they are called, which now make sherry, are much more than 150 years old. They themselves are the results of the processes of fusion and elimination which have substantially reduced the number of sherry firms in the last hundred years, and which will probably continue as competition and taxation weed out the weaker and smaller units.

The making of sherry, which is a blend or mixture, not a vintage wine, is long, complicated and costly. To appreciate the complications and the cost some understanding of the processes involved is necessary. In its simplest form sherry is made by what is called the solera system from three or four tiers of barrels in long rows one on top of the other. There may be as many as eight separate rows in different places. Each row contains wine of a different age. When the rows have been built up, wine is drawn off from the bottom row. A half or even more may be drawn from each barrel. This is then replaced by similar amounts from the barrels in the row above, and so on until each barrel contains equal mixtures of the old and the new, the last barrel being topped up with a fresh brew. When this process has been repeated often enough to produce a uniform stable mixture, and not before, the producer is ready to sell a particular brand of sherry. His stocks must be such that at any given moment and in any given year he can produce sufficient supplies of exactly the same mixture.

A newcomer, therefore, has to wait many years before he can start to sell and get his money back. He must have capital; and once established, he has to hold very large stocks to be able to meet demands for any particular brand at any time. The value of the sherry held in this way by the larger bodegas at Jerez runs into millions of pounds. It will be seen, therefore, that for economic reasons alone it is difficult for anyone to enter the sherry



producing business. It is, moreover, a highly skilled affair, and its secrets are and always have been well guarded.

Behind each British name on a bottle of Spanish sherry there lie fascinating histories of merchant adventure. Some, like Sandeman's, started as shippers and importers in the eighteenth century and eventually took over the bodega which supplied them with sherry when its owner went bankrupt through eccentric personal extravagances on a grand scale. Others, like Garvey and Osborne, were able to graduate from agents to producers by marrying into established Spanish sherry-making families. The Scottish name of Byass shares the labels with the name of Gonzalez as the result of a long association between producer and London agent which eventually became a partnership.

In the last hundred years only one British firm, Williams and Humbert, has succeeded in entering the field from scratch. Alexander Williams went to Jerez originally to work for another sherry concern. Refused a partnership, he had the temerity to start on his own, and got away with it. The firm is now one of the largest in the business. There are several other British names on sherry bottles. Mackenzie, Duff Gordon, and Wisdom and Warter operate both in Spain as producers and in London as agents. Other well-known names like Harvey of Bristol and Saccone and Speed are not bodega owners. They buy sherry in bulk from established bodegas in Spain, blend and bottle it in England, and sell it under their own names.

In 1958, 52,000 butts of sherry were exported from Spain. Exports do not seem to have varied much in recent years; 400 years ago the British imported as much as they do now, and in late Victorian times they drank nearly twice as much. A butt contains 108 gallons, and from this, allowing for ullage, come 54 dozen bottles. The quality and price of the wine in the butts of course varies considerably, but on an average a butt is worth about £85 in Spain. By the time it has been shipped and stored and passed through Customs its cost will be over £300, of which £205 is excise duty. The duty on sherry is now 38s. a gallon, which works out at 6s. 4d. a bottle. Empire sherries have an appreciable advantage with a preferential rate of 4s. 8d. a bottle. Although the duty on sherry was reduced by 12s. a gallon in 1958, it is still nearly three times the duty on table wines. The alcohol content is higher, largely because sherry for export is always fortified with brandy—partly to make it travel and keep, partly

to meet the alcoholic requirements of the British. From these exports Spain earns not far short of £4 million sterling a year. This may not sound a lot in terms of modern international trade, but it amounts to nearly a tenth of Spain's total sterling earnings.

Most of the shares in the sherry-producing firms (in many of them, all the shares) are held privately. The firms are very much family concerns, and it is often impossible to tell what profits they make. But one does not have to stay long in or around Jerez to realise that large fortunes have been made out of sherry in the past, or that even now, despite more competitive conditions and some frustrating restrictions, the firms are still very prosperous.

Jerez itself is one of the most prosperous and pleasant looking towns in Spain. The sherry bodegas themselves are mostly spacious and gracious: so are the houses and the style of living of their owners. But these are for the most part hard-working, conscientious men and there is little ostentation. They are more inclined to spend their money on good horses than on expensive cars. Much of the money they make goes back into the bodegas or into their farms in the neighbouring countryside. They are an enchanting and distinctive caste; among the caste marks are a disinclination to die before the age of eighty, and a tendency to count their children in double figures and their grandchildren in scores.

The sherry business is now for the most part in the hands of Spaniards and of Spanish firms. By now the Osbornes, Gordons and Garveys in the business are mostly Spaniards, and the very names are accented to groove smoothly into Spanish. But the links with Britain are still very close. Links forged in commerce have persisted in other ways: marriages, horses, nannies. Sherry and horses have always seemed to go together, and English and Irish blood is plentiful in the flourishing stables around Jerez. Nannies from Scotland and Ireland and tutors from England have brought up the numerous broods of the sherry families for generations; old school ties are commonly seen, and excellent English spoken. When the Princess Royal paid a private visit to Jerez not long ago she was received with the same natural welcome as if she had been among her own people. The British and their descendants at Jerez have never behaved as a colony to such an extent as their counterparts at Oporto, who established their own chaplain and church and club. Some benefits of British civilisation, polo and golf and flat racing, were introduced to Spain by the sherry families; but it was left to the settlers at Oporto to go one better, persuading the Portuguese to play cricket.

Turkey's Worst Problem

FROM OUR CORRESPONDENT IN ANKARA

BEFORE his defeat of the Ottoman Sultan Bayazit at the Battle of Ankara in 1402, the Mongol conqueror Timur hid his elephants in a forest near the battlefields. The treeless waste which today stretches in all directions from this historic spot tells an important story better than words can. Deforestation of the once fertile peninsula of Asia Minor has proceeded apace through the centuries, and in its wake has come soil erosion. A recent survey of the subject by technicians of the United Nations concludes that only drastic action taken without delay can save large parts of the Anatolian plateau from becoming desert.

The situation is made much more serious by the high Turkish birth rate, which produces a net population increase of 3 per cent a year, one of the world's highest. Since 1927 the Turkish nation has exactly doubled in numbers; it now stands at over 26 million. By 1975 it will be 40 million. The increase is accelerated by the abrupt decline in infant mortality and by Turkey's remarkable success in extirpating malaria. There seems little prospect of an early fall-off. Birth control, frowned on by the great Ataturk, is practically taboo. How can Turkey feed this population?

Nothing can be done to extend laterally the area under cultivation. Indeed, it is already over-extended. Of the 77 million hectares that form Turkey's total area, only 16.4 million—so mountainous is the country—are suitable for arable farming. But more than 24 million hectares have been ploughed. This means that the Turks have ploughed up marginal or forest land to the tune of 8 million hectares, thus increasing the disastrous soil erosion. Turkey is a dry country and is getting drier.

Wind, water and goats are the villains of the erosion tragedy. Turkish rivers run red with the burden of the Anatolian soil. When the Sariyar barrage, on the Sakarya river, west of Ankara, was built recently, it was estimated that it would take 150 years or so to silt up. But when the experts came to assess the actual rate of silting, they found that it would be solid with sediment in 46 years. The soil, so precious in the right place, so calamitous in the wrong, is also blown by the winds off the flat central plateau in clouds of yellow dust which have become steadily more frequent in the last few years. For this the goat is blamed.

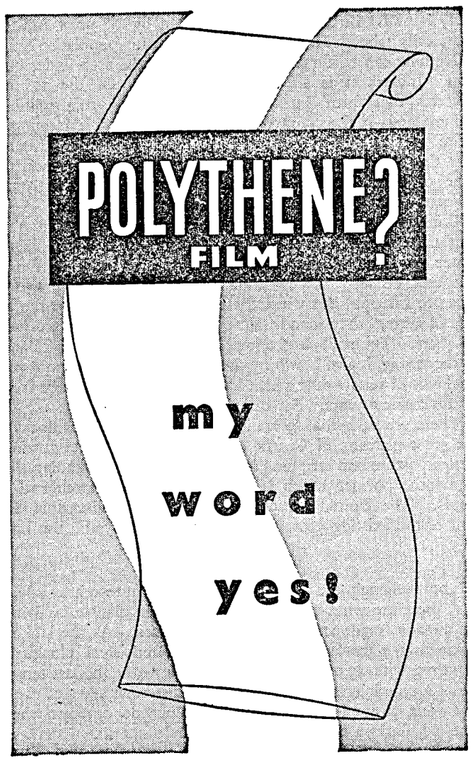
There are 24 million goats in Turkey. Voluminous flocks roam the great plateaux of Central Anatolia, not only over-grazing the steppe pasture and stripping it of grass, but also pounding the soil to a loose powder which is easy prey for the March and April winds. The United Nations report bluntly advises that 80 per cent of the existing goat stock should be destroyed. But how?

ODDLY enough, the tractor, that mark of progress, has also contributed to wind erosion on the Anatolian plateau by damaging the already fragile structure of the dusty soil. As the UN report pertinently remarks, the disc harrows and steel ploughshares, imported with 45,000 tractors into Turkey over the last ten years, are of a type long since abandoned in dust-bowl areas of the West in favour of implements that burrow but do not turn the soil. The old Turkish wooden plough did far less harm.

Lack of fertiliser is another crucial problem; Turkish consumption is remarkably small, and imports are kept low by lack of foreign exchange. A nitrate plant recently started production at Katakya, but its annual output will only be in the region of 100,000 tons. The Anatolian peasant burns his animal dung as fuel instead of spreading it on the fields; the forests having gone, he has nothing else to burn. The UN report calculates that not less than 1 million tons of nitrogen and 2 million tons of phosphate are needed each year by Turkey.

That there are no trees to burn is of course originally the peasants' fault. Turkish peasants, in the words of the UN report, believe in their unlimited right "to use the forests with the same freedom as they breathe the air." Desperate for land, those who live near the remaining forests cut and uproot the trees, and take a crop or two off the devastated hillside. Erosion swiftly follows. The rains sweep the soil into the rivers, and the rivers carry it to the sea. In law the control of forest use is strict, but in practice it is hardly enforced at all.

To make a start on this appalling problem, the experts advocate a "pilot scheme" of irrigation to be carried out in the sub-tropical plain and hinterland of the province of Antalya, in southern Turkey. Under this project 200,000 hectares would be brought under irrigation, and 32,000 mountain families, at present miserably poor, would be resettled on fertile land in the newly irrigated valleys. The Turkish government is understood to have approved this plan and to have applied to the United Nations Special Fund for the required finance. The UN report further states flatly that a minimum of $350 million a year must be spent for ten years on irrigation, forestry, and counter-erosion work, if the galloping disease is to be arrested.



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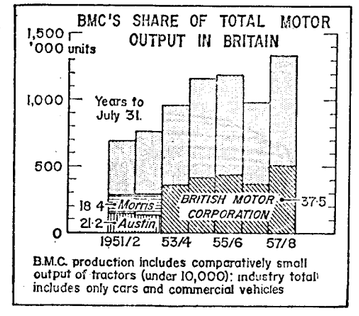
THE BUSINESS WORLD

BMC: the Merger Matures

THERE are three great areas of automobile production in the free world; they are the United States, Western Europe and the United Kingdom and since the war the pattern of development has been quite different in each of them. In the USA the major phenomenon has been the fluctuating struggle between the three majors, General Motors, Ford and Chrysler, all making rather similar vehicles each year becoming larger and more imposing; the minor manufacturers, being progressively squeezed out of the production of "standard" size cars, have replied by building smaller vehicles, a market which until this year the three giants left alone. On the Continent, the major phenomenon has been the establishment by single manufacturing units, both in France and in Western Germany, of a clear lead over competitors by virtue of the development of an outstanding vehicle. In Britain, the major phenomenon has been the continued co-existence of two major producers each controlled from the USA (Ford and Vauxhall, of which Ford has now by far the larger output) with two medium-sized British producers (Rootes and Standard, roughly comparable in car production with Vauxhall), and of two major native producers (Austin and Morris) which were merged to form the British Motor Corporation in the spring of 1952. That merger took effect seven years ago; but only this year has BMC become fully effective as a single integrated producer of cars. The new baby cars that BMC has introduced this week rank as the first entirely new venture, breaking fresh ground in technique as well as in marketing, conceived within the corporation.

The main objects of the BMC merger in 1952 were to achieve economies of large scale output. The new group controlled roughly 40 per cent of Britain's car production, 35 per cent of commercial vehicle production; it also produces tractors and industrial engines. Rationalisation might have seemed to imply that redundant models in the two lists should be eliminated—to scrap either the Austin or Morris models in direct competition with each other, and concentrate on a single vehicle in each size or price range. Such an abstract view is out of touch with the realities of making and selling cars. Supplying a car to the user divides, from the manufacturer's point of view, into six major inter-related jobs: design and development of the vehicle; buying raw materials and a host of components; making the body; making the engine, gear box, axles and other mechanical components; assembling the body and other components into a car; and selling and distributing the finished vehicles, and servicing them after sales.



B.M.C. production includes comparatively small output of tractors (under 10,000): industry total includes only cars and commercial vehicles

Economies of scale in motor car manufacture emerge mainly from two of these six—making bodies, and making mechanical components. Here exists the greatest scope for labour-saving investment, and increased volume of identical or nearly identical parts is likely to lead to reduced operating cost, and capital cost, per unit. This applies to engines, which practically every manufacturer makes for himself; to bodies, which he may or may not make; to such components and sub-assemblies as electrical equipment, which are bought out; and to the host of other components that he may buy or make himself. Economies of scale apply much less in car assembly, since the unit costs and the investment directly involved are not heavy. An assembly plant for 4,000 units a week may not be much less costly than two plants each for 2,000 units a week.

A FACTOR that has determined the whole integration policy of BMC is the sixth group of operations: selling and distribution. The capital invested in the motor car trade is substantial, and with increased production of cars, the amount of capital required to distribute them increases in step, if not fully in proportion. One of the important problems in the car industry's expansion is the increased capital needed by the agents to carry a bigger turnover. A great part of the trade, and a high proportion of the best situated show-rooms, garage and workshop premises, are in the hands of small men.

On strictly manufacturing considerations, it might have seemed best after the merger to reduce the number of names under which BMC vehicles were sold. But this would have meant finding ways to preserve the goodwill of Austin and Morris, Wolseley and Riley. Quite a small loss of sales, resulting from some sacrifice of the buying public's attachment to particular names, would have been enough to wipe out the further economies that might have been achieved by a more drastic policy of rationalisation. The mutilation of the two existing distribution organisations,

moreover, would have put it out of court. That would have left BMC with an inadequate number of good dealers, with insufficient capital to manage their existing volume of business, let alone an increased volume. BMC's competitors would have had the chance to enrol the best of the dealers it discarded: in the vital field of selling, the prime beneficiaries of the merger would then have been the other manufacturers.

BMC's managers, moreover, were quite clear that the great bulk of the economies of scale in production could still be achieved without drastically sacrificing public goodwill or disrupting their duplicated but smoothly-running distributive organisation: indeed, they thought this was possible without quite as much reshuffling of work between plants as would have been caused by the elimination of some marques.

THE simplest opportunity for rationalisation was in the manufacture of engines. At the time of the merger Austin had five sizes of engine for its range of passenger cars, all with overhead valves and of modern design; Morris had eight passenger car engines in production, of which those for the Minor, the Oxford and the Six, had side valves, the five others, all with overhead valves but without much else in common, serving the Wolseley, Riley and MG ranges. Within a few months of the merger, BMC put the 800 cc ohv engine used in the Austin A30 into the Morris Minor—the car with probably the largest volume of production in the combined companies. Production of all passenger car engines up to 1,500 cc has been concentrated at Longbridge; almost all engines above this capacity are made at the Morris Engine factory at Coventry. Moreover, all gear boxes are made in association with their corresponding engines, so that the completed engine and gearbox leave the production line as one.

Production at Longbridge is divided between the A series engines and the B series. The A series now consists chiefly of the 948 cc engine used in the Morris Minor 1000, the Austin A40 and the Austin-Healey Sprite, with a new variant in the 850 cc engine for BMC's new Mini-Minor and Austin 850. The B series consists of the 1,489 cc engine now used in the five cars of 21 cwt—the Austin Cambridge, the Morris Oxford, the MG Magnette, the Wolseley 14/68, the Riley 4/68 and the MGA sports car, as well as in the two smaller

A Design for the Sixties

WITH the Austin Seven and Morris Mini-Minor models that it introduced this week, BMC is bidding for a place in the development of mass motoring comparable to those historically established by the Model T Ford and the original Austin Seven, and that still held by the Volkswagen. Porsche's pioneering VW design, half a generation ahead of his time, was later matched and modified by more conventional engineering in the Renault 4 cv, the chrysalis from which the handsome and successful Dauphine emerged; and a further evolutionary advance was achieved in the Fiat 600. Today, it is with these top three of the Continent that BMC must compete commercially. With these new vehicles, it can.

The cardinal element in Alex Issigonis's "ADO.15" design (the name by which the new BMC vehicle was known in prototype) is the use of 10-inch wheels. Porsche in the VW used 15-inch wheels; the 4 cv Renault did the same. Giacosa gained much of his extra roominess in relation to size in the Fiat 600 by using 12-inch wheels. Issigonis, acknowledging the example of Continental designers in putting small wheels as near to the corners of the car as possible, has cut the diameter down to 10 inches, making it possible, within a 4 ft. 7 in. width overall, to mount the 850 cc engine (a redesigned version of an existing A series power unit) transversely between the front wheels. The 4-speed gearbox—to name what does not exist—has been combined with the differential and mounted in the sump below the crankshaft, a solution of masterly simplicity.

To these two elements of the engineering solution, the only important addition technically is the use of rubber spring units in independent suspension all round.

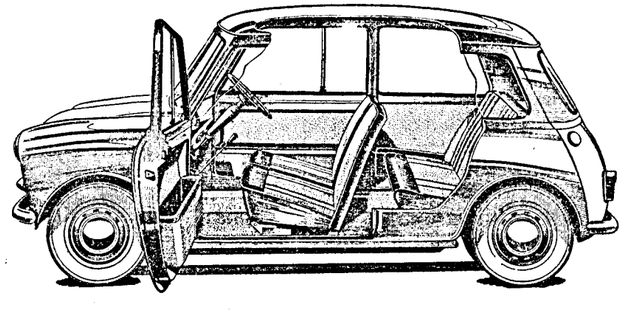
Inside a body measuring 10 feet long BMC has achieved leg room comparable to the standard 1959 American car, 66 inches from panel to rear squab, against an average of 62 inches for the VW, Dauphine and Fiat 600: its rear seats are as wide as in its Continental rivals, and it has beside them more space for parcels than any saloon car of any size that one can recall. It has only 5½ cubic feet of enclosed luggage space; but BMC has returned to a boot lid that hinges down, so that extra luggage can be piled on top.

It is markedly lighter than the average of the three European best-sellers, so that with its engine developing 34 bhp it has a much higher power-weight ratio, 45 bhp per ton, than they. The authoritative road test figures published by *The Motor* afford comparisons in performance.

In appearance, the new design is neither inspiring nor inspired. We accept the appearance of a plum pudding: the public may accept a vehicle which, looking like a pudding, is as full of good things. But the crispness and modernity of line that Farina has recently bestowed upon other cars for BMC finds no reflection here.

Production plans for these vehicles are disappointingly modest, which has affected the basic price of £350 (£497 with purchase tax) that BMC has put on them. At 66d. per lb of the 1,275-lb vehicle, this seems a figure that might have been improved upon (the discontinued A.35 was priced at 58d. per lb). There seems to be nothing in this design to justify extra cost on a pound per pound basis except for the front universal joints and the rubber of the suspension. But the planned rate of output, 4,000 units a week, can hardly partake of the economies of scale inherent in producing 3,000 VW and 2,200 Dauphines and 4 cvs each day.

	Overall Fuel Consumption mpg	Maximum Speed mph	Acceleration 0–50 through gears sec.
Morris Mini-Minor and Austin Seven	40·3	72·4	17·0
Volkswagen	30·8	68·2	18·2
Renault Dauphine	40·2	66·4	24·7
Fiat 600	44·7	58·3	32·5



cars, the Riley 1.5 and the Wolseley 1500; and a major variant with two overhead cam-shafts in the MGA sports cars.

In this way the whole production of engines for the cars selling in volume is concentrated in two sizes, with a total capacity of more than 15,000 units a week. Save for minor variations, all the machining operations on each of the two series are identical, so that most highly mechanised labour-saving plant can be installed. It seems unlikely that variations in engines for BMC's high volume cars will call for any substantial change in this plant for some years to come.

The larger engines are produced at the Morris Engines plant at Coventry (including the Princess engine, which is the same size as the petrol engines for the four- and five-ton trucks made by BMC); all the reconditioning of engines is also handled in the same plant. Even more rationalisation has taken place in engines above 1,500 cc than in those below. The 2,199 cc engine formerly used in the Austin A70, the 2,215 cc engines that powered the Morris Six and the Wolseley 6/80, and the 2,443 cc ohv engine for the Riley have all been dropped. When the Austin A90 Atlantic was dropped, its engine was continued only for the Austin-Healey 100; in 1954 a different engine of 2,639 cc was introduced in the Austin A95; and in the enlarged form of 2,912 cc this is used in the new larger Wolseley 6/99, the Austin A99, and perhaps will go into a Morris car of similar size.

A rather wide gap is thus left in the BMC range between the 1,500 cc 4-cylinder engines developing 51 bhp and the 2,912 cc engines developing about 110 bhp. Otherwise, BMC has all the power plants (and gear boxes) to cover practically the whole range of passenger cars for which there is a substantial demand, excluding the highest-powered vehicles in the Rolls-Royce and Jaguar classes, but including smaller sports cars such as the MG and Austin-Healey.

SIMILAR rationalisation is nearly complete in body building. In the lowest priced market, the new Mini-Minor and the Austin Seven with the 850 cc engine have a body made by Fisher and Ludlow, which BMC owns. For the 948 cc version of the A engine, the bodies in high volume production are the Morris Minor, made by Nuffield Metal Products, and the Farina-designed Austin A40 made by Fisher & Ludlow. The Morris Minor has now been selling more than ten years; it must have earned greater profits for BMC than any other vehicle in the history of the corporation or of its predecessor companies. Its great popularity keeps production running at 3,000 units a week, but it would be surprising if this continued for more than another year, when the Minor's place might well be taken by a Morris version of the Austin A40.

In the main range of saloon bodies for the 1500 cc B engine, rationalisation is most apparent. Five bodies are made as variants of the basic Farina design by the independent Pressed Steel Company of Oxford, for the Austin Cambridge, the Morris Oxford, the Wolseley 15/16, the Riley 4/68 and the MG Magnette, in which most of the major pressings, and the method of construction and assembly, are the same. The total cost of body dies for the five is £1½ million; if only a single body had been made, the cost would have been more than £1 million. Thus an extra investment of less than half a million pounds, mainly to secure variation in the frontal appearance, has given the pressings for the hulls not only of the high-volume Austin and Morris models, but also of three lower-volume models, the MG, Wolseley and Riley.

Major economies in body-building are thus realised by the unification, at the Pressed Steel Company, of the operations in which volume gives the greatest saving basically from one investment in dies. The presses can be set up for the longest continuous runs, and the costly interruption of changing dies is incurred as seldom as possible. By concentrating the welding into one structure of the large number of individual pressings, the optimum investment can be made in jigs and other labour-saving equipment. Since the work is done by Pressed Steel, which makes bodies for other manufacturers, the presses may moreover be utilised at a better load factor than would similar presses working for BMC alone.

This five-body programme produces almost identical silhouettes for cars offered under five different names. This follows from a rationalisation, and the decision that Wolseleys, Rileys and MGs should offer a "package" of motoring identical with that offered by the Morris and Austin 1,500 cc vehicles. Greater variation in the silhouette of the five would have been mere elegant (or inelegant) variation in body design, causing considerable extra cost. It is true that General Motors, for example, have been able to do much more than BMC in using many identical pressings to produce different bodies with superficially very little in common; but GM has achieved this mainly by a lavish use of cosmetic variations in chromium decoration.

These medium-sized vehicles are now being paralleled by a range of Austin, Morris and Wolseley cars, using the C series engine of 2,912 cc in bodies similarly "influenced" by Farina, with most of the panels common to all three made by Pressed Steel. Of the remaining bodies, Van den Plas (a wholly owned subsidiary) makes the Princess; Morris Motor Bodies of Coventry makes the MGA sports body; and Jensen Motors Ltd. of Birmingham the Austin-Healey which uses the BMC C engine. Fisher and Ludlow make the Austin-Healey Sprite body.

THE main field for manufacturing economies, after the engine and bodies, is in back axles and suspensions. Production of these items for all the passenger cars is concentrated in the former Wolseley factory at Ward End, Birmingham. BMC's spare parts business is concentrated at Cowley, as part of the Nuffield organisation. A large covered area is needed for the storage and dispatch of spare parts; and there are examples in the industry of new buildings for spare parts being built to high and even lavish standards. The BMC spares organisation gives an impression of admirable frugality, with an investment per square foot of space much less than half that of at least one of its competitors.

Taken all in all, the development of BMC's plants since the merger in 1952, has been logically conceived to produce at the lowest possible costs its range of cars to meet the demands of the home and overseas markets, using the marketing set-up that the Corporation inherited. But the long maturing of this merger had its costs. Attention seemed to be concentrated upon improving production efficiency at the expense, for a time, of improving the looks of the models; and the effects became evident in BMC's share of the car market and in its finances. To these aspects of the merger, and its prospects, a second article will turn next week.

The Radcliffe Report

Following last week's summary of and commentary on the sections of the Radcliffe report dealing with the domestic monetary mechanism, and the special problem of sterling, we deal here with the other main sections

IV—The Bank of England

We do not think it likely that the complete constitutional structure of the central bank of the United Kingdom with its special responsibilities to the rest of the sterling area can ever be built up out of a series of statutory forms and prescriptions. In that sense the introduction of the 1946 power of direction may have had some disadvantage. . . . (766*)

(i) Status

We are however dissociating ourselves from a view . . . that public interest requires that the central bank should be assured complete independence from political influence (768)

THE eleven page chapter on the organisation and status of the Bank of England needs to be read with extreme care. The present relationship of the Bank with the Government, as it exists in fact, is regarded by the Radcliffe committee as "generally satisfactory." The Bank has a unique relation with the London financial market, in which it is "at once an operator and to some extent a controller," exercising in both functions a technical skill that finds no counterpart in Whitehall. Its voice carries weight over a wide sphere. The Bank has special relations with overseas central banks and with international organisations. Its management of sterling is "in the hands of experts whose technical brilliance is admired the world over." For all these reasons, the committee agrees, the Bank should not be organised as a glorified government department.

On the big question, therefore, the committee is recommending no change. But it suggests three adjustments. It advocates new means of co-ordinating monetary policy and ensuring that policies pursued by the central bank are "from first to last in harmony" with those of the Government. It wants to see the present reality of responsibility for major decisions such as Bank rate changes recognised in the form in which they are made. And it seems to be proposing a diminution in the policy making responsibilities of part-time directors; if the committee's proposals are accepted, directors will have less reason for the embarrassments that were mentioned in the report of the Parker tribunal.

The basis of these recommendations is the committee's assessment that (1) it is in the nature of the existing situation that the burden of initiating and formulating the Bank's policy and its proposals to the Government today falls on the Governor and the Deputy Governor; and (2) that on major questions of policy, the Chancellor necessarily has the final say. Even the Committee of Treasury, the "conscience in these matters" of the full Court, "is and must be in essence advisory" to the Governors. The committee believes that the picture in the public mind has been distorted by the evidence before the Parker tribunal on the alleged Bank rate leakage; it points to the special circumstances present in September, 1957.

The committee does not openly criticise the Bank of England Act, 1946; but it is clearly and understandably unhappy about the central section 4. It finds it very difficult to say whether the power given to the Treasury of issuing directions to the Bank, after consultation with the Governor, has "brought about any actual change in the accepted existing relationship between Bank and Treasury" (761). And the subsequent clause in the Act, stating that subject to any such directions "the affairs of the Bank" are to be managed by the Court, is held by the committee to have been given "mistaken stress" by the Bank. The committee does not accept the traditional distinction drawn by the Bank between these affairs, including fixing of Bank rate and management of the money market and the vast portfolio of the Issue Department, on the one hand, and the Bank's "agency" functions, such as management of the Exchange Account and exchange control, on the other. In practice, the committee says with much reason, the Bank's technical exchange operations and advice tend naturally to have a big impact on policy.

The committee rejects the view that in the one field the Bank makes its own policy, subject to the Chancellor's power of issuing a direction, and that in the other field it makes no policy. Over the whole range of its operations, it argues, the relationship should be that "the Bank contributes to the Government's discussions on policy the advice and suggestions which its unique operational experience and contacts qualify it to offer, while the Government on its side is careful to associate the Bank with the formation of those decisions on economic policy in which monetary operations are capable of taking a part" (769). This status may not be quite what the Bank would like; but it is more acceptable than it probably feared it would get, and is not an unreasonable form for this delicate relationship in a democratic society.

*This numerical reference and subsequent ones are to paragraphs in the committee's report.

(ii) Bank Rate and the Court

In our view the true responsibility for decision today lies with the Chancellor of the Exchequer, not with the Bank; and it would be better that this should be made explicit (771)

THE committee has however gone somewhat further. First it wants the reality of ultimate power and responsibility to be recognised formally. Changes in Bank rate should be made in the name and on the authority of the Chancellor. And it would see an incidental advantage in using statutory direction for this purpose, since if this power is never used, "it may acquire by disuse too momentous a significance to allow of its being used at all." This is less than convincing. If Government and Bank can get along without a directive, does one really have to invent circumstances for it to be dragged out? Feelings of self respect and of pride in the Bank's stature among members of the Bank staff and Court are not to be lightly disregarded. They could never be decisive over a real contrary interest, but does this exist here? The popular newspapers and the general public already ascribe Bank rate movements to the Chancellor. And since the committee still envisages that Bank rate proposals would originate from the Governor, the form of the announcement suggested by the committee might itself be held to be misleading to the public. If change is needed, a better and more accurate form might be announcement by the Bank and in its name, but on the authority of the Chancellor.

Secondly, the committee believes that full co-ordination of the Bank's policy with the Government's economic policy needs more than the present "detailed and continuous" confidential exchanges between Bank and Treasury. It recommends the setting up of a Standing Committee, deliberative and advisory in character, to keep under review all matters relating to co-ordination of monetary policy as a whole. The chairman would be the Chancellor and its other members would be four representatives of the Treasury, four from the Board of Trade, and four, including the Governor and Deputy Governor, from the Bank.

Decision on Bank rate, it seems, would lie between the Governors, the Chancellor and the committee. And, a vital passage, "it will not be either necessary or appropriate that the timing or measure of any change should be communicated to members of the Court before it is made public, except for good order at the time of the change" (785). The committee regards this as in line with the Court's present function (784). But it does not make any specific reference here to the Committee of Treasury. Are the only directors in the know to be the two on the Standing Committee—and will they be executive or part time directors? The committee says that in substance there will be little change (775). The Governor will still put together a Bank view, including in his consultations the part-time directors.

But in saying that "the function of the part-time director is to act as a special consultant to the Governor" (786), and in supporting the continuation of part-time directors "so long as it is clearly understood what is the true nature of the services that they can render and no more than these services is asked of them," the committee is surely recommending a change of substance. Something very close to its proposals were put to Mr Cobbold at the Parker tribunal*, by the Attorney General of all people.

Q. 8060. Have you considered the possibility of a change in the Bank rate being made not by a decision of the Court but being made by the Governor and Deputy Governor with the consent of the Chancellor of the Exchequer?—Not at any length.

Q. 8061. I would like to put this to you. Of course, if it was the position, it would be possible for you and the Deputy Governor to get all the valuable advice from the other directors?—It would be impossible.

Mr Cobbold explained why in his reply to Lord Parker:

Q. 8113. Then I am right in thinking that you would not like to have your directors in a purely advisory capacity for two reasons: (1) that you wanted the decision to be a joint responsibility and (2) that you feel you cannot consult them without (as it were) taking them into your confidence?—Yes. I place much more importance on the second than on the first. It is nice to be able to share one's responsibility with one's colleagues, but what I really want to have is their views and advice on the sort of thing I want to do.

Asked whether he could not consult directors by putting to them hypothetical courses of action rather than the exact proposal, the Governor replied: "I think it would be much more difficult to focus their judgment on the specific issue."

In the penultimate paragraph of its section on the Bank, the Radcliffe committee seems to take the point: people who have a "corporate responsibility" for the views on which they are canvassed will give a different quality of advice than mere consultants. But would part-time directors under the proposed system still have a corporate responsibility in a meaningful sense?

*Proceedings of the Tribunal, December, 1957, HMSO, £2.

(iii) Telling the People

From the point of view of monetary policy, we suggest a revival of the 1844 idea that the Bank should publish certain key figures exposing its operation in the monetary system (367)

THAT poignant thrust ought to strike home in the Bank itself. Besides its specific recommendations for regular information from the Bank (reported in our concluding section), the committee puts in its plea for detailed discussion of technical matters in a quarterly bulletin and, naturally, for a transformed annual report. It suggests that the Bank might consider preparation of short monographs appearing under the name of their authors. The new information should not exclude the Bank's external business, on which there is nowhere available any detailed account.

As an essential foundation for telling the public more, the Bank is urged to strengthen its research and intelligence departments. It should co-operate closely with the Treasury in collection of financial statistics and consider an interchange of staff; and it might find it useful to recruit academic economists and others for limited periods to help in specific projects of research. Finally, the head of the intelligence department should have the rank of an executive director. This, as well as other suggested reforms in the Bank, would probably require legislation. It might not be popular in the Bank, with its natural insistence on the primacy of operational judgment rather than back room views. Yet if the right man could be found such a move might have salutary effects. Other central banks have managed to achieve quite a high degree of economic sophistication without losing their practical touch.

V—New Financing Institutions?

In general we have seen that financial institutions are quick to develop in response to changing needs . . . (866)

THE committee finds that the gap highlighted in the Macmillan report has on the whole been pretty well filled, and it has no desire to see a proliferation of institutions, public or private, to provide finance for small businesses. It makes three recommendations for improving facilities. First, the banks should be prepared to offer term loans for those industrial customers who dislike the legal obligation to repay bank overdrafts on demand and do not mind a higher interest cost. This proposal is in line with some thinking within the banks, and would entail to a large degree a change of form rather than of substance. Secondly, the limit of £200,000-£250,000 for advances by Lord Piercy's Industrial and Commercial Finance Corporation should be reviewed by the banks, which are its shareholders. Thirdly, the committee does propose one new institution—an Industrial Guarantee Corporation to help small firms who have difficulty in finding capital to exploit technical innovations because they lack adequate security and may appear unduly risky. The proposed corporation, which would not be concerned with the initial stages of research and development, would guarantee for a commission an agreed portion of loans made by existing financial institutions. These institutions would thus still be left with the decision of whether or not to lend, and they would continue to bear some portion of the risk; this follows the well tried procedure in insuring export credits.

The committee also takes a sober view of the many pleas it heard for easier credits for exporters and farmers. It points out that any decision to break the generally agreed line of insuring not

New Financial Information

FINANCING THE PUBLIC SECTOR*

£ mn.	1955	1957	1958	1959	Increase 1957 to 1959
Notes and coin	453	1,545	1,853	2,199	654
Treasury bills	371	2,334	3,024	2,938	604
Gilt-edged securities held outside the departments	5,219	13,248	14,259	14,709	1,461
Less estimated holdings of public corporations	—	−200	−235	−220	− 20
National Savings	1,003	5,786	5,735	5,756	− 30
Tax reserve certificates	—	368	388	346	− 22
Local authorities in Great Britain	1,301	1,126	1,505	2,390	1,264
Northern Ireland Government and local authorities	34	43	63	87	44
Bank loans to state industries	...	156	180	74	− 82
Borrowing by the Transport Commission from superannuation funds and Railway Savings Banks	—	125	138	151	26
Overseas loans payable in foreign currencies	4	2,168	2,130	2,163	− 5
Overseas loans payable in sterling	—	361	196	134	−227
Total net debt	8,385	27,060	29,241	30,727	3,667
Net debt as a ratio of the national income (percentages)	204	213	191	168	...

*Public sector debt, excluding that held within the public sector at 31st March.

NET SALES AND PURCHASES OF GILT-EDGED STOCKS

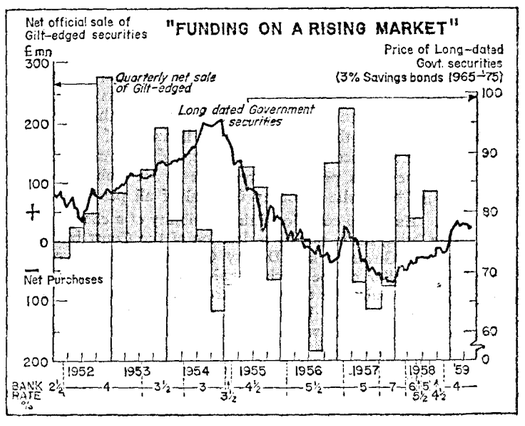
£ mn.	1953	1954	1955	1956	1957	1958
Discount houses	95	− 2	− 59	3	− 71	103
Clearing banks	103	66	−276	− 22	73	23
Scottish banks	32	10	− 44	− 19	− 8	2
N. Irish banks (seven banks)	9	1	− 7	− 2	− 1	1
Overseas and foreign banks	15	23	− 5	− 13	− 21	3
Accepting houses	6	11	− 12	− 6	− 4	7
Total	260	109	−403	− 59	− 32	144
Building societies*	3	6	9	18	22	19
Overseas official holdings	35	117	107	17	− 19	−185
Trading companies, private individuals & other holders	251	−173	406	124	− 16	129
Total purchases	549	59	119	101	− 51	101
Sales as shown in the Exchequer financing tables	507	125	81	34	− 30	141
Less estimated purchases by Public Corporations (purchases (−))	42	− 66	38	77	− 21	− 35
Est. sales by Public sector	549	59	119	101	− 51	101

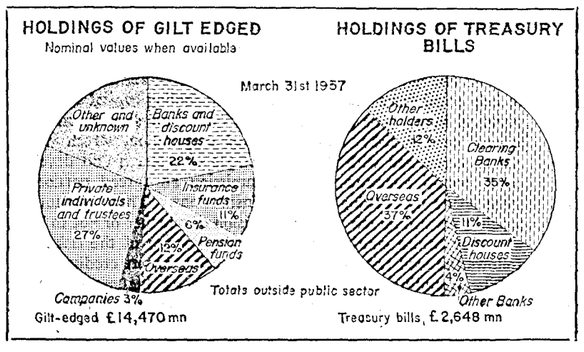
* Building societies include members of the Association plus the Halifax.

THE MONEY MARKET
(£ million)

	Discount Houses†	Sterling Liabilities and Assets	Accepting Houses†	O'seas & Foreign Banks‡
Sources of borrowed funds:		Deposits	220	922*
Clearing banks	519	Assets:		
Overseas & foreign banks	263	Cash & UK bank balances	8	76
Scottish banks	85	Short loans to:		
Other UK banks	84	Discount houses	64	135
Bank of England	8	Local authorities	27	51
Other lenders	47	Treasury bills	14	145
	1,006	Other bills	17	63
Assets:		Gilt-edged:		
Cash	10	Short bonds	23	103
UK Treasury bills	594	Others	22	175
Commercial bills	70	Other £ securities	14	18
Gilt-edged (nominal values)	321	Advances to:		
Other assets	57	Residents	41	145
		Non-residents	27	134
Total assets	1,053	Total assets	257	1,055
		Acceptances:		
		Outstanding to:		
		Residents	81	13
		Non-residents	40	47

* Of which £215 million from residents and £707 million from non-residents.
† Dec. 31, 1958. ‡ Feb. 28, 1959.





ASSETS OF MAIN SUPERANNUATION AND PENSION FUNDS, 1957*
(Excluding funds reassured with insurance companies and local authority funds, and covering about 90 per cent of the remainder)

Type of assets	Market value† of assets end "1957"		Net investment‡ during "1957"	
	£ mn.	per cent	£ mn.	per cent
Gilt-edged	570	34	40	20
Overseas government, provincial and municipal securities	54	3	2	1
Securities of, and loans to, UK local authorities	98	6	16	8
Company debentures	194	12	34	17
Preference shares	63	4	2	1
Ordinary stocks and shares	351	21	73	37
Mortgages	33	2	2	1
Real property (excluding mortgages)	42	3	10	5
Life and annuity policies	1	—	1	1
Cash and other assets	252	15	18	9
Total assets	1,658†	100	198‡	100

* For accounting years ending between 1st April, 1957, and 31st March, 1958.
† Including £143 mn. assets valued at book values. ‡ Including £58 mn. net investment shown as the difference between the book value of the assets at the opening and closing balance sheet dates.

more than five years' credit after shipment (which means six to nine years from date of contract) involves two major considerations: not only whether Britain wants to start a credit race, but also whether its balance of payments and its domestic economy can stand the strain of increased overseas investment through this channel. It mentions the possibilities of making a bank's paper arising from export credits rediscountable at the Bank of England, and of establishing a semi-public Export Finance Corporation. But it stresses that such steps would be justified only on the twofold view that the Export Credits Guarantee Department should lengthen its period of cover and that the demand for such longer credits would not be met by existing institutions.

The committee rejects outright the suggestion of preferential low interest rates for farmers; even if it were considered desirable to increase the State's subsidies to farmers, this would be a bad way of doing it. It reports no particular lack of credit facilities for farmers, who get 11 per cent of total bank advances compared with their contribution of 4 per cent to national output, and also draw on hire purchase companies and merchants' credits (pretty expensive) as well as on special institutions such as the Agricultural Mortgage Corporation. The committee's one recommendation is that here, too, the banks should consider term loans. Presumably it would approve of the Midland Bank's 20-year farming loans announced this week.

VI—Figuring It Out

We have suggested that there are certain areas where we are still too much in the dark and where day-to-day decisions have to be taken with only a limited perception of the relevant factors (862).

BY the resolution at one of its first meetings, that it would entertain no evidence that it could not later publish, followed by an insistence upon establishing "a factual foundation for our inquiry and conclusions," the committee has managed in eighteen months to bring into the public domain more new financial statistics and new arrangements of financial statistics than the Treasury or the Bank have been able or have cared to furnish in the past thirty years. It has published the more important compilations of these in last week's report—a selection appears on the opposite page. A great many of its recommendations for improving current financial statistics involve no more than the continued collection and publication of those it has elicited from the authorities and the City for the first time.

Publication of what has so far been known only in limited circles, in the view of the committee, is second in importance only to the collection of some figures that so far nobody knows. Much of what it wants drawn into the open is of this first kind. It recognises the reluctance of financial institutions to disclose more of their private affairs than is necessary or to devote undue resources to gathering fresh data. But it leaves to the monetary authorities the task of balancing the "social importance" of extra data with the cost of their collection or the potential damage to public or sectional interests through disclosure.

The report pauses briefly to single out one or two gaps in economic statistics that "the steady improvement over the past thirty years" has not yet filled. But its main concern is with financial statistics, which have hardly shared that improvement.

From its emphasis upon the essential unity of the market for credit there follows logically the committee's desire for financial statistics to measure the whole flow of transactions in assets over a given period; the size, composition and ownership of the stock of assets at a given date; and the return upon these assets at any time. The committee deals somewhat tenderly with individual banks' inhibitions about revealing, for example, hidden assets; it suggests that aggregate figures of security holdings and of cash transactions should be published only for groups of institutions such as the joint stock banks or the insurance companies. They should be published for the same dates.

But it is anxious that these grouped figures should be comprehensive. It sees no reason why the Scottish banks or the discount houses should not accept publication of the regular figures of assets and liabilities that they already provide to the Bank of England. It proposes quarterly analysis of the larger deposits with the clearing banks on similar lines to the analysis of advances; publication of quarterly figures of holdings of gilt-edged securities by the banks, distinguishing short bonds with less than five years to maturity, for the joint stock banks, the accepting houses and the discount houses together; and of net cash transactions in gilt-edged securities.

Similar demands are made upon the other main groups of financial institutions. Insurance companies, the committee considers, should be required to provide quarterly figures of purchases and sales of financial assets and also of net life premium income. Similar data might be obtained from superannuation and pension funds (by sampling) from investment trusts and unit trusts, and from the hire purchase finance houses.

The committee "has found no satisfactory explanation of the large changes that have taken place in the rate of private saving over the past ten years." The whole personal sector, it suggests, might best be investigated by private surveys, if necessary with Government finance and backing.

Statistics showing the transactions of the public sector with the rest of the economy are partly a matter of organisation and presentation rather than of inquiry. The committee proposes quarterly publication of figures showing operations on capital account for the public sector, for the central Government alone, for public corporations, and for the local authorities. In the published figures of the National Debt there should be a clear line of division, such as is given in its report for the first time, between debt held by the market and debt held by departments within the Government. The Government is not much better advised than the public about the division of market debt between the main groups of outside holders, at home and abroad; fuller estimates should be attempted. Local authorities, on a sampling basis, might also be required quarterly to record the amounts and sources of their borrowing.

The committee gives only a flick in passing to one of the dryest of all statistical sources: "We hope that the Council of the Stock Exchange will examine the possibility of publishing better data on the business transacted, particularly in gilt-edged." Many of the extra statistical series that it has suggested would logically, it thinks, be published by the Bank of England; and the Bank should publish figures of its bankers' deposits, deposits of non-residents, official and other, its holdings of Treasury bills, and its holdings of Government bonds, with periodical analysis of these by maturity. The committee recognises that it is proposing a quick revolution in financial statistics, to match the slower revolution that has been taking place in economic information. It offers for consideration the question whether this more compendious array of financial information—when and if it all sees the light of day—might deserve its own Digest of Financial and Monetary Statistics, and some official comment, to do it justice.

BUSINESS NOTES

INTEREST RATES

Jolt from New York

THE London market began thinking about Bank rate this week for reasons very different to those usual in August. On Tuesday, following reports that the Treasury bill rate in the United States had risen to a new peak and above the London rate, gilt-edged were marked down sharply, War Loan dropping by $1\frac{5}{16}$ to $65\frac{1}{4}$, within half a point of its nadir for the year. At the same time, the boom in the equity market broke, and on Wednesday, while Government securities recovered somewhat, the fall in Ordinary shares continued.

The yield on the *Financial Times* ordinary index, which on Tuesday was within 0.01 per cent of the yield on Old Consols, rose to give a margin of 0.06 per cent. The equity market faltered momentarily before crossing this line of entirely psychological significance, determined as it is by one particular index set against a government security that has a special scarcity value. But on Thursday the lines crossed, it may be noted that *The Economist* ordinary indicator, which rose slightly from 290.9 to 291.7 in the week to Wednesday, shows an average yield 0.71 per cent below the yield on War Loan.

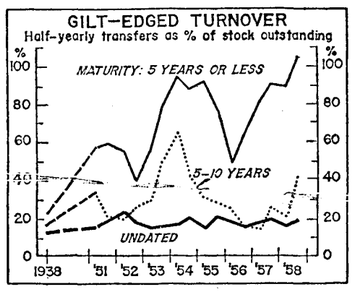
The London markets have reason for their pause. The warning signs of dearer money in America were discernible some months ago, and now they are flashing unmistakably. The three months' bill rate in New York this week reached 3.82 per cent. The extraordinary jump of 0.41 per cent in a week and 0.67 per cent in a fortnight is a result of restrictive open market activities by the Federal Reserve, and of the market's anticipation of the implications of Congress's refusal to raise the maximum permissible coupon of $4\frac{1}{4}$ per cent on bonds of more than five years' maturity. This will inevitably increase pressures in the short market, which has already seen a coupon of $4\frac{3}{4}$ per cent on a one-year bill. The Federal Reserve is reported to be considering a further rise in its rediscount rate of $3\frac{1}{2}$ per cent, which the Treasury bill rate has now overtaken, though the steel strike complicates the issue. The big New York banks in turn are considering a further rise in their prime loan rate, at present $4\frac{1}{2}$ per cent; that would make bank advances more expensive in the United States than in Britain.

This sharp rise in money rates (it has gone still further in Canada, as is discussed in a subsequent note) must have its impact on London. Already there have been signs of further switches of funds to New York. Many of these balances managed by Swiss bankers and others have been denominated in dollars, and the London banks accepting them have covered themselves in the forward market. To that extent the withdrawal of balances involves an unwinding of the forward sale of sterling, and while the spot rate has dipped a little further to \$2.80$\frac{3}{4}$, the forward quotations have strengthened, the dollar going to an unaccustomed discount. This is a sign that confidence in sterling itself remains high, but the switching does produce a certain strain. Few people expect Bank rate to be raised before the end of the summer; but few would care to predict that 4 per cent will last until the end of the year. On Friday the tender for Treasury bills will have been watched with unusual interest.

RADCLIFFE IN THE MARKETS

Gilt-edged Reflections

THE City has a well-known predilection for hard news, and a report that may or may not be accepted by the authorities seems to be regarded by many people as outside that category. Market reactions to the Radcliffe report have been very modest; few people this week have placed immediate significance on the minor role the report seems to envisage for Bank rate. Yet for the gilt-edged market and still more in the mortgage market the report could have a big influence. While the report is by no means pessimistic about gilt-edged, the first



effect will probably be depressing; possibly this was a contributory influence in the market's fall on Tuesday.

Everyone welcomes the new information, and the prospect of continued information. This itself puts gilt-edged in better light. As the tables on page 660 show, important groups of investors including the general public have at times been quite substantial buyers of gilt-edged; and the accompanying chart shows an impressive turnover, even among the medium and undated stocks. Everyone is looking forward to meaningful figures on the response to new government issues: this week's announcement that £54 million of maturing 3 per cent War Loan has been converted into $4\frac{1}{2}$ per cent Conversion 1964 and £144 million into the new 5 per cent Treasury stock 1986-89 tells one nothing except that the government broker again has a good supply of a long-dated stock.

The report is optimistic, in the long run, in its confidence that there is an underlying demand for gilt-edged and in its striking revelation that, despite the huge borrowings in the war, the national debt as a whole is smaller today in relation to national income than it was in 1935. At the same time, it should probably be regarded as pessimistic for prices in the short run in its whole approach to debt management. The central argument is that this provides the authorities with power, which they should use, to influence long-term rates; that the concept of "Government credit" as reflected in the yield on government securities is an outdated hangover from the days when London was the world's market for every country's bonds; that gilt-edged yields may have to rise in relation to current yields on equities, even if inflation is held in check; and that while the authorities obviously have to be wary of knocking the gilt-edged market too hard they may find that a positive cut in gilt-edged prices accompanied by a clear statement of intentions is less demoralising to the market than a slow sag in prices such as has been experienced in recent years. Any investor has to be prepared for market fluctuations; it is long-term depreciation that puts him off. Sharper fluctuations that checked the downward drift would be no bad thing.

Would it Work?

IN the discount market the feeling is that a threatening cloud has passed. Now that the syndicate has survived the scrutiny of the Radcliffe committee its place should be secure. Lombard Street's general relief is accompanied by irritation about the report's reference to "deliberately manipulating the syndicate bid week by week in order to discourage 'outside' tenders," with particular reference to early 1959. It is pointed out, reasonably, that the fluctuations then were a response to the change in

expectations about Bank rate, and that the London market, sensitive to the wishes of the authorities, avoids really sharp fluctuations. Even the rare movement of 9d. in the bid is equivalent to only 0.15 per cent in the rate; if bill rate fluctuated as it does in New York outside tenderers would have more to worry about. The discount market might also have admitted that it can hardly stay passive in the face of competition from outsiders; if the Radcliffe committee really wanted a fully free money market it should have recommended more competition, that is abolition of the syndicate practice, not less competition.

The mortgage market has reacted very quietly to the prospect of its virtual disappearance, if local authorities as the committee recommends are given free access to the Exchequer at the gilt-edged rate. Few people in the City think that this extraordinary suggestion will be implemented. Consequently, there has been no noticeable increase in demand for mortgages or change in rates, which remain at $3\frac{5}{8}$-$3\frac{3}{4}$ per cent for short money, $5\frac{5}{8}$ per cent for loans up to five years and $5\frac{3}{4}$ per cent for longer loans.

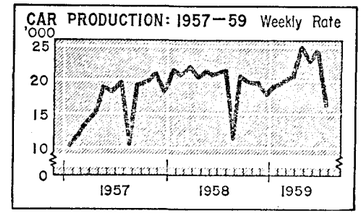
The clearing banks seem to have given the report a general welcome, although views have not yet crystallised. Bankers welcome the stress on interest rates rather than on quantitative controls in normal circumstances; and naturally they are relieved that the suggestion for use of liquidity controls in "stage two" (not normal circumstances but short of a full emergency) stresses that these should be extended to a wide range of other financial institutions.

That relief, naturally, is not shared by the institutions concerned. But again the main topic of debate is how the committee's proposal could be implemented. The problem for the building societies is bad enough, as is discussed in a later note, and they already have some generally recommended standards of liquidity. The finance houses, despite long attempts, have been able to find none, while for insurance companies and pension funds liquidity considerations vary greatly. One may seriously doubt whether a control on liquidity is applicable to any institutions other than commercial banks, since these are the only institutions that in the past have held pretty rigorously and uniformly to a certain standard. And if the authorities agree that control of the banks alone is both ineffective and unfair, they might think again about using this instrument at all.

MOTORS

Holidays Cut Output

PRODUCTION of cars and commercial vehicles fell sharply in July from the record level reached in June. Only 65,704 cars and 22,038 goods vehicles and buses were built in the four-week month, compared with 123,059 and 39,623 respectively in the five weeks of June, and 85,468 and 23,383 in July, 1958. This year, unlike last, most large makers lost one week's output from holidays in July, while Ford lost six days and Vauxhall a fortnight; these holidays account for most of the fall in production. The rest resulted from the strikes at the British Motor Corporation and the effects of the introduction of new models—which again probably affected BMC most, where production of the A.35 was being replaced by the Austin 7 and Mini-Minor. Apart from the holiday period, all makers report that they were making as many cars



as they could, working overtime and some night or Saturday shifts, but still could not keep up with the demand for them; delivery delays remain on most popular models.

Exports were higher in July than in June; 53,561 cars and 11,903 commercial vehicles were exported, compared with 47,586 and 9,853 in June; 49,945 and 11,360 were exported in July, 1958. The rate this July was little below the record reached in the second quarter; the rise in sales to the USA seems the most dynamic factor in exports at present.

HARRODS

The Morning After

MR HUGH FRASER has earned his short holiday in Monte Carlo. His shrewd tactics have won the House of Fraser control of Harrods at last, after a long and hard fought battle. Debenhams' counter offer to the improved bid by the House of Fraser came too late, and on Friday Mr Fraser, more willing to exploit every opportunity than the directors of Debenhams were, was a buyer in the name of the House of Fraser for the big amounts of Harrods' ordinary and preference shares which came on offer. On Saturday, the House of Fraser's offer for the preference shares was closed, but its offer for the ordinary shares was extended until Wednesday (and now has been extended once more, to September 9th). On Sunday, Mr Fraser said he was supremely confident and seemed to be taking pride in the fact that, having bought shares in the market, he was paying more for Harrods than the £34 million many commentators had estimated. On Monday, Debenhams withdrew its offer and Mr Fraser had won his victory.

The price he has paid for that victory is enormously high. Quite how much cash Mr Fraser will have to find is not yet apparent, but it can hardly be much less than £15 million. Capital to fund that sum and to complete the building of the Harrods' store in Birmingham will have to be found. Mr Fraser has made no promises, as the Debenhams directors did, that he will not sell any of the Harrods' freeholds. He, after all, was the first to exploit the hidden cash reserves that inflation has created in freehold property. But if he does sell off some of the Harrods' freeholds and secure a long lease upon them he is buying cash at the moment at the cost of heavy rents in the future. He must, to justify the price he has paid for control, jack Harrods' earnings up. When he purchased the John Barker group he realised some cash by selling some of its properties and he re-organised its stores. As yet, the earnings of the John Barker group have not moved up dramatically.

Mr Fraser has been quoted as saying that only a fool would alter the character of the Harrods' business and he has said that the "separate traditions and high reputations" of its stores will be respected. Can he, however, afford to maintain the extravagant use of selling space which is the tradition of the Knightsbridge store and to leave the character of the other London and provincial stores unchanged? All the House of Fraser shareholders will soon have votes and they, having seen the market price of their shares drop from 35s. 6d. to 32s. and the price of the Debenhams' shares go up from 29s. to 31s. $7\frac{1}{2}$d. once victory was in sight for the House of Fraser, must want to know what Mr Fraser intends to do. Department stores have gradually been losing trade to the multiples and their profits have been sticky. Can the personality of one man reverse that trend for Harrods? Is it possible to do so without altering its character? The House of Fraser shares have been growth stocks. Can they remain so, now that they include the equity of Harrods bought at this sort of price?

OVERSEAS TRADE

Industry's Import Needs

RISING production, calling for bigger stocks, continues to push up Britain's import bill. In July imports rose further by £21 million to £353 million cif, and were 10 per cent above the average rate in the first half of the year. But exports resumed their upward trend, rising sharply by £36 million to nearly £288 million fob, $5\frac{1}{2}$ per cent above the rate in the first half of the year. Exports may not fully match the rise in imports over the year as a whole, yet the trade gap does not seem likely to grow uncomfortably large. During the first seven months the apparent deficit totalled £277 million, an increase of £66 million over the same period of 1958.

Detailed trade figures for July show clearly how industry's growing needs are driving up imports. Industrial materials, at £141 million, were 15 per cent above the first half year's average imports, with

seasonally large arrivals of timber, and heavier imports of iron and steel, metal ores and scrap, chemicals, paper and raw cotton. Imports of finished manufacturers, at £41 million, were 40 per cent above the average rate in the first half of the year. Nearly half of the rise represented ships and boats (which can fluctuate sharply), but imports of machinery were 16 per cent higher, while miscellaneous manufactures, road vehicles and aircraft and scientific instruments rose even more sharply. In contrast to these groups, imports of petroleum were only marginally higher in July, while food, beverages and tobacco rose by only two per cent.

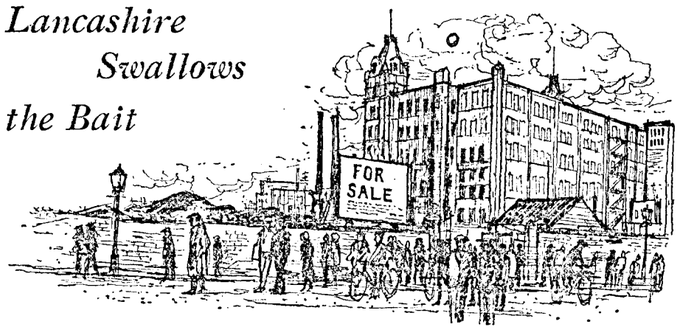
The rise of 5½ per cent in British exports in July, compared with the first half year's rate, was widely spread. Engineering products, the dominant group, rose by 5½ per cent to £131 million. Ships and boats accounted for two-thirds of the increase, rising by over £4 million to £8.4 million, though this was offset by the fall (to £4.9 million) in deliveries of aircraft, another volatile item. Shipments of non-electric machinery also rose by 5½ per cent to £54 million (aircraft engines alone rising by 17 per cent to £6 million), while shipments of electric machinery were 2½ per cent higher at £20 million. Exports of cars and chassis continued to forge ahead, showing a rise of 13 per cent over the first half of the year, thanks mainly to another jump in deliveries to North America. Exports of metals rose by 12 per cent to £39.7 million, and exports of textiles recovered further, being 9½ per cent above the first half year's rate ; cotton yarns and fabrics alone showed a fall.

CANADA

A Financial Mess

THE clash between the policy of the Bank of Canada and the policy of the Canadian Government reached a new stage last week. The Finance Minister rejected one quarter of the bids for the week's tender of Treasury bills and thereby succeeded in bringing the yield down from 6.16 to 6.04 per cent. The extraordinary rise in Canadian bill rates is attributable primarily to the restrictive open market operations of the Bank of Canada, which has concentrated all its attention on limiting the supply of money to prevent inflation in 1960 and 1961. This restrictive policy naturally conflicts with the Canadian government's efforts to continue recovery from the recession. The Government became particularly alarmed last week after the chartered banks had announced that, since they were now having to pay well over 6 per cent for their borrowings from the central bank while still being bound by law to charge no more than 6 per cent for loans, those loans would have to be curtailed. Mr Diefenbaker promptly announced this reasoning to be invalid since the banks borrow only a small portion of their funds at Bank rate. It is a sorry example of economic and monetary management.

Lancashire Swallows the Bait



SUCCESS, if that is the right word, is now assured to the schemes for eliminating surplus machinery in Lancashire cotton spinning and weaving. The bait of compensation is working, and offers to scrap now already exceed the necessary minima of six million spindles and 45,000 looms. The flow of applications will slacken after next Monday, when the bonus payment of five per cent lapses, but by September 30th, the closing date, eight to nine million spindles and roughly 60,000 looms may be earmarked for the scrap-heap. The response from doublers, however, has been disappointing, and it is possible that the target of 400,000 doubling spindles may not be reached. If it is not, no compensation will be paid. As each scheme stands by itself this would not matter much—except to the firms that would forgo compensation for mills that they will close anyway. A scheme for the finishers is still being considered.

Ironically, the business of cutting Lancashire down to size has coincided with a big improvement in real business. The revival started early in the spring, and a glorious summer has boosted sales still further. Stocks at the mills have been sold off and order books have lengthened appreciably. In spinning, for example, order books are nearly twice as long as they were early this year ; spinners were working, on average, at 71 per cent of capacity before the holidays began, compared with 66 per cent in January, and were running for 44 hours per week instead of 41.

But selling margins are not much higher, and are widely considered to be inadequate. There are grounds for believing that influential producers, in spinning at any rate, have deliberately kept margins low to encourage the weaker fry to close down. Margins will have to be raised soon, if only because firms will have to recover the costs of the levies to finance their third of the compensation to the mills that are closing down (with the government finding the other two-thirds), and to displaced workers. If about 8½ million spindles are scrapped the remaining spinning firms will have to raise roughly £2¾ million, of which nearly £1 million may be needed to compensate workers.

By the end of March, when all the machinery offered for scrapping has to be scrapped, the outlook for what is left of the industry will be brighter than for several years. The revival in trade may continue throughout next year, and though demand will fall off when stocks have been re-built, there will be far fewer mills to compete for the available business. Sellers' hands will be stronger, and they should be able to obtain an adequate return on their capital. It may not be long before some mills again find themselves short of labour. Mill closures, however, cannot be evenly spread, and even in districts where displaced workers could soon be re-employed in reorganised mills nearby there may be some loss of workers to other trades.

ELIMINATION of surplus capacity is only one step, and the least difficult one, towards putting Lancashire on its feet. The next step is to modernise the remaining mills and move over to two or three shifts. The government is prepared to pay a quarter of the cost of re-equipment during the next five years. To qualify for the full subsidy a firm must scrap an additional amount of machinery equal in productive capacity to the new machinery installed. No one can guess how vigorously this next step will be taken. Fears about unrestricted competition from duty-free imports of Commonwealth textiles loom larger in the minds of some firms than others. Some are evidently prepared to go ahead, on the assumption that the existing restrictions on imports from Hongkong will remain for some years at least. This surely is the sensible view. A lot of public money is being made available to help Lancashire, and the cotton industry will be expected to do its utmost to make effective use of it.

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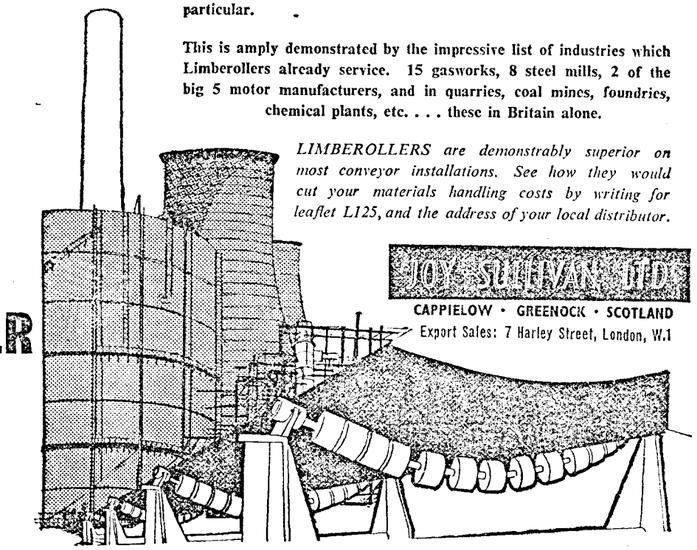

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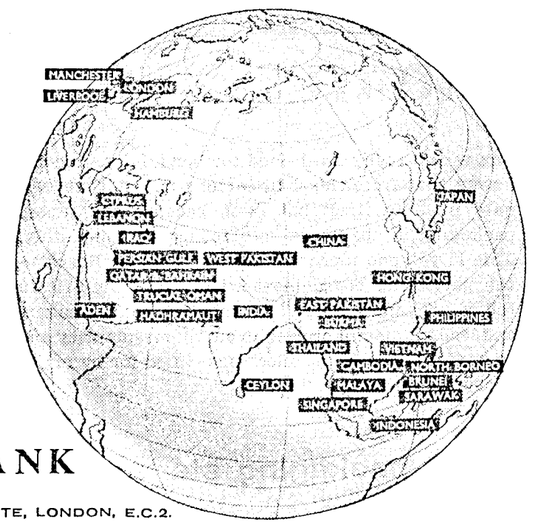

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BUILDING SOCIETIES

Record Advances

THE reduction in the rate of interest paid on shares and charged on mortgages recommended by the Building Societies Association early in May was not implemented by many societies until the beginning of July. But the knowledge that rates were to come down made an immediate impact and in the second quarter of the year, especially in May and June, new receipts of savings tailed off a little and withdrawals went up. Net receipts, as the table shows, were however still running at a high level.

DEPOSITS AND ADVANCES*

(£ million)

	1958 III	1958 IV	1959 I	1959 II
Shares & deposits:				
Gross receipts	86·9	107·1	117·8	111·7
Gross withdrawals ...	58·3	51·3	56·9	66·5
Net receipts..	28·6	55·8	60·9	45·2
Advances	66·3	74·9	68·5	94·0
Repayments, etc..	68·0	76·0	68·3	78·4
Funds:				
Liquid assets..	277·4	311·1	336·7	347·3
Total assets ...	1,902·1	1,957·0	1,992·5	2,047·3
Liquidity ratio (per cent)	14·6	15·9	16·9	17·0

* Based on returns made by 197 societies, whose combined assets represent about 75 per cent of total assets of all building societies in this country.

The building societies were anxious to lend their funds out on new mortgages and those that are members of the association did so to the tune of £94 million in the second quarter, more than had ever been recorded in any quarter before. Repayments were also high, so that the average liquidity ratio remained practically unchanged at 17 per cent.

Liquidity Controls?

SINCE the war the building societies have been reluctant to change their rates; though as the rates offered by other competing media, especially National Savings, moved up they, dragging their heels, had to follow suit. They did not, however, do so when Bank rate went up to 7 per cent, with the result that the net inflow of funds dwindled and mortgage advances were put on a strict ration—except by those societies that offered shareholders higher rates than those recommended by the association. One reason why the building societies left their rates unchanged when it was in their self interest to raise them is revealed in the Radcliffe report. Following an invitation from the Governor of the Bank to the chairman of the association in September, 1957, the association held informal talks each month with the Treasury, at which the chairman of the National Savings Committee was present. Neither side could make irrevocable pledges to the other in these talks, but the discussions "led to an understanding that the building societies and the Government (as responsible for national savings) would not try to poach upon each other's deposits by competitive raising of rates," so long as the Bank rate remained at 7 per cent. These regular talks now seem to have been discontinued; but the contact was established and it would be easy to set the machinery in motion again.

In these talks the members of the Building Societies Association showed a willingness to let their policies be influenced by considerations of the national interest. But in a future crisis they may find themselves, if a suggestion in the Radcliffe report is implemented, subject to formal and restrictive controls. If a control is clamped on the banks' liquidity, the Radcliffe report argues that by necessity and in equity similar controls should be imposed on other lending institutions, including the building societies. The building societies would be among the easiest to control. Their statistics, except on gilt-edged transactions, are readily available; the Government's House Purchase and Housing Act has gone a long way to establishing minimum standards on liquidity and reserve ratios; and a powerful association is preparing to insist on these standards as a condition of membership.

Even so, the difficulties of imposing controls upon the building societies would be very real. First, the Government might have to insist that all societies outside the association—and there are several of these which, with the air of property finance companies about them, hold only a tiny proportion of their assets in liquid form—should come into line with those enjoying trustee status. Even then, it would presumably have to insist that all societies had to operate with a liquidity ratio higher than that of 7½ per cent, at market values, required by the House Purchase and Housing Act. As the leading societies already maintain a much higher ratio than this, a control that would really cut deep into mortgage advances by these societies would have to be very severe indeed and to be fully effective it would have to be applied with rigour to all societies.

MIDLAND BANK

Term Loans to Farmers

ONE recommendation of the Radcliffe committee has been implemented with record speed. The Midland Bank has this week announced a scheme, prepared before publication of the report, under which advances for the purchase or improvement of farms may be given for a maximum period

How Much Consumer Credit?

Nearly a third of total retail credit consists of weekly and monthly shopping accounts.

MOST of the findings of the 1957 Census of Distribution were released earlier this year. But among the new information in the Board of Trade's complete report published last week (HMSO, 5s.) are the answers to the questions put to retailers for the first time about their credit transactions. While this business has magnified considerably since then, this report provides the only virtually complete picture of the composition of consumer credit.

Retailers' sales on instalment credit terms, whether or not the retailer financed the transaction, amounted in 1957 to £677 million, or 9 per cent of total sales of all goods. Of this amount, credit traders calling on customers accounted for £93 million, mail order houses £98 million and check trading companies (which issue tickets paid for by instalment and exchangeable for goods at the shops) £60 million. As might be expected, large multiple traders do more credit business than the small shopkeepers—as much as 80 per cent of multiples' furniture sales and nearly three-quarters of their sales of radio and television equipment were made on instalment credit terms in 1957. Altogether, in that year, about one-third of all household goods and one-sixth of clothing and footwear were sold on instalment credit terms.

Of the outstanding credit of £514 million at the end of 1957 on goods sold by retailers, only 10 per cent was provided directly by finance houses, 3 per cent by check traders and the rest by the shopkeepers themselves. But only 70 per cent of the debt was instalment credit; 30 per cent consisted of balances outstanding on weekly or monthly accounts and the like. For retailers other than co-operatives, these customers' debts averaged about 2 per cent of turnover, or about one week's sales, but for department stores the proportion was 5 per cent and for household goods shops even more.

The amount of retailers' hire purchase and credit sale agreements subsequently discounted by finance houses was surprisingly small—only £15 million. The finance houses advanced directly a further £35 million for retail goods, but the bulk of their business is in hire-purchase and credit sales agreements on cars and commercial vehicles. Balances outstanding on the books of finance houses at the end of 1957 totalled £276 million, bringing the total of debt covered by the census to £740 million.

of twenty years. Previously, the bank reveals, the maximum was ten to twelve years, still some way from the short-term self-liquidating overdraft. The new facilities are described as term loans, but the bank reserves the right to call in the advance on demand, though this will only be exercised if it is evident that the farm is being mismanaged. Repayment will be on an agreed annually reducing basis, and interest will be at the normal overdraft rate, 1 per cent over Bank rate for most farmers, that is 5 per cent for the present. Other banks will certainly be under pressure to meet this competition. There might also be some switching by farmers from use of the Agricultural Mortgage Corporation, which charges 5½ per cent and has greater legal formalities, but is prepared to lend for up to 60 years.

OVERSEAS INVESTMENT

More of the Figures

UNTIL last week the only useful figures of Britain's overseas investment officially published were the "net external investment" figures in the balance of payments white papers, which show merely the balance between outgoing and incoming capital, and give no clue as to the actual amounts of capital moving both ways in all these transactions (which might for once reasonably be called "global"). The Radcliffe committee, in its report, has published "tentative estimates" of the scale of Britain's gross investment overseas since the war provided to it by the Bank of England; and the Treasury has capped this with "broad estimates" of long-term private investment from and to Britain since 1952, in rather greater detail.

Britain's average net private investment of about £200 million overseas over the last few years is now seen to have represented the difference between gross investment averaging £330 million and an inflow of about £130 million of capital from overseas, mainly from the United States. And the negligible net investment in countries other than the sterling area actually represents the balance between £100-£120 million moving each way each year.

The data from which the Treasury builds up its estimates vary in quality and adequacy; estimates of the amount of profits re-invested, for example, are available only in a few cases. This is a large element in the accounts: the Radcliffe committee quotes an estimate that re-investment by British firms of earnings overseas is of the order of £200 million a year, not far short of the rate of net private investment in most recent years. The Treasury reckons that private investment in the Commonwealth has been running at well over £150 million a year, of which direct and portfolio investment in Canada represented perhaps £55 million (before 1956 and 1957, when heavy buying of Canadian securities through the Kuwait and other sterling area gaps brought portfolio investment up to some £45 million a year, as much as the increase in the value of British direct investments in Canada). The new figures support the Treasury's recent claim that British investment in North America in recent years has matched the volume of American investment here: in 1955, for example, Britain invested perhaps £45 million in Canada and £34 million in the United States, against American investment in Britain, direct and portfolio, of £71 million.

British investment in the sterling area totalled £1,450 million gross from 1952 to 1958, with an inflow, up to 1957 of about £150 million; net investment there averaged £190 million a year, of which about a third represented Commonwealth Government, public corporation and company issues on the London market. "A large part of private investment abroad is in the oil industry, which also accounts for most of the sharp increase in the past few years", remarked the Radcliffe committee.

PRIVATE INVESTMENT TO AND FROM THE UK
(£ million)

	1952	1953	1954	1955	1956	1957	1958	Total 1952–58	Annual Average
Rest of Sterling Area:									
Outward	−169	−212	−221	−182	−221	−261	−187	−1,453	−210
Inward	+ 19	+ 22	+ 41	+ 72	+ 31	− 19	− 13	+ 153	+ 20
Net	−150	−190	−180	−110	−190	−280	−200	−1,300	−190
Non-Sterling Area:									
Outward	− 88	− 77	−110	−140	−210	−140	−113	− 878	−120
Inward	+ 58	+ 57	+ 70	+120	+200	+150	+123	+ 778	+110
Net	− 30	− 20	− 40	− 20	− 10	+ 10	+ 10	− 100	− 10
All areas:									
Outward	−257	−289	−331	−322	−431	−401	−300	−2,331	−330
Inward	+ 77	+ 79	+111	+192	+231	+131	+110	+ 931	+130
Net	−180	−210	−220	−130	−200	−270	−190	−1,400	−200

RADIO INDUSTRY

Fifteen Million Licences

BY the end of July, the Post Office had issued more than five million radio and nearly ten million television plus radio licences; in the first half of this year manufacturers' deliveries of television receivers were more than a million—nearly double those in the first half of 1958, and even sales of radio receivers were beginning to pick up by mid-summer. The annual radio show that opened at Earls Court this week showed these trends at work. An immense effort has been made to push marginal products such as portable radio receivers, tape recorders, and record players of all kinds. Television displays, by contrast, were limited to the few standard models produced by each big company. The industry has the cathode ray tube makers to thank for radical modifications in the way that the beam of electrons hits the face of the screen, which have reduced in turn the length of the tube and the repulsive bulk of the television cabinet built around it. These new tubes have become standard throughout the industry; in most cases they have halved the depth of the receiver without doing anything to its price.

The industry, in short, feels that it has no need to woo the viewer by price cuts but only by offering improvements in convenience and styling for the same price. The fall in retail prices since the beginning of the year reflects more or less exactly the reductions in rates of purchase tax made in the budget. Thus the average price of a 17-inch television set, a size that now accounts for 90 per cent of all sales, has come down from £73 to £67. The price of radio sets also shows little change. Small receivers cost much the same as they have done for years, between £10 and £14. Transistor sets are considerably more expensive, partly because the transistors themselves cost two to three times as much as ordinary valves and more of them are needed. Their prices appear to range between £18 and £20.

Something amounting to a price war is, however, breaking out in the record and tape recording side of the industry. The flood of cut-price, long playing records of pop music, touched off earlier in the summer by the appearance of the first 16s 9d. Gala long playing records, suggests that the industry may be preparing to stabilise the price of a long-playing pop record at about £1, compared with 30s to 40s which has been common up till now. The £24 to £30 tape recorders making their debut at the show may raise the eyebrows of purists but they represent a very big reduction on the £40 to £60 charged by most established firms in the industry.

RAW WOOL

Prices Rise 10 per cent

AT this week's wool auctions in Australia, the first of the new season, prices have risen by about 10 per cent compared with last season's close. This corresponds closely to expectations before the opening. Initially prices rose by more than 10 per cent—though not as much as some optimistic reports claimed—and then eased later. Continental countries and Japan clearly dominated the buying; Eastern European countries were active at times, but Bradford appears to have bought sparingly. Quite a lot of business was done in Bradford, and

judge with *his* eyes

His judgment—sound from years of flower show experience—is admired, respected, courted county-wide. Look with *his* eyes—shrewdly, expertly—at the new-style Zodiac. Appreciate as he would the new beauty of styling, the new, lower sleeker look . . . gleaming body beauty . . . new, elegant facia, trim styles and materials . . . inspired new colours. Notice too the extra touches of luxury (all without increase in price, remember!) and you'll know your judgment is as sharp and sure as his. See the new prize-of-its-class Zodiac at your Ford Dealer's today. Price £675 plus £282.7.6 P.T. = £957.7.6 (Also available with automatic transmission).

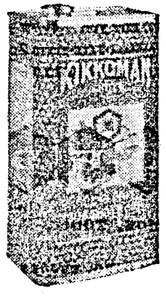
new-style Zodiac from FORD

Be a Better Driver

AND UNIQUE WORLD-WIDE FORD SERVICE, TOO!

FORD MOTOR COMPANY LIMITED · DAGENHAM — BRITAIN'S BIGGEST EXPORTERS OF CARS, TRUCKS AND TRACTORS

Kikkoman SOY SAUCE



One gallon container

Here is an easy, thrifty way to add tempting flavor to all everyday foods. Rich and delicious Kikkoman soy sauce, made entirely from soy beans, wheat, salt and water, naturally enhances any recipe. And it is so easy to use! Just add a small amount of Kikkoman soy sauce during the cooking process or season dishes at the table directly from the bottle. The combination of appetite-appealing color, taste and fragrance has made Kikkoman soy sauce a favorite of gourmets everywhere.

Kikkoman soy sauce, backed by more than 300 years of experience in the manufacture of quality soy sauce, today is produced in 9 modern factories under the strictest sanitary conditions. With an annual output of 45,000,000 gallons, Kikkoman soy sauce is presently exported to more than 80 ports throughout the world.

Available in 6 oz., 12 oz. and 4/5 qt. dripless plastic-top bottles. A recipe is attached to each container.

NODA SHOYU CO., LTD.
Nihonbashi, Tokyo, Japan

covered by raw wool or tops, before the auctions opened, and most firms can evidently afford to play a waiting game at least for another week or two. If demand from other countries slackens after the first few sales it will be interesting to see whether Bradford will buy more heavily.

DISTILLING

How Much Whisky is Too Much?

FEARS that whisky production may prove to have anticipated a greater increase in demand than will actually exist when current output comes to be sold in several years' time has been troubling some people in the industry in the last few years; so has the high level of maturing stocks. The rate of growth in sales has not risen as fast as the rise in production; moreover, all calculations are complicated by the fact that whisky is not sold for an average of six to seven years after production—after four to five years for grain whisky and seven to ten years for malt. (Most whisky sold is a blend containing some 30 to 50 per cent malt whisky, with the rest grain.) Yet production shows no sign of slackening. A projection of the present rate of growth of sales suggests that sales in 1965 might reach 36 million proof gallons (20 million gallons more than in 1954), whereas the 1958 output of 52 million gallons would then be ready for sale; with the evaporation losses of 15-20 per cent in seven years, this matured whisky would amount to about 42 million gallons. Nevertheless, the rate of additions to stock actually rose in the six months to March, 1959, when the stock reached 243 million gallons; there seems little doubt that distillers are generally assuming a rise in the rate of growth of sales.

Home sales in the first half of 1959 were lower than those for the same period last year—2.94 million gallons, against 3.01 million—though Distillers' more expensive brands and the standard brands of some of the independents are still on quota, and annual sales are still about .1 million gallons below the pre-war level. Exports are obviously expected to provide most of the increased sales; and here much hope seems to be placed in the opening of new markets and the reduction of import restrictions in existing ones. Eastern Europe is regarded as a possible example of the former, while France—where the popularity of whisky has risen surprisingly with the aid of Francoise Sagan—and South America are examples of the latter.

The clearest evidence of optimism in the industry is the fact that a number of new distilleries are now under construction. One of the largest expansion programmes is significantly that of Seager Evans, controlled since 1956 by Schenley Industries of New York. This company has recently built a new malt distillery in Glasgow, and is now building another at Tormore on the Spey. This is expected to begin production in September, and will have a capacity of about 300,000 gallons a year. Other new distilleries are being built by independent distillers, including Highland Distilleries and two new companies, Glen Deveron Distilleries and the Aberporth Property Investment Co. The Distilleries Company has not needed to add to its existing capacity since the war, apart from re-commissioning an old distillery; a revision of the excise regulations in 1945, allowing "brewing" and "distilling" to be carried on concurrently instead of consecutively, allowed a considerable increase in the output of existing distilleries. The new distilleries seem unlikely to add substantially to the total capacity of the industry—probably the increase will be less than five per cent. But they suggest growing competition for the tippler's dram.

SHORTER NOTES

Nearly half of the ordinary shareholders in Kemsley Newspapers (other than the Kemsley family interests) have decided to retain their investment in Kemsley Newspapers, now controlled by Mr Roy Thomson. Between them these shareholders own 34½ per cent of the £1,500,000 of the Kemsley stock not owned by the family: by staying on, they will become akin to participating preference shareholders in the company. Owners of the other 65½ per cent of the shares have accepted 90s. in cash for each of their shares.

★

Earlier this year, the Hawker Siddeley Group announced that it was converting the factories of the Gloster Aircraft Company to the production of automatic vending machines built under licence from America. A joint company to market them is now being formed with J. Lyons the caterers. Hawker Siddeley has already formed a new subsidiary, Primapax, with an issued capital of £20,000 to handle distribution, in which it is now proposed that Lyons should become an equal partner, supplying a good many of the products to be sold through the machines.

★

Albright and Wilson, the chemical manufacturers, has raised its interim ordinary dividend from 4 per cent to 6 per cent and it is also proposing to make a 25 per cent scrip issue. The group's net profit for the first half of the year was £1,122,000 compared with £793,000 in the corresponding period of 1958. The directors say that profits for the second half of the year may be a little lower than in the first half.

★

Monsanto Chemicals has maintained its interim dividend at 5 per cent for 1959. The value of its net sales was £8,727,000 in the first half of the year (against £7,490,000 in the first half of 1958) and its net profit was £372,000 (against £248,000).

★

British Relay is to make a 50 per cent scrip issue. In his remarks accompanying the latest accounts Sir Robert Renwick, the chairman, has virtually forecast an increase in the effective dividend following the issue. He said, giving an old phrase a new twist, that "naturally it should not be assumed that the same dividend as last year will be paid." The latest 20 per cent payment is covered one and a half times by earnings, and profits are expected to increase further in the current year.

★

Dealings began on Thursday at 1½ premium in the new tranche of the H. J. Heinz 5½ per cent debenture stock 1976-85. The stock ranks *pari passu* with the existing debenture and £2 million was placed by Helbert Wagg at 98½ per cent.

★

Lewis's Investment Trust has raised the interim ordinary dividend from the equivalent of 6 per cent to 7 per cent on the capital as increased by last year's 25 per cent scrip issue. The group's trading profit in the six months to August 1 was £2,071,075 against £1,895,596 in the first half of the previous year. In their interim report the directors say that the increase in the interim dividend does not necessarily imply any increase in the total distribution.

★

The directors of Patons and Baldwins, manufacturers of knitting wools and hosiery yarns, have raised the interim ordinary dividend from 2½ per cent to 5 per cent. The chairman, Mr J. S. Bullimore, told shareholders at the company's annual meeting that the higher interim payment is designed to remove the disparity between the interim and final distributions.

COMPANY AFFIARS
Comments on page 682 on
John Brown — Investing in Success
Borax — Powell Dufffryn

LONDON AND NEW YORK
Stocks, prices, yields and security indices on pages 680 and 681

LONDON STOCK EXCHANGE
The week's movements reported on page 682

MONEY AND EXCHANGES
Money market report, exchange rates and public finance on page 683

COMPANY MEETINGS

L M ERICSSON TELEPHONE COMPANY

SALES OF TELEPHONE EQUIPMENT IMPROVED IN 1958

LARGE ORDERS FOR ERICSSON CROSSBAR EXCHANGES

The eighty-third annual general meeting of L M Ericsson Telephone Company (Telefonaktiebolaget L M Ericsson), Stockholm, Sweden, was held on May 27th in Stockholm.

The following is an extract from the circulated annual report of the Board and the Managing Director:

WORLD CONDITIONS AND ERICSSON GROUP GROWTH DURING 1958.

The year 1958 was characterised by slackening economic conditions. The decrease in the volume of business suffered by commerce and industry in the United States during 1957 continued into the early months of 1958. A distinct recovery has since occurred but unemployment is still a factor. Although Europe's economy turned out to be less dependent on conditions in America than had been feared earlier, a marked decrease in business has also been noted on this side of the Atlantic, particularly in export industries. The consequent decreased demand for raw materials has hit the countries which produce them even harder; their own export markets have also shrunk in recent years since part of industry's historical raw materials have been replaced by new synthetic types. With their balance of trade upset these countries have been forced to restrict imports sharply, which has had its effect on the telephone industry.

Activation of the six-nation European Common Market should have scarcely any effect on the telephone market, in any case not for the Ericsson Group, which has its own factories in the area involved. It would appear that the same can be said of the currency convertibility agreements executed at the end of 1958.

Despite restraining influences, the telephone market last year was by no means stagnant. The Ericsson Group definitely strengthened its own position. Sales, including the telephone operating companies' revenue, increased to Kr.750 million, compared with Kr.694 million the preceding year.

The Group's production facilities, which have doubled during the past ten years, did not change appreciably during 1958. A substantial enlargement of the telephone manufacturing plant in São José dos Campos (Brazil) and construction of a new plant in Rome for FATME, Soc. per Az., were approved, however.

The Group's sales organisation was expanded through creation of a sales company in Johannesburg, South Africa. The staff of experts in various parts of the world has also been enlarged.

The Ericsson crossbar system for automatic telephone exchanges continues to achieve increasingly enthusiastic acceptance. Thus by the year end, orders for crossbar exchanges from Brazil alone comprised 54,000 lines, including a central exchange of 5,000 lines and eight satellite exchanges for Brazil's capital city, Brasilia, currently under construction.

Mention of new markets for Ericsson crossbar equipment should include Australia, whose telephone administration—following keen competitive bidding—ordered a central exchange for 6,300 lines for the city of Toowoomba in Queensland.

The telephone administrations of the provinces of Alberta and Manitoba, Canada, should also be noted among the many new customers for the Ericofon outside Sweden.

In June, 1958, Teleric, Inc., the Group's holding company for operations in the Western Hemisphere, sold all of its shares in Teléfonos de México S.A. to a Mexican syndicate.

OPERATIONS IN SWEDEN

Ericsson Group sales in the Swedish market increased from Kr.285 million in 1957 to Kr.300 million in 1958.

The reduction in incoming orders, noted in 1957, continued to affect the Group's Swedish companies during the first half of 1958. Thanks to an upturn during the latter part of the year, orders booked for the full twelve months were 13 per cent higher than during the preceding year. Deliveries exceeded orders received, however, so that the backlog at year end showed a decrease of about 5 per cent.

As a result of the decrease in incoming orders during 1957, the production capacity of the Parent Company could not be utilised fully in 1958. The number of employees in Sweden decreased during the year from 15,300 to 13,600. No change in production volume is currently anticipated during 1959.

Orders from the Swedish Telephone Administration were somewhat higher during 1958. The increase involved primarily local telephone exchanges and material for the extension of direct distance dialling. Also notable were orders for the first expansion of an exchange in Stockholm for semi-automatic servicing of international telephone traffic. The installation will make it possible, for example, for an operator in Hamburg, Germany, to connect a caller there directly with subscribers in the fully automatic areas of the Swedish network. The Administration has also ordered from the Company terminal equipment which makes it feasible to increase from 960 to 2,700 the number of simultaneous conversations over the same circuit in a coaxial cable.

Incoming orders for automatic private exchanges were higher. Of special interest during the year was an order for a crossbar private exchange (3,500 lines) designed for pushbutton dialling.

OPERATIONS IN EUROPE

Group sales in European markets outside Sweden were approximately Kr.160 million, compared with Kr.147 million the preceding year.

Operations of the Group's subsidiary companies in this area were largely unchanged.

During the year 34,000 lines of crossbar equipment were placed in operation in Denmark, raising to 162,000 the number of crossbar lines installed there. Sales in Denmark increased nearly 45 per cent. In the Netherlands, the Parent Company delivered equipment for the international central exchange in Rotterdam.

An order was received from Norway for terminal equipment serving the international links between Oslo and Stockholm. A number of overhead systems and equipment for carrier programme channel transmission were ordered from Iceland to increase the capacity of the toll network.

Société des Téléphones Ericsson, in France, concluded an agreement with two other manufacturers for the joint use of a French version of Ericsson's crossbar system, thus creating distinct opportunities for substantial orders.

In Yugoslavia, five new crossbar exchanges (6,200 lines) largely produced in that country, were placed in service.

The Parent Company received from Italy orders for crossbar central exchanges, totalling 14,400 lines, intended for cities in the southern and northeastern parts of Italy where this type of equipment has not previously been installed. In addition, a rather large order has been recorded for a coaxial cable system for the toll networks in Sicily.

OPERATIONS IN ASIA, AFRICA AND AUSTRALIA

Sales of the Ericsson Group in these markets decreased from Kr.35 million, in the preceding year to Kr.29 million. These markets are developed partly through sales companies, partly through agents assisted by experts from the Group's headquarters in Stockholm.

The Indonesian telephone administration ordered crossbar central exchanges totalling 11,000 lines for seven cities in Sumatra. A crossbar central office was cut over in the city of Magelang in Java. The traffic capacity of the overhead lines between Semarang and Surakarta as well as Semarang—Djokjakarta, in Java, was increased by installing two 12-channel systems and a number of voice frequency telegraph systems.

The system for centralised traffic control (CTC) on railways, developed by L M Ericssons Signalaktiebolag, has earned considerable acclaim overseas as well as in Sweden. Orders totalling more than Kr.20 million for railway signal installations, including CTC, were received from Pakistan, Formosa and Ceylon.

OPERATIONS IN THE UNITED STATES AND CANADA

Ericsson Group sales totalling nearly Kr100 million in these two countries were approximately the same as during 1957.

In the United States, a number of constructive measures were adopted at North Electric Company, Galion, Ohio, the Group's manufacturing subsidiary in the States. As a result, efficiency increased appreciably and operating results were improved. Sales efforts were strengthened substantially. The existing market was thereby expanded for the Ericofon which received a gold medal for superior design at the California State Fair in Sacramento last summer.

North Electric received sizeable government contracts and also booked new orders for crossbar central exchanges. During the year the backlog of orders rose from $8 million to $15 million. Crossbar exchanges already in service, based on Ericsson specifications adapted to American requirements, continued to earn the customers' approval.

Development of the Canadian market by the Group subsidiary, Ericsson Telephone Sales of Canada, Limited, is still hampered by certain problems. A breakthrough for several Group products can, however, be reported.

OPERATIONS IN LATIN AMERICA

Ericsson Group sales in the Latin American markets increased during 1958 to Kr.167 million as against Kr.131 million the preceding year. This increase is due primarily to the billing of some large installations completed in Colombia and Venezuela.

Economic conditions in most Latin American countries are rather disturbed, being characterised by instability in the internal economy and an unfavourable trade balance. Customers of the telephone industry, usually national or municipal administrations, are therefore anxious to obtain long term credits. Due to the Company's satisfactory liquidity it has been possible to grant the terms required to assure maintenance of the Group's strong competitive position.

Operations in Brazil have been unusually active. New orders for a total of 40,000 lines of exchange equipment were booked during the year. Crossbar exchanges in Borda do Campo, with a total of 7,600 lines, were placed in service. The large Brazilian operating company, Cia Telefônica Brasileira, installed sizeable terminal equipment delivered by the Group for the Rio—São Paulo link and for a coaxial cable connection between São Paulo and Santos. The latter, when installed to full capacity, will be able to carry 2,000 simultaneous conversations.

The Group's position in the Mexican telephone market should not be affected appreciably by the Company's sales of its holdings in Teléfonos de México (TDM) noted earlier. The Parent Company has, in fact, concluded an agreement with TDM covering orders and continued technical assistance. Orders booked from Teléfonos de México involved, among other projects automatic telephone exchanges totalling 19,000 lines.

RESEARCH AND DEVELOPMENT

With the completion of the Group's new headquarters office building in Midsommarkransen, it has been possible to set aside increased space for technical research by the Parent Company.

In the field of component development, semiconductors—diodes and transistors—continue to be of special interest. It is now possible through improved production methods to manufacture transistors at lower cost and to such quality standards that they fulfill the requirements of longevity and stability demanded in telephone installations. The Company is now equipped for regular production of semi-conductors to meet quality specifications.

By the use of transistors, other miniature components and printed circuits, the Parent Company's Long Distance Division has redesigned its carrier frequency and amplifying systems, thereby achieving greater operating dependability and substantial reductions in size of equipment.

FINANCIAL STATEMENTS

The Ericsson Group

Sales in 1958 reached a new high due to the completion of some major installations which had been in progress for several years. Combined sales of the Parent Company and all subsidiaries, including revenue from the telephone operating companies, amounted to Kr.750 million as compared with Kr.694 million in 1957 and Kr.705 million in 1956, the previous record year. As was the case in 1957, orders filled during the year exceeded new orders received, so that the Group's backlog of orders continued its downward trend. At present, however, an increase in order bookings is noticeable.

The Argentine subsidiaries have not been included in the Group's consolidated financial statements. For this reason, consolidated net sales for the Group amounted to Kr.718 million (Kr.663 million in 1957).

After a long period of vigorous expansion, a gradual adjustment of production to meet changed economic conditions took place in 1958. This was accompanied by a decrease in personnel, not the least of which occurred in the Group's Swedish factories. The number of employees at year end was approximately 23,200, compared with 25,100 at the close of the previous year.

Capital expenditures during the year were lower. The Group's cash position improved markedly.

After provisions for miscellaneous purposes totalling Kr.42.9 million (Kr.28.0 million in 1957) and provision for taxes totalling Kr.25.0 million (Kr.18.6 million), the Group had a consolidated net income of Kr.26.5 million (Kr.22.5 million). Total consolidated unappropriated earnings at December 31, 1958, amounted to Kr. 123.9 million. The Boards of Directors of the respective companies have proposed that Kr.3.6 million of this amount be appropriated to reserves not available for distribution.

During the year the share capital of certain subsidiary companies was increased as follows:

Dansk Signal Industri A/S increased its share capital from 300,000 to 600,000 Danish Crowns through conversion of a debt to L M Ericsson A/S.

Ericsson Verkaufgesellschaft m.b.H., West Germany, increased its capital from 20,000 to 100,000 German Marks through conversion of debts to the Parent Company and through the issue of additional shares.

Société des Ateliers Vaucanson, France, increased its share capital from 150 million to 185 million Francs through a scrip issue which was effected through application of revaluation and other capital reserves.

Sociedade Ericsson de Portugal Lda. increased its share capital from 1 million to 3 million Escudos through conversion of debts to the Parent Company, and *Cia Ericsson S.A.*, Peru, increased its share capital from 500,000 to 1 million Soles through conversion of debts to Teleric, Inc.

Cia Sudamericana de Teléfonos L M Ericsson S.A., Argentina, increased its share capital from 12 million to 20 million Argentine Pesos through a scrip issue.

North Electric Company, Galion, Ohio, increased its share capital from $2,100,000 to $3,850,000 through conversion of a promissory note due to the Parent Company. The new shares were issued at the rate of 120 per cent of par value, and the excess over par—$350,000—was credited to capital surplus.

A sales company, *L. M. Ericsson Telephone Company Pty Limited*, was formed during the year in Johannesburg, South Africa, with a share capital of 25,000 South African Pounds. The new company has taken over sales activities formerly handled through an agent.

The Swedish subsidiaries, with minor exceptions, had satisfactory operating results. Generally, subsidiaries in other countries also showed progress; Société des Téléphones Ericsson, France, alone suffered any considerable loss, resulting from the fulfilment of old delivery contracts with the French government at firm prices. For subsequent contracts the government has accepted a price adjustment clause which will have a favourable effect on the results of the French company's operations. It appears that North Electric Company has now overcome the difficulties which had led to considerable losses during 1956 and 1957, and a small profit was recorded in 1958.

The Italian holding company, SETEMER, Soc. per Az., Milan, on one hand reduced its share capital through the return of capital by a cash distribution to shareholders and, on the other hand, increased its share capital through application of a revaluation reserve. The cash distribution was made possible by SETEMER's sale in 1957 of its shares in the telephone operating company, SET, Soc. per Az. in Naples. As a result, the share capital of SETEMER was reduced from 9,180 million Lire to 6,500 million Lire. The Group participated proportionately in these transactions and also acquired additional shares, as a result of which the Group's total interest in SETEMER increased from 40 per cent to approximately 48 per cent.

The Group's holdings of common shares of the Mexican telephone operating company, Teléfonos de México S.A. (TDM) were sold during the year to a group of Mexican investors for $12,300,000. Thus ended more than half a century of the Group's telephone operating activities in the Republic of Mexico. The stock sold representing 37 per cent of TDM's outstanding shares was owned by the Panamanian holding company, Teleric, Inc. An initial payment was made in 1958, and the balance is to be paid in installments within the period 1959 to 1963. Due to the nature of the agreement, no profit from the sale has been included in the Group's income for 1958.

THE PARENT COMPANY

Sales of the Parent Company amounted to Kr.303.0 million as against Kr.289.8 million during 1957.

The backlog of orders decreased during the year from Kr.509 million to Kr.472 million and, as a consequence, the production capacity could not be fully utilised. It is anticipated that the rate of production in 1959 will be approximately the same as at the end of 1958.

Subject to approval of the shareholders at the Annual Meeting, Kr.5 million has been provided for a reserve for future investments. Subject to the same approval the profit of Kr.14.7 million arising from the partial return of capital in SETEMER has been credited to the general reserve.

After provision for taxes of Kr.17.3 million (Kr.11.5 million), the Company's net income for 1958 amounted to Kr.16,867,000 (Kr.15.0 million). In addition to the Reserve for Contingencies and the General Reserve, Kr.30,709,000

Continued on page 675

THE ERICSSON GROUP

Stockholm—Sweden

CONSOLIDATED BALANCE SHEET

(In Thousands of Kronor)

LIABILITIES AND SHAREHOLDERS' EQUITY	December 31 1958	1957
CURRENT LIABILITIES		
Advances from customers	129,420	142,353
Accounts payable—Trade	41,415	40,924
Accrued taxes	12,488	5,398
Bank loans	27,988	31,946
Other	65,647	68,820
	276,958	289,441
LIABILITIES TO SUBSIDIARY AND ASSOCIATED COMPANIES		
Unconsolidated subsidiaries	1,208	1,213
Associated companies	836	411
	2,044	1,624
NONCURRENT LIABILITIES		
Pension foundations	73,585	63,003
Mortgage bonds	26,294	28,886
Debentures	44,104	45,941
Mortgage loans	10,284	11,243
Other	3,693	5,093
	157,960	154,166
RESERVES FOR FUTURE INVESTMENTS	7,000	—
MINORITY SHAREHOLDERS' INTEREST	10,024	11,891
RESERVES ARISING ON CONSOLIDATION	64,995	56,600
SHAREHOLDERS' EQUITY		
Share capital	163,122	163,122
Reserves not available for distribution	58,079	56,124
Reserves for contingencies	17,500	17,400
Unappropriated earnings	123,882	97,283
	362,583	333,929
1958 1957		
Contingent liabilities 19,808 25,195		
Total liabilities and shareholders' equity	881,564	847,651

ASSETS	December 31 1958	1957
CURRENT ASSETS		
Cash	159,735	51,197
Receivables		
Due within one year	162,461	164,033
Due after one year	44,689	28,906
Inventories and installations in progress	241,534	290,275
Other	17,400	16,394
	625,819	550,805
OWN MORTGAGE BONDS AND DEBENTURES HELD IN TREASURY (face value 1958 Kr.2,103 and 1957 Kr.2,494)	1,925	2,258
INVESTMENTS IN SUBSIDIARY AND ASSOCIATED COMPANIES		
Unconsolidated subsidiaries		
Shares	19,293	19,293
Receivables	1,083	762
Associated companies		
Shares	7,867	64,652
Debentures	—	20,776
Receivables	3,885	26,079
	32,128	121,562
MISCELLANEOUS INVESTMENTS	68,093	5,896
PATENTS AND OTHER INTANGIBLE ASSETS	880	880
PROPERTY, PLANT AND EQUIPMENT		
At cost	331,316	316,877
Less—Accumulated depreciation	178,597	160,627
	152,719	156,250
1958 1957		
Assets pledged to secure indebtedness 197,760 226,262		
Total assets	881,564	847,651

CONSOLIDATED INCOME STATEMENT

(In Thousands of Kronor)

INCOME	1958	1957
Net sales	717,774	663,300
Income from associated companies (other than sales)		
Dividends	3,779	9,405
Interest	1,206	4,240
Miscellaneous	1,870	9,110
	6,855	22,755
Other income		
Dividends	6,174	262
Interest	9,443	5,092
Miscellaneous	1,438	1,058
	17,055	6,412
Total income	741,684	692,467

COSTS AND EXPENSES	1958	1957
Costs and expenses, excluding items listed below	616,482	593,378
Depreciation		
Buildings	3,776	3,518
Machinery and equipment	16,390	16,434
Other	766	616
Interest	9,655	9,116
Miscellaneous provisions		
Contributions to pension foundations	10,294	10,172
Transfer to reserves for future investments	7,000	—
Other (net)	25,602	17,844
Taxes	24,955	18,603
Minority interest in net income of subsidiaries	278	299
Total costs and expenses	715,198	669,980
NET INCOME FOR THE YEAR	26,486	22,487

Continued from page 673

is available for disposition by shareholders at the Annual Meeting.

The Board of Directors and the Managing Director propose that the above amount be distributed as follows:

To the Special Legal Reserve	3,200,000
To the shareholders Kr.2.50 per share against coupon No. 32, equivalent to 4.2 per cent of the shareholders' equity at December 31, 1958	11,652,000
Unappropriated earnings to be retained in the business ...	15,857,000
	Kr.30,709,000

The report, the accounts, and the proposals put forward by the Board of Directors and the Managing Director were adopted.

BOARD OF DIRECTORS

Marcus Wallenberg, Chairman, Ernfrid Browaldh, Vice Chairman; Erik Boheman, Vice Chairman; Erik Anderberg; Edmond H. Leavey; Sven Salmonson; Henry H. Scudder; Wilhelm Söderman; Ragnar Woxén; Sven Ture Åberg, Managing Director.

DEPUTY MEMBERS

M. Richard Mitchell; Nils Sterner; Lars-Erik Thunholm; Marc Wallenberg Jr.; Stig Ödmark.

MANAGING DIRECTOR

Sven Ture Åberg.

AUDITORS

Arvid Olsson; Nils Olsson, Swedish Certified Public Accountant; John Dickinson of Price, Waterhouse and Company.

Readers can obtain the full Annual Report by application to Swedish Ericsson Company, Limited, 329 High Holborn, London, W.C.1.

THE GOLDEN HOPE RUBBER ESTATE LIMITED

SIR ERIC MACFADYEN'S STATEMENT

The Fifty-third Annual General Meeting of The Golden Hope Rubber Estate Limited will be held on September 21st in London.

The following is an excerpt from Sir Eric Macfadyen's circulated remarks:

The rights issue of one share for ten made last October raised the capital in issue to £774,560. Gross profit for the period was £371,414 (£339,095). At the date at which we closed our accounts, February 28, 1959, rubber prices had been on the decline for more than a year and the average we received for our crop was a little under 22d. per lb compared with over 23½d. the previous year. Rubber output improved, the total coming out at 8,203,000 lb as compared with 7,952,200 lb the year before. Oil products increased by over one-third, from 3,115 tons to 4,246 tons. As in the case of rubber the selling price of our oil products also was lower at £79.9 per ton (£85.7).

Against the 20 per cent paid a year ago on the then issued capital, we feel justified in recommending a total distribution of 22½ per cent on this year's increased capital by paying now with your approval a final dividend of 17½ per cent.

IBE LIMITED

GRATIFYING TRADING ACHIEVEMENT

The thirty-first annual general meeting of IBE Limited was held on August 25th at Slough, Mr Robert Montgomerie (the chairman) presiding.

The following is an extract from his circulated statement:

I am pleased to be able to report some improvement in the results disclosed by the accounts for the year ended March 31st last. This improvement, although not spectacular, is very gratifying when it is remembered that it has been achieved against a background of trading conditions which, so far as concerns the main activities of our Group, were very much the same as I reported to you in my last Statement.

Our Net Profits, after charging Taxation and all other outgoings, reflect an improvement of approximately £7,000 and, as a result, your Directors have felt no hesitation in maintaining the Ordinary Dividend at last year's rate of 10 per cent.

I have already mentioned the background of trading conditions against which the year's operations were conducted and, so far as these concern the marketing of our bituminous road emulsions, the difficulties to which I have referred in some of my recent Statements showed few signs of abating. However, I have in the past also indicated that we were engaged in developing a new type of road emulsion and I am pleased to report that in several areas this new material is now steadily justifying our confidence in it.

The manufacture and sale of our specialised building materials continued to expand in a very satisfactory manner throughout the year and the latest reports from this section of our business indicate that the growth has continued up to the present time. Still further developments into additional specialised fields are contemplated.

Highly competitive conditions in the paint manufacturing industry have meant still lower profit margins for our companies engaged in that trade, but the effect of this has to a large extent been offset by an increase in turnover.

The operations of our associated company in South Africa once again resulted in a most satisfactory profit and this was reflected in the increased Dividend which we received from that source. Recent indications, however, point to the fact that during the past few months trading conditions generally in South Africa have become more difficult and we cannot ignore the possibility that their long record of continuous expansion and improvement may be temporarily halted.

Satisfactory arrangements have been made by which our subsidiary in Pakistan could obtain supplies of essential raw materials, the company's plant, which had been virtually closed for some months, was again operating successfully during the latter part of the year. As a result, a reasonable contribution to the Group profits was possible, although this was retained in Pakistan in order to finance anticipated expansion there. During the first quarter of the current year encouraging reports have been received from several of our subsidiaries and, provided we meet with no unforeseen disturbances, I look forward to reporting some improvements when I address you at this time next year.

The report and accounts were adopted.

WILLIAM HANCOCK AND COMPANY

TOTAL SALES MAINTAINED

The 72nd annual general meeting of William Hancock and Company Limited was held on August 20th in Cardiff, Mr Joseph G. Gaskell, TD (chairman and managing director), presiding. The following is an extract from his circulated statement:

The accounts for the year show a profit before charging taxation of £319,157 which compares with £331,346. The weather during the summer of 1958 was extremely bad and affected sales of all our products, in particular soft drinks. Our own beer sales for the year were down by 1½ per cent but as a result of our policy of satisfying a demand for beers produced by other brewers total beer sales were maintained. I think this can be considered very satisfactory when compared with the reduction in output of about 3½ per cent for the whole industry. Sales of our Five Five bottled beer and wines and spirits continue to expand.

Despite the reduction in trading profit the net profit is better as a result of the reduction in the standard rate of income tax. Your Board has therefore felt justified in recommending an increase in the total distribution on the Ordinary Stock from 14 per cent to 16½ per cent.

The Government's decision to approve a new strip mill near Newport is very welcome, and some new industries are coming to Swansea. At the Meeting the Chairman announced that a long term trading agreement which the Board considered would be of advantage to the Company had recently been signed with BASS, RATCLIFF & GRETTON LTD.

The report was adopted.

BANQUE DE L'INDOCHINE

(Paris)

The Annual General Meeting of Banque de L'Indochine was held in Paris on June 17th, and the following are details of the report presented by the Board of Directors:

Whilst in Vietnam, Cambodia, Laos, Hongkong, Saudi Arabia and French Somaliland, the Bank's operations produced satisfactory results, activities in Singapore, Ethiopia and certain of the Pacific Territories were adversely affected by current economic and political conditions.

Operations in Japan covered all expenses in spite of the increasingly difficult situation, and the past year's activities in the Malay States give rise to the hope that this new branch will function profitably very soon. The French Bank of South Africa, the Bank's South African subsidiary, returned satisfactory results and a new branch was opened at East London in May 1958.

The profits of the London Branch benefited from the continuing high rate of interest and the New York subsidiary's results also gave rise to satisfaction.

In France the Bank continued to devote much energy to the financing of export operations, but its activities were hampered by the stringent economic measures at present in force.

Net Profits amounted to Frs.969,166,953, compared to Frs.744,803,966 for 1957, and it was proposed to distribute a net dividend of Frs.750 per share in respect of all of the 856,000 shares. The report, the accounts and the proposals put forward by the Board were adopted.

JOHN BROWN AND COMPANY LIMITED

Engineers and Shipbuilders

MORE COMPETITIVE TRADING CONDITIONS

PROFITS BETTER THAN FORECAST

LORD ABERCONWAY'S REVIEW

The 95th Annual General Meeting of John Brown and Company Limited will be held on October 2nd at 4, The Sanctuary, Westminster, London, SW1.

The following is the statement by the Chairman, **The Right Hon. Lord Aberconway**, which has been circulated with the Report and Accounts for the year ended March 31, 1959:

The accounts before stockholders show the effect of the Rights Issue, which was completed shortly before the Company's year end on March 31st. The issued Ordinary Capital is increased as is the Share Premium Account, whilst the Cash at Banks reflects the proceeds of the issue.

The consolidated profit before taxation of the Company and its subsidiaries for the year was (to the nearest £1,000) £3,353,000 which was some £17,000 more than for the previous year. At the time of the Rights Issue it was forecast that the consolidated profit before taxation would be not more than ten per cent less good than that of the previous year. Estimates for such purposes must be on the conservative side, and in the businesses of the Company's subsidiaries it is not easy to foretell the outcome of current trading. I feel, therefore, that it is a matter of gratification, and not of apology for a cautious estimate, that the consolidated profit has exceeded the forecast.

After taxation the consolidated profit is £1,684,000, some £292,000 more than that of the previous year. The final settlement of the group liability for Excess Profits Levy has enabled a tax provision no longer required of £70,000 to be brought in, compared with £135,000 last year; but this is the last occasion on which such a credit item can be expected.

For reasons fully explained in the Directors' Report, and connected with the strike in the printing industry, the directors have decided, instead of recommending to the Annual General Meeting a final Ordinary dividend, to pay a second interim Ordinary dividend at the same rate. This will be 6 per cent less tax which is the rate forecast, subject to unforeseen circumstances, at the time of the Rights Issue. With the interim dividend paid in February, 1959, of 4 per cent less tax, the total dividend for the year is thus 10 per cent less tax, the same rate as for the previous year but the second interim dividend is payable on the capital as increased by the Rights Issue.

A large proportion of their earnings has, as usual, been left with subsidiaries, and rather more than enough has been brought, by way of dividend, into the Company's accounts to cover the service of the Company's dividends.

Stockholders will notice that in the Consolidated Balance Sheet, the item "Future United Kingdom Taxation" has this year been divided to show separately the amount of Income Tax that will fall to be paid next January, and the amount of the Taxation Equalisation Account. The balance on this account represents, in terms of tax at current rates, the amount by which the book value of plant exceeds its written down value for taxation purposes. The tax upon this excess has to be found over the remaining life of the plant. In the years when the provision for depreciation in the accounts exceeds taxation capital allowances, the balance on Taxation Equalisation Account will be reduced, and when the contrary obtains it will be increased. In this way the tax on this excess will be debited to Taxation Equalisation Account and not to Profit and Loss Account. By this system the charge for tax in the accounts each year is more closely related to actual as distinct from taxable profits.

SHIPBUILDING

The Shipyard and Engine Works at Clydebank continue to be fully employed. ss "British Duchess," the first of the 42,000-ton deadweight tankers built for BP tanker Company Limited was completed, as was ss "Lincoln," a tanker of intermediate size for Federal Steam Navigation Company Ltd. HMS "Tiger" was commissioned and handed over. In her armament and communications she is probably the most modern cruiser afloat.

As has been reported in the press, Clydebank has for some time been in close consultation with The Cunard Steam-Ship Company Limited, and has developed with them the basic design for a new express passenger vessel for the transatlantic service.

The modernisation of the West Yard is almost complete. Two berths, served by heavy cranes, have been contructed for the building of large tankers; and the fabricating shops have been extended. Her Majesty the Queen Mother has graciously consented to name and launch on September 16th ss "British Queen," the first large ship from the West Yard, and the first of the 50,000-ton deadweight tankers to be built for BP Tanker Company Limited.

In the East Yard all four building berths are occupied by various types of ship, including ss "Transvaal Castle" of 33,000 tons gross, a passenger-cargo vessel for The Union-Castle Mail Steamship Company Ltd.

Few new orders for ships are being placed, but in the types of vessel in which Clydebank specialises the outlook is reasonably favourable. Clydebank, with its excellent facilities and trained personnel, is well placed to maintain a leading position in all the developments that are foreseeable in the near future.

LAND BOILERS AND NUCLEAR ENGINEERING

John Brown Land Boilers Ltd. has had a busy year. The first of the six large boilers for the new CEGB Belvedere Station on the Thames has been steamed and a number of other large boilers are nearing completion for the Board, as well as two for the South of Scotland Electricity Board, and others in South Africa. The contract has been obtained for the large boiler unit to complete the second half of the Bankside Station in London. A repeat order has been obtained from the Warmbaths Municipality, South Africa. It remains a difficult problem, for the reasons which I gave last year, to obtain enough work to keep Whitecrook Works in full production. It is to be hoped, however, that there will be some easing of the position with the increasing realisation that the modern large boiler, fired by coal or by oil, is inherently cheap and competitive. Production facilities at Whitecrook are excellent, and the organisation is technically well able to play its part in the field of big boilers.

The application of nuclear power continues to be watched with interest but the Company's approach to this subject remains cautious. A contract has been obtained from the UK Atomic Energy Authority for the design and manufacture of the refuelling machine for the Advanced Gas-cooled Reactor. This important piece of equipment involves the solution of a number of complex engineering problems.

MACHINE TOOLS AND ENGINEERS' TOOLS

In the machine tool industry the recession has continued, but lately there have been signs of a gradual increase in enquiries. Much idle capacity users' works remains to be filled, however, before the market becomes active again in machine tools. Wickman Ltd. has accordingly not been fully employed in the manufacture of multi-spindle automatics and, with its smaller order book, it can now quote deliveries to meet the customers' needs. Exports of Wickman automatics have, however, increased, and in particular a sales campaign in USA has prospered. Wickman's business of factoring imported machine tools has suffered from intense competition, although its specialised sales service, and the wide range of first-class machine tools that it handles, enable it to take every opportunity to sell these machines. Sales of "Wimet" tools, made from tungsten carbide, have held up well.

Webster & Bennett Ltd continued in full production during the year and, thanks to its heavy backlog of orders, will need to produce to capacity during the current year. Incoming orders have, however, fallen far short of what is required to keep the factory busy thereafter. Webster & Bennett's three basic sizes of vertical boring mills represent excellent value for money and the company receives a satisfactory proportion of orders available.

Firth Brown Tools Ltd, despite very keen competition and the considerable recession in tool buying, has had a satisfactory year. Its success can be attributed to the excellent range and quality of its products and to the untiring efforts of its sales staff at home and abroad. There are now signs of gradual improvement in demand, but the intensely competitive conditions in all markets must reduce profit margins. It is pleasing to report that during the year three senior executives of Firth Brown Tools, who have spent their entire working lives with that company, were appointed to its board.

OTHER UK ENGINEERING SUBSIDIARIES

S. N. Bridges & Co. Ltd. has found trading difficult at home and overseas. Demand for portable electric tools continued low, and competition was intense. Recently, however, sales have somewhat improved. The introduction of new tools and attachments and sustained advertising have enabled Bridges to retain its place in the forefront of the electric tool business. The rebuilding and modernisation of the large works acquired in the previous year are almost completed, and they will shortly be occupied.

Cravens Ltd. has found that international competition for rolling stock orders for the export market has over the years become more and more intense. British rolling stock manufacturers have little hope of competing effectively overseas unless they have an active home market; and if the British Transport Commission themselves were to manufacture substantially the whole of their rolling stock requirements, as their workpeople are pressing them to do, that vital home market would be withdrawn from an industry whose contribution to exports has in the last ten years exceeded £100 million. As a result there would be much unemployment among members of Trade Unions which are urging BTC to be self-sufficient; whereas continued manufacture by the rolling stock industry of a proper proportion of the needs of BTC would assist firms to obtain further export orders, involving further employment.

Cravens has completed its outstanding wagon orders for the home market, and, in view of the poor prospects of more wagon orders, has reorganised some of its shops to increase carriage production and to undertake alternative work. Two important orders were received for carriages from the London Transport Executive, one for 12 prototype motor cars for the Central Line, and the other for 248 light alloy motor and trailer cars for the Metropolitan Line.

Markham & Co. Ltd. has been kept reasonably occupied during the year. Three large drum winders and three large friction winders have been delivered to the National Coal Board, as well as two steel towers for the new colliery at Bevercotes. To the order of Boving & Company two Francis turbines have been delivered to Spain, two sets of Kaplan turbine parts to New Zealand and two further sets of Francis turbine parts to Kariba. Orders unfortunately are not being received at the required rate, the order book is low, and available work ahead is diminishing. This is due partly to the policy of retrenchment on capital expenditure which the National Coal Board have been compelled to adopt in the face of their present difficulties, and partly to intense world-wide competition on water turbines.

Constructors John Brown Ltd. has continued to enhance its reputation for good engineering and workmanship in the chemical engineering field, and has done work for several new clients. Various new engineering and construction contracts have been started which will extend into or beyond 1960. The acrylic fibre factory for Chemstrand in Northern Ireland and the nitro-chalk fertiliser factory for Imperial Chemical Industries at Heysham have, among many other contracts, been completed.

In the Automatic Control Division the volume of work has increased on the assembly of control panels and the installation of control systems. Considerable interest has been shown in CJB's theoretical design work on automatic and remote control of plants, and CJB is being called upon to advise on various schemes, including the remote control of a pumping station in the Persian Gulf.

In Persia CJB is well established. With six other companies CJB is constructing on Kharg Island a £20 million crude oil terminal connected with the oilfield by a 26/30-inch pipeline, which CJB is laying in a joint venture with Williams Brothers. CJB has been awarded the contract for a sugar beet factory in Persia of 1,000 tons a day capacity; and also in joint venture with two French firms, the contract for a fertiliser factory at Shiraz combined with a gas pipeline to Shiraz from the oil fields. In Turkey, work continues, again in joint venture, on the pumping station for NATO pipelines; but many political difficulties are delaying payments, and are thereby prolonging the work, and making it more costly.

CJB's research facilities and staff at Leatherhead have been increased. Development work on the pressurised coal gasifier for the Ministry of Power has proceeded intensively. When this work is successfully completed, it may make a major contribution to the economic use of coal. A process of CJB's for producing heavy water from ammonia, which aroused great interest at last year's Nuclear Exhibition at Geneva, is being developed.

The move into new offices at CJB House, Paddington, has enabled all the staff to be for the first time under one roof, with obvious benefit to efficiency.

OVERSEAS INTERESTS

John Brown's Canadian subsidiaries have satisfactorily held their own during a year made difficult by the continued recession. The recent signs of improvement in the economy strengthen confidence in the future of Canada.

In Rhodesia, F. Issels & Son Ltd. in common with other local firms, continues to find competition severe and orders few. Rhodesian Alloys (Pvt) Ltd. has operated satisfactorily. This company represents a new and basic industry to the Federation, and the possibility of a modest expansion of its smelting facilities is under review; the decision turns largely on the price at which it may be possible to buy electricity after the commissioning of the new hydro-electric station at Kariba.

WESTLAND AIRCRAFT LTD.

The recent acquisition of Saunders-Roe Ltd., by Westland Aircraft Ltd., in which the Company is a substantial shareholder, emphasises Westland's position as the leading British helicoper designer and manufacturer. Its technical, production and financial resources are such as to enable it to undertake with confidence all demands which may arise for helicopters, the future of which seems bright.

Earlier this year Westland opened in London, as a public facility, the United Kingdom's first commercial Heliport. Westland designed this, obtained planning permission for it, and constructed it at its own cost in a remarkably short time; this project fully upholds the imaginative and pioneering tradition of that company. Westland London Heliport is being used extensively, and it is hoped that the experience and data it is providing will be used in due course by the authorities to provide a chain of central heliports in London and the provinces. Following a successful demonstration tour of Northern Europe, the large Westminster gas turbine engined helicopter, which as a crane lifts six tons, recently made the first direct flight from the centre of Brussels to the centre of London. Great interest is being shown abroad in this machine, a second prototype of which has now been constructed. The development costs have been borne entirely by Westland and their engine partners, Napiers Ltd.; it is to be hoped that the British Government will now extend some support to the Westminster, both for its great potential military value and, what is even more important, as a prerequisite to the obtaining of export orders. Westland's principal subsidiaries, Normalair Ltd. and Westland Engineers Ltd., continue to make good progress.

INTENSE COMPETITION

In reporting on the affairs of the UK subsidiaries, I have had to record in almost every case, whether the field is light, medium or heavy engineering, intense competition. When such competition prevails as at present in, particularly, heavy engineering, margins obtainable towards overheads and profit are certainly too small. It is to be hoped that before long there will be a better reward for the skill, experience and knowledge required, and for the commercial risk and technical responsibility involved. This is essential if brains and capital are to continue to be attracted to such work.

STEEL

Steel is the main raw material of every one of the Company's subsidiaries, and we, therefore, cannot be indifferent to the political and economic future of that material. Since the de-nationalisation successively of the greater number of steel companies originally nationalised, each has gone, without exception, from strength to strength. The shortage of steel which only a year or two ago handicapped many industries, has been overcome, and the steel industry, despite the present setback in demand, is still going ahead with its plans to make itself more efficient and its output more competitive. And it is doing this despite the difficulty, inseparable from the threat of re-nationalisation, that there is little incentive for those with savings to invest to risk them in an industry threatened with re-nationalisation, when so many other avenues are open to them. For this reason, in two major schemes Government help has had to be sought and has rightly been given; but this does not constitute an argument for re-nationalisation. Once an industry becomes a pawn in the political game its efficiency, and the service it can give, are impaired. Labour relations in the steel industry have always been excellent. In the national interest as a whole, and in particular in the interest of those who work in the many industries that use steel, the Labour Party should drop their doctrinaire proposal to re-nationalise steel.

It is only proper that in the foregoing review I should record the main problems facing each subsidiary. To balance these difficulties, however, there are many compensating factors, and, given a reasonable industrial, political and economic climate, my colleagues and I look to the future of the Company and its subsidiaries with high confidence.

The credit for a not unsatisfactory year, and for a not unsatisfactory outlook, must go to the skilful guidance and the keen commercial and technical ability of our managements, and to the industry and loyalty of our staff and workpeople.

ABERFORTH PROPERTY INVESTMENT COMPANY LIMITED

SUMMARY OF INFORMATION RECENTLY CIRCULARISED TO SHAREHOLDERS

Acquisitions : G. & C. Finance Corporation Ltd.

With the entry of the joint stock Banks into the field of H.P. Finance your board deemed that it would be an advantageous move if the Company were able to acquire an interest in this accepted and rapidly expanding field of finance. The G. & C. Finance Corporation is one of the major Companies in the well-known Industrial Bankers Association ; its head office is situated in Brighton and it has branch offices throughout the U.K. The Managing Director of the G. & C. Finance Corporation is Mr G. F. Corber, the very active Chairman of the Industrial Bankers Association.

In furtherance of our policy of acquiring properties and property owning companies we have acquired a large industrial estate known as the *Roker Industrial Estate* situated in Oldham, Lancashire, comprising mainly Freehold and Long Leasehold properties ; one of the principal tenants is The Ferranti Company. This Estate has been professionally valued at £327,500. In addition the following well-known and excellently situated London residential properties have been acquired.

Riverside Drive—a magnificent Leasehold block of Luxury flats situated in the residential suburb of Golders Green.

Palace Court—a Modern block of flats situated in the Hampstead-Finchley Road area.

Turners Reach—a block of flats situated in the Chelsea area, overlooking the River Thames.

Ormond Terrace—a Leasehold block of flats situated close by Regents Park, London.

Waterloo Court—a Leasehold block of flats bordering Hampstead Heath.

Various other commercial Freehold and Leasehold properties situated in the Metropolis and West End of London have been acquired.

Scotland—a premier multiple position store has been acquired in Paisley which is to be the forerunner of a Group of Stores which will specialise in consumer goods, in addition a multiple position store has been acquired in Hamilton which will be developed in the same manner.

Profit and Prospects—As a result of these acquisitions the profits of the Company, subject to tax for the year ended December 31, 1960, should not be less than £180,000 per annum. The Capital of the Company as a result of these acquisitions will have increased to £219,500. The net assets of the Company will be approximately £1,200,000. The Board is at present time finalizing on several other acquisitions, details of which will be circularised to shareholders in the near future. It will be a definite policy of the board to promote and expand the substantial potentialities of the G. & C. Finance Corporation Ltd. whose capital has recently been increased to £500,000.

THE ANNUAL GENERAL MEETING OF

ISTITUTO MOBILIARE ITALIANO (I.M.I.)

ROME

The twenty-seventh Annual General Meeting of Istituto Mobiliare Italiano (IMI) was held in Rome on June 10, 1959, under the chairmanship of Mr. Stefano Siglienti.

The Board of Directors' report began with a general outlook on the Italian economic situation. In particular it emphasized the need of maintaining and increasing the pace of development which had been a marked feature of the past, provided there was sufficient capacity to exploit the positive factors in the Italian situation, despite the uncertainties prevalent during 1958.

Afterwards the report reviewed in detail IMI's activities for the period April 1, 1958-March 31, 1959, and underlined the considerable volume and satisfactory results achieved.

New applications received totalled more than Lit. 183,202 million, of which more than Lit. 166,000 million have been authorised. This amount was only slightly lower than that of the preceding year. Credits granted amounted to Lit. 124,142 million—with a 34.9 per cent increase over the fiscal year 1957-58—including Lit. 112,942 million of ordinary loans.

The export credit operations proved again highly satisfactory, totalling Lit. 18,130 million, that is a rise of 20.6 per cent over the preceding year. After having gratefully thanked the "Istituto Centrale del Mediocredito" (Central Institute for Medium Term Credit) for its collaboration in this particular sector, the report mentioned the good results obtained from the financial co-operation agreements signed in the preceding years with "Nacional Financiera" of Mexico, "Banco Nacional do Desenvolvimento Economico" of Brazil and "Investbanka" of Jugoslavia, and announced that another agreement was signed this year with the "Banco Industrial de la Republica Argentina."

The report referred to the new borrowing agreements with the Export-Import Bank of Washington, totalling an amount of $18.5 million, and with a group of main Swiss banks for Frs. 30 million that were signed during the fiscal year ended March 31, 1959. Other important dealings—again with the Export-Import Bank and other United States financial groups—were about to be agreed, so that a new flow of considerable financial aid for the benefit of Italian industry was shortly to be expected.

Outstanding loans at March 31, 1959, showed another 7.7 per cent rise over the corresponding period of 1958, in consequence of a further increase in ordinary loans, which again largely offset the natural fall in special loan transactions. The aggregate amount of operations outstanding is shown in Lit. 692,125 million.

New bonds issued during the period examined amounted to Lit. 75,124 million (a 17.5 per cent increase over 1957-58 fiscal year). Consequently the total of bonds outstanding on March 31, 1959, reached an amount of Lit. 373,603 million and thus showed a net increase of Lit. 51,678 million.

Once more there was a rise in the reserve funds, bringing the amount from Lit. 31,437 million up to Lit. 36,381 million, and in the net profits, which totalled Lit. 1,733 million as against Lit. 1,647 million in the preceding year. Net profits were confirmed by the statement of income and expenses, which showed an amount of Lit. 26,518 million under the item "income" and of Lit. 24,785 million for the "expenses."

As a result the General Meeting approved the resolutions submitted by the Board of Directors for the distribution of a dividend of 8 per cent on the paid-up capital and for the appropriation of more than Lit. 1,253 million to the reserve funds, which thus reached a total of Lit. 37,635 million.

The report and accounts were unanimously adopted.

SAINT-GOBAIN SA

PARIS

EXTRAORDINARY GENERAL MEETING
JUNE 22, 1959

The following are summaries of the Directors' reports at extraordinary general meetings held on June 22nd and July 10, 1959.

We have convened this Extraordinary General Meeting in order to submit for your approval various assets brought in to your Company.

They comprise 59,995 shares of the Société Chaux et Carrières de la Maurienne, 11,443 shares of the Société l'Electro-Verre and a glass furnace.

We would remind you that the Société Chaux et Carrières de la Maurienne was founded in order to supply one of our Works and those belonging to another Chemical Company with lime.

The latter, as its requirements of lime have decreased, has advised us of its wish to assign its interest to the Société Chaux et Carrières de la Maurienne. We have thought that it would be in the interest of your Company to increase its participation in the said concern.

On the other hand, we have also considered it desirable that your Company should interest itself in the manufacture of glass insulators, in which industry it has hitherto only been interested through the intermediary of an associated Company from which we now propose to you to take over a considerable block of shares as assets brought in.

This policy would be carried into effect by the bringing-in to your Company of a glass furnace and shares in the Société l'Electro-Verre, one of the principal glass firms specializing in the manufacture of toughened glass insulators under licence of processes and patents belonging to your Company.

The reading of the agreements relating to the bringing in of assets entered into between your Company and the various firms bringing in the assets will acquaint you with all the conditions for these transactions.

Payment of the assets brought in will entail an increase in the Company's capital of 80,325,000 francs, corresponding to 16,065 new shares of the nominal value of 5,000 francs each, which will rank for dividend from January 1, 1959.

The provisional approval of the assets brought in, the increase in capital resulting therefrom and the modifications of the Articles which it will be consequently necessary to make are the object of the first resolutions submitted to you.

If you give your approval to these projects, you will then have to appoint an Auditor and his substitute, instructed to check the assets brought in and to submit to you at a subsequent Meeting a report as to the value of the assets concerned, as well as on the burdens and the advantages of which they are the equivalent.

We can only advise you to approve, by voting for these resolutions, the operations which we propose to you and which seem to us to be in the interest of your Company.

EXTRAORDINARY GENERAL MEETING
JULY 10, 1959

We have convened this Extraordinary General Meeting in order to submit for your definitive approval, the question of bringing in of sundry movable and fixed assets, which you ratified on June 22nd last, subject to their verification.

You will then have to resolve on the definitive character of the increase in capital resulting from this transaction as well as on the modifications made to Clause 6 of the Articles of Association.

On the occasion of this Meeting we will ask you to authorize your Board of Directors, the case arising, to increase the share capital of your Company.

The amount of the new authorization which we are today requesting you to give would enable the present share capital to be doubled, thus bringing it to a maximum of 50,240,550,000 francs, the remaining amount of 1,653,350,000 francs by which the capital could be increased in accordance with the first resolution passed by the Extraordinary General Meeting of June 24, 1957, being cancelled.

As you will have been able to see from the reading of the Report of the Board to the Ordinary General Meeting, your Company is taking a full part in the present evolution, both economic and industrial. In these circumstances, it seems to us to be desirable for your Board to dispose of a possibility of eventually realizing a part of the financing requirements by an increase of capital.

The transaction which is the object of the present proposal for authorization could be carried into effect either by the issue of new shares for cash or by the incorporation of profits or reserves or by the successive or simultaneous application of one or the other of these methods.

In addition, your Board thinks that it would be desirable to give to your Company in official form, the name by which it is generally known ; it is for that reason that a resolution will be submitted to you in accordance with which the trading style of the firm will in future be: "Compagnie de Saint-Gobain."

Finally, in a few months' time our Registered Office will be transferred to No. 62 Boulevard Victor Hugo, Neuilly, in the building, the preparation of which is now proceeding ; consequently we would already today request you to resolve on the modification of the first paragraph of Clause 4 of the Articles of Association.

The Auditor instructed to verify the assets brought in will read his report to you.

We will then ask you to be good enough to approve the resolutions relating to these various proposals, the wording of which was submitted to you within the time limits prescribed by law.

DE WENDEL & CIE

SOCIETE ANONYME

PARIS

(Iron and Steel)

The Annual General Meeting of de Wendel & Cie, SA was held in Paris on June 23rd with Monsieur le Comte Emmanuel De Mitry in the chair. The following is a summary of the report presented by the Board of Directors.

REVIEW

Analysing the economic developments of the past year as they affected the iron and steel industry, the report mentions the general slowing-down of world steel output, the falling-off in the rate of new orders in domestic markets, and the lower level of trade between the European Coal and Steel Community member countries.

The volume of sales to overseas buyers, however, was maintained during the year, although this continued activity was accompanied by sharp price reductions.

In the face of these less favourable conditions, de Wendel & Cie, SA nevetheless maintained output at the high level which had been reached previously. A total of 6,469,278 tons of iron ore was mined, whilst 1,850,001 tons of pig iron and 2,288,040 tons of steel were processed, both in the Company's plants and in the Sollac steel-works on the Company's behalf.

The Company sold 1,702,196 tons of finished products and semis, with a total turnover amounting to Frs.115,996,503,931 inclusive of taxes.

INVESTMENTS

Investments in industrial plant amounted to Frs.9,970,658,973 and enabled the Company to continue the widespread modernisation and expansion programme launched a few years ago within the framework of the third stage of the French iron and steel industry's re-equipment programme.

Projects undertaken during 1958 included the re-equipment of the iron ore mines, the erection of an ore breaking and grading plant, the construction of a new battery of blast furnaces, additions to the rolling stock and the construction of dwellings for the staff.

SUBSIDIARIES

Information given regarding Société Lorraine de Laminage continu "Sollac," in which de Wendel & Cie, SA has extensive interests, bears witness to the continued progress being made by this Company. In 1958 output amounted to 1,255,000 ingot tons of steel, whilst the hot rolling mills' production amounted to 1,508,800 tons.

A new electrolytic tin-plating line was put into service at the end of the year, and in January, 1959, work began on the erection of steel-making facilities with an annual capacity of 500,000 tons.

Through its participations in capital increases which occurred during the year, de Wendel & Cie, SA contributed to a large extent to the expansion of all the subsidiaries connected with its activities.

PROFITS AND DIVIDENDS

Net profits amounted to Frs.1,154,929,175 after having set aside Frs.10,260,034,284 in respect of depreciation of equipment. It was accordingly proposed to distribute a gross dividend of Frs.350 in respect of each Frs.5,000 share equivalent to 7 per cent.

The report, the accounts and the proposals put forward by the Board were adopted.

LONDON AND NEW YORK

Prices, 1959 High	Prices, 1959 Low	BRITISH FUNDS AND GUARANTEED STOCKS	Price, Aug. 19, 1959	Price, Aug. 26, 1959	Net Yield, Aug. 26, 1959 §	Gross Yield, Aug. 26, 1959
					£ s. d.	£ s. d.
100³/₁₆	99²⁹/₃₂	War Loan 3% 1955–59	99-18-8½	99-18-10	...	3 7 7
—	—	War Loan 3% Assented Conv. 4½%	99²⁹/₃₂	99³/₄	2 13 9	4 10 3
—	—	War Loan 3% Assented Treas'y 5%	98¹/₂	98¹/₂	3 3 4	5 3 11
97³/₄	96¹¹/₁₆	Funding 2½% 1956–61	97²³/₃₂	97¹³/₃₂	2 18 0	4 2 3I
99⅜	98¹¹/₃₂	Exchequer 2½% 1960	99⅜	99⅜	2 14 2	3 10 10
100³/₁₆	99⅝	Exchequer 3½% 1962	99⅞	99²³/₃₂	2 3 9	3 6 4
101¹¹/₃₂	100⁷/₁₆	Conversion 4½% 1962	100²³/₃₂	100⅝	2 9 9	4 5 0
96³/₃₂	94⅛	Exchequer 3½% 1962–63	95²⁷/₃₂	95¾	2 19 3	4 4 5I
93⅜	91⅝	Exchequer 2½% 1963–64	92¹⁹/₃₂	92¹³/₃₂	3 3 8	4 5 3I
101¾	100¹³/₁₆	Conversion 4¾% 1963	101⅝₂	100³¹/₃₂	2 10 8	4 9 3
100⁷/₁₆	99²⁹/₃₂	Conversion 4½% 1964	100³/₃₂	99³¹/₃₂	2 12 11	4 10 0
92¹⁵/₁₆	90¼	Savings Bonds 3% 1955–65	90¹³/₁₆	90⅝	3 12 2	4 16 11I
85¹³/₁₆	83¼	Funding 3% 1959–69	85½	84⅞	3 16 3	5 3 2I
93⅛	90⅝	Funding 4% 1960–90	91⁹/₁₆	91¹¹/₁₆	2 18 6	4 12 3I
83⅞	80⅞	Savings Bonds 3% 1960–70	82¼*	81⅝*	3 18 1	5 4 3I
86	83⅞	Savings Bonds 2½% 1964–67	84⅞	84½	3 19 4	5 1 10I
77³/₁₆	75¼	Savings Bonds 3% 1965–75	77	76¼	3 16 11	5 4 5I
105¹¹/₁₆	102½	Exchequer 5½% 1966	103*	102¾*	2 17 7	4 19 2
86⅜	83¼	Funding 3% 1966–68	85⅝	84⅞	3 17 6	5 3 3I
95⅛	93⅛	Victory 4% 1920–76	95⅜	95⅛*	3 13 0	4 12 8‡
89¹³/₁₆	87⅝	Conversion 3½% 1969	88½	88¼	3 12 11	5 2 1
101⅞	98⅝	Conversion 5½% 1974	101⅞	101⅛	3 3 6	5 4 10
79¾	76⅞	Treasury 3½% 1977–80	79⅞	78¾	3 12 9	5 4 11I
79⅛	76¹⁵/₁₆	Treasury 3½% 1979–81	78⅜	77⅝	3 13 3	5 5 2I
104½	101⅛	Funding 5½% 1982–84	104⅝	103½	3 3 6	5 5 7I
68¼	65½	Redemption 3% 1986–96	67⅝	65¾*	3 9 7	5 0 7I
98⅛	97⅛	Treasury 5% 1986–89	98¹/₁₆	97⅞	3 3 7	5 3 1I
74¹⁵/₁₆	71¼	Funding 2½% 1999–2004	73	71⅞	3 7 6	5 2 8I
75⅞	73¹/₁₆	Consols 4% ....after Feb. 1957	74⅝	73⅝	3 6 9	5 9 1I
68⁵/₁₆	64¹³/₁₆	War Loan 3½% ....after 1952	66¹³/₁₆	65⁹/₁₆	3 5 11	5 8 2I
68¹³/₁₆	64⅜	Conv. 3½% ....after Apr. 1961	67³/₁₆	64⁹/₁₆*	3 6 2	5 7 11I
60	56¾	Treasury 3% ....after Apr. 1966	58⅜	57¼	3 4 5	5 6 1I
53⅝	50½	Consols 2½% ....after Apr. 1975	53⅛	52½	3 18 7	4 15 11I
51⅞	48¼	Treasury 2½% ....after Apr. 1975	50	48¼*	3 3 3	5 3 2I
96¹¹/₁₆	94	British Electric 4½% 1967–69	95¹³/₁₆	95⅜	3 6 5	5 2 6I
80³/₁₆	77¼	British Electric 3% 1968–73	80³/₁₆	78¼*	3 17 11	5 4 6I
76⅞	74⅛	British Electric 3% 1974–77	76*	75¼*	3 15 5	5 2 11I
90¹³/₁₆	87⅝	British Electric 4¼% 1974–79	89¹³/₁₆*	88½*	3 7 8	5 3 0I
80⅝	77⅜	British Electric 3½% 1976–79	80½	79⅞	3 11 11	5 4 0I
90⁷/₁₆	87⅛	British Gas 4% 1969–72	89⅝	88⅞	3 10 10	5 4 3I
87⅜	84¾	British Gas 3½% 1969–71	86*	85½*	3 12 8	5 2 4I
69⁷/₁₆	66⅝	British Gas 3% 1990–95	68¼	67⅜	3 9 4	5 0 9I
80³/₁₆	77¼	British Transport 3% 1968–73	80³/₁₆	78¼*	3 17 11	5 4 6I
87³/₁₆	84	British Transport 4% 1972–77	87³/₁₆	86½	3 9 9	5 4 4I
69³/₁₆	66¼	British Transport 3% 1978–88	68¼	67⅜	3 14 1	5 4 9I

Prices, 1959 High	Prices, 1959 Low	FIXED INTEREST STOCKS	Price, Aug. 19, 1959	Price, Aug. 26, 1959	Yield, Aug. 26, 1959 £ s. d.
		DOMINION AND COLONIAL			
102¹/₁₆	99½	Australia 4½% 1960–62	99½*	99½*	4 7 0
107⅜	103¾	Australia 6% 1974–76	107⅜	107	5 10 0e
77	74½	Ceylon 4% 1973–75	73*	73*	6 15 0I
103½	99½	Jamaica 6% 1977–82	102	102	5 16 3e
107⅝	104¼	New Zealand 6% 1976–80	105	104¾	5 10 0e
101⅞	94¼	Rhodesia and Nyasaland 6% 1976–79	94½	95½	6 12 0I
74¼	69½	Southern Rhodesia 2½% 1965–70	73¼	72¾	5 19 0I
		CORPORATION AND PUBLIC BOARDS			
103½	100⁷/₁₆	Agricultural Mortgage 5½% 1980–85	102½	102½	5 7 0e
104¾	102¼	Birmingham 5¾% 1974–76	103	103	5 10 10e
94½	92⅛	Bristol 3% 1958–63	93½	93½	5 1 0I
98½	94½	Glasgow 4¾% 1966–68	97¾	98½	5 1 0I
101⅝	99¼	Corporation of London 5¼% 1976–79	101⅝	101½	5 4 0e
57	53¾	L.C.C. 3% ....after 1920	54¾	54	5 11 1f
64½	62	Metropolitan Water Board 'B' 3% 1934–2003	62½	61¾	5 5 4 0I
		FOREIGN BONDS			
113	101¼	German 7% 1924 (British Enfaced 5%)	111¼	113	...
197	177	German 5½% 1930 (Enfaced 4½%)	194½	197	...
48	23¼	Greek 7% Refugee 1924	35¼	37¼	Nil
169¼	161¼	Japan 5% (Enfaced) 1907	166¼	166½	...
118¾	113¾	Japan 6% (Enfaced) 1924	113¾	113¾	...
59	55	Uruguay 3½% Bonds (Assented)	57	57	...

NEW YORK CLOSING PRICES

	Aug. 19 $	Aug. 26 $		Aug. 19 $	Aug. 26 $		Aug. 19 $	Aug. 26 $
Ath. Topeka	28⅜	28½	Boeing	30¾	32¾	Inter. Nickel	99⅝*	100⅝
Can. Pacific	28⅜	27⅞	Celanese	30	30¾	Inter. Paper	128	132
Pennsylvania	16¾	17¼	Chrysler	63⅞	66⅞	Kennecott	103	102
Union Pacific	33	33⅜	Col. Palmolive	38½	38¾	Monsanto	51	51⅝
Amer. Electric	52	49¾	Crown Zeller	55⅞	57	Nat. Distillers	30¾	30
Am. Tel. & Tel.	79¾	79⅞	Distillers Seag.	33¾	34½	Pan-American	24⅝	24⅜
Cons. Edison	64⅛	63⅛	Douglas	44⅛	44⅜	Procter Gamble	83⅞	88½
Int. Tel. & Tel.	34¼	33¾	Du Pont	264½*	268¼	Radio Corpn.	61⅞	62
Standard Gas	4¾	4¾	East. Kodak	88½	91⅞	Sears Roebuck	45⅜*	47¾
United Corpn.	8¾	8⅞	Ford Motor	76⅞	79⅝	Shell Oil	81¾	82¼
Western Union	37¾	39½	Gen. Electric	79⅛	81⅜	Socony-Mobil	45	44
Alcoa	103	110½	General Foods	98	96½	Stand. Oil Ind.	47	46½
Aluminium	33½	34⅞	General Motors	53⅝	55	Stand. Oil N.J.	51⅜	51¼
Amer. Can	43¾	44½	Goodyear	133½	131	20th Cent. Fox	36⅞	37
Am. Smelting	44	44½	Gulf Oil	111	111½	Union Carbide	141½	141½
Am. Viscose	47¾	46⅛	Heinz	78½	80½	U.S. Steel	100	104⅝
Anaconda	64	65⅜	Int. Bus. Mach	419½	425	West. Electric	89	88½
Beth. Steel	54⅛	57¼	Int. Harvester	51⅛	54	Woolworth	56½	57⅝

* Ex dividend. † Tax free. ‡ Assumed average life 9 years. § Less tax at 7s. 9d. in £. ‖ Ex capitalisation. ¶ Ex rights. (a) Interim dividend. (b) Final dividend. (c) Year's dividend. (d) Capital distribution 1s. 6d. per share. (e) To earliest date. (f) Flat yield. (g) Equivalent to 7·2 sterling. (h) After Rhodesian tax. (i) To latest date. (p) Assented stock.

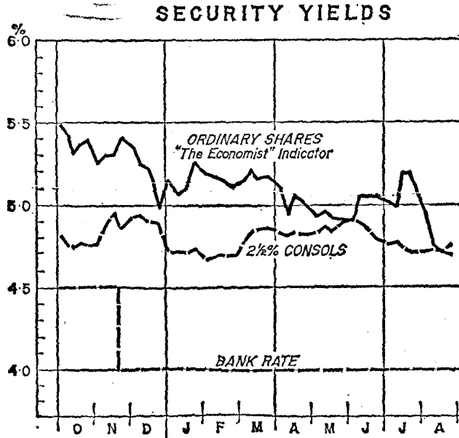
Prices, 1959 High	Prices, 1959 Low	Last Two Dividends (a) (b) (c)		ORDINARY STOCKS	Price, Aug. 19, 1959	Price, Aug. 26, 1959	Yield, Aug. 26, 1959
		%	%	**STEEL AND ENGINEERING**			
28/6	24⅝	8 b	6 a	Colvilles £1	28½	28½	6·67
64	57½	4 a	4 b	Dorman Long £1	59½	59½	6·72
39/6	31/9	9 c	7½ a	Guest Keen £1	34½	34½	6·96
31/9	27/6	7½ b	6 a	Hadfields £1	29½	29½	5·08
46/3	39/6	10 c	8 a	Peech & Tozer £1	41½	41½	4·82
30/-	25/-	10 c	8 a	Sheffield Steel £1	27½	27½	5·45
30/-	25/-	10 c	8 a	Stewart & Lloyds £1	27½	27½	5·45
39/-	32/6	10 c	8 a	Thos. Firth £1	34½	34½	5·80
39/-	32/6	10 c	8 a	United Steel £1	34½	34½	5·80
32/6	27/-	10 c	8 a	Wm. Jacks £1	29½	29½	5·93
30/-	25/-	10 c	8 a	Yarrow £1	27½	27½	5·45
30/-	25/-	10 c	8 a	**BUILDING, etc.**	27½	27½	5·45
30/-	25/-	10 c	8 a	Associated Portland £1	27½	27½	5·45
30/-	25/-	10 c	8 a	British Plaster Board 10/-	27½	27½	5·45
30/-	25/-	10 c	8 a	Richard Costain £1	27½	27½	5·45
30/-	25/-	10 c	8 a	Crittall Manufacturing 5/-	27½	27½	5·45
30/-	25/-	10 c	8 a	London Brick £1	27½	27½	5·45
30/-	25/-	10 c	8 a	Wall Paper Defd. £1	27½	27½	5·45
				CHEMICALS AND PAINT			
29/-	22/-	2½ a	7½ b	Albright & Wilson 5/-	28/-	28/-	5·36
25/11½	18/3	5 a	5 b	Borax Defd. 5/-	24/10½	24/-	5·21
48/7½	35/4½	12½ b	5 a	Brit. Ind. Plastics 2/-	46/4½	48/4½	5·21
50/6	35/4½	2½ a	13½ b	Fisons £1	50/-	49/10½	6·42
41/9	34/9	10 a	25 b	I.C.I. £1	56/-	56/-	5·36
16/3	12/6	10 c	10 c	Lancashire Cotton £1	46/4½	48/4½	7·24
23/6	19/3	2 a	4½ b	Pinchin Johnson 10/-	21/6	20/6	4·06
22/-	14/7½	4½ a	4½ b	Turner & Newall £1	76/-	76/-	4·76
				CLOTHING			
19/7½	16/2¼	4½ a	7½ a	Bradford Dyers £1	15/10½	16/7½	...
37/6	18/7½	7½ a	8½ b	Courtaulds £1	40/6	40/9	4·74
176/6	113/6	4 a	21 b	Jute Industries 10/-	14/3	14/3	9·82
				Tootal £1	27/-	28/6	5·26
				DRAPERY AND STORES			
26/-	19/7½	16 c	3 a	Boots Pure Drug 5/-	25/9	25/10½	3·09
33/9	27/9	10 b	5 a	Debenhams 10/-	28/11½	31/7½	4·74
45/-	31/6	7½ a	27½ b	G.U.S. 'A' 5/-	44/4½	43/10½	3·99
140/-	74/6	12½ b	10 a	Harrods £1	130/-	137/-¶	3·04
46/-	32/6	12½ a	5 a	House of Fraser 'A' 5/-	36/-*	32/-*	6·25
24/4½	16/3	16 c	7½ a	Lewis's Investment 4/-	23/3	22/9	2·69
60/-	41/4½	10·42a	20·83b	Marks & Spencer 'A' 5/-	57/-‖	58/9‖	2·66
89	88½	12½ a	22½ b	United Drapery 5/-	41/7½	41/6	4·22
26½	16⅞	5 b	5 a	Woolworth 5/-	52/9	53/3	3·76

YORK STOCKS

Prices, 1959 High	Prices, 1959 Low	Last Two Dividends (a) (b) (c)		ORDINARY STOCKS	Price, Aug. 19, 1959	Price, Aug. 26, 1959	Yield, Aug. 26, 1959
		%	%	**BANKING**			
52/9	44/6³/₄	5 b	5 a	Barclays £1	49/4½	50/6	3·96
51/4½	40/3	10 c	5 a	Lloyds £1	51/-	50/7½	3·95
72/6	60/11½	13½ c	7½ a	Midland £1	69/6	69/-	4·35**
69/6	54/-	10 c	5 a	National Provincial £1	67/3	68/6	3·50**
50/11½	37/9	10 c	5 p	Westminster 'B' £1	45/6	46/9	4·28
69/-	54/3	9½ b	8½ a	District £1	61/-	62/6	4·48**
25/6	17/-	16 c	8 a	Martins 5/-	22/11½	22/11½	3·62
53/-	31/7½	5 a	7½ b	Co. Bk. of Scotland 'A' 10/-	50/6	52/9	2·37
84/9	67/6	9 b	8 a	Royal Bank of Scotland £1	79/9	81/3	4·18
44/-	37/9	5 b	4 a	Barclays D.C.O. £1	40/6	41/6	4·34
30/6	43/9	7½ a	7½ b	Chartered Bank £1	48/6	48/6	6·19
343/8	£275/8	$2·10c	$2·25c	Royal Bank of Canada $10	£31⅛	£31⅜16	2·68
£23¹/₂	£187¹⁵/₁₆	$1·60c	$1·65c	Bank of Montreal $10	£21¼	£21⁹/₁₆	2·88
40¼	30½	9 c	9 c	Bank of New South Wales £20	39¾	40¼	3·58g
39/9	32/3	6 b	4 a	Bank of London & S. Amer. £1	39/9	39/9	5·03
				FINANCIAL			
26/-	28/4½	5 b	2½ a	Alexanders £1	32/9	33/9	4·44
47/0¾	41/3	7 b	6¼ a	National Discount 'B' £1	44/3¶	44/9¶	5·59**
59/6	49/-	6¼ b	6¼ a	Union Discount £1	51/6	52/3	4·78
52/6	40/9	18⅛ a	2½ b	Commercial Union 5/-	50/7½	48/11½	4·16
170/-	127/6	12½ a	15 b	Emp oyers Liability £1	162/6	162/6	3·38
207/6	160/-	‡32·35c	‡41·17c	Equity & Law 8/6	186/3	188/9	3·03
300/-	192/6	40 a	60 b	Legal & General 5/-	278/9	276/3	1·81
129/6	112/6	50 b	20 a	Pearl 5/-	126/-	127/3	4·50
270/-	210/-	‡147½c	‡162½c	Prudential 'A' 4/-	261/3	260/-	4·09
86/-	59/11½	10 b	8 a	Royal Exchange £1	85/-	83/9	3·82**
33/7½	16/2¼	8¾ b	7½ a	Bowmaker 5/-	30/3	33/11½	2·45
37/6	18/7½	7½ a	8½ b	Lombard Banking 5/-	34/6	37/6	2·27**
176/6	113/6	4 a	21 b	U.D.T. £1	163/9	175/6	2·85
41/9	34/9	10 a	25 b	B.E.T. 'A' Defd. 5/-	38/3	39/-	4·49
16/3	12/6	10 c	10 c	Cable & Wireless 5/-	15/6	16/-	3·13
23/6	19/3	2 a	4½ b	Land Securities 10/-	21/6	22/-	2·95
22/-	14/7½	4¼ a	4¼ b	London & County 10/-	21/6	20/6	4·06
				FOOD, DRINK AND TOBACCO			
36/7½	22/6	15 c	18 c	Allied Bakeries 'A' 5/-	32/9*	32/10½*	2·74
39/6	23/4½	14 a	10 b	Beecham Group 5/-	37/9	38/9	3·10
12/11¼	10/6	2½ a	7½ b	International Tea 5/-	11/7½	11/6	4·35
91/-	69/-	5 a	9¼ b	J. Lyons 'A' £1	76/-	75/6	3·75
22/-	18/10½	5 b	5 a	Ranks 10/-	21/-	21/-	4·76
27/6	18/11½	12½ b	5 a	Schweppes 5/-	26/3*	25/9*	3·40
51/-	42/-	7½ a	23¼ b	Tate & Lyle £1	47/9	48/3	4·35
14/10½	10/10½	...	...	Unigate 5/-	13/9	14/-	3·57**
57/6	43/9	36 b	10 a	Bass 5/-	52/6	54/6	4·22
28/3	23/10½	4 a	8½ b	Distillers 10/-	27/11½*	27/6*	4·55
22/-	14/7½	11 b	6 a	Flowers 5/-	19/3	20/6	4·15
64/9	54/-	18 b	10 a	Guinness 10/-	63/-	62/6	4·48
17/-	12/7½	10 b	4 a	Ind Coope & Allsopp 5/-	15/7½	16/-	4·38
77/-	38/9	69¼ b	32¼ a	Watney Mann Defd. £1	68/6	70/-	3·00
121/3	100/-	17 b	8 a	Whitbread 'A' £1	118/-	118/9	4·21
59/7½	51/4½	‡17½c	‡105⅝a	British Amer. Tobacco 10/-	57/9*	58/-*	4·93
49/3	36/6	5 a	20 b	Gallaher 10/-	46/6	46/6	5·38
59/-	54/3	12½ b	8½ a	Imperial Tobacco £1	57/9	57/10½	7·26

Prices, 1959 High	Prices, 1959 Low	Last Two Dividends (a) (b) (c)		ORDINARY STOCKS	Price, Aug. 19, 1959	Price, Aug. 26, 1959	Yield, Aug. 26, 1959
		%	%	**MISCELLANEOUS**			
50/9	37/9	20 a	40 b	Assoc. Brit. Picture 5/-	39/3	41/4½	7·25
38/9	28/7½	3½ a	5 b	British Match £1	38/-	37/6	4·44**
65/6	49/6	8 b	4 a	British Oxygen £1	64/9	64/6	3·72
9/9	8/8¼	4 a	14 b	British Ropes 2/6	9/6	9/6	4·63
53/3	35/9	7½ b	5 a	Glaxo 10/-	47/-	48/9	2·67
50 b	50 b	10 a	10 a	Hoover 5/-	73/9	75/6	3·97
232/6	172/6	6·04a	26·14b	Hudson's Bay £1	226/3	225/-	2·86
14/3	10/-	12½ c	5 c	Rank Organisation 5/-	12/4½	12/9	1·96
19/7½	13/-	18 c	20 c	Sears 'A' 5/-	19/4½	19/5¼	5·14
15/11½	11/3¾	6¼ a	7 b	Thomas Tilling 4/-	14/9	15/1½	3·50
77/6	69/4½	10 b	8 a	Turner & Newall £1	76/-	76/-	3·95
115/6	86/7½	83⅛ b	83⅛ a	Unilever £1	110/3	115/6	2·91
10·4 c	8·1 c	3¼ a	Nil c	United Glass 5/-	10/4½	10/7½	4·89
39/3	31/9	14⅛ a	‡10⅝a	United Molasses 10/-	38/6	38/9	6·32
				OIL			
58/6	49/-	‡21½ a	6¼ b	British Petroleum £1	57/-	56/9	5·03
49/-	37/9	‡21½ a	‡43½b	Burmah Oil £1	48/-	47/-	4·78
£17¾	£14⅝	7½ a	17½b	Royal Dutch ....20 fl.	£15⅝	£16⅜	2·89
153/-	131/-	15 a	‡13¾b	Shell Transport £1	150/-	151/3	4·05
...	...	...	...	Ultramar 10/-	58/-	56/3	...d
63/6	53/9	...	...	Wakefield C.C. 10/-	49/3	47/6	4·74
				SHIPPING			
61½	43/6	16 a	6 b	Brit. & Com'wealth. 10/-	41/-	41/-	4·88
20/6	17/3	10 c	8 c	Cunard £1	20/-	19/6	8·21
39/6	29/6	10 c	10 c	Furness Withy £1	39/3	37/4½	5·35
20/6	14/9	10 a	10 b	London & Overseas 5/-	19/6	17/9	5·63
39/-	31/6	3 a	8 b	P & O Defd. £1	38/-	37/6	5·86
17/9	13/3	5 c	2½ c	Peninsular Steam 10/-	16/6	16/3	1·54
25/9	19/-	7½ c	8 c	Royal Mail £1	23/6	23/-	6·96
				MINES			
200/-	165/-	20 a	60 b	Anglo-American 10/-	197/6	196/3	4·08
147/6	113/9	10 a	20 b	General Mining £1	146/10½	145/-	4·14
74/9	49/4½	40 a	100 b	Union Corporation 2/6	74/9	72/-	4·86
33/4½	27/-	50 b	45 a	Daggafontein 5/-	27/7½	27/4½	17·35
198/11½	111/10½	60 b	70 a	Free State Geduld 5/-	189/3	189/4½	3·43
71/6	‡56/9	35 b	35 a	Hartebeestfontein 10/-	57/3	57/6	12·18
73/9	61/10½	50 b	50 a	President Brand 5/-	72/11½	71/10½	6·96
180/-	119/4½	80 b	70 a	Western Holdings 5/-	173/9	170/-	4·41
69/3	57/5¼	12½ b	5 a	Consolidated Zinc £1	67/3	66/3	4·53
181/3	121/3	80 a	120 b	De Beers Defd. Reg. 5/-	173/9	170/-	5·88
$187¾	$154¾	$3·75c	$2·60c	International Nickel ....n.p.v.	$180	$180*	2·58
10/-	7/10½	5 a	15 b	London Tin 4/-	9/11½	9/3	8·65
91/3	73/11½	30 b	12½ a	Rhod. Anglo-American 10/-	87/6	84/4½	5·04b
19/-	14/6	6¼ b	4½ a	Rhod. Selection Trust 5/-	15/-	14/6	3·59b
58/11½	45/-	26 c	20 c	Rio Tinto Reg. 10/-	48/9	46/10½	4·27
9/6	7/7½	4½ b	5 a	Roan Antelope 5/-	7/9	7/9	5·91h
56/6	47/-	17½ b	15 a	Tanganyika Cons. 10/-	48/9	47/6	6·85
15/9	11/4½	60 c	26⅔ a	Tronoh 5/-	14/4½	15/7½	...
				TEA AND RUBBER			
32/-	23/-	‡21½ a	‡12½ b	Cons. Tea & Lands £1	31/3	31/3	15·67
26/3	22/3	‡5 b	‡3 a	Jokai (Assam) £1	25/6	25/9	10·17
19/-	15/9	10 b	4 a	Nuwara Eliya £1	17/6	18/6	15·14
2/1½	1/3	4 a	12 b	Grand Central 2/-	2/0¾	2/1½	15·06
5/5¼	3/9¼	5 a	25 b	London Asiatic 2/-	5/3	5/4½	11·16
10¼d	6¾d	8 c	Nil c	United Serdang 2/-	8¼d	8¾d	...
81/3	48/-	93⅜d	28⅛b	United Sua Betong £1	77/9	79/6	9·43
63/9	52/6	12½ b	5 a	Harrisons & Cros. Defd. £1	61/3	63/9	5·49

SECURITY YIELDS



** Yields based on assumed dividends:—British Motor, 15¾%. District, 14%. E.M.I., 20%. Fisons, 12%. Lombard Banking, 17%. Joseph Lucas, 10%. Midland, 15%. National Discount 'B', 12½%. National Provincial, 12%. Royal Exchange, 16%. Steel Co. of Wales, 10%. Unigate, 10%.

STOCK EXCHANGE INDICATORS

LONDON
The Economist Indicator

1959	Indicator*	Yield %	1959 High	1959 Low	1958 High	1958 Low
July 29	268·0	5·12				
Aug. 5	277·6	4·94				
,, 12	285·3	4·76	291·7 (Aug. 26)	245·0 (Jan. 28th)	255·6 (Dec. 31)	166·1 (Feb. 26)
,, 19	290·9	4·71				
,, 26	291·7	4·69				

* 1953 = 100.

Financial Times Indices

1959	Ord. Index†	Ord. Yield	Fixed Int.‡	2½% Consols Yield	Bargains Marked	1959	1958
Aug. 19	253·0	4·81	94·71	4·71	16,602	High	High
,, 20	254·4	4·79	94·74	4·71	15,888	256·3	225·5
,, 21	255·4	4·77	94·71	4·71	15,918	(Aug. 24)	(Dec. 31)
,, 24	256·3	4·75	94·68	4·72	18,868	Low	Low
,, 25	254·0	4·79	94·15	4·78	18,428	212·8	154·4
,, 26	253·4	4·81	94·21	4·75	15,728	(Jan. 30)	(Feb. 25)

† July 1, 1935 = 100. ‡1928 = 100.

NEW YORK
Standard and Poor's Indices (1941–3 = 10)

1959	425 Industrials	Yield %	25 Rails	Yield %	50 Utilities	Yield %	Govt. Bonds	Yield %
July 29	65·26	2·94	36·69	4·54	44·63	3·90	88·30	4·05
Aug. 5	64·85	2·96	36·08	4·62	44·94	3·87	88·50	4·03
,, 12	63·55	3·02	35·33	4·72	45·32	3·84	88·80	4·00
,, 19	62·45	3·07	34·69	4·80	44·90	3·88	88·40	4·04
,, 26	63·34	3·03	35·54	4·76	45·22	3·85	87·50	4·13

425 Industrials:—1959: High, 65·32 (Aug. 3); Low, 57·02 (Feb. 9).

COMPANY AFFAIRS

JOHN BROWN

Apart from its shipbuilding yards on the Clyde, John Brown controls a number of engineering and machine tool subsidiaries. New orders dwindled in the recession, but there were still old orders to work off and this helps to explain why in the year to March 31st the group's trading profit was maintained at £3.2 million. With the backlog worked off, order books are now thinner and the chairman of John Brown, Lord Aberconway, does not see the market in machine tools becoming active again until idle factory capacity is employed again. Competition, he insists, is intense in light, medium and heavy engineering and so much so, particularly in heavy engineering, that margins are "certainly too small."

An immediate, dramatic reversal of this trend for John Brown or for the machine tool industry does not seem possible. Nevertheless, Lord Aberconway describes the outlook for John Brown as "not unsatisfactory." The yield of 5.4 per cent offered by the £1 ordinary units at 37s. on the dividend of 10 per cent suggests that investors are not anticipating much growth.

INVESTING IN SUCCESS

The stockbroking firm, Vickers da Costa, is offering for sale 4,000,000 5s. ordinary shares at 8s. each in the new company, "Investing in Success" Equities. Firm offers are said to have been received for more than one million shares and these applications will be allotted in full. The trust is not yet operating and when it is, it will, in effect, be an equity investment company with rigidly laid down rules for its portfolio. Broadly, any investment it makes must have already proved itself; the latest trading profits of the company whose shares are bought must be at least double the average of two financial years ended within the period June, 1951, to June, 1953; trading profits must at no time since the beginning of 1951 have fallen by more than 25 per cent from their previous peak; and ordinary dividends must not have been reduced since the beginning of the period. Other investments may be made in companies which do not pass these tests, but which in the directors' opinion have proved themselves. This important reservation gives the directors an opportunity to invest in the equities of new companies and those whose growth is yet to come.

Substantially the whole of the company's income will be distributed until a rate of 8 per cent has been reached. Only after that point will part of the surplus be placed to a dividend equalisation reserve. No application has been made to the Stock Exchange for permission to deal in the shares, but an application will be made not later than three months after the publication of the accounts for the year to January, 1961. A holding would be at least a medium-term investment and, with no possibility of any payment until September, 1960, when an interim may be paid, the issue is not likely to arouse a great deal of speculative interest—nor be attractive to small investors.

BORAX (HOLDINGS)

At the time when Borax (Holdings) was having great difficulty in getting its new plant at Boron, California, into production, the yield on the 5s. deferred shares was never higher than 3⅛ per cent. Today, when the plant is fully productive and is earning a good profit, the yield at the current price of 20s. 4½d. has fallen to 2⅛ per cent on the 8¾ per cent dividend paid out of the parent company's reserve. Investors have thus given yet another demonstration of their faith in the growth prospects of this enterprise. Each successive quarter since January, 1958, has seen a sharp improvement in earnings. Throughout the period demand for boron products has remained strong in the United States. Boron prices were raised at the beginning of July, and the early announcement of this pending increase helped to stimulate demand in the second quarter of the year.

	1957/58	1958/59
Trading profit:	£	£
Quarter I	45,575	689,838
Quarter II	533,382	907,795
Quarter III	592,813	1,147,116
Nine months' total	*1,171,770*	*2,744,749*

POWELL DUFFRYN

As Powell Duffryn's interests in shipping and the distribution of coal still account for more than half its consolidated profits, it is not surprising that in the year to March 31st its trading profits fell from £2,675,815 to £2,489,544. The group has other interests: in engineering, timber and wagon building. But the emphasis at the moment seems to be more on diversification within the established framework than of adding to the list of products which the group produces or handles. On coal, for example, the chairman, Sir Henry Wilson Smith, says: "by deliberate policy we have developed, and will continue to develop, parallel interests in the distribution and storage of fuel oil, in nuclear power work and in various forms of heating engineering."

In shipping, where the group's subsidiaries act as agents, brokers and charterers as well as owners of colliers, six coastal tankers have been added to the fleet and some ships have begun to make deep sea voyages. But as a coal factor the group is very much at the behest, on margins as well as the volume of trade, of its principal supplier, the National Coal Board; and as, like other coal factors, it adds to its interests in the distribution and storage of fuel oil it becomes equally dependent upon the policies of the oil companies.

London Stock Exchange

FIRST DEALINGS:	Aug. 19	Sept. 2	Sept. 16
LAST DEALINGS:	Sept. 1	Sept. 15	Sept. 29
ACCOUNT DAY:	Sept. 8	Sept. 22	Oct. 6

Equities continued to be firm in an active market before the weekend and they remained so on Monday. But the rise in the United States Treasury bill rate and talk of increased short term rates in London and perhaps even a higher Bank rate unsettled the market. There were widespread losses in gilt-edged stocks and with the yield gap narrowing almost to vanishing point the equity market too suffered a slight reaction. Over the week, however, *The Economist* Indicator rose 0.8 to 291.7. Following the setback there was a modest rally in British Funds which brought a generally steadier tone to the whole market.

Before the weekend gilt-edged prices were moving lower. Few buyers were in evidence and the market was vulnerable once talk of higher interest rates went the rounds. On Tuesday morning prices were marked down largely as a defensive move by jobbers, but with little support at the lower levels, the easier trend broadened into a widespread setback and losses were in some cases well over £1. The undated stocks led the decline, 3½ per cent War Loan falling from 66⅛ to 65⅝. 3½ per cent Conversion came down from 88⅝ to 88. Corporation and Dominion loans were marked down in sympathy, but the high coupon stocks showed some resistance, with 6 per cent LCC (1975-78), for example, remaining unchanged over the period at 106.

Among industrial equities, hire purchase shares were at first subjected to a bout of profit-taking after their recent rise. But demand picked up again later and most shares scored good net gains over the week; UDT, in fact, put on 10s. 6d. to 175s. 6d. and Bowmaker 2s. 1½d. to 33s. 1½d. Insurance shares turned dull, Atlas losing 2s. 6d. to 53s. 9d. and Pearl 2s. 3d. to 127s. 3d. With the success of the House of Fraser bid for Harrods, the Harrods ordinary rose close to the bid price, putting on 10s. to 137s. but the preference shares fell from 29s. 9d. to 24s. 9d. Other store issues were dull. Where gains were scored in industrials it was largely on the news of good company results, Albright and Wilson putting on 1s. 9d. to 28s. 1½d. and Wellington Tube jumping 18s. 9d. to 92s. 6d. on the doubled final dividend and the proposed scrip issue.

Oil shares were quiet and prices were steady at first, but with the easier tendency on Wall Street they tended to react. Burmah Oil fell from 48s. 6d. to 47s. and BP from 58s. 6d. to 56s. 3d. Gold shares remained generally dull. Free State Geduld, rose at one time from 193s. 9d. to 196s. 10½d. and changed hands in Johannesburg at over £10. Cape demand later fell away and the price began to move erratically and on Wednesday came down to 180s. 10½d., a net loss of 3s. 10½d. over the week's trading.

Money and Exchanges

EXCHEQUER RETURNS

For the week ended August 22, 1959 there was an "above-line" surplus (after allowing for sinking funds) of £686,000 compared with a deficit in the previous week of £31,258,000 and a deficit of £6,354,000 in the corresponding period of last year. There was a net expenditure "below-line" of £22,293,000 leaving a total cumulative deficit to date of £329,240,000 compared with £296,092,000 in 1958-59.

£'000	Estimate 1959-60	April 1, 1958 to Aug. 23, 1958	April 1, 1959 to Aug. 22, 1959	Week ended Aug. 23, 1958	Week ended Aug. 22, 1959
Ord. Revenue					
Income Tax	2147,000	544,170	546,389	20,677	22,161
Surtax	171,000	32,600	33,800	900	1,300
Death Duties	195,000	72,400	91,200	2,800	3,200
Stamps	68,000	21,600	34,000	1,200	2,400
Profits tax, EPT and EPL	274,000	109,800	105,000	7,600	7,300
Other Inland Revenue Duties	1,000	70	50	...	...
Total Inland Revenue	2856,000	780,640	810,439	33,177	36,361
Customs	1265,500	510,102	535,823	24,684	26,952
Excise	864,500	389,375	378,330	16,420	22,370
Total Customs and Excise	2150,000	899,477	914,153	41,104	49,322
Motor Duties	104,000	21,207	21,662	...	...
FO (Net Receipts)	...	...	...	...	...
Broadcast Licences	35,000	7,600	7,900	...	577
Sundry Loans	30,000	13,000	18,090	952	336
Miscellaneous	150,000	24,620	46,273		
Total	5212,531	1746,604	1818,717	75,233	86,596
Ord. Expenditure					
Debt Interest	600,000	268,459	250,031	6,977	9,636
Payments to Northern Ireland Exchequer	79,000	25,308	26,488	...	...
Other Consolidated Funds	10,000	3,996	3,798	...	4
Supply Services	4523,531	1554,690	1611,337	74,130	75,520
Total	5212,531	1852,453	1891,654	81,107	85,160
Sinking Funds	39,000	11,660	10,960	480	750
"Above-line" Surplus or Deficit	117,509	83,897	6,354	+ 686	
"Below-line" Net Expenditure*	178,583	245,343	4,248	22,932	
Total Surplus or Deficit	296,092	329,240	10,602	22,246	
Net receipts from:					
Tax Reserve Certificates	112,953	69,347	8,663	−161	
Savings Certificates	28,700	38,400	5,100	1,400	
Defence Bonds	21,382	59,297	1,678	2,342	
Premium Savings Bonds	26,035	21,770	1,290	950	
Total	189,070	188,814	16,731	4,531	

* Net receipts of the Civil Contingencies fund £10 million in 1959/60 compared with £16 million in 1958/59.

FLOATING DEBT

(£ million)

	Treasury Bills: Tender	Treasury Bills: Tap	Ways and Means Advances: Public Dept.	Ways and Means Advances: Bank of England	Total Floating Debt
1958					
Aug. 23	3,270·0	1,630·9	164·0	...	5,064·9
1959					
May 23	2,920·0	2,012·6	265·2	...	5,197·7
„ 30	2,950·0	2,040·8	285·2	...	5,249·0
June 6	2,990·0	2,035·0	258·0	...	5,283·0
„ 13	3,030·0	2,031·2	260·1	4·5	5,326·6
„ 20	3,060·0	2,022·3	288·9	...	5,371·2
„ 30		5,103·3	286·1	...	5,389·9
July 4	3,070·0	2,091·8	290·0	...	5,451·8
„ 11	3,080·0	2,113·9	269·7	0·3	5,463·9
„ 18	3,070·0	2,125·9	257·7	...	5,453·6
„ 25	3,090·0	2,132·3	234·9	...	5,457·2
Aug. 1	3,110·0	2,319·0	221·9	...	5,480·9
„ 8	3,130·0	2,076·1	234·5	...	5,440·6
„ 15	3,160·0	1,928·7	240·9	...	5,329·6
„ 22	3,220·0	1,886·7	247·1	...	5,353·9

THE MONEY MARKET

The market's attention this week has been centred on New York, where at the latest tender for US Treasury bills, the average rate of allotment for 91 day bills rose sharply from 3.417 per cent to 3.824 per cent, the highest level since 1933. This is well above the London rate which last Friday was almost unchanged at £3 9s. 8.39d. per cent.

Funds were short around the weekend. The authorities gave a small amount of assistance on Friday and intervened again on Saturday morning. On Monday a moderate amount of official assistance was given but two or three houses had to borrow from the Bank. Subsequently a small surplus of funds emerged and the rates paid for short loans eased correspondingly. On Wednesday the authorities intervened to take up a small surplus of funds.

TREASURY BILL TENDER

Date of Tender	Amount (£ million): Offered	Applied for	Allotted	Three Months' Bills: Average Rate of Allotment	Allotted at Max. Rate*
1958				s. d.	%
Aug. 22	250·0	437·4	250·0	74 6·25	28
1959					
May 22	230·0	372·0	230·0	66 9·73	45
„ 29	260·0	394·8	260·0	67 7·61	55
June 5	270·0	407·0	270·0	68 6·63	52
„ 12	260·0	425·0	260·0	69 0·02	49
„ 19	240·0	410·5	260·0	69 0·40	51
„ 26	260·0	405·7	260·0	69 0·52	53
July 3	260·0	409·5	260·0	69 0·06	49
„ 10	260·0	431·2	250·0	69 0·22	43
„ 17	250·0	409·9	250·0	69 0·16	46
„ 24	230·0	389·2	230·0	69 0·13	43
„ 31	220·0	385·1	210·0	69 8·18	23
Aug. 7	230·0	368·8	230·0	69 7·97	52
„ 14	250·0	407·2	250·0	69 8·13	44
„ 21	260·0	414·3	260·0	69 8·39	49

* On August 21st tenders for 91 day bills at £99 2s. 7d. secured 49 per cent, higher tenders being allotted in full. The offer this week was for £270 million of 91 day bills.

MONEY RATES

LONDON

	%
Bank rate (from 4½%, 20/11/58)	4
Deposit rates (max.):	
Banks	2
Discount houses	2-2¼
Money:	
Day-to-Day	2-3⅜
Treasury Bills:	
2 months	3 15/32
3 months	3½
Discount rates:	
Bank bills:	
60 days	3 9/16-3 5/8
3 months	3 9/16-3 5/8
4 months	3 9/16-3 5/8
6 months	3 9/16-3 11/16
Fine trade bills:	
3 months	4¼-5
4 months	4¼-5
6 months	4½-5¼

NEW YORK

	%
Official discount rate: (from 3½, 29/5/59)	3½
Treasury Bills:	
August 17	3·417
„ 24	3·824

HOLDINGS OF TREASURY BILLS

1954 to 1958 (£ million)

	London clearing banks	Discount market	Scottish and other banks	Overseas official holdings	"Outside" holdings	Total bills less known public sector holdings	Bank of England Banking Department
1954:—							
Mar. 17	995	528	9	1,086	...	2,924	179
June 30	1,080	462	12	1,109	...	3,036	238
Sept. 15	1,181	485	18	1,003	...	3,166	204
Dec. 31	1,199	615	129	1,021	412	3,376	222
1955:—							
Mar. 16	849	452	12	1,027	...	3,046	180
June 30	890	408	174	969	577	3,018	209
Sept. 21	1,063	471	19	992	...	3,266	167
Dec. 31	1,271	642	130	961	559	3,563	175
1956:—							
Mar. 21	946	421	15	921	...	3,049	138
June 30	1,031	470	170	910	575	3,156	171
Sept. 19	1,292	454	32	947	...	3,567	138
Dec. 31	1,275	523	116	927	527	3,368	139
1957:—							
Mar. 20	915	283	13	913	...	2,707	131
June 30	1,055	321	126	833	429	2,764	208
Sept. 18	1,159	342	15	887	...	2,931	150
Dec. 31	1,403	585	144	821	435	3,388	113
1958:—							
Mar. 19	1,082	466	23	765	...	3,038	140
June 30	1,112	386	198	810	571	3,077	150
Sept. 17	1,183	402	27	804	...	3,145	145
Dec. 31	1,185	594	162	891	602	3,434	97

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

	Official Rates: August 26	Market Rates: Spot: August 20	August 21	August 22	August 24	August 25	August 26
United States $	2·78-2·82	2·80¾-7/8	2·80⅞-81	2·80⅞-81	2·80 13/16-15/16	2·80¾-7/8	2·80 11/16-13/16
Canadian $	...	2·67 13/16-¾	2·67 11/16-¾	2·67⅝-¾	2·67 13/16-¾	2·67 15/16-¾	2·67 15/16-16
French Fr.	13·622-14·027	13·76½-7/8	13·77⅛-⅜	13·77⅛-⅜	13·76⅞-77⅛	1376⅜-⅝	13·76-76¼
Swiss Fr.	11·94-12·54⅞	12·11⅝-12	12·12-12¼	12·12-12¼	12·12-12¼	12·11⅞-12⅛	12·11⅞-7/8
Belgian Fr.	137·96-140·05	140·35-40	140·42½-47½	140·42½-47½	140·42½-47½	140·40-45	140·35-40
Dutch Gld.	10·48-10·80	10·61¾-62	10·61¾-62	10·61⅝-¾	10·61⅝-¾	10·61⅝-¾	10·61¾-⅝
W. Ger. D-Mk.	11·59¼-11·92¾	11·74⅞-75⅛	11·75-75¼	11·75⅛-⅜	11·75⅛-⅜	11·74¾-75	11·74⅝-⅞
Portug. Esc.	79·00¾-82·00½	80·15-30	80·15-30	80·15-30	80·15-30	80·15-30	80·15-30
Italian Lire	1725-1775	17423/4-43/4	17431/4-1/2	17431/4-1/2	17427/8-4313/8	17425/8-7/8	1742-42¼
Swedish Kr.	14·37¾-14·59¼	14·53-53¼	14·53¼-½	14·53⅛-⅜	14·53⅛-⅜	14·53-53⅛	14·52⅝-¾
Danish Kr.	19·06½-19·62	19·36⅛-⅜	19·36⅛-⅜	19·36⅛-⅜	19·36⅛-⅜	19·36⅛-⅜	19·36-36¼
Norwegian Kr.	19·71-20·30½	20·01-01¼	20·01-01¼	20·01-01¼	20·01-01¼	20·01-01¼	20·01-01¼
One Month Forward Rates							
United States $		1/16c. pm-1/16c. dis	1/16c. pm-1/16c. dis	1/16c. pm-1/16c. dis	1/16c. pm-1/16c. dis	1/16c. pm-1/16c. dis	1/16c. pm-1/16c. dis
Canadian $		3/4-7/8c. dis	5/8-3/4c. dis	7/8-1c. dis	1/2-5/8c. dis	1/2-5/8c. dis	7/16-9/16c. dis
French Fr.		1/4-3/4c. dis	1/4-3/4c. dis	1/4-3/4c. dis	1/4-3/4c. dis	1/4-3/4c. dis	1/4-3/4c. dis
Swiss Fr.		1¼-1c. pm	1¼-1c. pm	1¼-1c. pm	1⅜-1c. pm	1⅜-1c. pm	1½-1¼c. pm
Belgian Fr.		3c. pm-par	7-2c. pm	7-2c. pm	7-2c. pm	7-2c. pm	7-2c. pm
Dutch Gld.		1½-1¼c. pm	1⅝-1⅜c. pm	1⅝-1⅜c. pm	1⅝-1⅜c. pm	1⅝-1⅜c. pm	1½-1¼c. pm
W. German D-Mk.		7/8-5/8pf. pm	7/8-5/8pf. pm	7/8-5/8pf. pm	7/8-5/8pf. pm	7/8-5/8pf. pm	7/8-5/8pf. pm
Three Months Forward Rates							
United States $		1/16c. pm-1/16c. dis	1/16c. pm-1/16c. dis	1/16c. pm-1/16c. dis	1/16c. pm-1/16c. dis	Par 1/16c. dis	par-1/16c. dis
Canadian $		1/8-2c. dis	13/16-15/16c. dis	13/16-15/16c. dis	15/16-1 1/16c. dis	1 1/16-1 3/16c. dis	1 3/8-1 1/2c. dis
Swiss Fr.		3¼-3c. pm	3½-3c. pm	3½-3c. pm	3⅝-3½c. pm	3½-3¼c. pm	3½-3¼c. pm
W. German D-Mk.		2-1¾pf. pm	2-1¾pf. pm	2-1¾pf. pm	2-1¾pf. pm	2-1¾pf. pm	2-1¾pf. pm
Gold Price at Fixing							
Price (s. d. per fine oz.)	250/01½	249/11½	...	250/-	250/51½	250/13¼	

Western Europe

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

BRITISH

Prices and Wages.....	Aug. 22nd	External Trade	May 30th
Manpower and Output....	Aug. 15th	Industrial Profits	April 18th

OVERSEAS

Western Europe.....	This week	United States.....	Aug. 22nd

	Austria	Belgium	Denmark	France	Germany, FR	Greece	Ireland	Italy	Nether-lands	Norway	Sweden	Turkey	United Kingdom
INDUSTRIAL PRODUCTION (1) (1953=100)													
1958.....	150	115	120	153	152	161	104	141	126	124	118	...	114
1958, October	162	118	130	155	161	172		155	142	135	125	...	118
„ November ..	155	116	130	161	168	171	110[3]	143	128	138	129	...	122
„ December...	141	117	121	157	155	169		145	126	122	123	...	115
1959, January	135	114	123	154	143	169		144	125	123	121	...	116
„ February	148	113	128	159	149	161	102[4]	143	121	138	123	...	119
„ March	144	119	126	156	153	162		151	133	120	127	...	117
„ April	162	119	130	163	159	167	...	154	139	136	126	...	118
„ May	...	...	133	169	163	...	...	...	138	122	124	...	119[9]
VALUE OF EXTERNAL TRADE (2)													
Monthly averages or calendar months	mn. schillings	mn. francs	mn. kroner	'000 mn. francs	mn. D. marks	mn. drachmas	mn. £	'000 mn. lire	mn. guilders	mn. kroner	mn. kroner	mn. lira	mn £
	Imports (c.i.f.)												
1958 .	2,326	13,037	786	196·15	2,576	1,412	16·5	165·05	1,148	779[14]	1,021[14]	73·5	300·9
1958, October	2,281	14,259	857[14]	188·47	2,715	1,733	16·9	166·91	1,239	777[14]	1,080[14]	52·9	313·8
„ November ..	2,204	12,854	760[14]	176·36	2,767	1,349	19·4	160·63	1,189	841[14]	965[14]	75·7	299·6
„ December...	2,483	13,681	902[14]	189·10	2,859	1,470	16·9	176·70	1,271	820[14]	1,361[14]	65·5	342·8
1959, January	2,155	13,272	1,031	192·80	2,518	1,264	18·7	177·28	1,153	724	922	90·0	319·1
„ February	2,077	12,522	693	189·18	2,426	1,152	17·4	138·71	1,120	744	911	79·0	280·7
„ March	2,318	14,992	740	208·57	2,591	1,358	18·4	157·71	1,163	854	913	105·6	309·7
„ April	2,527	13,779	979	227·24	2,900	1,401	19·2	181·69	1,325	848	1,093	88·5	334·5
„ May	2,154	12,652	793	196·67	2,849	...	17·2	...	1,130	693	982	96·8	300·7[9]
	Exports (f.o.b.)												
1958.....	1,989	12,639	741	179·13	3,081	579	10·9	132·10	1,019	443[14]	901[14]	57·7	264·3
1958, October	2,209	13,755	765[14]	202·61	3,365	909	10·4	142·98	1,173	511[14]	975[14]	51·1	263·2
„ November ..	1,944	12,487	842[14]	192·86	3,231	1,070	10·9	123·75	1,079	455[14]	952[14]	63·5	287·7
„ December...	2,029	13,168	810[14]	223·34	3,455	1,177	9·9	144·84	1,078	437[14]	1,141[14]	95·2	265·6
1959, January	1,665	13,232	853	174·45	2,764	510	9·2	124·70	1,102	427	838	77·5	270·0
„ February	1,868	11,246	662	196·03	3,037	449	10·4	126·64	907	441	827	92·0	250·3
„ March	2,072	12,824	718	213·73	3,045	359	10·6	138·74	1,073	497	825	120·0	270·7
„ April	2,048	14,490	717	235·46	3,301	328	9·9	151·92	1,108	531	931	64·7	295·6
„ May	1,996	12,486	714	225·63	3,384	...	9·4	...	1,089	470	1,034	95·6	299·2[10]
COST OF LIVING (3) (1953=100)													
1958.....	114	108	117	122	110	131	117	113	117	118	119	171	119
1958, November ..	115	108	...	123	110	131	117	113	116	119	119	189	120
„ December...	114	109	...	124	110	132	...	113	117	120	119	199	121
1959, January	115	109	119	127	110	132	...	113	117	121	119	200	121
„ February	114	109	...	128	110	132	118	112	117	121	119	207	121
„ March	113	109	...	128	110	133	...	112	117	119	119	208	121
„ April	114	109	...	128	110	133	...	112	116	119	119	210	120
„ May	115	109	...	127	110	133	118	112	116	120	119	...	119
„ June	118	110	...	...	110	...	...	...	...	120	...	...	120[11]
EXPORT PRICES (4) (1953=100)													
1958.....	103	99	100	116	103	137	100	101	101	110	102	...	109
1958, November ..	103	95	105[3]	114[3]	101	141	105	101	100	108	101[3]	...	108
„ December...	105	98			102	129	104	99	103	105		...	109
1959, January	103	96	...		101	119	105	99	101	...		...	108
„ February	102	96	...	122[4]	101	127	105	100	100	...	100[4]	...	108
„ March	101	95	...		100	119	105	98	101	...		...	103
„ April	103	...	...	...	101	111	105	98	99	...	...	...	103
„ May	100	...	...	...	101	...	...	...	100	...	...	...	103[12]
GOLD AND FOREIGN EXCHANGE HOLDINGS (7) (mn. US Dollars, end of period)													
1958, November ..	632	1,453	219·8	...	6,225	170·6	257	2,218	1,398	229·1	471	275	3,215
„ December...	665	1,484	229·7	1,025	6,321	176·0	262	2,321	1,493	243·3	473	297	3,069
1959, January	662	1,428	224·3	1,039	6,096	169·0	256	2,364	1,516	225·9	476	309	3,111
„ February	670	1,391	219·3	1,154	6,019	175·2	260	2,428	1,425	226·1	476	321	3,156
„ March	683	1,408	239·5	1,247	5,625	186·9	263	2,510	1,424	227·8	479	326	3,139
„ April	691	1,475	229·3	1,295	5,443	189·5	258	...	1,420	227·3	488	323	3,251
„ May	693	1,472	232·0	1,504	5,553	189·7	257	...	1,374	237·7	488	327	3,119
„ June	706	1,448	255·0	1,634	...	...	245	...	1,374	236·7	497	312	3,172[13]

(1) This covers mining, manufacturing, electricity and manufactured gas with the following exceptions: Denmark excludes mining; Greece, mining and manufactured gas; Ireland and Sweden, electricity and manufactured gas; and Austria, manufactured gas. Germany excludes West Berlin. (2) Special trade (excluding re-exports) with the exception of Ireland, which covers general trade with exports seasonally adjusted, Denmark, Norway and Sweden. Belgium includes Luxemburg. Italy includes Trieste. (3) Average for fourth quarter. (4) Average for first quarter. (5) In capital cities only for France, Greece and Turkey; and Austria prior to March, 1959; Austria (prior to March, 1959) and Belgium exclude rent; Denmark includes direct taxes; Ireland based on August, 1953=100. (6) Index numbers of unit value which compare the current average value of trade with its value in 1953 they are influenced by changes in the composition of trade as well as price movements. Ireland seasonally adjusted. (7) Holding of the government and central bank. Foreign exchange figures for Norway exclude government holdings; Norway and Sweden include foreign investments; Ireland includes some long-term securities. (8) June, 116. (9) June, 321·6; July, 343·7. (10) June, 251·6; July, 287·8. (11) July, 120. (12) June, 108. (13) July, 3,220. (14) Special trade.

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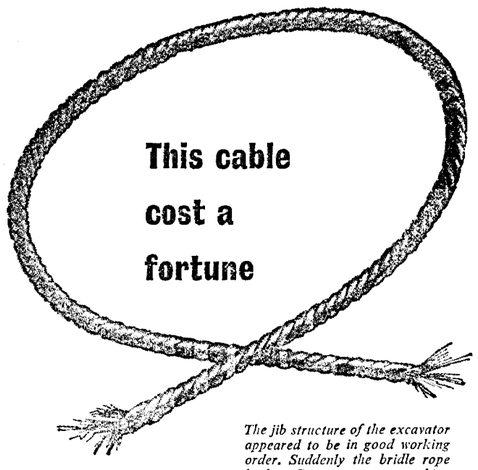

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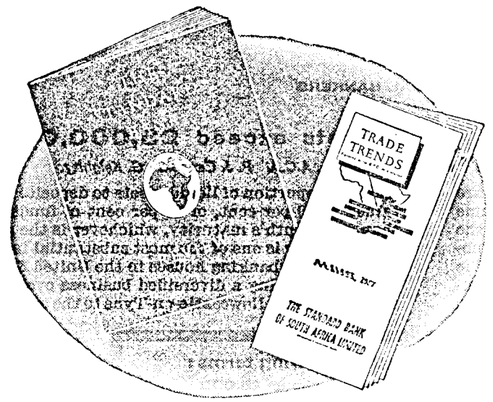
Munich, August 1959.
The Board of Management.



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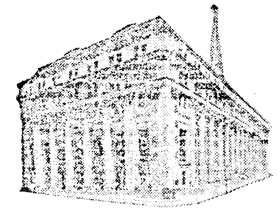

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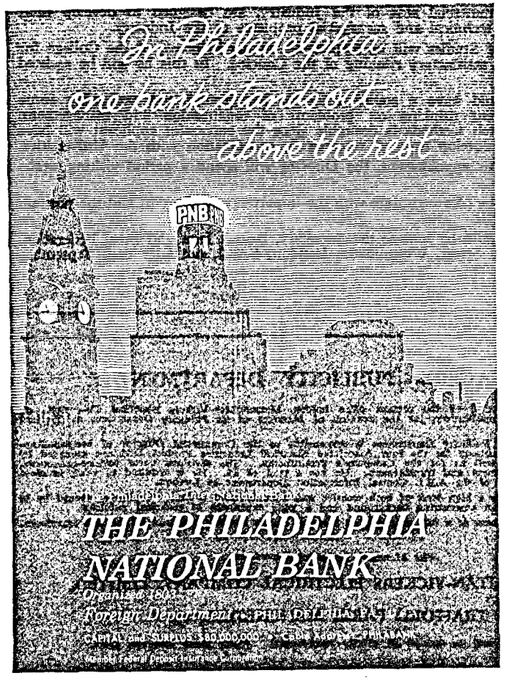

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Other	52,024 — „	33,625,000
Miscellaneous Receipts	— — „	6,613,000
Tons (excluding Service Traffic)	548,530 — „	196,296,000
Working Expenses in Africa	„	117,625,000
Net Operating Receipts	„	78,671,000
	1958	
Kilometres run		*3,091,042*
	Tons	
Passenger Traffic	771 — Esc.	7,939,000
Local Traffic:		
Minerals	74,003 — „	10,194,000
Other	295,023 — „	36,056,000
Transit Traffic:		
Minerals	245,405 — „	117,371,000
Other	54,265 — „	41,659,000
Miscellaneous Receipts	— — „	5,067,000
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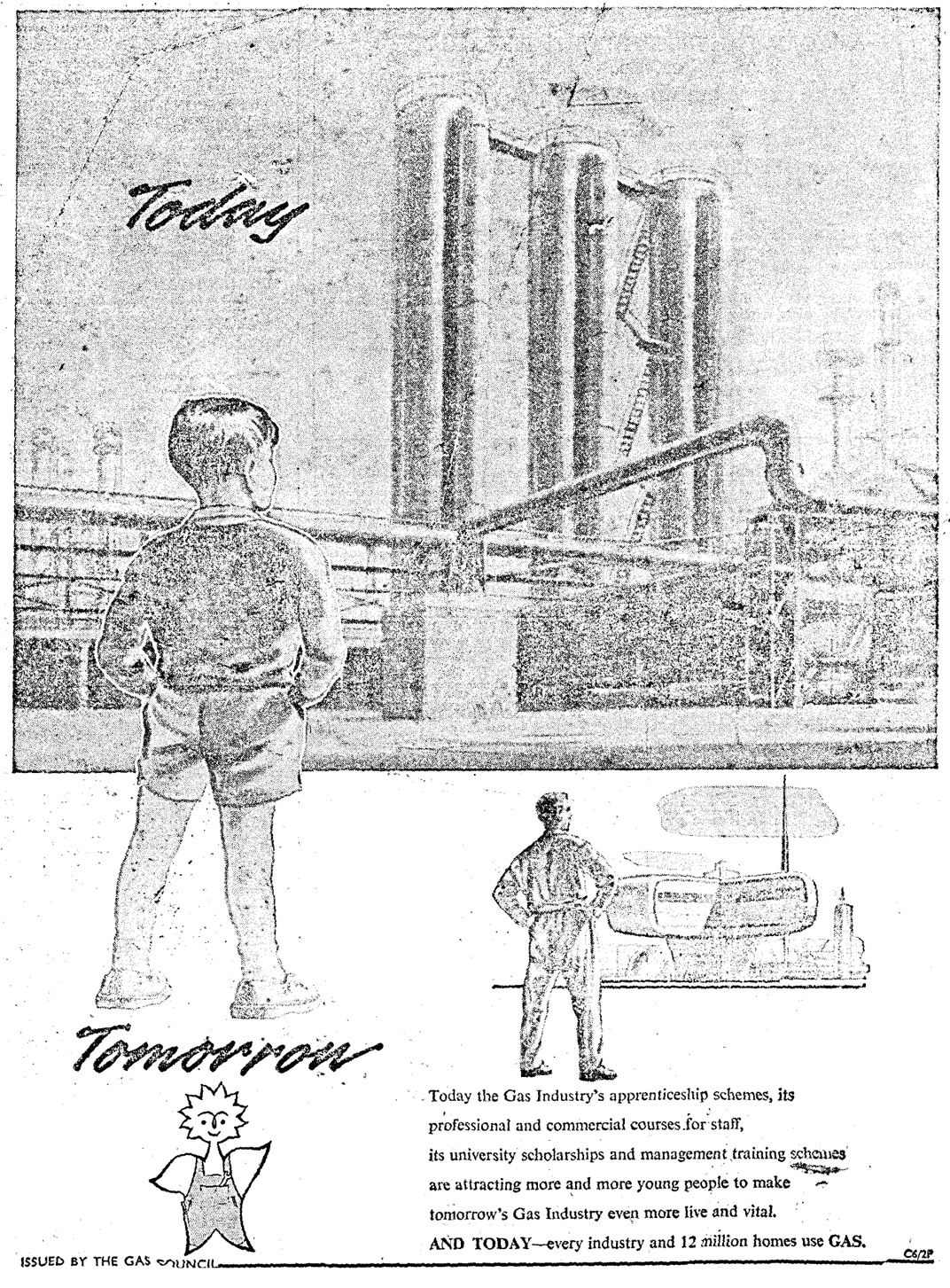

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14 SEP 1959
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America and the Allies

An important qualification to the unanimity in the western alliance is discussed on page 709. The President's tour (page 710). Commentaries from Bonn and Paris (page 742).

The Election Ahead

The timing (page 714); the manifestos (page 719); and the problems posed for next week's Trades Union Congress at Blackpool (page 712).

British Motor Corporation

The Cost of Metamorphosis (page 753).

Stocktaking for Aircraft

A quiet look at the aircraft industry before Farnborough's noise starts (page 731).

World Politics and Business

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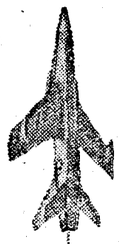

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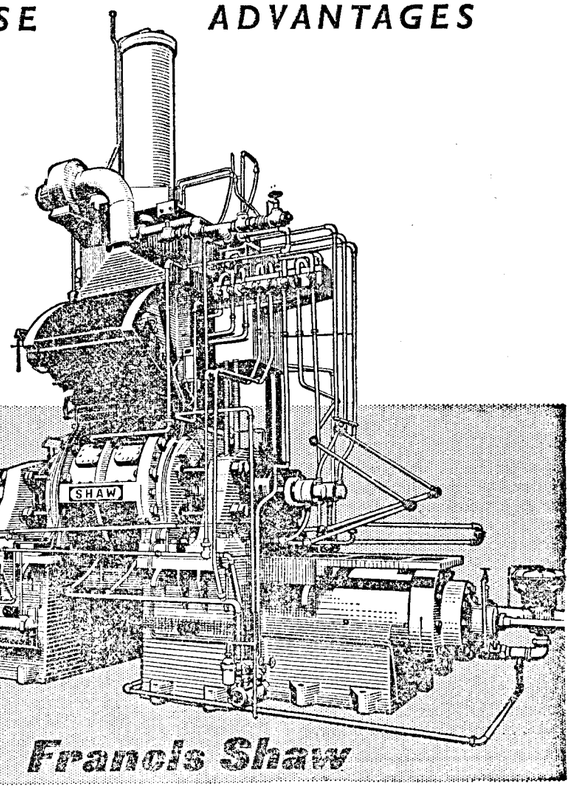

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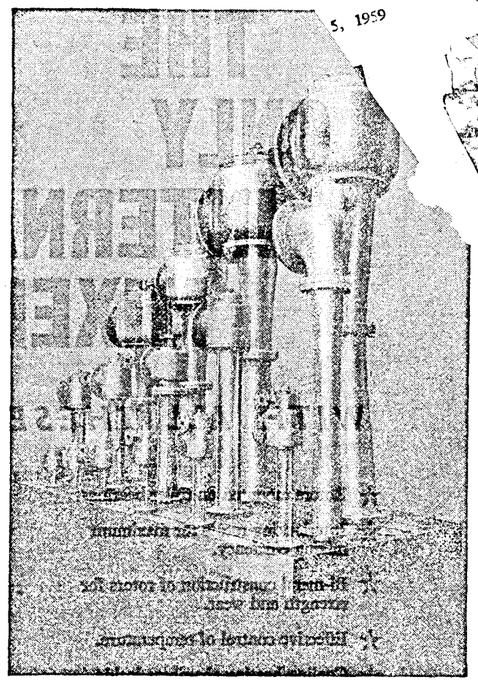

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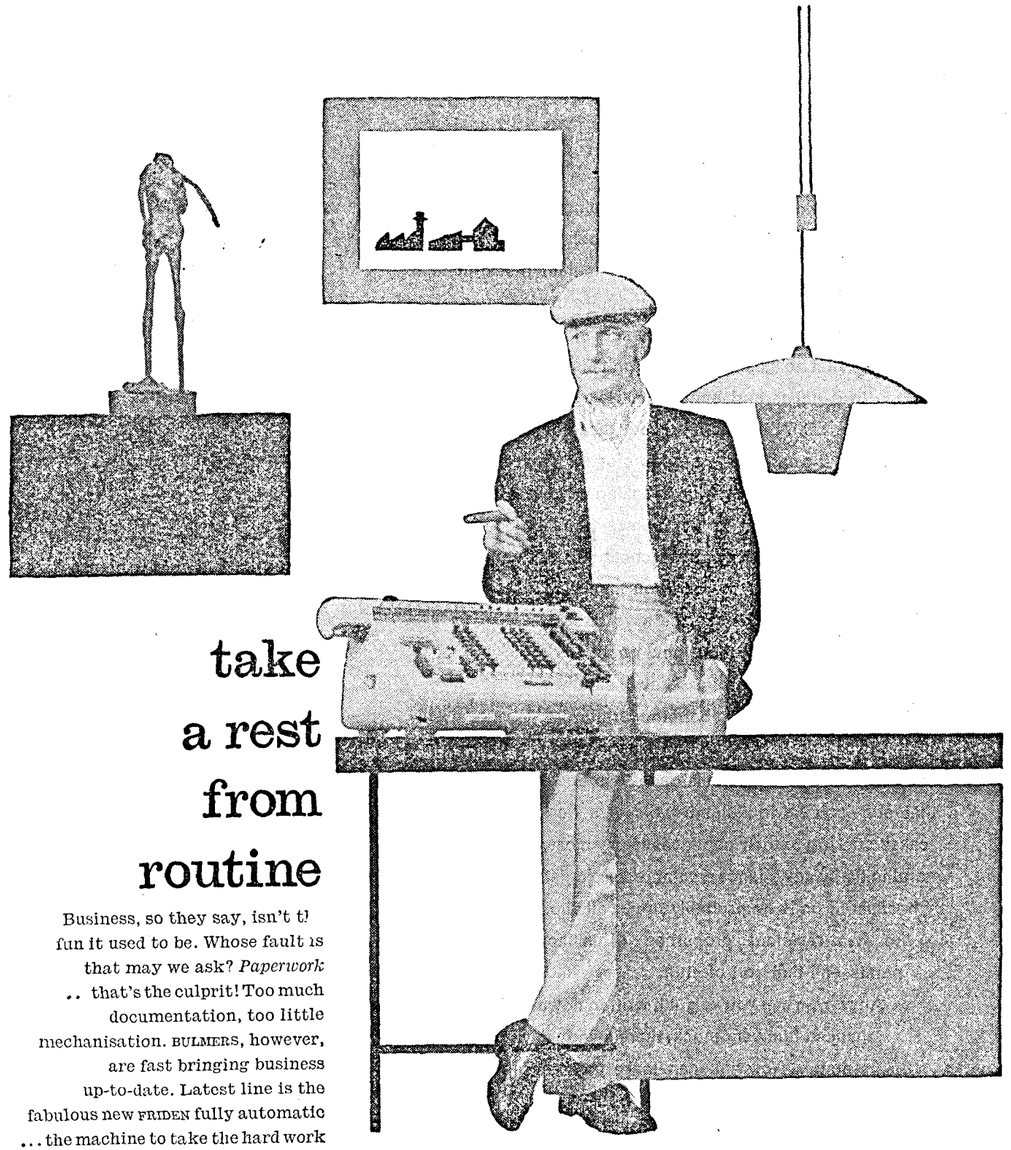

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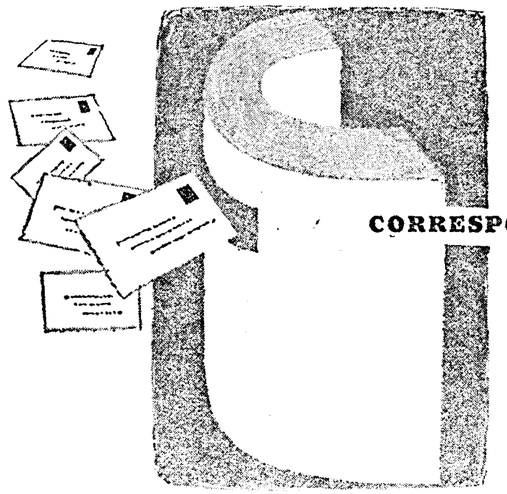

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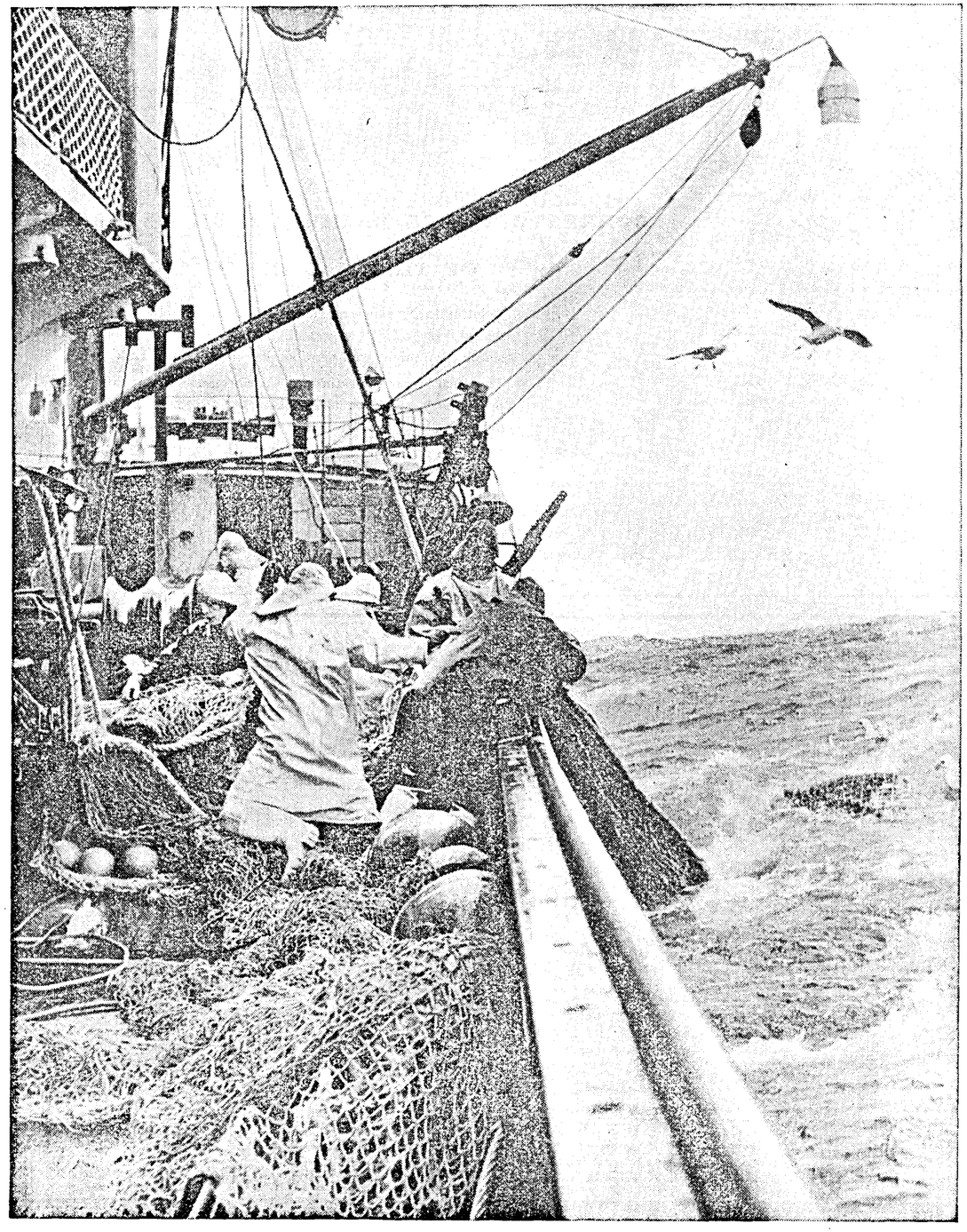


John Silverside, News Chronicle photographer, took this photograph off Iceland earlier this year in the Hull trawler "Auburn Wyke", a 185 ft. vessel of 579 tons gross.

Why do British trawlers have to fish in the waters off Iceland under protection?

FISH — good fresh fish — are a vital part of Britain's food supplies. Fish are caught, not in the middle of oceans, but in coastal waters.

The waters of the continental shelf round Iceland abound in fish of very high quality – they are one of the richest fishing grounds in the world.

One year ago Iceland declared a fishing limit of 12 miles round her coast, without any International Agreement.

For the past year, Iceland has sought to enforce this limit claim by the use of gunboats.

British trawlers harried

For the past year, British trawlers have had to pursue their difficult task, subject to constant harrying by these gunboats, which have attempted to intercept and arrest them by boarding, ramming, and firing blank and solid shot.

This is why, for the past year, our trawlers have had to fish in the waters off Iceland under protection.

Many times during that year, Iceland has accused Britain of aggression. The charge must be emphatically refuted.

Protection is not aggression. Even small nations cannot take the law into their own hands.

Contrary to Iceland's claim, there *is* much fish to be caught inside the 12-mile limit, and in the "havens" where our trawlers fish under protection.

Contrary to Iceland's claim, modern trawlers are *not* "expressly designed to go anywhere." They are designed to go where the fish can be found – and cod, plaice, halibut and haddock are found most prolifically off the Icelandic coast.

And contrary to Iceland's claim, the British fishing industry *continues* to honour her trade agreement with Iceland, whose vessels have been landing fish in this country throughout the past year.

Iceland refuses compromise

Britain has made a number of generous compromise offers to Iceland, and the Government has made repeated overtures to the Icelandic Government asking for talks to reach at least a temporary settlement. These approaches have met with no response whatever from Iceland.

Iceland's action is said to be based on the need to conserve fish – to combat alleged overfishing of these waters. *Britain has never refused to examine joint conservation measures*, since balanced, controlled fishing is just as much to our interests as to those of Iceland. But these offers have found no response.

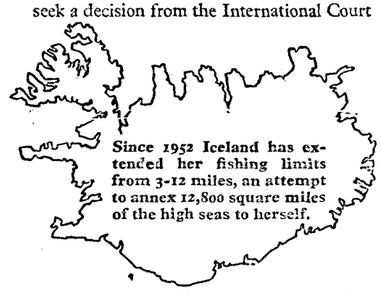
The result is that British trawlers now face another long hazardous winter of fishing under protection.

Certainly they will be going to other fishing grounds – Greenland and Bear Island, for instance – as Icelandic trawlers do themselves. But the fish caught off Iceland are the richest in quality. They are the most important to the housewife's shopping basket.

Iceland's action seeks to preclude our trawlers from the major part of those grounds – grounds that were pioneered by British fishermen; grounds that have been fished by Britain traditionally and continuously since the sixteenth century.

Iceland ignores the rule of law

The British Government has suggested that if the Icelandic Government wishes to base its case upon its rights under international law the two parties should agree together to seek a decision from the International Court



Since 1952 Iceland has extended her fishing limits from 3-12 miles, an attempt to annex 12,800 square miles of the high seas to herself.

of Justice at The Hague. This Iceland has refused to do.

The International Court in 1951 expressed the view that "the delimitation of sea areas has always an international aspect; it cannot be dependent merely upon the will of the coastal state." Iceland's action continues regardless of the fact that a United Nations Conference on the Law of the Sea is to convene again in Spring 1960.

Britain has made repeated offers to seek a compromise. Iceland has not agreed to any of them.

This statement is issued by the British Trawlers' Federation to ensure that the public get the true facts.

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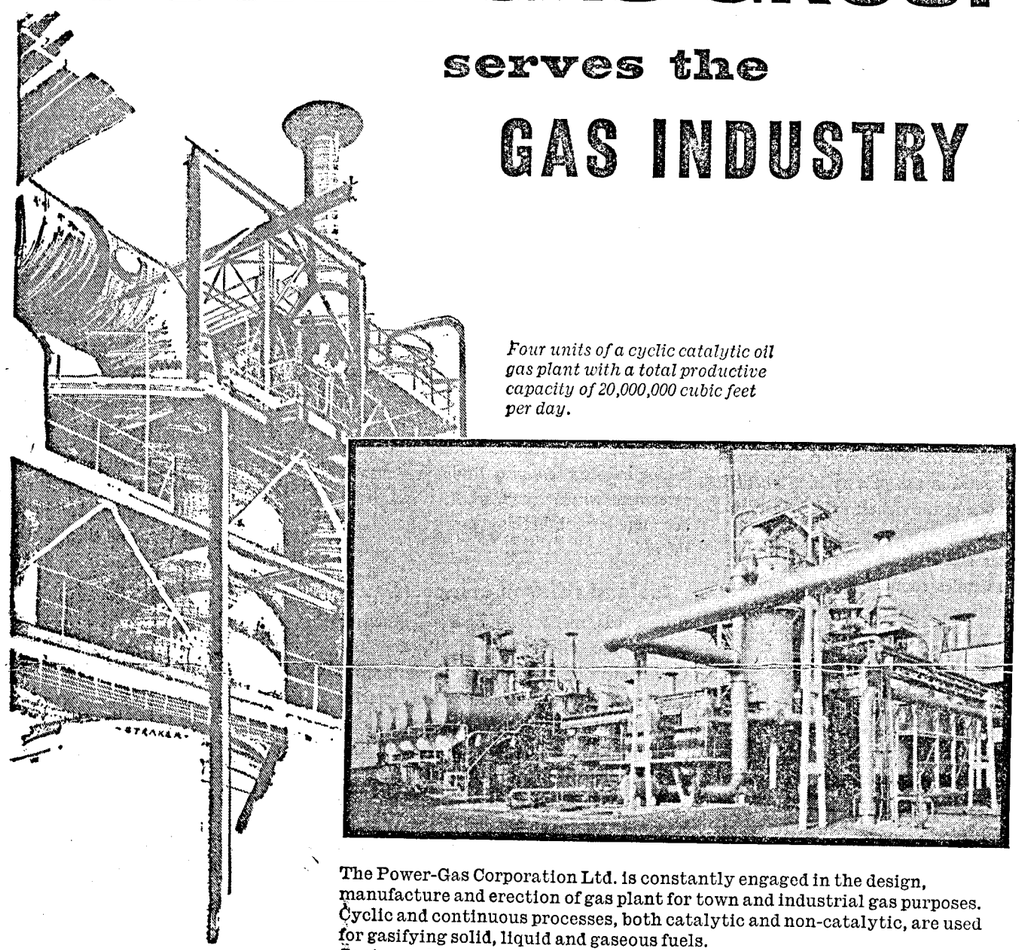

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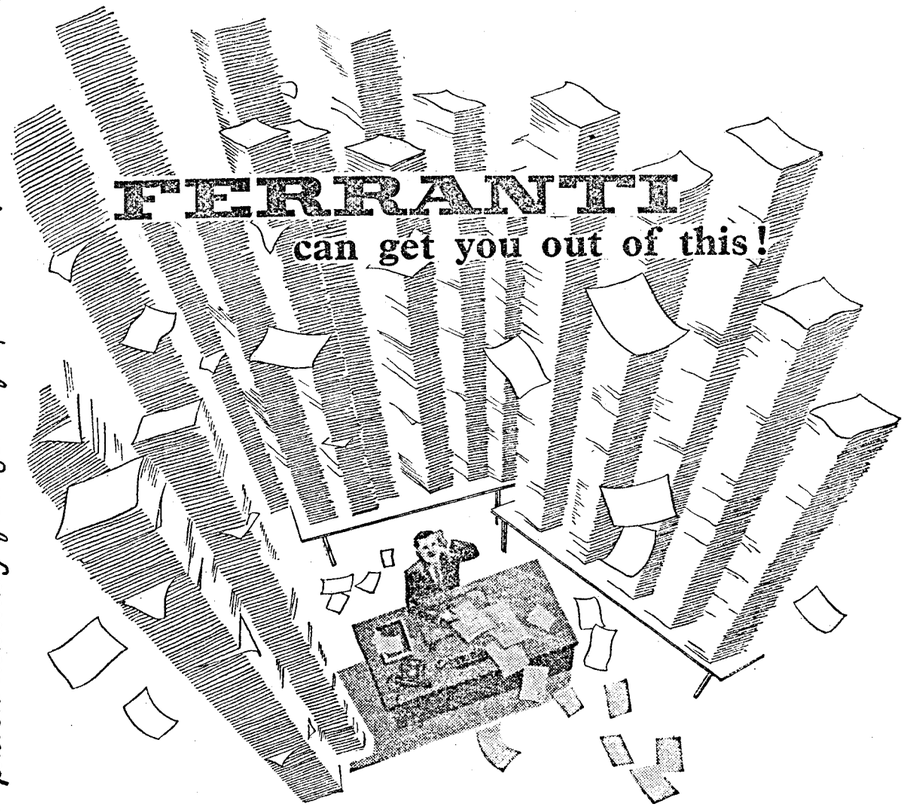

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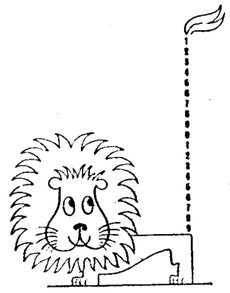

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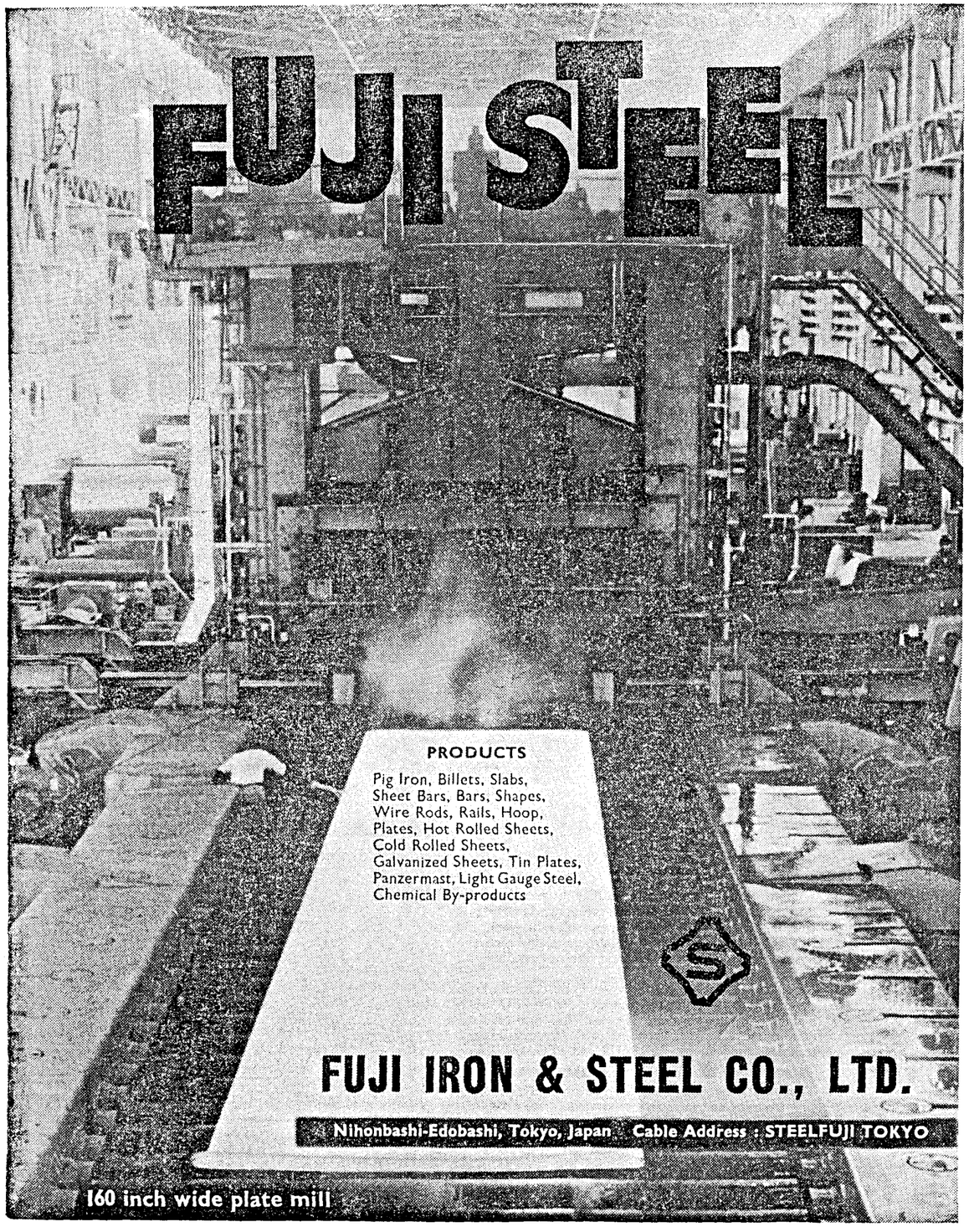

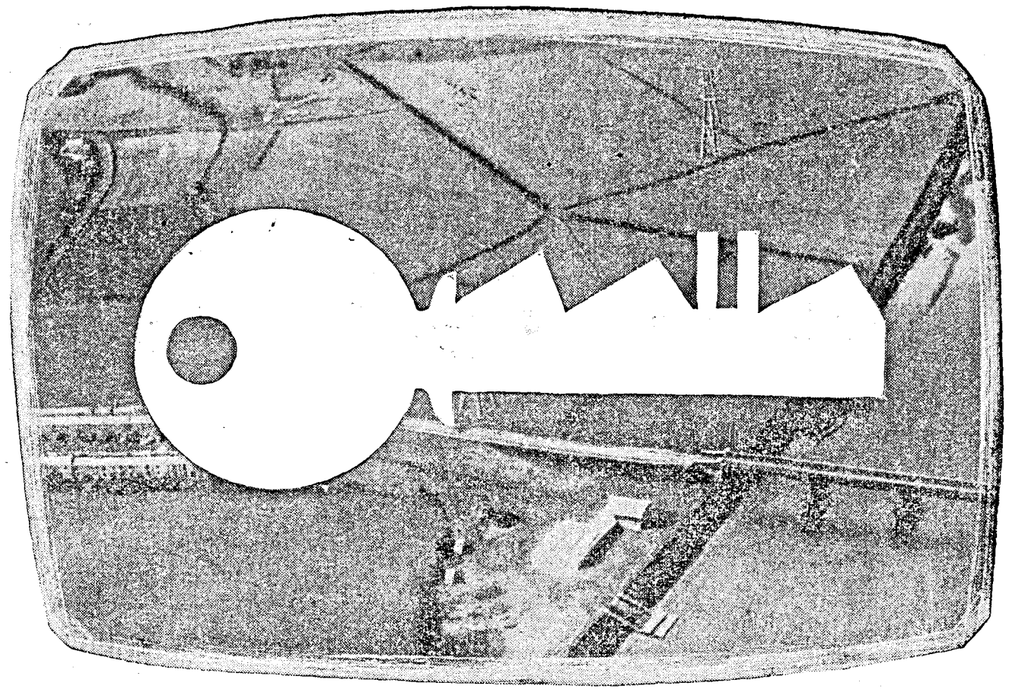

The rapid post-war development of Thorn Electrical Industries Limited owes much to the company's decision to move certain of its manufacturing activities in the lighting, radio and electric cooker fields, to Spennymoor in County Durham.

THE KEY TO INDUSTRIAL SUCCESS...

Like other industries which have taken this step, Thorn have not regretted the move. Today, after only seven years, they occupy some 400,000 sq. ft. of factory and office space and employ 2,700 people on the manufacture of radio and radiogram receivers, fluorescent lighting fittings and control gear, and domestic electric cookers. Local people, who know little of light electrical engineering, have surprised and pleased the company by their ability to learn a wide range of skills.

Development laboratories set up at Spennymoor are engaged on the design of new products and local people are taking over many of the jobs in these laboratories. The company's apprentice scheme for local youths is intended to train young men to take over as designers and executives in the organisation. Willing co-operation from local authorities, trade unions and other organisations have enabled Thorn Electrical Industries Limited to establish themselves as a progressive and highly productive manufacturing unit. Their decision to move to County Durham proved a key to industrial success.

...COUNTY DURHAM

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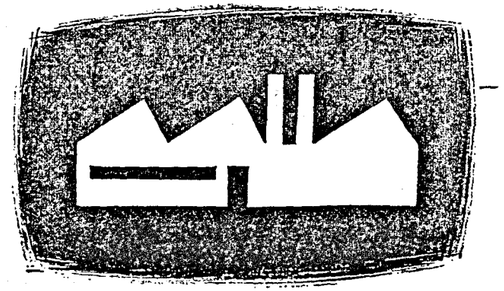

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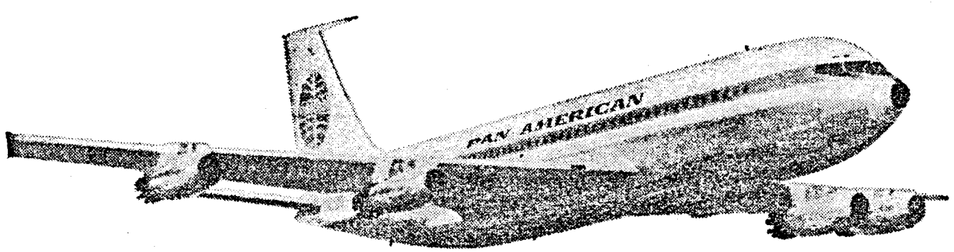

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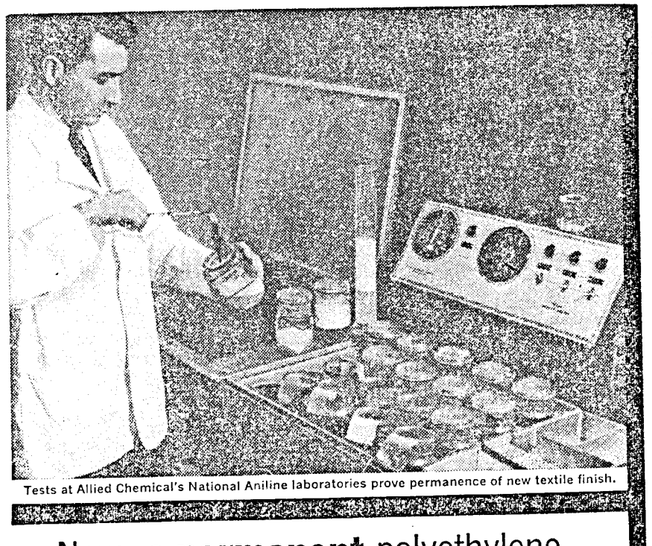

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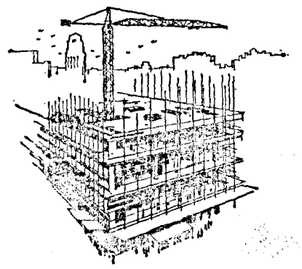

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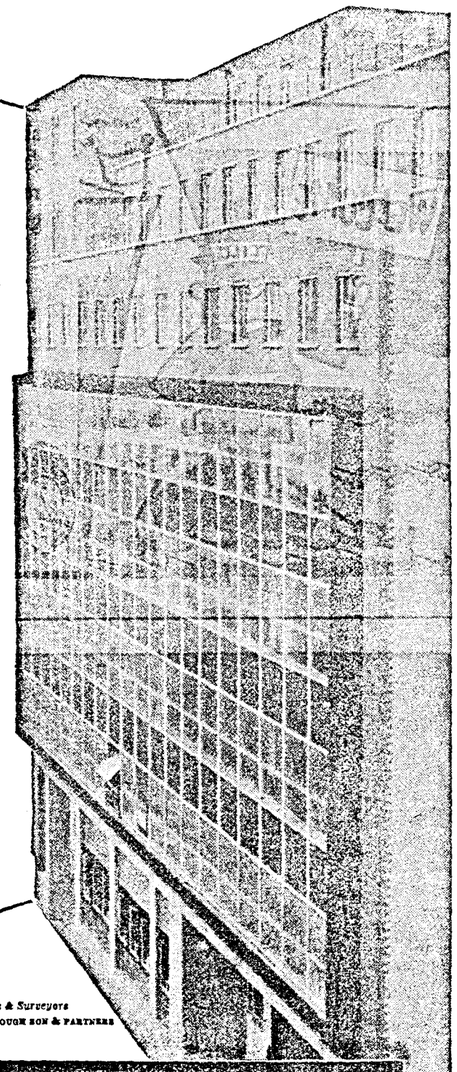

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The Economist

SEPTEMBER 5, 1959

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Agreement with a Difference

WARM, friendly, natural, and impossible not to respect, Mr Eisenhower has made himself in nine days almost as close a father-figure to the people of north-west Europe as he is to his own people. Among the British in particular he has given an appearance of being at home that is unimpaired by the almost total absence of public information about the subjects discussed and the matters (if any) decided. The impression of an Anglo-American partnership so close, personal and long-established as to be independent of any pacts or agreements has been strengthened. To the British people this is more than an impression; it is a belief, and an important one. Without doubt there is substance behind it, though there are also gaps, mental reservations, and areas of incomprehension that are only occasionally explored, and then sometimes (as in the Suez crisis) to frightening effect.

Between nations, a partnership may be none the worse for being difficult to put down in written agreements; and it is luckily a fact that the areas of disagreement between the American and British governments are at present small. This does not mean that they are non-existent. In their unscripted television broadcast from Downing Street on Monday night, Mr Eisenhower and Mr Macmillan naturally did not want to draw attention to the differences. Certainly Mr Macmillan did not; he, after all, knows best how imminent the general election is. But he also wanted to make known once more his views about the need for an early summit conference; and they were views that Mr Eisenhower found it necessary, ever so gently but without any equivocation at all, to contradict:

> I am not going to be a party to a meeting that is going to depress and discourage people; therefore we must have some promise of fruitful results.

British and American views about a four-power summit conference, then, remain apart. The conditions for a summit conference were created, in the British view, at Geneva from May to July, when (it is held) the gap between the eastern and western attitudes over Berlin was sufficiently narrowed by the foreign ministers, and the issues were sufficiently isolated, to permit the four heads of government fruitfully to take up the work. In the American view they were not; it is still necessary for Mr Khrushchev in his talks with Mr Eisenhower to give an earnest of goodwill; and this must probably take the form of withdrawing any threat of denial of western rights in Berlin. Without that, in the American view, Mr Khrushchev's goodwill remains questionable and the chances of success do not justify calling the heads of government together. That is not all. Mr Eisenhower said at Bonn that yet another meeting of the foreign ministers might be necessary first; and he did not change his mind in London. Thus the prospect of the summit recedes into 1960.

What is remarkable is that neither on the American nor on the British side does anybody seem to have asked out loud why a four-power summit conference is so necessary, now that the heads of the United States and Soviet governments have agreed to exchange visits and to have talks on their own. The main argument for a summit conference was, after all, that it would have brought these two together. Formally speaking, it is true, the British and French governments have equal occupation rights with the Americans in Berlin and an equal say in the ever-elusive German peace settlement. In fact, the conferences that will draw up a German peace treaty and establish a permanent settlement in Berlin remain distant and as yet academic prospects. The immediate problem

is to get the principal antagonists, the United States and Russia, on terms that will permit concrete disputes, such as the German question, to be tackled seriously at all. Limited as it is, this work will take longer than the next few months. Why, then, is a four-power summit so important now?

The truth is that claims are already being staked for seats on a directorate of world affairs that would become just conceivable once the cold war ended. General de Gaulle has never left any doubt what he would expect for France in such a situation. The west German government at Bonn is embarrassed by the existence of another German government into refusing seats of honour for itself lest they might likewise be claimed by east Berlin; but it claims in effect a right of veto on all that is said and done about central Europe. Mr Macmillan and Mr Selwyn Lloyd have been emphatic in their agreement with Mr Eisenhower that he will do no negotiating when he meets Mr Khrushchev. They hold that the place for negotiations on east-west questions in Europe is in meetings of four powers.

MR EISENHOWER and Mr Herter have deferred to these strong and articulate feelings of their allies—willingly, no doubt. To disclaim the intention of negotiating is not only tactically convenient; it is also simple prudence when there is so much exploration to be done, and when the chance so strongly is that progress will be slow and uneven. Yet they may reasonably have begun to ask themselves what kind of a concert of powers their friends in north-west Europe envisage as settling itself, in an atmosphere of relaxed tension, into the saddle of world affairs.

The idea has been outlined in London this week that a regular series of summit meetings might then take over the kind of general responsibility for world order that was, in the underlying conception of the Charter, to have fallen to the five permanent members of the Security Council of the United Nations. That conception never worked because of the estrangement that quickly arose among the permanent members, and in particular between the two most powerful of them. The postwar institution of the Council of Foreign Ministers broke down for the same reason; and the procedures of the war alliance, in which meetings of deputies narrowed down differences for resolution by the ministers, and meetings of ministers narrowed down issues for resolution by the heads of government, became useless the moment the overpowering common interest, the prosecution of the war, ceased to hold the system together.

Desirable as it is, the ending of the cold war is not going to restore that overriding common interest. It follows that while four-power conferences will continue to have their uses, they are never again going to be such a source of authority and order in the world that any promising form of negotiation ought to be neglected for their sake. It ought not to be taken for granted that the Americans, in their dealings with Moscow, have a duty to tie their hands in order to preserve a four-power system which does not really exist. Mr Eisenhower has been very ready of his own accord to reassure Bonn, London and Paris by accepting limitations on his freedom in dealing with Mr Khrushchev. It is to be feared that he may have gone too far. His effort to put Soviet-American relations in better order is important to everybody; and his allies can best help by not insisting too jealously on what is due to them.

The President's Tour

A running commentary on an unusual excursion in personal diplomacy

PRESIDENT EISENHOWER'S tour through western Europe has been a gay, gregarious, vociferous, triumphant, platitudinous, nostalgic and infinitely human progress. The effectiveness of the secret diplomacy he conducted in Bonn, London and Paris was at no time self-evident, least of all in the baffled commentaries of the dignified, but sometimes easily baffled, press. The public, and particularly Eurovision's vast audience, invariably seemed happier with its impressions of the state of western diplomacy than, say, former President Truman, certain members of the Labour party executive, and the diplomatic correspondents *en masse* were with theirs. Mr Eisenhower's televised remark that "I think people want peace so much that one of these days governments had better get out of their way and let them have it" was an acute expression of this mood.

During the hectic week external signs and portents of change multiplied. General de Gaulle ended a four-day visit to Algeria. Indian and Chinese patrols skirmished in the Himalayas. Mr Khrushchev and Dr Adenauer conducted a restrained exchange of views which Mr Khrushchev said had made "a favourable impression" on him. The British electorate braced itself for word of the general election. But everywhere the spotlight was on Ike, the cheers were for him, and the record of what he did, even to his practice swings on the lawn at Chequers, made the top of the news.

The President arrived at Bonn on the evening of August 26th, after a drive from Wahn airport under welcoming banners (a number of them demanding reunification and the eastern provinces) and amid enthusiastic crowds whose reception he later called "as overwhelming as it was magnificent."

Reassurance to Germany

SIX hours of talks with Dr Adenauer began at the Palais Schaumburg the following morning, interrupted at noon by a brief press conference designed to include the German public in the reassurances given to Dr Adenauer in person. The final communiqué gave an unwieldy list of topics discussed in the private talks; the principal ones appeared to be:

> France's attitude to Nato, which Mr Eisenhower later told the press "had been talked about considerably." Unofficial estimates said it had occupied the whole morning.
>
> *Disarmament, a subject that Dr Adenauer* has emphasised in his latest letter to Mr Khrushchev, made public on August 30th.
>
> Mr Eisenhower's talks with Mr Khrushchev, which the President insisted would be merely exploratory. The President and Dr Adenauer both considered that a further meeting of foreign ministers would be a necessary precondition of a future advance to the summit.
>
> The population of west Berlin, who were given further assurances of American support.
>
> Mr Eisenhower told the Chancellor that the time was inopportune to agitate about Germany's eastern frontiers.

The President's visit appeared to achieve its main purpose in calming German fears on the Eisenhower-Khrushchev exchanges. Dr Adenauer's waning personal prestige received a sensible lift. But it seems likely that Mr Eisenhower encouraged, if he did not indeed initiate, the current west German efforts to conduct a reasoned debate with the Soviet Union and to offer a new olive branch to the Poles. So far these have been mainly confined to personal utterances of a reassuring nature by Dr Adenauer, including a sympathetic broadcast on the anniversary of the German attack on Poland on Sepember 1, 1939, and an earnest letter to Mr Khrushchev, from which our Bonn correspondent gives extracts on page 742. There has been no sign this week that any substantial diplomatic initiative in eastern Europe is in contemplation in Bonn; indeed, the indications are the other way.

Mr Eisenhower arrived at London airport at 6.45 on Thursday evening, August 27th. His first words to Mr Macmillan summarised his feelings rather than his views on the existing state of Anglo-American relations: "I did not have to come here," he said, "to assure you or the British people that the American people stand with them. . . . You people know we feel that way." The crowd of three-quarters of a million along the route had made him over forty minutes late when his car finally reached Winfield House, the American Ambassador's residence.

He was off first thing on the morning of the 28th to Balmoral for a day with the royal family that included a picnic, a drive round the estate and a private dinner party. A working (not very hard) week-end at Chequers with Mr Macmillan began with a report on their preparatory discussions by Mr Herter and Mr Selwyn Lloyd, and then ranged over the broad horizon of affairs. Sunday's programme was interrupted by a surprise outing to Oxford, which a persevering Mr Hagerty explained as a valuable opportunity for top-secret discussion; it was the one flight of fancy he permitted himself before an importunate press.

A Spanish Interlude

ON Monday morning the President shook hands with two housewives in Kensington High Street and visited St. Paul's. In the afternoon he received a private letter from General Franco at the hands of the Spanish foreign minister, Señor Castiella. This assured him that a well-known anti-communist approved of his intention of meeting Mr Khrushchev; it also contained an invitation to visit Spain, to which he sent a friendly but non-committal reply. More pertinent questions that came up at this Spanish-American meeting concerned American military and economic aid and, it is believed, the establishment of missile sites on Spanish soil. In the evening Mr Eisenhower appeared with Mr Macmillan in a twenty-minute television broadcast before dining with the four living British prime ministers at No. 10 Downing Street. The broadcast, a substitute for both a press conference and a communiqué, produced the following main points:

> Britain and the United States are still divided over the urgency of the need for a summit meeting and the conditions that ought to exist before one is held.
>
> They are in full agreement to stand firm behind the people of west Berlin. This advertisement to Mr Khrushchev was deliberately couched in the strongest terms.
>
> They are convinced of the primary importance of aid to the underdeveloped countries. Mr Eisenhower called this "more important for western civilisation . . . than the Soviet-western differences and quarrel."
>
> Peace has become "the imperative of our time."

Although Mr Macmillan was later accused of electioneering, as in the self-justification for his Moscow visit and his appeal for American help for British wool textiles, world reaction seemed particularly impressed with the sincerity of the Anglo-American will for peace.

Mr Eisenhower spent Tuesday dealing with American domestic affairs; that evening he dined with a party of wartime colleagues including Sir Winston Churchill and Lord Montgomery.

London Balance-Sheet

THE impression left by his visit was first and foremost of his own vigour and renewed health. As the first modern President of the United States to possess a close personal knowledge of British life, he inspired sympathy and great affection. No one doubted that Anglo-American ties were the stronger for his coming. It seemed likely that his most productive talks with Mr Macmillan centred on disarmament. Little else of substance emerged, except that the British plan for arms ceilings in an area of central Europe appeared to have disappeared from the board altogether. It was also obvious that both Mr Eisenhower and Mr Macmillan had made up their minds to try to be more accommodating to General de Gaulle, if they could.

The only doubt in British minds was that the President's readiness to accommodate every shade of opinion in the alliance might end in producing a larger crop of misunderstandings than those of the past year. This danger was particularly great in France (as our Paris correspondent reports on page 742, French opinion now seems to believe that it has secured substantial American backing on Algeria). But Mr Eisenhower's firmness on Berlin and the way he took issue with Mr Macmillan over the summit—even in front of a television audience—helped to silence the critics who had always questioned the wisdom of leaving him alone with the redoubtable Mr Khrushchev. The official British view, which might or might not be prompted by electoral considerations, remained stubbornly convinced that at the end of the day Mr Macmillan would win to his summit meeting.

Mr Eisenhower arrived at Le Bourget at 10 a.m. on Wednesday. With Fifth Republican ceremonial and a mild Parisian welcome, he drove with General de Gaulle to the Quai d'Orsay, where talks continued through lunch. In the late afternoon there were further presidential ceremonies at the Arc de Triomphe and the Hôtel de Ville. Talks with the Italian prime minister, Signor Segni, and with Nato personalities occupied most of Thursday. Final talks with General de Gaulle at the Chateau de Rambouillet in the evening completed the programme.

Surprise Appearance

The President characteristically changed one item in his schedule on Thursday morning. He had not intended to sit in on the Nato council meeting, where Mr Herter would expound American policy to the smaller allies. But after private talks with Mr Luns and M. Spaak, the President went to the meeting and gave a short personal testimony on the value of the Atlantic pact. Mr Eisenhower plainly considers it imperative that one result of his tour should be an impressive stiffening of the western ranks against any future Soviet pressure on Berlin. His gesture to Nato may have reassured the Belgians and others, but it was thought in Paris that the Italian delegation of Signor Segni and Signor Pella was still slightly miffed that Mr Eisenhower had not been able to include Rome in his itinerary.

The main outcome of the Eisenhower-de Gaulle discussions, which seemed to be intentionally restricted in length, although General de Gaulle eventually secured an extension, was a sensible improvement in understanding, although outright agreement could not be expected. The particular confrontations of opinion included:

> Algeria, on which General de Gaulle expressed his dissatisfaction with previous American conduct at the United Nations, but attempted, by emphasising the prospect of eventual self-determination for the Moslem population, to enlist American backing this year.
>
> Nuclear weapons, including the sharing of atomic secrets and dual control of weapons on French soil, produced the repetition of the customary French and American theses.
>
> Joint western strategy, which General de Gaulle discussed in his memorandum to Mr Eisenhower and Mr Macmillan last year. France continues to argue the need for consultation on such questions as the use of nuclear weapons in the Formosa strait and similar actions which might precipitate a world war.
>
> The Russo-American exchanges, which General de Gaulle, like Dr Adenauer, now seems to be treating with greater equanimity.

French hopes were clearly centred, not on immediate advantages from the talks but on a steady improvement in Franco-American relations in the coming months.

On the ninth day even Presidents are allowed to rest. When it was finally announced on Wednesday morning that Mr Eisenhower would be going home by way of the good golfing country round Culzean castle, Scotland was flattered and everyone else relieved. The next stages of Mr Eisenhower's initiative in personal diplomacy promise to be even more gruelling. Europe owes him a holiday.

Blackpool and Beyond

The last Trades Union Congress before the election finds the movement rigidly positioned to make the worst possible mess of its next five years

NEXT week's Trades Union Congress will not be an occasion for deep thinking. It would be idle to hope that it should. At the best of times, this gathering of over a thousand delegates from two hundred loosely knit and often quarrelsome unions must aim at the consensus, rather than the contentious; and a congress that is taking place when a general election may be only a few weeks away has a special incentive not to look at disturbing things beyond the end of its nose. But, after the election, major economic and political questions will soon face the trade union movement. It would be fair to ask what the general council intends to do about them.

The first set of problems would arise if Labour wins the election. This is what all the union leaders are hoping for, though they have done much less in practice to bring about the victory than the party executive at one time hoped. The bull point of Labour's economic policy was to have been an agreement with the unions about a moderation of wage claims during a period of industrial expansion; the unions would no longer demand more than the whole of each year's increase in national production, so that resources would be left over to stimulate investment, and increase old age pensions, and expand the health service, and do all the other attractive things which Labour says it wants. The country has now reached the eve of the election without any vestige of such an agreement having been made.

If Labour should be returned to power, the prospect is therefore that wage claims will go on being tabled which will demand more money than can be found without constant price inflation; that employers (including some nationalised employers) will continue to make at least an initial show of resisting these claims; and that a Labour government will sit unhappily on the sidelines, unwilling to interfere except indirectly by appointing courts of inquiry at moments when strikes look imminent. There will be a few stoppages and many inflationary settlements, which (unless Labour happens to be very lucky with the terms of trade) will periodically impel the economy into crises.

Trade union leaders may say that they cannot see that this would be any different from the situation now. But there would be one very important difference: the existence of a Conservative opposition. One does not require a very large crystal ball to guess that the Tories, when and if they are relieved of the responsibility of office, will become less and less coy about throwing trade union affairs into the centre of British political controversy. The long-term effect of this is something that the men of Blackpool resolutely refuse to think out. If they did think, a shadow would haunt next week's congress: a shadow of the Tories going to the country in the election of 1964 on a platform that might promise to curb the unions by the most stringent sort of American-style labour laws—and getting a landslide mandate to do so.

For a Labour government the best tactic would be to absorb this sort of prospect by partially yielding to it. The Labour movement would be wise to agree to the establishment of a royal commission, not on collective bargaining generally, but on the scope of individual liberty within the unions (and perhaps within employers' associations) under the present system of trade union law. There is a strong case for such a commission already, and just possibly the Tory manifesto for the coming election will propose to set one up. But at the moment probably not one delegate at Blackpool would agree that Labour should pinch this useful item from the Tories' clothes.

IF the Conservatives should win the election, the trade unions are likely to face even more pressing problems, which they have been equally unwilling to recognise. The first challenge, probably early next year, would come over wages. Money wages have been held back throughout 1959 by a combination of short-term circumstances—among them the standstill terms of some of last year's settlements, the recession difficulties in most of the traditional wage-leading industries, the aftermath of Mr Cousins's gaffes during the bus strike, and the tactical soft-pedalling of the TUC. As the retail price index, on which an arbitrator's "fair" awards are usually based, has now remained stable for more than a year, the present period of wage stability may be very difficult for the unions to break.

Nevertheless, soon after the election, a flood of wage claims is likely to break over the dam. It looks as if the engineering workers, who are already formulating their claim, may lead the way, while other unions such as the busmen, keeping their eyes on arbitration, or the railwaymen awaiting the Guillebaud report (from which they expect something material, and may get it), will follow on behind.

In the circumstances of this year, with Britain recovering from recession, it may be that the unions will once again get what they want. But some time in the next five years, if the Conservatives return to power, it is surely evident that they will not. The year of the firm front against wage inflation has been unconscionably long in coming, but the country is now littered with signals of its approach. Throughout this Parliament the resistance of employers, including nationalised employers, to wage claims has much stiffened. Political resistance has stiffened too; Tory Ministers of Labour have now learned that they may gain actual electoral advantage by refraining from setting up courts of inquiries with instructions to run away from strikes. Hitherto, the reef on which a firm policy has foundered has usually been the belief that the country could not stand a long railway strike. But it is now more fashionable to point out that the railway unions, on their own, could not stand one either. The auditor of the National Union of Railwaymen revealed in July that of the union's total funds of £16 per member only £6 7s. per member, much less than an average week's pay, is available to support a strike.

The rest of the money is tied up in provident benefits, the political fund and property.

Some time in the next five years, if the Tories return, the trade union leaders are therefore likely to face the full impact of a problem which last year's bus strike projected as a pale shadow. Either, first, they will have to combine behind a pacemaker in the year's wage struggle, backing some individual union's national strike with sympathetic action that would quickly lead into a political challenge. Or, secondly, they will have to accept that the day is past when automatic annual wage increases could be secured by every big union, even in industries where total receipts have gone down; of course, wages will still go up as national production increases, but they will be determined much more by the state of the market and much less by the Ministry of Labour's state of quake.

All the indications are that the union leaders are not at present sufficiently united to take the first course—that of a general strike—for long; this is just as well for them, for if they did try to throw down a prolonged political challenge to the state they would, in the present state of the public's temper, quite certainly lose. What is not so certain is whether they will eventually accept the second course with good grace, or do so only after a half-hearted struggle which will exacerbate political emotions sufficiently strongly to make assaults upon their privileges the most popular Conservative battle-cry of the age.

SOVIET LIVING STANDARDS—II

Catching Up with the Joneses

The ways in which the Russians are succeeding in their efforts to overtake western standards of living, and the ways in which they are not

AT the American exhibition in Moscow Russians were apparently most fascinated by two items: the house and the car. One was a reminder of their own uncomfortable overcrowding; the other was the traditional symbol of western luxury. Both are the extreme examples of fields in which Soviet living standards in 1965 will still be far behind the western levels of today.

Elsewhere the gap is narrower and the Russians should catch up more easily. For the main foods (with the exception of eggs) their targets for 1965 match or exceed the present American averages. Assuming that they will be reached—a big assumption, particularly for meat—two points remain. One is that Russia will produce its food with an incomparably higher proportion of labour; more than half its population still lives in the countryside. Secondly, equality between Russia and America in the volume of the main foods does not exclude wide differences in more fancy items, and in quality, packing and presentation. The same is true of clothing. The average yardage of cloth planned for the Russians is not very much behind the quantity now used by the British or Americans. But the output of shirts, socks, stockings and knitwear will still be much smaller. So will the production of nylon and synthetic textiles, though the Russians hope to fill that gap quickly, with the help of western "know-how" if they can get it.

Sales resistance and competition compel western traders to provide novelties, attractive patterns, and bright colours. What driving force will urge Soviet suppliers on? Russian writers make much of "capitalist waste" in distribution. They proudly proclaim that in the Soviet Union the share of the population employed in trade is less than a quarter of the proportion in Britain or the United States (1.6 per cent compared with more than 7 per cent). Yet they concede that Soviet distribution services must be improved and expanded. Service to customers is a new problem for the planners. Reared in a perfect sellers' market, they must progressively

TABLE I

CONSUMPTION OF SELECTED FOODS PER HEAD (lb)

	Soviet Union* 1958	Soviet Union* 1965 planned	UK 1958	US 1958
Meat†	84	158	106	161
Butter	8·4	11·2	19	8
Eggs	14·5	20·5	28	45
Sugar	57	93	115	98

* Production figure, but foreign trade unimportant. † Carcase weight (including lard and offal). Soviet figures of recent British and American production are taken to make figures comparable. Actual consumption in 1958 was: UK—125 lb; US—152 lb.

TABLE II

TEXTILES, ETC. CONSUMPTION PER HEAD

	Soviet Union* 1958	Soviet Union* 1965 planned	UK 1958	US 1958
Cotton fabrics, yards	30·6	38	26·9	50·0
Wool " "	1·6	2·5	5·9†	2·9†
Silk " "	4·5	7	n.a.	n.a.
Linen " "	2·5	3	n.a.	n.a.
Leather shoes, pairs	1·7	2·2	2·7	3·5
Paper, lb	23·5	33·5	119	227

* Production. † Square yards.

TABLE III

DURABLE GOODS. HOME SALES PER 1,000 OF POPULATION

	Soviet Union 1958	Soviet Union 1952–58 average	Soviet Union 1959–65 planned average	UK 1958	US 1958
Watches and clocks	122†	n.a.	n.a.	147	n.a.
Motor cars or motor cycles*	1·7	1	2·7	11	27
Vacuum cleaners	1·2†	n.a.	n.a.	22	18
Refrigerators	1·7	0·8	4·6	9	16
Washing machines	2·3	0·8	6·7	13	16
Radio sets	17	14	22·7	24	50
Television sets	4	2·1	8·9	39	30
Sewing machines	14	8·5	16·4	n.a.	n.a.

* Motor cars for UK and US. Motor cycles for USSR, where sales of cars negligible (1958 output 120,000, part of which was exported). † Production.

TABLE IV

DURABLE GOODS. NUMBERS PER 100 OF POPULATION

	Soviet Union* 1958	Soviet Union* 1965 planned	UK 1957	US 1957
Refrigerators	0·6	3·3	3·7	26·5
Washing machines	0·6	5·0	9·7	23·5
Sewing machines	n.a.	16·0	n.a.	n.a.
Radio sets	15	19·5	28·5	78·8
Television sets	1·5	6·5	15·1	27·4
Motor-cycles	0·9	2·2	(7·7)†	(31·7)†

* Estimates assuming average life of ten years for all goods, and of more for sewing machines. † Motor cars.

get used to the existence of consumers' preferences. Decentralisation of management and market research institutions will help them. The Russians certainly do not wish to imitate American expenditure on advertising but they will soon have to evolve a communist mechanism to do the work of what they call the "anarchy of a free market." Their success in this will determine the course of competition between the communist and western blocks.

Soviet manufacturers of durable consumer goods are only now getting into their swing, but their output is expected to rise fairly fast. By the middle nineteen-sixties the Russians should overtake present French levels, with the notable exception of motor-cars. If Russia's rate of progress is maintained, present British standards will be approached at the end of the sixties, though the further goal—to match current American levels—will not be in sight before the seventies. The exceptions come back to the two items from the Moscow exhibition. The share of the national output absorbed directly and indirectly by the motor industry in the West is still considered prohibitive by the Soviet leaders. For some years to come the Russians will remain at the bicycle stage. The other major lag is housing. At the best, there will still be at least two Russians to a room in the middle of the next decade. Two average Anglo-Saxons now have three rooms at their disposal. Cars and houses are the two striking examples of Russia's lag. Others are less obvious. There are lots of gadgets, lots of small comforts that go with an advanced standard of living which defy statistical comparison.

BROADLY speaking, Russia must achieve three things to match western standards. It must increase the productivity of its farms and so release manpower for other employment. It must devote still more resources to housing. And it must shift a higher proportion of investment to durable goods, including cars. Mr Khrushchev knows that he can speed up this process by international agreement. A deal on disarmament would release resources, and increased imports from the West would help while Russia was building up its own production of consumers' durables. He will be under pressure to get all that he can, because Russia is aiming at a moving target and not (as has here been assumed for the sake of the argument) a stationary one.

But the Soviet Union has advantages as well. As a latecomer it can benefit from the experience of other countries. Its problems in satisfying the wants of Russian consumers are relatively new, but it confronts them with a highly skilled and diversified engineering industry. And it may draw advantage from this new era of technological change in which, perhaps, aircraft or even rockets will take the place of coaches; helicopters may substitute for cars; and atomic energy and automation may open up new industrial vistas. While the Soviet challenge can rightly be cut down to size, all experience suggests that it should not simply be dismissed.

It may be objected that such economic changes in Russia will have political consequences, that as daily troubles diminish and leisure and culture increase, the Russians will claim a greater say in the political life of their country. Why should Mr Khrushchev bother to keep up with the Joneses, if this might spell the doom of the present political system? It is quite probable that a new deal for consumers will ultimately mark the end of Khrushchevism, just as the earlier economic and social development undermined the bases of Stalinism. But that will not stop it. The political perspectives that might be opened up in the Soviet Union are one of the most tantalizing possibilities of "peaceful competition" in living standards. For Washington, London, Paris or Bonn to argue that a race in armaments would be preferable to competition in living standards would be implicitly to admit Mr Khrushchev's premise that Russia is bound to catch up. The West is capable of finding the answer to Mr K's challenge for the nineteen-seventies for itself.

(Concluded.)

NOTES OF THE WEEK

GENERAL ELECTION

The Swan Begins to Sing

THE death watch over this Parliament has begun. Nobody in London will now be surprised if Mr Macmillan calls the general election for as early as October 8th or October 15th; as it would be a normal convenience for him to give about a month's notice before either date, an announcement may even come within the next few days. The way the wind seemed to be blowing became very evident during the first few minutes of the Prime Minister's famous telecast with President Eisenhower on Monday. Three months ago Mr Macmillan's main concern in this programme would have been to speak to the people of America, imbuing them with reassurance that Britain is not the "shaky ally" which some American newspapers have alleged. On Monday, however, Mr Macmillan's main concern was plainly to speak to the people of Britain—there was the opening reference to Anglo-American disagreements at the end of 1956 (to show prickly-proud Tories that Britain is wearing no white sheet for Suez), the later references to the healthy state of the British economy, the self-parade of the peacemaker who did not think that his journeyings "had turned out too badly." It was all adroitly, and fairly legitimately, done.

Ever since the local council elections last May suggested that the Conservatives had regained some electoral ground, an autumn election has been probable. It will be normal political procedure if the recent glowing public opinion polls have now finally tipped the scale. It will be interesting to see if they have had one other effect as well.

In the election of 1955, which the Conservatives expected to win, their manifesto was an elegant and carefully unspecific essay, mainly designed so as not to lose votes. At the beginning of this year, when it seemed that the election of 1959 or 1960 was likely to be more evenly balanced, it was generally expected that the Conservatives would feel tactically obliged to put many more positive proposals into their manifesto this time—perhaps including a promise to establish a royal commission on certain aspects of trade unionism and contentious things of that sort. Will the good tidings brought by Dr Gallup have dispelled all such possibly vote-winning—but also possibly dangerous—ideas? It will be odd if the polls, by reporting a swing of opinion to the right, prove also to have impelled the policies of the next government towards the quiescent centre.

INDIA AND CHINA

Criss-Cross Skirmishes

MR NEHRU has now been obliged to take up a public attitude over Chinese infringement of India's north-east border. In Parliament on Monday, he described the Chinese action as a "clear case of aggression." Such tough talk comes reluctantly to a man justifiably sensitive about his relations with Peking, and it should not be interpreted as a sign of change in Mr Nehru's determination not to get entangled in Chinese-Tibetan affairs. But the boldness with which China is taking advantage of a difficult and unmarked border terrain has provoked Mr Nehru into remonstration.

Apart from the legal complications of the McMahon line, the long, remote, mountainous frontier is, for forces operating on the ground, almost impossible to delineate. The Chinese troops, as they carry out their policy of sealing off Tibet, have seized the benefit of any geographical doubt. Mr Nehru's warning may pull them up short; on the other hand Peking has made it perfectly clear that it does not care much what outsiders, including Indians, think about what it is doing.

Mr Nehru's outspokenness with China has been contrasted with the friendliness of his short meeting with the President of Pakistan, General Ayub Khan, who on Tuesday stopped off at Delhi on his way to East Pakistan. Without exaggerating the coincidence, the Indian defence ministry has in the past paid more attention to Kashmir than to the Chinese frontier. If the quarrel with Pakistan could simmer down, there are obvious opportunities for the realignment of troops. And General Ayub, having tidied up some of the illogicalities of government in Pakistan, may in the manner of most military rulers be looking around for some outside achievement to bolster his standing at home.

The frontier incidents sparked off the fulminating quarrel between India's Commander-in-Chief, General Thimayya, and the defence minister, Mr Krishna Menon. Mr Menon's efficient handling of the defence portfolio has not prevented him from being bitterly resented by senior military men. The skirmish was smoothed over on Wednesday, when General Thimayya, under pressure from Mr Nehru, withdrew the resignation he had offered the day before. But all might not have ended so easily had it not been known that Mr Menon departs next week to head the Indian delegation at the United Nations.

THE VISIT

How Right to Know?

IN spite of the flower show atmosphere (in which it was possible to imagine Mr Randolph Churchill as a vegetable marrow, getting first prize) American newspapermen were far more at home from Friday to Tuesday in the huge tent in Carlton House Terrace than were their British and continental colleagues. The White House press representatives are used to these highly organised mass flights from Washington so that each may send his newspaper his personal interpretation of Mr Hagerty's daily bulletin on the President's meals and meetings. The Americans would have been happily surprised if any news really worthy of the headlines had come from the smiling stonewall of Anglo-American spokesmen, who offered themselves for questioning twice a day to hundreds of reporters from all over the world. But to others it was hardly believable that this wealth of official organisation had been undertaken merely to enable secret diplomacy to be openly arrived at.

Some of the British, having looked forward to trying their skill at a presidential press conference, were particularly indignant at being denied a privilege that had been tactlessly granted to the Germans. And they were justified in regarding the substitute which they were offered—Mr Eisenhower's televised chat with Mr Macmillan—as no substitute at all, since no questions were possible and no subsequent clarifications were available—although admittedly the unscripted conversation contained little enough of substance to be worth clarifying. Moreover, it was not the President, preparing the way for a new effort to establish world peace, who was presented as the star, but Mr Macmillan, preparing the way for a Conservative victory in October.

Nevertheless, however much sympathy may be felt for those journalists who claim that this evasion of the press sets a deplorable precedent, the precedent (if it is one) does seem to have needed setting. As the Downing Street spokesman, Mr Evans, explained so patiently on Monday, these were private, personal talks, part of an as-yet-unfinished series to make plans for dealing with Mr Khrushchev. Such plans as were made would lose much of their effectiveness by being made public.

More important, perhaps, if what was said was to be public, the whole character of the talks would have had to be different. In short, the public's right to know does not deprive the leaders of their right to keep their own counsel.

SPAIN

Foot in the Door

SPAIN, though not a member of the North Atlantic Treaty, is an ally of the United States under the agreement of 1953; when President Eisenhower was putting the Nato governments in the picture of his coming talks with Mr Khrushchev, it was natural that the Spanish government, too, should be informed. Its spokesmen seemed to enjoy pointing out this week that the Spanish foreign minister, Señor Castiella, had been allotted a special place in Mr Eisenhower's European programme because Spain was *not* a member of Nato.

This might be a nod, or it might be a wink; who can tell? For public consumption, the Spanish government's attitude is that it is perfectly content with its present position—outside Nato, but on a direct line of its own to Washington. It is host to important American military installations, and able to require in return substantial American aid; and its control of its own armed forces is uncomplicated by any international system of command, as General de Gaulle would like his to be.

Certainly Señor Castiella has not done badly in his exercise this week of establishing Spain's right to be informed and consulted when east-west political moves are afoot. Interviews in one week with Mr Eisenhower, Mr Herter, Mr Macmillan, Mr Selwyn Lloyd, General de Gaulle, and M. Couve de Murville seem to settle the matter. The British press, probably reflecting in this point the feelings of the British public, which remains obstinately touchy about its memories of the nineteen-thirties and of the second world war, has shown more than a suggestion of resentment of the importance that the Spanish foreign minister secured for himself, of the fact it happened in London, and of Señor Castiella's personal history. Even the British government made a point of announcing that it had not been consulted before the American government invited him to London. But before the week was out the civilities had been handsomely restored with a suggestion to Señor Castiella that he should come back to London soon, this time on an official visit to the British Government. The initial frostiness and the press sniping will have done the British position in Spain no good, but Spain's position in London has been improved.

ALGERIA

On Reconnaissance

GENERAL DE GAULLE returned to Paris on Sunday, in good time to digest his four days' discussions with the army in Algeria before facing Mr Eisenhower. From what he said to Moslem audiences on his tour, the general's new policy is to offer eventual self-determination to the Algerians. The idea seems to have been conceived for Mr Eisenhower's benefit. But, not for the first time, General de Gaulle had different words for different listeners as he pursued his way from command post to command post last week.

Whatever phrases the Moslems may have picked up with new hope, the emphasis for

the army was still on the task of pacification. The officers came away from their conversations with the general reassured by the impression that no negotiations would be begun with the rebels in the field. If this proved to be true, and if there was to be no time limit for the end of pacification, the general's new initiative would begin to look like the Fourth Republican formula all over again.

But if General de Gaulle were revolving new ideas, it seemed a sensible time to start when Mr Eisenhower was in Paris and when out of deference to the interests of the Franco-American relationship, watchdogs in Algiers, or in the cabinet, could not bark too loudly. Whatever is in the general's mind is now expected to be made known later this month. A declaration of self-determination would seem to push French policy more openly towards the creation of a Franco-Maghreb community as a means of providing the Algerians with an acceptable alternative to full independence. The difficulty is that Morocco and Tunisia have been moving steadily away from France this year. More immediately, General de Gaulle's attention is centred on the United Nations. It is not by coincidence that M. Malraux, the apostle of Gaullist culture, has been touring South America, where votes that could prove decisive on the Algerian issue are now very much in the balance.

The McMahon Line

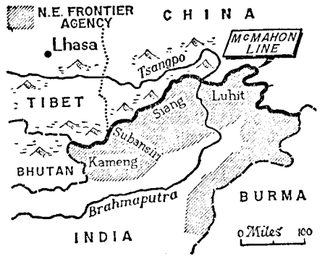
THE north-eastern frontier of India as claimed by the Indian Government follows what is called the McMahon Line, named after Henry McMahon, who was British plenipotentiary at the conference at Simla which produced the tripartite British-Tibetan-Chinese Convention of July, 1914. The convention was duly ratified by Britain and Tibet; it was initialled, but never signed or ratified, by China. The war in Europe broke out a month after the conclusion of the convention, and the Chinese government of that time thought it might as well wait and see.

By the time the war was over there was no longer a central government in China with real authority over the provinces, and no serious effort appears to have been made subsequently by the British government to obtain ratification of a treaty that no longer seemed to have practical importance so far as China was concerned. The frontier was effectively with Tibet, not with China—the Tibetans having managed to clear the Chinese out of the whole frontier area, including the borders of Assam—and from 1912 to 1951 Tibet was in fact an independent state, not subject to any kind of Chinese control. The Tibetans recognised the frontier clause of the 1914 convention as binding, and the Chinese, having no armed forces or administration anywhere near the frontier, were in no position to challenge it.

THIS situation came to an end with the Chinese reconquest of Tibet in 1951, which meant that Chinese troops occupied points close to the McMahon Line. Successive insurrections in the last two or three years, involving guerrilla operations near the frontier, and leading to the flight of Tibetan refugees into India, again made the frontier an active question. The circulation in China of maps showing Chinese territory extending far to the south of the McMahon Line suggested that the Communist regime would one day challenge the frontier; to Indian protests, Peking's answer was that the maps had been made under the Kuomintang regime, but this excuse wore very thin as time passed and nothing was done to correct them.

The McMahon Line forms the northern and north-eastern boundary of Assam, but not of the province itself as a state of the Indian Union; a zone about 100 miles deep within the frontier, comprising the tangle of mountains and valleys between the plain of the Brahmaputra and the high watershed of the Himalayas, is known as the North-east Frontier Agency. Since India took over the agency in 1947, it has been organised into four administrative areas —the Kameng, Subansiri, Siang and Luhit divisions.

GEOGRAPHICALLY, the country of the Frontier Agency presents a striking contrast both to the flat lowlands of Assam to the south and to the high plateau of Tibet to the north; its steeply mountainous character differentiates it from Assam, while its dense forests watered by the heavy monsoon rains falling on the southern slopes of the Himalayas distinguish it from the open, almost treeless, highlands of Tibet. Ethnically, it is inhabited by a number of tribes of primitive culture, speaking languages of the Tibeto-Burman family, traditionally without any large-scale political organisation and unconnected with the more civilised inhabitants of the Assam plain, who are Assamese or Bengali by speech and Hindu by religion. The principal tribes from west to east are the Monba, the Aka, the Dafla, the Apa Tarang, the Hill Miri, the Abor, and the Mishmi. Except for the Monba, they were all formerly independent in their mountain valleys; the Ahom kings of Assam took no notice of them except to make occasional punitive expeditions against them when they raided the lowlands. A section of the Monba, however, were under the jurisdiction of the lama monastery of Tawang, a branch of the Drebung monastery in Lhasa; this could be regarded as a Tibetan suzerainty, though it was primarily an ecclesiastical authority, the governing officials being Buddhist monks.



After the British annexation of Assam the British authorities made a number of agreements with the hill tribes, whereby the latter undertook to desist from raids on the lowlands in return for small annual subsidies to their chiefs and permission to trade in Assam markets. In no case was there any reference to China in these agreements, but in the case of the Monba there was mention of the Tibetan suzerainty, though the local chiefs did not deem it necessary to refer to Lhasa. The British did not wish to administer the tribal areas directly and saw no need to define the frontier with the Chinese empire, since the independent tribes formed a buffer zone between India and Tibet. But after the Tibetans gained their independence in 1912, a definite boundary running as far as possible along the Himalayan watershed, was thought desirable.

The primary aim of the Chinese in challenging the McMahon Line is probably, as in Dadakh, Nepal, Sikkim and Bhutan, to bring under Chinese control all the centres of Lamaic Buddhism which continue to recognise the spiritual authority of the Dalai Lama; as long as any of these remain beyond their reach, Tibetan nationalism cannot be decisively crushed. A secondary purpose is doubtless to impress the Chinese people with a display of the Communists' patriotic zeal in revising a frontier which was established without China's formal consent. A third motive may well be a desire to demonstrate, for the benefit of everyone in south and South East Asia that China is stronger than India and can force the Indian government to give way.

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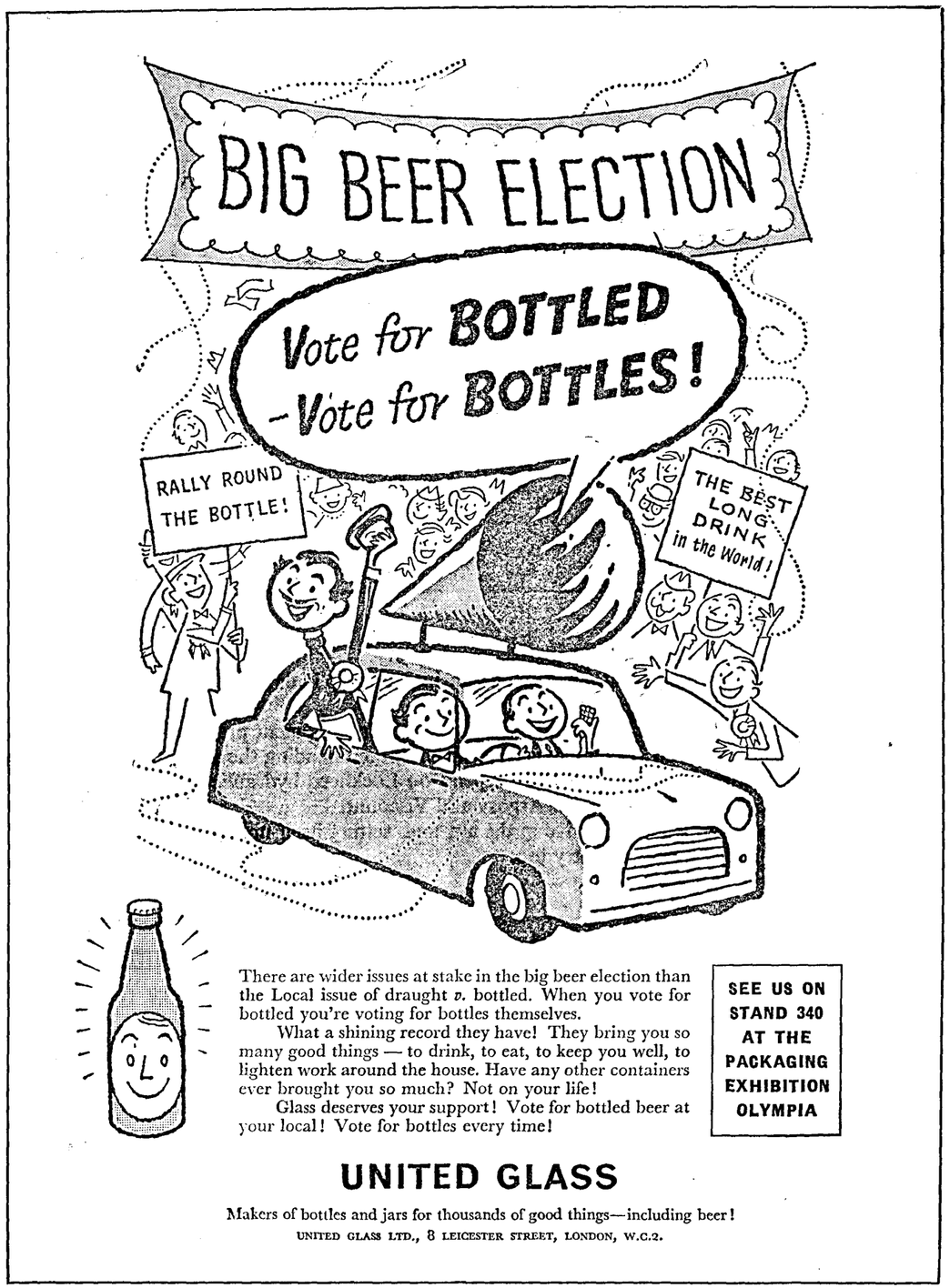

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ANTI-UGLY POLITICS

Parties and Leisure

WE are all anti-uglies now. Who would have guessed up to a short while ago that in this coming election all three parties would choose beauty as a political issue? There is more than one kind of political issue—the kind which does and is intended to divide parties and the kind on which each party suddenly feels obliged to keep up with a strange new shift in the winds of opinion. The Labour party's new policy document, which appeared last Sunday indignantly hard on the heels of the Conservative pamphlet on the "Challenge of Leisure," ranges widely over questions of architectural design, takes in all the arts and the uses of leisure, and touches on the archaism of the moral laws. It recognises, at much greater length than the unofficial Tories did, that now that working class families have leisure to use and the money to put it to some use, an opportunity arises to make Britain a friendlier and less stuffy place—but also a danger of turning it into an appalling mess. The Labour party has special reason to be worried, partly as a matter of conscience because mass culture is the genie which it feels it has been mainly responsible for bringing out of the bottle, partly as a matter of self-preservation because unless the party is for ever to be thought of in the grim killjoy terms of the late nineteen forties it must find some way of wiping a smile on to its face.

Whatever circulation this new document achieves—and if the printing unions had not ditched the party it would by now be flooding the market in a glossy version with a tasteful cover—its style, content and presentation are worthy of its high pretensions. It supplies a graceful, urbane account of present achievements and failings of official patronage and neglect of the arts. Here and there, of course, since this is a political document, commercials are inserted to show that æsthetic statesmanship was born in the last Labour government. But the tone of the argument then proceeds dispassionately, unaffected by the interruption. In the end only one small cavil must regretfully be made—but it damages the practical value of much of the exercise.

Enlightened, expensive thoughts about subsidising gracious living are scattered throughout the essay. But Labour regards it as too much of a violation of good taste to discuss in any detail what price tags would have to be attached—or to list its projects in any order of priority.

Modernising Morals

THE Labour party's references to the morality laws have been smuggled a little surreptitiously into the introduction to its new policy document; they are not referred to in the body of the essay, rather as if someone had woken up at the last minute to the fact that the *Daily Mirror* was offering its raffish support to the party which should propose to attack "these damn silly laws." Nevertheless better in an introduction than nowhere and, with Mr. Butler promising to do something about legalising betting shops and making Sunday drinking legal in Scotland if the Tories get in, it might look as if the battle for individual freedom from Victoriana was already as good as won.

But it would be too soon to toss Sunday bonnets in the air. The Tories have not yet promised to do anything about either drinking or Sundays in England, although the Bow Group (in the current issue of *Crossbow*) has urged them to. The Labour party hedges with promises only of a royal commission on licensing laws and of a free vote on Sunday observance. It is not wrong to do so. The surface unanimity of the liberal-minded newspapers ought not to leave anyone under the impression that there is general agreement, even among those who want reform, about the extent to which legal regulation of personal habits should be dropped or modified. There is no hope that such proposals will escape sharp controversy. Any government is liable to have trouble with important sections of its rank and file when it ventures into this mine-strewn field. A Labour government would have to wrestle with the movement's strong methodist conscience.

The test of a party's sincerity in this field is its willingness to work hard at converting its own rank and file. No whips should be imposed to prevent backbenchers from agreeing with the temperance and Sabbatarian lobbies if they want to, but the central organisations of the parties have an equal right to do at least a similar amount of lobbying on the other side. Meanwhile the prominence now being given to issues on which party discipline is traditionally not imposed suggests that backbenchers in the next Parliament will have a livelier time than in the present one. Public interest in Parliament should also be increased, since these are pre-eminently the kinds of subject which television is best fitted to illuminate. It is none too soon for advocates of out-and-out reform to brush up their parliamentary procedure and their lobbying technique. The great danger of the next Parliament, whichever party wins the election, is clearly going to be that the country may be saddled with patchwork adjustments that will take the heat off the present campaign but may actually help to preserve for another generation many of the present anomalies.

AGRICULTURE

Liberals on the Farms

THE report of the Liberal party's agricultural committee bears the marks of inevitable conflict between the convictions of a party which stands for the grand old principles of free trade and undistorted markets, and the expediency of one which happens to be struggling hopefully for electoral support in a large number of rural constituencies. In its analysis of the agricultural situation—and in most of its policy recommendations—this report stands head and shoulders above its Conservative and Labour counterparts; but there is about it a strong whiff of the legendary Scottish preacher who told his congregation "My friends, here is a verra grave deefficulty, let us look it boldly in the face and pass on."

The committee's aim is to redirect public aid towards making British agriculture capable, on an average, of matching overseas producers' prices, thus enabling it to thrive not on direct subsidies but on its own low costs and high productivity. The instruments it recommends are an improved, enlarged, better paid and independent advisory service; more specific and more logically chosen production grants; better rural transport and amenities; encouragement of ancillary and complementary industries; and, above all, a Land Bank providing medium-term credit at lower and more stable rates. It is bad luck that it lays so much emphasis on the Land Bank just after the Radcliffe committee has agreed with a Ministry of Agriculture memorandum on "the inefficiency of this method of subsidising agriculture production and the dangers of over-commitment and abuse to which it could give rise."

Apart from the Land Bank, the other policy recommendations are admirable. But the general tone of this-isn't-going-to-hurt-anyone, the picture of an agriculture not just profitable at an economically rational level but actually expanding beyond its present size, has more electoral charm than verisimilitude. The much-needed transformation of British farming into a technically efficient, commercially alert, low-cost industry implies not only a large number of individual casualties but also, unless something very odd has happened to the law of comparative costs, a net shrinkage of output. Perhaps the Liberals can be excused for not emphasising this. But between a suicidal degree of outspokenness and the tactics of the Scottish preacher it should have been possible—and might even have been better policy—for the writers of this generally intelligent document to steer a more central course.

ARAB WORLD

Fireworks at Casablanca

ADOPTING the fashionable view that there is safety in talk, the Arab—foreign ministers are holding their heralded Arab League council at Casablanca. Of the ten member states, Iraq and Tunisia are absent, Iraq refuses to take any notice of a league whose headquarters are in Cairo and whose activities are under the Egyptian thumb; Tunisia has not attended a league meeting since its representative stalked out of the council last year. President Nasser is steadily back-pedalling his way out of inter-Arab quarrels by resuming diplomatic

courtesies with King Hussein and entertaining King Saud in Cairo; he has not yet got round to making it up with President Bourguiba.

The two main items on the council's agenda are the Algerian war and the Palestinian refugees. Both topics are good stuffing for Arab solidarity, and the communiqué will probably reiterate high-principled agreement in very general terms. The actual talk may be more acrimonious. Even the discussions about the Algerian war and the French nuclear tests in the Sahara may not altogether be plain sailing. The minister of finance of the Algerian shadow government, Dr Ahmed Francis, is in Casablanca with his colleague for north African affairs, and it is quite on the cards that they will embarrass the meeting by asking for less sympathy and more cash. The league members, however testy their differences, may be at one in filibustering their way through such heresies.

The refugee issue is no longer as straightforward as it was at the beginning of August when the league met at Sofar to reject out-of-hand Mr Hammarskjöld's economic proposals for integrating the refugees in the countries where they now live. Since then, the ex-Mufti of Jerusalem, Haj Amin, and M. Pierre Gemayel, the Lebanese minister of public works, have separately produced their suggestions for a provisional Palestinian government and army. In face of the Jordanian reaction, discussed by our Middle East correspondent on page 741, these proposals are unlikely to win much support. The trouble about this kind of bellicose and unrealistic talk is that it forces the Arab governments to take up attitudes from which they cannot easily climb down.

SUEZ CANAL

Pressure on the Bank

For more than three months the Danish ship *Inge Toft*, chartered to carry Israeli goods to south-east Asia, has been stuck in the Suez Canal. This is now far too long for either side to be able quietly to give way. Mr Hammarskjöld's private negotiations with Cairo having failed to budge the freighter, the Israelis are hesitating to raise the issue at the United Nations General Assembly when it meets later this month. Argument at the United Nations would be bound to degenerate into tired legal skirmishing over whether or not the United Arab Republic was technically at war with Israel.

A more effective form of pressure might be through the World Bank. A group of American congressmen have suggested to the bank that its proposed loan to Egypt for widening the canal might be made conditional on the passage being kept open for all shipping—vessels carrying Israeli cargo included. Mr Eugene Black, the president of the bank, will be well placed for hearing all points of view; both Dr Kaissouny, the UAR minister of economics, and Mr Horowitz, the governor of the Bank of Israel, will be in Washington later this month for the World Bank's annual meeting. The obligation in honesty to insist that the canal should be genuinely an international seaway has to be weighed against the knowledge that western lending policies can come to grief over built-in conditions.

The bank, having recently sent a mission to investigate the possibility of a loan to Israel, is well aware of the importance that Israelis attach to their eastern trade routes. But Mr Black may decide that this is a case for the right hand not knowing what the left hand is doing.

NATIONALISATION

Wasted Survey

Between the beginning of last October and the end of last July Mr Colin Hurry's associates visited some 2,650,000 of the estimated 3.1 million households in 129 marginal constituencies of Britain. Of these, 314,000 households told him to go jump in a lake, in another 394,000 households nobody was at home, and so just under 2 million answered his questionnaire. One of the most interesting conclusions to be drawn from their answers, although it is carefully discounted in Mr Hurry's somewhat tendentious report, should in fact bring some much-needed cheer to the Labour party. Some 37.4 per cent of those questioned considered themselves to be supporters of Labour, against only 35 per cent who were supporters of the Conservatives. As the Conservative-held seats in the survey were all those in which the Conservatives had a majority of under 4,000 in 1955, while the only Labour-held seats were those with a majority of under 2,000 in 1955, these figures (granted, they were unscientifically unweighted) go some way towards confirming the evidence of last winter's by-elections: throughout most of the period while this survey was in progress, Labour should probably have been regarded as slight favourites to win a general election. Whether this picture has been changed by the recent swing to Conservatism which has been reported by all the public opinion polls is a question which cautious prophets should still regard as being open to debate.

For the outsider, the most heartening feature of Mr Hurry's survey was that over 90 per cent of those questioned had the sense to say that they did not regard nationalisation as a particularly important issue; one could wish that Mr Hurry's sponsors had shown equal sagacity. With similar commonsense, 63½ per cent of those questioned (including a small majority even of Labour supporters) did not want any more nationalisation and only 18.6 per cent actively wanted more of it. The material published this week is broken down according to constituencies only on the answers to this nationalisation question; it provides a few interesting regional variations which will be of some minor value to political analysts at election time. But the main reaction must be one of thwarted irritation: if only some more scientific research team had had the money which Mr Hurry was able to deploy in this survey, how many much more valuable questions could have been asked to help find out what it is, both politically and sociologically, that makes the British people tick.

DOCKERS

Port Pensions

Because of the general absence of wage claims, certain unions and employers have had time in the past few weeks to bargain seriously over fringe benefits. This follows sound American precedents. A special welcome should be given to the news of an offer by the port employers of a pension scheme for dockers. The actual level of the pension—varying from 10s. a week and £100 down for the over-seventies to an eventual £2 a week flat for men now under 25—may not look munificent. But since the payments will come on top of the national insurance retirement pension, and since 68 per cent of the workers in this ageing industry will qualify for retirement and the pension in the next thirty years, the scheme is in fact a generous one.

It may nevertheless prove to be well worth the employers' while. The peculiarity of British docks is that they sprang straight, at Ernie Bevin's command, from a harsh Victorian system of labour relations (based on casual labour) to a pretty fuzzy welfare state one (under which discipline over the men is very largely the responsibility of staid trade union leaders who sit on the dock labour board and can expect to get CBEs when they retire). The advantage of this system in a naturally ungentle industry is that it has helped Britain to avoid most of the extremes of labour racketeering that are a feature of so many wharf unions abroad. The disadvantage is that it leads to a slower tempo of work done.

One of the causes of this slower tempo, in addition to union featherbedding, has been that unloading can sometimes proceed only at a pace set by some frankly decrepit old worthies. Under the dock labour plan, attendance money must be paid to any docker, however old, who reports for work at least six times a week. In consequence, dockers have stayed at work, and in some cases drawn substantial wages, long after they have become incapable of doing heavy work at all quickly. Many of the 5,700 currently registered dockers aged over 65 must come into this category, and even more of the 1,900 aged over 70 certainly do. The net effect of the new pensions scheme is that instead of paying dockers of over 70 about £26,000 a year in attendance money and a lot more in wages for work not properly done, the employers are putting

NO. 6 HOW TO MAKE CERTAIN THAT ONE'S WORDS ARE WINGÉD

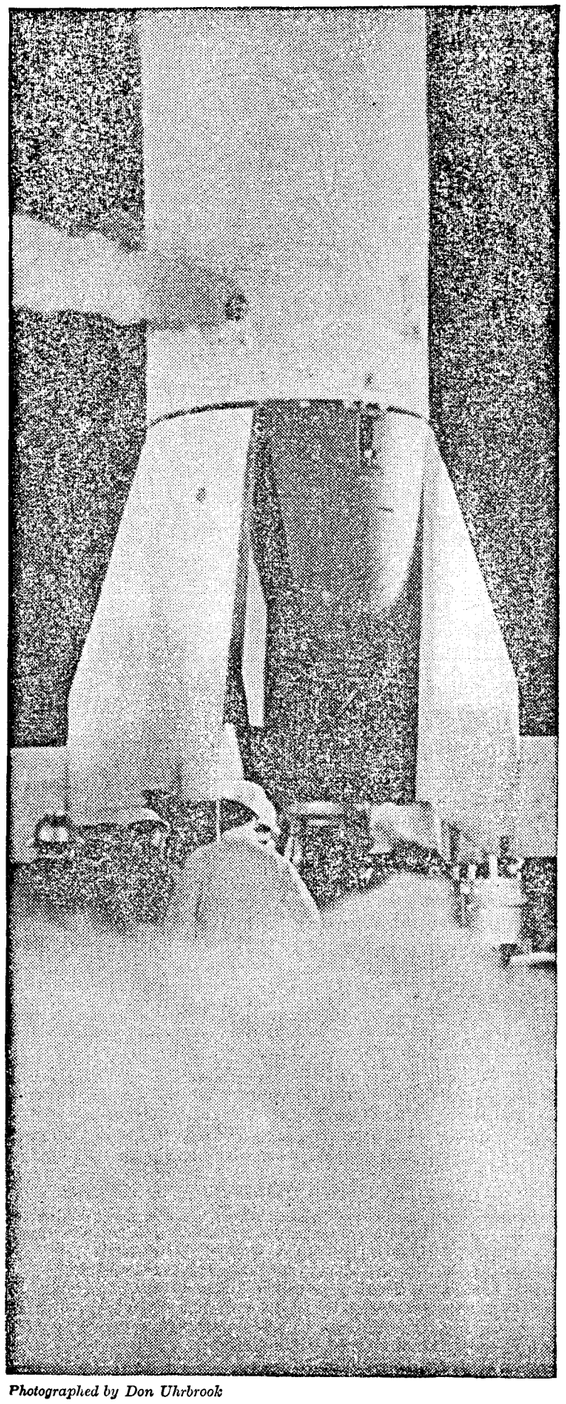
Too little attention has been paid to the actual speech of a speech. Too many speakers ignore the infinite capacity of the English language for filling up time in the most eloquent way. Let us end with this list of speech improvements on humdrum ordinary language. These phrases are particularly suitable for the sociologico-politico or the serio-humanchapio.

HUMDRUM ORDINARY	SPEECH EQUIVALENT
I can give you the gen	In default of someone better qualified to accept this privilege, it has fallen to my lot to undertake the task of attempting to tell you something of
Don't listen to the other side	A great deal is heard nowadays . . . I know all of you will be chary of giving too much credence to the easy prophecies of wishful thinking
The other side is no good	None of us must be over eager to find fault but . . . Our opponents are gentlemen of mercurial temperament, and vivid, perhaps over-vivid imagination
Everyone here is nice	Rooted deep in the national character . . . instinctive appreciation of the simple things of life and hatred of all that is false
I am nice myself	This is something which I, personally, find enormously heartening
Stand up everybody on our side	Each one of us, today, is conscious of an urgent need for the spirit of co-operation. It is the fulfilment of our inner want. Urgent want . . . inner need . . . co-operation . . . urgent

Since the speaker (as will be seen in the illustration) is already bubbling with wingéd metaphors, he ought, if he uses this wingéd connecting matter, to succeed in being eloquent, without notice, on nothing whatever.

Written by Stephen Potter; designed by George Him

SCHWEPPERVESCENCE LASTS THE WHOLE DRINK THROUGH



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down a lump sum of £190,000 and paying pensions thereafter costing £50,000 a year. It may not be a bad exchange—especially as, in return for the pensions, the employers have asked the unions that new entrants to the docks should in future undergo a medical examination and a period of training, both very reasonable requests.

TRADE UNIONS

Non-Punitive Punishments

WHEN the printing strike was settled, the public was informed that the return to work was to be on the basis of "no victimisation." Behind the scenes, however, the unions had apparently given notice that they maintained the right to exercise internal discipline within their organisations, although with various assurances that no action that they took would be punitive or vindictive or discriminatory. The printing employers (and even, indeed, Lord Birkett) should never have agreed to be associated with such vague terms, since they should have known what was likely to happen.

The usual isolated but shabby stories of union action have now begun to appear. In Yorkshire, union fines of £50 have been imposed on certain apprentices for doing what their employers told them to do, even though the terms of their indentures (to which the union had agreed) forbad them to take any part in an industrial dispute. Perhaps even more depressingly, the National Union of Journalists, which was not directly involved in the dispute, is calling 30 members of one of its Derby chapels before a private union court on September 10th; its assistant general secretary has declared that "there will be a degree of domestic discipline" which will not be "exclusive to Derby—we will take the appropriate steps in other places as opportunity serves." What these last three words presumably mean is that the NUJ will take action only where it judges that its local strength permits it to do so. It looks as if the union is going to practise some strictly non-discriminatory discrimination in its non-punitive punishments.

In the case of the printing unions, all that can be done is to watch whether the promised procedure for appeals is honourably implemented—and to resolve that in all future strikes the power of public opinion will be brought to bear upon employers who may be inclined to sign the principle of "no victimisation" away. The case of the NUJ is different. This body has made considerable efforts to broaden the base of its membership beyond the provincial papers in which its chapels exercise effective power. The proper answer to any fines which it may impose on September 10th will be a clatter of resignations from those of its members who regard journalism as being an occupation with something of a libertarian and professional code.

FISHERIES DISPUTE

Heavy Weather

THE British trawler owners issued a communiqué on the progress of the cod war on Monday, exactly a year after hostilities began around the Iceland twelve-mile limit. The news was not good. British landings from Icelandic waters have fallen by a third, and the price to the housewife will have to go up. Sir Farndale Phillips, the president, could also see new storms ahead. The talks on the little free trade area might mean marketing concessions to the Norwegians; the British fishermen, he said, were being treated like pawns in the game.

He also insisted on the point that the British protest off Iceland was a governmental one, and that the fishermen had been too long under fire in the front line of the publicity campaign. The owners' report makes many of their difficulties perfectly clear. Thus, Fleetwood, which has been hardest hit, has been unable to add modern ships to its fleet for the past two years (Hull added ten and Grimsby seven). Fleetwood also scrapped six of its old coal-burning vessels.

It is a credit to the good sense of the trawler owners that, despite some pressure, they have not repeated the mistake of imposing a landing ban on fish brought by Icelandic trawlers. There seems to be a fair case for helping Fleetwood, in particular, to acquire more modern and economic ships, and rising unemployment—the port is said to be facing its most serious crisis since the depression of the nineteen-thirties—may eventually force the government's and the owners' hands. It may be pertinent to mention that financial aid is to be given to the American fishing industry, to meet Canadian, Icelandic and British competition.

COMMONWEALTH SERVICE

Neither Fish nor Fowl

SOME of the weaknesses of the Commonwealth Relations Office have been probed by the select committee on estimates in its third report for 1958-59 (HMSO, 9s.). The committee finds that there is a dearth of good men at the top so that senior posts, such as the high commissionerships, frequently have to be filled from outside the service. It criticises the organisation for the rigid separation of its departments; officers in the political department never touch trade (which is handled by officials seconded from the Board of Trade) while information is the special province of a third set of experts drawn mostly from the Central Office of Information, the British Council, and Fleet Street. The committee also questions the wisdom of the CRO's reluctance to recruit staff from the dwindling colonial service. It recognises that this policy springs from a desire to avoid antagonising newly emerged states by sending old colonial faces to new high commissions, but suggests that in this respect Whitehall's tenderness for other people's feelings has over-reached itself.

The difficulties about staff have historical origins. The CRO started life in 1947 as an amalgam of the Dominions Office and the rump of the extinguished India Office. The first had never had much glamour; members of the second had, with few exceptions, never served abroad and could not be made to do so. The new department missed the opportunities that were going at the end of the war of attracting good men in search of jobs, and in particular allowed the Foreign Office and other competitors to snap up the best of the old Indian Civil Service.

The Economist

SEPTEMBER 3, 1859

NO DECIMAL COINAGE

"After a much longer delay than was expected, we have received the Report of the Commission on Decimal Coinage, and, as the judgment of the Commissioners is unfavourable, we apprehend that for the present it will be fatal to the scheme . . . So far as paper calculations are concerned, the advantage of a decimal currency is obvious and undisputed. The extent of the advantage is a matter of controversy; but some advantage is admitted to exist by every one . . . With regard to calculations in the head—which are those most common in the market, and are, even in large matters of business, as common as those on paper—it is very much doubted whether a decimal system is not *less* advantageous than our present system . . . But it is remarkable that the Americans, though using a decimal system on paper and in large transactions, in common calculations use shillings and sixpences as means of reckoning, though such *coins* are almost everywhere rare, and, in some States, do not exist . . . The reason which is assigned for the preference of the shilling is its remarkable divisibility by lower numbers. 10 is only divisible by 2 and 5; 12, by 6, 4, 3, and 2. The power of telling easily what is the price of a quarter of a thing, or the third of a thing, when you know the price of the thing itself, is very important in the daily transactions of the ordinary market; and no decimal system can be so easy in this respect as the system which we have . . . The state of our coinage, unfortunately, makes the difficulty of any change to a decimal system very considerable. We have two coins—the penny and the pound,—both excessively important in their respective spheres, both bound up with our ordinary habits, both very difficult to part with. Yet no decimal system will include them both . . . We have either to give up the pound and confuse the rich, or the penny and puzzle the poor. Is either evil counterbalanced by the expected advantage,—the greater facility of decimals in paper calculations? For our own part, we altogether doubt whether it is. We think the evils of the change very great; and we are sure that in the ordinary decimal scheme, which rejects the penny, they would fall on the *mass* of the community who never write their calculations, who could not write them, and who would therefore suffer the certain inconveniences without having any share in the anticipated benefit.

Proconsul to Diplomat

IN the years that followed, the CRO still failed to create a magnetism of its own sufficient to compete with its obvious rivals, the Foreign Office and the Colonial Office. Both these departments attract recruits who feel they have a gift of dealing with people, whether on equal terms, as in embassies abroad, or in the capacity of benevolent superior, as in colonial districts. The CRO, emphasising the vision of a commonwealth based on the circulation of telegrams, seemed to offer far less scope for initiative and influence.

Some reorganisation of the commonwealth service is certainly overdue. But the problem is not simply an organisational one; there could be more thinking about the place of the service in the structure of British government. A spirited commonwealth service could have a vital function in such activities as providing technical and other aid, spreading information and promoting British trade. But as time goes on it becomes clearer that some of the posts are essentially diplomatic. The High Commissioner in Delhi, for example, has a job that is more important than that of most ambassadors, and there are strong arguments for his being, as a rule, a career diplomat. There is not much logic in having a diplomat in, say, Addis Ababa and not in Accra. It is even possible that some day the Foreign Office may make a case for formally taking over most of the diplomatic functions that the CRO is responsible for at present.

MEDICAL SERVICES

Doctors in the Forces

THE small band of MPs on sub-committee D of the select committee on estimates deserve congratulations for the moderate and restrained report which they have submitted on the medical services of the armed forces. This is a subject on which politicians could very easily have been tempted to play for a *succès de scandale.*

Under present establishments, servicemen and their dependants are treated as if they require between 2½ and 3½ times as many doctors as an equivalent number of civilians would do. In service hospitals the occupancy of beds is noticeably lower (the Admiralty consider an acute hospital with 70 per cent occupancy to be full, whereas the Ministry of Health accept a figure of about 85 per cent) and costs are certainly higher than in civilian hospitals; how much higher is difficult to estimate because costing at service hospitals "was abandoned at the outbreak of war, and the army and the RAF have not re-introduced it" (the navy did re-introduce it eleven years ago, but has since given up).

To the layman most of the arguments for integrating doctors in the three services into a single inter-service medical branch—with consequent administrative economies and greater flexibility in the deployment of specialists, research workers and temporarily idle doctors—sound convincing; and most of the arguments against integration—the "differing tasks, functions and organisation of each service," the "loyalty of medical and dental officers to their own service and consequent *esprit de corps*"—sound like unmitigated military guff. But the select committee shows itself sensibly cognisant of the fact that two inquiries in the last 37 years, which had more time than itself for detailed examination, nevertheless reported against integration. Both of them did, however, favour closer co-ordination; and co-ordination plainly is not being carried out.

The select committee's own opinion is that the services should adopt integration as their long-term objective, along the trail which the Canadian Forces Medical Service has recently blazed. But, more immediately and thus more important, it says that there should be a freer exchange among the services of medical officers working in service hospitals, that the medical services co-ordinating committee should be enlarged by the co-option of two or three civilian doctors of high standing, that costing in service hospitals should be re-introduced, and that there should be a thorough investigation into co-operation between the national health service and the armed services in utilisation of hospital beds; finally, the armed services should be ahead of, not behind, the rest of the country in the consideration it gives to such matters as the practicability of employing semi-trained dental ancillaries and the recruitment of women doctors. The service departments will deserve to be unmercifully chivvied if they stonewall against this report.

LETTERS

Rostow on Growth

SIR—Professor Rostow's fascinating sketch of the economic growth of modern nations might in one respect mislead readers less wary than himself, by the very natural use of expressions which are inevitably "loaded." No doubt the words "take-off" and "maturity" are used in a purely economic sense; but the first suggests exhilaration, and the second ripeness, even wisdom. In real life, having taken off, we may yet be taken in, and to be ripe is in nature a prelude to becoming rotten. Socially, these are not necessary results; but one implied contract between the traditional and the mature society may be questioned. Is "non-productive" spending less conspicuous in the latter than in the former (except by being more widespread)? If surplus income in the former was "largely spent . . . on religious feasts and ceremonies, monuments, wars, high living for the land-owning minority," is not much of it spent in the latter on similar things (omitting the adjectives "religious" and "land-owning")? The many individuals who now enjoy some surplus income might spend it more wisely if they were at least aware of earlier attitudes towards spending on the part of the few. Professor Rostow would be the last to conclude that the culture as well as the economics of any age before the take-off must now be regarded as totally irrelevant to the mature society.

Unfortunately, Sir, anyone who *both* has a surplus income *and* most lacks tradition in culture is not likely to be among your readers.—Yours faithfully,

Trinity Hall, Cambridge C. W. CRAWLEY

SIR—If Professor Rostow's work can fairly be judged by the interesting excerpts you have published, his "Non-Communist Manifesto" suffers from a serious weakness on the sociological side. The successive "stages of growth" in his rather abstract scheme are only very casually linked to social changes, though he deserves praise for having stressed the importance of an integrated theory which does not leave the economic mechanism suspended *in vacuo.* Unfortunately it is not enough to label each successive economic stage a "society"; one must also indicate in what respect it really constitutes a social and cultural whole. Whatever the shortcomings of the Marxian scheme, it does just that, e.g., by making the *bourgeoisie* responsible for the industrial revolution and even giving it credit for transforming the world (see the relevant passages of the Communist Manifesto); whereas Professor Rostow leaves us in the dark about the social forces which have brought us to the threshold of the promised land of "high mass consumption," and will be needed to sustain it. Talk about millions more "suburbanites" and "consumers" is not enough. One would also like to know where the managers, the intellectuals, and the workers come in, what social place is likely to be held by technicians, whether there will be any farmers left, etc. Again, in relation to the USSR the author seems unaware that the technical intelligentsia is at once the hard core of the regime and the main threat to the continued hegemony of the party apparatus. If one wants to direct one's appeal to this stratum, one must first of all note its existence and identify its place in society.

It may be said that this is unfair criticism of what is after all primarily an exercise in economic history, but a writer who offers an alternative to the Marxian scheme cannot rest content with anything short of a fusion of history, sociology, and economics. Some such programme is sketched out in Professor Rostow's lectures, but the synthesis he suggests does not differ markedly from the current American emphasis on "countervailing forces," all operating within the framework of an economic system propelled by what Marxists call accumulation, and what the author prefers to describe as compound interest. Apart from technology, the only major historical factor in this simplified scheme appears to be nationalism. No mention is made of the totalitarian integration which surely represents something qualitatively different from mere dictatorship; while the adequacy of liberalism in the new industrial society in the West is apparently taken for granted. In short, we are offered the skeleton of a neo-liberal theory, but no flesh to put on the bones.—Yours faithfully,

G. L. ARNOLD

London, NW3

SIR—Before the present balance of atomic power was achieved between the Soviet Union and the Nato powers, it was often suggested in the West that a change of regime in the USSR could only be a cataclysmic one. Inevitably, as the prospects of violent upheaval receded, more and more hopes were pinned on the "natural" evolution of communist totalitarianism into a more humane system.

Professor Rostow's excursion into the philosophy of history is the latest and certainly the most persuasive attempt to outline the possible mechanics and dynamics of this great western hope. Unfortunately his non-communist manifesto is marred by a rather incongruous conclusion. Is it always true that when a country reaches the stage of high industrial development, it is faced with a choice between high mass consumption and assertiveness on the world scene? It seems to me that this is an unwarranted generalisation.

If we were to apply it to the Soviet Union, we could only conclude that a substantial increase in the USSR's standards of living is bound to mollify the Kremlin's aggressiveness *vis-à-vis* the western powers. This is of course a very respectable *non sequitur* endorsed by such eminent people as Sir Winston Churchill. In fact America has demonstrated that a great well-endowed country's ability to maintain high mass consumption and its ability to be at the same time an assertive military world power are not incompatible. This compatability is bound to become evident also in the USSR in the not so distant future. What appeared hitherto as an ineluctable choice between cannons and butter may not bedevil the Kremlin for much longer: the Soviet Union may well be able to produce both in adequate quantities. It is probably true that the first steps towards greater affluence will only increase the appetite of the masses but it does not follow that by throwing a bone or two to the people, the communist machine will lose control or crumble. The lessons of Poznan and Budapest have sunk very deep. Nor does it follow that high mass consumption in the Soviet Union will ever persuade her rulers to abandon the reality of the communist "old time religion of world domination" or relegate it to rhetorical status. Hitler succeeded in winning the blind allegiance of the Germans by making them aware of their apparent interest in the expansion of the Third Reich. Through this technique of collective complicity, he got more popular backing than many a democratic prime minister enjoys today. A variant of the same technique is now used by the Kremlin.

The popularity of the Soviet regime (and of its aggressive foreign policy) can only increase with each "concession" made to the consumers. Mr K is quite able "to hold the dam" but he also knows when to release the steady flow of incentives required by the Soviet economy. The day when every second family in the USSR will have an "American home" is not all that remote, but even then will the Kremlin hesitate to engineer a little regional aggression when expedient or crush another satellite revolt? In the last analysis, will the TV set, the car, the new flat and all the other "presents" of the party to the people, stop many Soviet soldiers from firing? Will they stop Soviet agents from working for communist world hegemony? They may well have the opposite effect.—Yours faithfully,

LIONEL BLOCH

London, NW3

Grimmer Reckoning For Coal?

Sir—When details were announced of the new National Coal Board Plan, I waited with much interest to read what your comment on it would be. You summarise the board's proposals succinctly in your issue of August 22nd. There are, however, only two words of comment by you, which appear in the heading: "Grimmer Reckoning."

I am doubtful whether the situation in the coal industry warrants the word grim, let alone being described as grimmer. Under the new plan, the NCB expect supply to equal demand next year; in your issue of May 30th you thought supply and demand might not be equated till 1961, but you expected only 4 million tons more being put to stock in 1960. According to the NCB plan, the objective of equating supply to demand is to be achieved by closing down 170 pits for normal reasons, these closures having been agreed nearly 10 years ago, and by closing down a further 35 to 70 pits for economical reasons, which represents a very marked slowing down in the rate of closures for the sake of economy.

Finally, the new NCB plan expects the labour force to decline by only 35,000 to 85,000 over the next 5 years or 6 years, which is a relatively small reduction when one considers that it is only recently that the NCB were recruiting 60,000 men a year simply to make good their losses through wastage, whilst the labour force decreased in number by some 20,000 in the first six months of this year.

It does seem to me, therefore, that unless the new plan is remarkably wide of the mark, the board will be able to equate supply and demand in the fairly near future, and, moreover, with only minor dislocation either of mines or men. The only point which is not covered by the new plan is how the existing stocks are to be disposed of, but one would have thought that if the NCB heeded the advice contained in your issue of May 30th it should be possible to dispose of these at cut prices to new customers over the next few years. It is surely better to do this than to use steamrollers to crush down stocks of large coal to prevent spontaneous combustion during the time they may lie untouched.—Yours faithfully,

A. R. C. ARBUTHNOT

London, EC2

The German Deadlock

Sir—I asked a prominent German journalist what he thought of your leading article on this subject. At first he shrugged it off as "a piece of typical English wishful thinking combined with shameful appeasement." When I insisted on a serious answer to a hypothetical possibility, he said that an overriding of German legitimate interests by America would provoke an outburst of despair among his countrymen—"and despair is the worst adviser." Russian policy being guided by Leninish dogma there could of course be no question of any of the satellite regimes, including the East Germans, being deprived of their *raison d'être.* Therefore the result of "putting into reverse" the present trend of relations between the "two German states" could only be the acceptance of Russian terms for reunification. A coalition government of a confederated Germany would, of course, follow the well-known pattern of coalitions with communists in what are now all satellites. I wonder if that is what *The Economist* has in mind. —Yours faithfully,

A. ROMER

London, EC4

BOOKS

The Economic Gymnasium

Economics for Pleasure

By G. L. S. Shackle.
Cambridge University Press. 279 pages. 21s.

THIS is a most refreshing book ; and not the least refreshing thing about it is the aim stated in its title. Intellectual activity is pleasurable. It is also necessary and useful ; but, for the moment, never mind about that. Here, says Professor Shackle in effect, is a satisfying arena or gymnasium ; come and enjoy yourself, stretch your muscles, give yourself a brisk workout ; never mind if you are not equipped for the mathematical flying trapeze or high wire—there is plenty of fun to be had at ground level. Ready ? Here we go.

And here, indeed, we go, very enjoyably indeed, through value, production, income, distribution, employment, finance, government and foreign trade. Professor Shackle may not have quite the heaven-sent lightness and sureness of touch, in his role of coach or trainer, of Sir Dennis Robertson, but his gifts are of the same kind ; an unerring eye for the essential crux, a capacity to analyse and organise the approach to each such crux as it comes, a command of lucid and civilised English, a nice taste in homely and vivid analogy. Under his guidance, the reader finds himself performing feats of understanding as far beyond those demanded by the ordinary " general public " introduction to economics as chess is beyond halma ; an exhilarating if strenuous experience.

And yet. . . . who, one wonders, are to be the readers ? They have got, in the first place, to have a pretty high IQ ; it is no use pretending that the first-come man-in-the-street is going to be able to go through this set of hoops. They have got, too, to be willing to take their economics neat, dispensing with all the usual institutional, historical and gazetteer-stuff, the applications to current experience, which demonstrate and exemplify the real-life relevance of what they are learning. How many people—since this is the harassed twentieth century, not the leisurely seventeenth or eighteenth—have the necessary combination of cultivated detachment and spare energy ? They must not be the professional neophytes to whom the usual introduction to pure theory is addressed ; for these, the self-denying ordinance, which forbids even the most elementary, fifth-form resort to mathematics and diagrams, is disqualifyingly inappropriate.

One may suspect, nevertheless, that the professionals will provide " Economics for Pleasure " with its largest audience. Read in parallel with the more normal introduction, it could help the non-mathematically minded over many forbidding hurdles. Treated as a refresher-course, as a means of catching up with the march of modern theory, it will enable numbers of what one might call ex-economists to link what they once knew about analysis with recent developments—not least those for which Professor Shackle himself is responsible. This rather specialised usefulness may be far from the general appeal of Professor Shackle's intention. But in one respect at least that intention is fulfilled. Whatever the reader's primary object, he can be sure of getting a lot of incidental pleasure from its pursuit.

Domesday and After

Rural England 1086-1135 : *A Study of Social and Agrarian Conditions.*

By Reginald Lennard.
Oxford University Press. 415 pages. 45s.

IT is just over sixty years since Maitland published his " Domesday Book and Beyond," in which his aim was to proceed from the known to the unknown, and to press back our knowledge of early English agrarian history from the description of 1086 to the dark centuries beyond. His volume concluded on a note of hope :

> There is every reason why the explorers of ancient English history should be hopeful. We are beginning to learn that there are intricate problems to be solved and yet that they are not insoluble. . . . Above all, by slow degrees the thoughts of our forefathers, their common thoughts about common things, will have become thinkable once more.

The years since these words were written have gone far to shatter the optimism that inspired them. " Domesday Book and Beyond " has proved a dead-end rather than a new beginning ; its most brilliant generalisations have been shown to be false or at least curiously unstimulating. Maitland wrote in the full flood of discoveries about Domesday Book, and with the confidence that they would continue ; but they have not continued, and in many ways the England which it purports to describe seems more unknown, and even unknowable, than it did to Maitland ; and as for the knowledge of " common thoughts about common things," it seems more than ever unobtainable.

Mr Lennard's book is in a sense a new beginning. It is significant that he seldom mentions Maitland's book, and it would be hard to think of two minds with less in common. Mr Lennard has no itch for generalisation. He is content to observe, to count, and to record ; he takes pleasure in qualifying statements that might seem to others unexceptionable ; he is more ready to suggest doubts than to draw conclusions ; he is glad to think that things are always more complicated than they appear to be in the records. He seems almost to rejoice in the frustrations of an intractable subject. It is a rare and salutary state of mind.

Most historians like to emphasise change, and to discern large and significant tendencies in this change. But what emerges from Mr Lennard's study is that, in a primitive agrarian society such as that of England in the eleventh and twelfth centuries, things change very slowly and for obscure reasons. Archaic customs and temporary expedients lie side by side and it is hard to know to which class any particular fact is to be assigned. Mr Lennard never allows the reader to think more highly of his knowledge than he ought to think. The result is an austere but, in an unobtrusive way, a stimulating study of every aspect of rural England in the first two generations after the Conquest—except in so far as trade is concerned, about which almost nothing is said. Everything in this book has the air of having been long and deeply pondered. It embodies the results of a lifetime of quiet, meticulous work. Here and there Mr Lennard defers perhaps too readily to the judgments of previous scholars, but for the most part he has himself covered every inch of the ground, as it were on foot. He writes with the familiarity of one who has lived with his material, and what he says can be trusted unreservedly. In this field there is no quality which is more entirely necessary.

The Suffragettes

Unshackled : *The Story of How We Won the Vote.*

By Christabel Pankhurst. Edited by Lord Pethick-Lawrence of Peaslake.
Hutchinson. 312 pages. 25s.

THE suffragettes of fifty years ago pioneered the tactics now being pursued by the League of Empire Loyalists. But political rights for women was an easier aim than putting the British Empire together again. It is hard today to see why there should have been so much fuss on either side of the suffrage issue. The really significant stages in female emancipation—changes in the property laws, admission to universities and so on—had preceded the granting of political rights and did not depend on having women MPs in Westminster or male competition for female votes. On the other hand, the House of Commons had voted for female suffrage by a substantial majority as early as 1897, showing that there was no great public prejudice against it. The obstacle that made the suffragettes' militancy appear necessary was the incomprehensible stubbornness of Asquith. Women politicians and the Irish were the two great nuisances of his long and distinguished career. They were alike in that once their demands were met they would cease to matter. It is strange that Asquith, who saw this so clearly in the case of the Irish, failed to see it in the case of the women. It is stranger still that since female suffrage was granted, the only woman politician with a touch of genius should have been Asquith's own daughter and that she should always have been rejected by the voters.

Dame Christabel's posthumous memoir adds nothing of historical importance to the accounts already published by her sister Sylvia and by Mr Roger Fulford in his excellent " Votes for Women." But Lord Pethick-Lawrence was right to publish it, as well as generous, since it was Dame Christabel's relentless militancy that created the famous breach between the Pankhursts and the Pethick-Lawrences. Dame Christabel, whose full version of this episode would have been valuable, treats it airily like one of Mr Macmillan's " little local difficulties." But her account of " Mother " and her movement has simplicity and charm. As a human document it is well worthwhile.

These respectable ladies got a great kick out of behaving—for a cause—like the criminal classes. One remembers the expression of beatific nostalgia with which Lord Pethick-Lawrence's present wife (who was on the Pankhursts' side of the great cleavage) recently described on television how she slipped her " bag of arson stuff " into a Cabinet Minister's residence. But it is right to be reminded of the ladies' bravery when captured and forcibly fed.

Was it all worth it? It is hard to say. The women were given the vote more because of their war service than because of their pre-war disorderliness. Since then they have not done anything very spectacular with it. The first woman MP to be elected stayed away from Westminster, but then she was also Irish. And since the foundations of the welfare state were laid by those targets of the suffragettes' resentment, Lloyd George and Sir Winston Churchill, it seems a bit far-fetched to claim, as some arch-individualists have done, that this expression of modern British " softness " is attributable to " feminine democracy."

For the Technologist

Technical Colleges and Colleges of Further Education

By Barbara Price.
Batsford. 160 pages. 75s.

Sandwich Courses : *For Training Technologists and Technicians*

By P. F. R. Venables.
Max Parrish. 160 pages. 18s.

THESE two books together deal with what one might call the soul and the body of the new technical education on which so much money and thought is rightly being lavished. The core of technical education in future is likely to be the sandwich course: not the evening study, which was the more usual approach in the interwar period, or even the full-time course, which is more appropriate to the university, though the Colleges of Advanced Technology make, of course, considerable provision for the latter (and in some subjects it is indispensable). But both educators and industrialists are now at one in thinking that the right balance is most often achieved by trainee and apprenticeship schemes in industry alternating with periods of fair length in technical colleges on a wholetime basis. Such courses may cover a period of four to five years, and lead to the Dip. Tech. (and, further, via CAT or university for the outstanding pupil, to the Membership of the College of Technology). Such courses bring the technical colleges and the business firms together in a partnership requiring give and take from each ; they bring the staff of a college closer to industrial developments ; and they are better adapted to the exacting demands placed nowadays on a student of a technological subject.

Mr Venables deals with the practicalities of such courses: how to start, staff, and run them. It is a book for the staff of the new colleges, and for the (unusually) thoughtful industrialist who will sample the results. It does not venture very deeply into the wider question of educating the rising technocrat in the full sense, but Mr Venables is here on the side of the angels. His main concern is the most immediate one: which is how to make the industrialist —and not simply the industrialist at the lowest level of the personnel department—genuinely interested in technical education, prepared to serve on governing bodies, provide material and experience to the curricula, and to be (as he must be) moderator and assessor of the standards achieved. To these pragmatic men in particular this perfectly pragmatic work may be as confidently commended as a treatise on new petrol-cracking techniques.

Miss Price's book deals with the architecture and layout of the modern technical college (with a glance at its historical development) and should provide a counterpoint to Mr Venables's remarks on the need for publicity for technical education. The industrialist is not impressed with the old type of college ; but he is impressed by a college that has research and administrative facilities which measure up to his own. In fact, modernity and efficiency are to the technical college what tradition and atmosphere are to the university, even in red brick. Miss Price provides drawings, plans and elevations of some of the best examples of modern colleges (including some for further education—the " county colleges " of a more spacious future) which should spur a lot of civic pride. Once again it is an eminently practical treatise, down to the last locker. It will not, however, do county architects any harm to read Mr Venables as well as to study Miss Price before they draw plans for their own colleges ; and let them always remember that the technical college of today may be the university of tomorrow. There must be big windows to let in light, but space also for future departments of arts and humane studies to let in sweetness too.

Exploration of a Poet

Coleridge the Visionary

By J. B. Beer.
Chatto and Windus. 367 pages. 30s.

SEEN from a biographical angle, Coleridge is a pathetic, frustrated, defeated figure ; a man whose enormous potentialities had dwindled sadly away before his death. His literary reputation, however, is very much alive. His was a seminal mind, which his contemporaries could not wholly appreciate, but which is more available to us, who have at our disposal not only the range of his published works but also his letters and notebooks. A great deal of scholarship and critical attention have been devoted to Coleridge during the past twenty or thirty years, and Mr Beer's book should take its place in the forefront of these studies. It is an exploration of the poet's development during the period that culminated in the great visionary poems, The Ancient Mariner, Christabel and Kubla Khan. Much of the book is devoted to a close examination of these poems, and a demonstration of the complex pattern of ideas that can be discerned in them.

It is perhaps disputable whether Coleridge can strictly be called a visionary in the sense that Blake was one ; but that he was profoundly interested in a visionary kind of speculation is abundantly clear. Even at school he was reading the neoplatonists ; and Mr Beer is as thorough in his investigation of Coleridge's reading habits as Professor Lowes was in " The Road to Xanadu." His sympathy with Coleridge's speculative and mythologising tendencies, however, is far greater than was Lowes's, and his unravelling of the visionary poems is accomplished by reference to the neoplatonic and Egyptian symbolism with which Coleridge was so familiar.

Although there are times when we may become wearied with this painstaking and ingenious exposition of poems that, even to the most unsophisticated reader, are at first sight beautiful, marvellous and enchanting, this does not at all detract from the debt which we owe to Mr Beer. His demonstration that Kubla Khan is an intricate web of highly significant symbols does not lessen the impact of the poem itself, but gives to those who care to follow his clues the chance to penetrate more deeply into the mind of Coleridge. The wealth and profundity of that mind have not yet been fully explored, and the undertaking would be beyond the resources of any one critic. Of Coleridge himself, Mr Beer says :

We see a man who tried to take as his sphere all human experience, whether in the world of measurable sense-perception or in the universe of the imagination, and to harmonise it into a single pattern. In this man, the shaping spirit and the inquiring spirit were equally strong, and he was never happier than when exercising both to the limit of their powers.

During the *annus mirabilis* in which the great poems were produced, Coleridge was a happy man, at the summit of his powers. Mr Beer's researches have charted the most fascinating region of the poet's mind with imaginative skill and scholarship.

From Peace to War

History of the Second World War: *Factories and Plant*

By William Hornby.
Her Majesty's Stationery Office. 421 pages. 37s. 6d.

After the first world war it was clear that war had become a conflict of machines and that the capacity to wage war was directly related to the capacity to manufacture the engines of war. The present volume is the last in the series of official histories of war production and it deals with the creation of capacity for arms production, with the provision of capital assets, with factories and plant. The manufacture of arms for use on the sea, on land and in the air raised different if parallel problems, and these are dealt with under their departments of Admiralty, Supply and Aircraft Production with special consideration of the royal ordnance factories and a general survey of the common problem of machine tools.

The lessons learned from the shortage of factory capacity in the first world war had not been ignored in planning before the second world war broke out. It was on the proposals of the Weir Committee, which reported in 1934, and earlier similar proposals for the aircraft industry, that the expansion of capacity from 1936 onwards was founded. Outside firms were brought into armaments production and shadow industries were created.

In the second world war the Admiralty made little demand on new capacity, perhaps because of the volume of idle capacity during the two wars. The royal dockyards, the earliest industrial undertakings under state administration, provided an essential pool of trained expert personnel, which permitted the use of civilian capacity for wartime needs. The demand for tank landing craft was met largely by groups of engineering firms, and in shipping, as in all other armaments production, it was by spreading out into the broad engineering industry that the vast expansion was made possible.

For military arms, however, a great deal of new capacity was needed. The royal ordnance factories employed only about 8,000 workers, but these factories provided the technical basis for expansion during the war period, and 40 new factories, employing over 300,000, were built. Even so, large sections of arms production were carried on outside the state factories, for the Ministry of Supply also sponsored over 162 agency factories and gave capital assistance to contractors. Altogether, a total of 1½ million people were employed on munitions production.

For aircraft production the cost and pattern were similar. There were no government managed factories similar to the royal ordnance factories, but expenditure on government agency factories and contractors expanded the aircraft industry from an employment of 60,000 in 1936 to a wartime peak of more than 1½ million in 1944, which made the aircraft industry the largest sector of war production. A very large proportion of the factories that made the wartime record delivery of aircraft were state owned but managed by aircraft firms. But the vast expansion of production was only possible by bringing in as sub-contractors thousands of firms of all types. This history also reminds us that the change from wood to metal for aircraft was inadequately appreciated even in the spring of 1939 and that in consequence much of the expansion of the basic light alloy industry had to be made in wartime.

The account of the strategic location of factories shows that surveys were academic, for location was dictated by economic and industrial factors rather than by strategy. The proximity of management in the early days and later on of labour were the predominant considerations.

The tables are the least satisfactory part of this volume. In the Admiralty narrative they are so qualified as to give little enlightenment. In the chapters on the royal ordnance and agency factories there are careless errors; thus on page 101 the cost per worker is given as the cost per 1,000 workers and on page 159 the cost of factories is given as £ millions instead of £ thousands. In Chapter XI the imports and exports of machine tools are given in four or five overlapping tables with obvious arithmetical errors.

This history of the provision of factories and their conversion from peace to war will provide material for future study, but perhaps it will find its most interested readers among the many people who are engaged in some part of war production and who, probably for the first time, may now see how vast was the production capacity that had to be created, equipped and maintained. The general reader will be additionally grateful for the short history of the armaments industry over the past century with its recurrent insoluble problem of fluctuating demand. It is this extreme variation from insatiable demand to a complete lack of requirements, with a concurrent need to maintain production capacity and development, that has led to so much dependence on state factories and royal dockyards, which, for conventional weapons, persists to the present day.

Family Concern

A Liverpool Merchant House

By A. H. John.
Allen and Unwin. 197 pages. 21s.

Nothing is more promising for a historian than the chance to study some side of the operations of those remarkable groups of nonconformist families who dominated the economic and social life of industrial Britain in the nineteenth century. Dr John has certainly been presented with an outstanding opportunity, for the first half of his book is much concerned with the work of Charles Booth, one of the most eminent even in that company of the elect.

The firm of Alfred Booth and Company was founded just under a century ago, beginning as a typical merchant house of the time, dealing in leather with the United States. Soon the Booths were attracted by the experiments in high pressure steam engines of a fellow Unitarian, Alfred Holt, and eventually started up a shipping business, trading with ports in Northern Brazil. In 1881 the first Booth Steamship Co. was formed, and the parent firm swept to a peak of success in the last two decades to 1914 through a great rise in demand for rubber from Brazil and also as a result of new methods for tanning in its leather manufacturing concerns established at home and in the United States. During the interwar years both these trades declined and by 1946 had been entirely disposed of. Meanwhile the firm had moved into civil engineering largely through the Unit Construction Co. acquired from Crittalls in 1919. This is now its major interest along with a revived interest in the old occupation of supplying raw stock to the American light leather industry and the manufacture of glue and leather at home.

But Dr John has thrown his chance away. It is an unusually varied story and one wonders how he has managed to make it so dull. The best chapters—on labour relations and the financial structure of the firm—come at the end but generally, though the work is conscientious enough, his treatment is unimaginative. Things are not made any better either by mediocre binding and a poor collection of illustrations. The basic fault is an absence of the critical spirit. Dr John is content to state and accept the firm's actions and asks himself too few significant questions. Major issues such as the use of pooling agreements and conferences are skated over: the diesel-steam controversy in shipping is not mentioned though it is noticeable that the Booths made no use at all of motor ships.

There is, too, a wider point. To diversify activities so widely may be a safe way of running a company, but is it the most efficient way? Could they have made shipping more profitable and continued in business after the second world war if more of their energies had been put in that direction? Dr John describes the shipping side of the firm in 1914 as a "triumph of conservative financing," but what of its fate in the

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ANALYSIS OF RECEIPTS BY BUSINESS OR PRODUCT GROUP 1958

Business or Product Group	British Railways (including vans)	London Transport Road and Rail	Provincial Buses (England and Wales)	Scottish Buses	British Road Services Vans	Total
	£	£	£	£	£	£
Auctioneers & Estate Agents	40,895	7,970	405	—	122	49,392
Builders Materials and Services	34,821	23,862	13,862	2,427	373	75,345
Confectionery	23,270	40,895	5,958	1,958	3,144	75,225
Drinks—Alcoholic	71,763	202,416	57,861	19,899	661	352,600
Drinks—Other	4,349	41,357	10,935	2,501	10	59,152
Engineering	10,575	4,137	942	72	—	15,726
Entertainments (including Cinemas & Theatres)	81,192	184,012	4,646	288	1,124	271,262
Foods & Food Beverages	24,480	201,014	68,028	17,237	4,834	315,593
Football Pools	715	47,025	22,792	8,715	—	79,247
Footwear	1,300	8,458	2,089	81	—	11,928
Furniture	6,976	17,209	6,296	63	159	30,703
Heating & Lighting	7,803	23,223	4,587	233	—	35,846
Hotels, Restaurants & Cafes	9,291	3,178	1,434	277	112	14,292
Household Equipment	7,754	17,507	3,914	1,259	577	31,011
Insurance Companies & Building Societies	44,426	58,549	11,754	62	—	114,791
Jewellery	3,373	6,670	906	—	—	10,949
Medical (including Patent Medicines)	5,986	37,463	1,377	5,404	51	50,281
Men's Wear	5,158	22,319	4,555	287	178	32,497
Motors, Cycles & Accessories	34,487	55,352	29,436	1,580	273	121,128
Newspapers & Publications	45,608	95,755	2,872	1,548	204	145,987
Office Equipment	2,942	14,563	478	—	—	17,983
Petrol & Oil	15,957	45,073	35,992	11,500	127	108,649
Photography	3,963	36,293	5,524	1,595	31	47,406
Radio & Television	5,427	35,561	6,572	177	455	48,192
Stores & Drapery	25,996	60,429	14,435	3,536	750	105,146
Textiles	1,876	14,131	45	25	—	16,077
Tobacco & Cigarettes	16,365	59,746	19,931	7,176	5,400	108,618
Toilet Accessories & Hairdressing	13,427	69,275	625	85	—	83,412
Travel & Holiday Resorts	12,320	24,153	1,236	280	195	38,184
Tyres	13,768	68,612	1,304	238	154	84,076
Women's Wear	2,297	48,419	3,709	118	31	54,574

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The Colonial Office List 1959

Assembling in one volume information otherwise available only from a number of sources, this reference book is indispensable to anyone whose work, studies or interests lie with the dependent territories. 35s. (*post 1s. 3d.*)

New Contributions to Economic Statistics

Because of the wide interest they aroused when first published in 1957-8 issues of *Economic Trends*, the nine articles in this booklet have been reprinted to ensure a wider and more permanent circulation. 4s. 6d. (*post 5d.*)

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next thirty years? He writes somewhat nostalgically of "the pleasant features of the old industrial way," but how much have they contributed to Britain's relative industrial decline? Certainly the more brilliant nonconformist business men like Chamberlain had no time for them.

On the other hand, it is a pity that the Unit Construction Company is so inadequately discussed, for here the firm seems to have made striking progress in a traditionally highly conservative industry. The book should be bristling with vital issues of this kind, but they lie unrecognised under the mass of detail.

Humani Nihil Alienum

A History of Science Volume II: *Hellenistic Science and Culture in the Last Three Centuries BC.*

By George Sarton.
Harvard University Press. London: *Oxford University Press.* 580 pages. 63s.

ONLY the late George Sarton himself could adequately review this book, for in range and conception it is founded on preliminary achievements entirely his own and on knowledge of which he was sole master. Sarton gave the history of science its modern form, and though there are now giants in the field (Charles Singer, Otto Neugebauer), he alone possessed the largeness of view and royal ease of judgment of a founder.

This is the second of a proposed eight-volume "History of Science" and the last of Sarton's monumental works. It deals with that brilliant and crucial period in which Greece and the Orient mingled in the east while Rome advanced toward world power in the west. In the geography of the mind, Egypt lay at the centre; there, Roman, Hellenic, Oriental and native energies interacted to produce some of the richest moments in the entire history of science. And this process of interaction is Sarton's essential theme. The conquests of Alexander and of Rome broke down the ancient barriers of language and distance. They threw men into a crucible of change. Such fusion is vital to the progress of scientific ideas. In matters of science, nationalism and racial prejudice are dangerous absurdities.

The Hellenistic period was a golden age of mathematics, the like of which did not occur again until the seventeenth century (when many of the problems it raised were first solved). Euclid, Archimedes, Apollonios and Conon of Samos defined much of the essential terrain of geometry, spherical geometry and trigonometry. Without calculus, they achieved uncanny solutions to many of the classical problems of line and area. Archimedes's speculations reached forward into frontier reaches of the modern theory of numbers. Concurrently, it was a great age for the astronomer. One cannot read unmoved Archimedes's statement of Aristarchos of Samos's heliocentric theory. Here, before 216 BC, are the root propositions to which Copernicus and Kepler were to return after laborious centuries.

In every domain, men seemed to take inventory of creation. Hipparchos established one of the earliest major catalogues of the stars and Strabon set down a geography of the world. Asclepiades of Bithynia advanced further into the atlas of the human body and the Librarians of Alexandria and Pergamon had the brilliant insight that language too has its anatomy and evolution. It was a time of which Sir Charles Snow would approve, for in it pure science and technology were closely allied. Archimedes and Vitruvius knew that the progress of theory was inseparable from that of the instruments of observation and measurement.

But this book surveys far more than the history of science. It is a history of Hellenistic culture in the broadest sense. There are chapters on Horace, Virgil and Ovid; discussions of Judaism after the destruction of the Temple; critical observations on the sculpture, architecture and painting of the period. And for each topic there is a most fascinating postscript: the history of how the relevant text, scientific theory or work of art came down to modern times. Sarton is unrivalled as a chronicler of those complex, often tenuous bridges of papyrus, Islamic translation or modern archaeology whereby civilisation transmits its always imperilled heritage.

"The whole past and the whole world are alive in my heart," writes Sarton. Beautifully put, but would any other modern historian have quite the assurance and the naiveté to say it? For there is in this *magnum opus* a deliberate simplicity of tone. Sometimes there is a point of late Edwardian slang: Cleopatra "could not swing" Octavian. Sometimes, there is a touch of naive prejudice: Ovid's work is mere tinsel and the modern interest in the Metamorphoses is "curious" and "perverse." Even the arrangement of the material is faintly Victorian: a short biography is given of each important figure, his work is summarised and the author delivers appropriate judgment. Thus, the book is at times meant for reference rather than sustained reading.

But such minor cavils do nothing to mar the splendour of the result. In final salute to one of its greatest authors, moreover, the Harvard Press has produced a book that is magnificently illustrated and a sheer joy to handle.

OTHER BOOKS

Rostow on Growth
In our issue of August 15, 1959, page 409, we stated that Professor Rostow's lectures on growth would be published later this year by the Cambridge University Press. We have since learned that it is hoped to publish the book some time during the first half of next year.

COMMODITY SURVEY 1958. *United Nations.* 195 pages. $2.00; 14s.

GUIDE TO THE COALFIELDS 1959. *The Colliery Guardian.* 754 pages. 20s.
We regret that in our issue of August 22 we stated that no price was given for this book.

AMERICAN SURVEY

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

Slow March For Negroes

WASHINGTON, DC

SEPTEMBER in America is the month when lawns turn brown and legislation withers on the vine. Each year Congress, parboiled by Washington's summer, goes home before it has done all those things which it ought to have done. Cynics have suggested that the founding fathers, those good conservatives, put the country's capital where they did because they realised that there is nothing like steamy heat to deter legislators from passing too many laws.

This year is no exception. True, Congress looks like sitting unusually late. The hopeful idea that it could adjourn before Mr Khrushchev arrives on September 15th—thus avoiding the awful choice between either officially welcoming him or officially ignoring him—has been virtually abandoned. Mr Lyndon Johnson, the Democratic leader in the Senate, now thinks that the session may last until the beginning of October. But a large part of the remaining time is likely to be occupied in working out Congress's differences with the Administration over foreign aid, the housing Bill and funds for building roads and improving rivers and harbours. As a result, a number of measures on which a betting man would confidently have put his money last January will probably never reach the finishing post.

One of the most important of these is the Civil Rights Bill, to remedy injustices to Negroes, which in different forms President Eisenhower, Senator Johnson and the liberals in Congress were all calling for at the beginning of the year. If the session yields no legislation in this field, the chief fault will lie with the House of Representatives, or rather with the conservative coalition which has dominated it in the last few weeks. A fairly innocuous Bill has been drawn up, but it is now being quietly done to death by the Rules Committee, through which all legislation has to pass on its way to the floor of the House, by the usual process of sitting upon the Bill until it stops breathing. Rumour has it that Mr Charles Halleck, the Republican leader in the House, is abetting the Democrats from the South in return for their support of the stiff labour reform measure which was passed by the conservative coalition last month. Mr Halleck, with his hand pressed to his heart, denies this but his denial would be more convincing if he used his hand to stir up the immobile Republicans on the Rules Committee.

Thus the only hope of action this year lies in the Senate. There the Judiciary Committee, with Senator Eastland of Mississippi in the chair, provides the blockage; Senator Eastland's special contribution to the technique of obstruction consists of letting his fellow Southerners propose amendments, allowing the discussion to ramble on all day, and then adjourning. But in the Senate the diehards have to contend with Senator Johnson, that unique machine for imparting energy to an inert mass. If Mr Johnson can prevail on the committee, as he may yet do, to pass the bare bones of a Bill extending the life of the Civil Rights Commission, which would otherwise expire in November, and requiring local registrars to preserve voting records for the commission's inspection, it might then be possible to add other provisions on the floor of the Senate. If this move fails, the liberals will try to bypass the committee by attaching their proposals to some other Bill, on a different subject, which the South wants.

In either case, the result of all this manœuvring is likely to be fairly minimal. Mr Johnson is said to be seeking only a couple of minor reforms over and above the two items affecting the Civil Rights Commission. One would provide education for servicemen's children in parts of the South which close down their schools rather than submit to racial integration; the other is designed to deter the semi-lunatic segregationists who turn to dynamite when words fail them. Neither of these palliatives is likely to get a single extra coloured child into a white school.

Even Senator Johnson's own pet proposal for a conciliation service to mediate between the opposing sides has now been silently buried by its author. Two measures which might really have hastened the end of segregation in the schools—by empowering the Justice Department to initiate law suits on behalf of Negro parents, and by giving financial aid to communities willing to mix the races in their schools—have apparently been killed by Senator Johnson's frosty disapproval.

Even if some modest Bill passes the Senate, this is still only one lap of the congressional obstacle race. The single item which might conceivably be passed by the House of Representatives as well as by the Senate at this session is the prolongation of the life of the Civil Rights Commission. The rest will have to wait until next year for the House's consideration. Apparently the reformers hope that the Republicans' loyalty to their conservative allies from the South will waver as election time approaches. But even if this happens, the resulting measure will not only fall substantially short of what the liberals in Congress wanted (which was to be expected); it is also likely to be less than either President Eisenhower or Senator Johnson himself, that mildest of reformers, originally sought.

ALL this represents a major success for the South. By allowing a few young Negroes to enter white schools in a few states, it has already dimmed the ardour for legislation in many northern eyes. But the figures show how little this token compliance with the Supreme Court's orders amounts to. Of the eleven states which formed the Confederacy in the Civil War, five obeyed the Supreme Court to a modest extent during the school year which ended last June. If Texas, which has made some genuine progress, is excluded, this means that exactly 206 coloured children, out of a total of more than two and a quarter million, were admitted into previously all-white schools in ten states. In the coming school year a sixth state, Florida, will let four more young Negroes past the racial barrier, and the five existing "compliers" will admit a further handful. It is true that, because most Negroes in the South have been badly educated in the past, complete mingling is impracticable in the immediate future, but the present process is hardly rapid enough to let the reformers relax.

Nor are Negroes' voting rights in the South in much better shape. A survey by the Southern Regional Council published this week shows that only a quarter of the coloured population is registered

to vote, compared with 60 per cent of the white population. In the eight states where the council was able to get reliable information, the total number of registered Negroes has in fact fallen slightly since the last survey in 1956. This is the field in which the Civil Rights Commission has done most of its investigating since it was set up two years ago—though it has been badly hampered by the sullen obstruction of local officials. It has duly noted the various devices by which Negroes are prevented from registering. But so far the Department of Justice, which was empowered by the Civil Rights Act of 1957 to go to court to stop these practices, has taken action in only three cases, and not one of these actions has yet been successful.

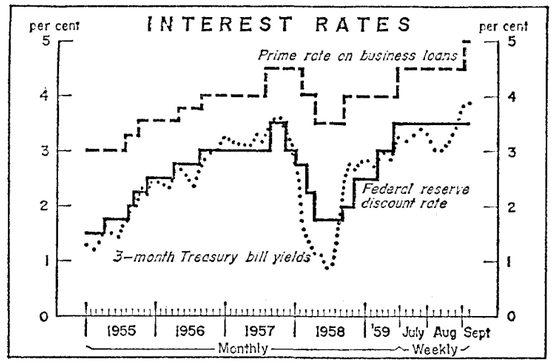
It would be a mistake, however, to conclude that the Civil Rights Commission has been a failure. It may yet inject some new life into the campaign for racial equality. Next week it is due to present a report on its first two years of work (but not, it is to be hoped, its last two) which is likely to make many Southerners jump. Among its proposals, it is believed, is one which would set up federal machinery to help Negro voters register and thus bypass the local officials in the South who have prevented them from doing so in the past. Another suggestion—supported, however, by only part of the commission—is said to call for a constitutional amendment prohibiting some of the devices, including the poll tax, which restrict the right to vote.

These measures would require action by Congress, and it is not at all certain that Congress in its present mood would act. Nevertheless, the commission's report will be valuable. It gets down to the heart of the problem, the question of voting; once Negroes go to the polls in substantial numbers, the other forms of discrimination will gradually melt away. The report will also help to rally the battered moderates in the South. Half the commission's members are Southerners—one comes from Virginia, one from Florida and one from Texas—and this courageous trio have apparently supported almost all their colleagues' proposals. Although they do not come from the states where white supremacy is dying hardest, their voices cannot be entirely ignored by the segregationists. The commission's report will strengthen those who believe that the federal government must do more to help the Negroes win their rights.

Peak Prices for Money

WHILE the latest rise in short-term interest charges was set off by Congress's adamant refusal to allow the government to pay the going rate for its long-term borrowing, the rise had been developing, in a less sensational way, for some time out of the booming prosperity of the country. When it was realised that the Treasury must rely on the short-term market, already under heavy pressure, for the $15 billion or so which it will need for cash and refunding before the end of the year, the interest it had to pay on its three-month bills shot up to the highest level since 1933. The discount rate, the amount which the Federal Reserve Banks charge on loans to member banks, cannot long remain below the Treasury bill rate; therefore it seems probable that the discount rate will go up to 4 per cent this week and certain that it will before long. The commercial banks have already put up their prime rate to 5 per cent, the highest in 28 years, instead of waiting for the discount rate to go up as they usually do.

The rise in the prime rate, the interest which banks charge on loans to their best customers, began in New York, as it customarily does, but is spreading fast across the country. It is particularly welcome in the west and south-east where banks have been squeezed for funds more severely and for longer than they have been in the east. Bank loans are now higher in relation to deposits than they have been for over 25 years. This demand for money is largely seasonal—shopkeepers borrowing to pay for their Christmas stocks, food processors to buy the newly harvested crops—but it is accentuated by the general expansion in business and particularly by the rise in capital spending. Normally this is financed by bond issues but long-term interest rates are so high that some companies are paying for their new facilities by short-term borrowing, in the hope that conditions will be more favourable later.

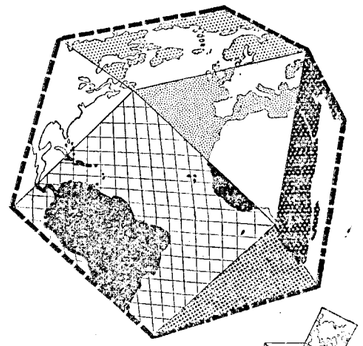


At the same time, businessmen are now using cash which until recently they were prepared to leave in the bank and other depositors, attracted by high interest rates elsewhere, have also been running down their accounts. Banks normally supplement their supplies of money by selling government securities but they are reluctant to do this when prices are so low. Finally the Federal Reserve is keeping bank credit exceptionally tight.

The increase in the prime rate, which sets the standard for all interest charges by banks, will discourage some borrowers and is already driving up other short-term money rates. It is bound to become more expensive to borrow on mortgages or for buying cars and other consumer goods on the instalment plan. Thus the chief sufferers from a situation which is at least partly due to Congress's obstinacy will be the small businessmen and the consumers whom Congress is normally most anxious to help.

Laos: Case in Point

ONE of the subjects which Mr Eisenhower has said he would like to discuss with Mr Khrushchev when they meet is the pressure of Communist North Vietnam on the pro-American government of neutral Laos, in Southeast Asia. Some of the more stirring American columnists have jumped to the conclusion that once Mr Khrushchev had his invitation to Washington safe in his pocket, he chose this method of showing his contempt for the President's mission of relaxing tension. The State Department, with its allegations of "Sino-Soviet complicity," has not been far behind. The President has been careful, however, not to speak of any "invasion" of Laos or to assume that the Chinese and Vietnamese Communists would necessarily have called off the attacks if Mr Khrushchev found them embarrassing. There is, indeed, a school of thought which believes that the skirmishes in Laos, and perhaps even those along the Indian border, are an attempt to disrupt the talks in Washington or at least to remind Mr Krushchev that Communist China is not controlled from Moscow. Few Americans imagine, however, that he has no influence in Peking, and thus Laos may be regarded as a test of his good intentions.



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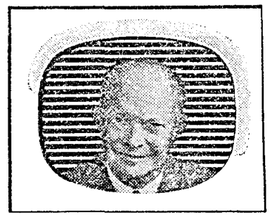

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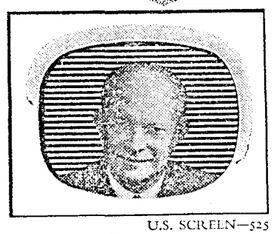

U.S. SCREEN—525

EUROPEAN SCREEN—625

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Noon, Friday August 28: Pictures of Queen Elizabeth greeting President at Balmoral, converted, video-taped and put on lunch-time plane.

A.M. Monday August 31: President and Prime Minister drive to St. Paul's. Converted, video-taped, and put aboard mid-day plane.

P.M. Monday August 31: President and Prime Minister joint broadcast from Downing Street—converted, and video-taped, put on next plane out.

A.M. Wednesday September 2: Eurovision pictures of President's arrival in Paris converted, video-taped, sent on next plane out.

P.M. Wednesday September 2: Eurovision pictures of President's Paris parade with De Gaulle, converted, video-taped, put on next plane.

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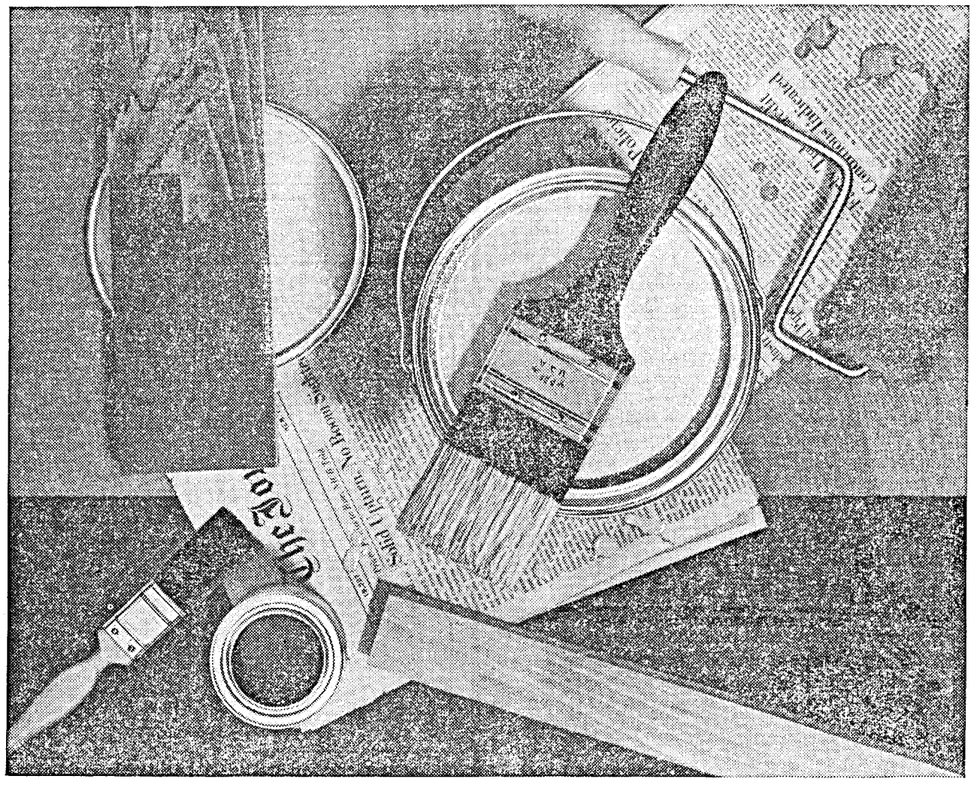

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As a member of the Southeast Asia Treaty Organisation the United States is pledged to defend Laos against aggression and since 1954 it has been supplying it with "defence support" funds to meet the payroll of its 25,000 strong Army and with the older types of military equipment permitted under the Geneva Armistice. A handful of American technicians and military aides hardly justify communist charges of an American base in Laos. The emergency aid now being flown from Formosa and the Philippines will enable a few more soldiers and militia to be armed and give them more mobility, though they would hardly enable Laos to repel any large-scale attack.

In Washington, the trouble in Laos is an opportune reminder that there may be need for continuing military assistance even in the under-developed countries. Many Democrats in Congress believe that useless expenditures on arms are swallowing up money which ought to be spent on economic development and only $1.4 billion was authorised for military aid this year instead of the $1.6 billion requested; the House cut this further to $1.3 billion when it voted on actual appropriations. In its final report, published last month, the Draper committee takes the strongest issue with this idea that swords can safely be turned into plough-shares. The committee, created last year by the President, recommends more money for both military aid and development loans than either the President or Congress have approved, and insists that any significant decline in military aid to the under-developed countries would be a serious danger to the security of the free world.

Pork over the Barrel

On Wednesday the House of Representatives failed, by a single vote, to muster the two-thirds majority needed to over-ride the President's veto of the public works Bill. This is the famous "pork barrel," which normally is sacred because it contains money for post offices, harbours, dams, irrigation facilities and other desirable projects in every state of the Union. The Democratic leaders felt sure of the Senate, where the final vote was 82 to 9, and they had good hopes that in the less certain House enough Republicans would desert the President to give the opposition its first clear victory over the White House since the session began. Only eleven did so, thanks to frantic efforts by the Republican leaders who had themselves advised the President that it would be the path of prudence to let the pork barrel roll through as usual.

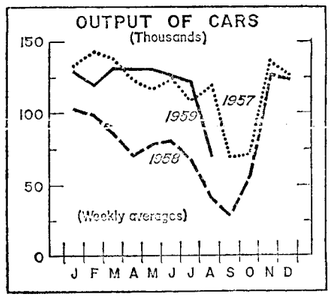
The Bill called for $1.2 billion to be spent in the present fiscal year, only $30 million more than the President recommended originally. Mr Eisenhower vetoed it because it also included 67 new projects not provided for in the Budget which, he estimated, would cost over $800 million by the time they were finished. This illustrated, the President said, how easily effective control over future Budgets can be lost. He had asked Congress not to approve any new starts this year. Congress will now have to add a new public works Bill to the obstacles lying between it and an early adjournment, unless it takes Senator Ellender's mischievous advice and adds the whole vetoed Bill to the foreign aid appropriation which the President must have.

Mr Eisenhower's remarkable record of never having a veto overturned, even after five years of a Democratic Congress, remains unblemished. But it might have been spoiled if the President, pursued by White House business even while he was staying at Chequers, had not signed the ex-servicemen's pension Bill. This involves far larger sums than the housing, airport and harbour Bills on which he has stood firm. But a veto of this popular measure might well have been over-ridden, encouraging the Democrats to defy the President on other issues and blunting the chief weapon with which he has defended his Budget. The Bill gives pensions to all the widows and children of men who served in the second World War and the Korean War, unless their income exceeds a certain level, and will cost the government $150 million in the first year and $22 billion by the year 2,000. On the other hand, it introduces a sliding scale of pensions, based on means, for men disabled for reasons not connected with their war service. Virtually all ex-servicemen over 65 draw such pensions. None of these existing pensions will be reduced, but the government expects to save about $13 billion on future ones in the next forty years in this way. If Congress had been forced to write a new Bill in the election year of 1960 it might have been much worse.

Detroit—Ready to Go

Last month the final 1959 models and the four millionth car to be produced since the beginning of the year came off the automobile assembly lines. These are now practically closed down for retooling for the new 1960 models, a few of which are already being made. The industry is so optimistic about the demand for these new cars that it is planning to produce some two million of them during the next four months; only if the steel strike continues well into October are these schedules likely to be upset. They will bring total output for 1959 almost back to the 1957 level and for 1960 the talk is of at least 7 million cars being sold, approaching 1955's all-time record. These forecasts are based on a combination of booming economic conditions and of the presumed attractions of the new models; together they are expected to push the demand for cars, already good, straight up.

Most, if not all, of 1960's increase in sales over this year would consist of the Big Three's new compact cars, according to the calculations of their makers, who are able to produce during the year at least 800,000 Falcons (by the Ford Company), Corvairs (from General Motors' Chevrolet Division) and Valiants (the Chrysler Corporation's offspring). The idea is not, officially at least, that the compact cars will cut into the current sales of existing cars, whether small, medium, large or imported, but only that the compacts will keep both sales of these other cars and their share of the expanding market from rising. Imported cars have been responsbile for over 8 per cent of sales this year, with 330,000 being sold in the first eight months, nearly as many as in all of 1958, and the share of the Rambler, the existing small American car, has been 6½ per cent of sales. Both the importers and the American Motors Corporation, which makes the Rambler, expect to do better next year; nor are the other divisions of the Big Three prepared to abdicate to their comparatively small and undoubtedly cheap new step-brothers. October will bring not only the new models into the show rooms but also cut-throat competition into the motor industry.



Atom Tests Still in Suspense

The negotiators at Geneva who have been struggling for ten months to write a treaty prohibiting tests of atomic weapons won a two-month extension last week. The President announced that the self-imposed American ban on any such tests would be

extended from October 31st to December 31st. This is to give the negotiators, who have recessed until early October, adequate time to take advantage of any new concessions which may emerge from Mr Eisenhower's talks with Mr Khrushchev this month. This reprieve is shorter than some of the President's critics, such as Senator Humphrey, would like. But it disposes of any fears that the United States has abandoned hope of an agreement. These were probably founded on no more than the wishful thinking of officials of the Department of Defence who find the ban irksome. Some Americans fear, however, that if the talks still come to nothing, and the Russians keep their promise to test no bombs unless the West does so first, some day the United States may have a disagreeable choice between continuing an unpoliced ban and resuming atomic tests which would be hard to justify to a world frightened of the fall-out from them.

Last week Congress's Joint Committee on Atomic Energy published an authoritative and up-to-date evaluation of the danger which, without being alarmist, strengthens the case for an end of tests, except for those which can be conducted underground or far out in space. The report is based on hearings held in May. In the committee's view, the danger to human life from past tests is comparatively small, though it has not yet reached its peak (this will come in 1962-65) and although it is greater in some "hot-spots" where fall-out is concentrated. Radiation from natural sources still predominates. But if testing is resumed at the former rate, within two generations there may be a real risk.

Not nearly enough is known about the extent of physical damage from radiation, the committee pointed out. It was highly critical of the Administration for not giving adequate support and stimulus to the study of fall-out and for its failure to develop standards of safety that the public can understand. Last month the President took a step toward meeting criticism of this kind when he created a Federal Radiation Council, to be composed of the Secretaries of Defence, Commerce and Health, and the chairman of the Atomic Energy Commission and to be advised by the President's own scientific consultant, Dr Kistiakowsky. The council's task is to provide "general standards and guidance" on protection of the public from radiation. It may also acquit the Administration of charges that this task was being left to a body—the AEC—which is inherently unsuited to discharging it. Unfortunately, the President's directive is vague about when or how the Public Health Service is to undertake the day-to-day responsibility for atomic safeguards.

Transport's Unruly Team

FROM A CORRESPONDENT IN SAN FRANCISCO

ALLEGATIONS that Mr Hoffa, the head of the largest American trade union (the teamsters, or lorry drivers), is plotting to create a labour monopoly in all types of transport cropped up again this summer. It is now about a year since he first boldly announced, in the teeth of all his troubles with Congress, the courts, and the American Federation of Labour and Congress of Industrial Organisations, that he intended to form a loose federation of all the unions involved in transport to consider their common problems and seek common solutions. A somewhat similar move by the building trade unions had been greeted with approval. But Mr Hoffa's statement was received with indignation by Congress and the press as a sinister attempt to achieve a stranglehold on the whole economy by a powerful outcast union and a leader famous for the unscrupulous use of power.

To knowledgeable trade unionists, the task of creating even the loosest federation of this kind seemed a formidable one. Apart from the railway brotherhoods, which turned a cold shoulder at once, six principal trade unions were involved, with the following membership in 1958:

Affiliated with the AFL-CIO	
National Maritime Union ...	40,000
Seafarers' International Union	57,500
International Brotherhood of Longshoremen	20,000
Independent	
International Longshoremen's Association	60,000
International Longshoremen's and Warehousemen's Union	62,500
International Brotherhood of Teamsters	1,355,928

The two largest sailors' unions, the NMU, whose president is Mr Curran, and the Seafarers, headed by Mr Hall, have been rivals for many years. Moreover, the NMU was formerly a CIO affiliate and had once been dominated by Communists, while the Seafarers belonged to the AFL and was headed for a long time by Mr Lundeberg, a bitter anti-Communist.

The two dockers' unions were also at odds with each other and isolated from the trade union movement. The ILA, on the east coast, which had fallen into the hands of gangsters, had been expelled from the AFL even before its merger with the CIO. On the west coast, the ILWU, headed by Mr Harry Bridges, had been expelled by the old CIO in 1950 for consistently following the Communist party line. Its feuds with the teamsters were notorious.

BUT with the creation of the AFL-CIO and the death of Mr Lundeberg, relations between the sailors' unions became less strained. On the east coast, the ILA defeated the IBL, the rival dockers' union set up by the AFL, and got rid of some of its worst criminals. On the west coast, the Bridges' union was beginning to feel the pinch of being isolated from the other trade unions, although its membership did not fall off.

Into this fluid situation stepped Mr Hoffa, always interested in increasing his power. Discussions with Mr Hall, Mr Curran, and Captain Bradley, of the ILA, on the one hand, and with Mr Bridges on the other, led to no formal organisation. But it was a triumph for Mr Hoffa to secure the participation of Mr Curran, who is a member of the AFL-CIO committee which recommended the expulsion of the teamsters.

Confederations of unions whose jurisdictions overlap or lie side by side are fairly common, in the metal trades for example; building trades councils also abound on the state and local levels. A generation ago, there was an attempt to create a federation of ship and shore unions, but it was torn apart in the struggle over communist influence. Nevertheless, the dockers have always sought friendly relations with both the teamsters, who take goods to and from the docks, and the sailors.

The new practice of loading whole motor trailers full of goods on ships and trains has brought the teamsters into increasingly close contact with other transport workers. Furthermore, "piggy-back" and "fishback," as the two methods are called, threaten to displace dockers while creating new kinds of work for sailors and drivers. So do other automatic techniques of loading and unloading cargoes. These problems can best be solved if the dockers, sailors, and drivers work together.

TO the public, the prospect of such alliances, particularly between labour leaders as suspect as Mr Bridges and Mr Hoffa, looks alarming. This is particularly true in Hawaii, where Mr Bridges's union, by far the strongest in the new state, is beginning to co-operate with the teamsters. But the ILWU is unlikely to submerge its identity in the teamsters as long as it seems able to survive without doing so; and it has just signed a remarkable contract with employers on the west coast which gives the union a substantial share of the savings effected by new machines and techniques, as well as a guarantee of full employment for dockers.

Moreover, dockers on the east coast, many of whose leaders are influenced by Cardinal Spellman, have turned down Mr Hoffa's suggestion of co-operation with the communist-tainted Bridges union. Instead the ILA has applied for readmission to the AFL-CIO and, if the conditions laid down are not too onerous for the rank and file, the ILA will probably become the first union to be welcomed back. One condition is that the ILA should conclude no formal alliances with the teamsters, though day-to-day co-operation is not forbidden. The history of labour in the field of transport suggests that such informal co-operation, for limited ends, is probably the most that Mr Hoffa can hope to attain.

Victory for Reaction

MISSISSIPPI, the poorest state in the Union, with more Negroes in proportion to its white population than any other state, has never been noted for liberalism, but any such tendencies which exist there have been sharply checked by the victory of Mr Ross Barnett, an elderly and outspoken segregationist, in this year's contest for the Governorship. He has just won the Democratic primary, the internal party election in which nominees are chosen; but since the Republicans offer no opposition in Mississippi, he has in effect been elected. Originally four candidates sought the Governorship, but no one gained an absolute majority and a second contest was held between the two top candidates; in this Mr Barnett did much better than his opponent, the present Lieutenant-Governor, Mr Gartin.

Mr Gartin is no liberal: he takes credit for strengthening Mississippi's laws against racial integration, is a member of the violently segregationist White Citizens Council and had pledged himself to close the state's publicly financed schools rather than allow Negro children to attend white classes. Such views are essential for any political aspirant in Mississippi, but Mr Gartin's enthusiasm for such extreme measures was less marked than Mr Barnett's. Furthermore, Mr Gartin was backed by the present Governor, who has some claim to be considered a moderate and was courageous enough to call in the federal authorities to investigate the recent lynching of a Negro in the state, a move which was held against Mr Gartin.

Governor Coleman cannot succeed himself by law, but he is well-liked and his endorsement might have won the election for Mr Gartin had he not been embarrassed by the unsolicited support of the local labour leaders. Trade unions are not powerful in Mississippi but they are very unpopular, particularly among the many small farmers, and their help seems to have been fatal to Mr Gartin even though he went out of his way to repudiate it. Judging him a certain winner the unions hoped to increase their influence by claiming part of the credit for his victory; but they achieved precisely the reverse, confirming the southern tradition that support from organised labour guarantees a candidate's defeat.

A surprising feature of the election was the good showing made by a newcomer, Mr Charles Sullivan, a lawyer, who polled 131,725 votes in the first primary against 150,808 for Mr Gartin and 154,479 for Mr Barnett. Mr Sullivan advocated a redistribution of seats in the State Legislature and a united southern front against northern liberalism at the 1960 Democratic convention. Neither were novel proposals, but he also came out for the legalised sale of liquor in the state, something which no other local politician had dared to suggest before. Mississippi is traditionally dry but, since Oklahoma went wet last week, it is the only state where prohibition is still in force; Mr Sullivan's boldness may account for his success.

Marginal Defence

As the President signed this year's $39 billion defence appropriation Bill, the service departments and the Bureau of the Budget were already struggling with the next. With the shock of the sputnik almost forgotten, with the Berlin crisis no longer pressing and with Mr Khrushchev's visit fostering a general feeling of reassurance, no great popular agitation is expected against the determination to hold spending down to this year's levels. But the practical difficulties of this will be great. All the obvious economies, and most of the less obvious ones, have been made. In particular manpower cuts, which provide an easy way of saving money on pay, food and equipment, have gone as far as they can; only the minimum number of men are serving in the armed forces. On the other hand a series of expensive research and development programmes are now reaching the stage where they will require heavy outlays if they are to be of any practical use in the defence of the country.

The answer is obviously to prune out all marginal programmes—those which are becoming obsolescent, which seem unlikely to justify their cost or which duplicate more promising and better developed projects. Enquiring journalists, obviously briefed by service officials who fear that their favourite schemes are due for the knife, have been warning their readers that such cuts are coming. The Titan intercontinental missile, squeezed between the Atlas and the Minuteman, is in danger. So are the North American Aviation company's B-70 bomber and F-108 fighter, both of which will, it is thought, be outmoded by missile developments before they become operational. Convair's B-58 bomber may also be dropped; the number on order has already been cut back.

But the reaction to this and other recent contract cancellations, made to keep current defence spending within the limits of available funds, shows that even if the public does not object, legislators and manufacturers will. A full congressional investigation was begun at once when the Navy and the Air Force announced that they were abandoning their attempts to develop a powerful boron fuel for aircraft, after spending several years and $250,000,000 on the scheme, just as two new plants were about to begin producing this fuel. The reasons given were that it had not come up to expectations, that jet engines had been improved so that they could give a similar performance on cheaper fuels and that in any case aircraft were now being replaced by missiles. But to Representative Teague this was "flushing down the drain" funds which had been secured for research purposes with much difficulty from a stingy Administration.

SHORTER NOTES

American railway companies are joining forces to insure themselves against financial losses during strikes. The railways are particularly vulnerable to strikes because they are compelled by federal law to pay unemployment benefits from a fund to which they alone contribute to employees engaged in a "lawful" strike. Virtually all the companies have applied for policies under the scheme drawn up by the Association of American Railroads; premiums will vary from company to company.

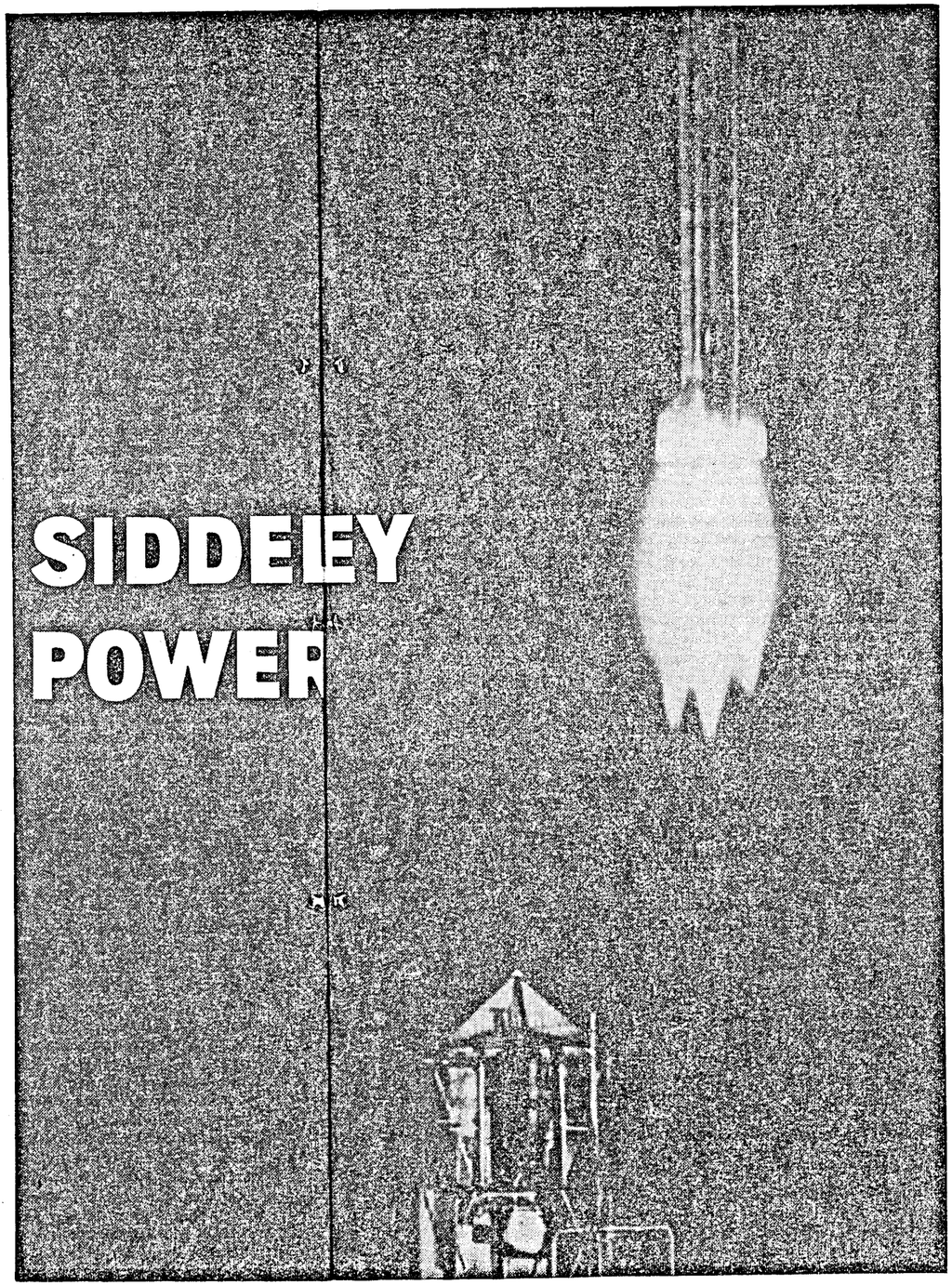
* * *

The American Cancer Society is making a six-year, $300,000 study of possible environmental causes of cancer with a million Americans as guinea-pigs. Large corporations and trade unions which compile health records of their members and employees are being asked to help the society to carry out what is probably the largest statistical study of disease ever undertaken.

THE ECONOMIST SEPTEMBER 5, 1959

A space research vehicle rises to 500 miles above the earth's surface...

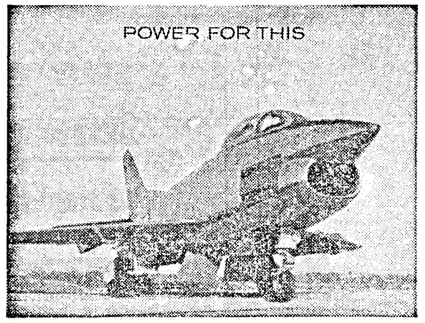
...AND BRISTOL SUPPLY THE POWER



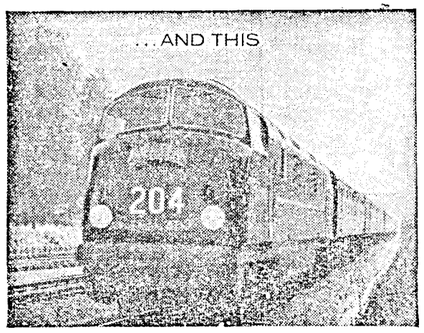
One of the largest manufacturers of motive power units in the world, Bristol Siddeley Engines Limited produce the Gamma. A liquid propellent rocket engine, the Gamma powers the Saunders-Roe Black Knight, Britain's highly successful space-research vehicle. An extremely reliable powerplant, the Gamma produces a total sea-level thrust of 16,400 lb (7,438 kg) and nearly 19,000 lb (8,618 kg) outside the earth's atmosphere, for a total powerplant weight of only 700 lb. The Gamma sends Black Knight over 500 miles into space above the Woomera rocket range in Australia.

Since Bristol Siddeley's rocket division began work in 1946, it has developed a wide range of components. By combining these components in single or multi-chamber layouts, any thrust requirement between 500 and 90,000 lb can be met.

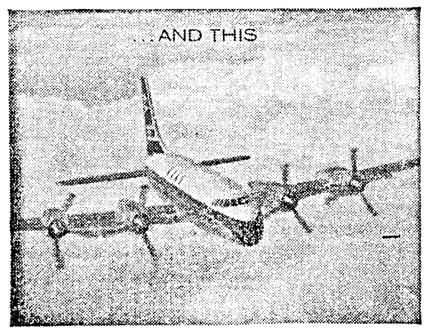
BRISTOL SIDDELEY ENGINES LIMITED



The Bristol Siddeley Orpheus, the world's most advanced lightweight turbojet engine, powers this Fiat G 91 strike fighter (chosen by NATO). The Orpheus is already in service in 6 different aircraft, and is specified for 8 others.



Bristol Siddeley Maybach diesel engines are designed for a wide variety of applications and range from 200-3,000 hp. Here is a British Railways diesel hydraulic locomotive powered by two Type MD 650 engines, developing a total of 2,200 hp.



The Bristol Siddeley Proteus powers the Britannia airliner. Four Proteus give this 130-seat aeroplane a speed of over 400 mph—a range of over 5,000 miles. Britannias are in service with twelve airlines and with RAF Transport Command.

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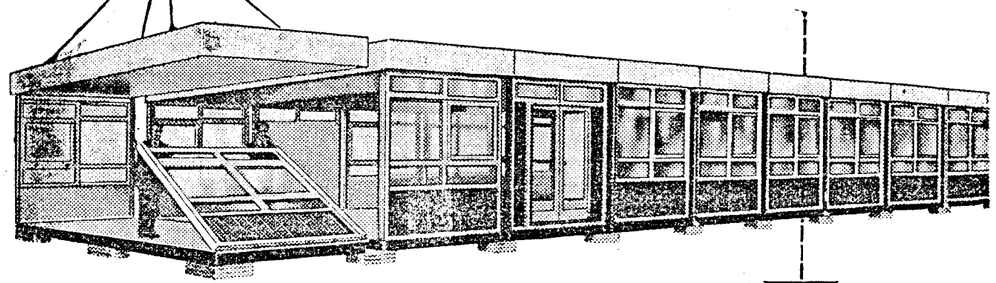

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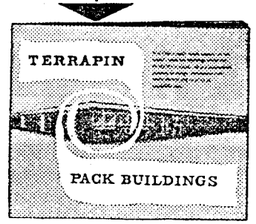


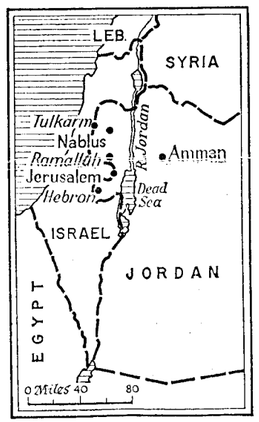
THE WORLD OVERSEAS

Amman Courts Its Palestinians

FROM OUR MIDDLE EAST CORRESPONDENT

SINCE Mr Hazza Majali became prime minister of Jordan in May, vigorous attempts have been made to deepen the roots of the Jordanian regime in Palestine. There are still Palestinians who regard the Hashemite dynasty as alien—a Hejazi house imposed on Jordan by British arms—and who hanker after republican forms of government. In an effort to reduce their number, the King has taken to showing himself, with increasing frequency, to his Palestinian people. There was first the tour of the northern districts, which took in Nablus, traditionally a centre of opposition, and the frontier town of Tulkarm. Then there was the visit to the centre and the south, which embraced Ramallah, Jerusalem, Bethlehem and Hebron. The King's reception was spontaneous and warm; and, if the government's calculations prove correct, the number of people taking part in such demonstrations will gradually increase with repetition.

Much of the warmth displayed is due to the King himself. As the months go by, he is gaining rapidly in maturity, and is making his own an attractive blend of dignity and informality. On his tour of the southern districts, he was in khaki shirt-sleeves and army breeches, with a keffiyeh tossed rakishly over his head. The heavily-armed jeep escort, and the lone horsemen brooding on the peaks overlooking the royal route, were there for decoration rather than business, as was shown by the freedom with which the King mixed with the crowds at his whistle-stops. Three giggling English ladies, holiday-making in Jerusalem, all but swooned as the King brushed by them, paused, held out his hand, and said with a grave smile: "Yes, I am Hussein."



Practical plans are also afoot for giving the King a stronger standing on the west bank of Jordan. A new palace is projected in the Jerusalem area; hitherto the King has only had one residence outside Amman, the winter palace in the Jordan valley, some miles from the East Bank. Another seat of government is contemplated, also in Jerusalem. Whether it is conceived only as an alternative seat, or as a truly alternating seat, is not yet known. The latter more radical concept would not be out of place in a country where half the chamber, half the senate and, often, half the government are Palestinians. Some of the more enthusiastic West Bank partisans of the King speak of Jerusalem superseding Amman altogether; but they are probably *plus royalistes que le Roi.*

While these plans are going ahead, the Jordanian attitude towards Palestine as a whole has broken surface in a manner that promises lively debate, if not dispute, between Jordan and other Arab states. The challenge came from an unexpected quarter. For several months, Arab politicians and intellectuals have been concerned by Mr Hammarskjöld's proposals for a solution of the Palestinian refugee problem. In particular, they have set themselves against the suggestion that the refugees should be integrated into the economies of the countries where they now reside. Such a step, they argue, would relieve the pressure for a return of the refugees to Palestine, and thus concede much of Israel's case by default. Early in August, Shaikh Pierre Gemayel, a member of Lebanon's four-man government and one of the outstanding Christian leaders in the country, suggested that the best way of scotching Mr Hammarskjöld's proposal would be the formation of a provisional government for Palestine, complete with army and other machinery of state.

Shaikh Gemayel argued that the formation of such a government would keep the Palestine problem in the forefront of world consideration. It would help maintain the pressure for a return of the refugees to their homes, and thus avert the economic dislocation that would result if they were integrated wholesale into the economies of the host countries. He pointed out that the refugees in Lebanon constitute 12 per cent of the total population of the country, a bigger morsel than could be digested. At the back of his mind, doubtless, was also the thought that most of them are Moslems, whose integration would affect the even balance of confessional power in Lebanese political life.

The immediate result of Shaikh Gemayel's proposal was a rejoinder from Mr Majali. Both in Amman, and in Beirut, on his way to the Casablanca conference, he declared that the formation of a Palestinian government would be absolutely unacceptable to Jordan. Half of Palestine, he said, is already incorporated in Jordan; Palestinians, including the refugees, make up two-thirds of Jordan's population. Shaikh Gemayel implied that the only possible Arab government of Palestine was the present government in Jordan. In his Beirut statement he went further, possibly way out on a very long limb, by saying that Jordan "would not oppose a regroupment of all Palestinian refugees on her territory." As Jordan already has more than 400,000 refugees, politically but not economically integrated, the implications of this offer are by no means clear.

The sources of the anxiety that prompted Hazza Majali to his forthright statements are not far to seek: the formation of a provisional government for Palestine would be more likely to split Jordan than to win back Israeli Palestine for the Arab cause. One remembers uneasily the fury aroused in other Arab states when King Hussein's grandfather annexed parts of Palestine during the Arab-Jewish war; but so far there are no signs of explosive reactions to the words of the Jordanian Prime Minister. He has disclaimed any intention of seeking "unilateral solutions"; his aim at the Casablanca conference will be to gain pan-Arab support for the Jordanian point of view.

A comforting sign of the times is the silence of President Nasser. Having just repaired his bridges with Jordan, he is unlikely to

destroy them at once by taking violent issue with the Jordanian stand on Palestine. What could a provisional government do anyway? The feeling is gaining ground in Arab circles that President Nasser has made his own arrangements with Mr Hammarskjöld, though what they are is anyone's guess. On balance, it seems likely that Mr Majali will carry his point at Casablanca, and that the conference will agree to condemn Mr Hammarskjöld's proposals for refugee integration, and urge instead an indefinite extension of the United Nations Relief and Works Agency's mandate. If so, nothing will have changed, for better or for worse.

Mr Eisenhower in Paris

FROM OUR PARIS CORRESPONDENT

IT takes a republic to stage an imperial show; or so one has been constantly obliged to think, during President Eisenhower's two-day visit to Paris. It is not simply that President de Gaulle and he have done their talking in Empire surroundings—on Wednesday in a salon of the Elysée which once found favour in the eyes of the Empress Eugénie de Montijo, and on Thursday at the Chateau de Rambouillet which had been the favourite of Napoleon I. The spacious symmetrical structure of Paris, devised a century ago by Haussmann under Napoleon III, with its wide avenues and boulevards, lends itself superbly to ceremonies, and the new regime is not averse to pomp.

The Eisenhower show was not as rich and varied as the long-prepared visit of the Queen in April, 1957, but it was still worthy of full colour and the wide screen. The sun shone; 101 guns thunderously announced Mr Eisenhower's arrival; and at the end of their progress through Paris, preceded by the horsed Republican Guards, the two stood side by side in their car—behind them the Place de la Concorde; in the background the façade of the Madeleine and, further off, the wedding cake of the Sacré Coeur. No producer could have wished for a better picture, though he might have wished for a bigger and more enthusiastic crowd. American veterans of this presidential tour claimed that the atmosphere had been much warmer in Bonn and London. They maintained this even in the evening when many Parisians had been released from work early to see the parade down the Champs Elysées. A reason may have been the absence of children still on holiday. In fact, some were brought back specially from holiday camps to brighten the scene outside the Hôtel de Ville and they chattered unceremoniously even when President de Gaulle (in uniform) and President Eisenhower (in civilian clothes) rose to speak.

But the main reason for Paris's restraint was the too sudden change of direction by the propaganda machine. Until very recently the popular French papers were full of suspicious comments about perfidious partners. Only in the last few days had they discovered that Britain could be a helpful ally, America a reliable friend. The conversion was probably too recent to be transformed into popular enthusiasm. The authorities, however, spared no effort to ensure success by distributing flags and appealing to the Parisians. Indeed one was struck by the contrast between these last-minute endeavours and the scarcely concealed displeasure with which the French government had greeted the announcement of the Eisenhower-Khrushchev exchanges, the prelude to this European tour.

The interpretation of this change now put forward in Paris is that General de Gaulle has reshuffled his priorities. When he sent off his memorandum on Nato last September, he was apparently assuming that a quick end to the Algerian war would make the problem of France's power in Europe and status in the world much more pressing. Now he is realistic enough to grasp that since the Algerian premise has not been fulfilled, his bargaining position is weak. He has therefore decided that France's bid for a place in the nuclear club and higher standing in the Atlantic alliance can wait; while the need for American backing on Algeria, particularly in the United Nations, has become more urgent.

DESPITE official secrecy, there is general agreement in Paris that the Algerian question was the most prominent item of Mr Eisenhower's talks. Undoubtedly, General de Gaulle's new slogan of future self-determination for the Algerians, with its Wilsonian undertones, is music to American ears. But his orders to the troops to go on with the work of pacification spoil the score. It remains to be seen whether the next official definition of Algerian policy, now promised for the second half of this month, is so liberal that the Americans will be able to back France without losing ground in the uncommitted countries. It is not clear whether Mr Eisenhower so desires a show of western unity before his talks with Mr Khrushchev that he will be content with French words rather than deeds and dates. But the present French air of satisfaction gives the impression that the general is already assured of American support.

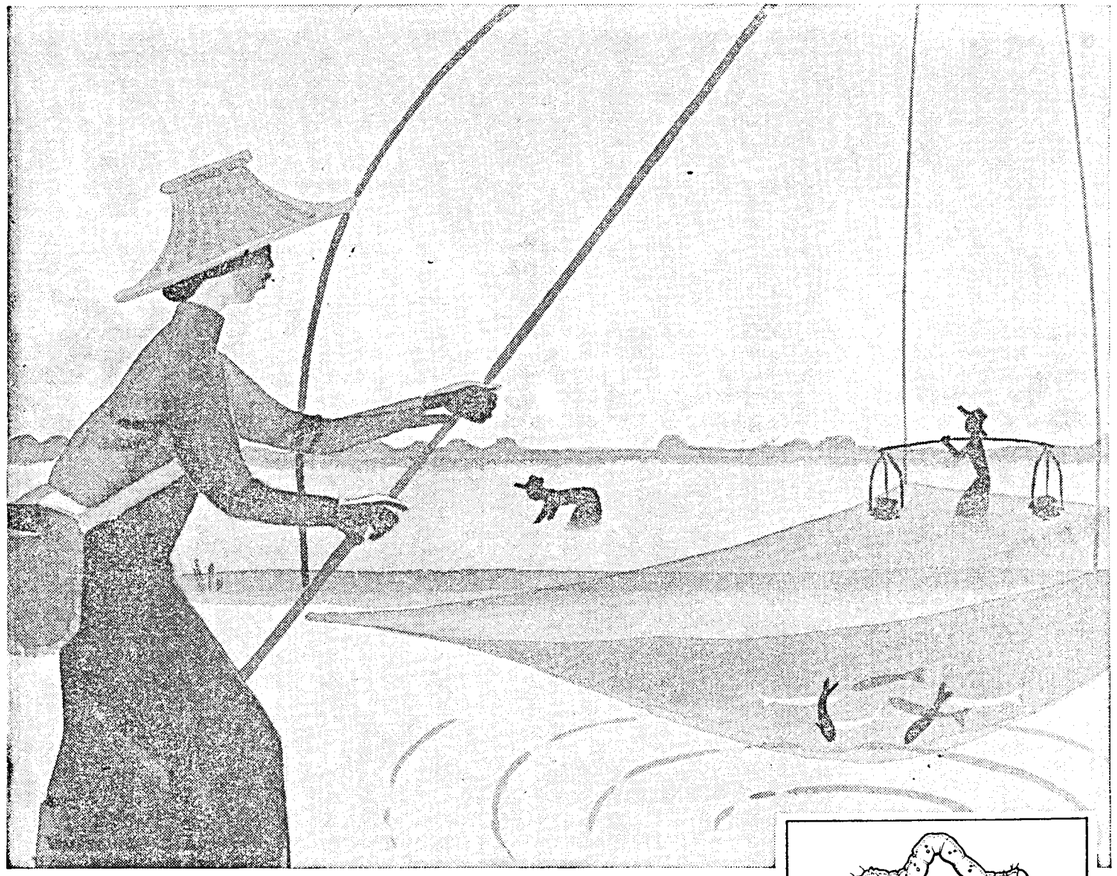
Once General de Gaulle's change of priorities and Mr Eisenhower's desire to improve relations became apparent, there was no room for major clashes of opinion. General de Gaulle could not genuinely suspect Mr Eisenhower of selling the path to the Russians. He apparently showed a perfect understanding of the constitutional difficulties with Congress over sharing nuclear secrets. He also agreed that the formal establishment of a Nato directorate would be resented by other partners. For the time being, France will be satisfied with more frequent consultations; with having, as was graphically described, a line to the White House as good as the one from Downing Street. Indeed, in their newly enthusiastic mood the popular French papers have greeted as a concession the American proposal to have dual control (and a dual veto) over atomic weapons stockpiled in France, though it is known (and was confirmed by Nato circles) that such a proposition had been made earlier and turned down by the French. Changes of front as striking as this are not to be expected in all the fields where they have been obstructing Nato in the past months, but Mr Eisenhower was able to assure M. Spaak and Mr Luns that France would be less unco-operative than it had been.

Paris was considered to be the most difficult stage in Mr Eisenhower's tour. But the French papers have announced in big headlines that they like Ike. He himself proclaimed on the staircase of the Hôtel de Ville that he loved all Frenchmen. General de Gaulle then personally asserted that their talks had been going very well. All this sounded too good to be true. Some observers were left with the sneaking suspicion that in their quest for the appearance of unity the Americans may well have bought an Algerian plan in a poke, that French claims within the alliance have merely been postponed, and that a three-power agreement on the suspension of nuclear tests would promptly revive the problem of the French bomb. Even an imperial show in republican Paris must have its doubting Thomases.

Dr Adenauer's New Manner

FROM OUR BONN CORRESPONDENT

A CERTAIN satisfaction is widely discernible in west Germany at the course of President Eisenhower's brief visit. Over this issue the major parties have for once been able to still almost completely their habitual bickering. The cheering bystanders and the professional actors seem alike to be convinced that they have



Cabbage semi-looper *Phytometra acuta* Walk.

Twice best

Spreading rings to rock the sleepy lotus blossoms. A flash of gold in green-grey water, jumping silver in the meshes of the wide-mouthed net. Fish are important in the rural economy of Thailand. So, too, are vegetables. Unfortunately, what protects the one can be harmful to the other.

The main vegetable-growing area of Thailand lies in the delta around Bangkok formed by the Menam Chao Phraya and neighbouring rivers, where in rich alluvial soil deposited through the centuries by the Mother of All Waters, vegetables sufficient for many millions of people are grown over a period of nine months each year. Crop protection chemicals have been used on an extensive scale for at least ten years and insecticides, in particular, are used as a routine measure. Many pests cause damage to the various vegetables grown, particularly the destructive cabbage semi-looper caterpillar—and spider mites. These pests attack the crop right up to the day of harvest and farmers are forced to continue spraying until the last moment before sending the vegetables to market.

To meet the farmers' need for an insecticide which could be used safely up to the day of harvest, Shell's new insecticide Phosdrin was tried—with immediate and outstanding success. With cabbage loopers, Phosdrin, at a few ounces per acre, achieved a complete kill *within only thirty minutes* and the same amount completely eliminated mites on cucumbers. A lower dosage gave control of cut-worms and thrips on onions, and in all cases the crops *remained* 'clean' for several days after spraying. Equally important, this insecticide, despite its quick-kill power over insects, showed no harmful effect on the fish which teem in the klongs and irrigation ditches between the vegetable gardens. Phosdrin, in the eyes of those who raise both fish and vegetables in Thailand, is indeed twice best.

Phosdrin
Trade Mark

new systemic Shell insecticide

Phosdrin is the sixth in the series of Shell pesticides. In addition to its uses on vegetable and fruit crops, it has potential applications for the control of insects and mites on forage crops, tobacco, cotton and ornamentals. If you have a pest problem in your area, consult your Shell Company. Between them, aldrin, endrin, dieldrin, Phosdrin, D-D and Nemagon offer control of almost every significant pest.

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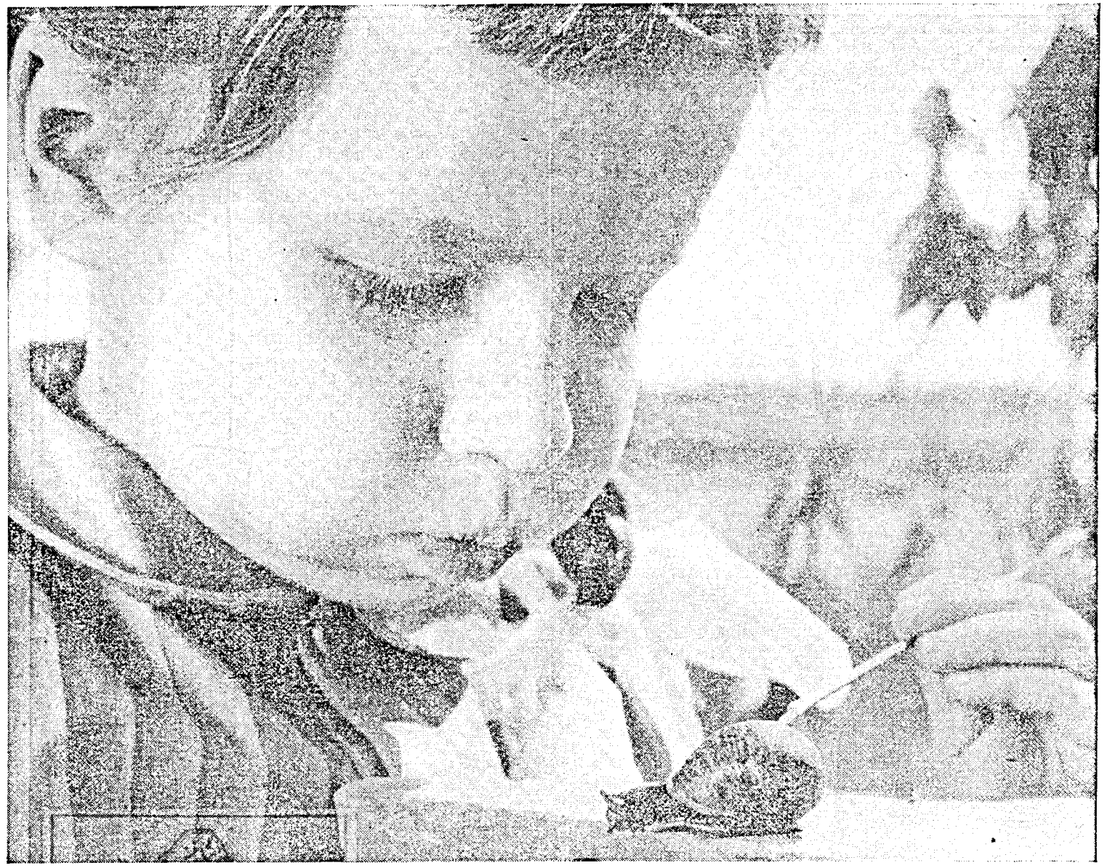

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sent the President on his way with a refreshed sense of responsibility for the future of the nation on which fourteen years ago, it fell to him to impose the humiliation of unconditional surrender.

Although no one, apart from the two protagonists and their interpreter, honestly knows what Mr Eisenhower and Dr Adenauer really said to each other while they were alone, the henchmen of both have confidently put it about that each persuaded the other of his reasonableness and his loyalty. To some extent unexpectedly. Apparently the President cut an altogether livelier and more robust figure than the Chancellor had expected, and seemed to intimate that he sympathised generously with General de Gaulle's preoccupation with Algeria. In his turn, Dr Adenauer refrained from lugubrious admonition and from pointing possessively to the moon. There is practically nothing the Germans can do for the time being to ease the east-west deadlock satisfactorily to themselves. Almost instinctively, most of them have apparently decided to trust President Eisenhower and do as little as possible to embarrass his coming effort to talk turkey with Mr Khrushchev.

The very vague, but very general hope that the leaders of east and west may be about to ease their rigid postures without harming others in the process has been enhanced by Dr Adenauer's temperate reply to the hard-hitting message he received from Mr Khrushchev on the eve of Mr Eisenhower's arrival. It is worth quoting from both letters for their remarkable flavour. Having

Raiffeisen's Legacy

FROM OUR BONN CORRESPONDENT

THERE is a loading ramp at the back of the *Spar und Darlehnskasse* at Odenwald, and the manager of this Rhineland village savings and credit bank obviously enjoys demonstrating his kingdom's versatility; it is with a touch of ceremony that he unlocks the door leading from the spruce world of ledgers and adding machines straight into the warehouse where his clients can obtain a roll of barbed wire, a drum of diesel oil, or a bag of fertiliser—where, indeed they can even commit their home-grown strawberries or home-made *Wurst* to long-term refrigeration in their own rented lockers.

Yet the functions of Odenwald's bank-cum-stores are not unique. They are performed, with local variations, by many of the 11,000-odd banks run in western Germany under the aegis of the Deutscher Raiffeisenverband—the federation of German rural co-operatives. It requires only a down payment of 100 marks (£8 10s.), the price of one share, to secure initial entitlement to a rural co-operative bank's manifold services, of which the timely granting of credits is often not the least important. Odenwald's *Spar und Darlehnskasse* has 331 members, of whom roughly a third are farmers, a third craftsmen and tradesmen, and the remaining third farm workers and employees of district authorities. The total deposits with the co-operative lending banks, and with the federation's central clearing banks, amount to over DM 5.4 milliard (£425 million) and the credits to over DM 4 milliard (£340 million).

The prospect of intensifying European competition is infusing the complex of rural co-operatives with fresh vigour. There are altogether some 23,000 of them in western Germany, loosely but effectively co-ordinating the efforts of nearly four million members engaged in pretty well every branch and offshoot of agricultural activity, including wine-growing, cold storage, dehydration, machine-repairing, printing and insurance. They are descendants of the *Brodverein*, which was founded by Friedrich Raiffeisen, the mayor of Weyerbusch, during the famine of 1846-47 in order to set local farmers on their feet again by procuring them equipment and credits.

Raiffeisen's experience led him to set up the first rural loan bank operating on the principle that the recipient of a loan must be a shareholder, however modest. His ideas soon caught on, among them his advocacy of joint buying of seed and equipment, and of joint marketing of produce. In general, his principles still hold good. Although it has been found necessary to establish eleven central institutes to cope with such collective business as importing seed and determining standards of quality, the working boundaries of the majority of the co-operatives are still confined to one or very few parishes, as Raiffeisen recommended they should be. It has been impossible to carry on, as he considered desirable, with a wholly unpaid administration. Yet there are still 73,000 voluntary workers along with the 81,000 full-time and 27,000 part-time employees. Raiffeisen's name is to be found in the designation of many, though not all, of the various local and regional organisations; you cannot travel far through the German countryside without seeing it spelled out in large letters across some warehouse, silo, or collecting centre.

Of the 1.9 million farm holdings in western Germany only 6.5 per cent are bigger than 50 acres. It is the little farmer—the man with fewer than 50 acres, and sometimes with even less than ten—who is in the overwhelming majority; and it is his livelihood and independence that the co-operatives are sturdily preserving in face of the currents that everywhere in business are advancing the man, or the amalgamation, with big resources. How shrewdly the German co-operatives are adjusting themselves to the new pressures and opportunities is to be seen in the success of the *Milchverwertungsgenossenschaft* (milk processing co-operative) at Cologne. This co-operative, representing some 1,900 dairy farmers in the area, supplies the 800,000 inhabitants of Cologne with four-fifths of their milk and fresh cheese, as well as much of their ice cream and other dairy products. The 1,900 farmers own, on an average, six or seven cows each, and membership of the co-operative requires the purchase of one share of 150 marks (£12 15s.) for every cow. The milk is collected by contract with private transport companies. At an up-to-date plant at Cologne, with a staff of 390 workers, is is pasteurised and bottled, or turned into yoghourt, buttermilk, Quark, and such products—all of which bring in the farmer a steady income and occasional bonus in accordance with the profits and the number of shares held. The milk supplies of Frankfurt, Bonn, and many other German towns are being organised increasingly on ambitious co-operative lines.

The federal and regional institutions of the rural co-operatives, which fulfil to some extent the role of an army's general staff, are making it their business to prod the local organisations into adopting the labour-saving methods and attractive presentation that have done so much to sell Danish, Dutch, and Italian produce in European markets. The thriving wholesale market at Roisdorf, between Cologne and Bonn, where the fruit and vegetables of this especially fertile district are auctioned according to the Dutch *Veiling* system, is considered a model of its kind. Most of the local growers have now been persuaded to display their produce winningly; and their Roisdorf co-operative further woos the buyers, some of whom come from as far afield as Berlin, with such attractions as electric auction clocks and a pleasant canteen.

restated his familiar arguments that the German Democratic Republic and its eastern frontier have come to stay, Mr Khrushchev complained of forces in west Germany thinking in terms of revenge and revision of frontiers. He then went on:

> Your hatred of socialism and communism apparently prevents you from correctly appreciating the historical events that have occurred in sight of our generation. If you continue to indulge in wishful thinking, and to let this wishful thinking guide your policy, your activity will not lead to relaxation of tension but to fanning of passions and preparation for conflict. . . . We (himself and Mr Eisenhower) naturally cannot limit our talks to the question of maize or cucumbers. We shall discuss political questions, state affairs, and unsolved problems. And the main unsolved problem is the elimination of the last traces of the second world war, without which it is difficult to consolidate peace and the security of the nations.

There was a good deal more in this vein, and some of it rather more provocative. Ignoring Mr Khrushchev's toughest talk, mainly about the anomaly of west Berlin and the indestructibility of the east German regime. Dr Adenauer replied, presumably to the stupefaction of the west German Social Democrats:

> I hate neither socialism, nor the form of socialism sometimes called communism, nor for that matter a person who is a socialist. I would go even further. It is possible that in certain stages of a nation's development socialism is a form of economic organisation necessary to advancement. That can be particularly so when the preceding stage of development has been especially bad. But . . . I do not believe that socialism is the final stage, the final good stage, of a great nation's growth, for human beings are not saints and angels acting without regard to their personal interest.

And to Mr Khrushchev's charge of revisionist agitation in the Federal Republic:

> You write that the German people are possessed by a desire for revenge, that there are revanchists even in my government. Indeed you go so far as to suggest that I am possibly a revanchist myself. No, Mr Prime Minister. Here you are utterly wrong, and here quite frankly I cannot see in you that sense of reality which otherwise you possess in so high a degree. I am not a revanchist and have never been one. There is no revanchist in my government. I would not tolerate a minister who was a revanchist. And the German people? There may be someone here and there who dreams of Hitler and revenge. But they are very, very few, and altogether uninfluential persons. . . . I take comfort in knowing that the German nation has returned with inward conviction to the good traditions of its long past.

HERE is a conciliatory Dr Adenauer indeed. No mention of Berlin, of the division of Germany, of the necessity for free all-German elections. Along with his rebuttal of Mr Khrushchev's charges of political prejudice and revengeful dreaming, Dr Adenauer confined his advocacy strictly to a plea for general disarmament. Such restraint is obviously timely. How far it accurately reflects the Chancellor's inmost thoughts is not clear at present. Some members of the foreign ministry, as well as the opposition and several independent publicists, have long been trying to persuade him to sound such a note. As though he may have taken their advice to heart, the Chancellor repeated it this week in a broadcast recalling Germany's invasion of Poland twenty years ago.

It seems that a sincere attempt to cultivate better relations with Poland may be the first tangible fruit of west Germany's reaction to the new diplomatic prospect. Mr Eisenhower has been at pains to avoid giving the impression of having urged Dr Adenauer to take such a step. But there is little doubt that the President and the Chancellor looked at the problem at least briefly together, while Mr Herter and Herr von Brentano discussed it at some length. The tentative draft of a non-aggression pact with Poland may be taken again out of its file in the Koblenzerstrasse. But that does not mean that the argumentative maps showing Germany in the frontiers of 1937 are being taken down yet from the walls of government offices. One thing at a time.

The Size of a Man's Hand

FROM OUR CORRESPONDENT IN SOUTH AFRICA

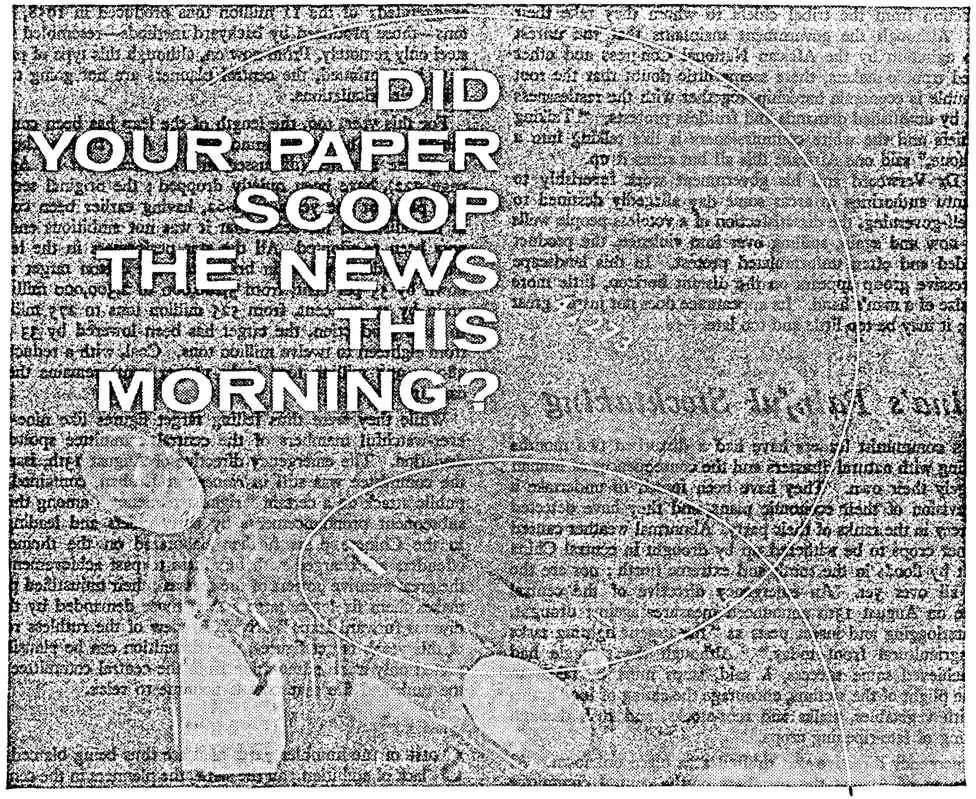
WITH the birth of a new party, politics in South Africa have become a little more real. When the dozen members of Parliament who have broken with the United party formally launch their new party, as they are expected to do soon, there will for the first time be a sizeable group of white legislators elected by white voters uninhibitedly advocating reasonable representation for non-Europeans in Parliament, probably by people of their own race. Committed to a broader and more dynamic interpretation of colour policy than the United party has ever thought desirable or feasible, they will probably urge some kind of multi-racial political system. Under growing conservative pressure the United party is expected to move further to the right in an attempt to gain support among those Nationalists who have begun to waver under the impact of Dr Verwoerd's interpretation of apartheid. The Progressives, as the dissident group is likely to be called, have promised to consult with African leaders on matters of common concern, and they have already made preliminary contacts—a considerable advance for orthodox white politicians.

Until the new party formulates its policy, it is difficult to say what impact it is likely to make on an electorate that is notoriously conservative on colour questions but which has recently shown signs of a stirring conscience under the pressure of developments in Africa and elsewhere. The new group possesses talent and influential support on a narrow front, including that of Mr Harry Oppenheimer, the chairman of the Anglo American Corporation who has resigned his membership of the United party. Logically, and in time, the Progressives and the small non-racial Liberal party should form a common front; but logic has never been a feature of South African politics.

Meanwhile the Nationalists under Dr Verwoerd are watching developments with far less joy than might be expected of a party that has just seen its principal opponent badly split. In fact, there is some apprehension in the Nationalist hierarchy. Dr Verwoerd's plans for separate Bantustan states are beginning to frighten the more timid and also the more realistic of his followers, who may now be casting eyes at the "purified" United party as a possible political home. Stern warnings have been issued against talk of a coalition, and Nationalist tactics are to suggest that the new party is quite as bad as the old, that both are on the road marked political integration, and that integration must end in the political swamping of the white man. Nevertheless, there may be a reorientation of polical forces, with moderate Nationalists throwing in their lot with the purged United party—out of fear of what Dr Verwoerd's extremism may produce. If the United party continues to try to be all things to all men—the weakness that led to the recent crisis—some such regrouping may in fact take place and produce a liberal and reactionary wing on either side of the conservative block.

AFRICAN women have lately begun for the first time in South Africa's history to assert themselves as a political force. So far their demonstrations have been confined to Natal, the province where the proportions of non-white to white is greater than anywhere else in the Union, where the so-called Bantu areas are more diffuse, and where the Africans are less politically conscious, and the African National Congress less influential and more poorly organised, than on the Witwatersrand or in the Eastern Cape.

In rural and urban areas Zulu women have come forward to voice their protest on a variety of grievances such as increased taxation, the state's failure to pay them for filling cattle-dipping tanks, the influx control which makes it difficult for rural Africans to get into urban areas to earn money, passes for women, restric-



In the newspaper world the outlook has changed considerably over the last few years. Nowadays it's not so much news as features; features or comment; the news-room scoop is almost a thing of the past - an exciting aspect of newspaper life remembered only by the journalist whose career began in the heady Fleet Street days before the war. Today, alas, the scoop has become the prerogative of ITN or the BBC.

What then does today's reader require from his newspaper? Entertainment and an easily digested interpretation of the day's events? Confirmation of opinions and systems to which he has clung faithfully all his life? There are a number of newspapers which can do this for him admirably.

But a growing section of the community want more: they want comment that doesn't merely emphasize but guides; they want intelligent, well balanced leaders; reliable, corroborated information on world affairs. That is why so many are changing to *The Scotsman*; not only for its refreshing impartiality, but also for the stimulating articles on sport, farming, the arts, women's features, and almost every other topic known to Man.

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tions on the home brewing of beer, and their frustration at getting no satisfaction from the tribal chiefs to whom they take their troubles. Although the government maintains that the unrest is due to agitation by the African National Congress and other unspecified trouble-makers, there seems little doubt that the root of the trouble is economic hardship, together with the restlessness produced by unsatisfied demands and fruitless protests. "Talking to the chiefs and the white commissioners is like talking into a toy telephone," said one African; this all but sums it up.

While Dr Verwoerd and his government work feverishly to create Bantu authorities in areas some day allegedly destined to become self-governing, the dissatisfaction of a voteless people wells up every now and again, spilling over into violence, the product of unheeded and often unformulated protest. In this landscape the Progressive group appears on the distant horizon, little more than the size of a man's hand. Its appearance does not justify great optimism; it may be too little and too late.

China's Painful Stocktaking

CHINA'S communist leaders have had a disturbed two months dealing with natural disasters and the consequences of human folly, largely their own. They have been forced to undertake a painful revision of their economic plans, and they have detected a new heresy in the ranks of their party. Abnormal weather caused the summer crops to be withered up by drought in central China and spoilt by floods in the south and extreme north; nor are the disasters all over yet. An emergency directive of the central committee on August 13th announced measures against drought, flood, waterlogging and insect pests as "the urgent fighting tasks on the agricultural front today." Although the struggle had already achieved some success, it said, steps must be taken to relieve the plight of the victims, encourage the eating of food grains mixed with vegetables, stalks and root-stocks, and rush through the planting of late-ripening crops.

The emergency directive was drafted at a place unknown. At the beginning of August the members of the central committee had quietly left Peking, leaving no forwarding address. Not till the end of the month was an official communique published describing the committee's eighth plenary session. It had been held at Lushan in the Kiangsi province, from August 2nd to 16th, "under the guidance of Comrade Mao Tse-tung." This remarkable document assumes either that Chinese memories are very short, or that nobody can tell the difference between a leap and a hop. An effort is made to impress on the reader that all is well and that everybody is leaping forward according to plan:

> The various branches of the national economy in the first half of this year continued to leap forward on the basis of the great leap forward of 1958, and won new, important successes.

Thus in the first six months of 1959 the total output of industry increased by 65 per cent compared with the same period last year, the volume of railway freight by 49 per cent, and retail sale of commodities by 23 per cent; the total output of wheat, early rice and rapeseed has also allegedly exceeded last year's bumper crops, but by an unspecified figure.

This cheerful opening of the central committee's report is a piece of planners' acrobatics. This year's figures are compared with last year's but not with those originally announced, since

> repeated check-ups made in the first half of this year show that the figures originally announced are a bit high. Owing to lack of experience in assessing and calculating the output of such an unprecedented harvest, the agricultural statistical organs in most cases made an over-assessment.

The actual amount of grain reaped last year was therefore not 375 million tons, but only 250 million; of cotton not 3,350,000 tons but 2,100,000 tons. The output of steel had also been exaggerated: of the 11 million tons produced in 1958, 3 million tons—those produced by backyard methods—resembled industrial steel only remotely. From now on, although this type of production is to be continued, the central planners are not going to include it in their calculations.

For this year, too, the length of the leap has been considerably shortened. The figures announced in April by Mr Chou En-lai, the prime minister (discussed in *The Economist* on April 25th, page 322), have been quietly dropped; the original second five-year plan for the years 1958-62, having earlier been condemned as unrealistic in the sense that it was not ambitious enough, has now been re-adopted. All the star performers in the leap-stakes have considerably lost in brilliance: the cotton target now goes down by 55 per cent, from 5,200,000 to 2,300,000 million tons; grain by 47 per cent, from 525 million tons to 275 million tons. In steel production, the target has been lowered by 33 per cent, from eighteen to twelve million tons. Coal, with a reduction from 380 to 335 million tons (only 11 per cent) remains the lightest casualty.

While they were thus felling target figures like nine-pins, the ever-watchful members of the central committee spotted a new deviation. The emergency directive of August 13th, issued when the committee was still *in camera* at Lushan, contained the first public attack on a certain "rightist tendency" among the cadres; subsequent pronouncements by party chiefs and leading articles in the Chinese press further elaborated on the theme. The offenders are charged with blindness to past achievements and to the great creative powers of the masses; their unjustified pessimism makes them fix lower targets than those demanded by the "continuous forward leaps" drive. In view of the ruthless reductions of this year's target figures, the admonition can be plausibly interpreted only as an admonition from the central committee down to the rank and file that now is no time to relax.

SOME of the humbler party men are thus being blamed for their lack of ambition; all the same, the planners in the central committee were forced to climb down. The committee's report contains plenty of evidence that at the Lushan meeting a compromise had to be hammered out between the ruthless thrusters and the cautious go-slow men. Although the tone of the report is still ambitious, its aims are in fact moderate; there are other indications of two conflicting attitudes towards planning. The agricultural communes, at the time of their inception last summer, were much publicised in China as the main instruments of the great forward leap; clearly they were the creation of the ambitious men on the central committee. Since then, the claims—both ideological and economic—that were being made for the communes have been toned down. Although they are to be kept in being, the central committee has now directed plenty of implied criticism against them. The labour power allocated to getting in last year's bumper harvest was inadequate; "reaping, threshing and storing were all done in a somewhat hurried manner"; last winter, the sown acreage was "somewhat reduced"; finally, the communes will no longer be expected to make a significant contribution to China's industrial output. The victory of moderation in planning and the necessity of admitting grave errors in calculations of past achievements may have deprived some of the central committee members, perhaps even Mao Tse-tung himself, of considerable former prestige. It is also likely that Peking will listen more readily in future to advice from Moscow on economic matters. There is another possible repercussion; however diluted they have been by rhetoric, the central committee's admissions of failure can hardly come as anything but a shock to those Asians who have been inclined to regard the Chinese experiment as a model for rapid economic development.

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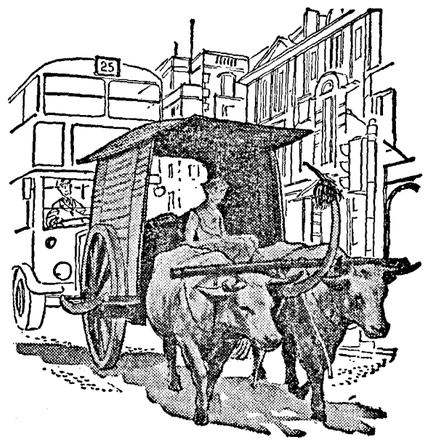

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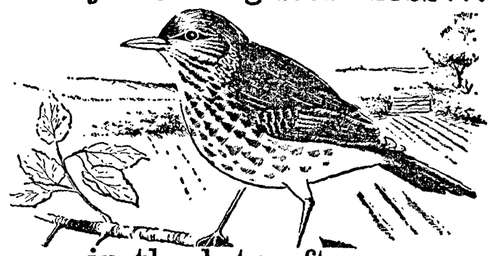
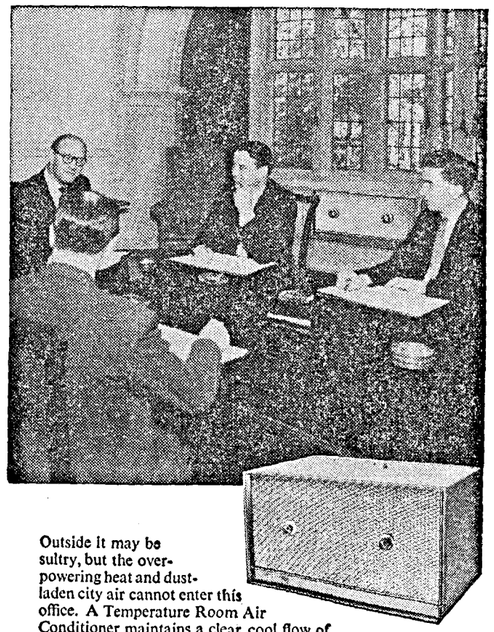


...in the late afternoon



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THE BUSINESS WORLD

Stocktaking for Aircraft

AIRCRAFT builders are not in depression—yet. Some of them have adopted the remarkable course of building civil aircraft for stock; Viscounts, Britannias, some of Westland's helicopters and possibly also Comets can be bought over the counter for delivery in two to three months. But the aircraft industry does not encounter its critical problem—the dismantling of entire production lines, civil and military, for want of orders—for another year. So far the industry's main concern has been to find money for development. From late 1960, its main concern will be to find work. The table shows in an approximate fashion the timetable when outstanding orders for existing types will have been met, and the likely start of deliveries for new projects now coming off the drawing board. It suggests that a real slump with redundancy on a major scale (by comparison with which the current troubles at Shorts in Ulster, at Bristol, de Havilland, Armstrong Whitworth and Folland will seem minor affairs) will hit the industry late in 1960 or early 1961 and persist probably until 1962-63 after which things should be a good deal brighter for the survivors.

This industry's long-term problem is to adjust itself to the divorce between military and civil production (until recently engines at least were interchangeable) and the cutting off of further government finance for the development of civil aircraft. These are matters for management; they raise questions of finance and administration rather than of aircraft design. The government might like to see them dealt with by mergers, but the industry appears to think otherwise.

The industry's medium-sized and vulnerable companies cling stubbornly to their identity, relying mainly on branching into other industries where they can earn profits to finance their aircraft production. They are not blind to the changes in the industry and some of them are trying to work together in loose association; the Airco company formed by de Havilland, Fairey and Hunting to build British European Airway's new jet airliner means that independent aircraft ventures either by Fairey or by Hunting would be unlikely. But whether Airco can develop into a tightly controlled production unit capable of producing aircraft at a profit in the difficult conditions of the 'sixties has still to be seen.

There will be great regret if it does not. The next decade promises to be much more exciting in aerodynamic progress than the decade that is now closing. Ballistic missiles, rockets and satellites are opening new fields of knowledge and new branches of engineering in which the rewards, scientific and practical, may be great. The jet airliner is in a Bleriot stage, capable of great development and refinement. The cult of speed in the air, often presented so that it appears as a form of lunacy, is in fact part of the search for economy.

The link between jets and space, again, is real and not a trick of science fiction. The first task of a rocket designer is the difficult one of getting a package—a warhead for a ballistic missile or instruments for a space rocket—out of the earth's atmosphere and safely back again. Sober experimental engineers in the aircraft industry studying these techniques suspect that a great deal that they learn about getting in and out of space will provide theoretical data on which the next generation of fast-flying airliners will be built. They say in private that the aircraft industry and the country would gain more from spending £20 million on a modest looking but scientifically stimulating space programme than £200 million in building a supersonic airliner; indeed, they think that some such data are necessary before a supersonic airliner can be built at all.

BENEATH this gilt is a solid wedge of gingerbread in substantial orders from Transport Command for freighters, from Bomber Command for its technically exacting Canberra replacement, and from all branches of all the services for missiles to be capable of obliterating anything from a tank to a city. Government interest in vertical take-off fighters is growing sufficiently to give them some hope of a future. Changes in ballistic missiles may give the V-bombers an extended life as missile platforms. Civil air transport is booming, and the market for civil aircraft is booming too for those companies that can offer the right kind of machines. But not one of these projects of the 1960s, with the possible exception of Transport Command's freighter, which is an interim design bitterly criticised inside the Air Ministry, can be handled by any but the biggest production units.

If the British aircraft industry is to take advantage of the technical opportunities of the 1960s, managements must prepare themselves for a far-reaching degree of concentration. This may have to emerge from the growth of individual concerns, and the decline of others, simply because resistance to the idea of mergers runs so deep in the industry. For example Airco, the de Havilland-Fairey-Hunting company, was formed specifically to manufacture civil aircraft, although

there would seem to be obvious advantages in extending it to cover de Havilland's manufacture of the massive Blue Streak missile and Fairey's complicated anti-tank rocket.

It has been suggested in *The Economist* that the industry's antipathy to mergers rises out of the small size of available Government orders and the need to compete for as many of them as possible. The only way to increase the size of these orders is to persuade some of our allies to buy British, which means in turn buying from them—a point ignored by the Select Committee which recently criticised Britain's arms exports.

None of these long-term plans will, however, help the industry much with its pressing short-term problem of warding off unemployment next year and the year after. This is the business of the industry's vast corps of salesmen, who will be deployed next week at Farnborough. It involves selling machines already in production to customers who regard them dubiously as obsolescent and order them, if at all, in twos and threes. Thus there is a persistent and steady business in the Canberra bomber, now ten years old, and a more erratic one in the Vampire trainer, 15 years in production. Hunter fighters sell well, in spite of customers' complaints about their price. Comet sales might be easier if potential customers had fewer currency problems; it is said that de Havilland has been offered payment in onions and in cotton. Although outstanding orders for Viscounts are virtually nil, Vickers expects to sell between 50 and 100 more before finally dismantling an assembly line that was a mile long and produced ten aircraft a month.

Only one company has moved fast enough to be ready with a new design. This is Hawker Siddeley, now emerging from a management re-shuffle and still in the process of digesting its Canadian venture. Most aircraft built in Britain are tailored to the needs of a customer—the air corporations or the services. Having no customers, Hawker Siddeley worked to a general-purpose specification suggested by market research for two very ordinary bread-and-butter transports, and may make a striking commercial success. The only novel feature about these two aeroplanes is the speed with which they have been sold.

There is little wrong with British aircraft design. Farnborough next week will provide evidence of engineering and finish second to none. But there is a great deal wrong with much of the industry's administration. It has been waiting like a mesmerised rabbit for a slump whose approach three or four years off was only too obvious. A company with a world-wide reputation like Rolls-Royce has been bitterly criticised for selling its engines to foreign aircraft builders, competing with Rolls-Royce's customers at home. Yet if it had not done so, the company would now be going short of work. The revival of Hawker Siddeley in a short space shows the great influence of management even in this highly technical industry. The group's commercial success in fields where other companies have tried and failed also shows that buyers will prefer to do business with a big company rather than a small one. These facts have no connection with the technical business of aircraft production, but they are essential conditions on which the industry can hope to stay in business.

Work for the Aircraft Companies

	Numbers employed	Net equity assets £'000s	*Return on net assets per cent*	Deliveries			Numbers employed	Net equity assets £'000s	*Return on net assets per cent*	Deliveries		
				Begin		End				Begin		End
Auster.....	500	Private Co.		1957	Crop spraying aircraft							
				1957	4-seat private aircraft							
Blackburn ..	4,000	4,444	8·3	1959	N A 39 Navy bomber							
Bristol Aeroplane	9,500	16,111	3·8	1956	Britannia	1959						
				1958	192 helicopter	1961						
				1958	Bloodhound missile	mid-60's						
De Havilland	32,000	17,204	0·5	1958	Comet	1960						
				1963	121 Jet							
				1958	Sea Vixen fighter	1961						
				1962	Blue Streak missile							
				1959	Firestreak missile							
				1946	Dove Transport—from stock	1965						
				1952	Heron Transport—from stock							
English Electric	15,000	43,780	8·5	1964	TRS 2 bomber							
				1959	Lightning fighter	1964.5						
				1951	Canberra bomber—from stock							
				1959	Thunderbird missile	mid-60's						
				1964	Artillery missile							
Fairey Aviation	6,500	7,352	13·2	1963	Rotodyne							
				1963	121 airliner							
				1964	Anti-tank missile							
				1953	Gannet Navy aircraft	1960						
Folland Aircraft	2,000	1,164	0·4	1957	Gnat fighter	1960						
				1959	Gnat trainer	1961						
Handley Page	...	3,502	2·3	1958	Victor bomber	mid-1960						
				1960	Herald transport	1960						
Hawker Siddeley	30,000	54,838	6·8	1960	Argosy freighter							
				1961	Avro 748 transport							
				1956	Vulcan bomber	mid 1960s						
				1954	Hunter							
				1956	Javelin	1959						
				1953	Sea Hawk	1960						
				1951	Shackletons	1960						
Hunting Aircraft	2-3,000	Owned by Hunting Group		1955	Jet Provost trainer	1962/3						
				1963	121 airliner							
Scottish Aviation	1,000	Private Co.		1953	Pioneer transport	1959						
				1957	Twin Pioneer	1959						
Short Brothers & Harland	8,000	Owned 69½% government, 15¼% Harland and Wolff, 15¼% Bristol Aeroplane.		1963	Britannic transport							
				1959	Military Britannia	1960						
				1957	Canberra	1960						
				1961	Sea Cat missile							
Vickers Armstrong	16,000	89,563	4·7	1953	Viscount	1960						
				1960	Vanguard	1961						
				1963	V C 10	1965						
				1964	TRS 2 bomber							
				1958	Scimitar fighter	1960						
Westland Aircraft	5,000	4,150	3·2	1961/2	Westminster helicopter	1962						
				1960	Wessex helicopter	1965						
				1954	Whirlwind helicopter	1961/2						
				1948	Widgeon—from stock							

Work in hand at the engine companies will be analysed next week.

The Cost of Metamorphosis

The second part of a survey of BMC's achievements

Last week's article discussed the productive and marketing strategy that the British Motor Corporation has pursued since 1952. This strategy has been aimed at getting the greatest possible economies of scale in output without sacrificing the goodwill and distribution-network attached to the existing names. How effectively has it enabled BMC to compete?

Almost every size and kind of motorcar for which there is a significant popular demand in Britain or in its main overseas markets is now covered in the range offered by the British Motor Corporation. The two small cars introduced last week represent the corporation's response to the demand for the lowest cost in motoring. BMC has rejected the conception embodied in the Isetta and Heinkel bubble cars and the Goggomobil—and the lack of success of the Fiat 500, and the trend of German demand away from ultra-small cars, shows how right they were. It has instead produced cars which in accommodation and performance rival the VW, the Renault Dauphine and the Fiat 600—and, incidentally, better each of these at significant points. The one criticism of this part of the corporation's programme was that a maximum volume of 4,000 units a week, as contemplated, is too small; it is less than half the rate at which Renault are building the 4 cv and Dauphine and less than a third of Volkswagen's volume. The retail price (excluding purchase tax) works out at the relatively high figure of 66d. a lb.

This major extension of the BMC range farther down into mass motoring leaves only one significant gap, namely, between the various saloon cars using the B series engine, of 1500 cc and 50/55 bhp output, and selling at £565 upwards—that is, the Austin Cambridge, the Morris Oxford; and those embodying the C series engine of 2912 cc developing 100 bhp—the Wolseley 6/99 and the Austin A99 selling at £800 (basic) upwards. There is nothing in the corporation's range to give the sort of performance that an engine of about 75 bhp would give with a 5/6 seater saloon body. In this field, Ford offers the Zephyr with 85 bhp at £610, Vauxhall the Velox with 82½ bhp at £655, and Standard the Vanguard with 68 bhp at £695. If BMC wanted to fill this gap, there should be no difficulty in embodying in the Farina bodies for the Oxford and Cambridge a larger four cylinder engine than the B engine, to give about 80 bhp; and the necessary "beefing up" of the transmission and structure to match should not add substantially to weight or cost. If a six-cylinder engine were called for, to set against the Velox or the Zephyr, a modest modification of the structure of the hull, but not of the body panels, might be necessary. But it is not easy to judge from outside whether such a complication to a streamlined production programme, particularly so in the case of engines, would be justified by the extra sales.

BMC's operations during its first seven years have not been as consistently successful in financial terms as might have been hoped. It is not fair to compare BMC's results during the years in which its production has been undergoing prolonged rationalisation with those of Ford, which has not. But it is fair to say that in the seven years of its life, BMC has not been able to work its production facilities as intensively as has Ford. The chairman's statement of November, 1954, predicted an output of 10,000 vehicles a week in the spring of 1955, and 12,500 vehicles a week for the spring of 1956; a year later this figure was repeated, though with some qualification. In the outcome, BMC's production for the year to end July, 1956, was 439,558 vehicles, which is an average of 8,800 units a week, for 50 weeks. Admittedly, 1956 was a bad year for the whole industry—output of cars fell from 900,000 to 700,000, and of commercial vehicles from 340,000 to 300,000. But there is clear evidence that during that difficult period Ford increased its proportion of the total British market at the expense of BMC.

Over that seven years, in comparison with its competitors, the corporation's passenger cars did lack something of sales appeal. The Morris Minor has been a really popular car since its introduction, and so continues today. But until recently, no other BMC model really endeared itself to the public as a best-seller. If BMC's results for these years could be broken down to show investment, sales, and net profits, it might well be that the Morris Minor accounted for a modest proportion of the total investment, but produced an even higher average rate of earnings than the high Ford earnings shown in the table. BMC's spare parts business probably shows a generous return, perhaps 50 per cent per annum on the investment. The commercial vehicle business perhaps averages 10 or 12 per cent per annum. But motorcars other than the Minor would account probably for more than half the total investment, and yet barely pay their keep for the capital involved. This analysis is guesswork, but it is in line with what is known of the widely different financial outcome of making cars which sell at their full planned rate of output, and of making cars which fall substantially short of it.

This failure over past years to achieve the planned rate of sales of most of the models is not due to any general shortcoming in performance. Austin and Morris cars have a reputation for reliability that is second to none in the popular price range. In economy of operation, particularly in fuel economy, they have in general had the edge over Ford. There has been nothing wrong with their prices. It seems that it was chiefly in appearance, in styling, that they were deficient. If so, then the trouble has been set right almost at a blow. Some would even argue that the range of bodies now in production, wholly designed or "influenced" by Farina has now put BMC ahead of its competitors, across much of its range. Such leadership can never be counted as lasting—the new baby cars, for example, are likely to be challenged within a matter of weeks. During last winter, when the new Farina line appeared, and again this year, it has not been difficult to sell cars of any make and style: ability to produce has been what mainly counted. But these new designs have enabled BMC to resist any further encroachment on its share of the market by other makers, particularly Ford.

I BMC's SHARE OF THE MARKET.

	Production of cars, trucks and tractors	Total UK production	BMC's share per cent
1953/1954	353,834	953,057	37·1
1954/1955	418,705	1,153,340	36·3
1955/1956	439,558	1,196,809	36·8
1956/1957	352,855	974,165	36·2
1957/1958	504,712	1,345,208	37·5
1958/1959	484,426	1,365,850	35·5

II BMC AND FORD COMPARED.

In this table profitability is measured by return on capital employed in preference to profit per unit produced.

A. British Motor Corporation and its predecessors

	Year ending	Net current investment in operations* £'000	Net fixed investment in operations† £'000	Total operating investment £'000	Net operating profit before depreciation £'000	Net operating profit to investment per cent
1. Year 1948 (approx.)						
Austin	July '48	2,549	3,563	6,112	1,141	18·6
Morris	Dec. '48	5,116	5,839	10,955	1,433	13·1
F. & L.	Mar. '49	1,922	1,043	2,965	412	13·9
Total		9,587	10,445	20,032	2,986	14·9
2. Year 1949						
Austin	July '49	4,525	4,185	8,710	1,562	17·8
Morris	Dec. '49	5,911	6,392	12,302	2,578	20·9
F. & L.	Mar. '50	1,801	1,124	2,925	980	33·6
Total		12,237	11,701	23,937	5,120	21·5
3. Year 1950						
Austin	July '50	5,330	4,924	10,254	4,601	45·4
Morris	Dec. '50	9,813	7,423	17,236	7,089	41·1
F. & L.	Mar. '51	2,036	1,212	3,248	866	26·7
Total		17,179	13,559	30,738	12,556	40·9
4. Year 1951						
Austin	July '51	6,831	6,107	12,938	7,104	55·0
Morris	Dec. '51	16,802	8,600	25,402	6,929	27·4
F. & L.	Mar. '52	1,839	1,195	3,084	933	30·3
Total		25,522	15,902	41,424	14,966	36·1
5. Year 1952						
B.M.C.	July '52	24,650	17,239	41,889	13,182	31·5
F. & L.	July '53	2,605	1,137	3,742	959	25·6
Total		27,255	18,376	45,631	14,141	31·0
6. Year 1952/3						
B.M.C. (excl. F. & L.)		20,484	18,032	38,516	12,222	31·8
B.M.C., including Fisher & Ludlow						
Years to July:—						
1954		17,748	20,197	37,946	18,075	47·6
1955		23,878	23,089	46,967	20,156	42·9
1956		30,714	29,176	59,889	11,526	19·2
1957		25,637	32,645	58,286	7,574	13·0
1958		25,500	36,327	61,827	20,786	33·6

B. Ford Motor Company Ltd. (including Briggs Motor Bodies Ltd. in years before it became a subsidiary of Ford).

Calendar years:—					
1948	9,708	7,671	17,379	6,271	36·1
1949	9,377	8,754	18,131	6,288	34·7
1950	3,925	14,242	18,167	9,732	53·6
1951	13,763	20,167	33,930	10,809	31·9
1952	12,604	20,436	33,040	9,948	30·1
1953	2,617	23,028	25,645	15,102	58·9
1954	4,833	24,093	28,926	18,273	63·2
1955	3,876	29,936	33,812	16,817	49·7
1956	9,012	39,695	48,707	9,302	19·1
1957	Dr. 1,466	53,976	52,510	18,043	34·5
1958	Dr. 6,334	65,537	59,203	24,692	41·7

* Stock and work in progress plus creditors less debtors. † Investment in fixed assets less depreciation.

There can be few industrial organisations which have had more labour troubles than BMC, so constant a succession of small strikes, and especially at Austins—though lately the contagion has spread to Cowley. If one is to search for an explanation of this in the first logical place, namely the corporation's own management, one can diffidently suggest three causes. First the management at Longbridge, in the time when it was seeking additional labour to build up production, always bid up the price to attract the labour force it needed. Reliance on easily earned big money can make for an uneasy relation between management and the work force; it takes longer to build up a reputation for good conditions and atmosphere as well as good money—as Vauxhall has done. Second, BMC seems to be short of good personnel men to whom the top management could leave the handling of negotiations and all but the most important of decisions. It is exceptional to find the "top brass" of such a large organisation dealing so much and so directly with labour problems as in BMC; and there is much to be said for the more usual practice. As production men, BMC's top executives are first class; but the best of executives are not usually particularly good at the tricks of a successful personnel manager—indeed the very qualities of personality which are invaluable in the one function are apt to be grave disabilities in the other.

THE third problem BMC faces, in company with many other big firms, is how far to deal with shop stewards on matters of negotiation which ought formally to be handled by the permanent officials of the trade unions concerned. The shop stewards know what the argument is about and have the say-so on the floor; the local official does not. If the management, insists on dealing according to the letter of the agreement, with the local officials, this may strengthen their position in observing proper procedure and discipline—though at Cowley a fortnight ago this policy, somewhat ham-handedly pushed to the point of playing off the one centre of union authority against the other, produced an unconstitutional strike that the local officials hastily called official. But dealing with the shop stewards in order to get decisions quickly and speed up production can strengthen the power of these "unofficial officials" even more. It is hard to resist the conclusion that an important cause of BMC's labour troubles has been faulty labour management.

Another field in which the corporation's policy does not seem to accord with current thought is in planning and training, and above all in the recruitment of the personnel who will be the generals in future years. In the whole of BMC's staff, the number of men with a University degree is tiny. Whatever may have been true in the past, in the years to come large organisations that make no effort to promote a flow into their organisations of men from the Universities, whether with technical or arts degrees, will be at a disadvantage. If BMC is to continue to hobble itself in its recruitment policy, it is bound to find itself at a disadvantage compared to competitors who seek out the best brains where they are more likely to be found.

In the market's view, BMC has found a new look, like its cars. The 5s. shares have risen from 10s. to 17s. 7½d. this year, and are yielding the low return, for them, of 4½ per cent. They could easily be worth it.

BUSINESS NOTES

IN THE MARKETS

Sterling Nears Par

STERLING has fallen quite sharply in the spot exchange markets this week; on Wednesday it came within ⅛ per cent of the parity of $2.80, having stayed comfortably above it since the move to external convertibility at the end of last year. Continental holders of sterling have continued to sell it against dollars in order to take advantage of the further rise in interest rates in New York, and to this has been added some commercial demand for dollars, which this year has been so late in appearing. There is no sign at all of speculative movement against sterling. In the forward market, sterling continues at a premium against the US dollar, and this has widened in line with the interest parity; there has also been an improvement in the forward margin against the D-mark this week. Expectations that the general election may be held quite soon have had little effect in the exchange markets—possibly because of the simultaneous improvement in the prospect of a Conservative victory.

This week's pressures in the exchange markets may have cost the authorities some dollars, and later this month gold may have to be found from the reserves to meet the subscriptions of some overseas sterling countries to the International Monetary Fund. So far, however, the reserves have given a very good showing. In August they rose by £10 million, despite payments of £9 million in settlement of old debts under the European Payments Union and a first payment of £2½ million to the new European Fund, to help meet the credit granted to Spain. A true rise of more than £20 million in the reserves in August is a very good result; for the third month in succession, the gold figures have been better than in 1958.

The Treasury has also published this week movements of sterling balances in the second quarter. All countries together increased their balances by £25 million, to £3,362 million, their highest since September, 1957. Holdings of the independent sterling countries rose by £81 million; those of the colonies dropped by £10 million. The non-sterling countries show a fall of £46 million, but this is entirely attributable to the deployment of funds of the German central bank already in London: some £22½ million has been paid in advance instalments of debt to the Treasury, and a further £37½ million has been invested in a non-marketable Treasury bond that is technically outside the coverage of the published figures. Up to the end of June, therefore, there was no sign of a net withdrawal of funds from London.

Since then, the rise in interest rates in New York has certainly quickened the movement of short-term funds from Europe, and some of these funds in the hands of Swiss or German banks have come from London. Most of these transactions, however, have been covered in the forward swap market, and have therefore had little impact on movements in the reserves. Also, there has been a contrary flow of long-term American capital for investment in European securities. This week the rise in New York rates has gone a stage further. The rate on 3-months bills has risen to 3.89 per cent and that on 182-day bills to nearly 4½ per cent. Expectations have grown that the Federal Reserve will raise the discount rate from 3½ to 4 per cent without waiting for settlement of the steel strike; and leading New York banks have raised their prime loan rate from 4½ to 5 per cent. Thus bank borrowing for a big business becomes more expensive in the United States than in Britain. The American banks are unable to satisfy demand for loans, and they now face new pressure from withdrawal of funds from time deposits, on which they are prevented by law from paying more than 3 per cent at six months' notice.

Focus on Interest Rates

THE London money market last week showed a proud unconcern for these transatlantic difficulties; unexpectedly, the discount houses made no change in their bid for Treasury bills and the rate remained below 3½ per cent. But London can hardly remain unaffected for long. Gilt-edged have already taken a knock. A number of stocks now stand near their lowest points for the year. Equities have remained firm, even after Tuesday's sharp setback on Wall Street. There is indeed good reason to suppose that prices of ordinary shares in London are better placed to withstand a general move to higher interest rates than share prices elsewhere. Investors in the United States and Germany can certainly see no cause for alarm in the lowering of yields on London blue chips below long-term fixed interest yields; in their markets, the margin is already quite wide. Share prices in America and Germany have recently risen much faster than in London, and in both countries the central banks have expressed their concern about the equity boom. In Germany, where share prices in the thin markets have risen by 50 per cent since the beginning of the year, and the reduction of rates in the bond market has suffered a check, a shake-out in share markets has taken place this week. Some bankers in Frankfurt think this may enable the Bundesbank to avoid the rise in interest rates it might otherwise have felt obliged to make.

THE ECONOMY

More Cheerful Again

OFFICIAL statisticians are always giving the picture of the British economy a new look. Their latest calculations of the index of industrial production (after seasonal adjustments, based on 100 in 1954) give a forecast for July of 111-112, following 110 in June and 109 in May. The rather faltering course depicted a month ago has thus changed into a continuously expanding one. Moreover, but for the stoppage in the printing industry, the July result would have been slightly better. Taking this forecast at its face value suggests that output in July was running 1 to 2 per cent above the level in the second quarter, 3 to 4 per cent above that in the first quarter, and 5 to 6 per cent above that a year ago. In May, the National Institute was expecting output to be up by 4-5 per cent by the end of 1958 than at the beginning.

It seems that the increase in output was widespread. Fine weather helped sales of food, drink and clothing; building activity remained high; and engineering output, including machine tools, seemed to be rising too. Recovery appears to have begun to spread through the economy from the consumer goods industries. One decelerating influence this autumn, however, could be hire purchase. Obviously, the growth in hire purchase debt, which has been gathering speed this year from a monthly rate of £20 million in the new year to £34 million in June and July, may slacken; and any slackening in this rate of increase would involve a reduction in the injection of new purchasing power. It is conceivable that car production may not be maintained at record levels through the winter. Total hire purchase contracts for vehicles dropped from 167,217 in July to 125,691 in August, still a high figure.

Registered unemployment on August

17th totalled 427,000, some 32,000 more than in July. But in August, school leavers are seeking their first jobs and this year more children reached the age of 15 than at any time since the war. Unemployment among adults fell by nearly 6,000 during the month, compared with increases of 5,000 and 3,000 in the corresponding periods of the last two years. Scotland was the one area in which total unemployment fell and in this region the number of 15-year-olds was no different from last year. Although there was a decline in unfilled vacancies between July 8th and August 12th of 12,000—all in the under eighteen age group—there remained 80,000 vacancies available to school leavers and other unemployed juveniles, which is more than last year.

CREDIT EXPANSION

Prepare to Restrain?

THE latest bank figures show a check to credit expansion as a whole but a continuation at a pretty rapid rate of the rise in advances. Total advances of the clearing banks in the five weeks to August 18th rose by £19 million gross, a definite deceleration. But extraneous transit items have distorted the picture; allowing for these, advances rose by £35 million, and allowing for a fall in advances to State boards advances to private borrowers rose by £43 million—a rate broadly comparable with that in the second quarter and distinctly high for this time of year. Advances have now risen by £703 million or 37 per cent in twelve months.

The demands of the Government on the banking system have, however, dropped in the latest month. The banks' liquid assets fell by £3 million and their total deposits fell, though net deposits, excluding all transit items, rose somewhat. There is still little sign in the financial accounts of the big projected increase in the budget deficit.

Table I
LONDON CLEARING BANKS
£ million

	Aug. 18, 1959		Change on Month	Change on Year
Deposits	6,923·9		−52·0	+347·5
"Net" Deposits	6,637·0* (6,541·0†)		− 7·5 (+ 8·7)	+324·4
		%§		
Liquid Assets	2,279·8	32·9	− 3·1	+ 80·6
Cash	567·3	8·2	−13·4	+ 26·3
Call Money	439·4	6·3	−59·7	+ 34·8
Treasury Bills	1,150·5	16·6	+70·1	− 11·5
Other Bills	122·6	1·8	− 0·1	+ 31·0
"Risk" Assets	4,417·8	65·2	+26·5	+305·7
Investments	1,801·7	26·0	− 8·9	−397·4
Advances‡	2,615·8	39·2	+35·4	+703·1
State Boards	69·7	—	− 8·1	+ 5·4

* Excluding items in course of collection. † Excluding all transit items. ‡ Excluding transit items except for changes on year and ratio to gross deposits. § Ratios to gross deposits.

The deficit is somewhat larger than a year ago, but this is roughly offset by the bigger rise in the note issue; a deterioration on tax reserve certificates is almost offset by better small savings. The increase in the Government's borrowings from the banking system in the current fiscal year seems attributable rather to the reduction in its sales in the gilt-edged market. If the authorities want to be in a position to impose restraint on the banks towards the end of the year without bringing in special deposits or a Radcliffe liquidity control, their funding sales will have to be stepped up. It will be interesting to see whether the authorities' traditional reluctance to press the market will be in any way influenced by the Radcliffe recommendations that they should give a positive lead.

Table II
NEW FIGURES FROM RADCLIFFE REPORT
(£ mn.)

Net personal deposits		Investment portfolios December 31, 1958	
1938	560	Bonds of less than 5 years' life	985
1946	1,423	Other gilt-edged	1,009
1951	1,675	Other investments (excluding affiliates)	108
1954	1,862		2,102
1958	2,255		

COTTON INDUSTRY

A Rush to Scrap

A SHORT while ago Lancashire's mills were facing a shortage of customers; in six months' time their customers may be facing a shortage of some types of textiles. The response to the scheme for eliminating surplus and obsolete machinery has exceeded all expectations. By August 31st, when the bonus rate of compensation lapsed, applications to scrap had risen sharply to virtually 12 million spindles, nearly half a million doubling spindles and over 95,000 looms. By March 31st, when all this machinery is due to be scrapped, capacity in spinning will have been cut by almost a half, in doubling by roughly a fifth and in weaving by nearly two-fifths. The reduction in working capacity is much less marked. When the Government announced its proposals last April about one-third of the spindles and a quarter of the looms were idle, and many mills were working short time besides.

This high response is all to the good; it improves still further the prospect for the remaining mills, though it accentuates the transitional problems of meeting demand. Initially the spinners may be able to cope by widespread resort to the women's short evening shift, but in weaving a wider use of double day shifts, plus a male night shift in many mills, will be required. In extreme cases of need the Cotton Board's special agency may use its discretion to grant a postponement of the scrapping date. Finally, with the remaining mills making better profits, the incentive to re-equip should be all the stronger. The Board of Trade announced the introduction of the second stage of the scheme this week. It will pay one-quarter of the cost of re-equipment, provided that expenditure is incurred between April 24, 1959, and July 9, 1962, and the machinery installed before July 9, 1964.

BEA

It Depends What You Mean

IN the jargon peculiar to airlines, British European Airways describe the 12.4 per cent increase in international passenger traffic and the 7.2 per cent increase in the corporation's own sales last year as a "major slump" from which BEA was extremely lucky to scrape by with a net profit of £232,695 on a revenue of £30.6 million. Like the other airlines, BEA had planned its 1958-59 operations on the assumption that traffic would continue rising at 15 per cent per annum—the corporation did in fact increase its passenger-carrying capacity by nearly 16 per cent. Airline planning is so inflexible that failure of traffic to come precisely to expectations does have serious financial consequences and by the end of the year many airlines, including BEA's partner, BOAC, were deep in the red. Nevertheless, it would be interesting to know what words BEA would find to describe a genuine sales recession in which passenger traffic actually fell.

BEA has reason to feel smug with its unbroken five-year record of profit. It has few of the long distance routes on which the majority of international airlines earn profits to offset, they hope, losses on their short-haul flights. The average BEA flight is less than 300 miles, and while American internal airlines make handsome profits over these distances, they do not, as BEA does, have to carry the overheads of an international as distinct from a domestic airline. Nor do they depend on that unpredictable animal, the holidaymaker, for so large a slice of their revenue. With business flying relatively inelastic, but tending to fill the corporation's newly restored first-class seats, big increases in traffic can only be expected nowadays from among people paying their own fares.

BEA knows, as does every other airline, that the quickest and easiest way of stimulating this traffic is a straight cut in fares of between 15 and 20 per cent on present tourist rates, leading to the abolition inside Europe of tourist flights and their replacement by the type of third-class service that has led to this year's boom on the North Atlantic. But BEA, for all its brave talk, is in no position to make such a cut this year. Although the corporation will ask at the coming fare meeting of the International Air Transport Association for the extension of these fares to Europe, it is prepared to settle, as it explains in its annual report, for piecemeal reductions on routes where traffic most needs encouragement, and especially for fare cuts in the middle of the week and at off-peak flying hours. The innovation, which may establish an impor-

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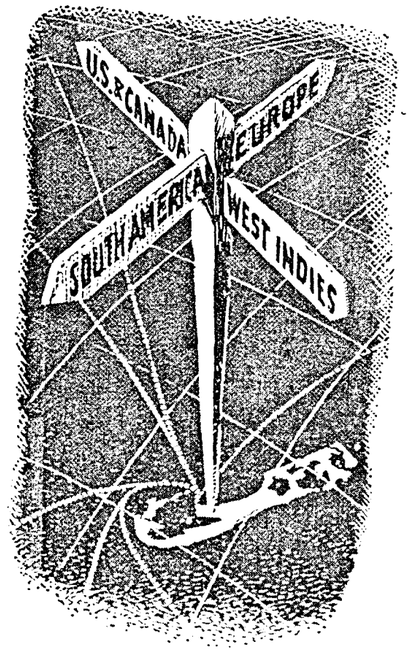

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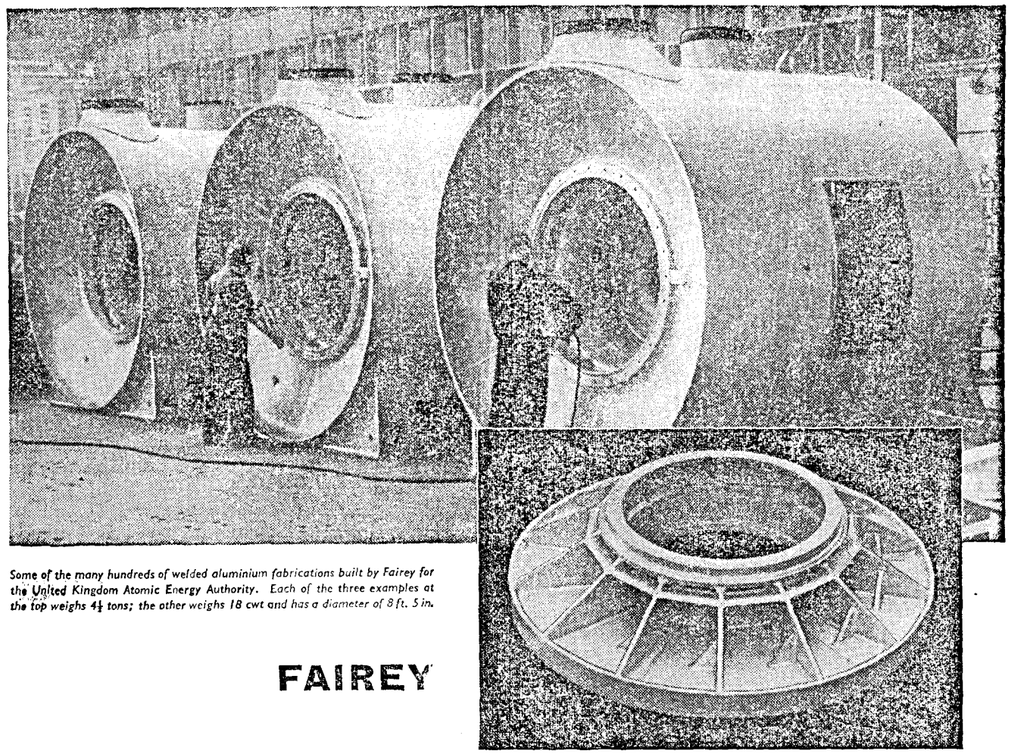

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tant precedent, is that BEA now wants to sell these cheap tickets direct to passengers, no longer wrapped up in a packaged holiday deal that can be bought only through a travel agent.

TIN MARKET

Export Quotas Increased

BUYERS and sellers of tin awaited with special interest the outcome of the meeting of the International Tin Council in London on Thursday this week. Would export quotas be increased in the fourth quarter, or even completely removed? The council's decision might be held to be governed solely by its forecast of the amount of metal in the buffer stock at the end of September, for article VII of the tin agreement states that export control shall not become effective unless at least 10,000 tons is held. But some people argue that this rule was intended to apply only to the introduction of export control. While no one outside the council knows exactly how much metal is held, it may not be far above 10,000 tons (excluding what is left of the 2,500 tons that is being sold on the British Government's behalf). In the event the council settled only part of the controversy; it decided to increase exports by 5,000 to 30,000 tons, thus leaving its interpretation of article VII still open to doubt.

Despite the steel strike in the United States the big American companies are still buying tin, though at a slower rate than before, and consumption in other countries is rising. With exports from member countries restricted to 25,000 tons in the third quarter, the buffer stock manager has had to continue selling to prevent prices rising; throughout the last two months tin has held steady in London at a little over £790 a ton. Indeed, some people argue that prices should have been allowed to rise to the mid-point of this range—£780 to £830 a ton—in which the manager does not normally operate unless the council decides otherwise. Yet it seemed hard to justify a claim for higher prices while exports remained severely restricted. It is also difficult to see the merit of maintaining restrictions on exports when the buffer stock holds less than 10,000 tons. It would mean control for control's sake, and could lead to the absurdity of fixing exports at, say, 110 per cent of the base. The case for bigger quotas, on the other hand, is unquestionable. Without that increase, the manager of the buffer stock might lose so much tin that he would be less well placed to restrain a rise in prices than a fall.

INDONESIA

Financial Confusion

BUSINESS life in Indonesia is virtually at a standstill as a result of a series of drastic, and at points conflicting, financial

decrees. President Sukarno appears to have acted without consulting the governor of the central bank, Mr Lukman Hakim, who has lately been criticising the extent of government spending on defence. Mr Hakim, who became governor of the bank last year when his predecessor, Mr Prawiranegara, abandoned the job to become leader of the rebel forces in Celebes and Sumatra, resigned on Tuesday. The government has attacked the chronic inflation, not, as the central bank had urged, by cutting deficit spending, but by a currency reform accompanied by devaluation and the blocking of bank accounts.

Rupiah notes of 1,000 and 500 denomination are apparently to be depreciated to one-tenth their value, and all bank accounts of 25,000 rupiahs and over are blocked. Externally, the rupiah is devalued to 126 to the pound (compared with the former theoretical basic rate of 31.9); even so, the new rate is well below what can be got in the unofficial market. While the cabinet meets to try to sort out the muddle (at present employers cannot even get money to pay wages), President Sukarno, with his usual sang-froid, has absented himself on a fortnight's tour of the Indonesian islands.

NEW CARS

Minx, Mercedes and Rover

THE chief innovation on the 1960 Hillman Minx is the adoption of the Smiths automatic transmission as an optional extra. This is the first time that a fully automatic transmission has been available on a small British car, and other makers are likely to follow this example if it proves popular with the public. The Smiths transmission, described in *The Economist* of May 16th, combines two magnetic particle clutches with a three-speed gearbox, and gear

Smaller Profits at Lloyd's

IN the three-yearly account for 1956 which has now been closed, the underwriters on Lloyd's have suffered another sharp reduction in profits, despite a further growth in premium income. The market was left with a profit at the closing of this account of £5.7 million after meeting all claims and providing for reinsurance and reserves. This represents a rate of profit of only 2.2 per cent on a total income of nearly £256 million. That is less than half the rate of 5.4 per cent returned in the 1955 account, when a profit of £12.8 million was recorded from a total income of £235½ million. As the accompanying table shows, bigger claims on the marine and fire and accident accounts whittled down profits. Profits on the motor business, reflecting an adjustment in premiums, were better, but the aviation account did little better than to break even. The 1957 account, which will be completed at the end of this year, seems likely to be just as bad.

The number of underwriters on Lloyd's has continued to grow, as has the volume of insurance business they handle. Capital was attracted to Lloyd's by the high profits that were earned in the early 1950's. That itself added to the competitive pressure inside the market while outside Lloyd's the competition of insurance offices grew keener. The American market brought losses to the Lloyd's underwriters just as it did to the insurance offices; and reinsurance, which has always played an important part in Lloyd's, became less profitable. Inevitably, premium rates had to be raised and it may be that the 1958 account will mark the turning of the corner. But Lloyd's is less attractive to idle capital than it once was.

LLOYD'S PREMIUM INCOME AND CLAIMS
(£ million)

	Marine		Other Business*		Aviation		Motor	
	Prems.	Claims	Prems.	Claims	Prems.	Claims	Prems.	Claims
1952.....	95·2	85·7	107·7	95·0	8·4	6·9	6·4	5·1
1953.....	95·2	81·7	115·7	100·6	8·6	7·1	6·8	5·4
1954.....	92·2	80·0	122·5	115·5	9·5	7·3	7·4	6·4
1955.....	95·6	87·7	118·7	109·6	10·0	10·1	8·2	7·3
1956.....	97·2	94·3	132·1	128·4	13·0	12·9	8·7	6·5
1956 Year I.....	63·2	20·6	77·0	24·0	7·0	3·9	7·9	1·6
" II.....	32·6	25·1	56·7	44·9	5·9	5·0	0·8	3·0
" III.....	1·4	48·6	—1·6	59·5	0·1	4·0	...	1·9
1957 Year I.....	73·7	22·8	83·2	27·7	7·7	3·6	8·9	1·5
" II.....	30·6	28·2	62·8	47·6	5·9	5·7	0·9	4·1
1958 Year I.....	74·4	18·6	97·9	28·1	8·8	4·1	10·9	2·1

* Largely fire and accident insurance.

changes are made automatically unless the driver wishes to override the mechanism. The extra cost of the automatic transmission is £88, plus £36 13s. purchase tax; this is effectively £4 10s. below the lowest price for automatic transmission on a larger car, but it represents a larger proportion of the total price—£764 for the de luxe saloon.

The Rover range for 1960 has been reduced from five to three models: the 60, 75, 90 and 105 are replaced by the 80 and 100. The 3-litre model introduced last year stays unchanged. The new models retain the body design of their predecessors, but have new engines; the 80 has the Land-Rover engine, a four-cylinder unit developing 77 bhp, compared with 60 bhp of the 60 model and 80 bhp of the 75. The 100 has a 2.6 litre short stroke version of the 3-litre engine, developing 104 bhp, which compares with 108 bhp for the 105. The performance of these new models should thus resemble that of the 75 and 105 respectively; the basic price of the 80 is £64 more than that of the 60, at £963 (£90 more at £1,365 including tax); but Laycock-de Normanville overdrive and Girling disc brakes are fitted as standard equipment on both. The 100 sells at the same price as the 105, £1,085 or £1,538 including tax.

Three new models recently announced by Mercedes-Benz, the 220, 220S and 220SE, combine a slightly higher horse-power output from the six-cylinder 2.2-litre engine previously used in the company's "middle" range of models with a restyled —attractive if somewhat solemn—saloon body. Engine power is now 105 bhp in the 220, 124 bhp in the 220S and 134 bhp in the 220SE, which uses Bosch fuel injection in place of carburettors. Claimed top speeds are 96 mph, 102 mph, and 105 mph; the new models are stated to be slightly lighter than the cars they replace, and with about five per cent more power, acceleration should be perceptibly improved.

ANGLO-RUSSIAN TRADE

A Taste of Honey

In an "atmosphere of friendly co-operation and mutual understanding," the Board of Trade and the Soviet Trade Delegation in London have now settled the import quotas for consumer goods for the first year of the new trade agreement beginning on July 1st. Each country is to provide for an increase of £2 million a year in trade in consumer goods. As such trade amounted to roughly £1.4 million fob each way in 1958, the new quotas are worth £3.4 million fob. While this is certainly a step forward, the extra £2 million seems positively minuscule when broken down into categories. It may whet the Muscovites' appetite for Western goods and titillate the Londoners' taste for novelty, but will anything be left over for those unfortunate creatures who live elsewhere?

The British quota for Russian cars may be self-defeating. Is it really worth anyone's while to set up distribution facilities for £150,000 worth of cars and spare parts? Apparently this low limit reflects Russia's wishes, not Britain's. On the other hand the quota for Russian wrist watches, £30,000, seems at least adequate. Cameras get a quota of £150,000, though not more than £35,000 can be spent on cameras with a cif value over £7 10s. Other quotas for Russian goods include £200,000 for hand-made carpets, £320,000 for medicines and pharmaceutical products, £400,000 for vodka, brandy and wine, £85,000 for caviar (including red caviar), £1½ million for canned crabmeat and salmon (with another £550,000 worth of salmon licensed outside this agreement). Britain will also allow in £50,000 worth of finished cotton piece goods, but all the grey cloth (£100,000) must be re-exported after processing. Does mutual understanding here include Russian recognition of Lancashire's difficulties?

The Russian quota for British motor cars and other vehicles is £260,000, and British textiles get a quota of nearly £1¼ million—£835,000 for woollen piece goods and knitwear, £270,000 for cotton piece goods and £135,000 for made-up clothing, stockings and socks; in addition another £275,000 is earmarked for carpets and floor coverings. Russia apparently intends to buy £470,000 of British shoes and £10,000 worth of razor blades, but only £100,000 worth of medicines and pharmaceutical products, less than one-third of what it hopes to sell here. Herring and white fish together get a quota of £800,000, and Russia also wants £45,000 of whisky and gin.

NYLON

Discreet Supervision

This week British Nylon Spinners announced a discreet scheme for supervising the use made of the 50 million pounds of nylon yarn that the company is now supplying annually to the clothing industry. This yarn varies in property and in price; put to the wrong use it can leave a legacy of sales resistance that rebounds on nylon as a whole. Men who have bought shirts made from nylon cloth intended for overalls rarely risk a second buy. Damage has been done in America to sales of nylon carpets by those manufacturers who made them of nylon waste instead of the specially spun carpet yarn. The volume of nylon production in this country is now large enough for loss of goodwill, so carefully built up by a long campaign of prestige advertising, to have serious effects on BNS's sales.

The method by which the company intends to exercise control over the quality of nylon goods sold is devious. It proposes to use its prestige advertising to promote two brand names, one for thin and one for thick types of nylon. Customers can, if they wish, become registered users of these brand names, in which case they enter into a tight legal agreement with BNS which gives British Nylon Spinners the right to withdraw the trade mark from any company whose products it considers sub-standard. So far, 400 companies have entered into these legal agreements, only three per cent of those approached have turned the scheme down. The recent slump may have found them more receptive than usual to a plan that seemed to offer simultaneous protection from nylon imports and under-cutting at home. Although retail sales of nylon goods remained steady earlier this year, running down of stocks produced the fair semblance of a depression in nylon. There are signs now that the textile industry has gone to the other extreme, and is over-ordering nylon yarns for fear of a shortage.

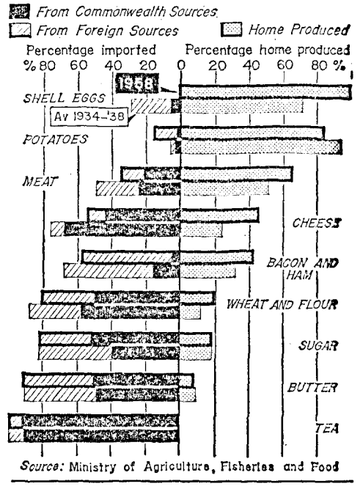
TITANIUM PIGMENTS

A Major Expansion

British Titan Products plans to spend £14 million on the expansion of its British and Commonwealth plants for the production of titanium dioxide. This is a striking sign of the continued growth in demand for these pigments. In 1947 total British production was about 20,000 tons; this year it is expected to be some 125,000 tons, 90,000 tons from British Titan and the rest from Laporte. This growth has been largely at the expense of other white pigments; more titanium dioxide is now used in Britain than all the other white pigments combined. It is estimated that some 85-90 per cent of white and light-coloured paints now contain it, with rather more for interior use and less

Continued on page 762

BRITAIN'S FOOD SUPPLIES



Source: Ministry of Agriculture, Fisheries and Food

The Decline in Margins

Profits in British industry continue to mark time. In the quarter which ended on June 30th last, the accounts of 843 public companies, including those of many of the giants of industry and of international trade, were analysed within the customary framework. The detailed statistical results of this analysis appear on pages 778 and 779. Almost all these companies drew up their accounts on or after December 31st so that these results reflect their trading experience in the calendar year and just a little after. The combined trading profits of the 843 companies rose by £8.4 million to £1,091.3 million, that is by three-quarters of one per cent. With the exception of the first quarter of 1958, absolute profits have hardly shown any significant growth since the middle of 1956: expressed as a rate of return on net capital employed they have been declining.

Except, however, in industries such as cotton textiles that are faced with a secular decline in trade equity shareholders have not fared badly. The introduction of a flat rate of profits tax and more recently the cut in the standard rate of income tax have cushioned the effect of shrinking margins upon net earnings. Thus in the latest analysis, the reduction in the tax bill by £30 million to £404 million is reflected in the increase of 4½ per cent in net earnings available for ordinary distribution (from £380½ million to £398 million) and in the increase in net ordinary dividend payments from £147 million to £159½ million. The ordinary capital on which these dividends have been declared has, however, been swollen by £271 million in scrip issues and £52 million in rights issues. Ordinary dividends expressed as a gross return on this capital have therefore fallen, from about 16½ per cent to 14 per cent.

Industry has continued to build up its assets. Quite how much in the latest analysis reflects the installation of new productive capacity or the normal process of replacement at higher prices it is difficult to gauge, especially as the comparative figures in the chemical and paints group and hence in the combined totals for all the 843 companies have been influenced by the revaluation of assets made by Imperial Chemical Industries. Thus the decline in the rates of return on capital employed—from 24½ to 22 per cent when trading profits are related to net worth attributable to the ordinary capital and from 8½ to 8 per cent when net equity earnings are related to net worth—is slightly over-stated.

Underemployment of capacity in the individual industrial groups can be discerned by comparing the absolute rises and falls in trading profits with the relative trends in rates of return on capital employed. Only two groups, tobacco (largely reflecting the experience of the growing concern, Gallaher) and motors, cycles and aircraft (reflecting boom conditions in the motor industry), have reported really big increases in trading profits: in both groups profits are up by about 19 per cent. These are the only two important groups in which the gross return on capital employed has risen: in tobacco from 32½ to 36½ per cent and in motors from 27¼ to 30¾ per cent. Elsewhere, the rise in trading profits has been accompanied by a fall in the gross return. Of these groups, the oil companies have the biggest influence: their trading profits rose by 4 per cent, but the gross return fell from 17¾ to 15 per cent. In the food and confectionery group, reflecting largely the experience of Unilever, trading profits advanced by 6¾ per cent but the gross return fell from 32 to 31½ per cent. The other noteworthy increases in profits have occurred in shops and stores (up by 3½ per cent); building (up by 3 per cent) electrical manufacturing (up by 5 per cent); and newspapers and paper (up by 4½ per cent). These are not big increases and they have been accompanied—as in brewing, clothing and footwear, and shipbuilding where profits were virtually unchanged—by declines in the gross return on capital employed.

In the engineering group, which like oil and food has an important statistical influence on the total results, trading profits fell by nearly one per cent but the gross return declined from 30½ to 27¾ per cent. Equivalent or even bigger declines in the return on capital employed are reported by the other groups which earned less last year: in iron and steel trading profits fell by 3¾ per cent, in chemicals and paint by 2¾ per cent and in miscellaneous manufacturing by 3 per cent. Much bigger falls, however, occurred in the textile industries: profits in the cotton group fell by 25¾ per cent, in wool by 13 per cent, in silk and rayon by 2¾ per cent and in other textiles by 4¾ per cent. The biggest decline of all came in shipping, where profits, reflecting the surplus tonnage and the steep decline in freight rates, fell by as much as 30¾ per cent and the gross return on net capital employed slumped from 19½ to 13 per cent.

For the investor in ordinary shares, this accounting for the past carries a message for the future—a message, moreover, that is not discouraging. As trade expands, there is capacity available to meet the new demands made upon it and any expansion in profits that results from the recovery will have a more than proportionate effect on the gross rate of return on capital employed and, because of lower taxes, on net earnings.

PROFITS, PROVISIONS AND DEPRECIATION (£'000)

	Reports Published April to June, 1959		Reports Published July, 1958 to June, 1959	
	843 Companies		2,317 Companies	
	Previous Year	Latest Year	Previous Year	Latest Year
Gross trading profit	1,082,936	1,091,309	2,277,753	2,315,961
Income from investments	68,643	76,631	113,086	127,499
Other current income	1,624	1,426	2,738	2,857
Non-recurring credits	21,694	24,011	54,281	57,811
Total Income	**1,174,897**	**1,193,377**	**2,447,858**	**2,504,118**
Depreciation	219,722	245,832	432,479	484,367
Income tax	357,815	339,132	748,720	739,115
Profits tax	76,510	65,209	176,964	159,422
Directors' emoluments	24,847	25,631	60,347	62,079
Administrative charges	7,496	7,208	21,419	19,583
Contingencies, provisions, etc.	32,338	30,084	53,790	50,149
Pensions	18,236	18,622	33,611	37,135
Minority interests	13,988	14,444	29,995	30,324
Loan interest	27,052	32,649	53,483	67,991
Preference dividends	16,396	16,812	32,981	33,616
Profits retained by subsidiaries	83,314	75,934	186,327	159,531
Ordinary dividends	147,068	159,445	307,385	318,483
Reserves (parent company)	132,653	146,493	275,427	286,842
Brought in (parent company)	220,855	238,317	454,491	489,421
Carried forward (parent company	238,317	254,199	489,421	544,902

ANALYSIS OF BALANCE SHEETS Published April to June, 1959 (£'000)

Capital Liabilities and Reserves	843 Companies Previous Year	843 Companies Latest Year	Assets	843 Companies Previous Year	843 Companies Latest Year
Capital			**Fixed Assets:—**		
Debenture	621,360	677,825	Land, property and plant	4,313,508	4,720,072
Preference	455,589	463,532	Less depreciation	1,401,442	1,479,811
Ordinary	1,551,875	1,875,379			
	2,628,824	3,016,736		2,912,066	3,240,261
Reserves and Surplus:—					
Capital reserves	1,339,252	1,476,911			
Revenue res. and carry forward	1,531,218	1,608,556	**Trade investments**	918,168	1,151,748
Total Capital, Reserves and Surplus	5,499,294	6,102,203			
Outside Interests in subsidiaries	192,827	195,646	**Intangible Assets**	112,399	99,978
Current Liabilities and Provisions:—					
Bank overdrafts and loans	253,913	255,127	**Current Assets:—**		
Creditors	936,183	902,530	Stocks	1,852,058	1,802,656
Other current liabilities	506,496	495,830	Debtors	1,226,814	1,235,735
Future taxation	309,353	293,369	Gilt-edged securities	123,713	116,305
Other provisions	84,794	86,580	Other marketable investments	133,067	125,140
			Cash	504,575	559,462
	2,090,739	2,033,436		3,840,227	3,839,298
	7,782,860	8,331,285		7,782,860	8,331,285

Continued from page 760

for exterior. The advantage of titanium dioxide over the older pigments such as white lead, zinc oxide and lithapone is that it is whiter and more opaque, so that thinner or fewer coats of paint can give the same coverage. This is especially valuable in industrial applications where the paint is sprayed. The saving in cost that it makes possible means that the older pigments are now confined to special applications. White lead seems to have been hit hardest ; though it has good weather-resisting properties it is slow drying. Zinc oxide has anti-fungal properties that find it some specialised uses in paint, and it is used in rubber ; while lithapone is used in distemper, and its total production is estimated to have remained almost constant over the last ten years.

Most of British Titan's expenditure on new plant will be in the Commonwealth, though capacity of the Grimsby plant will be raised by 15,000 tons, raising total British capacity to about 105,000 tons. The construction of plants in Canada and South Africa, markets previously supplied from Britain, will, moreover, make more of the home output available for sale in Britain. The Canadian plant will have a capacity of 20,000 tons a year and will cost about £6 million ; British Titan has been selling there since 1950, and states that it had 49 per cent of the market by 1957. Plans for the South African plant were announced in 1956 ; this will have a capacity of 10,000 tons a year and will be completed by 1962. The existing plant in Australia will be expanded from a capacity of 10,000 tons this year to 22,000 tons by 1964-65, and that in India from 1,800 tons to 3,600 tons a year by 1961.

SHIPPING

Depressed Freight Markets

THE shipping industry remains obstinately depressed, despite the apparent growth of industrial and economic activity throughout the world. The summer months are seasonally quiet ones for tramp shipping, and although a revival in demand may be expected later in the autumn, it is doubtful if the half-point improvement in the Chamber of Shipping freight rate index achieved in July was maintained last month. Grain chartering is usually hesitant and intermittent at this time of year, while the crop position is being re-assessed, and the favourable harvest conditions in Britain and Europe foreshadow a fall in European import demands during the winter. There has been some slight improvement in demand for ore cargoes, and this may further increase when the American steel dispute is resolved. Time charter rates show little resilience, and last month a contract for 120,000 tons of coal from Hampton Roads to Japan, for shipment in 1960, was reported at an average rate of 52s. 9d. per ton, about 3s. less than current rates for a prompt voyage.

What holds the shipping market down is the chronic surplus of tonnage which was built up during the recent years of shipping shortage. Not only were large numbers of obsolescent war-built standard ships kept in service, but numbers of new, larger, faster, and more efficient modern vessels were brought into service, thus adding to the surplus which soon developed. The value of secondhand ships for trading has fallen to new low levels, but there are chances that an improvement in the price for scrap would remove some of the surplus tonnage from the market. The rate of scrapping has, in fact, been increasing ; but even so, this has not yet caused any noticeable decline in the total volume of ships laid up. It is apparent that much time will elapse before the tonnage situation can be brought into better equilibrium by normal economic factors. There is an even greater surplus of tankers than of dry-cargo tramps, and the outlook for tankers is even more depressing.

More Talk of Superliners

PLANS for the construction of vast liners to offer low fares on the Atlantic service have been canvassed for several years by the American hotelier, Mr H. B. Cantor, like his compatriot Mr E. Detwiler. Now Mr Cantor, too, has found a European shipyard that has the facilities to build his proposed ships ; *Deutsche Werft* of Hamburg has decided that it is technically feasible to build them and both are now seeking sources of finance. Mr Cantor had proposed that there should be two 90,000-ton vessels with a speed of 34 knots, allowing them to make four-day crossings, carrying 6,000 passengers at single fares of from £17 17s. to £44 11s. Like Mr Detwiler, Mr Cantor proposes that food should not be included in the fare, but bought by the passengers in restaurants on the ships. And as with Mr Detwiler's project, the chief weakness of the plan economically is that the ships could not be used for any service but the Atlantic because they would be too large for most ports, and that there is little tourist traffic on the Atlantic in winter. The 700,000 berths a year that these ships would provide would be a large addition to Atlantic capacity at any time.

Mr Cantor and *Deutsche Werft* are hoping to obtain some help in financing the project from the German Federal Government, and to obtain the rest of the money from private sources in Germany such as banks and insurance companies. Some form of government subsidy, whether direct or indirect, would seem necessary if the ships were to pay private backers a reasonable return.

FOREIGN DEBTS

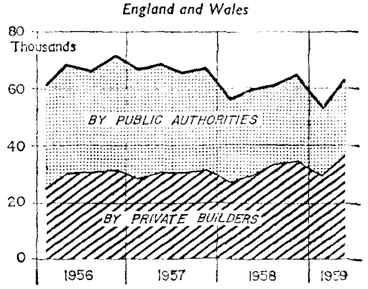
Balkan Debt Talks

DISCUSSIONS about the resumption of debt payments by Jugoslavia and Rumania to creditors in the United Kingdom have recently taken place in London. Jugoslavia has evidently decided that the time is ripe to "come clean" in its external debt relations and has begun a series of bilateral debt settlements. As was to be expected the first of these has been negotiated with the United States—whence most subsequent bounties to Jugoslavia are likely to flow. It is estimated that $25 million of Jugoslav bonds are held in the United States and a partial resumption of debt service is to be made in the near future. The temporary settlement envisages an immediate payment of $15 per $1,000 bond, which is to be regarded as repayment of interest arrears since 1939. Thereafter there are to be yearly payments of $2.50 per $1,000 until 1964. By then it is hoped that a permanent settlement will have been negotiated. An agreement on rather less favourable terms has also been made by Jugoslavia with French bond holders. Discussions have taken place in London for a settlement of the minimal amount—about £200,000—owing to British bond holders. Though these discussions have now been broken off they are to be resumed in October and it is hoped that the more generous tone of the agreement with the United States presages a more satisfactory settlement of British claims than has hitherto seemed likely.

Rumania is still in complete default on its external debt, though the administrator of Rumanian property has been able out of blocked Rumanian funds in this country to pay interim and final dividends of 8s. 8d. in the £ in respect of established British claims. Last month talks were held in London with a Rumanian trade delegation concerning the possibility of resumption of external debt payments. It emerged from these discussions that the Rumanians would not be interested in anything other than outright settlement by a repayment of capital at a heavy discount, with repayment spread over a number of years. But there may be a ray of faint hope of a more generous attitude. The Foreign Compensation Commission has

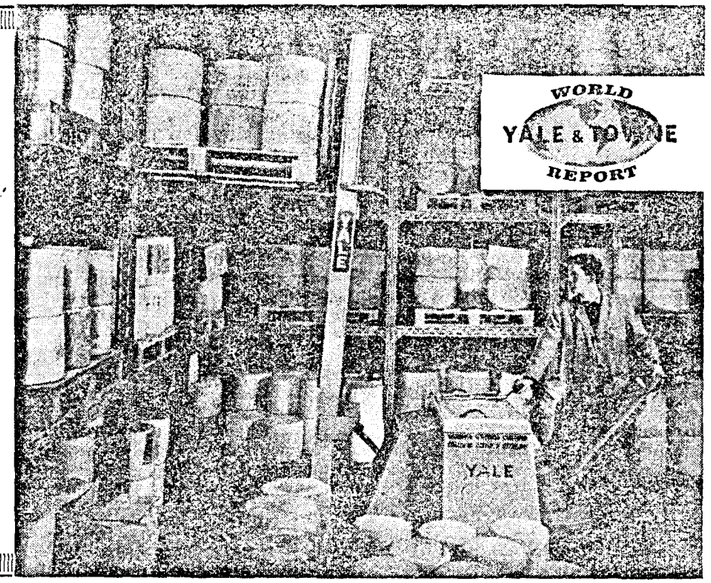
DWELLINGS COMPLETED

England and Wales

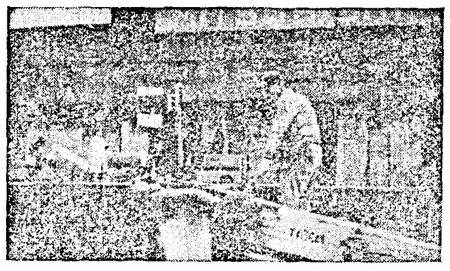


62,700 houses and flats were built in the second quarter of 1959. The number completed by private builders—an increasing proportion—reached a record of 36,600.

YALE
LIFT TRUCK
SPEEDS
CROWDED
AREA
STACKING



KIRKBY, ENG. – These zesty cheddar cheeses go through the factory untouched by human hands. Yale Worksavers help maintain this hygienic standard as part of a day's work. These clean, fumeless electric trucks bring raw materials to storage – stack ageing cheeses on racks – speed finished products to market. What Yale Worksavers do for cheeses, they can do for practically any product in loads up to 7500 lbs. Worksavers are light and compact – can manœuvre in crowded, narrow areas – on ramps or low-load floors. Yet they have the power and durability you expect from heavier trucks. Complete line includes fork, pallet, platform and tractor models.



YALE PETROL TRUCKS MOVE THE GOODS THAT MOVE WORLD TRADE

YOKOHAMA, JAPAN – Bales of raw silk are sped from warehouse to quay by this Yale petrol truck. From warehouse to quay – from quay to ship – it's the same the world over as Yale trucks expedite goods in world trade. In factories, too, durable Yale petrol trucks save costs, time, space and labour as they move loads ranging from 2000 to 20,000 lbs.

YALE ELECTRIC TRUCKS HANDLE UP TO 200,000 LBS.

CHICAGO, U.S.A. – Stacking and lowering giant rolls of newsprint are easy tasks for this mighty Yale electric truck. With capacities ranging from 2000 to 200,000 lbs., Yale trucks have a wide range of handling applications. Specify Yale electric trucks where cleanliness and economy of operation and maintenance are paramount.

• Yale makes the world's most complete line of Petrol, LP-Gas, Electric and Hand Lift Trucks.

• All Yale Industrial Lift Trucks are uniformly high in quality, wherever manufactured.

• All Yale equipment available in currencies of the free world.

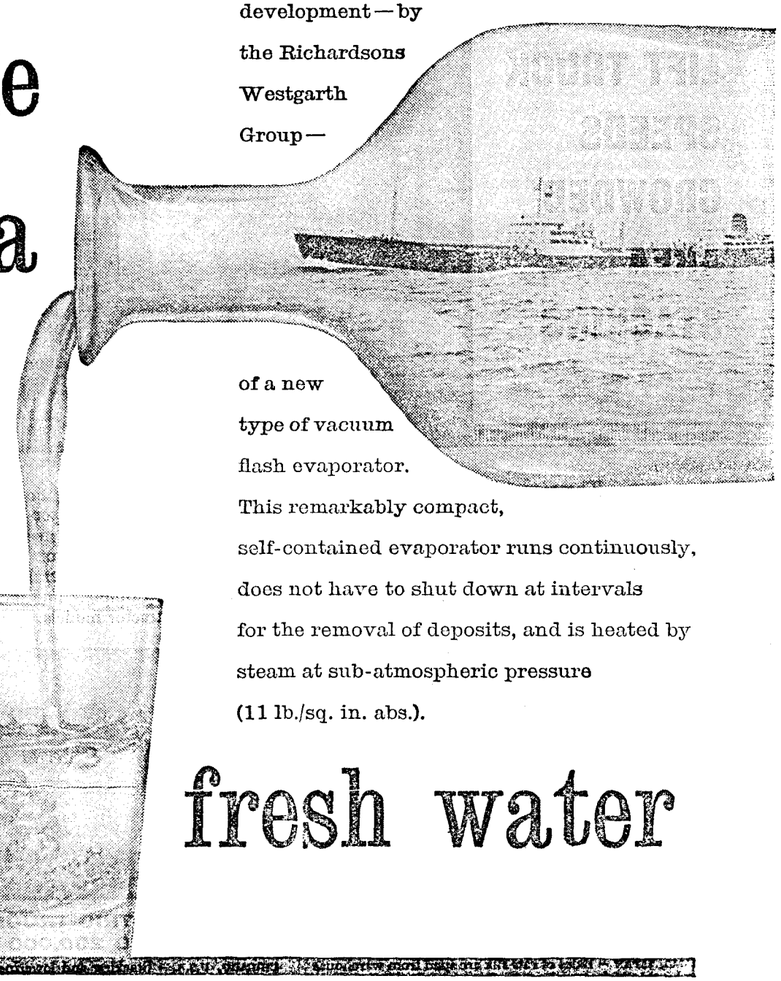
• For further information contact your Yale Sales and Service Representative—located in Principal Cities of the World.

YALE
INDUSTRIAL LIFT TRUCKS
TRACTOR SHOVELS
YALE & TOWNE

The Yale & Towne Manufacturing Company, Wednesfield, Staffs., England · Chrysler Building, New York, U.S.A. · Manufacturing Plants: Velbert Rhld., Germany · Phila., Pa., U.S.A. Licensed Manufacturer: FENWICK—Saint-Ouen, Seine, France · Milan, Italy · Barcelona, Spain

To the sea for fresh water

The idea of getting fresh water from the sea by evaporation is not new, but the ability to do so simply and economically dates from the development—by the Richardsons Westgarth Group—



of a new type of vacuum flash evaporator.

This remarkably compact, self-contained evaporator runs continuously, does not have to shut down at intervals for the removal of deposits, and is heated by steam at sub-atmospheric pressure (11 lb./sq. in. abs.).

For further details apply to :—**RICHARDSONS, WESTGARTH & CO. LTD.**

The controlling Company of THE RICHARDSONS WESTGARTH GROUP

Co-ordinating the land and marine activities of

THE NORTH EASTERN MARINE ENGINEERING CO. LTD. — RICHARDSONS WESTGARTH (HARTLEPOOL) LTD.

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RICHARDSONS, WESTGARTH & CO. LTD., WALLSEND, NORTHUMBERLAND, ENGLAND *and at 53 Victoria Street, London, S.W.1*

just reminded British nationals who had property in Rumania that it is now ready to receive further claims under the 1954 Foreign Compensation (Rumania) Registration Order. Only Rumania has even got to the point of talking and there seems to be no truth in the rumours that Hungary and Bulgaria are willing to take even a first step in settling their debts.

GRAMOPHONE RECORDS

Spinning Up

By mid-summer, the value of gramophone record sales was 12 per cent higher than it had been a year before. The industry was even producing much the same number of records as it was a year ago, although the old, cheap 78 rpm shellac record that was being produced only two years ago at a rate of more than 50 million a year is fast disappearing. If the trend of the second quarter continues, current production of 78 rpms will be unlikely to reach 7 million this year ; by June it had fallen as low as 500,000 a month.

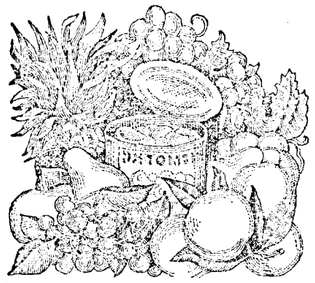
It has been replaced basically by the 45 rpm disc playing for about the same time and costing, in its cheap forms, much the same. The industry's output of these small records was almost twice as high in the first quarter of the year as it was in the same period of 1958, and 73 per cent higher in the second quarter. Last summer, production of 45 rpm records drew level with the 78s for the first time and this summer it is six times greater. It would obviously help the industry if it could drop the production of 78 rpms entirely ; retailers have recently become touchy about the amount of capital tied up in stocks on their shelves, especially when these move so slowly that they can be caught by changes in rates of purchase tax. Yet in spite of this, radio dealers are becoming increasingly interested in sales of record players and records. Record players do not need the tiresome after-sales service that has to be given to a television set, and once sold, they bring the retailer steady business in new records.

METALLURGY

Chromium into Sheet

A new process developed by Metal Diffusions enables thin and ductile chromium sheet to be produced for the first time. This is done by a metal-diffusion process, of the kind normally used to apply a thin layer of the chromium to another metal to make it resistant to corrosion, heat or wear. The chromium is applied by removing particles of the metal to be treated and replacing them by particles of chromium, which are bonded to the base metal and in effect become part of it. Metal Diffusion's new process carries

Sweet Taste of Excess



The fruits of dollar liberalisation are not sweet for all. Now that Californians and Hawaiians can send more canned peaches and pineapples to Britain than before, Commonwealth canners fear that they are losing their grip on their mainstay—the British market, worth over £40 million a year. Four months ago Mr G. H. Whitehead, general manager of Langeberg Co-operative, which cans half South Africa's pack, said that the canning industry was standing on the edge of a precipice.

It has not toppled over yet. The British import quota for American canned fruit in the season beginning next month is £3,335,000, one-third bigger than last season but still only eight per cent of all imports of canned fruit in 1958. But Commonwealth canners are convinced that quotas will be progressively increased. If they are right, American canners would eventually be able to squeeze Commonwealth producers dry—despite the preferential duty. Australia and South Africa export the bulk of their packs; the United States does not. So a substantial cut in prices of American fruit sold here would hurt Commonwealth canners much more than Californian—and the British housewife is firmly convinced that American fruit is best.

It is a conviction born before the war, when Britain bought more than half its canned fruit in the United States. Less than 15 per cent then came from Australia, about a fifth from Malaya, and almost nothing from South Africa. Australia and South Africa seized their chance after the war, when Malaya's industry was knocked out and the dollar shortage kept out American fruit from Britain for many years. Australia now sells three times as much canned fruit to Britain as before the war. South Africa, starting almost from scratch, sold over £12 million worth to Britain last year, and for the second time ranked ahead of Australia—by a margin of £2 million.

Though the British market continues to grow, more countries are selling to it and the shares of South Africa and Australia have been falling. Last year their combined shipments of £22½ million were equivalent to only 55 per cent of all shipments to Britain, compared with 70 per cent in 1954. Faced with this competition, and the threat of more to come, Commonwealth canners are waking up. The compulsory standards of quality introduced by South Africa in 1956 are being tightened, and the government is considering further action in the light of a long report on the export of canned fruit and vegetables presented by a select committee of the Union Parliament last June. It is kinder to forget some of the sins disclosed in this report ; it would be like spoiling a good meal by peering too closely into the kitchen. Australian export standards are high and rigidly enforced.

Gentlemanly agreements on prices are withering away. Australia abandoned minimum price control on pineapple exports last June, and has since sold here at cut prices. So have the Americans. For some time now Australia has been spending heavily on sales promotion in Britain, and is expected to spend still more. South Africa's Langeberg Co-operative is spending about £60,000 on a sales campaign that began in March this year and intends to spend more next year—though its advertising budget would still be puny compared with Australia's. There are less overt ways of combating competition, such as political pressure on Britain to maintain restrictions on American sales. This is sometimes successful, as suggested by the purely token increase of £10,000 to £135,000 in the quota for American pineapples this year, and which compares with total imports of £8,150,000 in 1958.

In the first half of 1959 more vigorous selling seemed to be having an effect. Though total imports into Britain fell, the Australian and South African shares went up. But it is much too early for Commonwealth producers to relax. In any event, the prospect for the British housewife is a wider selection of better fruit at lower prices. One reason why South African canned fruit cocktail does not sell well in Britain, the select committee was told, is that the British consumer likes cherries in the salad. If the market stays as it is, expect cherries.

this to the point where the sheet of steel on which chromium is being diffused is almost entirely replaced by chromium, leaving a sheet of 96 per cent pure chromium.

This new material has many possible applications as a replacement for stainless steel, many of them military; it can resist considerably higher temperatures than stainless steel, and should be slightly cheaper and lighter. Its properties are valuable as an outer protective covering on supersonic aircraft and missiles. Its resistance to corrosion makes it suitable for lining chemical vessels, again replacing stainless steel.

If the process is limited to producing a surface of chromium on the base metal, it gives a coating of higher purity chromium than diffusion processes could produce hitherto. This improves the treated metal's resistance to corrosion and abrasion; and it also gives a finish that can be comparable to that of plating. Despite the low cost of modern plating, it is claimed that chromium diffusion can be competitive in price; some interest has already been shown in it by the motor industry, but it is likely to be some time before durable brightwork in this form becomes available. In the meantime, it has many potential applications as a cheap means of obtaining the properties of a high chromium steel.

OIL

Undersea Costs

SINCE oil was first discovered offshore on the Louisiana continental shelf in 1938, American oil companies have spent some £714 million in capital and operating expenditures, most of it since 1953. Up to the beginning of 1958 these investors had earned less than £180 million in income from oil and gas from undersea wells. But this relatively low return—mainly the result of restrictions on "allowable" production in the States, rather than of increasing costs at the wells—has not dulled the oil industry's enthusiasm for offshore drilling. In a recent symposium presented before the Institute of Petroleum, members of British Petroleum's staff outlined the economics of this kind of oil exploration.

Most of the elements of cost in exploration cost more at sea than on land. Aerial photography and surface mapping are not much use offshore, and exploration depends almost entirely on geophysics and the test drill. Seismic exploration, which uses shock waves to investigate the strata, is one of the few jobs that can be done more cheaply at sea, but more expensive gravimetric surveying, and the need for precise location of position when out of sight of land, add heavily to the preliminary costs. Drilling itself may cost four times as much at sea as on land. The drilling rig may cost £250,000-£290,000, against £180,000 for a land rig: the tender and platform also required may add as much as £650,000-£700,000. Large mobile platforms can cost £1½-£1¾ million. All are subject to greater risks than on land: in 1956 Shell had a heavy drilling platform worth £800,000 wrecked by a storm in the Persian Gulf. Drilling in particularly deep waters may involve special techniques in which the surface vessel has to operate the rig by remote cable controls. Once oil is found, it has to be transported to the shore: barges are heavy on operating costs, but the large investment of a pipeline needs a major oil reserve to justify it.

These adverse comparisons in cost, however, apply to land drilling in developed areas: exploration in remote parts might come closer to off-shore costs. And such remote parts are today becoming the oil industry's main practical alternatives. For in the United States, in particular, the amount of drilling expended per million barrels of new reserves proved has more than doubled during the last decade. Oil as an extractive industry, is not exempt from increasing costs: but these show mainly in the expenditure required to find fresh oil, not in taking the oil out of existing reserves. Continental "shelves" and "slopes" in which oil might be found underseas would add some 28 million square miles to the 54 million square miles of the world's land surface: and various estimates have been made in the oil industry suggesting that oil reserves in these offshore areas might be three times as much as has ever, so far, been found under dry land.

SHORTER NOTES

A private placing of £2 million of debenture stock is being arranged by Philip Hill Investment Trust. It will take the form of a further tranche of the existing 4½ per cent 1979-83 stock, of which £2½ million is at present in issue. The price of the new offer has not been made known. The money is to be used for general expansion; there is apparently no direct connection between this issue and the planned merger with Erlangers.

★

D. C. Thomson and Company, the Dundee magazine and newspaper publishing group, has bought the remaining 25,000 of Fleetway Publications' holding of 33,333 £1 ordinary shares in Southern Television. This purchase gives D. C. Thomson a 25 per cent interest in the television company at an estimated cost of £1,125,000. The other 8,333 shares were bought by the Rank Organisation and Associated Newspapers, which now each own a 37½ per cent interest in Southern Television. The sales were required by the clause in the Television Act that no one should have an investment in more than one commercial television organisation: the Daily Mirror group, which bought Fleetway Publications (then Amalgamated Press), had already a big interest in Associated Television.

★

Several changes have been made in the *Financial Times* ordinary share index. Now that the House of Fraser controls Harrods its ordinary shares have been substituted for those of Harrods and the opportunity has also been taken to drop J. & P. Coats, the sewing thread manufacturers, and William Cory, the coal and oil factors whose shares were originally introduced into the index at the time of the nationalisation of the coal industry. They have been replaced by Bowater Paper, the newsprint and paper manufacturers, and Alfred Herbert, the toolmakers. These changes should give the index a more up-to-date look.

In last week's note "How Much Whisky is Too Much?" home consumption of whisky in the first half of 1959 should have been given as 2,542,000 proof gallons against a corresponding figure for 1958 of 2,561,000 proof gallons. Home consumption for the year ending March, 1939 was 6,900,000 proof gallons and for the year to last March 6,224,000 proof gallons.

★

The World Bank has arranged the sale of $100 million of short term US dollar bonds entirely outside the United States. The 4¾ per cent bonds, maturing in 1961, were sold by private placement to 62 official organisations and institutional investors in 34 countries.

★

The table of Western European Statistics on page 684 of last week's issue gave seasonally corrected figures for industrial production in the United Kingdom. Unadjusted figures comparable with those for other countries for the first half of this year are:

January	February	March	April	May	June
115	118	117	121	118	121

COMPANY AFFAIRS

Comments on pages 773 and 776 on

The Rank Organisation	Whitbread
Royal Dutch/Shell	Gulf Oil
Handley Page	British Match
Plessey	Flowers
House of Fraser	John Thomson
City & Central Investments	Thomas Hedley

LONDON AND NEW YORK

Stocks, prices, yields and security indices on pages 774 and 775

LONDON STOCK EXCHANGE

The week's movements reported on page 776

MONEY AND EXCHANGES

Money market report, exchange rates and public finance on page 777

COMPANY MEETINGS

UDDEHOLMS AKTIEBOLAG

INCREASED TURNOVER DESPITE WEAK MARKETS

SCANDINAVIAN PULP PRODUCERS AGREE TO REDUCE OUTPUT

Uddeholm is situated in the west of Sweden and its main activities are based on the natural assets of the region—iron ore, timber, and water power. The business includes the production of iron and steel, hot rolled and forged, cold rolled and drawn, sponge iron, ferro-alloys, rolled and drawn tubing, tungsten carbides, as well as numerous manufactures such as carriage and other springs, wire rope, etc., in addition to sawn and planed timber, sulphate and sulphite pulps and by-products thereof, paper and board, and electrochemical products.

The Company's main activities are centred on the mines at Persberg, Nordmark, Taberg, and others, the sponge iron works at Persberg, the steel works at Hagfors, Nykroppa, Degerfors, cold rolling mills at Munkfors, tube mills at Storfors, wire rope plant at Blombacka, and saw mills, pulp mills, paper mill, electro-chemical plants, etc., at Skoghall.

The sales organisation of Uddeholm comprises offices and service plants in several countries in Europe and America: Birmingham, London, Paris, Brussels, Dusseldorf, Solingen, Stuttgart, Nurnberg, Copenhagen, New York, Cleveland, Los Angeles, Mexico City, Sao Paolo, and Rio de Janeiro. Uddeholm is also represented by agents in almost every country in the world.

The head office and administrative office is at Uddeholm.

At the Annual General Meeting on May 30th a survey of the Company's activities was presented by the Board and the Managing Director.

After a weak start the market for the Company's steel products gradually improved in terms of orders received, although prices remained poor.

The demand for forest products declined and prices remained unsatisfactory, particularly as regards sawn timber and pulp. The drop in pulp sales may be attributed largely to the prevailing overcapacity in the pulp producing countries.

The tonnage output of steel remained about the same as in the previous year.

The output of the timber processing plants declined compared to the previous year, due in part to the slackening demand, in part to plant modernisations at Skoghall, and in part to the destruction of the Göta sulphate mill in 1957.

Three fully owned subsidiaries: Blombacka Aktiebolag, Sulfitaktiebolaget Göta, and Grufveaktiebolaget Långban, which the Uddeholm company previously operated on lease, were merged with the parent company. With the acquisition of 2,841 shares in Persbergs Grufveaktiebolag, Uddeholm AB assumed full ownership of this subsidiary.

Total number of employees of the parent company and its wholly owned Swedish subsidiaries in 1958 was 14,950; salaries and wages amounted to Kr. 175 M.

Output	1958	1957
Electric power	752,000	818,000
Timber from own forests, cubic feet	21,145,000	24,314,000
Iron ore, tons	84,412	84,246
Dolomite, tons	13,441	14,755
Steel ingots, tons	135,156	151,409
Finished steel, tons	95,816	96,404
Sawn timber, standards	24,390	23,503
Sulphate pulp, tons	67,804	71,813
Sulphite pulp, tons	61,000	81,208
Paper, tons	46,246	50,385

Invoiced sales of the Uddeholm Group amounted to:

	1958 Kr. M.	1957 Kr. M.
Iron and steel products	279·0	313·3
Timber products	158·2	188·4
Other products	29·2	32·0
Total	466·4	533·7

Steel Division

MARKET CONDITIONS AND SALES

Orders on hand were low at the beginnmg of 1958 and did not improve, particularly as regards tubing and cold rolled products. Towards the end of the year, however, there was a marked improvement and the prospects for 1959 appeared somewhat brighter.

However, in some product lines sales improved compared to the previous year. Alloyed wire rod obtained a marked increase and "Uddia" carbide drill bits enjoyed profitable sales both at home and abroad.

Timber Processing Division

Throughout 1958 the timber market remained unstable and a particularly sharp fall in prices occurred in the autumn, due to over-supply. Contributing also to the downward trend were the Russian sales policies and the improved competitive position of the Finnish sawmills resulting from the currency devaluation.

Pulp and other cellulose derivatives also suffered from overproduction, particularly noticeable in dissolving pulp. Sales declined 15 per cent from the previous year and necessitated an adjustment in prices. The prospects for pulp and paper remain poor for 1959, and producers in Finland, Norway, and Sweden have therefore agreed to reduce their output.

The entire output of the electrolytic chlorine plant was disposed of and sales of the TRI and PER solvents (trichlorethylene and perchlorethylene) proceeded according to plan. Alcohol sales retained their previous level.

FOREST OPERATIONS

Comparatively good weather favoured forest operations and the annual cut was carried out according to plan. Several millions of board feet were cut in the Company's forests. Nearly 16 million plants, from the Company's tree nurseries, were planted. Some eight miles of new forest roads were built during the year. By the end of 1958 the combined length of the forest road network built and maintained by Uddeholm, singly or jointly with other companies and local authorities, was 1,084 miles, 730 miles of which the Company alone was responsible.

HYDROELECTRIC POWER

Total consumption of electric power amounted to 976 million kwh, an increase of 2 per cent from the previous year. The Skoghall plants and the Degersfors steel mill increased their base load, whereas nearly all other Uddeholm plants reduced their needs.

GROSS PROFIT

Total gross earnings were Kr. 65.6 M. The book value of the stock rose by Kr. 9.0 M, but the stock reserve on the whole remained unchanged. Stock valuation continued at about 30 per cent. The Profit and Loss Account includes the following:

	1958 Kr. M.	1957 Kr. M.
Depreciation	31·2	34·0
Interests, etc.	8·3	4·8
Taxes	6·0	8·7
Investment Reserve	16·0	5·0
Pension Fund	2·5	10·0
Net Profit	15·0	17·0

SUMMARY OF BALANCE SHEET

IN MILLIONS OF KRONER

	31/12/1958		31/12/1957	
Current Assets:				
The Parent Company				
Cash, bank, own bonds	60·0		51·9	
Receivables from clients, subsidiaries, etc.	68·8		81·7	
		128·8		133·6
Inventories and contract purchases		94·9		82·3
		223·7		215·9
Blocked reserve for investment		4·6		4·0
Fixed Assets:				
Deferred charges, clients and subsidiaries	39·0		22·1	
Shares in subsidiaries	11·0		15·0	
Construction in progress and advances to contractors	5·0		5·0	
Ships, machinery, equipment, power lines	75·0		63·5	
Houses, industrial buildings, real estate	105·1		101·7	
		235·6		207·4
		463·9		427·2
Liabilities and Capital:				
Liabilities:				
Accounts payable	45·5		57·8	
Debentures	53·4		27·0	
Loans and pension fund	90·9		79·2	
		189·8		164·0
Investment reserves		25·5		16·5
Capital:				
Share capital		165·0		165·0
Legal reserve		35·0		35·0
Unappropriated surplus		46·6		46·8
		463·9		427·3

ALLOCATION OF PROFITS

The Board and the Managing Director proposed that the profit for the year of Kr. 15

million, and the balance of profits remaining from previous years of Kr. 33,639,781 should be allocated as follows:

To shareholders, a dividend of Kr. 8 per share against Coupon No. 66	13,200,000
Carried forward to new account.....	35,439,781

The report, the accounts, and the proposals put forward by the Board were adopted.

THE UDDEHOLM GROUP

Assets:	31/12/1958 Kr. M.	%	31/12/1957 Kr. M.	%
Current Assets:				
Cash and Receivables ..	148·1	24	154·9	26
Inventories	136·3	22	128·8	22
	284·4	46	283·7	48
Blocked Reserve for Investment	7·5	1	5·9	1
Fixed Assets.....	323·3	53	301·5	51
Total	615·2	100	591·1	100
Liabilities and Capital:				
Liabilities:				
Current Liabilities	58·6	9	79·7	13
Fixed Liabilities.....	215·3	35	182·0	31
	273·9	44	261·7	44
Investment Reserves....	34·5	6	21·5	4
Capital:				
Share Capital.....	165·0	...	165·0	...
Legal Reserves.....	50·9	...	50·0	...
Capital Surplus.....	41·3	...	42·9	...
Earned Surplus.....	34·6	...	33·6	...
Net Profit	15·0	...	16·4	...
	306·8	50	307·9	52
Total	615·2	100	591·1	100

HIGHLANDS GROUP

RUBBER AND PALM OIL PRODUCERS

Main points from the Directors' Report and Statement by the Chairman, Mr. T. B. Barlow, to the Annual General Meeting on June 23, 1959.

Summary of Combined Balance Sheets after latest amalgamation:

Issued Capital	**£1,807,386**	**Estates & Trade Investments, &c.**	**£2,517,858**
Reserves & Surplus	**£1,558,997**	**Working Capital**	**£974,900**
Minority Interests	**£126,375**		
	£3,492,758		**£3,492,758**

ACREAGE.—43,800 acres Rubber. 10,800 acres Oil Palms.

PROFIT.—After allowing for the acquisition of Scottish Malayan Estates Limited and the full calendar year 1958 of all other subsidiaries, the profit amounted to £900,000.

DIVIDENDS for 1958 31¼ per cent. covered 1.6 times.

OUTPUT.—21,353,700 lbs. rubber, or 12 lbs. per £1 of issued capital. 9,267 tons Palm Oil and Kernels, or 11 lbs. per £1 issued capital.

PROSPECTS.—Prices to date are better than last year.

MALAYA.—Peaceful. Prosperous. Progressive.

Full illustrated Report and Accounts of Highlands & Lowlands Para Rubber Company, Limited, may be obtained from the Secretaries,

THOMAS BARLOW & BRO., Plantation House, London, E.C.3

BANQUE D'ETAT DU MAROC

59, QUAI D'ORSAY, PARIS 7

BALANCE SHEET AT DECEMBER 31, 1958

Assets	Fr.	Liabilities	Fr.
Gold Reserves	9,859,936,283	Capital	46,200,000
Liquid Assets	3,215,158,686	Statutory Reserve	11,550,000
French Treasury Bills	13,446,808,508	Supplementary Reserve.....	1,500,000,000
Investments (Securities)	841,571,308	Bank Notes in Circulation	80,638,135,290
Bills Receivable including Bills Discounted....	22,630,576,679	Bank Notes Peseta (Hassani Issue).....	67,716
Foreign Currencies	1,326,686,963	Bills Payable	148,973,668
Balance with Correspondents outside Morocco	3,180,837,411	Deposit and Current Accounts	12,876,445,319
Balance with Correspondents inside Morocco	362,816,070	Sundry Accounts.....	7,527,153,215
Bills for Collection	1,724,574,329	Collection Accounts	1,724,574,329
Loans and Advances	12,214,973,801	French Treasury (Compte d'opérations—"bis")	1,998,062,093
Sundry Accounts.....	6,245,921,339	Moroccan Government Treasury Accounts...	19,741,362,908
Current Account of the Treasury	37,990,539,917	Pension Schemes	2,583,666,111
Moroccan Government (Ex South Zone).....	15,000,000	Sundries	4,115,880,376
Treasury Bonds	10,043,906,000	Profits brought forward from 1958.....	9,312,272
Advances according to the Convention of June 30, 1947	6,653,400,000		
Premises	113,296,487		
Pension Schemes	2,196,310,429		
Sundries	859,069,087		
Total	132,921,383,297	Total	132,921,383,297

COZENS & SUTCLIFFE (HOLDINGS)

(Constructional Engineers)

BOARD'S PROGRESSIVE POLICY

The annual general meeting of Cozens & Sutcliffe (Holdings) Ltd. was held on August 28th in London, Mr H. V. Cozens, MInstBE, the chairman, presiding.

The following is an extract from his circulated statement:

The Accounts before you reflect the acquisition by your Company of the 75 per cent interest in the share capital of Messrs A. S. Duran & Co. Ltd. on September 22, 1958. Members will be well aware of the acquisition, details of which were circulated at that time, but I should like to remand you of my considered opinion that the profits of this Company would not be less than £18,000 for the ensuing year. For this year's Accounts we have had the benefit of just over nine months' trading, but this has been eminently satisfactory. I have no reason to revise my opinion either for the current year or for the future.

Consolidated profits for the year amount to £105,350 out of which £46,765 has been set aside to provide for Income Tax and Profits Tax. With the balance of profits brought forward from previous years there is a disposable surplus of £200,844, which is more than sufficient to maintain our usual distribution of 30 per cent for the year.

I am continuing negotiations with a view to extending and diversifying your Company's activities and have at present under consideration the acquisition of a Group whose activities are allied to those of Messrs Cozens & Sutcliffe Ltd. Matters have not yet come to a head and it is too early for me to say whether the contract will be completed by an exchange of shares, a rights issue, or even for cash. Nevertheless, whatever the outcome, I am sure shareholders have every confidence that I shall not lose sight of their interests and that the matter will be concluded to our mutual benefit.

Your Principal Subsidiaries' order book continues to reflect a satisfactory trading level, and with Plant and Equipment maintained at their usual high level of efficiency I have no reason to doubt that the coming year will attain yet higher trading profits.

The report and accounts were unanimously adopted.

GEGR. 1869

BAYERISCHE VEREINSBANK

MUNICH **NUREMBERG**

Condensed Statement of Condition June 30, 1959

ASSETS	in 1000 DM		LIABILITIES	in 1000 DM
Cash	20.823		Deposits	1.177.172
Balances at Deutsche Bundesbank	87.023		thereof	
Balances on Postal Cheque Account	2.959		a) Sight Deposits	438.277
Balances at Credit Institutions (Nostro-Balances)	167.073		b) Time Deposits	373.311
Matured Bonds, Interest and Dividend Coupons	730		c) Saving Deposits	365.584
Uncleared Cheques on other Banks	5.556		Monies Borrowed at Short Term	1.686
Bills of Exchange	206.869		Own Acceptances and Promissory Notes	1.264
Treasury Bills and Non-Interest-Bearing Treasury Bonds of the German Federal Government and the Lands	32.073		Monies Borrowed at Medium Term	1.685
Securities	133.361		Loans taken at Long Term by the Banking Department	83.540
Own Mortgage Bonds and Municipal Bonds	4.622		Loans taken at Long Term by the Mortgage Department	70.111
Equalisation Claims and Covering Claims on the Public Authorities	115.545		Bonds issued outstanding in the Market (Mortgage and Municipal Bonds)	890.102
Holdings in Syndicates	33.350		Loans on a Trust Basis at Third Party Risk	12.313
Debtors	429.085		Capital	50.000
Long-Term Lendings of the Banking Department	155.730		Reserves	33.000
Long-Term Lendings of the Mortgage Department (against Mortgages on Real Estate and to Municipalities)	877.215		Pensions Reserve	23.590
Loans on a Trust Basis at Third Party Risk	12.313		Other Reserves for Special Purposes	29.389
Participations	36.103		Other Liabilities	47.244
Bank Premises	18.677			
Other Real Estate and Buildings taken in the course of Mortgage Business	1.159			
Office Furniture and Equipment	—			
Own Shares	—			
Other Assets	31.014			
	2.421.516			2.421.516
			Own Drawings in Circulation	—
			Liabilities arising from Guarantees, including Guarantees of Bills and Cheques, and from Indemnity Agreements	90.762
			Endorsement Liabilities on Bills of Exchange in Circulation	908

Board of Management: Wilhelm tom Dieck, Munich; Albin Harttig, Munich; Jürgen von Köller, Munich; Dr. Werner Premauer, Munich; Dr. German Schweiger, Nuremberg; Dr. Franz Steffan, Munich; Dr. Werner Teichmann, Munich; Dr. Hans Christoph Freiherr von Tucher, Munich; Elmar Warning, Munich.
Board of Directors: Dr. Ludwig Mellinger, Munich, Chairman; Dr.-Ing. E. h. Karl Butzengeiger, Kommerzienrat, Munich, Vice-Chairman.

CARTER & CO., LTD.

(Manufacturers of Tiles, Mosaic, Faience and Poole Pottery; Tiling and Terrazzo Contractors)

TURNOVER MAINTAINED

The fifty-first annual general meeting of Carter & Co., Ltd., was held on August 27th in London, Mr C. Cyril Carter, chairman, presiding.

The following is an extract from his circulated statement for the year to March 28, 1959:

In spite of my hesitation to forecast the future at this time last year, the turnover of the Group has in fact been maintained during the year under review. Prices in the contracting field have been still more competitive and the effect of this, together with the incidence of certain unavoidable increases in operating costs, has resulted in the Group trading profit not being as high as last year. However, the effect of tax easements has meant that the net Group profit is virtually unchanged and the total picture is not discouraging.

TILE SALES HIGHER

Carter Tiles Ltd., may be said to be firmly established as a viable unit. Tile sales were higher than in the previous year and the export trade in tiles has been slightly increased, in spite of considerable periods of import restrictions in our best markets.

In our pottery business total sales have also been increased although the export markets have been more difficult. A recent tour by the Managing Director of that company to Australia, New Zealand and the Middle East has produced encouraging results, and he will shortly be making further extensive visits overseas.

For the contracting companies the outlook may be said to be brighter in that during the last three months enquiries have been maturing into orders at a satisfactory rate.

I referred last year to the need for a new firing unit at our floor tile factory at Poole. By the end of this financial year, a new kiln will be in operation. I also referred to the closure of the Stoke-on-Trent factory and to our consideration of alternative products for its profitable employment. After close examination of various possibilities we came to the conclusion that it would be in the company's best interests to sell the factory and its equipment. An offer was made in May of this year and the sale has now been effected.

THE OUTLOOK

If I say that I hesitate to speculate on or forecast our future prospects I appear to lack confidence. Nothing could be further from the truth. We have increased our output and our productivity on our tile factories and can increase them still further but in that field we are inevitably dependent on the activity of the building trade, in which there is a general atmosphere of optimism. We are very conscious of the need to develop new products within the limits of our material and equipment. Our technical development team are always working with that in mind. That goes, too, for the design unit, which works closely with them.

Poole Pottery is well established in the fine earthenware world but, there again, constant attention is being devoted to broadening the basis of the product. In both cases the equipment and the personnel are there so that I am confident of our ability to maintain and improve our position.

The report and accounts were adopted.

BRITISH MATCH CORPORATION

A Year of Growth

RESULTS For the year to March 1959 the group profit before taxation was £2,765,300, the highest ever (last year £2,329,656). Of this 85% came from matches, both at home and overseas; the rest from other activities, including some which are new, such as the expanding Airscrew Co. & Jicwood Ltd. which, like Bryant & May, is now wholly owned by British Match.

BALANCE SHEET Group fixed assets have nearly all been revalued at their current worth and the total assets are now £26,291,112. Issued ordinary capital was increased in June to £9,942,108.

THE MATCH INDUSTRY Sales of Swan Vestas and special lines, such as *Harlequin* and *Souvenir* matches, again reached new heights. In total the group's British matches kept up well against fierce competition from abroad.

Bryant & May's £1¼ million modernisation programme has passed the half-way mark. There has been a real advance in manufacturing efficiency but much of the benefit has been whittled away by increased costs of materials and services.

In the Commonwealth and South America group companies have again prospered; their sales total nearly three times the home figures.

GROUP CHANGES The 50% interest in the Chambon group has been sold by friendly agreement. Bryant & May has acquired Setright Registers Ltd. (ticket machines, totalisators, etc.) and has also bought more than 75% of the capital of H. W. Chapman Ltd., boxmakers, of Wellingborough. Another recent acquisition is L. N. Mills & Co. Ltd. (wire brushes, filters and curtain rodding and pot scourers), whose sales will be linked with those of the Stephenson group (steel wool and scourers). Outside matches, the group's main interests are in timber utilisation and packaging.

Copies of the accounts and statement, and of a booklet "Man Improves on Nature" describing the Airscrew Co.'s products, from British Match Corporation Ltd., Fairfield Road, London, E.3.

AB GÖTAVERKEN

(Shipbuilders and engineers)

GOTHENBURG, SWEDEN

WORK STARTED ON NEW LINE PRODUCTION YARD FOR 100,000 TON TANKERS

The fifty-third General Annual Meeting of AB Götaverken was held in Gothenburg on May 19th, Mr A. Gabrielsson, Chairman, presiding. The following is an extract from the report circulated with the accounts:

Although no new orders were signed during the year orders at the end of 1958 amounted to 933,900 dwt; in addition there were orders on hand for ships' repairs, diesel engines, turbo-compressors, and high-pressure steam boilers. During the year deliveries were effected to the sum of Kr.457 million (£31 million).

PRODUCTION

Eleven merchant ships with a combined tonnage of 234,480 dwt and two naval destroyers of altogether 4,700 tons were delivered during the year, viz:

Six motor tankers of 17,300, 19,200, 19,250, 33,700, 34,150, and 40,120 dwt, respectively.

One turbine tanker of 20,420 dwt;

One bulk carrying motor freighter of 14,070 dwt;

Three cargo motor ships of 10,500, 12,440, and 13,330 dwt, respectively.

Two naval destroyers of 2,050 and 2,650 tons, respectively.

Nine merchant vessels of altogether 197,690 dwt were launched during the year.

GÖTAVERKEN DIESEL ENGINES

Main machinery from the engine shop consisted of 24 diesel engines with a combined rating of 218,300 hp. Eleven of these engines were delivered to other yards in Sweden, Spain, and Italy. Total value of diesel engines delivered during the year amounted to Kr.56.6 million (£4 million).

The number of licence builders of diesel engines of Götaverken's design increased by three during the year, viz. Kieler Howaldtswerke A.G., North Eastern Marine Engineering Limited, and Nederlandsche Dok en Scheepsbouw Mij V.O.F. Nine domestic and foreign firms now build Götaverken engines under licence.

WORK STARTED ON 100,000 TON YARD

Work has begun on a new yard capable of building ships of about 100,000 tons. The cost of the yard is estimated at Kr.150 million (£10 million). It will be ready for production by the end of 1962.

The New Arendal yard is planned on new principles. It will be the first shipyard in the world entirely arranged for line production. Sections of a ship weighing up to 250 tons will be erected under roof and added to each other in a graving dock extending into the erecting shed. The bottom of the dock is provided with a conveyor belt incorporating steel rollers, and as a number of hull sections have been completed and joined the hull, stern first, is conveyed along the dock into the open. Main and auxiliary machinery, fittings, joinery, etc. are installed simultaneously with the erection of the hull, so that the entire ship is completed by the time the bow leaves the erection shed.

As the ship moves down on the conveyor belt in the dock, the stern section of another vessel can be assembled in the space freed by the first ship. When finished the completed ship is launched simply by flooding the graving dock and towing it out through the open gates.

RESULTS

The company's net profits for 1958 amount to Kr.15,037,500 : (£1,037,068) which added to Kr.7,757,829: (£535,022) makes a total of Kr.22,795,329 : (£1,572,090) for appropriation as follows :

	Kr.
New share capital	11,000,000
Reserve	1,600,000
Dividend of Kr.8 : per share ...	3,520,000
Balance carried forward	6,675,329
	22,795,329

GROUP ACTIVITIES

The following are wholly owned subsidiaries of the company:

Öresundsvarvet
AB Göteborgs Skeppsdocker
Rederi AB Zenit
Götaverken Fönster AB.

From Öresundsvarvet were delivered two motor tankers of 18,850 and 29,250 dwt, respectively, and four motor cargo ships of 4,025, 9,330, 9,740 and 15,015 dwt respectively, or all told 86,210 dwt. Total turnover of the yard was Kr.113.6 million and net earnings Kr.1.5 million.

The report and accounts were adopted.

DONALDSON TEXTILES

INCREASED NET PROFIT

The thirteenth annual general meeting of Donaldson Textiles Limited was held on August 27th in London, Mr Alasdair Donaldson (the chairman) presiding. The following is an extract from his circulated Statement:

The Consolidated Trading Profit amounted to £428,507 compared with £441,990 in the previous period. The net profit for the period is £197,291 against £167,256 in 1957-58.

Trading conditions for the Wool Textile Industry continued to be difficult during the period under review. Once again we saw a heavy fall in wool prices which necessitated some adjustment to stock values at March 28, 1959, and although the write-downs were not as substantial as the previous year, your Directors are perturbed at these continuous fluctuations in wool prices.

Against a background of lower selling prices and recession in general trading throughout the world, it is significant that the Group's turnover has been maintained at almost the same level as last year, but lower prices must be accompanied by increased production and sales otherwise we shall not be in a position to maintain our earnings at their present level.

Export trading continues to be a serious challenge. Although during the period we lost at least temporarily in New Zealand another important market for our products through import restrictions, I am pleased to report that our export sales have been maintained at the same level as last year.

PROGRESS AND FUTURE

Your Directors continue to review the productivity of your Group and in this connection it was decided during the year to embark on a policy of centralisation of the main manufacturing unit of the Group by building an extension to our Lornshill Factory in Alloa. The entire Alloa production will be concentrated at Lornshill by August of this year. This move will enable us to streamline production, introduce improved methods with a view to increased productivity and ultimate reduction in costs. In addition, we shall be able to develop complementary lines to our regular knitwear products which we have wanted to market for a number of years, but have been prohibited from so doing, due to limitations of space.

Also during the year we completed the first stage of the re-equipment of our Spinning Mill at Halifax. It is anticipated that the last part of this modernisation plan will be completed during the current financial year.

We have accepted the heavy capital expenditure involved in these projects because of our strong belief that further expansions at home and particularly overseas will largely depend on our capacity to meet increasingly severe competition from foreign competitors. We must be able to take full advantage of trading possibilities wherever they may arise through having the most modern factories, up-to-date machinery and improved methods of production.

It is always dangerous to attempt to forecast the future in the Textile Industry. I will therefore confine my remarks in this direction to the simple facts that the general "climate" of trading conditions appear to be more favourable than at this time last year and that we have had the benefit of more stability in wool prices during the last few months.

The report and accounts were adopted and a final dividend of 17½ per cent on the "A" and "B" Ordinary Shares, less tax, making 25 per cent for the year, was approved.

THE GLOBE TELEGRAPH AND TRUST COMPANY

PREVIOUS EARNINGS RECORD SURPASSED

The eighty-sixth annual general meeting of The Globe Telegraph and Trust Company Limited was held on August 28th in London.

Sir Edward Wilshaw, KCMG, DL, JP, LLD, FCIS (the chairman), presided and, in the course of his speech, said:

The earnings for the year ended June 30, 1959, after providing for taxation, are £102,268 more than last year. This constitutes another record. We have also passed another milestone in that our earnings, before taxation, now exceed the million mark for the first time. During the past nine years, with one exception, the earnings have increased year by year. In 1951, after taxation, they were £170,485; last year they were £619,748. The annual net distribution to stockowners during the same period has risen from £145,097 to £417,813.

The dividend for the year is 10 per cent, and we have transferred £200,000 to General Reserve. The carry forward is £351,179, which is about £2,000 more than the carry forward for the preceding year. The book value of the investments is £12,368,472, and their value not less than £26,481,844, that is to say £14 million more than the book value. Eight years ago, in 1951, the book value was £8,120,872 and the corresponding value £10,608,343, an appreciation of about £2,500,000 against the present appreciation of £14 million. It must, of course, be remembered in connection with these figures that from time to time the capital has been increased, £2,618,000 of the increase representing cash subscribed by stockowners.

Much has been said in recent times about encouraging the small investor to take an interest in equities, and it was with regret that I learned that there was no worthwhile reduction in the transfer stamp duty announced in the last Budget. I hope this may be rectified in the next. I am still hopeful that in due course the shares of leading companies may be sold "over the counter" by the Joint Stock banks.

THE SMALL SAVER

It is now four and a half years since we split our £1 stock into units of 5s. with a view to widening the market and encouraging the small saver. The effect has been that the number of stockowners has increased from approximately 7,100 to 9,500, and our success has been such that our 5s. units, which were originally quoted at about 10s., now stand in the neighbourhood of 16s. The return, at the present level, is modest, but as you know it is our policy to maintain a 10 per cent dividend and from time to time to make scrip and/or rights issues. The Company has substantial reserves and, it is interesting to note, has a stake in over 500 other companies. What better investment can a small or inexperienced investor have than to spread his capital over such a very wide field? By buying only one 5s. unit for 16s. he knows that in effect he is investing that 16s. in over 500 different undertakings.

I have on previous occasions referred to Unit Trusts and their merits and demerits from the point of view of the small investor. I welcome the Press reports that active steps are being taken to form an Association of Unit Trusts and also that the Board of Trade regulations are in course of revision.

In conclusion, I feel that we can congratulate ourselves upon the progressive success of this Company over the years and I have every confidence that this advance will continue. Our aim is to maintain the dividend of 10 per cent and, in addition, to make either scrip or rights issues, or both, from time to time. You may rest assured that we shall do our utmost to carry out this policy, and I can see no reason why it should not be achieved.

The report and accounts were adopted.

APPOINTMENTS

MARKET RESEARCH OFFICER is required by BEECHAM GROUP LIMITED in its Consumer Research Department. The successful applicant will be responsible for all aspects of the consumer surveys carried out on behalf of Group companies operating in interesting and highly competitive product fields. He will probably be under 30 but will certainly have not less than one full year's experience in market research. An attractive salary is offered and the prospects are excellent. Profit Participation and non-contributory Pension Schemes are in operation.—Applications in writing, giving full details of age, qualifications and experience, and quoting reference MRO 42, to be forwarded to the Personnel Controller, Beecham Group Limited, Beecham House, Great West Road, Brentford, Middlesex.

UNIVERSITY COLLEGE LONDON

A RESEARCH ASSISTANT is required in Department of POLITICAL ECONOMY. Duties to commence as soon as possible. Salary £700, plus £60 London Allowance, per annum.—Applications, to be received by October 1, 1959, should be sent to the Secretary, University College London, Gower Street, W.C.1, from whom further particulars may be obtained.

ANGLO AUTO FINANCE COMPANY LTD. require several District Managers. Only thoroughly experienced men with first-class records who are eager to make advancement should apply. Good salary, commission, pension scheme. —Write personally to the Managing Director, 31 Windsor Place, Cardiff.

RESEARCH DEPARTMENT of Civil Service Staff Association requires assistant. Experience of research work desirable. Should be good at figures and able to handle statistical data. Typing essential. Salary age 23 or over £11 rising to £11 14s. 6d. in two years. Hours 9.30 to 5.30; no Saturdays. Three weeks' annual holiday. This year's holiday arrangements respected. Non-contributory pension scheme. Canteen facilities.—Apply, in writing, to General Secretary, Institution of Professional Civil Servants, 28 Broadway, London, S.W.1

ASSISTANT STATISTICIAN

required by National Coal Board at London Headquarters. Applicants should have a good statistical qualification preferably a degree in economics with statistics as a main subject. Appointment superannuable and salary according to qualifications and experience within £922 — £1,192.—Write to Staff Department (X1532/2 C), N.C.B., Hobart House, London, S.W.1, for application form which should be returned by September 16, 1959.

THE UNIVERSITY OF SOUTHAMPTON

Research Assistant required by the Department of Economics for a research project into British investment in the United States and Canada. Salary £650-£700. Duties to commence October 1, 1959.—Applications (five copies), together with names of three referees, should be sent to the Secretary and Registrar, University of Southampton, by September 26, 1959, from whom further particulars may be obtained.

DIRECTOR OF STUDIES

The British Iron and Steel Federation invite applications for the appointment of Director of Studies at its Management College at Ashorne Hill, Nr. Leamington Spa.

The residential Management Courses have been established for three years and the College is now on a permanent basis.

The Courses, which are for men of high calibre and potentiality both on the Production and Commercial side of the Industry, are designed to develop their appreciation of the technical and managerial problems of the Industry.

The Director of Studies will be responsible to the Principal of the College for the preparation and satisfactory running of the Courses. In this he will be assisted by the tutorial staff.

Applicants should have a sound academic background and preferably some knowledge of current thinking on problems of organisation and management. Experience in research methods is desirable since the successful applicant will have the opportunity to develop lines of research in co-operation with the Universities.

On taking up his appointment, the Director will spend a period visiting works within the Industry.

The salary will be commensurate with the importance of the post and the position will be pensionable.

Applications should be sent to the Secretary, British Iron and Steel Federation, Steel House, Tothill Street, Westminster, London, S.W.1, not later than September 30, 1959.

MAJOR OIL COMPANY requires a male graduate, aged 23-27, to assist in the preparation of economic studies. Candidates must have an Honours degree in Economics or equivalent, and preferably some experience in interpreting and presenting statistics; they should preferably have had one or two years in commerce or industry. A practical outlook and the ability to write clearly and simply are essential. This post will lead to position of wider responsibility within the Company.—Apply, giving full details, to Box 1193.

ECONOMICS GRADUATE under 26 required for Information and Statistics Division to assist in the preparation of reports on various aspects of the Company's business both at home and overseas.—Write EG/1, Personnel Services Division, The Metal Box Company Limited, 37 Baker Street, London, W.1.

BRITISH TRANSPORT COMMISSION requires to fill the following Operational Research posts in the Department of the Traffic Adviser at 20 Euston Square, N.W.1. Candidates should have a degree in mathematics, economics or science, with considerable mathematical background. Qualifications in, and experience of, operational research an advantage. The work entails analysis and interpretation of current transport problems.

Post 1. Scientific Officer—Salary range: £1,045 — £1,150.
Post 2. Scientific Officer—Salary range: £665 — £985.

Superannuation scheme. Certain travel facilities. Medical examination.—Write, quoting post number and stating age, qualifications and experience, to Director of Establishment, British Transport Commission, 222 Marylebone Road, London, N.W.1, not later than September 10, 1959. S.A.E. for acknowledgment.

BRITISH TRANSPORT COMMISSION

Vacancy for graduate (man or woman) in economics and/or statistics with an interest in the problems of inland transport and their repercussions. The post can be filled by a recent graduate. There are good prospects of promotion within the organisation. Salary according to qualifications and experience.

Superannuation scheme; medical examination; certain travel facilities.

Write, giving full details of age, education, qualifications and career, to Director of Establishment, British Transport Commission, 222 Marylebone Road, N.W.1.

For other appointments see page 783

COMPANY AFFAIRS

THE RANK ORGANISATION

IF the profits of the Rank Organisation had failed to recover in the year to June 27th, as Lord Rank predicted they would a year ago, the policies adopted by the directors in the face of falling cinema attendances would indeed have failed. As it is, the advance in trading profits from £4,615,796 to £5,634,989 cannot justify excessive jubilation after a year in which efforts were made to cut down "non-productive expenditure," to cut back film production (which occasioned losses in 1957-58) and to close unprofitable cinemas.

Profits of the exhibiting subsidiaries, Odeon Theatres and Odeon Properties, have risen and the profits of the other big circuit, Gaumont-British, have advanced from £2,037,804 to £2,833,291. How much that is due to the more profitable exhibition of films or to the reorganisation scheme announced in May (which altered the profit-sharing arrangements between the Rank circuits) is not revealed in the preliminary statement. The venture into commercial television through Southern TV will begin to make its contribution to earnings only in the current financial year.

Having been cut from 12½ to 5 per cent in 1957-58, the ordinary dividend of the Rank Organisation has been set for 1958-59 at 10 per cent. It is not fully covered by earnings; nor is the Gaumont-British dividend of 12½ per cent (against 7½ per cent). Part of the dividend is, in effect, found from tax provisions no longer required and from non-trading profits. Net profits from trading are small because the Rank Organisation is still setting aside over £2 million for depreciation and because the share of minority interests in trading and non-trading profits has risen from £806,972 to £1,354,780. Shareholders should be told whether this increase in minority interests arises from the reorganisation scheme or from other factors. The arithmetic of earnings does not justify the yield of 3.9 per cent offered by the 5s. shares of the Rank Organisation at 12s. 10½d.

CITY AND CENTRAL INVESTMENTS

THROUGH City and Central Investments, the new title of Prince of Wales (Properties), Mr Charles Clore has been very active in building and developing properties in London. Theatres form only a small part of the undertaking, whose interests are almost entirely concentrated upon office and multiple shop blocks in the London area. Many of the buildings, including those in Southwark Street, in Kingsway, in Portland Place and in St James's Square will not be ready for letting before 1960, while Villiers House in the Strand has only just been completed. A first mortgage debenture of £10 million from Legal and General Assurance will help to finance the completion of these buildings. The directors do not anticipate any difficulty in letting the properties now being built and on the assumption that they are indeed fully let the company's rent roll should grow, on estimates made by Messrs Healey and Baker, from £350,000 in the year to June 30, 1960, to £1,200,000 in 1960-61, and to £1,338,000 in 1961-62. Negotiations are also already in hand for the acquisition of other properties.

Eight million 5s. ordinary shares in the company are at present owned by one of Mr Clore's holding companies. Through Philip Hill, Higginson and Company, 1,500,000 of these are now being offered to the public at 25s. each. The dividend for 1959-60 will be only 10 per cent, so that the shares are being offered on an initial yield of 2 per cent. But the dividend is to be raised to 25 per cent in 1960-61, giving a prospective yield of 5 per cent. Property shares have been popular in the last few months, and though some of the speculative froth has been blown away, this new flotation, coupled with the name of Mr Clore, will find plenty of supporters.

ROYAL DUTCH/SHELL

THE stock market took the half-yearly statement of earnings from Royal Dutch/Shell in its stride and "Shell" Transport ordinary has remained around 150s., to give a yield of just over 4 per cent. Because of the adjustments in Venezuelan tax, the latest figures can be compared only with those in the first two quarters of 1958, when profits from oil were on the ebb; they cannot be compared with those of the second half of last year, when profits were showing some signs of recovery. Another slight improvement in margins, both gross and net, is, however, apparent in the second quarter of the year. Certainly, the net margin of 10.2 per cent is better than the 8.1 per cent recorded in the first quarter of this year and 8.0 per cent in the second quarter of 1958. The proportionate weight of tax is less, but the margins before tax are better, too—18.9 per cent, compared with 18.1 per cent in the preceding quarter and 16.0 per cent in the second quarter of last year.

SALES AND INCOME
(£ million)

	1958 Quarter I	1958 Quarter II	1959 Quarter I	1959 Quarter II
Sales:—				
Including duties	565·3	579·9	591·8	601·9
Excluding duties	437·9	431·0	458·3	445·1
Net income	36·8	34·6	37·1	45·6
Net income/Net sales	*8·4%*	*8·0%*	*8·1%*	*10·2%*

Tight control has been maintained on operating costs while sales have been rising. Prices have played little or no part in bringing about this improvement in profits, for though sales have risen there is still a surplus of oil. In the first half of this year Royal Dutch/Shell was selling 2,417,000 barrels of crude oil and oil products daily (compared with 2,251,000 barrels in the first half of 1958). Net of sales taxes and excise duties, its sales brought in £903 million (compared with £868 million), but, even with this growth in sales, operating costs went up by only £3 million to £653½ million. Gulf's figures are even more striking: in the first half of this year sales, net of sales taxes, were $1,343½ million, against $1,302 million; but operating costs fell, from $453 million to $435 million, and net income improved sharply from $115¾ million to $141¾ million. It is not simply a 7 per cent growth of sales that will bring better oil profits this year.

HOUSE OF FRASER

IT is too early to expect Mr Hugh Fraser to explain how he will make Harrods pay for the price he has paid. Not surprisingly at this week's meeting of the House of Fraser to authorise the creation of 12 million new 5s. ordinary shares he did little more than express assurance about the deal. He estimated that the House of Fraser's holding of the Harrods equity will soon pass the 90 per cent mark. As the House of Fraser had already bought a slice of the Harrods equity from United Drapery Stores and from other shareholders through the market, satisfaction of the terms of the bid will require, apparently, the issue of less than nine million of the new shares.

The directors are not contemplating any further issue of the ordinary shares, either for cash or in connection with the acquisition of any other undertaking. This suggests that for the present Mr Fraser does not intend to raise the cash portion of the Harrods payment by a capital issue; but it will absorb the House of Fraser's own liquid resources—and more. The obvious way out would be property deals on the lines used by Mr Fraser in the past. Shareholders in the House of Fraser would certainly find any further dilution of the equity hard to take and they will welcome Mr Fraser's assurance that the coming dividend will be substantially covered. But they will not delude themselves in thinking that a property deal, though it releases capital, has no impact on earnings.

HANDLEY PAGE

HANDLEY PAGE appears to be in danger of losing on its Dart Herald airliner what it is gaining on its crescent-winged Victor bombers. The chairman, Sir Frederick Handley Page, says in his annual report that the Victor B.1 is "the showpiece of Britain's power in the air." Its contribution to earnings, however, has been affected by delays in production and delivery caused, Sir Frederick says, by changes

Company Affairs *continued on page 776*
London and New York Stocks *on next two pages.*

LONDON AND NEW

Prices, 1959 High	Prices, 1959 Low	BRITISH FUNDS AND GUARANTEED STOCKS	Price, Aug. 26, 1959	Price Sept. 2, 1959	Net Yield, Sept. 2, 1959 §	Gross Yield, Sept. 2, 1959
			£ s. d.	£ s. d.		£ s. d.
100 31/32	99 29/32	War Loan 3% 1955-59	99-18-10	99-19-0	...	3 7 5
—	—	War Loan 3½ Assented Conv. 4½%	99¾	99¾	4 13 4	4 10 4
—	—	War Loan 3½ Assented Treas'y 5½%	99⅛	98¾	4 3 2	5 2 10
97¾	96 11/16	Funding 2½% 1956-61	97 13/32	97¼	3 0 11	4 5 7
96¼	92 11/32	Exchequer 2½% 1960	97 5/32	99 11/32	2 11 11	3 9 3
100 3/16	99 1/4	Exchequer 3½% 1960	99 27/32	99 29/32	2 0 7	3 4 0
101 11/32	100	Conversion 4½% 1962	100 7/16	100 1/8	2 13 2	4 8 9
96 3/32	94 7/16	Exchequer 3½% 1962-63	95 3/4	95 11/16	2 19 7	4 4 11
93 5/32	91 3/8	Exchequer 2½% 1963-64	92 17/32	92 15/32	3 4 0	4 5 8
101 3/4	100 1/2	Conversion 4½% 1963	100 31/32	100 1/2	2 13 1	4 12 0
100 7/16	99 1/8	Conversion 4½% 1964	99 11/32	99 13/32	2 13 11	4 11 2
92 15/16	90 1/8	Savings Bonds 3% 1955-65	90 5/8	90 1/4	3 14 5	4 19 4
85 13/16	83 1/4	*Funding* 3% 1959-69	84 1/8	84 3/8	3 17 10	5 4 11
93 1/16	90 7/16	*Funding* 4% 1960-90	91 1/4	91 1/8	4 12 7	4 12 7
83 7/16	80 7/8	Savings Bonds 3% 1960-70	81 3/8*	81 1/2	3 18 7	5 4 9
86	83 1/8	Savings Bonds 2½% 1964-67	84 1/2	84 1/4	4 0 5	5 3 0
77 3/16	75 1/16	Savings Bonds 3½% 1965-75	76 1/4	75 3/4	3 18 0	5 5 8
105 11/16	102 1/2	Exchequer 5½% 1966	102 3/4*	102 5/8*	2 18 2	4 19 11
86 3/8	83 1/4	Funding 3% 1966-69	84 7/8	84 3/8	3 19 2	5 5 11
93 1/8	95 3/16	Victory 4% 1920-76	95 3/8*	95 1/4	3 1 1	4 13 3
89 13/16	87 5/8	Conversion 3½% 1969	88*	87 7/8	3 13 5	5 2 8
101 7/16	98 3/8	Conversion 5½% 1974	101 1/8	100 7/8	3 4 0	5 5 6
79 3/4	76 1/8	Treasury 3½% 1977-80	78¾	78¼	3 13 8	5 6 01
79 1/8	76 13/16	Treasury 3½% 1979-81	77 5/8	77 1/8	3 14 2	5 6 3
104 1/2	101 1/8	Funding 5½% 1982-84	103½	103 3/8	3 3 11	5 6 1
68 1/4	65	Redemption 3% 1986-96	65¾*	65*	3 10 8	5 1 11
93 1/8	97 7/8	Treasury 5% 1986-89	97 1/8	97 3/4	3 3 10	5 3 5
74 1/16	71 1/4	*Funding* 3½% 1999-2004	71 7/8	71 3/8	3 8 2	5 3 6
75 3/4	73 1/16	Consols 4% ..... after Feb. 1957	73 3/8	73 1/8	3 7 3	5 10 0
68 3/16	64 13/16	War Loan 3½% ..... after 1952	65 5/16	65¼	3 6 3	5 8 10
68 11/16	64 3/16	Conv. 3½% ..... after Apr. 1961	64 9/16*	64 1/4*	3 6 7	5 8 6
60	56	Treasury 3% ..... after Apr. 1966	57¾	56*	3 5 5	5 6 8
53 1/8	50 1/2	Consols 2½%	52 1/2	51 5/8*	2 19 2	4 16 5
51 1/8	47 1/4	Treasury 2½% ..... after Apr. 1975	49¼*	47 7/8*	3 3 10	5 4 0
95 7/16	94	British Electric 4½% 1967-69	95⅛	95	3 7 3	5 3 9
80 3/4	77 1/4	British Electric 3½% 1968-73	78¼*	77 5/8*	3 18 11	5 5 7
76 1/8	74 1/8	British Electric 3% 1974-77	75¼*	74 7/8*	3 16 3	5 3 10
90 15/16	87 5/8	British Electric 4½% 1974-79	89 1/2*	88*	3 8 6	5 4 0
80 3/8	77 3/16	British Electric 3½% 1976-79	79⅞	79½	3 12 7	5 4 10
90 7/16	87 1/8	British Gas 4% 1969-72	88⅞	88⅝	3 11 5	5 5 1
87 3/4	84 1/2	British Gas 3½% 1969-71	85¼*	85⅛*	3 12 5	5 5 0
69 7/16	66 1/4	British Gas 3% 1990-95	66¾	66¾	3 10 2	5 1 11
80 3/16	77 1/4	British Transport 3% 1968-73	78¼*	77 5/8*	3 18 11	5 5 7
87 3/16	84	British Transport 4½% 1972-77	86¼	86½	3 10 3	5 5 0
69 3/16	66 1/4	British Transport 3% 1978-88	67⅜	66⅞	3 14 11	5 5 9

Prices, 1959 High	Prices, 1959 Low	FIXED INTEREST STOCKS	Price, Aug. 26, 1959	Price, Sept. 2, 1959	Yield, Sept. 2, 1959
					£ s. d.
		DOMINION AND COLONIAL			
102 1/16	99 1/2	Australia 4½% 1950-62	99 1/8*	99 1/2	4 9 0
107 1/8	103 3/4	Australia 6% 1974-76	107	106 3/4	5 10 0
77	73 1/4	Ceylon 4% 1973-75	73*	73 1/4	6 15 0
103 1/2	99 1/2	Jamaica 6% 1977-82	102	102	5 16 3
107 5/8	104 1/4	New Zealand 6% 1976-80	104 3/8	104 1/2	5 11 0
101 7/8	93	Rhodesia and Nyasaland 6% 1976-79	93¼	93¼	6 12 0
74 1/4	69 1/2	Southern Rhodesia 2½% 1965-70	72¾	72*	5 19 0
		CORPORATION AND PUBLIC BOARDS			
103 1/2	100 7/16	Agricultural Mortgage 5½% 1980-85	102 1/2	102	5 7 6
104 3/4	102 1/4	Birmingham 5¾% 1974-76	103	103	5 11 0
94 1/2	92 1/8	Bristol 3% 1958-63	93 1/2	93 1/2	5 1 0
93 1/2	94 1/2	Glasgow 4¾% 1966-68	93 1/2	98 1/2	5 2 0
101 5/8	99 1/4	Corporation of London 5¼% 1976-79	102 1/2	101 1/2	5 4 0
57	53 3/4	L.C.C. 3% ..... after 1920	54	53 1/2	5 12 0
64 1/2	62	Metropolitan Water Board 'B' 3% .. 1934-2003	61¾	61	5 5 0
		FOREIGN BONDS			
113	101 1/4	German 7% 1924 (British Enfaced 5%)	113	112 1/4	...
197	177	German 5½% 1930 (Enfaced 4½%)	197	176	...
43	23 1/4	Greek 7% Refugee 1924	37 1/2	39	Nil
163 1/4	161 1/4	Japan 5% (Enfaced) 1907	165½	163¾	...
113 3/4	113 3/4	Japan 6½ (Enfaced) 1924	113¾	113¾	...
59	55	Uruguay 3½% Bonds (Assented)	57	57	...

NEW YORK CLOSING PRICES

	Aug. 26 $	Sept. 2 $		Aug. 26 $	Sept. 2 $		Aug. 26 $	Sept. 2 $
Ash. Topeka.....	28½	28¼	Boeing	32⅜	31⅝	Inter. Nickel....	100⅝	93
Can. Pacific	27⅝	27⅝	Celanese	30⅜	30⅛	Inter. Paper.....	132	130
Pennsylvania	17¼	16⅞	Chrysler	66⅞	67⅜	Kennecott.....	102	100⅜
Union Pacific.....	33⅜	32½	Col. Palmolive ...	38¾	39¾	Monsanto	51⅝	52⅜
Amer. Electric...	49¾	49⅜	Crown Zeller...	57	57⅛	Nat. Distillers ...	30	30½
Am. Tel. & Tel...	179⅜	179⅜	Distillers Seag....	34½	33¾	Pan-American....	24⅛	24½
Cons. Edison	63⅛	62½	Douglas	44⅞	44¾	Procter Gamble..	88½	87
Int. Tel. & Tel....	33⅜	32¾	Du Pont.....	268¼	265	Radio Corpn....	62	61⅝
Standard Gas.....	4¾	4⅞	East. Kodak.....	91⅞	90¾	Sears Roebuck ..	47¾	47¾
United Corpn....	8½	8½	Ford Motor.....	79⅜	84½	Shell Oil	82¾	82½
Western Union..	39½	38⅜	Gen. Electric.....	81⅜	80⅝	Socony-Mobil	44	44
Alcoa	110½	109¾	General Foods	96½	97½	Stand. Oil Ind. ..	46½	46¾
Aluminium.....	34⅞	33½	General Motors .	55	56¾	Stand. Oil N.J.	51¼	50⅝
Amer. Can.	44½	43⅞	Goodyear	131	131½	20th Cent. Fox..	37	34⅛
Am. Smelting....	44½	43	Gulf Oil.....	111½	110	Union Carbide..	141½	140⅛
Am. Viscose	46⅛	49¼	Heinz.....	80½	84	U.S. Steel	104⅝	105⅞
Anaconda	65⅜	66¾	Int. Bus. Mach....	425	414	West. Electric...	88½	91¼
Beth. Steel	57¼	57⅜	Int. Harvester....	54	52½	Woolworth	57⅞	60

* Ex dividend. † Tax free. ‡ Assumed average life 9 years. § Less tax at 7s. 9d. in £. ‖ Ex capitalisation. ¶ Ex rights. ‡‡ Ex all. *(a) Interim dividend. (b)* Final dividend. *(c)* Year's dividend. *(d)* Capital distribution 1s. 6d. per share. *(e)* To earliest date. *(f)* Flat yield. *(g)* Equivalent to 7·2 sterling. *(h)* After Rhodesian tax. *(i)* To latest date. *(p)* Assented stock.

YORK STOCKS

Prices, 1959 High	Prices, 1959 Low	Last Two Dividends (a) (b) (c)		ORDINARY STOCKS	Price, Aug. 26, 1959	Price, Sept. 2, 1959	Yield, Sept. 2 1959
		%	%	**BANKING**			
55/-	44/6 3/4	5 b	5 a	Barclays £1	50/6‖	54/-‖	3·70
53/1 1/2	40/3	10 c	5 a	Lloyds £1	50/7 1/2	53/1 1/2	3·76
72/6	60/1 1/2	13 1/4 c	7 1/2 a	Midland £1	69/-	70/-	4·29**
72/3	54/-	10 c	5 a	National Provincial £1	68/6	72/-	3·33**
50/6	37/9	10 c	5 a	Westminster 'B' £1	46/9	50/3	3·98
69/-	54/3	9 1/2 b	8 1/2 a	District..... £1	62/6	64/3	4·36**
25/6	17/-	16 c	8 a	Martins..... 5/-	22/1 1/2	22/10 1/2	3·50
54/6	31/7 1/2	5 a	7 1/2 b	Co. Bk. of Scotland 'A' 10/-	52/9	54/4 1/2	2·30
84/9	67/6	9 b	8 a	Royal Bank of Scotland..... £1	81/3	81/3	4·18
44/-	37/9	5 b	4 a	Barclays D.C.O. £1	41/6	42/9	4·21
50/6	43/9	7 1/2 a	7 1/2 b	Chartered Bank £1	48/6	49/3	6·09
34 1/8	£27 7/8	$2·10c	$2·25c	Royal Bank of Canada $10	£31 9/16	£33 1/4	2·65
£23 1/2	£18 7/16	$1·60c	$1·65c	Bank of Montreal $10	£21 9/16	£22 7/16	2·88
40 3/4	30 1/2	9 c	9 c	Bank of New South Wales . £20	40 1/4	40 3/4	3·53g
39/9	32/3	6 b	4 a	Bank of London & S. Amer.. £1	39/9	39/3*	5·10
				FINANCIAL			
36/-	28/4 1/2	5 b	2 1/2 a	Alexanders £1	33/9	33/9	4·44
47/3	41/3	7 b	6 1/4 a	National Discount 'B' £1	44/9¶	46/6	5·38°°
59/6	49/-	6 1/4 b	6 1/4 a	Union Discount £1	52/3	53/9	4·65
52/6	40/9	18 1/2 a	21 3/8 b	Commercial Union 5/-	48/1 1/2	48/7 1/2	4·11
170/-	127/6	12 1/2 a	15 b	Employers Liability £1	162/6	163/9	3·36
207/6	160/-	†32·35c	†41·17c	Equity & Law 8/6	188/9	188/9	3·03
300/-	192/6	40 a	60 b	Legal & General..... 5/-	276/3	276/3	1·81
132/6	129/6	10 a	20 b	Pearl..... 5/-	127/3	125/3*	4·57
270/-	210/-	†14·71c	†16·21c	Prudential 'A' 4/-	260/-	255/-	4·17
86/-	59/11 1/2	10 b	8 a	Royal Exchange £1	83/9	84/6	3·79°°
36/9	16/2 1/4	8 3/4 b	7 1/2 a	Bowmaker..... 5/-	33/11 1/2	35/4 1/2	2·30
39/9	18/7 1/2	7 1/2 a	8 1/2 b	Lombard Banking..... 5/-	37/6	39/6	2·15**
186/-	113/6	4 a	21 b	U.D.T. £1	175/6	184/-	2·72
41/9	34/9	10 a	25 b	B.E.T. 'A' Defd. 5/-	39/-	38/6	4·55
16/4 1/2	12/6	10 c	10 c	Cable & Wireless 5/-	16/-	16/4 1/2	3·05
23/9	19/3	2 a	4 1/2 b	Land Securities..... 10/-	22/-	23/9	2·74
22/-	14/7 1/2	4 1/6 a	4 1/6 b	London & County 10/-	20/6	20/6	4·06
				FOOD, DRINK AND TOBACCO			
36/7 1/2	22/6	15 c	18 c	Allied Bakeries 'A'..... 5/-	32/10 1/2*	32/7 1/2	2·76
39/6	23/4 1/2	14 a	10 b	Beecham Group £1	38/9	38/6	3·12
12/11 1/4	10/6	2 1/2 a	7 1/2 b	International Tea 5/-	11/6	11/6	4·35
91/-	69/-	5 a	9 1/6 b	J. Lyons 'A' £1	75/6	76/9	3·69
22/-	18/10 1/2	5 b	5 a	Ranks 10/-	21/-	21/-	4·76
27/6	18/11 1/2	12 1/2 b	5 a	Schweppes..... 5/-	25/9*	25/9	3·40
51/-	42/-	7 1/2 a	23 1/4 b	Tate & Lyle..... £1	48/3	49/9	4·22
14/10 1/2	10/10 1/2	...	...	Unigate 'A' 5/-	14/-	14/-	3·57°°
57/6	43/9	36 b	10 a	Bass..... 5/-	54/6	55/6	4·14
28/9	23/10 1/2	4 a	9 1/2 b	Distillers 10/-	27/6*	28/9	4·35
22/-	14/7 1/2	11 b	6 a	Flowers 5/-	20/6	21/-	4·05
64/9	54/-	18 b	10 a	Guinness 10/-	62/6	64/6	4·34
17/-	12/7 1/2	10 b	4 a	Ind Coope & Allsopp..... 5/-	16/-	16/1 1/2	4·34
77/-	38/9	6 3/4 b	3 3/4 a	Watney Mann Defd..... £1	70/-	70/6	2·98
121/3	100/-	17 b	8 a	Whitbread 'A' £1	118/9	121/3	4·12
59/7 1/2	51/4 1/2	†17 1/2 c	†10 5/8 a	British Amer. Tobacco.... 10/-	58/-*	57/10 1/2	4·94
52/3	36/6	9 b	20 b	Gallaher..... 10/-	46/6	52/3	4·78
59/-	54/3	12 1/2 b	8 1/2 a	Imperial Tobacco £1	57/10 1/2	58/6	7·18

Prices, 1959 High	Prices, 1959 Low	Last Two Dividends (a) (b) (c)		ORDINARY STOCKS	Price, Aug. 26, 1959	Price, Sept. 2, 1959	Yield, Sept. 2 1959
		%	%	**MISCELLANEOUS**			
20/-	14/3	3 1/3 a	5 b	Assoc. Brit. Picture 5/-	41/4 1/2	41/9	7·19
38/9	28/7 1/2	3 1/3 a	5 b	British Match £1	37/6	36/9	4·53**
66/6	49/6	8 b	4 a	British Oxygen..... £1	64/6	65/3	3·68
9/9	8/8 1/4	4 a	14 b	British Ropes 2/6	9/6	9/6	4·63
53/3	35/9	7 1/2 b	5 a	Glaxo..... 10/-	48/9	48/9	2·67
76/9	56/4 1/2	50 b	10 a	Hoover 'A' 5/-	75/6	79/3	3·79
232/6	172/6	6·04a	26·14b	Hudson's Bay £1	225/-	226/3	2·84
14/3	10/-	5 c	10 c	Rank Organisation 5/-	12/9	12 10 1/2	3·88
19/8 1/4	13/-	18 c	20 c	Sears 'A' 5/-	19/5 1/4	19/8 1/4	5·08
15/11 1/2	11/3 3/4	6 1/4 a	7 b	Thomas Tilling 4/-	15/1 1/2	15/1 1/2	3·50
7/6	5 a	5 a	5 a	Turner & Newall..... £1	7/6	7 7/-	3·90
82 5/8	82 5/8 a	...	...	Unilever £1	115/6	115/-	2·92
10·4 c	31 a	10 7/12	10/9*	United Glass 5/-	10 7/12	10/9*	4·84
†41/6 a	†108/6 a	38/9	38/9	*United Molasses* 10/-	38/9	38/9	6·32
				OIL			
56/9	49/-	†21 2 a	61 4 b	British Petroleum..... £1	56/9	55/9	5·12
49/-	37/9	†21 2 a	†43 6 b	Burmah Oil..... £1	47/-	45/3	4·96
71 2 e	171 3 b	71 2 e	171 3 b	Royal Dutch ..... 20 fl.	£163 16	£163 16	2·92
15 a	†134 4 b	15 a	†134 4 b	Shell Transport..... £1	151/3	150/-	4·08
...	...	...	...	Ultramar..... 10/-	56/3	55/3	*d*
7 1/2 c	15 c	5 b	7 1/2 a	Wakefield C.C. 10/-	47/6	47/6	4·74
				SHIPPING			
46/6	36/6	6 1/2 a	13 1/2 b	Brit. & Com'wealth. 10/-	41/-	41/6	4·82
17/3	10/6	10 c	8 c	Cunard £1	19/6	19/6	8·21
39/6	29/6	10 c	10 c	Furness Withy..... £1	37/41*	39/-	5·13
20/6	14/9	10 a	10 b	London & Overseas 5/-	17/9	18/6	5·41
39/-	31/6	3 a	8 b	P & O Defd.....	37/6	38/-	5·79
17/9	13/3	5 c	2 1/2 c	Reardon Smith 10/-	16/3	16/-	1·56
25/9	19/-	7 1/2 c	8 c	Royal Mail	23/-	22/9	7·03
				MINES			
200/-	165/-	20 a	60 b	Anglo-American 10/-	196/3	196/10 1/2	4·06
147/6	113/9	10 a	20 b	General Mining £1	145/-	142/6	4·21
74/9	49/41/2	40 a	100 b	Union Corporation 2/6	72/-	70/6	4·96
33/41/2	27/-	50 b	45 a	Daggafontein..... 5/-	27/41/2	27/71/2	17·19
198/11 1/2	111/10 1/2	60 b	70 a	Free State Geduld 5/-	189/41/2	188/11 1/2	3·46
71/6	56/9	35 b	35 a	Harrebeesfontein..... 10/-	57/6	59/6	11·76
73/9	61/10 1/2	50 b	50 a	President Brand 5/-	71/10 1/2	72/41/2	6·91
180/-	119/41/2	80 b	70 a	Western Holdings 5/-	170/-	168/9	4·44
69/3	57/5 1/4	12 1/2 b	5 a	Consolidated Zinc £1	66/3	66/3	4·53
181/3	121/3	80 a	120 b	De Beers Defd. Reg. 5/-	170/-	173/11 1/2	5·78
$1874	$1544 a	$3·75c	$2·60c	International Nickel ..... n.p.v.	$180*	$178 1/4*	2·60
10/-	7/10 1/2	5 a	15 b	London Tin 4/-	9/3	8/00	4·65
73/11 1/2	30 b	12 1/2 a	8 b	Rhd. Anglo-American 10/-	84/41/2	83/11 1/2	5·11h
19/-	14/6	6 1/4 b	4 1/6 a	Rhod. Selection Trust 5/-	14/6	14/6	3·59h
58/11 1/2	45/-	26 c	20 c	Rio Tinto Reg. 10/-	46/10 1/2	47/6	4·21
9/6	7/7 1/2	4 1/6 b	5 a	Roan Antelope 5/-	7/9	7/9	5·91h
47/-	17 1/2 b	15 a	15 a	Tanganyika Cons. 10/-	47/6	46/6	6·99
16/-	11/41/2	60 c	26 3/4 a	Tronoh..... 5/-	15/71/2	16/-	...
				TEA AND RUBBER			
32/3	23/-	†21 1/2 a	†21 1/2 b	Cons. Tea & Lands..... £1	31/3	31/-	15·80
26/3	22/3	†5 b	†3 a	Jokai (Assam) £1	25/9	24/-	10·91
19/-	15/9	10 b	4 a	Nuwara Eliya £1	18/6	18/-	15·56
2/11 1/2	1/3	4 a	12 b	Grand Central 2/-	2/11 1/2	2/03/4	15·52
5/5 1/4	3/9 1/4	5 a	25 b	London Asiatic 2/-	5/41/2	5/41/2	11·16
10 1/4 d	6 3/4 d	8 c	Nil c	United Serdang 2/-	8 3/4 d	8 1/4 d	...
81/9	48/-	93 a	28 1/8 b	United Sua Betong..... £1	79/6	79/6	9·43
63/9	52/6	12 1/2 b	5 a	Harrisons & Cros. Defd..... £1	63/9	63/9	5·49

THE ACTUARIES' INVESTMENT INDEX

(December 31, 1957=100)

GROUP	Price Index Aug. 26, 1958	Price Index July 28, 1959	Price Index Aug. 25, 1959	Average Yield per cent Aug. 26, 1958	Average Yield per cent July 28, 1959	Average Yield per cent Aug. 25, 1959
FINANCIAL:—						
Banks.....	125·8	168·4	180·6	4·58	4·23	3·98
Insurance (Industrial Ordinary).	116·5	150·9	163·2	6·03	4·73	4·37
Investment trusts.....	124·9	162·4	174·9	4·52	3·90	3·63
Property companies	144·9	221·7	247·6	4·41	4·04	3·74
INDUSTRIALS:—						
Electrical engineering	114·9	137·5	149·8	4·94	4·73	4·36
Engineering	113·5	133·2	145·8	5·34	4·84	4·43
Motors and aircraft	114·4	142·0	161·1	5·97	5·66	4·98
Shipbuilding.....	95·2	97·4	103·9	8·04	7·17	6·73
Steel	108·5	138·1	167·4	8·82	7·72	6·37
Breweries.....	117·1	168·1	181·9	6·16	4·64	4·28
Chain stores.....	107·2	139·0	149·9	4·12	3·41	3·18
Cotton and rayon textiles	98·8	134·4	140·2	8·52	6·77	6·43
Wool textiles.....	97·7	133·4	143·1	7·70	6·26	5·84
Chemicals.....	125·2	148·7	167·1	4·65	4·11	3·65
Oil.....	110·3	110·9	122·2	5·93	5·49	4·99
Shipping	116·2	101·8	116·1	5·84	5·76	5·08
Ordinary, *all* classes.....	116·0	143·1	155·4	5·91	5·09	4·69
Preference	101·1	103·8	105·1	6·30	6·14	6·06
Debenture	105·5	108·4	108·2	6·14	5·98	5·99
Total—*Capital Goods*	113·0	136·2	150·7	6·03	5·44	4·91
Total—*Consumption Goods*.....	118·4	166·5	176·7	6·12	4·88	4·61
Consols 2½%	110·3	113·7	112·4	4·90	4·75	4·81

** Yields based on assumed dividends:—British Motor, 15¾%. District, 14%. E.M.I., 20%. Fisons, 12%. Lombard Banking, 17%. Joseph Lucas, 10%. Midland, 15%. National Discount 'B', 12½%. National Provincial, 12%. Royal Exchange, 16%. Standard Motor, 9%. Steel Co. of Wales, 10%. Unigate, 10%.

STOCK EXCHANGE INDICATORS

LONDON

The Economist Indicator

1959	Indicator*	Yield %	1959 High	1959 Low	1958 High	1958 Low
Aug. 5	277·6	4·94				
,, 12	285·3	4·76				
,, 19	290·9	4·71	295·0	245·0	255·6	166·1
,, 26	291·7	4·69	(Sept. 2)	(Jan. 28)	(Dec. 31)	(Feb. 26)
Sept. 2	295·0	4·66				

* 1953=100.

Financial Times Indices

1959	Ord. Index†	Ord. Yield	Fixed Int.‡	2½% Consols Yield	Bargains Marked	1959	1958
Aug. 26	253·4	4·81	94·21	4·75	15,728	High	High
,, 27	256·0	4·76	94·00	4·77	14,206	259·7	225·5
,, 28	258·0	4·72	94·09	4·77	15,013	(Sept. 1)	(Dec. 31)
,, 31	258·7	4·71	94·09	4·76	17,343	Low	Low
Sept. 1	259·7	4·69	93·93	4·82	16,338	212·8	154·4
,, 2	258·3	4·71	93·73	4·85	16,615	(Jan. 30)	(Feb. 25)

† July 1, 1935=100. ‡1928=100.

NEW YORK

Standard and Poor's Indices (1941–3=10)

1959	425 Industrials	Yield %	25 Rails	Yield %	50 Utilities	Yield %	Govt. Bonds	Yield %
Aug. 5	64·85	2·96	36·08	4·62	44·94	3·87	88·50	4·03
,, 12	63·55	3·02	35·33	4·72	45·32	3·84	88·80	4·00
,, 19	62·45	3·07	34·69	4·80	44·90	3·88	88·40	4·04
,, 26	63·34	3·03	35·54	4·76	45·22	3·85	87·50	4·13
Sept. 2	63·20	3·04	34·99	4·76	45·09	3·86	86·00	4·27

425 Industrials:—1959: High, 65·32 (Aug. 3); Low, 57·02 (Feb. 9).

ordered by the Ministry of Supply. This led to a fall in profits in 1956-57 and to a further fall, by £129,466 to £187,241, in the year ended December 31, 1958. The latest profit figure was arrived at after including the proceeds of an insurance claim for £272,152 on a lost Herald. But the Victors represent current and potential earning assets, and their production now accounts for much of the company's business. The private-venture Heralds, on the other hand, have cost £2,628,353 to date in development expenditure written off against revenue each year. With production costs of £1,106,346 added, the sale of 80 Heralds would be needed for the company to break even on this venture. So far three have been ordered.

Further development in civil aircraft is being hampered by a reduction in military contracts, says Sir Frederick. Nor have orders been forthcoming for the civil and military transport versions of the Victor bombers. The company has formed a commercial division, and its "technological and engineering talents may be directed into rewarding channels if the demands upon its aircraft-producing capacity become fewer."

Sir Frederick expects that the current year's results will be better. Though it was not fully covered by earnings, the ordinary dividend was maintained at 15 per cent, so that the 5s. shares at 7s. 6d. yield 10 per cent.

BRITISH MATCH

BRITAIN buys more foreign matches every year, and the British Match Corporation, which produces nearly all British matches, is securing a smaller share of the almost static home market. As a result the group has spread its interests by increasing its stake in the match and allied industries overseas, and by entering other industries at home and abroad. This policy has resulted in a record profit before tax of £2,765,300 for the year ending March 31, 1959, compared with £2,329,656. The valedictory report of the chairman, Lord Kindersley, who will be succeeded by Viscount Portal of Hungerford, shows that sales of matches by associated and subsidiary companies overseas have trebled since 1953—reaching 32.9 million gross boxes in 1958, compared with 30.5 million in 1957. Sales of British matches on the home market have fallen from 12.8 million gross boxes in 1953 to 11.1 million in 1958: comparable figures for imported matches are 4.8 million and 6.2 million.

About 84.5 per cent of the British Match group assets, as revalued, are being used in the match industry at home and abroad to earn, in 1958-59, some 84.8 per cent of the profit before tax. Group interests outside match manufacturing are largely concerned with the timber and packaging industries. Rationalisation of the home factories is going ahead: Bryant & May's £1¼ million five-year plan for re-equipment and modernisation is half-way to completion, but the advantages so far gained by the company from this rather heavy capital expenditure have largely been offset by higher costs in materials and wages.

The effective ordinary dividend for 1958-59 is 8½ per cent, which is equivalent to 12¼ per cent on the capital before the scrip issue and compares with 11 per cent in 1957-58. The yield on the £1 shares at 36s. 9d. is 4½ per cent.

NEW ISSUES

AUGUST was no holiday for the new issue market this year and the flow of new capital issues shows no sign of abating. Following the announcement by Plessey of a one-for-two "rights" issue of 3,600,000 10s. ordinary shares on the bonus terms of 23s. 6d. a share, the 10s. ordinary shares were immediately marked up 5s. 3d. to 38s. 6d. This made the "rights" worth 5s. a share. In their circular to shareholders the directors say they expect the group's 1958-59 trading profit to be around £2.2 million (against £1.24 million); a final dividend of 7 per cent is forecast, making the total distribution on the present capital equivalent to 13 per cent (against the equivalent of 10 per cent). But there is a strong hint that next year's dividend on the capital as increased by the "rights" issue will be 14 per cent. At an ex-rights price of 33s. 6d. the 10s. ordinary shares would on this payment offer a yield of 4.2 per cent.

Flowers Breweries of Luton is to make a one-for-nine "rights" issue of 5s. ordinary shares at 15s. a share. The 5s. ordinary shares now stand at 21s. in the market and the "rights" are therefore worth about 8d. a share. On the expected dividend of 18 per cent (against 17 per cent) the 5s. ordinary shares offer a yield of 4.4 per cent.

Whitbread and Company is raising new money by placing £2½ million of a 5½ per cent redeemable debenture stock 1981-86 at 98½. The stock has been placed through Baring Brothers and J. Henry Schroder, and it is expected that about 25 per cent of the stock will be available in the market at around 99. At this price, the running yield is £5 11s. 1d. per cent and the redemption yield to the latest date is £5 11s. 5d. per cent.

Thomas Hedley, the subsidiary of the American company, Proctor and Gamble, which manufactures soap and detergent products, is placing £2 million of the 5¾ per cent debenture stock 1980-84 at 99 through Morgan, Grenfell with institutional investors, without a market quotation.

JOHN THOMPSON

THE decision to cut the interim ordinary dividend from 10 per cent to 7½ per cent followed hard on the announcement that the AEI-John Thompson nuclear power consortium is to join forces with the Nuclear Power Plant Company. Early this year John Thompson received far less orders than it did in the same period in 1958. The directors say that there are now signs of "an improving trend in orders," but they add this may not be reflected in the final results for 1959.

London Stock Exchange

FIRST DEALINGS:	Aug. 19	Sept. 2	Sept. 16
LAST DEALINGS:	Sept. 1	Sept. 15	Sept. 29
ACCOUNT DAY:	Sept. 8	Sept. 22	Oct. 6

UNTIL the opening of the new account on Wednesday all sections of the market remained firm. But on Wednesday the rise in United States interest rates and rumours of an early announcement of the election date combined to unsettle gilt-edged stocks and industrial equities. The short-dated stocks suffered particularly, with 4¾ per cent Conversion 1963 falling 15/32 to 100½. Among irredeemables, 3½ per cent War Loan came back 5/16 to 65 5/16 and in medium dated stocks 4 per cent Gas 1969-72 declined 9/16 to 88 7/16. The high coupon stocks showed some resistance and 6 per cent LCC 1975-78 put on ⅜ to 106¾.

Industrial equities over the period to Tuesday's close were affected by some end-account profit-taking but even so the tone remained firm. On Wednesday, despite the satisfactory industrial production figures, prices tended to slip from the peaks reached earlier in the week. Over the week to Wednesday's close, however, *The Economist* indicator rose 3.3 points to a new peak of 295.0. By far the brightest section of the market was in hire purchase shares. United Dominions Trust rose 8s. 6d. to 184s. Bowmaker put on 2s. 4½d. to 35s. 4½d. and Astley Industrial Trust gained 3s. to 38s. 6d. on the satisfactory results and the scrip issue. Brewery shares have also been active; following news of the proposed debenture placing by Whitbread the shares jumped 2s. 3d. to 121s. 3d. Recent news of increased activity in the building trades helped most building shares to improve: Associated Portland Cement gained 2s. 6d. to 60s. 6d., and British Portland improved 1s. 6d. to 43s. 6d.

Stores, too, were a fairly active section—particularly in the House of Fraser issues. The ordinary gained 5s. 9d. to 37s. and the "A" ordinary closed 3s. 9d. better at 35s. 9d. Harrods improved in sympathy; the assented rising 11s. to 145s. ex-dividend and the non-assented gaining 8s. 3d. to 144s. Marks and Spencer "A" were 1s. 6d. better at 60s. 3d. News of more demand for man-made fibres put Courtaulds up 1s. to 41s. 9d. After last week's speculative flurry most steel shares were quieter. Even so over the week most of them made net gains: typically, Steel Company of Wales improved 2s. 4½d. to 33s. 4½d. and Consett rose 1s. 3d. to 24s.

Oil shares drifted lower, under the influence of the setback on Wall Street. Shell Transport, after falling to 140s. closed 1s. 6d. lower at 150s. Similarly, Burmah Oil lost 1s. 6d. at 45s. 6d. and British Petroleum closed 1s. lower at 55s. 9d. The main feature in the gold share market was renewed buying of St. Helena from the Cape which helped them to close on Wednesday above their worst at 83s. 6d.

Money and Exchanges

EXCHEQUER RETURNS

For the week ended August 29, 1959 there was an "above-line" deficit (after allowing for sinking funds) of £16,120,000 compared with a surplus in the previous week of £686,000 and a deficit of £17,687,000 in the corresponding period of last year. There was a net receipt "below-line" of £6,589,000 leaving a total cumulative deficit to date of £338,771,000 compared with £322,030,000 in 1958-59.

£'000	Estimate 1959-60	April 1, 1958, to Aug. 30, 1958	April 1, 1959, to Aug. 29, 1959	Week ended Aug. 30, 1958	Week ended Aug. 29, 1959
Ord. Revenue					
Income Tax	2147,000	577,084	578,789	32,914	32,400
Surtax	171,000	33,600	34,400	1,000	600
Death Duties	195,000	76,300	94,800	3,900	3,600
Stamps	68,000	22,800	35,900	1,200	1,900
Profits tax, EPT and EPL	274,000	116,700	110,300	6,900	5,300
Other Inland Revenue Duties	1,000	70	50	...	...
Total Inland Revenue	2856,000	826,554	854,239	45,914	43,800
Customs	1285,500	536,449	563,236	26,347	27,413
Excise	864,500	407,075	396,820	17,700	18,490
Total Customs and Excise	2150,000	943,524	960,056	44,047	45,903
Motor Duties	104,000	21,207	21,862	...	...
PO (Net Receipts)	...	...	...	...	...
Broadcast Licences	33,000	9,400	9,700	1,800	1,800
Sundry Loans	30,000	13,060	18,090	...	...
Miscellaneous	150,000	24,722	54,875	102	8,602
Total	5212,531	1838,467	1918,822	91,863	100105
Ord. Expenditure					
Debt Interest	600,000	268,459	250,031	...	...
Payments to Northern Ireland Exchequer	79,000	28,359	31,080	3,051	4,592
Other Consolidated Funds	10,000	4,011	3,807	15	9
Supply Services	4523,531	1660,954	1722,481	106264	111144
Total	5212,531	1961,783	2007,399	109330	115745
Sinking Funds	39,000	11,080	11,440	220	480
"Above-line" Surplus or Deficit	—	—	—	—	—
"Below-line" Net Expenditure*	135,196	100,017	17,687	16,120	Cr.
	186,834	238,754	8,251	6,589	6,589
Total Surplus or Deficit	322,030	338,771	25,938	9,531	
Net receipts from:					
Tax Reserve Certificates	123,020	71,983	10,067	2,636	
Savings Certificates	34,700	38,400	6,000	...	
Defence Bonds	24,041	61,306	2,659	2,009	
Premium Savings Bonds	27,155	22,510	1,120	740	
Total	208,916	194,199	19,846	5,385	

* Net receipts of the Civil Contingencies fund £10 million in 1959/60 compared with £16 million in 1958/59.

FLOATING DEBT

(£ million)

	Treasury Bills		Ways and Means Advances		Total Floating Debt
	Tender	Tap	Public Dept.	Bank of England	
1958					
Aug. 30	3,260·0	1,636·1	174·9	...	5,071·0
1959					
May 30	2,950·0	2,040·8	285·2	...	5,249·0
June 6	2,993·0	2,035·0	258·0	...	5,283·0
,, 13	3,030·0	2,032·1	260·1	4·5	5,326·6
,, 20	3,060·0	2,022·3	288·9	...	5,371·2
,, 30		5,103·8	286·1	...	5,389·9
July 4	3,070·0	2,091·8	290·0	...	5,451·8
,, 11	3,050·0	2,113·9	269·7	0·3	5,462·9
,, 18	3,070·0	2,125·9	257·7	...	5,453·6
,, 25	3,090·0	2,132·3	234·9	...	5,457·2
Aug. 1	3,110·0	2,319·0	221·9	...	5,480·9
,, 8	3,130·0	2,076·1	234·5	...	5,440·6
,, 15	3,160·0	1,928·7	240·9	...	5,329·6
,, 22	3,220·0	1,886·7	247·1	...	5,353·9
,, 29	3,250·0	1,891·2	214·5	3·0	5,358·7

THE MONEY MARKET

THE result of last week's Treasury bill tender was awaited with keen interest; but the average rate of discount was almost unchanged at £3 9s. 0.03d. per cent. This week the market's attention has continued to be drawn to New York where the discount rate on 91 day bills has risen from 3.824 per cent to 3.889 per cent, and that on the 182 day bills from 4.152 per cent to 4.468 per cent.

At the tender last Friday the discount market syndicate left its concerted bid unchanged at £99 2s. 7d. and as outside tenderers appear to have reduced their bids, the market's allotment at the minimum price rose from 49 per cent to 61 per cent. Total applications were only £1 million lower at £413 million. This week the tender has been raised to £290 million, the largest amount of 91 day bills to be offered for three years, but maturities at £270 million are also at a peak for the year.

Credit has remained generally adequate, but on Friday, Monday and Wednesday a small amount of official assistance was given through special purchases.

MONEY RATES

LONDON

Bank rate (from 4½% 20/11/58)	4	Discount rates:	%
		Bank bills:	
Deposit rates (max.):		60 days	39/16–33/8
Banks	2	3 months	39/16–33/8
Discount houses	2–2¼	4 months	39/16–33/8
Money:		6 months	39/16–311/16
Day-to-Day	23/8–33/8	Fine trade bills:	
Treasury Bills:		3 months	4¼–5
2 months	315/32	4 months	4¼–5
3 months	3½	6 months	41/2–5¼

NEW YORK

Official discount Rate: (from 3½, 29/5/59)	% 3½	Treasury Bills: August 24	% 3·824
		,, 31	3·889

BANK OF ENGLAND RETURNS

(£ million)	Sept. 3, 1958	Aug. 26, 1959	Sept. 2, 1959
*Issue Department**:			
Notes in circulation	2,037·2	2,127·4	2,122·1
Notes in banking department	13·1	23·0	28·3
Govt. debt and securities*	2,046·2	2,146·8	2,146·7
Other securities	0·8	0·7	0·8
Gold coin and bullion	0·4	0·4	0·4
Coin other than gold coin	3·0	2·5	2·5
Banking Department:			
Deposits:			
Public accounts	15·7	12·1	12·3
Bankers	210·6	229·1	220·7
Others	70·8	63·6	61·3
Total	297·1	304·8	294·3
Securities:			
Government	264·1	256·6	248·5
Discounts and advances	16·1	20·2	12·7
Other	20·4	22·5	22·5
Total	300·6	299·3	283·7
Banking department reserve	15·0	23·8	29·1
"Proportion"	% 5·0	% 7·8	% 9·8

* Government debt is £11,015,100, capital £14,553,000. Fiduciary issue reduced by £50 million to £2,150 million on August 26th.

TREASURY BILL TENDERS

Date of Tender	Amount (£ million) Offered	Applied for	Allotted	Three Months' Bills Average Rate of Allotment	Allotted at Max. Rate*
1958				£. d.	%
Aug. 29	270·0	424·1	270·0	74 11·48	53
1959					
May 29	260·0	394·8	260·0	67 7·61	55
June 5	270·0	407·0	270·0	68 6·63	52
,, 12	260·0	425·0	260·0	69 0·02	49
,, 19	240·0	410·5	260·0	69 0·40	51
,, 26	260·0	405·7	260·0	69 0·52	53
July 3	260·0	409·5	260·0	69 0·06	49
,, 10	260·0	431·2	250·0	69 0·22	43
,, 17	250·0	409·9	250·0	69 0·16	46
,, 24	230·0	389·2	230·0	69 0·13	43
,, 31	220·0	385·1	210·0	69 8·18	23
Aug. 7	230·0	368·8	230·0	69 7·97	52
,, 14	250·0	407·2	250·0	69 8·13	44
,, 21	260·0	414·3	260·0	69 8·39	49
,, 28	270·0	413·4	270·0	69 9·03	61

* On August 28th tenders for 91 day bills at £99 2s. 7d. secured 61 per cent, higher tenders being allotted in full. The offer this week was for £290 million of 91 day bills.

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

	Official Rates	Market Rates: Spot					
	September 2	August 27	August 28	August 29	August 31	September 1	September 2
United States $	2·78-2·82	2·80 11/16–13/16	2·80 11/16–13/16	2·80 11/16–13/16	2·80 1/2–5/8	2·80 5/16–7/16	2·80 5/16–3/16
Canadian $	...	2·67 3/8–5/8	2·67 3/8–5/8	2·67 5/16–7/16	2·67 1/16–3/16	2·67 5/16–3/4	2·67 5/8–3/4
French Fr.	13·622–14·027	13·76 1/4–1/2	13·76 1/4–3/4	13·76 1/8–3/8	13·75 1/2–3/4	13·74 1/2–7/8	13·73 1/8–3/8
Swiss Fr.	11·94–12·547/8	12·12–12 1/4	12·12–12 1/4	12·11 7/8–12 1/8	12·11 3/4–12	12·10 7/8–11 1/8	12·10 3/8–5/8
Belgian Fr.	137·96–142·05	140·32 1/2–37 1/2	140·32 1/2–37 1/2	140·30–35	140·20–25	140·12 1/2–17 1/2	140·05–10
Dutch Gld.	10·48–10·80	10·61 3/8–5/8	10·61 3/8–5/8	10·61 3/8–5/8	10·60 7/8–61 1/8	10·60 3/8–5/8	10·59 3/8–5/8
W. Ger. D-Mk.	11·59 1/4–11·92 3/4	11·74 5/8–7/8	11·74 5/8–7/8	11·74 3/8–5/8	11·74 1/8–3/8	11·73 1/2–3/4	11·72 1/2–5/8
Portug. Esc.	79·00 3/4–82·00 1/2	80·15–30	80·15–30	80·15–30	80·15–30	80·15–30	80·15–30
Italian Lire	1725–1775	17421/8–3/8	17421/8–3/8	17417/8–42 1/8	1741–41 1/4	17343/8–40 1/4	17381/4–1/2
Swedish Kr.	14·37 3/4–14·59 1/4	14·52 3/8–7/8	14·52 1/4–5/8	14·52 1/2–3/4	14·51 7/8–52 1/8	14·50 1/8–7/8	14·49 3/8–7/8
Danish Kr.	19·06 1/2–19·62	19·35 3/4–36	19·35 1/4–36	19·35 1/4–36	19·35 1/4–35 1/2	19·35 1/4–35 1/2	19·34 1/4–35
Norwegian Kr.	19·71–20·30 1/2	20·01–01 1/4	20·01–01 1/4	20·01–01 1/4	20·00 7/8–01 1/8	20·00 1/2–3/4	20·00 1/2–3/4
One Month Forward Rates							
United States $		par–1/8c. dis	par–1/8c. dis	par–1/8c. dis	par–1/8c. dis	par–1/8c. dis	1/8–1/4c. dis
Canadian $		7/16–9/16c. dis	7/16–9/16c. dis	3/8–1/2c. dis	3/8–1/2c. dis	1/2–5/8c. dis	5/8–3/4c. dis
French Fr.		1/2–3/4c. dis	1/2–3/4c. dis	1/2–3/4c. dis	1/2–3/4c. dis	1/2–3/4c. dis	1/2–3/4c. dis
Swiss Fr.		1 1/8–1 1/4c. pm	1 3/8–1 1/2c. pm	1 3/8–1 1/2c. pm	1 1/2–1 1/4c. pm	1 1/4–1c. pm	1–3/4c. pm
Belgian Fr.		7–2c. pm	5c. pm–par	5c. pm–par	5c. pm–par	5c. pm–par	2c. pm–2c. dis
Dutch Gld.		1 1/2–1 1/4c. pm	1 1/2–1 1/4c. pm	1 3/8–1 1/8c. pm	1 1/4–1c. pm	1–3/4c. pm	7/8–5/8c. pm
W. German D-Mk.		1/8–3/8pf. pm	5/8–3/8pf. pm	5/8–3/8pf. pm	5/8–3/8pf. pm	1/2–1/4pf. pm	3/8–1/8pf. pm
Three Months Forward Rates							
United States $		par–1/8c. dis	par–1/8c. dis	par–1/8c. dis	par–1/8c. dis	p1/8–1/4c. dis	1/4–3/8c. dis
Canadian $		17/16–19/16c. dis	17/16–19/16c. dis	1 3/8–1 1/2c. dis	1 7/16–1 9/16c. dis	1 1/2–1 5/8c. dis	1 11/16–1 13/16c. dis
Swiss Fr.		3 1/4–3 1/2c. pm	3 1/4–3 1/2c. pm	3 1/4–3 1/2c. pm	3 1/2–3 3/8c. pm	3 3/8–3 1/8c. pm	3 1/4–3c. pm
W. German D-Mk.		2–1 3/4pf. pm	1 7/8–1 5/8pf. pm	1 7/8–1 5/8pf. pm	1 7/8–1 3/8pf. pm	1 1/2–1 1/4pf. pm	1–3/4pf. pm
Gold Price at Fixing							
Price (s. d. per fine oz.)		250/2	250/1 3/4	...	250/2 3/4	250/5	250/8 1/2

Industrial Profits and Assets

The tables below continue the analysis of company balance sheets and profit and loss accounts which was introduced in *The Economist* of January 22, 1949; the figures are discussed on an earlier page in this issue.

Comparative analysis of 843 profit and loss accounts published April - June, 1959 (£'000)

Industry	Breweries and Distilleries		Clothing and Footwear		Food and Confectionery		Shops and Stores		Tobacco		Building		Engineering		Iron and Steel	
No. of Companies	(19)		(36)		(46)		(25)		(4)		(59)		(113)		(14)	
Year	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest
Gross trading profit	15,390	15,454	10,988	10,684	159,239	170,009	29,466	30,500	8,917	10,628	45,341	46,647	119,745	118,785	27,264	26,351
Income from investments	555	513	180	166	2,485	3,188	489	477	51	51	1,104	1,072	2,326	2,862	1,119	1,518
Other current income	...	...	...	...	...	...	18	17	5	9	...	...	68	99	...	...
Non-recurring credits	499	248	167	268	3,538	5,095	226	188	14	12	302	494	1,589	3,416	731	1,220
Total Income	**16,444**	**16,215**	**11,335**	**11,118**	**165,262**	**178,292**	**30,199**	**31,182**	**8,987**	**10,700**	**46,747**	**48,213**	**123,728**	**125,162**	**29,114**	**29,089**
Depreciation	1,686	1,808	2,150	2,165	30,483	33,231	2,240	2,418	740	935	10,595	11,520	21,358	23,351	4,600	4,474
Income tax	5,446	5,187	3,379	3,062	62,414	62,953	11,158	10,519	3,027	3,273	14,208	13,557	40,952	38,533	8,142	6,818
Profits tax	1,811	1,194	807	692	4,260	4,017	3,621	2,767	945	923	3,256	3,174	9,200	8,707	2,280	1,775
Directors' emoluments	557	598	842	891	2,023	2,092	782	764	275	284	1,700	1,782	3,743	3,774	825	799
Administrative charges	59	63	92	87	587	545	68	102	91	59	172	159	484	580	1,061	131
Contingencies, provisions, etc.	198	168	313	197	1,407	1,772	347	262	4	1	283	532	1,125	2,090	2,464	4,830
Pensions	161	158	96	103	542	557	267	260	12	163	360	469	698	656	113	183
Minority interests	244	252	98	27	2,784	2,804	155	181	92	88	539	569	935	1,071	1,110	917
Loan interest	1,175	1,286	182	193	2,133	2,237	695	770	741	993	396	460	2,096	2,528	762	1,028
Preference dividends	340	360	202	205	4,424	4,467	261	280	218	218	375	411	1,194	1,219	390	390
Profits retained by subsidiaries	808	980	790	1,085	25,621	24,256	1,573	1,961	86	70	3,858	3,832	8,679	7,745	2,843	2,248
Ordinary dividends	2,511	2,730	1,439	1,479	13,858	16,407	5,682	6,518	1,342	1,772	4,437	5,109	13,792	14,876	2,920	3,236
Reserves (parent company)	1,302	1,407	949	928	7,055	9,119	2,961	3,799	1,839	525	6,054	5,868	19,317	23,201	1,477	1,609
Brought in (parent company)	2,800	2,946	2,275	2,271	46,154	53,825	3,876	4,255	2,426	2,001	7,057	7,571	26,431	26,596	5,325	5,452
Carried forward (parent company)	2,946	2,970	2,271	2,275	53,825	67,660	4,265	4,846	2,001	3,397	7,571	8,342	26,586	23,417	5,452	6,103

Industry	Shipbuilding		Chemicals and Paint		Electrical Manufacturing		Motors, Cycles and Aircraft		Newspapers, Paper and Printing		Miscellaneous Manufacturing		Shipping		Cotton	
No. of Companies	(5)		(34)		(28)		(25)		(30)		(140)		(19)		(21)	
Year	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest
Gross trading profit	7,415	7,417	123,517	120,002	29,842	31,374	33,710	40,072	57,408	60,096	93,952	90,978	41,480	28,893	18,237	13,528
Income from investments	1,029	1,051	5,196	5,357	1,208	1,435	519	737	2,451	2,271	3,253	3,608	3,238	3,151	328	341
Other current income	...	...	39	3	...	42	678	606	...	...	41	41	...	...	...	...
Non-recurring credits	140	95	3,065	1,008	543	591	1,416	557	1,453	943	3,225	3,253	1,051	1,327	370	809
Total Income	**8,584**	**8,563**	**131,817**	**126,370**	**31,593**	**33,442**	**36,323**	**41,972**	**61,312**	**63,310**	**100,471**	**97,880**	**45,769**	**33,351**	**18,935**	**14,588**
Depreciation	1,420	1,711	20,968	36,809	5,235	5,816	13,559	17,375	10,697	12,757	20,656	21,761	15,403	15,647	4,294	4,386
Income tax	2,768	2,485	29,474	26,246	9,474	9,581	7,898	7,409	16,951	16,399	31,935	28,153	9,434	5,331	6,294	4,510
Profits tax	632	543	8,664	5,906	2,710	2,366	2,240	1,844	5,331	3,814	7,561	6,034	2,586	1,225	1,131	463
Directors' emoluments	276	280	1,618	1,683	922	967	920	931	1,775	1,841	3,832	4,004	581	579	670	640
Administrative charges	66	34	288	314	177	183	1,004	1,270	184	241	768	638	199	275	188	164
Contingencies, provisions, etc.	11	...	5,080	5,680	960	438	717	1,168	185	111	1,007	465	682	440	63	110
Pensions	143	253	8,190	8,359	950	1,015	1,650	1,745	1,133	1,208	989	879	278	...	49	30
Minority interests	114	Dr. 56	2,488	2,635	240	264	34	47	1,561	2,107	1,742	1,854	82	43	758	691
Loan interest	8	220	6,096	6,550	586	588	1,673	1,921	2,890	3,373	2,260	2,238	369	475	248	233
Preference dividends	104	104	1,462	1,497	253	254	283	467	1,211	1,231	1,748	1,756	296	296	388	364
Profits retained by subsidiaries	1,473	1,125	5,973	6,573	1,085	1,462	913	646	5,393	5,312	4,536	4,734	6,833	3,113	1,693	36
Ordinary dividends	1,123	969	13,654	14,892	4,081	4,409	3,283	3,264	7,580	8,159	11,484	12,367	3,997	3,700	2,363	2,332
Reserves (parent company)	631	841	10,977	15,275	4,878	5,481	4,228	2,625	5,238	4,566	9,387	12,617	4,494	1,874	990	849
Brought in (parent company)	1,172	987	37,061	43,944	6,773	6,815	15,818	13,739	7,949	9,132	20,622	23,087	4,691	5,226	2,342	2,148
Carried forward (parent company)	987	1,028	43,944	37,895	6,815	7,433	13,739	14,999	9,132	11,323	23,087	23,267	5,226	5,589	2,148	1,958

Industry	Silk and Rayon		Wool		Other Textiles		Oil		Rubber		Tea		Other Companies*		TOTALS ALL GROUPS 843 Companies	
No. of Companies	(6)		(25)		(28)		(15)		(68)		(31)		(52)			
Year	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest
Gross trading profit	19,293	18,744	4,382	3,805	4,651	4,424	190,930	198,993	5,308	5,373	6,141	6,521	30,320	32,126	**1,082,926**	**1,091,309**
Income from investments	2,717	2,855	113	137	260	274	37,554	43,139	572	577	584	656	1,312	1,195	**68,643**	**76,621**
Other current income	...	...	...	...	...	...	29	52	106	56	24	29	616	472	**1,624**	**1,426**
Non-recurring credits	1	16	145	186	232	161	414	1,958	866	370	676	609	1,031	1,187	**21,694**	**24,011**
Total Income	**22,011**	**21,615**	**4,640**	**4,128**	**5,143**	**4,859**	**228,927**	**244,047**	**6,852**	**6,376**	**7,425**	**7,815**	**33,279**	**34,980**	**1,174,897**	**1,193,377**
Depreciation	6,562	6,930	756	792	1,650	1,616	28,621	33,744	507	581	752	758	4,790	5,247	**219,722**	**245,832**
Income tax	5,937	5,652	1,349	1,154	1,164	1,118	72,753	73,494	1,597	1,779	2,715	3,086	9,345	8,833	**357,915**	**339,132**
Profits tax	1,486	895	473	279	353	250	13,346	15,616	359	91	347	236	3,011	2,348	**76,510**	**65,209**
Directors' emoluments	326	319	559	560	462	430	940	1,091	129	146	145	151	945	1,017	**24,847**	**25,631**
Administrative charges	51	55	20	18	137	141	1,371	1,587	163	181	90	86	176	275	**7,496**	**7,203**
Contingencies, provisions, etc.	10	9	67	3	23	81	15,954	10,819	698	499	34	15	706	394	**32,338**	**30,034**
Pensions	8	8	68	72	102	116	1,267	1,250	4	...	80	37	1,076	1,096	**18,236**	**18,622**
Minority interests	667	626	1	9	6	8	266	250	13	12	...	...	59	45	**13,988**	**14,444**
Loan interest	286	289	76	80	85	82	2,132	4,389	4	3	71	69	2,086	2,644	**27,052**	**32,649**
Preference dividends	561	601	123	120	179	179	1,355	1,355	21	22	113	115	695	901	**16,396**	**16,812**
Profits retained by subsidiaries	2,085	1,803	248	47	207	Dr. 43	6,425	5,414	73	243	398	810	1,721	2,482	**83,314**	**75,934**
Ordinary dividends	2,556	3,186	639	608	542	641	41,922	43,722	2,184	2,180	1,171	1,247	4,503	5,592	**147,068**	**159,445**
Reserves (parent company)	1,600	2,362	545	421	101	179	43,676	43,404	1,032	635	1,476	1,182	2,446	2,526	**132,653**	**145,493**
Brought in (parent company)	1,623	1,499	2,473	2,189	1,759	1,891	13,708	12,607	1,471	1,539	1,478	1,511	5,571	7,086	**220,855**	**238,317**
Carried forward (parent company)	1,499	379	2,189	2,154	1,891	1,952	12,607	15,519	1,539	1,543	1,511	1,494	7,085	8,666	**238,317**	**254,199**

* This group includes canals and docks, entertainment, finance and land, hotels and restaurants and warehousing.

Comparative analysis of 843 balance sheets published April - June, 1959 (£'000)

Industry	Breweries and Distilleries		Clothing and Footwear		Food and Confectionery		Shops and Stores		Tobacco		Building		Engineering		Iron and Steel	
No. of Companies	(19)		(36)		(46)		(25)		(4)		(59)		(113)		(14)	
Year	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest
Fixed assets	96,022	100,646	35,593	37,718	537,015	577,076	99,751	107,598	12,918	15,134	159,809	176,814	341,915	367,581	97,124	100,231
Trade investments	2,888	3,013	277	307	19,343	20,183	3,791	2,726	183	179	7,903	7,538	11,140	12,693	3,930	17,185
Stocks	20,164	20,462	24,925	24,865	357,139	332,427	29,309	28,982	48,572	57,022	64,807	66,079	231,511	232,556	78,081	57,678
Debtors	12,989	13,406	9,870	10,358	171,683	174,796	16,089	19,172	25,236	28,647	50,411	53,982	172,890	162,985	20,515	48,951
Net balances due to parent company	...	...	208	207	1	1	7	28	...	...	174	220	1,561	1,284	82	47
Gilt-edged	3,908	3,946	363	116	11,400	12,764	1,060	505	7	7	3,993	3,610	3,063	3,115	164	165
Cash	5,445	6,427	6,487	7,629	77,484	94,946	12,321	14,934	654	635	25,298	27,180	70,739	73,834	9,952	19,145
Other marketable investments	1,626	1,164	306	302	2,956	3,014	769	674	...	...	4,540	4,699	8,329	10,309	498	454
Intangible assets	5,214	5,216	1,741	1,628	18,671	19,056	700	638	2,373	2,376	1,080	1,792	2,063	2,744	28	43
Total Assets	**148,149**	**154,360**	**79,780**	**82,650**	**1195692**	**1234263**	**163,797**	**175,257**	**89,943**	**104,000**	**318,095**	**341,904**	**843,211**	**887,101**	**240,374**	**243,899**
Bank overdrafts and loans	4,030	3,903	2,774	2,296	51,158	35,723	1,169	2,200	18,095	19,992	7,293	7,655	19,747	15,761	14,483	1,056
Reserve for future income tax	4,958	4,463	3,379	3,110	54,024	53,636	11,092	10,634	3,258	3,540	12,041	11,411	45,197	42,399	7,835	6,922
Depreciation	10,878	12,295	14,400	16,082	189,661	205,487	9,000	10,630	3,583	4,103	55,679	65,513	120,211	137,029	41,191	42,402
Capital reserves	9,212	9,833	5,225	5,718	43,004	36,679	26,705	28,090	3,633	2,955	33,306	36,280	70,094	67,116	18,327	16,033
Other provisions	1,867	2,057	966	603	2,879	2,612	261	266	592	679	4,542	4,608	5,225	6,694	4,917	5,036
Creditors	11,530	12,303	7,300	6,864	135,448	132,524	14,022	15,832	9,114	8,224	42,720	44,424	105,657	98,949	25,763	21,897
Other current liabilities	9,182	8,373	4,426	4,352	74,567	73,589	13,927	14,042	4,957	5,870	17,770	17,601	59,198	60,006	11,158	11,187
Revenue reserves and carried forward	26,838	25,768	14,660	16,019	321,057	338,808	25,198	31,129	10,880	13,059	51,966	57,900	171,945	183,233	37,909	44,560
Net balances due to subsidiaries	...	...	14	33	659	644	...	...	...	...	50	38	3,643	3,713	...	...
Minority interests	6,061	6,189	985	927	35,387	30,295	4,074	4,163	2,126	1,915	11,558	12,483	10,264	11,619	12,395	13,426
Loan capital	29,012	31,192	3,457	3,866	54,238	55,486	14,587	14,423	14,199	24,157	10,476	10,596	45,180	49,001	18,641	22,442
Preference capital	9,469	11,774	5,404	5,438	100,909	104,109	7,150	7,062	6,609	6,600	12,063	12,043	34,929	34,951	10,002	10,003
Ordinary capital	25,112	26,190	16,790	17,342	132,701	164,671	36,607	36,786	12,906	12,906	58,631	61,352	151,716	176,630	37,753	48,935
Total Liabilities	**148,149**	**154,360**	**79,780**	**82,650**	**1195692**	**1234263**	**163,797**	**175,257**	**89,943**	**104,000**	**318,095**	**341,904**	**843,211**	**887,101**	**240,374**	**243,899**
Year's Free Scrip Issues	—	**2,755**	**236**	**325**	**1,047**	**31,259**	**1,157**	**175**	—	—	**4,268**	**2,201**	**8,126**	**21,820**	**708**	**700**

Industry	Shipbuilding		Chemicals and Paint		Electrical Manufacturing		Motors, Cycles and Aircraft		Newspapers, Paper and Printing		Miscellaneous Manufacturing		Shipping		Cotton	
No. of Companies	(5)		(34)		(28)		(25)		(140)		(19)		(21)			
Year	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest
Fixed assets	41,255	51,058	654,609	701,714	89,296	100,516	168,462	178,770	270,011	309,630	367,742	398,358	248,414	268,618	93,845	98,483
Trade investments	4,612	5,236	26,729	42,021	13,307	12,969	4,089	4,059	14,876	19,122	29,824	32,762	8,614	9,329	3,055	3,015
Stocks	19,164	20,336	181,129	172,391	77,227	77,317	116,061	126,008	78,395	74,536	210,830	208,016	2,974	3,007	66,922	59,119
Debtors	11,889	10,746	109,651	107,556	53,001	60,296	61,261	60,790	65,564	65,507	147,150	154,106	22,553	20,454	21,112	19,463
Net balances due to parent company	...	...	137	128	115	...	91	90	...	48	607	647	...	...	...	...
Gilt-edged	5,031	2,856	196	782	367	706	508	544	10,445	9,743	12,401	13,136	14,260	9,255	548	301
Cash	9,686	7,662	28,522	17,856	16,504	19,636	9,779	16,869	37,665	38,819	52,732	53,401	37,435	39,414	7,234	7,681
Other marketable investments	652	654	10,113	7,935	708	975	259	278	4,797	4,329	3,919	4,398	47,671	38,222	4,001	3,699
Intangible assets	...	...	21,227	4,846	4,166	4,377	652	649	37,526	37,182	7,374	8,207	...	1,017	4,790	4,820
Total Assets	**92,289**	**93,548**	**1032313**	**1055279**	**259,691**	**276,792**	**361,162**	**388,057**	**519,279**	**558,916**	**832,579**	**873,031**	**381,921**	**389,316**	**201,512**	**196,781**
Bank overdrafts and loans	177	431	13,770	13,503	3,690	4,726	22,510	22,678	15,905	14,663	35,773	37,212	3,973	9,163	13,757	10,685
Reserve for future income tax	2,798	2,648	36,870	36,495	9,700	9,599	9,428	9,130	17,426	18,061	26,899	23,654	17,949	14,495	2,736	1,677
Depreciation	16,697	18,193	168,614	116,385	34,689	39,171	63,641	75,834	63,203	74,782	156,692	174,671	49,321	54,152	28,242	41,490
Capital reserves	9,117	9,953	157,534	161,891	30,256	37,978	21,677	23,892	28,240	33,170	49,571	52,961	117,789	122,190	26,724	27,135
Other provisions	648	485	1,791	1,243	2,053	2,134	5,238	6,413	12,422	12,136	11,384	11,470	3,058	2,512	103	103
Creditors	11,270	10,667	80,014	77,363	28,375	30,279	64,789	63,813	38,046	38,178	96,818	96,767	65,921	59,414	12,118	10,679
Other current liabilities	11,018	10,109	61,257	60,463	19,024	19,803	26,870	30,768	23,172	21,425	50,778	53,724	12,255	8,510	9,201	6,883
Revenue reserves and carried forward	21,259	22,734	117,340	113,695	55,243	55,305	46,073	50,249	94,851	101,803	137,699	151,270	37,585	42,580	32,644	32,535
Net balances due to subsidiaries	...	...	514	375	556	121	3	3	...	...	426	147	47	43	365	367
Minority interests	605	552	29,650	31,371	5,484	5,593	416	496	28,435	27,814	26,694	29,129	950	937	6,817	7,051
Loan capital	1,116	5,067	133,103	109,014	11,758	11,595	31,011	33,919	78,764	93,592	51,338	49,753	7,614	9,215	5,451	4,883
Preference capital	3,696	3,696	48,401	49,536	8,569	8,569	13,662	14,342	32,984	33,454	51,009	51,292	9,041	9,041	11,086	11,075
Ordinary capital	13,888	14,013	183,955	283,945	50,294	51,919	55,844	56,470	85,831	89,838	137,498	141,981	56,418	57,034	42,218	42,218
Total Liabilities	**92,289**	**98,548**	**1032313**	**1055279**	**259,691**	**276,792**	**361,162**	**388,057**	**519,279**	**558,916**	**832,579**	**873,031**	**381,921**	**389,316**	**201,512**	**196,781**
Year's Free Scrip Issues	—	—	**1,183**	**79,351**	**2,794**	**1,181**	**155**	**721**	**3,913**	**4,215**	**3,561**	**2,717**	**6,147**	**616**	—	—

Industry	Silk and Rayon		Wool		Other Textiles		Oil		Rubber		Tea		Other Companies*		TOTALS ALL GROUPS 843 Companies	
No. of Companies	(6)		(25)		(28)		(15)		(68)		(31)		(52)			
Year	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest
Fixed assets	163,343	172,214	15,259	16,200	31,685	32,154	519,989	590,180	28,053	30,996	35,302	36,615	206,096	231,768	**4,313,508**	**4,720,072**
Trade investments	8,396	8,554	224	240	1,357	1,423	735,682	930,724	1,730	1,701	1,902	2,806	14,236	13,963	**918,168**	**1,151,748**
Stocks	37,142	35,042	15,536	13,490	15,033	13,908	114,634	112,518	2,899	3,287	14,940	15,666	44,756	48,424	**1,852,058**	**1,802,656**
Debtors	13,960	15,480	5,085	5,137	7,908	7,731	139,422	138,307	1,095	1,165	3,138	2,250	31,335	35,394	**1,208,807**	**1,216,759**
Net balances due to parent company	...	...	...	...	...	...	14,938	16,097	...	...	86	179	18,097	18,976	**18,097**	**18,976**
Gilt-edged	18,399	19,152	591	559	240	293	27,765	27,189	4,855	4,249	613	651	3,536	2,661	**123,713**	**116,305**
Cash	9,770	10,401	3,749	4,837	2,084	2,852	50,383	64,997	5,235	4,669	7,860	9,362	17,557	16,276	**504,575**	**559,462**
Other marketable investments	...	...	409	462	1,466	1,498	33,972	35,714	504	435	3,710	3,520	1,862	2,165	**133,067**	**125,140**
Intangible assets	...	...	83	102	516	795	1,340	2,044	...	139	...	...	2,855	2,307	**112,399**	**99,978**
Total Assets	**251,010**	**260,843**	**40,936**	**41,027**	**60,289**	**60,654**	**1638125**	**1917770**	**44,371**	**46,641**	**67,465**	**70,870**	**322,319**	**353,137**	**9,184,302**	**9,811,096**
Bank overdrafts and loans	268	282	1,341	989	3,179	2,672	8,945	31,100	59	79	2,219	4,624	9,568	13,734	**253,913**	**255,127**
Reserve for future income tax	20,393	20,780	1,460	1,246	1,213	1,034	12,340	10,013	354	269	1,937	2,315	6,016	5,838	**309,353**	**293,369**
Depreciation	51,187	56,775	7,276	8,008	14,788	15,948	245,285	257,478	4,764	6,052	7,325	7,938	35,115	39,343	**1,401,442**	**1,479,811**
Capital reserves	57,627	62,187	1,547	1,577	2,213	2,184	554,023	667,465	5,182	5,709	15,604	16,039	52,642	49,876	**1,339,252**	**1,476,911**
Other provisions	2,171	1,720	409	323	678	708	18,431	18,734	1,397	1,369	52	53	4,210	4,622	**84,794**	**86,580**
Creditors	10,268	11,273	3,345	3,229	4,887	4,426	135,165	120,455	2,828	3,006	4,653	4,227	26,927	27,707	**936,183**	**902,530**
Other current liabilities	4,452	4,773	1,996	1,548	2,289	2,323	41,914	40,505	3,690	3,489	7,156	5,679	19,733	20,712	**493,170**	**469,134**
Revenue reserves and carried forward	14,879	13,899	9,787	9,895	10,961	11,439	230,671	223,360	8,460	8,621	12,641	14,124	40,672	46,543	**1,531,218**	**1,608,556**
Net balances due to subsidiaries	4,050	2,310	...	...	...	...	5,566	2,028	...	...	...	...	208	274	**16,306**	**10,096**
Minority interests	4,441	5,381	24	129	194	92	4,083	4,769	286	423	...	...	1,698	1,892	**192,827**	**195,646**
Loan capital	5,670	5,793	1,490	1,506	2,455	2,374	53,369	87,639	45	...	1,783	1,271	47,103	51,041	**621,360**	**677,825**
Preference capital	18,372	18,372	3,746	3,744	6,521	6,521	31,610	31,610	262	262	3,904	3,904	26,200	26,134	**455,509**	**463,532**
Ordinary capital	57,132	57,298	8,515	8,833	10,911	10,933	296,723	422,606	16,844	17,362	10,661	10,696	52,927	65,421	**1,551,875**	**1,675,379**
Total Liabilities	**251,010**	**260,843**	**40,936**	**41,027**	**60,289**	**60,654**	**1638125**	**1917770**	**44,371**	**46,641**	**67,465**	**70,870**	**322,319**	**353,137**	**9,184,302**	**9,811,096**
Year's Free Scrip Issues	**200**	—	**348**	**300**	—	—	**3,000**	**112,382**	**56**	**117**	**136**	—	**500**	**10,412**	**37,535**	**271,247**

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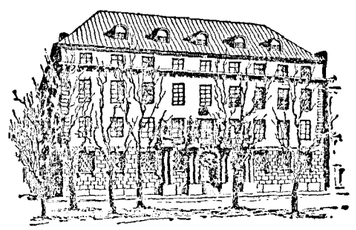

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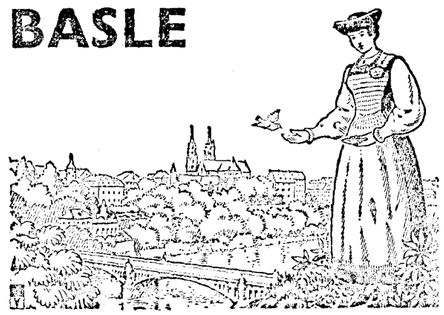

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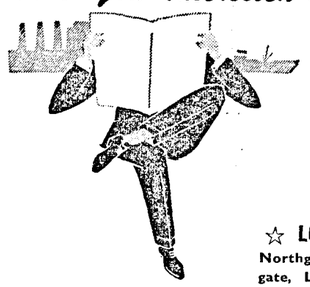

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For other appointments see page 772

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ANNOUNCEMENT NO. 228/11 SEPTEMBER 1, 1959

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Chairman of the Board of Directors

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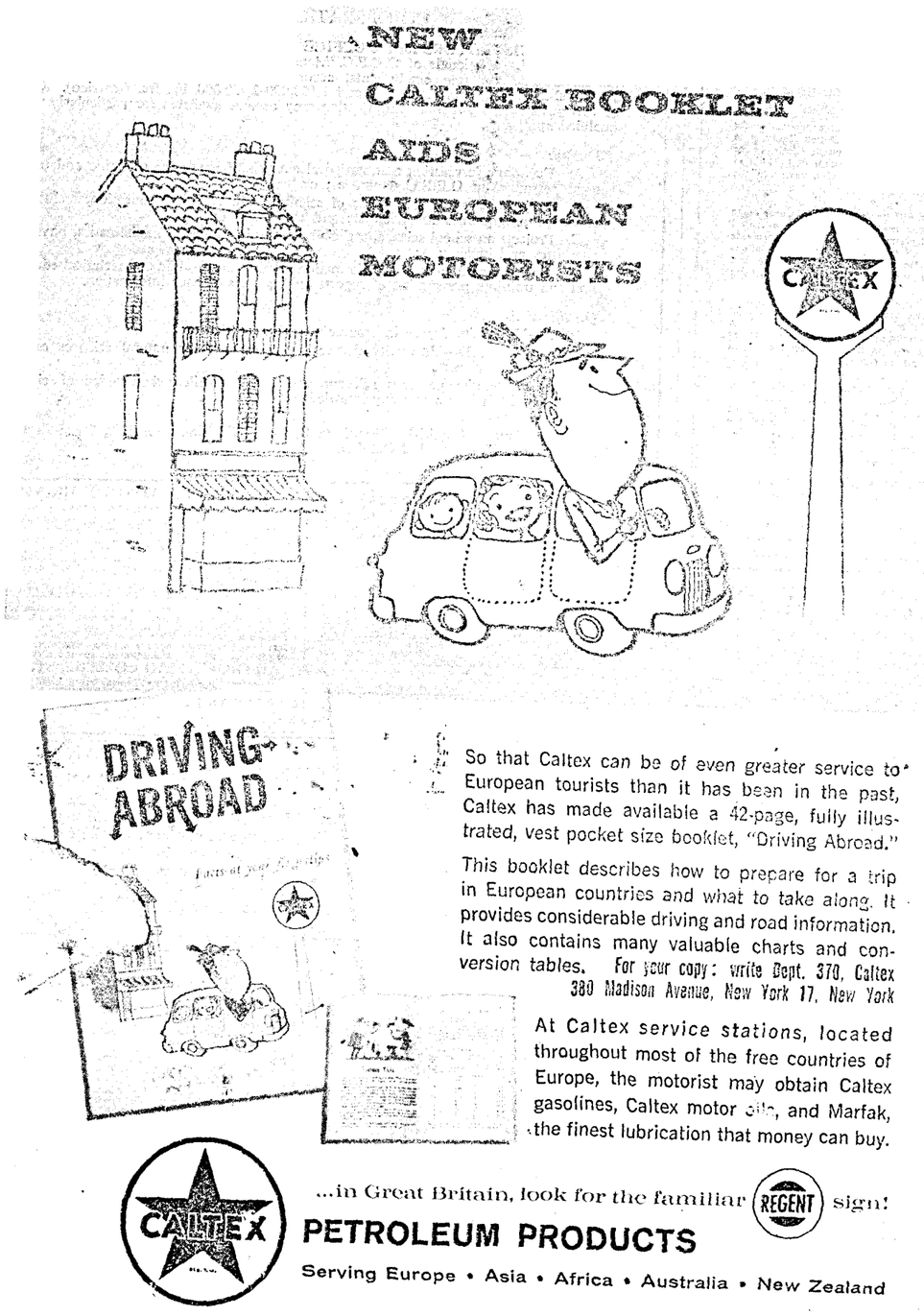

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UNDER SECRETARY TO STATE
17 SEP 1959
FOREIGN DEPARTMENT

October 8

What option will the voters have in the election? (page 801). A series of articles starting this week will weigh the claims of the parties, and our Special Correspondents will chart the course of the campaign week by week

The Economic Issues

Which party's policy idikely to make Britain richer? (page 802)

Uncertain Election

Notes on the arithmec of the election, the beginnings of the campaign, and the TUC meeting at Blackpool (pages 807 and 808)

The City's Response

The markets seem tohave few doubts about the result (page 849)

Dragon and Elephant

The trouble in Laos is not likely to be soluble by conventional military means (page 804 and page 835)

A Stake in Hire Purchase

The investor's choice (page 817)

World Politics and Business

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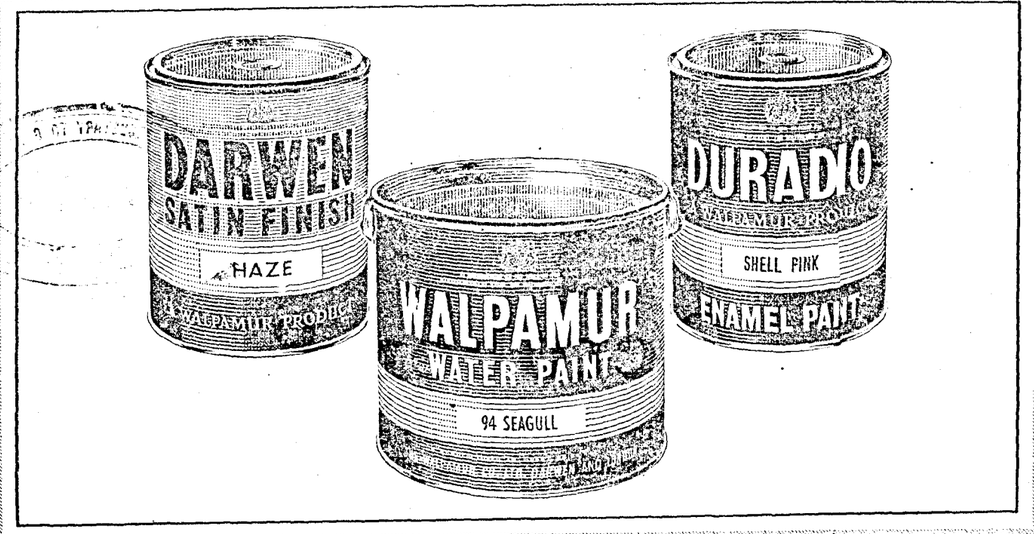

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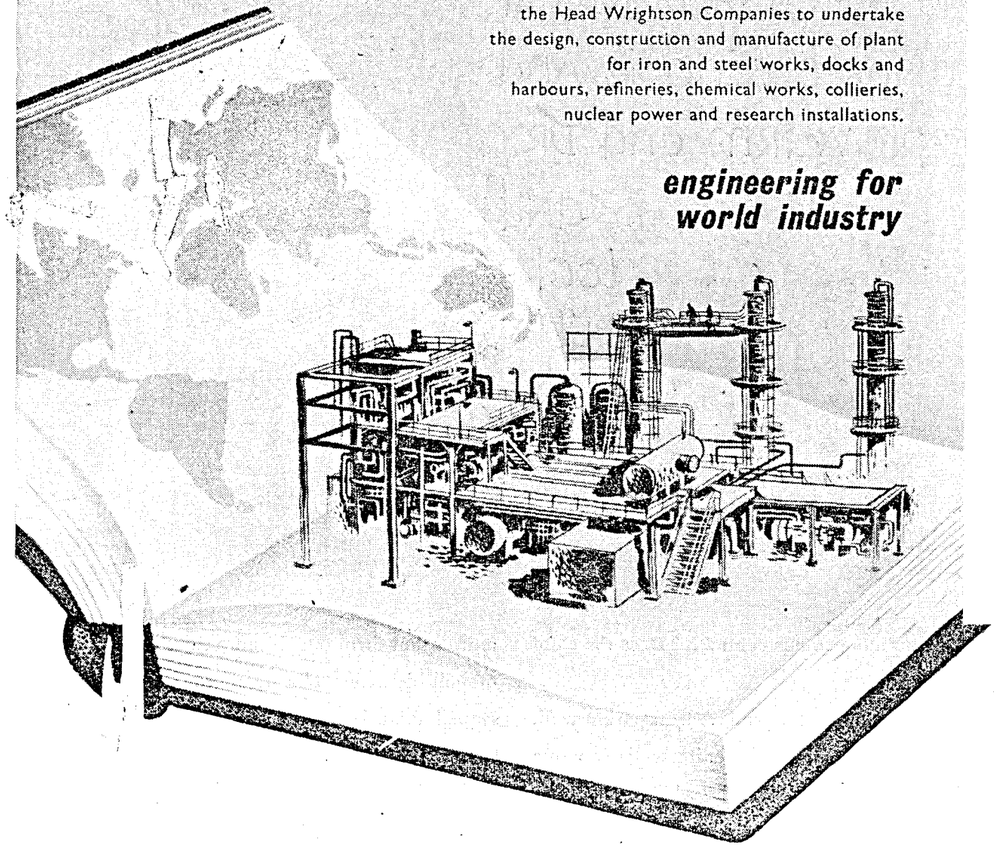

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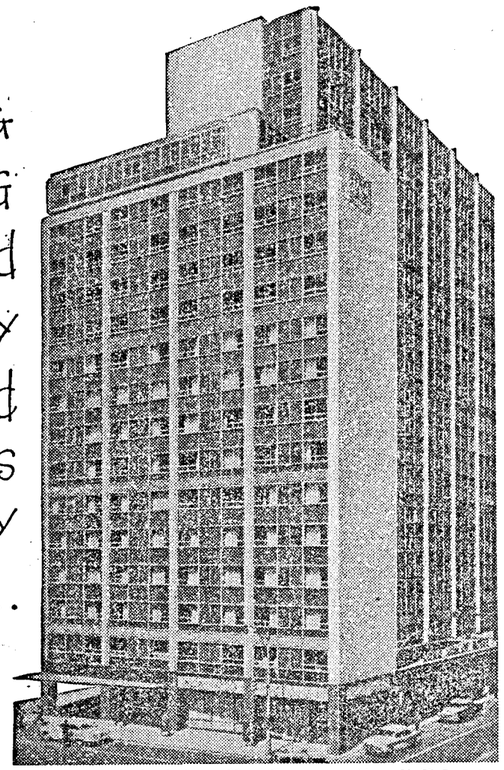
P3015

CURTAIN WALLING IS WHEN A BUILDING STANDS BEHIND IT AND KEEPS WARM AND DRY AND LOOKS PRETTY AND...



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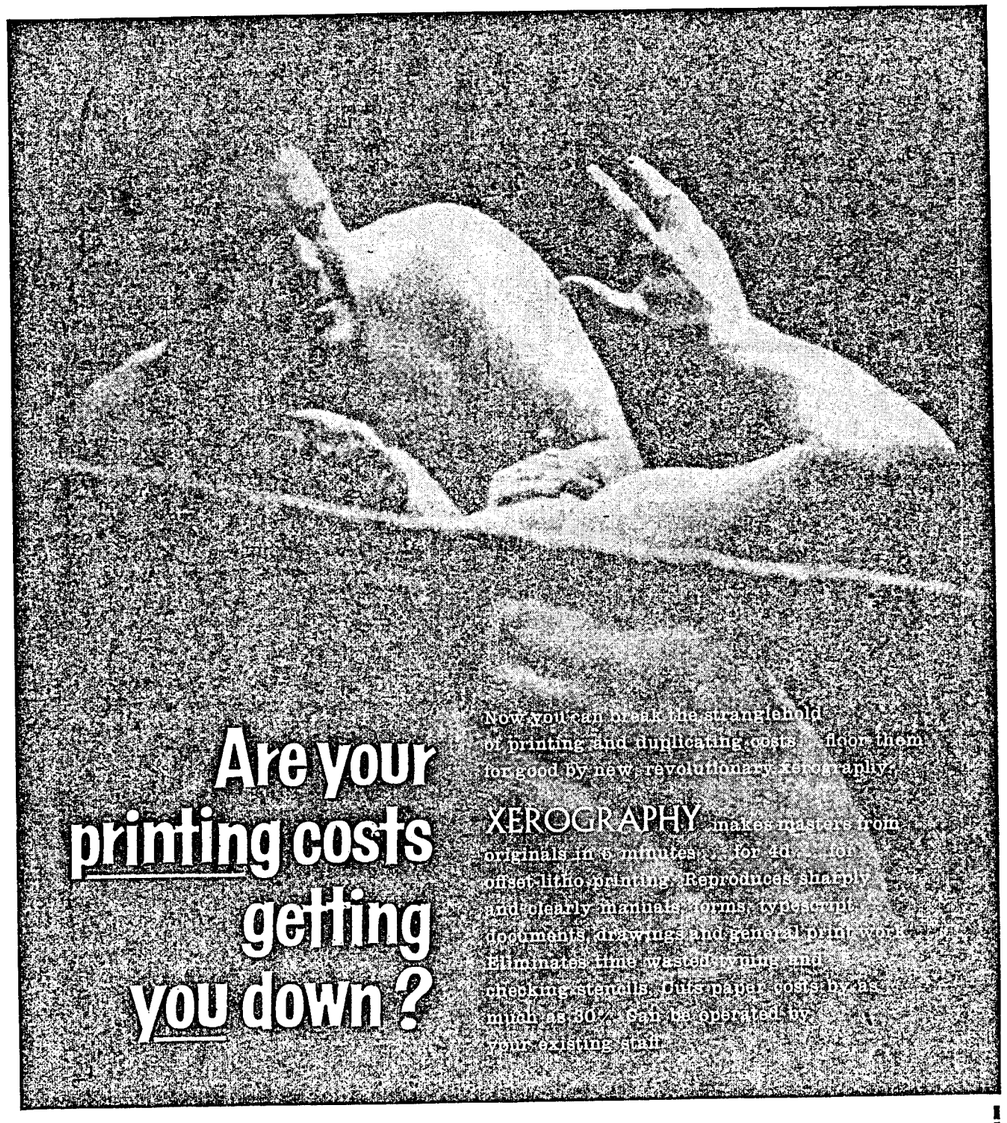

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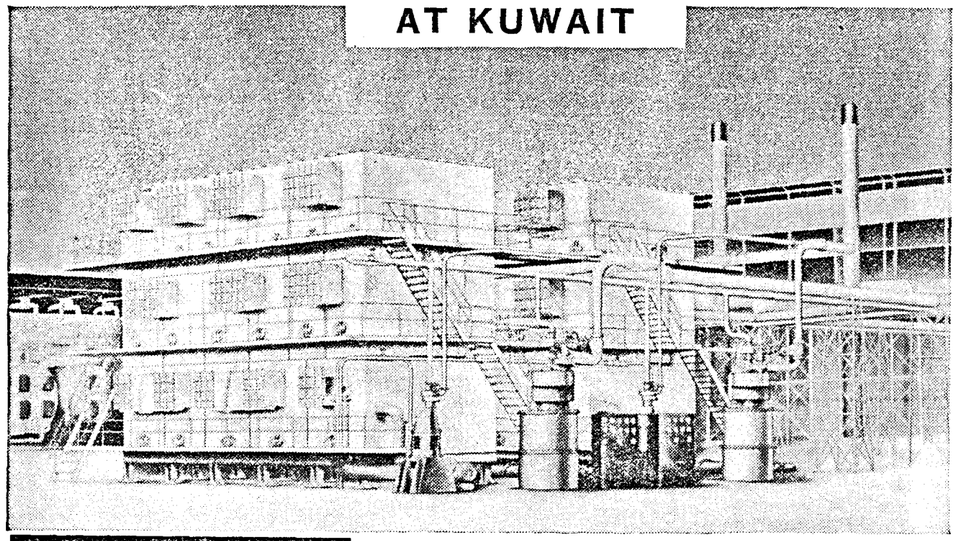

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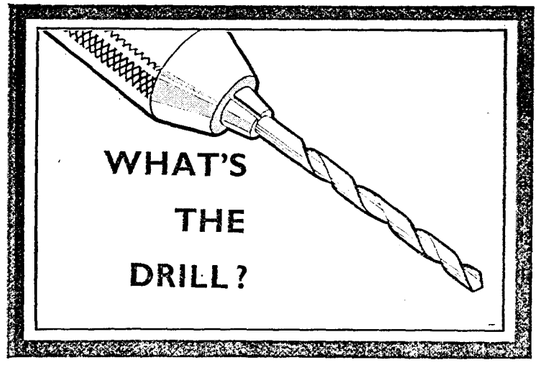

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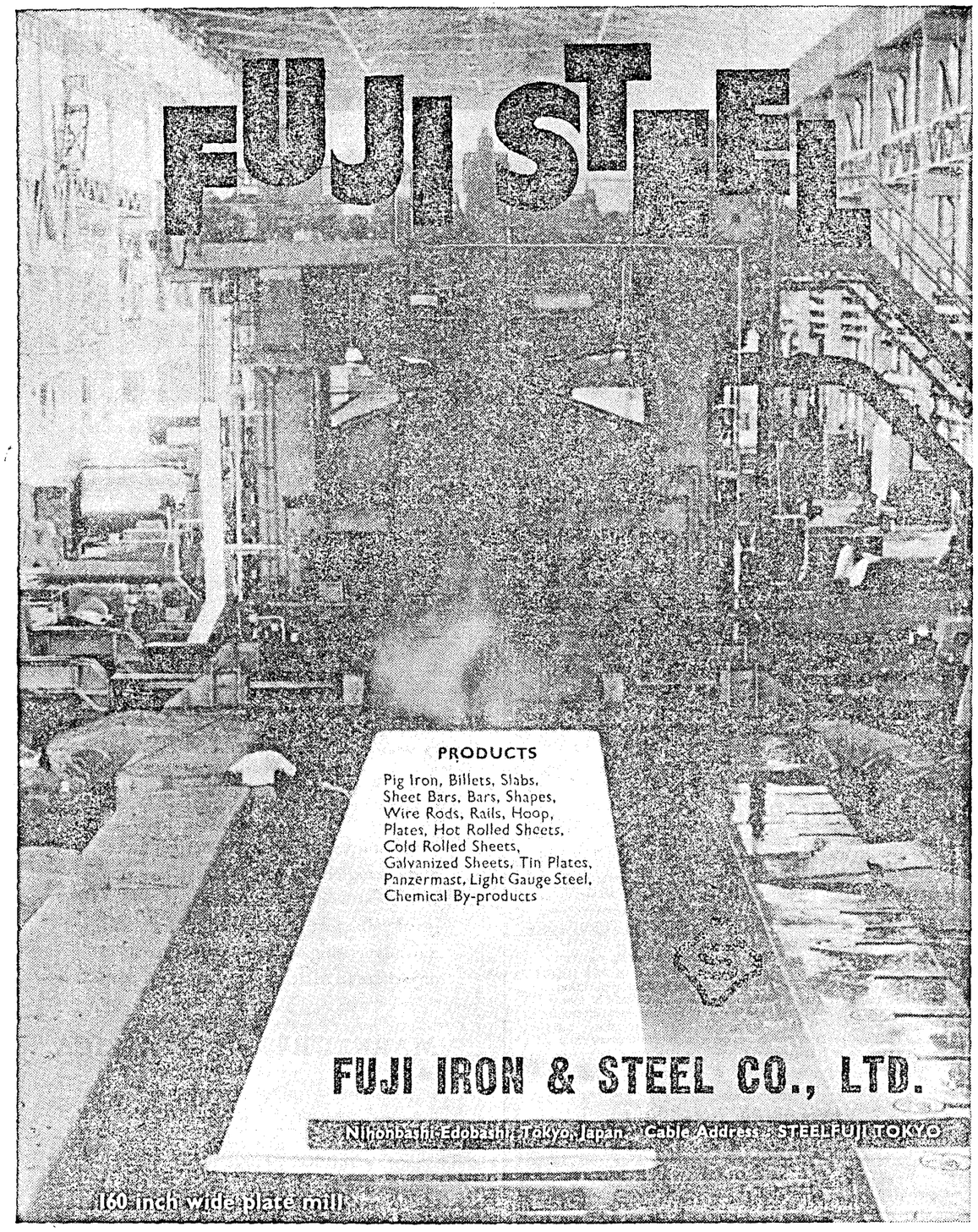

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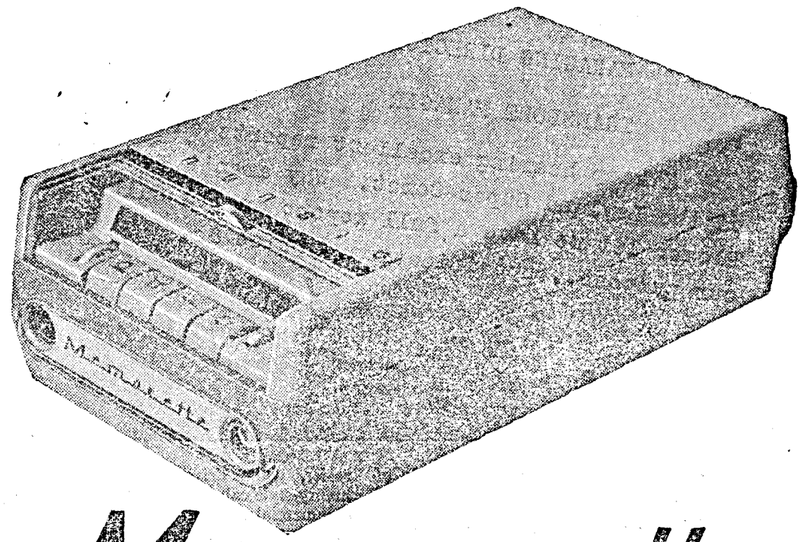

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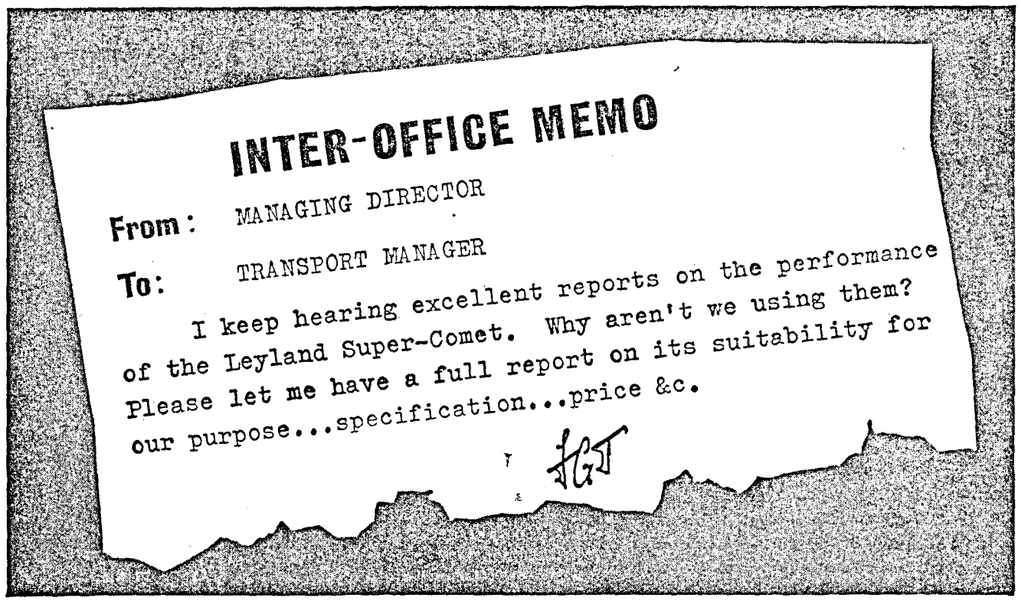

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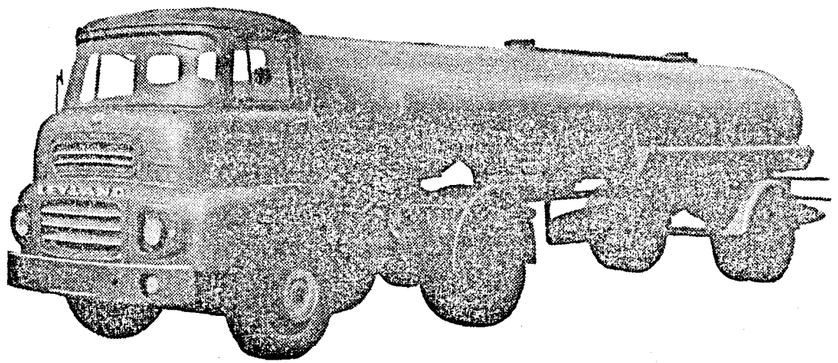

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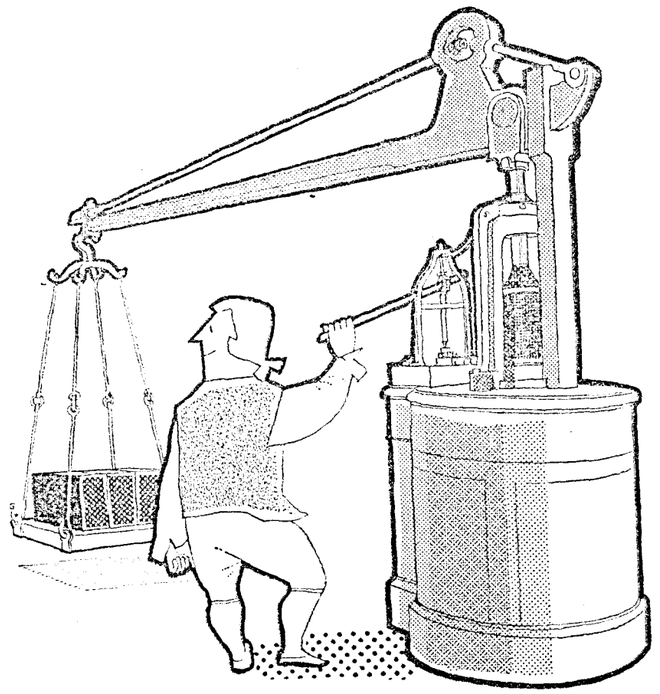
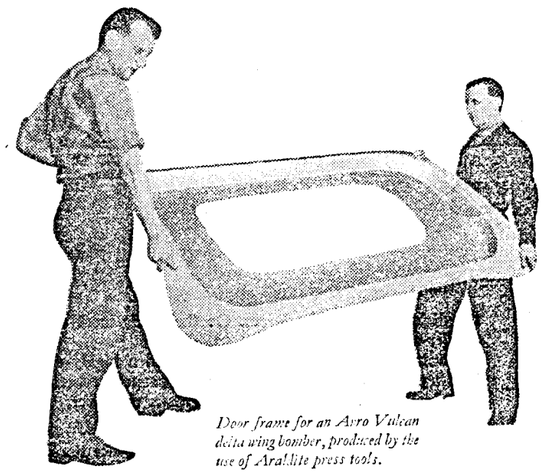


The die is cast



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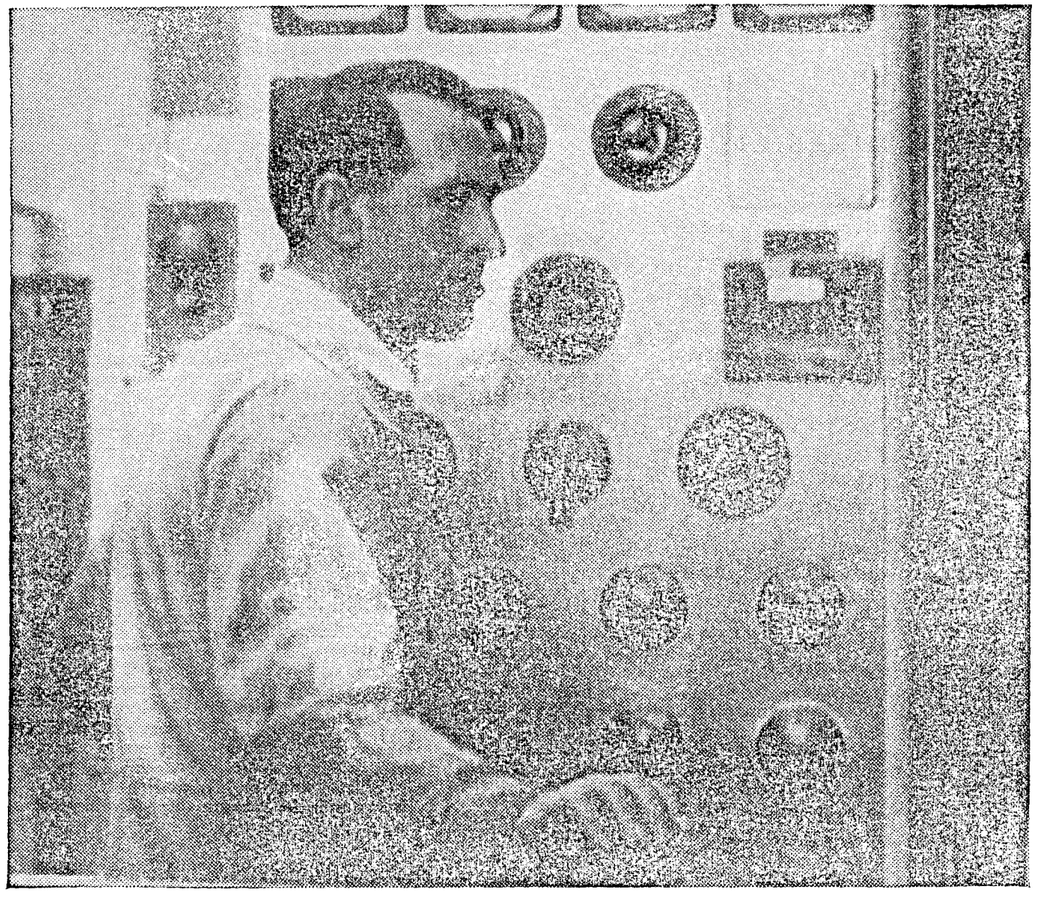

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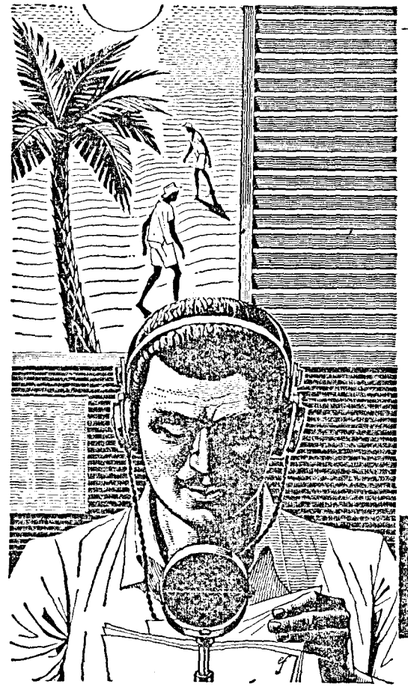

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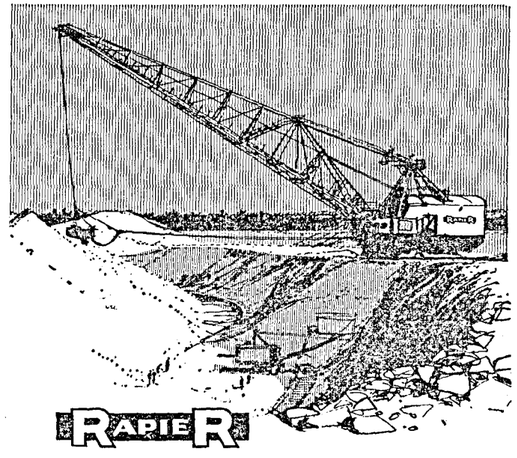

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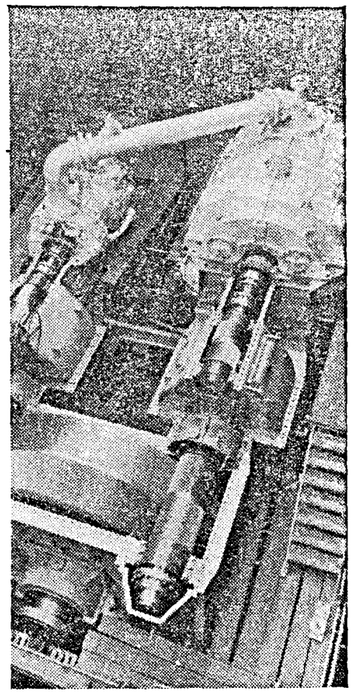

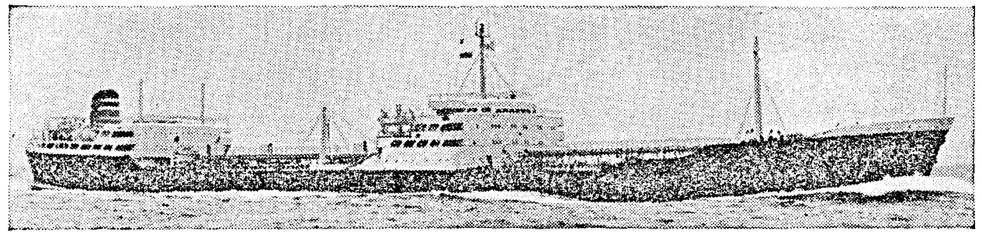

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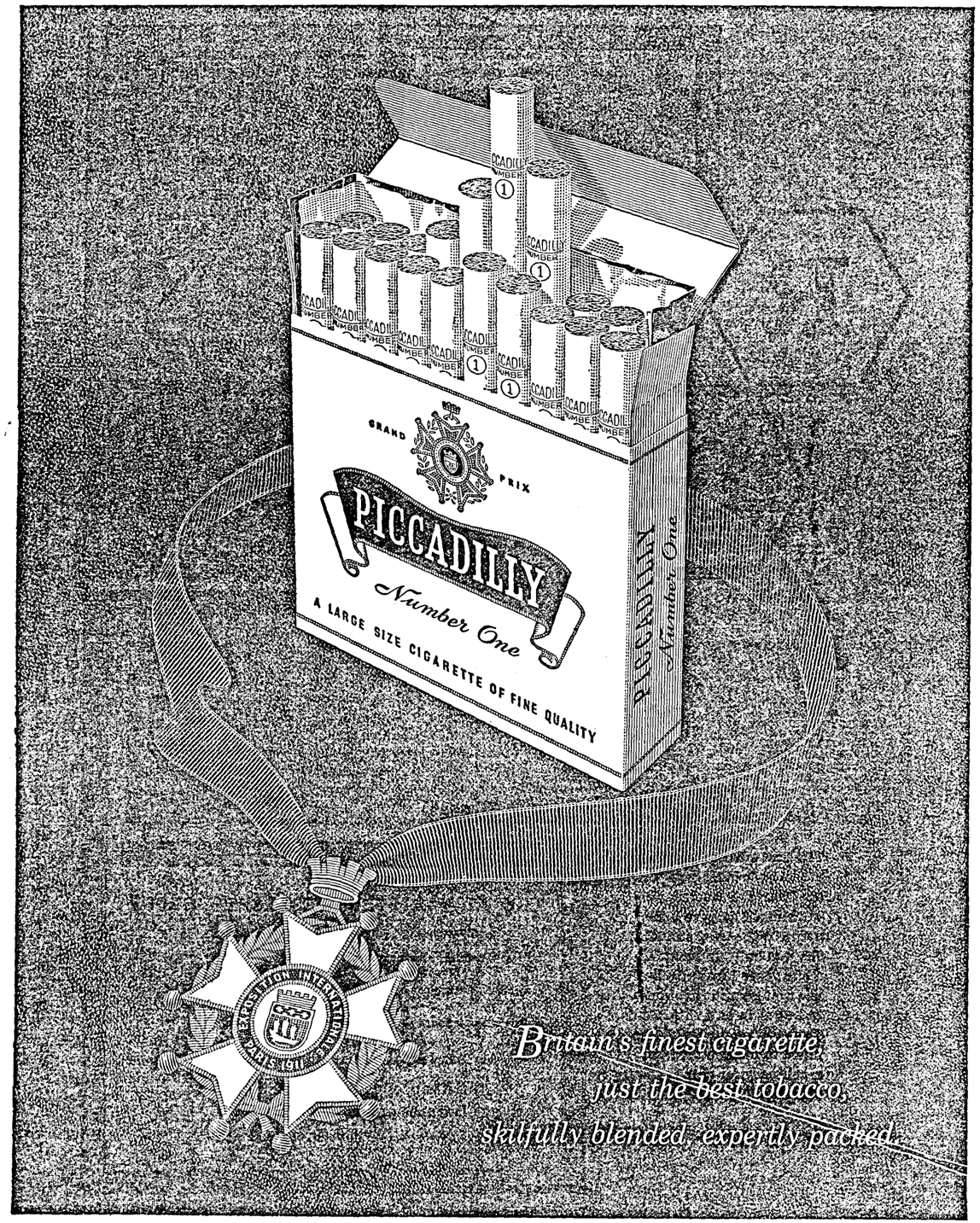

The Economist

SEPTEMBER 12, 1959

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Without Option?

Now, at last, we know. A new Parliament—and Her Majesty's next Government—will be chosen on October 8th. Much may happen in the weeks when minds are being made up, but at the moment it looks likely that the Conservatives will win for a third time running. If so, it would be one more feather in Mr Macmillan's hat. It was he who retreated from Suez almost without losing a man, except Lord Salisbury. It was he who, very sensibly, advanced to Moscow last February. He has become personally identified with the boasts, in the contemporary idiom, that we "never had it so good" and that "there ain't gonna be no war." It is upon these two sentiments—the feeling that times are good and brighter hopes of peace—that the expectations of a Tory triumph are based.

Will the present prophecies be confounded? All will certainly not be over until the shouting has died away; and in each issue of *The Economist* from next week until the election, the state of opinion in the country and the course of the campaign will be tested and charted in a special section. If it is not easy to see how Labour can take up the running between now and October 8th, only sworn Tories will simply jump for joy because of this. It is not a good thing in a parliamentary democracy for the same party to rule for a dozen years or more; it is bad for winners and for losers—and, in the end, for the country.

What is more, the mood which looks like sweeping the Tories back to power yet again is mixed with a deal of illusion. It is just not true that our Conservative rulers have hit upon panaceas for either prosperity or peace. Some very good luck has played as large a part as good management in their several successes. And no amount of the showmanship which is nowadays the garb of statesmanship, if not the substitute for it, can disguise a longish list of unsolved problems, and likely failures, home and colonial and foreign. The Tories have still a lot more to learn about living in the world of 1959 and after.

Certainly the uncommitted voter (and the independent newspaper) would very much like to say that now is the time for a change. But what better alternative is there? A series of articles in *The Economist* between now and election day (beginning with the one overleaf on the economic issues) will weigh in the scales the attitudes of the parties to the major matters of policy; and some attention will be given to whether in 1959 it would be more sensible to vote Liberal. The balance will be fairly struck. But one is bound to confess to start with the reluctant preliminary belief—the exasperated, even angry, belief— that there is no better alternative in sight to the devil we have.

What will be chosen next month, it must be repeated, will be this country's Government. It is a choice of men as well as of measures. The Labour Opposition has its men of character, of capacity and of sensible foresight; but they are still too trammelled and contained by the Labour movement's past, by the Bourbons who are still living in the 1930s and before: the few thousand devoted zealots and dichards who form a woolly curtain in the structure of the party between an alternative Labour Government and the thirty-odd million of voters. Simply because this country cannot hope to have consistently good Governments unless it has consistently good Oppositions, the removal of Labour's own peculiar straitjacket has become a national imperative. No country should be sentenced to pick its rulers without the option.

The Economic Issues

The first article in a series on the choice before the electorate on October 8th

VOTERS in a general election should look towards the future. But election campaigns themselves are inevitably largely about the past. Let two things therefore be said at once about the mass of economic propaganda that will flow from the parties in the coming weeks. First, the Tories are quite right to castigate the postwar Labour governments for the fact that the extremes of austerity and rationing continued for so long after 1945; they could have been eased at least two years sooner than they were if Labour Chancellors had resorted promptly after the war to a dearer money policy, to trimming the food and rent subsidies, and to a gentler progression in the introduction of the welfare state. But these were not remedies that the Tory opposition itself advocated very loudly at the time. Secondly, Labour is quite right to harry the Tories for the protracted pause in industrial growth between 1955 and 1958; expansion might have been resumed much earlier than this year if Tory Ministers of Labour had not run away from railway and engineering strikes by setting up inflation-breeding courts of inquiry. But Labour certainly did not clamour for this remedial policy either.

The record is spotty on both sides. The real question for October 8th is which party seems likely in the future to come nearer to attaining the economic objectives which the ordinary man ought to want. The principal one of these objectives should be the maximum possible increase in the standard of living of the people.

The Will to Expand

To a very small extent, this might sometimes depend on which party has the desire for expansion more deeply embedded in the marrow of its political bones. Perhaps Labour can claim to have some slight advantage here; at any rate the new Labour leadership does seem to have made a significant advance in this respect since the days when it put much less emphasis on expansion and much more on equality. One could even envisage circumstances—at the bottom of an American slump, for example—when Labour might rightly expand internal demand and the Tories wrongly hold it back, either through excessive caution or because they paid too much attention to certain fixed ideas: to the maintenance of rigidly fixed exchange rates, for example, or of technical external convertibility, or of free access by the overseas sterling area to borrowing in the London capital market—all of them desirable things in themselves, but not necessarily all simultaneously indispensable.

But to say this is to look pretty hard and pretty desperately for something that can be put to the economic credit of the Labour party. To a much larger extent, and much more frequently, the question for the voter to ask will be not which party seems keener on maximum expansion (both are keen), but which seems more likely to attain it—not which has more will, but which would find or put more impediments in the way. The main things in the way of maximum expansion in Britain are the limitations set by an uneasy foreign balance and the wretched recurrence of intolerable cost inflation.

A Scarecrow for Sterling?

THE Labour governments' record in handling the foreign balance in 1945-51 was very bad. The reason for this was simply that it was constantly expanding internal demand not just up to the limits set by possible internal supply but well beyond them. The result was a series of balance of payments crises; Labour's claim that it expanded industrial production by an average of 5 or 6 per cent a year between 1945 and 1951 is quite misleading, because at the beginning of that period most of Britain's able-bodied young men were in the army, not the factories, and at the end of it Britain was running a quite unmaintainable balance of payments deficit of over £400 million a year. That early postwar record of running balance of payments deficits is one (though not the only) reason why foreigners are nowadays liable to run away from sterling, and thus stop British expansion, when our balance of payments surplus slips below quite a sizeable level. Moreover, whether British electors like it or not, the point at which foreigners start to withdraw money, and thus enforce a slowing down in activity here, is likely to be different according to which party is in power. Of which party's government—and present manifestos—are foreign bankers likely to be more apprehensive? From which are they likely to run away first? These are questions that can be answered by the facts, and the facts are frankly not with Labour.

It may be said that foreigners' suspicions of Labour are mainly a product of the past, and since Britain is obviously going to have to have a non-Conservative government some time, Mr Gaitskell may be the right sort of leader to put in power now in order to persuade foreign bankers that all socialists are not extravagant wastrels. To that, there are two answers. One is that the promises Labour has made to the domestic electorate before this election have been obstinately extravagant—especially about pensions, housing and the health service. Moreover, whenever even this new Labour party has had the choice between not saying something that will worry foreign bankers and saying something that will appease its internal party militants, it has consistently chosen the latter. (Thus, in private, most Labour leaders will agree that steel nationalisation is not essential to their policies; they will say merely that it will have much less effect, for bad or good, than excited foreigners assume, but they do not see that this provides an overwhelming case for abandoning it.)

The other, and more technical, point concerns the weapons of economic policy that Labour would use in order to keep foreign liquid funds here. Because Britain is so vulnerable to movements of foreign funds, it is going to be wiser for this country in the foreseeable future to rely on relatively high short-term interest rates as an instrument of restraint, and to use lower taxes (not cheap money) as the main instrument for encouraging expansion. Labour has no doubt learned many lessons since the extreme cheap money folly of its Daltonian period, but it is a fair judgment that it is still likely to have a greater bias against hard money than the Tories. One reason for this is its greater susceptibility to that most powerful of pressure groups against economic interest rates, the local government authorities.

Inflation through Trade Unions

THE second attribute needed by a government that is to enrich Britain is a policy that will maintain a course of reasonable expansion without immediately provoking intolerable cost inflation. This at once raises the problem of the trade unions. Whenever Britain has set out in recent years to secure a rate of increase in national income at between 2½ and 4 per cent a year, the trade unions have at once demanded between 5 and 10 per cent a year increase in wages. The image which Labour wants to put before the electorate is that it would use its good offices to persuade its old friends in the trade unions, please, not to go on asking for these increases. The image which the Tories are gradually managing to convey is that they may tell the unions that they cannot have them.

As a matter of realistic judgment, the latter policy, if it is really carried through, seems much more likely to work. Perhaps in certain very special circumstances—for example after a grave inflationary crisis such as the fuel stoppage of 1947—the trade unions might agree to help a Labour government by initiating a temporary period of wage restraint. But it is hardly reasonable to urge the voter to give his franchise to the party which might possibly be better fitted to get out of a very great mess, rather than to the party which might be more likely not to get into it. The practical question for the voter to ask himself in this field is this: if, during a period of 3 per cent per annum expansion in the national income, the railwaymen's union threatened a railway strike unless it got a 6 per cent per annum increase in wages, which party's government, as things are today, would seem less likely to urge the British Transport Commission to give way? On this count, a tremulous, unconfident, but quite definite vote for the Tories.

Who Favours Competition?

THE trade unions, however, are by no means the only cause of cost inflation. This is an age when Britain badly needs a Cobden and a Bright. At a time when technological innovations are providing unimaginable opportunities to increase standards of living, but when the main thing in the way is the difficulty of keeping prices down, it is supremely important to get rid of all protectionist and restrictive practices whose sole object is to keep prices up. Traditionally, the Tories would be expected to be very bad at this. It is therefore gratifying to record that this is the one economic field in which the Tories' record, during the dying Parliament, has been quite extraordinarily good.

Mr Thorneycroft's Restrictive Trade Practices Act has enabled a serious beginning to be made in the task of sweeping away the worst sorts of trade association agreements. Sir Anthony Eden deserves much of the credit for trying to bring Britain into the business of tariff reduction in Europe, although the initial instinct of his party backwoodsmen was to fight against it. Sir David Eccles has not fallen into the easy temptation of maintaining dollar import controls in order to protect weak domestic industries, and he has firmly resisted pressure to impose new controls on cheap textiles from the poorer countries of the east. Mr Amory and Mr Hare have even begun to instil some sense into agricultural policy. In retrospect—and this is a point which always annoys Labour intellectuals—perhaps the most successful anti-inflationary move since the war was the abolition of building licences; one of its main effects was to make possible the building of new supermarkets, which then began to break through some parts of British industry's zareba of resale price maintenance. Labour would not have achieved this.

Admittedly, Labour, too, is less protectionist than it used to be. Mr Wilson deserves credit for bringing the trade unions along with him in a constructive attitude towards Europe. But, in general, Labour still seems more ready to give way to particular pressure groups. It wants a "national fuel policy," which means putting up British industrial costs by buying expensive British coal even if imported oil (or imported coal) is cheaper. It would be more likely to use import quotas against foreign countries (including underdeveloped countries), in order to protect inefficient British industries. Its agricultural policy is based on more marketing boards, which means putting up the price of food.

Planning, Investment, Fair Shares

WHAT other economic issues are there? During the campaign Labour is likely to talk a lot about its intention to introduce a more planned and co-ordinated economy; there is nothing to hope for from this, although Tory alarmists should be told that there is not so very much to fear from it either. In 1945 Labour inherited, and improvised upon, a number of wartime expedients called controls. It will not inherit them this time, and the phrase "Labour planning" would in practice tend to be a euphemism either for the subsidies it gave to particular pressure groups, or for the steps (possibly sometimes wrong and restrictive ones) which it took to extricate itself from any external crisis. The idea that Labour would try to plan the business decisions of the six hundred largest British industrial companies, because its national pensions fund would buy ordinary shares, is a Tory bogy—although Labour's own misguided utterances in two of its policy statements allowed this bogy to be raised.

Much more sensibly, Labour will also campaign on the need to increase productive investment in Britain. But it does not say how it would effect this. In practice, productive investment in the public sector of the economy could be significantly increased only by a government which held down its spending in less productive social fields (especially council housing); while productive investment in the much larger private sector can be stimulated only by tax concessions designed to increase the incentives to earn and save. The Tories seem likely to be ahead of Labour in both respects.

Finally, the elector who passes judgment on economic issues should sometimes pay attention to his heart as well as his head. A warm welcome should be given to the fact that both Labour (in its policy statements) and Mr Macmillan (in his telecast with President Eisenhower) have said that Britain

should do more to aid the underdeveloped countries of the world. The party that will do more to aid them is the one that will manage to have the larger balance of payments surplus (you cannot lend deficits), and the one that would be less inclined to block imports of cheap consumer goods (however much they annoyed British managements and trade unions).

On "fair shares" at home, Labour would have a more positive urge to do some desirable things to clear away squalor. But the Tories have generally been quicker (or more honest) in recognising that the party that will do more to banish poverty from Britain will be the one that is more ready to discriminate: to increase old age pensions for everybody—including the retiring managing directors—is nowadays a less humane, even though electorally more popular, policy than steadily to increase national assistance scales for those in real need. At the other end of the argument about "fair shares," Labour would be likely to remember enough from its 1956 policy statement on equality to introduce a capital gains tax and to make a sharp increase in death duties. Individual voters must make up their own minds about the desirability of these; the economist can only say that they would be likely to bring in only very small sums for the Exchequer, and that in certain forms they could obviously accord ill with Labour's professions to increase investment and savings.

Such, then, are the economics of the choice that voters will have to make on October 8th. The Tories' economic record throughout most of this Parliament has not been as successful as in that of 1951-55. But this first article about the alternative governments must still end on very much the same note as we ended the equivalent article in 1955. Considered as against Labour alone, and judged on the economic issues alone, the Tories—although not achieving a knock out, or even winning every round—undeniably pile up a large lead on points.

Dragon and Elephant

The threat to Laos from North Vietnam is more subtle than the conventional picture of aggressive war

FEW can have expected the experiment in personal diplomacy which Mr Eisenhower and Mr Khrushchev are to open on Tuesday to take its course undisturbed by outside events; and it was always a fair guess that the disturbance, whatever it was, might come from the general vicinity of China. In the event it has come from Laos, which was the subject on Monday of a Security Council meeting of the old, familiar, acrimonious kind; nothing about this meeting suggests that the cold war is over yet.

Laos having complained of invasion from north Vietnam, the Security Council appointed a special sub-committee (Argentina, Italy, Japan, and Tunisia) to find out the facts and to report. Article 29 of the Charter of the United Nations, one of the articles grouped under the general heading of "procedure," empowers the Security Council to form such subsidiary bodies as it thinks fit; but the Soviet member, who voted against, maintained with some heat (and with some reason) that this was not really a procedural vote and that the council was acting illegally in ignoring his veto.

The new sub-committee is to go to Laos and make an investigation on the spot. The hope in London, at any rate, is that its arrival there will reassure and perhaps calm the Laotian government, and that it may even, for a time, deter the Vietnamese communists from persisting in their interference with the northern provinces of Laos. Considered by itself, it is a sensible and innocent move; however, since the Russians regard the sub-committee as an illegal body and will presumably disregard its report, while the Chinese and Vietnamese communist governments are excluded from the United Nations altogether, it is a move that can do no more than help to hold the situation for a limited time; it cannot, so far as the imagination can stretch, be expected to lead directly to a negotiated settlement of the trouble.

Laos had not asked the Security Council to send a sub-committee; it had asked for an emergency force "to halt aggression." The fact that the Security Council did not decide to send a force does not prove anything; against the inevitable Russian veto, it could have done no such thing, though it could have passed—and may yet pass—the matter to the General Assembly as was done in the Suez crisis. But the sending of a sub-committee, and the hopes, however modest, that are placed in it, reflects the fact that in the eyes of most people (and certainly of the British Government) what is happening in Laos is not a straightforward, overt military aggression on the lines of, say, the communist attack on South Korea in 1950. Laos is certainly in danger, and the danger certainly comes from north Vietnam; but the method is more oblique than in Korea, and the plan has a longer range. A closer parallel is with the communist pressure on Greece between 1945 and 1948.

It has been the misfortune of Laos never to have quite succeeded in winding up its modest share in the Indo-China war. That war did not take much account of frontiers; in its course the two northern provinces of Phong Saly and Sam Neua fell into communist hands, and for three years after the Geneva settlement of 1954 they remained detached from Laos and attached, for practical purposes, to communist Vietnam, although the agreements provided that they should return to the Laotian kingdom. It was not until November, 1957, that the communist leader in northern Laos, Prince Souphanouvong, came to terms with his half-brother, Prince Souvanna Phouma (then prime minister of Laos); and even then the agreement looked like an unaccountable gamble on both sides. The Lao communists agreed that their troops should hand over the territory they controlled, lay down their arms and return to their allegiance; the royal government agreed to accept two communist battalions into the royal army and two communist ministers into its own ranks.

Prince Souvanna Phouma's policy of reconciliation at home was complemented, logically enough, by a policy of neutralism

in foreign relations, though he and the majority of his colleagues remained anti-communist themselves. His policy broke down, and his cabinet fell to pieces, under the shock of the supplementary elections made necessary by the agreement. Faced by a divided right, the new communist (Neo Lao Haksat) party and its associates got 13 out of the 21 supplementary seats, though with only some 30 per cent of the votes. This caused a violent reaction among the right-wing officers and politicians and a realignment of the government parties. The two communist ministers were dropped; Prince Souvanna Phouma, who had been regarded more or less as a permanent institution, was dropped himself, and the policies of compromise and neutralism went overboard.

The new government, led by Mr Phoui Sananikone, has done many things that are in themselves sensible. But it took over before the royal authority had been fully re-established in the northern provinces, when the communists still had a small but useful army in being in the north, and on a programme which the communists (whether in Laos, in Vietnam, or in China) were obviously not going to like. The army and the Committee for the Defence of National Interests (a kind of Young Turk movement) tended to push the new government into more extreme attitudes than Mr Sananikone might have adopted if left to himself. Thus, the acceptance last December of a Chinese Nationalist consulate was not calculated to disarm the hostility of Peking. In January the government took dictatorial powers for a year, putting the legislature in suspense and postponing the next elections. The Neo Lao Haksat virtually lost its newly won legal status. Mr Sananikone's next step was to attempt, with only partial success, to disarm and intern the two surviving Pathet Lao battalions.

Thus it can be argued plausibly enough that the retaliation which has come from the north was inevitable if the Sananikone government pursued the policy it did. But it cannot be plausibly argued, as Hanoi and Peking have been maintaining, that the communist retaliation was provoked by American military interference. Before July the United States government had done little beyond reforming the reportedly gross errors of its administration of aid to the Laotians. But, even if the limited infiltration of armed communists into northern Laos last January is disregarded, communist troops attacked a Laos army post in Sam Neua province about July 16th, while it was not until July 23rd that the announcement was made that an American military mission was to help the Laotian army to train in the American weapons which it had acquired. Washington came to the help of its Laotian friends when they were already hard pressed.

JUST how hard pressed they are is not easy to say. Estimates of the strength of the hostile forces in the north have gone up and down between a few hundreds and a few thousands. Grave military threats to Sam Neua and other places, some of them not far from Vientiane itself, have appeared, disappeared, and reappeared. The royal government is at one moment observing public holidays in idyllic somnolence, at another declaring states of emergency and sounding the tocsin. No large-scale military attack seems to be going on at the moment, and quite likely there is none on the way. What is certain is that the Laotian government is at a disadvantage in its northern provinces, that it is being harassed across the border from north Vietnam, and that the Vietnamese communists are well placed to make difficulties for Laos, while maintaining the appearance that what is going on is a civil war.

Most probably the north Vietnamese are engaged in Laos in a sapping and mining operation which may last for many years, and in which political opposition to the Lao government will be supported by subversion, and the subversion helped out on occasion by military force, until one day, as the communists must hope, Laos will rot and fall off the tree; and when that is done, south Vietnam will be more vulnerable than it is now, and the union of Vietnam under communism can take place. The West's answer is to help and encourage Laos, and its non-communist neighbours in South East Asia, to refuse to rot. The situation is not one that is likely to be soluble by conventional military means. Nor is there any reason to suppose that its solution would be made any easier if communist China were forced to share the blame for what is going on with the south Vietnamese, or if Soviet Russia were forced to share the blame with China. It is always tempting to simplify such an issue by generalising it into a world crisis.

Obviously enough, the Chinese communists would rather their communist friends in the Indo-Chinese states won, than that they lost; they have given plenty of evidence, in Tibet, the Himalayas, Korea, and elsewhere, that they prefer subservient states to independent pro-western states on their borders. Just as obviously, the Russians are not going to repudiate their friends in South East Asia, or in Peking. It does not follow that the trouble in Laos is a plot for aggressive

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AT THE FAIR

We always go into a cattle fair with more zest and interest than into the show-yards of any of the great Agricultural Societies. True it is we do not meet at fairs with any specimens of live stock so perfect as a great many of the animals exhibited at the cattle shows. But their condition is more natural. And there is a reality, an eager business-like air about a fair not to be found at a prize stock show. Business is doubtless done at the shows by stock-breeders, but the amateur, the dilletanti character of very much of the proceedings is painfully obvious. The farmers very generally stand aloof and criticise, making indeed very often unfair remarks as to the condition and character of the animals. In short, a prize stock show is in the main an agricultural holiday. Not so the fair. Everybody is in earnest and eager to do business. Cattle are brought to be sold. Farmers come to buy. If you go into any part of the fair as a spectator—if you stop to look at a horse or a herd of cattle, you are solicited to make an offer for the one and a selection from the other. No dealer supposes for a moment that you go there only to look on. And whoever went to Barnet Great Fair on Monday last and noticed the large numbers of cattle driven off before 12 o'clock, could not doubt that real downright business was the purpose of the greater part of the busy crowds there assembled. The fair was a good one, all sorts of stock usually brought there were numerous, and most of them were in good condition. In particular we never saw a finer show of milking cows. . . The horse fair was very full, sales were brisk, and the wild Welshmen, who are the principal dealers, appeared wilder than ever. Some 3,000 horses were said to be on the ground. Most of the horses were young, and formed for the most part the raw material of good saddle and harness horses, but he must have been somewhat fastidious who could not have suited himself at Barnet with a young horse likely to meet his requirements.

war, drawn up in Peking and counter-signed in Moscow. On the contrary, it is highly inconvenient for Mr Khrushchev, bent as he is on his mission to Washington ; and it would be disastrous for his whole policy if east and west were now to involve themselves in a second Korean struggle on the mainland of South East Asia.

The Business of Beauty Contests

THIS summer has been the busiest ever for Britain's beauty competitions. Many seaside resorts and holiday camps organise a bathing beauty contest at least once a week during July, August and September ; firms, co-operative societies, trade unions and local councils run such competitions by their thousands from early spring to late autumn ; while dance halls and palais include beauty contests as a staple part of their winter, as well as their summer, entertainment diet. Some of these contests are taken much more seriously than cynical outsiders might assume ; the rumpus created at a recent Ilfracombe beauty contest over the election of a grandmother (who was alleged to have packed the voting attendance with her supporters, and was threatened with a pelting of eggs in consequence) is sufficient proof of that. The plain fact is that, in the last few years, these competitions have come to occupy a prominent place among British recreations and social life.

Slightly superficial reasons for this are not hard to find, quite apart from the obvious basic one which no doubt rears its ugly head. Beauty contests appeal primarily, but by no means exclusively, to teenagers of both sexes with lots of time and money to spend. To the girls there is the chance, at the least, of showing off to their boy friends and, at the most, of rising to modelling, stardom and fame ; earnest promoters will also claim that a working-class girl who enters these contests can get for nothing a practice in dress and poise for which her middle-class counterpart might have to pay many pounds. There are two further appeals to the surprisingly large number of women of all ages in the audience: the clothes and make-up worn at these contests can serve as models for their own dress ; and the plush surroundings in which the contests are usually held make a pleasant change from a modest home. Beauty competitions, as well as being a good party game, have rapidly become the mannequin parades of the working classes.

The first British commercial enterprise to recognise the full potentialities of this new hobby was Mecca, the dance hall operators and now certainly the largest beauty contest organisers in the country. In 1947 the company ran only one contest, for a conventional "Bathing Beauty of the Year"; now it runs more than a thousand, often of a markedly different sort. Instead of being just general beauty contests, competitions in its dance halls now tend to be based selectively on almost every beauty spot that a girl can have ; there are contests singling out the most beautiful hands, feet, legs, hair, make-up, figure and face. Mecca's dancing business has increased regularly by 10 per cent a year since 1945. No doubt there have been other reasons for this besides its beauty shows (sixty per cent of British marriages now originate in dance halls, according to a recent estimate), but the contests have certainly drawn people in.

A second reason why the promotion of beauty contests is so popular is that they bring good publicity for everyone concerned. Industrial enterprises have been quick to recognise this (Norvic Shoes sponsors the "Teenager of the Year" and Mazda Lamps the "Queen of Light"). The publicity is increased if a big newspaper, hungry for uncovered cover girls, can be brought in as a partner to the contest. Butlins runs its "Princess" competition in association with the *Empire News*, another competition in association with *Blighty*, and a third in association with *She*. Moreover the prizes at smaller competitions, generous though they often are, consist usually of products given away by manufacturers for advertising

purposes and thus cost the organisers nothing; Mecca's prizes of ball point pens, cosmetics, soaps and dresses are all of this kind. Even the judges do well out of it ; they are usually radio and TV personalities—but now sometimes also aspiring politicians or company or trade union executives—anxious for a bit of extra publicity.

MOST important of the year's competitions are the "league" contests which lead to such titles as Miss England, Miss United Kingdom, Miss Europe, Miss World and Miss Universe. (The Miss Great Britain contest has declined in importance now, and is largely a local competition held at Morecambe.) These national or international competitions, whose proliferation in this country dates partly from the Miss World contest of 1951, which was designed to celebrate the Festival of Britain, are highly organised and since they offer substantial prizes are fairly expensive to run ; the Miss World contest, for instance, now costs its backers £15,000 a year. Girls enter the local heats held at any one of Mecca's 23 ballrooms in April and May, where they can win up to £10 ; if successful, they go on to Blackpool in August where, under the further auspices of the Blackpool Corporation and the *News of the World*, they can be elected Miss Blackpool (£250 prize) and Miss United Kingdom (£300) ; later, there is the further chance of becoming Miss World. Miss England belongs to a different league ; she is elected in April and is then given, among other things, an expenses-paid trip to Hollywood for the glittering chance of becoming Miss Universe.

The rules for these league competitions are strict. A Miss England competitor must appear in a one-piece bathing suit "complying with recognised standards of propriety"; she may wear a few bones in her costume "but none to accentuate the bust"; she must not wear "artificial aids on the body or the costume nor any foundation garment"; and she must be aged between 17½ and 25 and unmarried. Breaches of any of these rules, which are not unknown, lead to disqualification if detected (though detection sometimes proves hard). This year about 50 girls will enter the final round of Miss World ; the winner, as well as her money prizes, can expect substantial advertising and modelling fees. But every beauty queen's wish, which is to become an actress, is more difficult to achieve. The major film companies, like J. Arthur Rank, are chary of promising screen tests to girls who have won a contest. Their experience in the past has been that these girls may be handsome, but that they usually cannot begin to act.

As well, however, as having to fight her way through the various competitive leagues, a girl who hopes to use these beauty competitions as a way to the top has to contend with important vagaries of public taste. To say that the ideal of British beauty has changed over the years is a commonplace: the raffishness of Regency, Victorian velvet and the tubular twenties, all ideals in their time, had little, if anything, in common. But the same process of change in the prototype of beauty is going on today. Developing from the thirties, when the waist came back into fashion, emphasis today has shifted to the bust and to a lesser extent to the hips; hence the modern publicist's almost obsessive concern with "vital statistics." (Comparison of the challenging measurements of Mlle Bardot or Miss Jayne Mansfield with the seductive, but well clad, film beauty of the thirties brings this point home.) The modern ideal of youthful undress in part reflects the younger age of the beauty audience; but no girl can go far in any competitive company today without a good bust.

One pleasing feature of the postwar social scene in this country has been the raising of women's standards of dress in Britain, as anybody who remembers earlier frumpish generations of British women will remark. It is at least possible that the beauty contests have made some contribution here. The introduction of new styles fifty years ago used to be a process that filtered slowly down from the higher to the lower social classes ; today, apart from a select group of models, the best dressed girls in England are the city typists who enthusiastically and immediately buy Paris reproductions from the cheaper department stores. The upper middle classes, with their traditional conservatism, follow far behind. But with pressure both from above and below, the businessman's wife, as well as that of the film actor and the teddy boy, is taking a new interest in her appearance. The pressure is on to keep up with every sort of Jones.

NOTES OF THE WEEK

GENERAL ELECTION

The Uncertain Election

IN London this week bookmakers were laying odds of up to 3-1 on a Conservative victory on October 8th, and professional dealers on the stock exchange were picking a Conservative majority of between 60 and 70 as their favourite guess at the result. It may therefore come as a shock to Conservative optimists to hear that the electoral statistician, sticking strictly to his figures of form, must still regard this as a rather more uncertain election than even those eventually close-run affairs of 1951 and 1955. At the beginning of those last two election campaigns, nearly all the signposts—the public opinion polls, the by-election results, the pattern of Liberal candidacies—pointed towards the likelihood of a Conservative victory. This time only the public opinion polls quite distinctly do so.

During the next three weeks, as the campaign proceeds, the arithmetic of this election will be scrutinised in *The Economist* in the maximum digestible amount of detail. But the broad figures to remember at the start seem to be these. In the election of 1955, the Conservatives won a majority of 68 over Labour. This time, therefore, Labour would need to gain 34 former Conservative-held seats in order to gain parity with the Conservatives in the House (although, unless the Liberals joined with it, it would probably need upwards of 40 gains in order to have a workable overall majority). There are 48 Conservative seats which would go Labour if there was a straight swing of 3 per cent from Conservative to Labour right across the country compared with 1955. It is worth looking carefully at the pattern of candidacies which is at present expected in these seats.

Labour's Hopefuls

IN 14 of these 48 very marginal Tory seats, the Liberals are expected to put up candidates ; they contested only seven of them last time. All of these 14 Tory seats are obviously very vulnerable. So are at least another four or five Tory seats with only slightly larger Tory majorities where Liberals are joining in the assault. If all these seats went against the Conservatives, Labour would need to gain only 15 seats in straight fights in order to become the largest party in the House, and there are 17 "straight fight" Tory seats which would be vulnerable to a 1½ per cent swing to Labour. In the last two by-elections of the expiring Parliament, which took place as recently as June, the swings to Labour—both in straight fights—were ½ per cent and 1¾ per cent respectively (at Whitehaven and in the Penistone district of Yorkshire).

Since June, it is true, the *News Chronicle* Gallup poll, with other public opinion surveys in concurrence, has reported about a 2 per cent swing back to the Tories ; on that reckoning the Conservatives might hope to win up to 30 more seats than they did in 1955, giving them an overall majority of some 120 in the House. The balance of probability therefore obviously points to a Conservative return to power; probably, indeed, the fairest summary of the evidence is that an increase in their majority is more likely than not. But anyone who says that a Conservative victory of any sort is an absolutely foregone conclusion should check up on what he is assuming: he is assuming, in effect, that more than 98 out of every hundred people in this country are quite certain to vote on October 8th in exactly the same way as the public opinion pollsters suggest that they might vote now.

TRADES UNION CONGRESS

Report from Blackpool

Our special correspondents at Blackpool write :

THE trades unions' voice was pitched in a low key at Blackpool's Opera House this week. To do justice to this cavernous meeting hall, one would need the massed ranks of northern choirs; instead even when the general election was announced on Tuesday, the thousand-odd delegates produced little more than a mildly enthusiastic cheer. Mr Willis's presidential address, well delivered from his mammoth chair under the arc lamps, set the tone. There had been some apprehension about the embarrassment that this year's congress president happened to be a Cousinsite, so Mr Willis made his speech a careful, constructive but essentially defensive piece of work. He dwelt at length—some said too greatly—on his own problems in the printing industry ; he made only the gentlest of digs at the general council for not giving him greater support during his eight week strike. He was sufficiently unspecific neither to rile his opponents nor to rouse his supporters to dangerous raptures ; his speech was therefore received with moderate but by no means expansive applause.

The delegates then went on to the main business of a congress which, for more than anyone, was to be a victory for the TUC's back room staff. Theirs was the responsibility, in their hurried asides on the platform, to see that the trade union image was not projected badly before the public. On the first two days they achieved full success. The awkward moment when the penitent and much maligned stevedores and dockers were refused reaffiliation was smoothed over by the chromium-plated manner of Sir Vincent Tewson. The resolution about shop stewards, put forward in spite of vigorous opposition from the general council by one of the smallest unions present, was adroitly smothered. Even Mr Birch's delicately phrased motion on closer unity, which, while urging unions to get together, avoided most of the contentions involved, was hustled through a card vote with a minimum of fruitful debate. With Mr Macmillan stalking in the wings, no member of the general council could have wished otherwise.

Unexploded Bomb

ON the whole, the attempt to brush awkwardnesses under the carpet was successful even on the dreaded third day. Mr Cousins' speeches in moving and closing Wednesday's debate on nuclear disarmament were fortissimo in delivery but for him diminuendo in content. This may have been partially because he was worried by the time limit ; it was also, however, because he had been persuaded to avoid supplying the Tory press with damaging quotes, containing the reflections on the wisdom or honesty of Messrs Gaitskell and Bevan that flow logically from his attitude to the non-nuclear club.

Adopting his usual shirt-sleeved stance, which contrasted suitably with the tailor who seconded him, Mr Cousins therefore gave the shorter version of his speech about his famous seven points, designed to show that they were in fact only carrying the party back to the true wisdom of 1958 after the sad deviation of the party's last statement. There was no talk this time about rather losing the election than winning it for the wrong reasons. Instead there was a brief appeal for unity after the vote, on the ground that however asinine Labour policy might be it must be streets ahead of anything the Tories could do. Mr Cousins was not perhaps helped in sustaining this impression by the chief communist contribution, from Mr Haxell of the Electrical Trades Union, who gave the straight Macmillan line about tripartite agreement in Geneva being vastly superior to any unilateralism and then voted for the Transport and General Workers' motion.

In the voting Mr Cousins lost by 5¼ million votes to 2¾ million and a similar margin carried the AEU's resolution endorsing Gaitskellite policy, which was seconded in the outstanding speech of the debate by the president of the Transport Salaried Staffs Association, Mr Ray Gunter: a Welsh orator who looks at a distance rather like Ernest Bevin and who should make a mark on the next parliament, which he will enter for Mr Isaacs's old safe seat in Southwark. The lessons of these figures are that Sir Thomas Williamson's precaution in marching his General and Municipal Workers down from the very high hill on to which they had wandered was just as well and that, even with Sir Thomas's 600,000 votes thrown his way, Mr Gaitskell might have had a narrow shave had there been a party conference.

Then, at the end of the day, the delegates found emotional relief from so much toeing of the general council's line by carrying the Engineer and Shipbuilding Draughtsmen's motion against American missile bases in Britain. This aberration will inevitably be a Tory talking point during the election ; it illustrates Mr Gaitskell's difficulties in pretended policy-making-by-conference, but the incident was not as serious internationally as it may sound. It is not very clear—indeed it was deliberately meant to be unclear—from the motion's diffuse wording whether congress has committed itself against having such bases at all or whether its only grievance is a patriotic objection to the nuclear warheads on the bases being in exclusive American control. In any case Mr Gaitskell in office would scarcely be seriously embarrassed by the anticlimactic conclusion to which the resolution's aggressive opening leads up—that "what is needed is not the extension of nuclear bases in Europe but summit negotiations for military and nuclear disengagement." The resolution was won because of the general council's fumbling and its desertion by the miners and postal workers. Being a ragbag of confused aspirations which does not directly instruct a Labour government to do anything, it seems ideally suited for one of the special pigeonholes which the general council keeps for such contingencies.

Beneath the Surface

WHAT, if any, are the long term consequences of this year's Trades Union Congress likely to be? On the political front, the week's proceedings have not thrown much light on the vexed question of Mr Cousins' future in the movement. Much will depend on whether Mr Gaitskell delivers the goods by winning the election. If he does not, Mr Cousins clearly wants to be in a position to show from the punctiliousness of his performance at Blackpool that he has given Mr Gaitskell no cause to reproach anyone but himself. Indeed it was Mr Cousins who first suggested to some hesitant colleagues that the TUC should throw open its platform to the returning traveller from Moscow.

On the industrial front, the criticism will inevitably be made that the congress has sidestepped all issues; one is not quite sure whether that is fair. Admittedly, the TUC's agreement to look "at some future date" into the overlapping functions of shop stewards and local officials may mean nothing; so may the large vote in favour of closer unity. Such resolutions have meant just that before. But about shop stewards who call unofficial strikes in flagrant and dishonourable breach of written agreements—a burning question of trade union organisation just now—the unusually forthright strictures of Sir Thomas Williamson could be an important spur; while the growing stature of the shopworkers' Mr Birch in the TUC may enable him later to put some stuffing into his wordy resolution on inter-union planning. Mr. Birch is not helped in this by the fact that most union leaders are in a great muddle about what his motion meant. Mr Cousins voted against it because he thought that it implied that unions like his transport workers should get agreement from the TUC before they started strikes which could throw other people out of work. Some right wing leaders eyed it askance for precisely the opposite reason. They feared that coordination would be bound to take the form of the embryo "triple alliance" now being fixed up by Mr. Foulkes, the communist president of the Confederation of Shipbuilding and Engineering Unions; and that it might some day lead the movement into supporting a near general strike.

But, despite all the muddle and the arguments of tradition, the seeds of slow structural change on two important matters —greater control over unofficial strikes and greater consultation over official ones—may have been quietly sown. It is significant that it should have been white collar unions who provided most of the impetus for this, and who thought that finally they had carried the day.

INDIA AND CHINA

Out in the Open

ONE striking feature of China's recent activity along the Himalayan border was the silence that both Peking and Moscow so long maintained on the matter. For two weeks, while Indian opinion grew steadily more enraged at Chinese encroachments and attacks on frontier posts, and newspapers as far away as Indonesia asked anxiously what China's smaller neighbours could expect if big India was to be treated thus, the peoples of the communist countries were given no hint that anything was amiss. On Wednesday, however, the silence was at last broken. Moscow, with significant caution, urged that this "deplorable incident" should be disposed of amicably. Simultaneously, Peking published a letter sent to Mr Nehru by Mr Chou En-lai.

Mr Chou's letter gave an assurance that China would respect the position of Bhutan and Sikkim, India's protected states in the Himalayas. But it made renewed charges that it was India that was guilty of trespassing across the frontier, and, as to the frontier itself, declared that China "absolutely does not recognise the so-called McMahon line"—the section in the north-east, between Assam and Tibet, on which India is standing firm.

This categorical rebuff came just before the Indian parliament was to debate this week's white paper covering Sino-Indian exchanges on border questions since 1954. The white paper brings into the open a sorry record of Chinese evasions or rejections of Indian complaints that goes back almost to the original Tibet agreement of 1954. Peking may eventually regret having provoked Mr Nehru into publishing it. The revelations in the white paper can scarcely encourage Indians to accept at face value Mr Chou's talk of maintaining the *status quo* while negotiating all outstanding border issues.

UNITED NATIONS

Rich Mixture

ON Tuesday the Assembly of the United Nations will meet in an atmosphere of confused hopes and fears. During the formal business of the first couple of days at Turtle Bay, most eyes will be turned to Washington, where Mr Khrushchev is due to arrive with a bagful of ideas that are summarised on page 817. On Friday he will be in New York to address the assembly in person. One may assume that his speech will be a long one, and not limited to the banalities that the delegates usually hear from visiting heads of government. Will it help them to decide whether their debates of the next three months are likely to develop against a background of sunshine or storm?

Laos and the Chinese pressure on India's borders are now the most imminent of the dark clouds scudding over Turtle Bay. They are bound to affect the annual clash over the Chinese seat in the UN. Mr Khrishna Menon must presumably go through the established routine of pressing Peking's claim to the seat, but China's recent actions have scarcely been calculated to muster support for that claim in the Asian world or, indeed, in India itself. However, the Asian and African delegates can find relief from these embarrassments in expressing their solidarity over Algeria. Cyprus, mercifully, has at last vanished from the agenda.

Many delegates, particularly among the smaller nations, must share the Secretary-General's mixed feelings about the major powers' present attitudes towards the UN. Mr Hammarskjöld made his views clear in the introduction to his annual report, published last week. While giving a general welcome to every kind of effort to resolve international differences, he insisted that the organisation cannot be simply pushed aside when it comes to such problems as disarmament, which concern great and small alike. There is a clear conflict between this approach and the great powers' evident preference for more direct and cosy dealings between themselves, most recently expressed in their decision to form a disarmament commission of their own. More will be heard of this before the assembly wins its way through to Christmas.

RHODESIA AND NYASALAND

More than a Fact Finder

THE appointment of Lord Monckton to be chairman of the preparatory commission on the review of the federal constitution of Rhodesia and Nyasaland, to which the Government committed itself after the Nyasaland debacle, keeps the ball in play. It will be impossible to proceed with the appointment of the other commissioners until after the election. If Labour wins, it will have to consider if it will go ahead with a type of mixed commission to which it has all along objected ; if it loses, it will have to consider whether to collaborate —and thus ensure that the African point of view is represented, since it does not feel that the nominees from Central Africa will possess the Africans' confidence. Something will depend, too, on the size of either party's majority in the new Parliament.

One thing is clear. The effect of the three-cornered battle between Salisbury, the Colonial Office and Transport House, and of the Devlin report, has been to transform the nature of the commission's task. It can no longer merely set out the facts of the situation in the protectorates ; it will clearly need to put forward suggestions, probably alternative suggestions, on the constitutional future of the Federation in the light of present race relations, past performance, and the pledges set out in the preamble to the federal constitution. Lord Monckton can no doubt be relied on to ensure that judgments are temperately expressed, and alternative suggestions for constitutional change are carefully thought out.

But he can be in no doubt that the analysis of Nyasaland attitudes in the Devlin report is certain to appear as a conference document in 1960, along with that of the preparatory commission. The commission's report must be correspondingly thorough, as well as constructive.

KENYA

Hot Seat for Sir Patrick

IN selecting Sir Patrick Renison to succeed Sir Evelyn Baring as governor of Kenya, the Colonial Office has evidently decided to play a tricky hand as safely and solidly as possible. There has, after all, been no attempt to bring in a *deus ex machina* from outside the colonial service. But from the limited choice within the service the lot has fallen upon a career man who is at once young and dynamic, experienced in constitutional imbroglios, and demonstrably unattached to any of the contending interests in Kenya. These advantages may outweigh Sir Patrick's unfamiliarity with African affairs in general and the mosaic of Kenya complexities in particular. Kenyans of all colours may take note that Sir Patrick's forte has been to operate unpopular constitutions—in British Guiana and British Honduras—based on compromise, and to work with (if not quite to tame) nationalist leaders who have flirted with violence in the past

These characteristics seem to mark him out as a governor with whom moderates rather to the left of centre might be able to do business. The trouble is that Mr Blundell's moderate New Kenya group is still vague in its intentions, and still toying with such conservative devices as a qualified franchise. These no longer fit the tempo of East African events. The multi-racial National party, led by Mr Muliro, is more radical in demanding a transfer of power to African hands by stages—but it is still a question whether this party can stay in business at all under the counter-attacks of Mr Mboya and the other African Nationalist leaders in the Kenya Independence Movement, who call for a prompt and almost unconditional take-over by Africans. It used to be said that a new governor of Kenya had to face a showdown with the white settlers in his first six months (and normally lost) ; but it is most unlikely that the settlers will ever again

march on Government House in Nairobi. Diehards like Group Captain Briggs are too busy studying Swiss federal expedients. It seems much more probable that Sir Patrick must nerve himself for a clash with Mr Mboya, Dr Kiano and other black diehards—and it will be for the soul of the African political moderates. Before Sir Patrick gets into the fight, he should be in no doubt that "moderation" in East Africa is increasingly a matter of methods and time-tables, rather than of objectives.

ELECTION ISSUES

Speech, Free and Expensive

ONE of the Tories' incidental advantages in this election is that certain groups within the Labour party seem implicitly to have decided that Labour has no chance of winning it. That is the only logical conclusion to be drawn from the way in which they are making complaints about the expensiveness of Conservative propaganda into a principal early election issue.

Last weekend Mr Morgan Phillips carried these complaints to extraordinary lengths. After a wide assault on the amount of anti-Labour propaganda now being carried on, he said solemnly:

> A very good case can be made for a public inquiry into this secret expenditure for the purpose of subverting democracy in this country.

There are three things wrong with this sort of statement. First, it is tactically puerile, for it can win no floating votes; its only appeal is to Labour pessimists who are already looking for scapegoats to blame if they lose the election. (Incidentally, one of their other scapegoats, if they do lose, will be Mr Morgan Phillips.) Secondly, it is factually untenable. Expensive propaganda in this country does not win votes; it is more likely to repel them. In last May's local elections at Bristol Labour certainly lost support because it paraded some of its Bristol councillors on the television screen just before election day, and the net effect of Dr Hill's rumbustious electioneering for the Conservatives last week was probably to deprive his own party of the prigs' vote. This week, however, Mr Greenwood's party telecast for Labour seemed to be mainly designed to throw some of this small vote back again.

Thirdly, the itch to curb one's opponents' flow of aggravating argument is desperately unhealthy. Free speech is already too much circumscribed in this country; the law about election expenses is on the whole too tight, and the great new medium of television is still subjected to a degree of censorship which the older medium of a free press would never tolerate. In his calmer moments—say, after October 8th—Mr Morgan Phillips should seriously ponder what historical company he is keeping when he starts classing his opponents' pin-pricking propaganda as subversion.

WALES

Welsh Auction

IF a majority of the people of Wales or Scotland want a measure of devolution of their national government, there is every reason why they should have it. What they should not have, however, is an offer from either party at Westminster of a little more trumpery election bribery than anybody else.

The Labour party's turgid new official policy statement for Wales falls straight into this trap. The main purpose of the document is to summarise Labour's general policies for spending more money, and to end each section with the promise that special attention will be given to the needs and problems of Wales. Either this re-iterated promise is meaningless, or it can only mean that rather less attention would be paid to the needs and problems of other parts of the country.

To co-ordinate this special attention to the Principality, Labour is now in favour of establishing the office of Secretary of State for Wales. This is perhaps not seriously injurious, even though the new cabinet minister would not have much to do. A much more disturbing point is the extent to which Labour is now willing to go in promising to prop up inefficient local industries in order to win votes. Thus Labour proposes an inquiry into whether public authorities could "provide a stable market" for Welsh slate, and it declares that:

> An unplanned and unco-ordinated fuel policy, which fails to make the maximum use of our indigenous resources, can mean both the death of whole sections of the coal industry and the exposure of our economy to all the upsets and vagaries of foreign politics.

The implication is that it would be better to have a planned and co-ordinated fuel policy, which would put up British industries' costs by forbidding them to buy cheap oil.

The Bow Group of young Conservatives, who have repeated the rather mischievous Tory trick of publishing an unofficial policy document ("Work for Wales") the day before Labour's arrived, have shown much maturer economic wisdom. Their main and unexceptionable theme is that the people of Wales should not "waste energy in fighting only to preserve the past. We must have the courage to accept economic change as our ally." But, in more sophisticated vein than their Labour elders, they put in some bids for a few more pennies for the Principality too.

FRANCE AND AFRICA

Great Expectations

GENERAL DE GAULLE'S intention of making a major pronouncement on his Algerian policy was revealed last week by, curiously enough, Mr Hagerty, President Eisenhower's spokesman. The general is now expected to broadcast his intentions on Wednesday, but nothing specific is known of his proposals, except that they will be built around the principle of self-determination. Secrecy has been admirably preserved, and the contesting parties are, for the moment, reduced to quarrels in the conditional tense.

One reason for the delay may be the meeting of the executive council of the French Community which opened in Paris on Thursday. General de Gaulle apparently wants the community's blessing for his plan. The Algerian question thus overshadows all other items on the agenda. The clash between M. Houphouet-Boigny, the Ivory Coast leader, who wants the community to restore federal links between France and the oversea states, and the leaders of Mali (Soudan and Senegal) who see it as a first step towards a loose grouping of states on the Commonwealth pattern, has once again been postponed. The rival advocates have, in fact, toned down their attacks on each other.

This truce is partly the result of France's changing attitude. Hitherto the government has been putting its money on M. Houphouet-Boigny, but in the past few weeks it has veered towards neutrality. This was demonstrated, for instance, in the appointment of M. Senghor, speaker of the Mali assembly, as one of the community's four minister-councillors. The policy has paid dividends: the Mali leaders have become increasingly cautious in their statements on the Algerian war. Official African support for his Algerian policy would strengthen General de Gaulle's hand. But in the end reaction in Africa, as elsewhere, will depend on whether tomorrow's proposals match today's great expectations.

M. Pinay's Predicament

M. PINAY can wear a satisfied smile when he contemplates the rising curve of France's gold and dollar reserves. At the end of August these reached $1,851 million, and their continued growth is the best advertisement for the sweeping financial reforms introduced last December. But M. Pinay knows that the recovery is still fragile, and this is why he acts as the guardian of price stability and budgetary caution. An overall budgetary deficit of less than 6,000 million new francs (13.8 new francs to the £1), which does not overstrain the treasury's borrowing capacity, has acquired a symbolic significance. And it is this limit that M. Pinay is now defending against the encroachments of his colleagues.

Budgetary battles used to be fought out in the Assembly and often lasted well into the new financial year. Now the budget will be voted on time, and the decisive struggle is at the departmental stage. Total revenue for 1960, assuming that fiscal reform does not bring any major changes, is estimated at some 59,000 million new francs. Estimates

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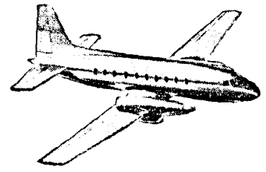

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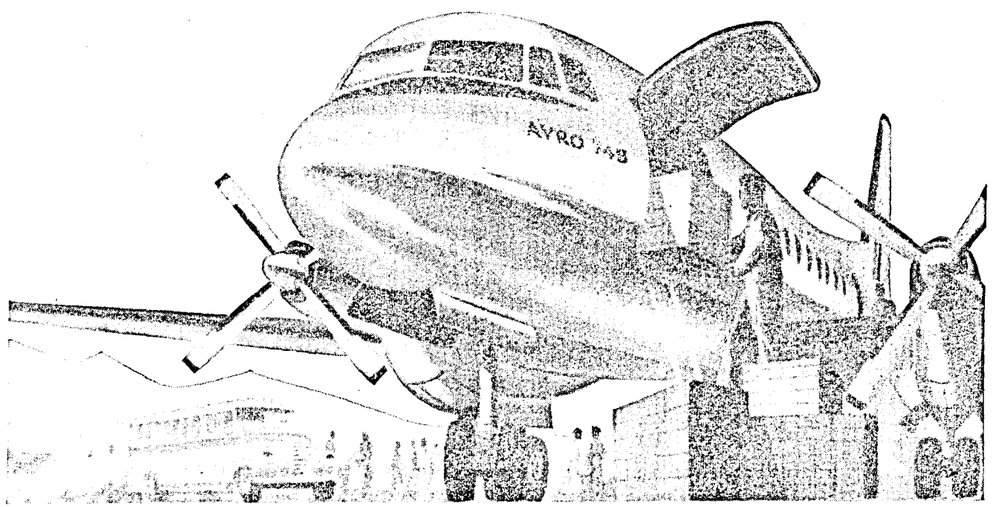

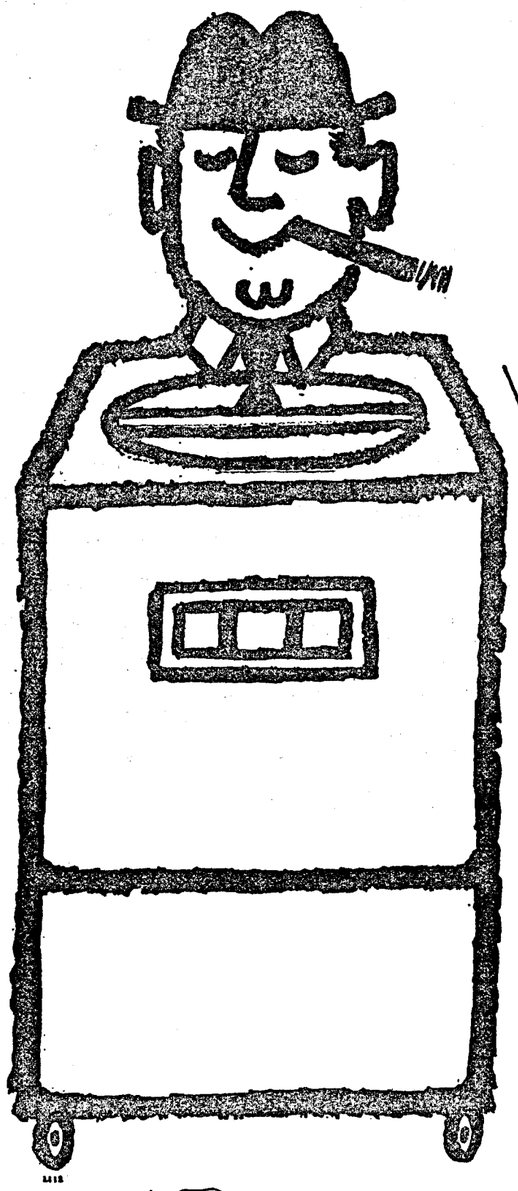

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of expenditure are still somewhat above the desired level of 65,000 million. M. Delouvrier, the president's representative in Algiers, apparently now accepts the fact that public credits for Algeria will not exceed the 1,000 million new francs scheduled under the Constantine Plan, but the bargaining continues about housing, education and defence. The minister of defence is asking for 16,700 million new francs, or 900 million more than this year's estimates and 500 million more than the actual expenditure in 1959. It will be up to M. Debré and, finally, to General de Gaulle to decide.

M. Pinay stands as firm as he does because he feels threatened on both the wage and the price fronts. Retail prices rose less than was expected in the first half of the year, but by last month the cost-of-living index reached a level which, if it is kept up for another month, entails an automatic increase in the guaranteed minimum wage. To prevent prices from rising, the government, forgetting M. Rueff's liberal principles, is now resorting to controls reminiscent of the days of M. Mollet. Increases in minimum wages, affecting just over half a million workers, are not economically decisive by themselves; but it is feared that a new increase will precipitate wage demands throughout industry. The autumn may be a testing time for the new franc.

ARAB WORLD

Solidarity Never

For the first eight days of September the Arab League council met behind the closed doors of Casablanca's new *hotel de ville* while trying to work out a common attitude to its members' problems. The task was not easy. Iraq and Tunisia preferred to act individually and stayed at home. Some of the other members, Jordan and Lebanon in particular, were determined that if Arab problems were to be settled the credit should not all go to President Nasser of the United Arab Republic.

The problems were not new and when the conference ended, on September 9th, no solutions had been found. Since the league was founded fifteen years ago it has been held together by Arab antagonism towards Zionism and the state of Israel. The Arabs agree that they want to reconquer Palestine but they could not, at Casablanca in 1959 as at Cairo in 1948, agree how it was to be done. The resolutions on Palestine would sound fierce enough when relayed to the Arab people, but they were no more likely to stir up the Arabs than alarm the Israelis.

The Imamate of Oman is the most shadowy among Arab problems. Most Arabs would be hard put to say where Oman is; but they have been fed a rich mixture about it from Cairo, and gradually the idea that it is a real place has gained acceptance. The ruler of Oman recognised by the rest of the world is the Sultan of Muscat and Oman. Cairo script-writers, however, have turned south-east Arabia into a British colony where thousands of British soldiers and dozens of RAF planes are blown up and shot down every week. At Casablanca the political committee agreed to the demands of the Omani representative: to try to bring his case before the United Nations, and to give him £2 million to pay for his war against the Sultan.

The chief problem in the Arab world today is no longer Palestine, and it is certainly not Oman; it is Algeria. The political committee quickly adopted all the suggestions made by the representatives of the Algerian government in exile. These included demanding independence for Algeria, asking the UN to investigate conditions there, urging the Afro-Asian countries to recognise the provisional government, and reminding the Arab governments to pay up their subscriptions to its £12 million budget. The change in venue from Cairo to the Atlantic shores of Morocco produced no miracles.

ARGENTINA

The Dog it was that Died

The acrobatics in the Argentine army high command last week demonstrated alarmingly how little President Frondizi is able to control his unruly generals. On September 2nd the minister of war, General Elbio Anaya, dismissed the commander-in-chief, General Toranzo Montero, after a dispute over senior army appointments. General Montero refused to go. He established a command post at a military school in Buenos Aires, where, sheltered behind a barricade of several hundred city buses, he exchanged messages of solidarity with his colleagues in garrisons scattered throughout the country. At first Dr Frondizi tried to impose discipline by alerting the air force and ordering a tank force into the city; but two days later the president and the general came to terms—General Montero's terms. The war minister lost his job, the commander-in-chief was reinstated and the tanks about-turned, the only reported casualties being some trees and a traffic signal.

One of the most alarming things about this crisis is that it is not isolated, but is one of a series of upheavals. In June the president was forced under army pressure to dismiss his under-secretary for war, Colonel Raimundez. But the colonel, once the "strong man" in the army, is still believed to have a good deal of influence; it was General Montero's bid to oust the Raimundez men that brought him into conflict with the war minister. The accepted practice is to line up the army factions into anti-Peronists and less anti-Peronists. Officers of the school of General Anaya and Colonel Raimundez believe, with the president, that there is some virtue in being all things to all men, even if some of the men are ex-Peronistas. General Montero and his group talk about making a clean sweep of all Peronistas. But in Argentina Peronist labels are applied as lavishly as "communist" labels elsewhere, and are therefore losing some of their significance. A prison sentence under Perón is as fair a sign of grace as a good record after his departure. In this climate, it is all the harder for Dr Frondizi and Señor Alsogaray, the minister of economics, who was appointed in July at the army's insistence, to go ahead with the economic reform that alone will put the country straight.

BELGIAN CONGO

Putting the Brakes on

The resignation from the Belgian cabinet of M. Van Hemelrijck, the minister of the Congo, was brought about by his failure to carry his colleagues with him far enough or fast enough. M. Van Hemelrijck had only been in office for a short time when the Léopoldville riots in January strengthened the case of those who advocated a liberal policy on the ground that it is better to give soon and freely than later and under duress. But there still remained the question of how soon. The plan announced after the riots (but reportedly elaborated before) contained a programme of local elections leading to the formation of some kind of central assembly which would gradually take over responsibility for government.

M. Van Hemelrijck's interpretation of this plan included the beginning of a central government this year. This was going much too fast for most of his colleagues. Yet the appointment of M. De Schrijver to succeed him suggests that while a brake has been applied, there is no intention of going into reverse. The new minister is closely connected with the new Congo policy, and was chairman last year of a study group whose investigations led to the formulation of the government's plan. Since taking office, he has confirmed that elections for local councils will take place in December, and that next year will see the creation of provincial councils with a certain amount of autonomy, and of some sort of bicameral central legislature.

The change of ministers may mean no more than a fairly modest modification of time-tables. M. Van Hemelrijck's departure could be an attempt to appease the more conservative elements in the cabinet and, possibly, to mollify the settlers. But if the government fails by these tactics to rally its forces, or fails to win adequate support among Africans in the Congo, M. Van Hemelrijck's turn may come again.

CYPRUS

Violence Lingers On

In Cyprus, as elsewhere, habits of lawlessness die hard, and weapons can be hidden from the authorities without too much difficulty. The present recrudescence

of violence in the island is disturbing, but perhaps inevitable. Although Archbishop Makarios is having some trouble with youthful extremists among his own followers, Turks have been the principal victims, and, it appears, the authors, of the recent violence. Four Turks have been murdered and one wounded in recent weeks. Some of the crimes may be non-political, but it is widely suspected that the Turkish underground organisation, TMT (which has never given up its arms), may be responsible. It has been found necessary to re-arm some sections of the police, who gave up carrying arms soon after the February settlement. No doubt, too, Dr Kutchuk, who returned to Cyprus after a month's absence last Sunday, will do his best to prevent further violence.

Meanwhile extremists of the right and of the left are trying to upset the London and Zurich agreements. The new right-wing, pro-Grivas, Greek Cypriot underground organisation, KEM, continues to distribute leaflets attacking the agreements and the Greek government and advocating enosis. And at a series of "peace meetings" held by the extreme left-wing Federation of Labour throughout the island last weekend, the retention of British bases in the island was strongly condemned. But those who are negotiating on the implementation of the February agreements are pressing on doggedly, and a compromise over the delicate problem of the powers of the Turkish vice-president seems to be just round the corner. However disquieting the activities of the extremists may be, there is a heartening determination among the men at the top in Cyprus that the island should be able to make a new start.

FREE TRADE

The Seven Analysed

OFFICIALS of the seven countries committed to the European Free Trade Association are at work in Stockholm drafting a treaty. They have been set a strenuous timetable. The bulk of the work is to be finished by October 31st. Ministers will meet in November to approve the draft. A great many matters in the two crucial fields of institutions and the outer tariff have still to be resolved. But it is believed that the work done on the outer tariff in the past provides the answers. Fish is the only matter where an open difference still exists, between Norway, which wants free trade in fish, and Britain, which does not. A move on this question may be easier for a British government after the election.

Next week the Council of Europe will discuss what the new plan of the Seven means for Europe as a whole. Reports from Bonn suggest that Dr Erhard is to make some new proposals for a broader free trade area. His chances of success are not particularly bright, if a new PEP pamphlet by Mrs Miriam Camps on the European Free Trade Association (Political and Economic Planning. 4s.) is to be believed. Mrs Camps has produced by far the best study of the group of Seven that has yet appeared. She summarises the developments which led to the scheme in some detail and analyses it with sophistication, giving due weight to the various arguments for and against the view that the scheme is a means to agreement with the Six. She envisages the possibility of a free trade area embracing the two blocks, each working as a group but with trade barriers between them wholly or partially removed. But her concluding sentence gives the game away:

> Although today the Stockholm decision may seem to be a sensible tactical move, in retrospect it may appear to have been another turning point in the development of the British relationship to Europe.

In other words, the danger is that the existence of the European Free Trade Association, once it is established, may make it difficult for Britain later to forge a political relationship with continental western Europe even if it wants to.

EUROPEAN ECONOMY

After the Pause

ECONOMIC recovery is gaining ground in continental Europe with even more assurance than in Britain. In July west Germany passed the critical mark into full employment; for the first time since the war there were more jobs on offer than men looking for them. The tightness in the labour market was partly seasonal, but there is no doubt that the strong underlying currents of expansion in Germany are in flood once more. Real national product, which grew by some 3 per cent in the second half of 1958, was up by some 4 per cent in the first half of 1959; industrial output was up by more than 6 per cent. Holland and Italy are booming too. Even Belgium, the most sensitive indicator of the business cycle, is climbing back out of last year's trough, while in France, the last to feel last year's economic setback, the drop in output which many people expected early this year has not materialised.

Stimulated by the recovery, British exports to the Continent have done relatively well so far this year. Exports to western Germany, in particular, were up 15 per cent in the first seven months. The figures for the rest of the year may not be quite so good, since the early figures were inflated by orders placed last year when business men were still banking on some form of free trade area. All the same, this performance, in the first months of the European common market, is surprisingly good. It is a reminder that the impact of the common market will be gradual.

When the real but limited compensations that the British exporter may enjoy in the little free trade area are taken into account, the biggest worry that the common market holds in store for him may be increased competition in third markets later on. Here one feature of the present European boom seems relevant. On the whole, expansion on the continent, especially in Germany, is being driven by high investment, as in the past. In Britain's pre-electoral upsurge consumption is leading the way, a less potent augury for growth in the long term.

SOVIET UNION

Penalties of a Reform

As it appears, the decentralisation of Soviet economic management, and the slight relaxation of Moscow's political control over the periphery, have in many places been more effective than the Soviet leaders bargained for. In all the regions and republics the party's central committees are now holding meetings, with the struggle against "parochialism" as the top item on their agenda. Many regional economic councils—the institutions set up by Mr Khrushchev as part of his managerial reform—are being accused of cooking their plans and sending false reports to Moscow, all this in order to increase local consumption by reducing their planned supplies to other areas. In short, the new offence is to put local interests first.

In the non-Russian republics this sin smacks of national deviation. What tends to happen is that the political authorities of the republic combine with the regional economic leaders to get the greatest advantages for their national republic. Charges of nationalism were heard at a recent party conference in Uzbekistan. It was probably for the same reason that Mr I. D. Mustafayev was removed from the post of first secretary in Azerbaidjan. True, he was accused of neglecting agriculture and, particularly, cotton cultivation. But he was also found guilty of "immaturity" in political matters; the term may well have included tolerance for the new "economic nationalist" deviation.

No doubt was left in the case of another "culprit," Mr E. K. Berklav, the Latvian deputy prime minister and member of the Latvian party presidium. The indictment against him states plainly that he had ignored all-Soviet requirements, opposed the development of heavy industry, and sought to devote all investments to light and food industries, the products of which would be consumed locally. Such centrifugal tendencies seemed inevitable when Mr Khrushchev launched his managerial reform. Their importance should not be exaggerated; they are the teething troubles of decentralisation.

A Survey of Mr Khrushchev's likely approach to his American hosts next week appears on page 817.

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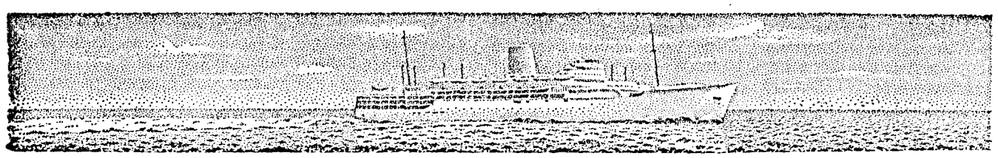

The Icebreaker Cometh

THE official Soviet attitude to the Eisenhower-Khrushchev talks in Washington next week is still buoyant. If Mr Khrushchev himself and Moscow radio have both now lost their first, almost careless, rapture over the invitation to Washington, the impression from Soviet statements remains one of confidence that something useful can be achieved. The publicity machine has plainly been instructed to do nothing that might jeopardise Mr Khrushchev's reception in the United States. Although the crisis over Laos has now brought a barrage of Soviet complaints at the "incendiary activities of certain circles" in the United States, Mr Eisenhower has been treated with deliberate respect, and his influence on Bonn and Paris during his European tour has been assumed to be pacificatory. Britain, and Mr Macmillan in particular, has been included in the Russo-American détente, although Mr Khrushchev has given no recent sign of sharing the British sense of urgency to get to a four-power summit.

Mr Khrushchev's idea of the purpose underlying the exchanges is, in his own words on August 5th, that "agreement between the great powers is the best guarantee that peace will be safeguarded, not only for big countries but also for small countries." He cheerfully accepted the agreement that the exchanges would be conversational only, "and I mean conversations, not negotiations." But, he added, "the question of how to frame the results achieved is no problem. Agreement can always be reached on this." For him, it is primarily a matter of "the two greatest world states" getting together to try to settle their differences. The smaller powers can have no complaint: "When nobles fight, their serfs tremble." All the same, he will be flying to consult his allies in Peking on September 29th, the day after he gets home from the United States.

HE has listed the main issues to be discussed in Washington as follows:

The conclusion of a *German peace treaty* and a *settlement on west Berlin* are the most urgent. He warned Dr Adenauer in his letter on August 18th that he was not going to the United States merely to talk about "questions of maize and cucumbers."

Disarmament and American overseas bases: he declared at Veshenskaya, the home of the novelist Mikhail Sholokhov, on August 30th that he was ready "for any efficacious control of the reduction of armaments and the withdrawal of troops (in central Europe), if the western powers will do the same and will agree to the liquidation of military bases."

Suspension of nuclear tests: Soviet publicity has shown acute interest in the prevention of further tests. The United States and Britain have been accused of obstruction in the Geneva talks, and Moscow mounted a sharp propaganda campaign last month against American advocates of resumed testing after October 31st, when the present gentleman's agreement expires. The State Department has now said that the United States will not resume testing until after the end of this year. Soviet preoccupation with this issue may also be seen in the attacks on General de Gaulle's atomic preparations in the Sahara.

Increased Soviet access to *American trade*, and even Wall Street investment, is clearly thought to be a natural outcome of improved relations. In a special article in the American journal *Foreign Affairs*, Mr Khrushchev emphasises the value of trade in improving the international atmosphere, and recalls the Soviet request of June last year.

Aid to less-developed countries is a subject to which he has also been addressing himself, partly, perhaps, in anticipation of Mr Eisenhower's proposals.

THE Russian public has been encouraged to expect progress on some, if not all, of these points. But signs have now become evident of official concern not to let expectations run too high. Initial enthusiasm prompted *Izvestia* to declare: "There have been very few events in the history of international relations which have been welcomed with such striking unanimity." The Soviet press carried many letters in this vein. In *Pravda*, a letter from a writer, Lebyedyenko, said: "May the exchange of visits . . . be that turning point in the history of mankind which will open up the wide road to universal peace." In *Komsomolskaya Pravda* the polar explorer Somov wrote: "I regard the news . . . as the approach of a new era in international relations, and I wholeheartedly wish Nikita Khrushchev success in his noble mission."

The end of August brought an appreciable change, partly in an attempt to prevent disappointment and partly, perhaps, to remind Washington that Mr Khrushchev would in no sense be negotiating from weakness. He himself set the tone on August 30th, when he took Mr Nixon to task. "At present," he said, "Mr Nixon is, as it were, apologising for his recent pronouncements in the Soviet Union. He resorts to the typical language of McCarthyite reactionaries and repeats stale phrases about the threat of communist domination." (Mr Nixon was, in fact, adapting his language in a successful attempt to persuade the American Legion that wisdom lay behind the madness of inviting Mr Khrushchev to the United States.)

In a speech to graduates of military academies on September 3rd, Mr Khrushchev painted a picture of the world that might be thought reassuring to the military mind. "One should not forget the fact," he declared, "that aggressive forces do exist and are active. . . . One should not ignore such unpleasant facts as the lasting arms race, the existence of many military bases around the Soviet Union, or the transfer of atomic weapons to west German revengers." But his main emphasis is still on expounding the merits of peaceful co-existence, as he understands it.

HIS *Foreign Affairs* article used the following arguments for co-existence:

It was imposed on the two great powers by technical progress and the destructive power of modern weapons. "Whether you like your neighbour or not, nothing can be done about it; you have to find a way of getting on with him, for you both live on one and the same planet."

It should not mean that the two sides "will only fence themselves off from one another by a high wall and undertake the mutual obligation not to throw stones." There must be peaceful competition.

It would not imply that communists had given up their hopes of winning throughout the world. Communism would win because it would prove a superior system.

Mr Khrushchev made an expansive speech at the Polish embassy in Moscow on September 4th, in which he denied any intention of forcing communism on other countries. He asked: "Why drag a man up into paradise by a rope? Let him see for himself that socialism is bringing him release from capitalist slavery." He also altered his boast that he would "bury capitalism" to the observation that "the imperialists are digging their own graves." In the economic race, he said, "Messrs Capitalists, we shall show you where to get off."

This dialectical armoury is plainly being burnished for Mr Khrushchev's invasion of the American publicity media on Tuesday. He seems convinced that he has a triumph in store. What part his new thinking plays in his talks with Mr Eisenhower is less certain. But he seems to have accepted the idea that talks of some kind or other must go on into next year if there is to be solid progress. "The important thing is to find through these exchanges a common language and a common understanding of questions we are to settle." It is a sensible improvement on the language of last November.

LETTERS

Reactions to Devlin

SIR—In your recent article "an African correspondent lately in Nyasaland" says:

> The constitutional changes that have been announced by the Governor of Nyasaland .... have not made any impression on the Africans. . . . It has been openly stated that only stooges will be nominated and the United Federal Party is not allaying African fears when it claims that because it has about 1,200 African names on its register, it should provide the Africans to be nominated. This claim is treated with scorn by most Africans in Nyasaland, many of whom told your correspondent that African organisers of the United Federal Party, who are paid a commission for every member enrolled, are getting signatures on United Federal Party cards by telling Africans that if they sign the cards they will be given jobs or loans to run their businesses. Some of these Africans have now discovered that they have been taken for a ride and have consequently become very bitter and suspicious of European-run parties.

Firstly, it is interesting to know the use of the term "stooges" as meaning those Africans who believe in racial co-operation in the sense the United Federal Party does. Secondly, I refute absolutely and officially the untruths regarding UFP organisers. The UFP employs one European and two African organisers in Nyasaland. They are paid travelling expenses and a flat salary which by Central African standards is not generous. Their main task is the dissemination of information to those Africans who want to know—and for the first time have the opportunity to discuss calmly—the truth about Federation. They do not issue membership cards but merely accept applications for membership which are considered by the Nyasaland UFP office. If applicants are accepted for membership, their cards are posted to them. In most villages the mail is received by the Headman so there is no secrecy or hole-in-the-corner membership—and deceit, such as that blandly suggested by *The Economist* correspondent, would not get very far. No visits by organisers are ever made to African areas without prior sanction from the District Commissioner (a British Colonial Civil Servant) and the local Native Authority, who would be unlikely to tolerate any abuse of this privilege.

Elsewhere in the article the author laments the failure of the Opposition in the House of Commons to force the resignation of the Colonial Secretary. It is interesting to compare this with the judgment of Sir John Moffat, a joint deputy-President of the Central Africa Party: "Were he (Mr Lennox Boyd) to resign, we in this Federation, and the Africans especially, would lose a valiant champion and a faithful friend."—Yours faithfully,

ROGER BRICKHILL

United Federal Party,
Salisbury, Rhodesia.

Mr Hurry's Survey

SIR—Your comment on the Nationalisation Survey confesses to "thwarted irritation," which obviously thwarted you from writing with care and deliberation. In describing 14 per cent of "refusals to answer" (a not unusual figure) must you descend to the schoolboy slang of "to go jump in a lake"?

You accuse Mr Hurry's sponsors of not showing "equal sagacity" with the electors in regarding nationalisation as of no importance. A beautiful example of hindsight. The decision to take the survey was made in the spring of 1958. Who knew at that time nationalisation was not important? In October 1957 the Labour party had come out with a vague and vast programme for the extension of public ownership. Nowadays the subject is flyblown but that is the result of the last six months of public argument, during which Labour has become more and more uneasy and evasive in its defensive tactics. Mr Hurry's survey completes the picture in a manner beyond challenge.

Finally, don't let us follow you by being blinded by too much "science" in the conduct of polls. If it is possible to obtain the opinions of 1,000 persons instead of 10 scientifically selected representatives, why not do so? I submit, Sir, that despite the last paragraph of your comment, there is much in the report—though "unscientifically unweighted" (whatever that means)—which tells us "both politically and sociologically what makes the British people tick."—Yours faithfully,

R. KELF-COHEN

London, SE19.

The Baalbek Festival

SIR—The United States, Italian and French Governments, or official organisations in those countries, subsidised their appropriate contributions to the Baalbek Festival which has just ended. But the local festival committee itself had to provide the funds for Britain's contribution.

Here in the Middle East British influence and prestige are but slowly climbing the lower slopes of the Sisyphean hill down which they finally plunged in 1956. I am convinced that the Baalbek Festival will become truly international, not only in its performers but in the character of its audience. Can we not offer to contribute

something of our cultural heritage each year to this international festival of the Middle East?

The goodwill towards us is there; the members of the festival committee have given us the lead by bringing out at their expense one of our leading ballet companies and some of our leading critics. Is it too much to ask that the British Government, through the British Council or some other agency, should be prepared to subsidise a visit each year by the Old Vic or the Royal Ballet or the Hallé Orchestra or Glyndbourne? For unless they do, the Baalbek Festivals of the future will be devoted entirely to artists from the United States, from the continent of Europe—and from Russia. And if in the emotional Middle East to-day trade no longer follows the flag it certainly follows the band.

This is something which perhaps the Advisory Council on Middle East Trade should consider.—Yours faithfully,

Beirut. P. F. NIND

Air Fares

SIR—May I comment on one part of the interesting article in your issue of September 5, 1959, on BEA's annual report for 1958/9. It seems to me that anyone reading the last sentence might be left with quite the wrong impression, that the cheap fares we are proposing can only be purchased direct from BEA's own sales offices and that BEA is no longer convinced of the efficacy of selling inclusive tours through the travel agent.

As readers of *The Economist* will readily appreciate, an era of mass travel requires an air ticket to be easily available at a sufficient number of points of sales to meet the needs of the mass market. For this reason, BEA must continue to rely heavily on the outlet provided by the travel agent, both at home and abroad, for public fares no less than for inclusive holidays. We believe, too, that a considerable proportion of the new market, attracted to air travel for the first time by the reduction in public fares, will find packaged tours sold by our agents, the prices of which will correspondingly benefit, a convenient way of making their holiday arrangements.—Yours faithfully

HENRY J. A. HILL

British European Airways
London, W1.

China's Stocktaking

SIR—It is not very surprising that the Chinese were dizzy with success as a result of their economic achievements in 1958. That, however, is no excuse for *The Economist* to become so dizzy with delight (in its last two issues) as a result of the scaling down of the estimates of China's 1958 output that it forgets where the Chinese economy had stood in 1957. The revision of the 1958 figures makes the "leap" more credible, it does not turn it into a "skip" (*The Economist*, August 29th) or a "hop" (*The Economist*, September 5th).

On the revised figures the rate of growth still looks unprecedented:

	1957	1958	
Steel (m. tons)	5.35	8	(+50%)
Grain	185	250	(+35%)
Cotton ...	1.64	2.1	(+28%)

The increase of coal output was apparently in the region of 100 million tons, and this year's (reduced) target would require an equivalent increase.

Obviously such a rate of growth imposed serious strains, e.g. shortage of electric power, transport bottlenecks, but were these not the concomitants of hectic growth rather than of "failure"? Again, the Chinese produced by primitive labour-intensive methods some 3 million tons of iron over and above the 8 million tons of steel; what might be asked is whether the massive diversion of labour from agricultural work was justified. Local initiative and Utopian community building seem to have contributed to uneconomic use of labour. None of this, however, justifies your conclusion that "the central committee's admissions of failure" will come as "a shock to those Asians who have been inclined to regard the Chinese experiment as a model for rapid economic development." Where is the better model?

Finally, it is strange that *The Economist* should argue that "the original second five-year plan has been re-adopted." The target figures of that plan related to 1962. The (reduced) 1959 targets are in most cases as high as the original 1962 targets, in some cases higher; grain and coal seem to have reached the 1962 target last year. Was the "great leap" a myth?—Yours faithfully,

Ruskin College, JOHN HUGHES
Oxford

Restrictions on Motorists

SIR—In your issue of August 29th, Mr Clare complains that, after driving for eight years in Germany, he must now be treated as a "Learner Driver" on taking up residence in the UK.

He may not know that in some countries of the world (not Thailand so far as I am aware) it is possible to obtain a driving licence solely on the strength of the possession of a UK provisional driving licence, because bureaucrats of "new" nations will seldom admit their inability to read English. People who have obtained licences in this manner are therefore able, while visiting the UK, to make the roads there even more dangerous than before. I am sure that Mr Clare could not wish them to have this facility on a permanent basis.

The solution lies in the fact that British people living for some years abroad usually visit the UK for holidays. A visit to the central authority in London with the offer to take a test any time, anywhere, will usually result in fairly rapid action. I took this course in 1955 and, at the cost of a 70 mile drive, passed the test within two weeks of applying.—Yours faithfully,

Bangkok, R. V. MUNDEN.
Thailand

BOOKS

Growing Pains

The Strategy of Economic Development
By Albert O. Hirschman.
Yale University Press. London: *Oxford University Press.* 230 pages. 36s.

Possibilities of Economic Progress.
By A. J. Youngson.
Cambridge University Press. 325 pages. 36s. 6d.

SINCE the "economics of growth" is almost too new a subject to have developed a full-scale orthodoxy, one can hardly call Dr Hirschman a heretic. His book, however, stands a good many generally accepted notions concerning the mechanism of growth on their heads. Dr Hirschman's approach, though it uses economic analysis confidently enough, is essentially psychological. What ails the underdeveloped area is typically not an absolute lack of resources—they are there, running to waste in concealed unemployment, individual extravagance, and faulty techniques; nor an inadequately acquisitive set of motives in general—their citizens, in any bargaining situation, show themselves keen enough on the main chance. The trouble is that the economic motive which ought to set entrepreneurs to combining resources, improving techniques, and generally turning themselves into "binding agents" or catalysts of economic potential, is generally of the wrong kind. Either it is "ego-centred," with advancement seen always as achieved at other peoples' expense—the attitude so exquisitely delineated in Hilaire Belloc's "Mercy of Allah"—or it is "group-centred," intolerant of individual achievement and differential reward. The one attitude is fatal to the co-operative and persuasive elements of enterprise; the other imposes on all advance the pace of the slowest and most conservative. The essence of the break-through or take-off is the requisite change in the psychology of the potential developers; this is the crucial element in the "ability to invest," which includes, among other things, the capacity to mobilise potential savings, the willingness to take calculated risks, and a proper respect for the dull uninspiring jobs of maintenance and administration.

Policy, it follows, should aim at creating the sort of conditions that will encourage, indeed impose, these changes. Immediate yields, even immediate losses and wastes, matter little. The main thing is to develop the "ability to invest." Some paradoxical conclusions ensue. So far from "balanced growth," the simultaneous advance on a wide front, being essential or even desirable, unbalance is a prime dynamic factor; for it is out of unbalance that there emerges, unmistakably, the felt want, the private profit-opportunity or the irresistible pressure on public authority, which stimulates the next surge of investment. So far, moreover, from ambitious "show pieces"—steelworks, airlines, atomic power stations—being a waste of resources, they are an essential educational influence; for their administrators must run them properly or not at all.

Dr Hirschman does not, of course, leave the argument in this windily general form. He has closely argued chapters on the transmission of the developmental impulse between industries, on the relations of social overhead capital and directly productive activities, on foreign trade, on fiscal policy, on regional interactions and on aid, all of which have a usefulness far from wholly dependent on his main thesis. He realises, too, that his policy entails some unpleasant risks. The mainspring of advance, as he sees it, is discontent and discomfort; not the general dissatisfaction of people who would like to be better off, but the sharp, highly specific irritation and frustration of those whose standards have been deliberately or inevitably made lop-sided—who, metaphorically speaking, have been deprived of their immemorial clogs or sandals and given one beautiful shiny shoe apiece. In his closing chapter, he acknowledges the danger that frustration may explode into despairing reaction or totalitarianism, but justifies the policies producing it on the ground that a set of identifiable and manageable problems is likelier to evoke constructive action than the single, massive, unformulated problem of poverty. This is probably a sound argument. But it hardly diminishes the reader's impression that economic growth, however desirable, is an even more painful process than more orthodox analysis would lead one to suppose.

WHAT have hitherto been lacking in the literature on economic growth are historical studies of the growth process. In a sense, of course, the greater part of economic history is about economic growth, and it has often been plundered for occasional instances to bolster up or pull down some generalisations, but the historical facts have never been systematically set out to illuminate the problems of growth. This new book by an economic historian who is also an economist is therefore particularly welcome. The first part of the book is devoted to a theoretical discussion of categories, influences and relations; it is an extended raid on economic theory for working hypotheses. In Part II Professor Young-

son tests these hypotheses against four historical episodes: Great Britain, 1750-1850; Sweden, 1850-1880; Denmark, 1865-1900; and the southern United States, 1929-1954. In a final section he makes some tentative generalisations from these cases, and in their light offers some suggestions to modern underdeveloped countries.

Professor Youngson (whose book can profitably be compared with Professor W. W. Rostow's lectures on the same theme, summarised in recent issues of *The Economist*) has interesting and penetrating things to say on theory, history and practice; but the frontier between the various disciplines cannot be said to have taken fire. The case studies are excellent, and those on Sweden and Denmark contain a large amount of material that will be new to English readers; but they could have been written without the disquisition on investment that precedes them, lucid and fair-minded though this is. It would not be fair to say that Professor Youngson spends a lot of time packing trunks for a journey he does not undertake, but he may fairly be said to include a great deal of theoretical luggage which he does not need on the journey, or at any rate does not use. And if the historical essays are only loosely linked to the analysis, the policy suggestions do not gain much in force and conviction from the historical experience from which they are ostensibly derived. The general tenor of his recommendations is prudent and sceptical: economic progress takes time and we tend to be over-optimistic; countries seeking to accelerate their economic development should find and concentrate upon some export line, reform their agriculture, and create a more flexible social system. The sense of the complexity of economic progress which underlies Professor Youngson's recommendations no doubt springs from his detailed historical studies, but the same cannot be said of their specific content. Indeed, if the aim of the work was to discover the most promising economic policies for the present day backward areas, the four episodes are not well chosen. Considered, however, as three loosely linked studies rather than a unified treatise, the book deserves a wide public among economists, historians and policy-makers.

Soviet Strategy

War and the Soviet Union

By H. S. Dinerstein.
Stevens. 268 pages. 37s. 6d.

THE bibliography available to careful students of Soviet policy is now very large, and this is as true in the esoteric realms of a strategy and military policy as in more mundane fields. It is therefore not surprising that two of the leading American sovietologists should have published, within a few months of each other, studies that give a different picture of the ideas and fears animating Soviet strategic thought and planning. Raymond Garthoff's "Soviet Strategy in the Nuclear Age," published at the beginning of this year, was primarily concerned with the still dominant role of the Soviet army, as the central element in the Soviet concept of military strength. According to Mr Garthoff, the development of Soviet naval, bomber and even missile strength, is ancillary to the goal of actually overrunning ground.

> In the Soviet concept, the use of the Long Range Air Force to neutralise SAC is not a diversion (as SAC's neutralisation of Soviet Air Power is), but the primary mission of that Force. The way to *win* a war is still considered to be the subsequent destruction of the rest of the enemy's military forces, of all arms, wherever they may be, and the physical seizure and control of territory and its resources.

He drew from this view the important implication that the Soviet Union could contemplate either a global war without the use of nuclear weapons, or a broken-backed war.

There is much common ground between Mr Dinerstein and Mr Garthoff. Both trace the almost total stagnation of Soviet strategic thinking under the ageing Stalin, and his refusal to take the problem of nuclear weapons seriously, the three-year interlude of Malenkov with his belief—still cherished in the West until very recently—that nuclear weapons had produced a situation of mutual deterrence that made total war impossible, and the evolution after several years' debate of a new strategy under Khrushchev, both more realistic and more aggressive. But Mr Dinerstein is primarily concerned not with the role of the army but with the effect of the missile revolution in Soviet strategy, and in particular with the evolution of the doctrine of pre-emptive war. He traces this from the sudden preoccupation of the leaders with the military advantages of surprise attack (a subject that had been virtually taboo under Stalin), dating from an article in *Military Thought* by Tank General Rotmistrov in February, 1955, coincident with Mr Khrushchev's consolidation of power. General Rotmistrov went far beyond mere analysis:

> The duty of the Soviet armed forces is not to permit an enemy surprise attack on our country, and, in the event of an attempt to accomplish one, not only to repel the attack successfully, but also to deal the enemy counter-blows or even pre-emptive surprise blows, of terrible destructive force.

Mr Dinerstein traces the growth of this concern with pre-emptive war since then, and its ramification into many fields of policy. The Soviet leaders are well aware that they cannot produce a foolproof air defence system for all but a very few targets; they know the inadequacies of their own civil defence effort; they know that the West is very unlikely to make an attack without warning despite the statements of such men as Mr McElroy last winter, ("Our policy is that we will not attack first . . . whether that will always be true, could I think be something else"). Therefore the strategy of striking the West when it appears on the verge of striking Russia makes the most sense. Preventive war is ruled out for the present, since Russia does not have a decisively superior striking force. Pre-emptive war is not.

Mr Dinerstein builds up his thesis with skill and ludicity. It is true that he is a senior official of that brilliant collection of minds, the Rand Corporation, whose principal client is the US Air Force, and that his thesis fits a little too neatly with the preoccupation of its senior officers. But it is cold comfort to play Garthoff against Dinerstein, for both have been concentrating on different aspects of the same problem—the enormous flexibility of Soviet strategy, and their conclusions are almost identical: that the guiding principle of Soviet strategy is to be able to fight any kind of war in the most effective way, no matter what the relative likelihood of each may be. The reading of these two books together is a corrective to the fashionable idea that the Soviet Union has now embarked on a purely economic competition with the West.

Martyr—and Saint?

The Life of Girolamo Savonarola

By Roberto Ridolfi.
Routledge. 336 pages. 35s.

THIS is the most authoritative of the many lives of Savonarola. Two hundred-odd pages of critical underpinning have been removed from the Italian edition, but the text is given entire, faithfully and easily translated by Professor Cecil Grayson. Marchese Ridolfi's book is very much a labour of love, of more than twenty years' active research, of gradual adjustment, on its author's part, from distrust and dislike of his hero to something like worship. To this devout Florentine scholar Savonarola made the deepest of appeals: many details of his life remained teasing historical puzzles; though by birth a Ferrarese, he identified himself passionately with Florence, the scene of his triumphs and martyrdom; and he was, in all it seemed but formal acknowledgment, a saint. This biography was first published in 1952, the fifth centenary of Savonarola's birth, at a time when there were hopes of his canonisation, and it is an intriguing example of History, with a mixture of awe and cantankerous caution, serving the cause of Mystery.

In his preoccupation with the spiritual side of his hero's career, however, the author omits much that is needed if sense is to be made of Savonarola's place in the political and intellectual life of Florence. For three years he was the dominating influence in the most sophisticated, the most politically self-conscious state in Europe, at a time when the raw edges of its class structure were gaping dangerously, and when it was angrily concerned for its tax-blanched and war-straitened economy. In 1494 the Florentines exiled the current representative of three generations of Medici domination and chose to confront the gravest foreign menace of their history—French, German and Spanish interest in Italian territory—with a republican constitution that was remarkably broadbased and fatally inexperienced, hesitant and wasteful. The working out of this experiment has long been considered one of the key moments in the political

history of the Renaissance, especially as it is well documented, and the subject of discussion by observers of the calibre of Guicciardini, Machiavelli and Savonarola. The preacher-prophet was actively concerned with it from the start; with its popular basis, with its dependence on alliance with France to guard itself from nearer, more rancorous foes, with its atmosphere of spiritual regeneration that was bound, once the initial joyous hysteria had worn off, to provoke private resentment as well as what came to look more and more like deliberate political opposition to the Borgian papacy.

Savonarola can best be understood if we are made to see how far he was the excuse for as well as the cause of constitutional, economic (finance was one of the subjects dealt with in his pulpit editorials) and moral reform, how far he was the sport as well as the maker of the Savonarolan Republic. The present author shows us every authenticated footprint, but not the road whose dust and blood they marked. Until the end, that is: when the fallen leader is imprisoned, tortured, faced with gallows and fire, then society, the complex of forces that jostled him, can be forgotten, and the historian can describe, as the author movingly does, a private pathos and grandeur. This book must be read for the facts: what Savonarola did, when he did it, and with what intention. To grasp more sympathetically what he was like and what part he played in Florence, it is still necessary to go to the bulky works of Villari (in English, out of print) and Schnitzer (in German, out of print). Ironically, it is in his life of Machiavelli that Marchese Ridolfi portrays a warmly living character, and not, alas, in this one.

Managing

The Role of the Managing Director

By George Copeman.
Business Publications in association with *Batsford.* 314 pages. 42s.

THE reader who expects from its title that this book will contain an analytical discussion of the functions of the managing director, or a systematic analysis of what managing directors actually do, will be disappointed since it contains neither. If he wants the former, he will find it much more worthwhile to read Peter Drucker's "Practice of Management"; if he wants the latter, he will find that it does not exist. The nearest approach to such a study is the one by Sune Carlson on "Executive Behaviour." What the reader will find in this book is an assembly under a large number of different headings, of some quite interesting bits of information on how a most varied group of sixty-eight managing directors, whose comments are included, say they deal with particular problems. This will appeal to the squirrel-minded. For each problem selected there are about three or four illustrations of how Mr A or B deals with, for example, firing unsatisfactory executives, encouraging friendly relations amongst executives or dealing with customers' complaints.

The illustrations are interspersed by Dr Copeman's own comments. Most of them are non-controversial, but a few are surprising in a discussion of good management practice, for instance: "Another 'advantage' of a general post may be that at one stroke the managing director succeeds in making every subordinate slightly uneasy. Every one of his executives is now beholden to him for future promotion, transfer or dismissal."

This book may be useful to the managing director of a small or medium-sized company who has not thought a great deal about management practice but wants a plain man's check list, on the American model, to some of the things he should be thinking about and some ideas of how other people have dealt with the problems he faces. Unfortunately, the value of the illustrations is greatly limited by the fact that they are presented with little or no background, so that it is impossible to judge the context in which these management practices are used. There is also no independent assessment of whether they work satisfactorily where they are applied.

Italian Liberal

Cronache Economiche e Politiche di un Trentennio (1893-1925) Volume I 1893-1902

By Luigi Einaudi.
Giulio Einaudi Editore. 577 pages. 3,500 lire.

THIS latest volume of the collected works of Luigi Einaudi consists of articles written when he was a young man in his twenties, mainly for *La Stampa* of Turin. They provide a valuable insight not only into conditions in Italy at the turn of the century, but also into certain problems with which that country is still grappling. The discussions of municipal maladministration, of teachers' protests about their low salaries, of attempts at fiscal reform, and of proposals to deal with the problems of the south, for instance, have a contemporary interest.

At the time when Sr. Einaudi was writing Italy was passing through a period of severe political tension, and its parliamentary regime was being subjected to its first major crisis. One of the consequences was that there was little public interest in the problems with which the author was primarily concerned. His pleas for a more liberal trading policy passed unheeded: it was—he now admits—an "ingenuous hope" that Italy might contribute to what he then believed, again mistakenly, to be a general trend towards freer trade.

He was not discouraged, however, either by the rejection of these ideas or by later political developments which for a time were to lead also to the suppression of political liberty in Italy. What emerges so strongly from the present volume is the strength of the author's convictions, and his tenacity in defending certain liberal principles which, when he was called to the highest office in the state, were to contribute so decisively to the restoration of his country's fortunes.

Labour and the Nation

Social Evolution of Industrial Britain

By L. G. Johnson.
Liverpool University Press. 186 pages. 25s.

HOW did the new class of industrial wage-earners, created by the Industrial Revolution, become integrated into English society, and why did it accept Parliament as a means of achieving its ends? In the early nineteenth century there were several other possibilities. The general labour unions of the 1820s and 1830s looked as though they were deliberately aiming at the overthrow of existing political authority; at the other extreme, Mr Johnson suggests, the working-class might have inaugurated a period of utilitarian despotism under a popular monarch. Why instead did the growth of the new class lead ultimately to Parliamentary democracy? The commonly accepted answer is that British institutions were flexible, and the ruling groups responsive to pressure and persuasion. Without denying the relevance of this explanation, Mr Johnson is primarily concerned with the other side of the story: with the institutions that the working classes created for themselves while they still lacked political power, with the experiences, economic and intellectual, that created common sentiments and habits of thought, and with the critical periods of their political education. The strength of modern British democracy springs, as Mr Johnson neatly puts it, from "generations of crudely conducted meetings," and it is with the form and agenda of these meetings that he is concerned.

Most of this ground is well worn, but it is worth retreading with this perceptive, though occasionally idiosyncratic, guide. While there is little new about the facts, they are placed in fresh and illuminating juxtapositions and glossed by apt quotation from the less well-known nineteenth-century writers, who are often nearer the grass roots than their eminent contemporaries. What emerges from the story is that working-class acceptance of parliamentary politics and the incorporation of Labour into the political nation owe less to a few long-standing characteristics of English society than to a succession of specific historical experiences. A comparison with industrial countries would have defined more clearly which were the exceptional features in English development.

The book does not pay sufficient attention to the immense changes in the composition of the British working classes in the last hundred years. By 1939, Mr Johnson concludes, "the working classes may be said to have incorporated the nation." But would it not be truer to say that because of changes in occupational structure the working classes have been incorporated into the middle class?

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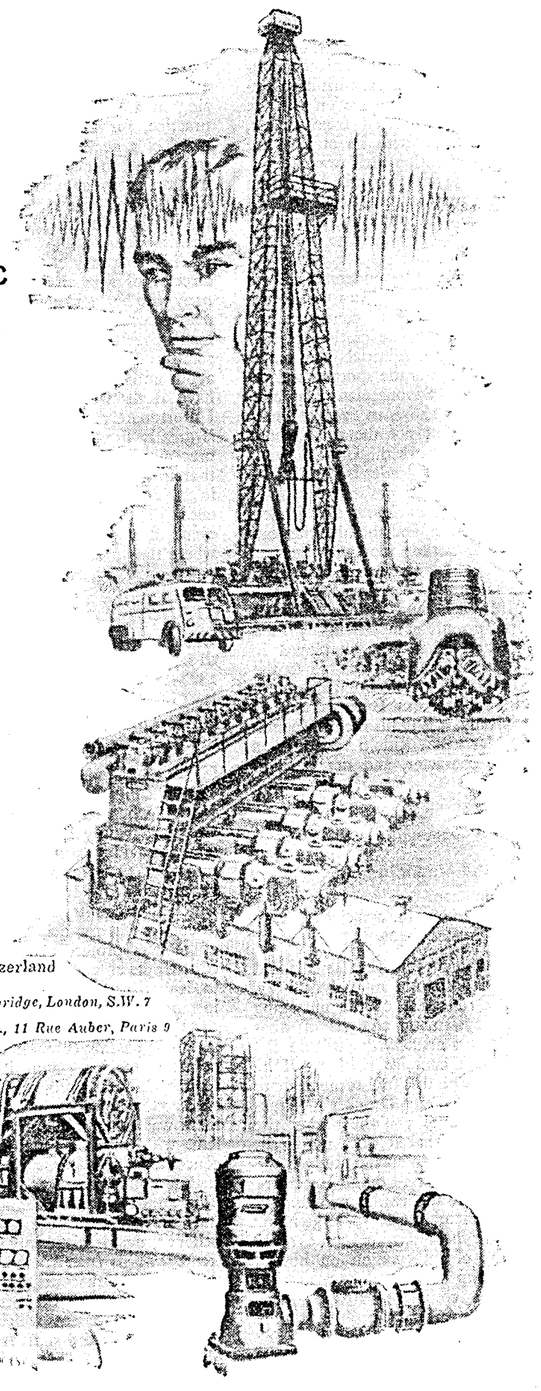


AMERICAN SURVEY

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

Labour's Lost Battle

WASHINGTON, DC

LIKE Ancient Pistol, the American trade union movement tends to cry out that it is murdered as soon as an opponent's sword tickles its ribs. It greeted the Taft-Hartley Act of 1947, which tightened the rules governing the relationship between management and the unions, as a "slave-labour Act," an exaggeration which now brings a blush to the cheeks of those who were guilty of it. An observer may thus be tempted to smile at the death-bed groans wrung from union leaders by the labour legislation which Congress finally passed last week. But Mr George Meany, the head of the American Federation of Labour and Congress of Industrial Organisations, has genuine cause for pain. Part of it comes from the spot where, if there is justice in the world, he has lately been kicking himself; it was he who originally insisted that Congress include amendments to the Taft-Hartley Act in the new law, instead of confining itself to the separate and narrower task of ending corruption in the unions—and Congress has obliged by making the Taft-Hartley rules stricter than ever. Mr Meany is now confronted with a measure which diminishes the power of all trade unions, the just and the unjust alike, without necessarily getting rid of the racketeers in the comparatively few unions which contain them.

Perhaps there was a case for readjusting the balance of power between unions and management, but it is a pity that the readjustment had to be made under the guise of an anti-racketeering law. The two parts of the measure which emerged rather unexpectedly from the conference committee between the Senate and the House of Representatives last week are linked together as awkwardly as Siamese twins. The first sections are designed, rather hopefully, to end corruption and foster democracy in those unions which—like Mr Hoffa's teamsters, or lorry-drivers—have too much of the one and too little of the other. Title VII, containing the amendments to the Taft-Hartley Act, is the one which will be found engraved on Mr Meany's heart when he dies and on which the passionate debate of the last few weeks has been concentrated. It is not surprising that nobody has been willing to give his name to this odd composite creature. Half a dozen Senators and Representatives can claim a share in fathering it; but none of them—least of all Senator Kennedy, who had quite a different end in view when he first introduced a reform Bill last year—wants his parenthood to be recorded for posterity.

If the new legislation were to break Mr Hoffa's grip over the teamsters, Mr Meany might find the result sweet enough to make the other consequences palatable. But it is not at all certain that it will do even this. The measure prescribes regular, secret elections for union officers; but so does the teamsters' very proper constitution. Congress forbids certain categories of law-breaker to hold office; but this will affect only about a dozen of Mr Hoffa's 3,000 officers, and none of the national leaders of the teamsters. It is doubtful whether the teamsters, with the army of lawyers and accountants whom they can afford to hire, will find much difficulty in satisfying the provisions of the law that require them to submit financial reports to the Secretary of Labour. Nor is the "bill of rights," which entitles individual unionists to sue their leaders if they feel that they are being exploited, likely to fill the courts with litigating lorry-drivers; it has long been plain that the rank and file of the teamsters are less interested in Mr Hoffa's ethics than in the bulging pay-packets which he wins for them.

In any case, it is probable that Mr Hoffa, like Mr Khrushchev, has graduated beyond the crude and murky methods he used in his climb to power. Indeed, there is only one provision in the new law which will certainly hurt him, and that only indirectly. This is the clause banning "hot cargo contracts," under which the teamsters get employers to agree not to move goods in and out of factories where a dispute is in progress. The teamsters, who man the supply lines of American industry, have cheerfully helped other unions to fight their battles by means of these contracts. They are one of the main reasons why, even after Mr Hoffa was thrown out of the AFL-CIO two years ago, many honest trade unionists kept looking wistfully over their shoulders after him. Now that this kind of contract is forbidden, the influence which the obliging teamsters exercised through it will diminish sharply.

BUT, whatever it does to the teamsters, the new law will also be judged by its broad effect on the union movement as a whole. The pinch is likely to be felt in at least three ways. In the first place, small unions are liable to find the reporting requirements burdensome. This is not merely because some unions conduct their finances with a certain comradely carelessness (which is true of a few big ones as well as of many little ones), but also because the small fry cannot afford the accountants who could put their books into good order. Senator Kennedy unsuccessfully sought to exempt these small unions unless the Secretary of Labour had particular reason to feel suspicious about them. It is these which will also be the hardest hit if the "bill of rights" encourages a crop of irresponsible malcontents—as distinct from victims of genuine persecution—to take their complaints to court. At the moment two-thirds of all unions have less than 200 members each and probably many of these will now find it necessary to merge. This may well make good economic sense, but it is not at all what the conservative authors of the present legislation, who loathe "big union power," had in mind.

Secondly, a large number of workers—the number is estimated at several millions—will find that when they become involved in labour disputes their rights will depend on what part of the country they live in. These are the employees of small businesses, mostly in the retail and service industries, over which the National Labour Relations Board refuses to exercise jurisdiction, even though their operations cross state lines. The quarrels between these workers and the managements will now fall under the generally unsympathetic eye of state judges administering state law; three-quarters of the states do not even protect the rights of workers to bargain collectively. It is no defence of this arrangement to point out that the federal system is designed to allow for local variations in the definition of justice. The federal government long ago assumed responsibility for imposing uniformity in many questions involving interstate commerce; the new law, in effect, lays down that in settling labour disputes only the big cases are entitled to

uniformity. It was one of Senator Kennedy's greatest defeats that he failed to establish that the state courts should at least apply federal law.

The third handicap is probably the most troublesome. Congress has made it substantially more difficult for the unions to organise the large numbers of workers who are still unorganised. Picketing is the principal weapon used for this purpose ; but now, in effect, the union will be able to picket a plant for only thirty days before an election is held to decide whether the union is to represent the employees. This is unlikely to give the union long enough to counteract all the different kinds of pressure which the management is able to put on its employees to prevent them from joining a union. One probable consequence is that in the South, where six million or more workers, not counting white-collar employees, are still unorganised, the unions will be frozen out even more effectively than they are now ; since this will tempt industry to speed its migration southwards, it might even cut into union membership in the North. There may also be an increase in the number of " company unions " which employers recognise in order to keep out the more demanding kind.

The 1959 LABOUR REFORM BILL falls into three sections:—

1. The **bill of rights,** to guarantee democracy in trade unions, provides that
   - (a) all members may take part in the election of the officers of a union and in its meetings ;
   - (b) union dues may only be raised after a majority vote ;
   - (c) members may sue the union provided they have first used established procedures for arbitration.

2. The **anti-corruption provisions** require that
   - (a) all trade unions adopt constitutions and by-laws, file annual financial reports with the Secretary of Labour and open all these to public inspection ;
   - (b) officers of unions and employers report to the Secretary on all financial transactions with each other, whether directly or through middlemen, apart from ordinary wage payments ;
   - (c) unions exercising trusteeship over a branch report regularly on how and why this is being done and carry out certain other conditions ;
   - (d) union officers be elected regularly with adequate provisions for fair voting ;
   - (e) officers handle union money solely for the benefit of members with various safeguards against misappropriation or misuse of funds and against the election of unsuitable people.

3. Amendments to the **Taft-Hartley Act** :—
   - (a) no-man's land labour disputes, which are too small for the federal government to handle although it had exclusive jurisdiction over them, will now be dealt with by state agencies and under state law ;
   - (b) secondary boycotts, in which employees stop work in order to force their employers to cease doing business with another firm involved in a labour dispute, are prohibited more rigidly than before.
   - (c) hot cargo contracts, in which an employer agrees not to do business with firms involved in strikes, are outlawed, with some minor exceptions for clothing and building workers.
   - (d) blackmail picketing, designed to induce unwilling employees to join a union, or employers to recognise one, or to inform customers that the concern is " unfair " to its workers, is restricted in various ways.
   - (e) workers employed by railways, airlines, farmers and local governments are brought under the Act.
   - (f) other changes concerning labour organisation, which the unions had requested, are made in the Act.

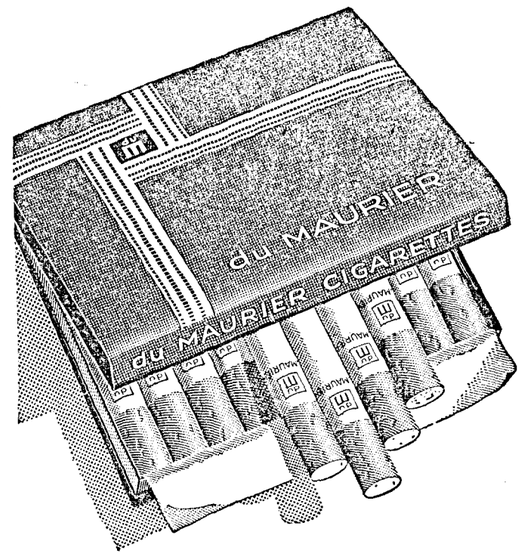
The law is not all grief and tears for the trade unions. They have won a couple of amendments to the Taft-Hartley Act which they have long desired. Senator Kennedy also managed to keep the new restrictions on secondary boycotts, so distasteful to a great many people, within reasonable limits. But the general effect of the measure will be to constrain the labour movement more tightly than it has been constrained for a quarter of a century. This has happened only ten months after the unions appeared to win a resounding victory in last November's elections. Next week Mr Meany has to explain this dismal fact to the convention of the AFL-CIO in San Francisco. It will not be surprising if the critics who have long been grumbling at his leadership ask how it is that labour's fortunes have declined so sharply and so soon.

Struggling to Adjourn

THE President and Senator Morse had one thing in common this week: they were both placing obstacles in the way of Congress's beating an orderly retreat from Washington before Mr Khrushchev arrives next Tuesday. If it can adjourn before then, the embarrassing question of whether he should be invited to address a joint session will not arise. Senator Morse thinks Congress should remain to face the music and to tackle issues which other members are glad to shelve until 1960. Personal pique probably played a larger part than principle, however, in prompting him to declare a " parliamentary war " on his own Senate leader, Mr Johnson. By making the Senate work over the Labour Day weekend, Senator Johnson made it impossible for Mr Morse to fulfil speech-making engagements back in his native Oregon. Senator Morse retaliated by trying to strangle the Senate in its own red tape and by refusing the unanimous consent needed to relax its time-consuming rules. Unless he relents, which would be out of character, it will be Saturday before the Senate can vote on the foreign aid appropriation ; agreement with the House must then be sought.

The President's vetoes, which have made Congress rewrite legislation, at least have a constructive purpose: to force Congress to respect the Budget which he has tried so hard to balance and which, in spite of higher spending than he planned, will show only a small deficit, if there is one at all. His veto of the omnibus housing Bill last week—his second rejection of such legislation within a month—was upheld in the Senate, but he ran the risk that Congress would refuse to try again. This would have left the Administration without any new authority to insure private mortgages, but this uncontroversial programme probably could have been kept going by one device or another. The real victim would have been further slum clearance, which is far more urgent. However, in turning down the second housing Bill because it still contained many features which he found objectionable, such as direct loans for college building and for homes for the elderly, and a public housing scheme, the President assumed—correctly, it seems—that Congress would not want to take the political blame for abandoning the housing programme and would make new efforts to write a Bill which he could sign.

Mr Eisenhower can also claim a partial victory in Congress's decision to raise the petrol tax by 1 cent a gallon for 21 months to cover the growing cost of the interstate highway programme instead of succumbing to the temptation of raiding the Treasury. Mr Eisenhower had asked for an increase of 1.5 cents. Members' capacity for conciliation was exhausted, however, when it came to the public works Bill which the President vetoed; all their repressed resentment of his high-handedness came out when they defiantly repassed the Bill by huge majorities without removing a single one of the 67 new projects which were the President's sole reason for condemning the measure.



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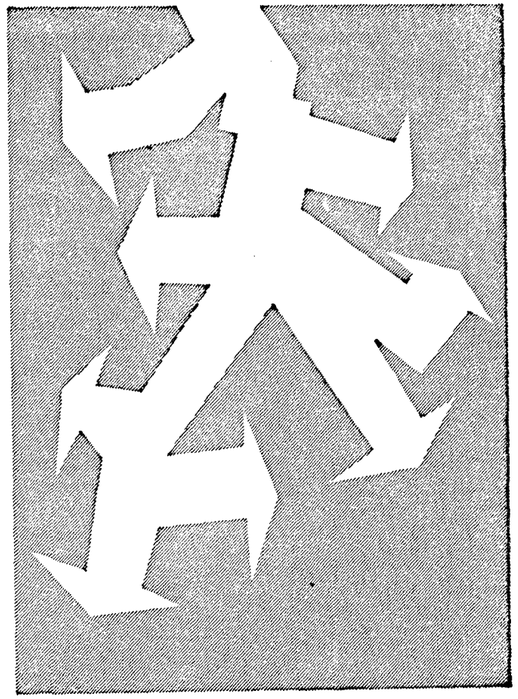

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Another West Side Story

CRIME in the United States continues to rise steeply, largely, it seems, as the result of juvenile delinquency; the figures for 1958 show an increase over 1957 of 8.1 per cent in arrests of young offenders against only 1.8 per cent for adults. New York City's recent ferocious outburst of juvenile crime has underlined these figures dramatically. Within two hot summer weeks a fifteen-year-old girl has been fatally shot, a fourteen-year-old boy stabbed, and two sixteen-year-old youths murdered, as they sat talking in a playground, by gangs operating on the West and Lower East Sides. But at least the authorities have taken prompt action to stem such outrages. Hundreds of police diverted to the troubled areas are maintaining continuous patrols there and the perennially under-staffed force is to be raised by over a thousand to its full complement of 24,508 men. Over 145 arrests were made within twenty-four hours and the number now exceeds 300; but a curious feature is that a high proportion seems to have been of the homosexual prostitutes who ply their peaceful if disagreeable trade along the western fringe of Central Park. A curfew for young people, such as that enforced in Chicago and other American cities, was proposed but was rejected as an infringement of the rights of the virtuous majority.

Such a display of vigour reassures the public and will do something to calm the growing clamour for a "tougher" policy. But these and other long-overdue measures, such as floodlighting the public parks at night, do not approach the root causes of these outbreaks of lawlessness. Poverty, overcrowding, broken homes, irresponsible and immature parents, are obvious factors, as is the tidal wave of Puerto Rican immigrants which has overwhelmed whole districts of New York; but Puerto Ricans are not especially law defying, and only a tiny percentage engages in criminal activities. At the heart of the problem of juvenile crime in New York, as those who have seen *West Side Story* will appreciate, are the gangs; there are thought to be 150 of these potential fighting groups in the city, with about 7,000 members altogether. The New York City Youth Board has consistently taken the view that gangs are a reasonable and healthy phenomenon, providing association, status, and an outlet for adventure to those deprived of all three, and that they should be diverted to peaceful ends as "clubs" rather than be stamped out.

This attitude has always been criticised, and the 73 officers specially trained by the board to infiltrate the gangs are said only to increase their self-importance. On the other hand, by acting on advance "tip-offs," the officers have forestalled repetitions of such excesses as the "rumble" of 1955, when five hundred battling youths had to be dispersed by troops of mounted police. Nevertheless, more positive action seems desirable, but the board is unfortunately hampered by shortage of funds. So is the city, since every dollar available at present is needed for the expanded police force. But now the state authorities have stepped in: Governor Rockefeller has announced a "crash programme" for expanding the existing State Youth Camps for potential delinquents and minor offenders. He also wants to improve the supervision of young people on parole and to change the work laws so that those over 14 may take jobs.

Steel's Unwelcome Record

THIS week the strike in the steel industry became the longest in its postwar history, exceeding the 55 days lost in 1952. So far the government has been able to stand aside because stocks of steel accumulated before the strike started in July have been big enough to cushion the rest of the economy from its impact. (Some of this steel came from abroad; imports were higher in June than they had ever been before and higher still in July.) But if the strike continues into October and production and employment in other industries begin to suffer seriously, Mr Mitchell, the Secretary of Labour, says that he will advise the President to invoke the Taft-Hartley Act, for the first time in the steel industry. To wait longer would be dangerous, for it takes time for the steel mills to regain the near-capacity operations which will be needed, and much of their post-strike output is already earmarked.

In effect both the steel companies and the steel workers have just over a fortnight if they wish to stave off government intervention. The industry certainly does, and so does the trade union if the Taft-Hartley Act is to be employed. This law provides that the President may require workers to return for an 80-day "cooling-off" period if a strike endangers the health and security of the country. Before this time expires, and the workers are free to walk out again, they must vote on whether to accept the last offer of the management. But the President is not empowered by the Taft-Hartley Act to appoint a committee to look into the dispute and recommend a compromise, a procedure used by other Presidents which has generally helped the strikers.

The first hint that either side was prepared to give and take came last week when 450 union officers and representatives of the rank and file were called to New York to discuss local issues, particularly the work rules which the companies insist must be relaxed, in the interest of greater productivity, before they make any concessions on wages or other benefits. The industry's official stand is that, if this is done, it is prepared to raise benefits this year and wages next year. Up to now Mr McDonald, the union's president, has replied that safeguards painfully won over many years are not negotiable. But the wage increases recently granted to workers in meat packing and in other industries make it nearly unthinkable for Mr McDonald to forgo a wage increase this year. He may hope that, if the union is prepared to consider changes in its work rules, the steel companies may reconsider their determination not to increase wages—as opposed to benefits—until next year. This seems to be the kind of compromise recommended this week by Mr Mitchell to the President, who is now asking both sides to make every effort to reach an agreement.

Interest Deadlocked

WITH the stock market staggering under the sharp and continuing rise in interest rates and the government bond market practically knocked out, with the commercial banks scraping the bottoms of their vaults to meet the booming demand for loans, the Federal Reserve Banks were the only financial institutions where calm prevailed last week. There was no sign of the expected increase in their rediscount rate, lagging far below other interest charges. But the rise must come soon, in spite of the steel strike, the official reason for the delay. What may have been the unofficial reason no longer holds good for it now seems certain that Congress will not raise the 4¼ per cent ceiling on the interest which the government may pay on its long-term borrowing. While there was still a chance that Congress might relent on this, the Federal Reserve Board was reluctant to add fuel to the charge that the Administration was holding back economic growth by pushing up interest charges.

Originally the request for the removal of the ceiling on long-term rates was coupled with one for a similar change in the rates permitted on savings bonds, a proposal which had more appeal for Congress. But now the House has acted on this "sweetener" independently and has agreed to lift the 3.26 per cent ceiling on

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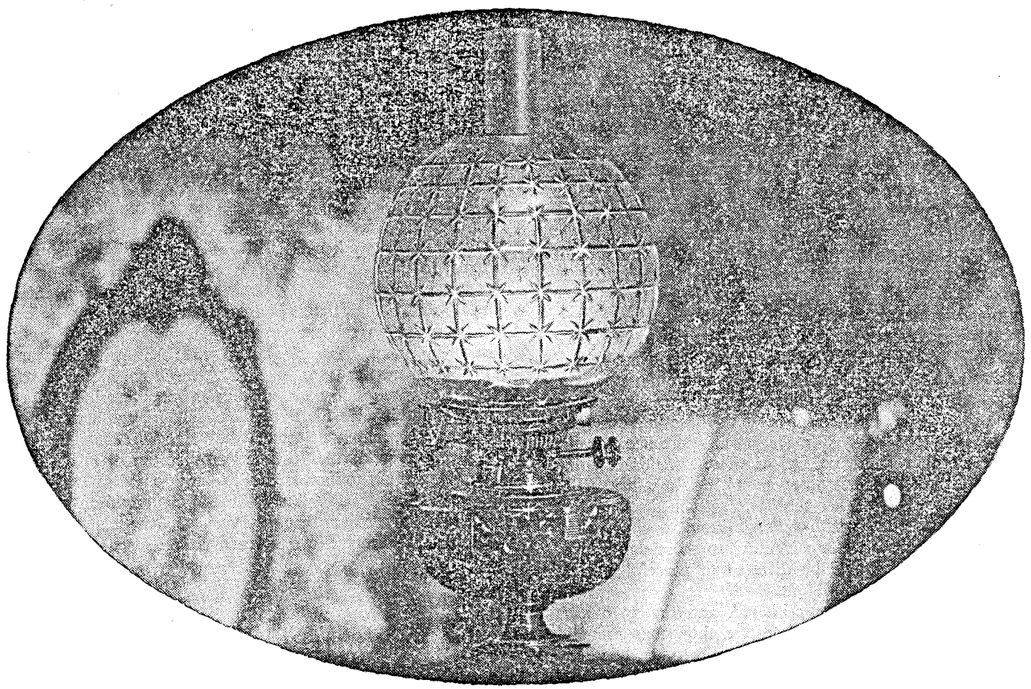

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savings bonds, although it has left on the President the onus of deciding how much the rate is to go up; the forecast is that it will be to 3.75 per cent. The Senate is expected to approve this move, much needed since redemptions of these bonds have been running far ahead of sales.

In its present mood the Administration is probably not unhappy that the two measures have been separated. Its original readiness to compromise on the long-term interest rate was frustrated by Congress's attempt to use it as an opportunity to interfere with the cherished independence of the Federal Reserve Board and by the board's determined resistance. Now the Administration sees in Congress's obstinacy an issue which can be used against the Democrats in the coming election year. The refusal to allow the Treasury to pay the market rate for its long-term borrowing forces it to raise the substantial sums it needs in the short-term market where the pressure, already heavy, is sure to become worse. Eventually, it seems, the Federal Reserve System will be unable to avoid making funds available in some quantity at the commercial banks, an inflationary move for which it will be possible to blame the Democrats. Equally, their attempts to undermine the Federal Reserve's inflexibility can be made to look like irresponsible advocacy of "soft money." But by the time Congress is faced with the interest rate question again next year the Democrats will surely have recognised the trap which is being set for them.

Michigan: Political Bankrupt

FROM A CORRESPONDENT IN DETROIT

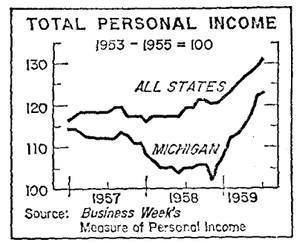
Nowhere have the deficiencies in standards of state government been more apparent recently than in Michigan, the seventh largest state in the country with a population of 7.8 million, which is the centre of the huge automobile industry. Although it ranks sixth among the states in wealth, Michigan nonetheless has been so short of cash that it has not been able even to afford the new typewriter ribbons needed in state offices. On one occasion this year the state had to postpone paying the salaries of its 26,000 employees, and it has had to resort to some fancy book-keeping to avoid other payless paydays. Businessmen who sell to the state have had to wait months, instead of days, for their bills to be met.

Michigan's deficit reached $110 million before the Legislature agreed recently on a programme to bring in $128.5 million a year in new taxes. This financial crisis attracted widespread attention, partly because of the state's economic importance and partly because of the possible effects of the crisis on the presidential aspirations of Michigan's Democratic Governor, Mr Mennen Williams. The state's troubles are not new. They have been piling up for years and the business recession of 1958, which imposed new strains on state governments, was the last straw. Michigan probably suffered more from the recession than any other state. At one time there were more than 400,000 unemployed, four times as many as is normal, and the motor industry had its worst year since the depressed nineteen-thirties. One firm lost $34 million. But the return of prosperity did not mend the state's finances, which went from bad to worse while the legislators and the Governor quarrelled over what should be done.

One of the long-term causes of the problem is that several constitutional amendments have been adopted in recent years which specify how certain funds shall be spent. As a result the Legislature, which ought to control all spending, now controls only about one-third of it and the state has no flexibility in financial matters. The other difficulty is that, although a Democrat has been Governor for the past eleven years, the majority in the Legislature has been Republican and he has thus been checkmated regularly. This situation is the result of unrealistic laws on legislative representation which have permitted the Republicans to retain control of the Legislature although they have slipped behind the Democrats in popular voting strength. There was a change this year, but for the worse. The Republicans kept a majority in the Senate, but the House of Representatives was divided 55-55. Thus Democrats in the House can block anything passed by the Republican Senate, and the Senate can block anything the Democrats manage to get through the House. The result of this divided authority and uncertain responsibility is stagnation, and the blame for the financial crisis cannot legitimately be ascribed to any one man, political party or unit of government.

The worst instance of a drain on legislative power by constitutional amendment occurred in 1946 when the state's school districts and municipalities were given five-sixths of the $300 million a year received from the state sales tax. This diversion of revenue might well be taken as the beginning of the financial crisis. The state has never been able to make up the loss, which is particularly unfortunate since its expenses have increased from $471 million in 1948 to $1 billion this year. In 1957, when the recession began to cause a further drop in state revenues, the Legislature ignored Governor Williams's warning that new taxes would be needed. The state ended the year with a $20 million deficit. In 1958, with the recession at its peak, revenues dropped even more sharply and at the same time the demands on the state government increased. Unemployment compensation had to be paid to thousands of workers and many families were added to the assistance rolls.

This year all state officials were agreed on the need for new taxes but the Democrats and the Republicans in the Legislature were sharply divided over how much money was needed and how it should be raised. They finally agreed on an increase in the use tax to bring in $120 million a year and on an $8.5 million increase in taxes on business. In the past the use tax applied only to goods bought outside Michigan. Its extension to all goods sold or used inside the state was proposed by the Republicans and is of doubtful legality. The State Constitution prohibits an increase in the sales tax and some authorities hold that the use tax is simply a sales tax under another name. If the courts accept this view, then presumably the Legislature will have to be called back into session to start work all over again. The only alternative to the use tax that has been suggested is a personal income tax favoured by the Democrats.



The publicity that Michigan's troubles have received has dashed what small chances Governor Williams had of winning the Democratic presidential or vice-presidential nomination; fairly or not, the impression that he is a spendthrift on welfare has been confirmed. But if he stands for Governor again next year, as he may, one point in his favour is that the immediate shortage of cash could have been alleviated and the payless payday averted if the Legislature had released $50 million being held in a trust fund to provide aid for needy ex-servicemen. This fund actually serves no worthwhile purpose and Mr Williams tried to get the Legislature to release it months ago. But the Republicans said they would not do so until a tax programme had been enacted. In retrospect, they realise this was a tactical blunder, giving Governor Williams the opportunity to pin the blame for the payless payday on them. Also

to Mr Williams's advantage is the fact that he has one of the most powerful political organisations in the United States, after eleven years in the Governorship. This is the longest tenure of any Governor in the country and has been made possible primarily because Mr Williams has had the unswerving support of organised labour, a powerful force in Michigan.

On the other hand, although economic conditions in the state have improved greatly this year, there are still 240,000 people out of work and little prospect that many of them will find jobs soon. Employment opportunities have been reduced by mergers and automation in the automobile industry, by the movement of one firm (the American Motors Corporation) out of the state, and by a sharp decline in the amount of defence work handled by the automobile companies.

Republicans blame Governor Williams for the state's failure to bring in many new industries. They say businessmen are reluctant to move into Michigan because his spending policies have resulted in high taxes on business. But Mr Williams can point out that the Republican-controlled Legislatures of his first ten years could have blocked any of his spending programmes if they had wished to do so. And he can argue, with justification, that his spending has probably not damaged the state's chances of attracting new industry nearly so much as has the Legislature's delay in putting the state's finances in order.

Jets in Competition

FROM A SPECIAL CORRESPONDENT

NEXT Friday regular services with the new Douglas jet aircraft, the DC-8, will be inaugurated by two domestic airlines, United and Delta. Delta will actually be first, ironically enough, for United Air Lines was the first domestic carrier to order the DC-8, the first to take possession of the new aircraft and the largest customer to date, having placed contracts for 40 of the new planes at approximately $5,000,000 apiece. Altogether 143 of these aircraft have been ordered by domestic and foreign airlines. Both United and Delta decided almost four years ago to order DC-8's rather than the Boeing 707's, which have now been in use for months by other airlines. At that time, the DC-8 was still on the drawing board and, in fact, no prototype of the plane was ever produced. The maiden flight in May, 1958, was made by an early production model and by then the Douglas Aircraft Company had already obtained orders for 138 of its Jetliners. This was testimony to the great prestige of the company with both domestic and foreign carriers, based on the commercial success of Douglas airliners in the years since 1935, when the DC-3 was the first really economical transport to be developed.

For the Douglas company Friday will also represent a "payoff" on decisions made long ago. The DC-8 cost more than $250,000,000 in research and development outlays, allegedly the largest amount ever expended on the development of a single product by private capital. Inevitably, comparisons will be drawn between the new Jetliner and the very similar Boeing 707. The DC-8 is a somewhat larger plane and it is the first true jet designed in the United States completely for commercial use. The 707 was developed from Boeing's aerial tanker, and is being produced on the same assembly line as its military parent, with tools and equipment leased from the government. This arrangement enabled the Boeing Aircraft Company to offer its machine initially at about $500,000 less than the DC-8, a saving which influenced American Airlines, the largest air carrier in the United States and usually a close associate of the Douglas Company, to equip its fleet with 707's. However, the Boeing Company is said to have lost at least $100,000 on every aircraft delivered so far, and the Douglas Company has invoked an escalator clause in its early contracts which allowed it to push up prices by 10 per cent.

In engineering advantage and passenger comfort, both planes are thought to represent a great jump from their propeller-driven predecessors. The DC-8 contains fewer movable parts, for example, and this is expected to reduce maintenance costs and increase reliability, while the design of the landing gear is different from that of the 707's. The company is now turning its attention to a cargo-carrying version of the Jetliner, while United and Delta are turning theirs to methods of filling the vastly increased passenger capacity which is one of the most prominent features of the jet age from the point of view of the airlines. But the jet aircraft which have been flying so far have all been full, or very close to it, and it is generally agreed that the attractions of jet travel are bringing new passengers to the airlines, ones who never used piston-powered aircraft.

Surpluses to Share

CONGRESS, having failed to pass a Bill to discourage the accumulation of agricultural surpluses which the President would sign, has also rejected, this time on the Administration's advice, most of Senator Humphrey's "food for peace" scheme, which envisaged long-term, large-scale distribution of existing surpluses to relieve a hungry world. The foreign sales programme would continue at about its present level of $1.5 billion a year under both the Senate and House Bills extending the life of the Agricultural Trade Development and Assistance Act; since it was first passed in 1954, this has authorised the sale of $4 billion of agricultural commodities for foreign currencies and donations, for relief purposes, amounting to $800 million; Congress is now providing $300 million a year for relief. The House extended the Act for only one year, the Senate for three, and a compromise on two years seems likely; this would have the advantage that the problem would not have to be considered again at next year's short pre-election session of Congress.

The Administration opposed Senator Humphrey's plan for disposing of $2 billion worth of surpluses every year for five years, which appealed to the Senate Foreign Relations Committee, partly because it does not like to admit that surpluses are here to stay. Its spokesmen also argued that the scheme would alarm exporters in other countries (Pakistan, for example, may welcome American food-stuffs, but hates to see its markets for cotton suffer); because a long-range programme would discourage backward countries from developing their own supplies of food; and finally because the American authorities have not found it possible to get rid of more than $1.5 billion worth of commodities each year. Elements of the Administration's much more modest scheme, including donations of food to under-developed countries to help establish stockpiles of food to be used in emergencies, were approved.

Congress's understandable attempt to speed up the distribution of surpluses to hungry Americans as well, by reviving the old food-stamp plan, is opposed by the Administration and, if the final version were to include a large-scale mandatory programme (which is unlikely), the President might be forced to veto the whole Bill. Surpluses are already available, on request, to states and voluntary agencies and the Administration does not want to assume the burden of distributing them. Less disinterested views of the crop disposal scheme were taken by those who tried to make mandatory, instead of discretionary, the programme of bartering surpluses for foreign strategic materials and by spokesmen for the eastern and Gulf ports, who tried to forbid use of the St Lawrence Seaway for government-subsidised exports of grain. Both of these efforts were apparently beaten off; and the barter scheme is, in any case, likely to be much reduced by administrative order.

Light on Africa

FROM A SPECIAL CORRESPONDENT

THE organisation of a high-powered committee of businessmen to advise the Department of Commerce on African investments, like the creation of an Office for African Affairs in the State Department or the long-term study which the Army Quartermaster Corps has been making of the central region of the continent, need not be viewed with alarm as indicating that the Americans are about to march in. These are only straws in a rather gentle breeze. American interest in Africa is blowing up, but by no means at gale strength.

When Africans were arguing about the Cameroons last spring in New York, some of them made friends outside the United Nations building; when riots flare in Nigeria or the Congo the whole continent becomes front-page news. But even then there is little public reaction outside the cities on the eastern seaboard. Enthusiasm for such African leaders as Mr Nkrumah or Mr Mboya does not mean a boom in tourist travel to Africa or in Afro-American development shares on the New York Stock Exchange. Some Americans [illegible] Mondays this summer, some 200 American business firms are said to have interests there. Some economic aid is being given, some political links are being forged. But as far as a general American understanding of Africa is concerned, the continent has done no more than cease to be "darkest" and take on an interesting, if still confusing, tone of grey.

An alert body of well-informed internationalists is keenly aware of the complex political problems to be solved if Africa is not to flop straight from colonialism into communist hands and of the effect of such unhappy American phenomena as race riots in Little Rock. In another sphere, business ears prick up when the World Petroleum Congress is told that known African oil reserves have increased by twenty times in the past four years, and that the Sahara region alone, with estimated reserves of 3½ billion barrels, now ranks among the top ten oil-bearing areas of the world.

Meanwhile, able newspaper reporters travel in Africa and do their best to translate strange scenes into familiar American terms. Dispatches come back about political uprisings and the hazards imposed on wild game by hydro-electric dams, or on traditional nudity by native moralists. In the magazine field, two very different monthlies and a weekly have each recently devoted an entire issue to various aspects of the African continent.

THIS sympathetic curiosity feeds, and is fed by, the work being done by charitable foundations and voluntary service committees. The amount of aid now going to Africa, from public or from private sources, is still small compared to the funds allotted to Asia and the Middle East, but the quality of interest makes up in warmth what it lacks in dollars. Most of the major foundations have money and people working there. The Carnegie Corporation, which supported the 1956 revision of Lord Hailey's famous survey, which has assisted the publications project of the International African Institute in London, and has provided part of the funds for a five-year study of Benin history, has since 1928 put more than $3 million into South Africa and the colonial areas alone.

Two major Carnegie grants were made in March of this year—one establishes in Nigeria a library training course at the post-graduate level which will benefit all West Africa; the other will start, with British and Nigerian co-operation, a survey of higher education in Nigeria. Primary education there is being surveyed by the Ford Foundation, while the Rockefeller Foundation has for several years been working on yellow fever research in both Nigeria and Uganda. The newer Rockefeller Brothers Fund has established an office [illegible] to advise the Africans, both there and in Nigeria, on obtaining capital and other financial assistance for economic development. The Twentieth Century Fund is almost ready to publish its three-year study of Africa south of the Sahara, the Phelps Stokes Fund continues to assist African students eager to study in the United States.

The voluntary service committees have less money than the foundations, and perhaps for that reason they pursue quite different goals. For example, the African Studies Association, with some two hundred members and an office at Columbia University, provides a centre for academic investigations of several kinds; the American Committee on Africa is concerned mostly with political interests, is warmly pro-African and reputed to be extremist; the American Society for African Culture is a Negro intellectual group, allied with the Paris agency which promotes the concept of *Présence Africaine*; the African-American Institute, which has offices in the Carnegie Endowment building, tries its best to be enthusiastically informative and unbiased.

SOME of these groups are by temperament and training bent on propaganda, but others are beginning to acquire a deeper understanding of what Africa must face in the next few years. Many of them start with the typical American prejudice against colonial rule of any sort, but the far-sighted now recognise the difficulties posed for the new African states by the withdrawal of British aid, British officers, British influence. This change of attitude may not yet show itself in the press, in speeches on the floor of Congress, or among the most inflammatory Negro orators who try to make Kenya sound like Arkansas, but it is evident among the men who administer private funds. Their reports and their conversations show that they are aware of the need for stepping softly, for trying to establish tripartite relationships which shall include Britain as well as its former colony, for basing new work on values that exist rather than trying to remake everything in the American pattern.

This relatively new development in American thinking showed itself in two conferences that were held on African affairs last year, and in a discussion on the same subject which was held not long ago in London. At least one of these conferences took as its point of departure the hopeful assumption that British and American attitudes to Africa are not as dissimilar as they may look; that a major aim of both is to develop political, social and economic strength in African countries so that they will prosper under governments of their own choosing, preferably of the kind that will side with the free nations. To this end lessons were stressed which are hard for Americans to learn: that financial aid alone is not enough in Africa; that foreign aid is more effective when free from military or political strings; that confidence in African leadership is [illegible] to a people trying their wings for the first time; that economic inefficiencies are best attacked by way of improving African agriculture and exports.

The existence of such views does not mean that there are not still people who see African aspirations in the light of 1776, and are bent on hurrying the end of British rule without regard to cost. There are others who would have Britain and the other colonial nations hold on to power, again without regard to cost. But the important thing is that these traditional prejudices are now counterbalanced by other approaches inspired by a longer vision and working behind the scenes.

SHORTER NOTES

Congress has agreed to exempt regularly scheduled news broadcasts from the legal requirement that all political candidates must be granted equal time on the air waves and television screens. Strictly interpreted, in a country where fringe parties such as the Prohibitionists or Trotskyites frequently put up candidates for office, this requirement would have made news coverage during an election campaign practically impossible. But in passing the Bill, Congress made it clear that broadcasters must give fair coverage to conflicting political views.

Mr Dale Alford seems to be safe in his congressional seat until the end of 1960. The House committee which has been investigating the unorthodox methods by which he defeated the respected Mr Brooks Hays in Little Rock last November has found various irregularities in the election, but nothing to justify unseating Mr Alford.

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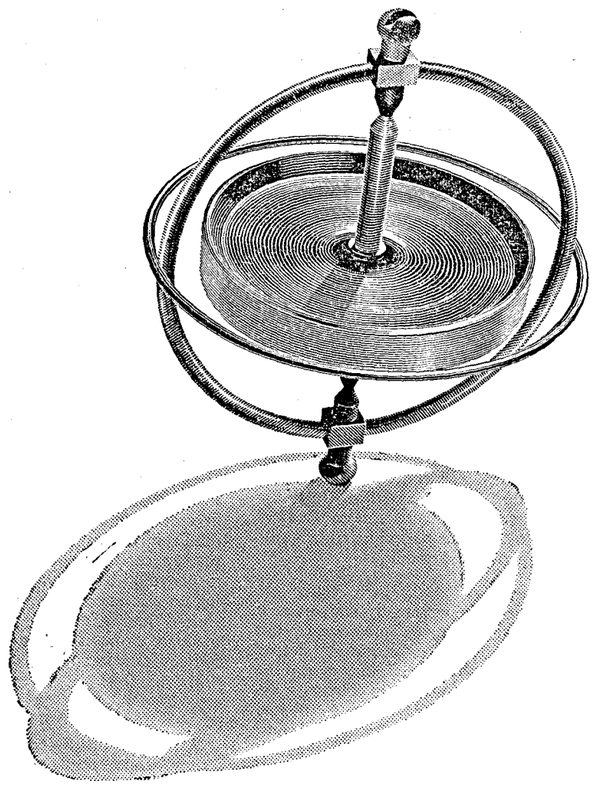

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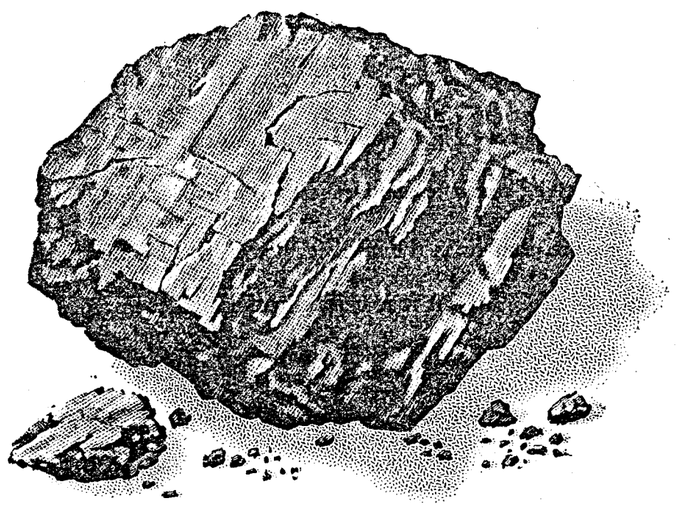

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THE WORLD OVERSEAS

The United Nations Looks at Laos

FROM A SPECIAL CORRESPONDENT

THE name "Dien Bien Phu" strikes a chill into the heart of any western diplomat, and when a few days ago there were reports of north Vietnamese troops massing there for an attack on Laos, there was an unhappy feeling that we were moving back to the "brink" which many hoped had been buried with Mr Dulles. When last weekend Laos appealed for help from the United Nations against "communist aggression," there could be no thought of disregarding or pigeonholing the request. The Secretary-General's prompt action in calling the Security Council was generally welcomed in the West and accepted by the East.

The State Department in Washington for some days past had been fulminating against communist aggression in Laos, and well informed Washington correspondents were writing about the official view that only an ultimatum could stop the "Reds." The press was also privately assured that there was ample evidence of invasion by north Vietnamese troops. When they dutifully wrote about these assurances, Mr Cabot Lodge was able to point to the newspapers as evidence that the fact of aggression was common knowledge.

Yet, when the Security Council met on Monday afternoon (on one of the stickiest Labour Day holidays New York can remember), it turned out that no one had any real knowledge of what was going on in Laos, nor was prepared to take Mr Lodge's word for the facts of the case. As a result, the Laotian request for a United Nations force was simply a non-starter. The United States, however, was determined that Laos must not be allowed to remain neglected or forgotten. The weekend talk of an ultimatum was dropped and a rumbling threat of action by Seato was pushed into the background, but some substitute had to be found that was also acceptable to America's allies—particularly to Britain, which was reluctant to take any drastic action.

The result was a proposal, sponsored by Britain, the United States and France, to send out a team of observers to find out exactly what was going on in Laos and to report back. This looked harmless enough, but the Soviet delegate, Mr Sobolev—one of the veterans of the United Nations—voted against it and demanded that his vote should be regarded as a veto. He was able to quote the 1945 agreement that the setting up of commissions of enquiry should be regarded as a substantive matter and liable to the veto. The Italian delegate, Signor Ortona—in the chair for September—ruled that this agreement was only between Britain, America and Russia and did not bind the Security Council. Therefore by a series of ten to one votes the commission was set up as a procedural matter. By this weekend, representatives of Italy, Argentina, Japan and Tunisia should be arriving in Laos to establish whether that little kingdom has indeed been the victim of communist aggression.

What are the likely results of this action? First of all the fact-finders are unlikely to find any facts—though it is reported that they will be shown two captured north Vietnamese officers. It is hard to say exactly how anyone can establish that a prisoner is a genuine north Vietnamese communist and not merely a masquerading south Vietnamese officer. However, it is expected that in fact the despatch of the commission will have the desirable result of causing the withdrawal of all invaders from Laos—at least as long as the commission remains.

The main results of this action are likely to be felt more in New York than in Asia. The United Nations has been put back into the old routine of cold war. It is now containing Chinese communist expansion just at the moment when rather different methods of containing Russian expansionism are being tried out. The question is whether the Assembly, meeting next week and being harangued by Mr Khrushchev next Friday, will accept this situation. India almost certainly will not, because, as chairman of the International Control Commission set up in 1954, which the present Laotian government does not wish to accept again, it maintains that if any body should restore the peace in Laos it should be this one. Secondly, India and some other Afro-Asian powers have grave doubts about the Laotian government, which they fear has sold out to the Americans and in return for military and economic aid is violating the neutral status agreed at Geneva.

Nevertheless, it is likely that China has behaved sufficiently badly in the past few months to discourage most of its possible friends from making a fuss. If the fact-finding commission does not demand any drastic action by the United Nations, the Assembly will probably be glad to keep a fatherly eye on Laos from a distance. Who knows: perhaps, behind all the protests, Russia will not be too sorry to see its great ally given a mild cautioning.

India's Mood

FROM OUR CORRESPONDENT IN INDIA

IN the last six months, for the first time since independence, India has been shifting to the right, dragging Mr Nehru with it. Behind this shift there lies a combination of reactions—not only to Chinese moves, but also, at home, to state trading in grain and the threat of co-operative farming; and behind these, again, there have been the calls of the five-year plan.

India's disillusionment with China began before the Tibetan revolt. China's cartographic aggression for instance, goes back to Chiang Kai-shek; but until this year it never rated more than a parliamentary question every few months and half a column on an inside page. Tibet jerked Indian consciousness of China on to an altogether different plane. Here was colonialism just across the border, colonialism testified to by the Dalai Lama and 13,000 refugees. The public declared its sympathies so clearly that the government, despite its obvious embarrassment at the damage being done to relations with China, was eventually carried along.

Now there is trouble on the border itself; the Chinese road through Ladakh, the threat to Sikkim and Bhutan, the attack at Longju, Peking's refusal to recognise the McMahon Line or the

1842 frontier on the Aksaichin plateau. Mr Nehru has made it clear that India will negotiate on details, even consider arbitration, but that its frontiers are sacred.

The damage done to communism by China's behaviour has been made more serious by the Indian communists' own actions. They supported the Chinese allegation that Kalimpong was a nest of spies and they made light of the border incidents. The verbal help that they have given to China will seriously affect their future ; in particular, it has further alienated the Praja Socialists and the Lohia group, with whom they hoped to form a united front ; the Socialists have, indeed, been much more bitter about Tibet and China than the Congress party.

This isolation of the communists from the general stream of national feeling made it easier for Delhi to remove the communist government of Kerala State. In Kerala itself, every party, from the Revolutionary Socialists to the Muslim League, combined against the communists. Outside the state, people were shocked to discover how deeply the communists had made themselves hated there, and how regularly they had favoured their own followers, especially in lending money to co-operatives, and in their withdrawals of criminal cases. Mr Dange's defence in parliament shocked people further. And then, after swearing by the constitution in Kerala, the communists started setting fire to milk vans and ambulances in Calcutta.

To isolate the communists seems now to have become a definite objective with other parties. In West Bengal the chief minister has made considerable concessions over rationing and land revenue to the Praja Socialists. In Kerala the Congress are even considering an electoral arrangement with the Muslim League. In Bombay it has virtually been decided to split up the state into its linguistic components of Maharashtra and Gujerat, thus taking away from the opposition the one bond that has kept communists and non-communists together.

THE swing to the right has not been confined to this growing distaste for the communists. There has also been the foundation of the conservative Freedom party. The reasons for this go back nearly a year. Last winter the National Development Council decided to nationalise the wholesale trade in grain ; this has been done in varying degrees in different states—often all that happened was that traders were licensed—and it has been a complete fiasco everywhere. There was no proper preparation and there were not enough warehouses. Crops were held back from the market, prices went up and not down ; rice prices have risen by a quarter in the last six months. The traders were bitterly disgruntled, and nobody was happy. More important still, in January the Congress accepted joint co-operative farming as its goal, and Mr Nehru talked of using preference in credit and fertilisers to get people to pool their land. Nobody believes that land will be shared through any love for co-operation. Overnight there was created the base for a conservative party.

This has already had an effect on official policy. Mr Nehru has been reiterating that co-operative farming will be completely voluntary, which means that even the pilot projects will probably never come into being. Mr S. K. Patil, the new minister for food and agriculture, whose appointment is in itself a sign of the new influence of the right, made it clear in his first statement in parliament that he had no doctrinaire attachment to state trading in food, but looked back rather to the example of Mr Kidwai, who made food plentiful by removing controls.

Policy is further affected by the needs of the five-year plan. If there is to be a £7,500 million third plan, there will have to be some £1,850 million of foreign aid ; and that means primarily American aid. Moreover, if the domestic resources for the plan are to be found, state enterprises will have to make a profit, profitable schemes will have to be preferred to unprofitable ones, and the whole community will have to be heavily taxed. A society which judges the success of its state enterprises by the normal criteria of business can hardly be as hostile to private enterprise as has been the fashion during the years when it was considered a merit for a state bus service or irrigation scheme to lose money.

The swing to the right has not yet gone far, and Mr Nehru's capacity to swing with the public has taken some of the steam out of the Freedom party much as he used to take it out of the Left. But the swing could go much further if there is any new misbehaviour by China or by Mr Krishna Menon, the defence minister, or another hint of compulsory co-operative farming. For the first time since 1947, the Congressmen of the right, who are the majority of the party, can feel the weight of public opinion behind them.

What Markets for Canada's Oil?

FROM OUR CORRESPONDENT IN OTTAWA

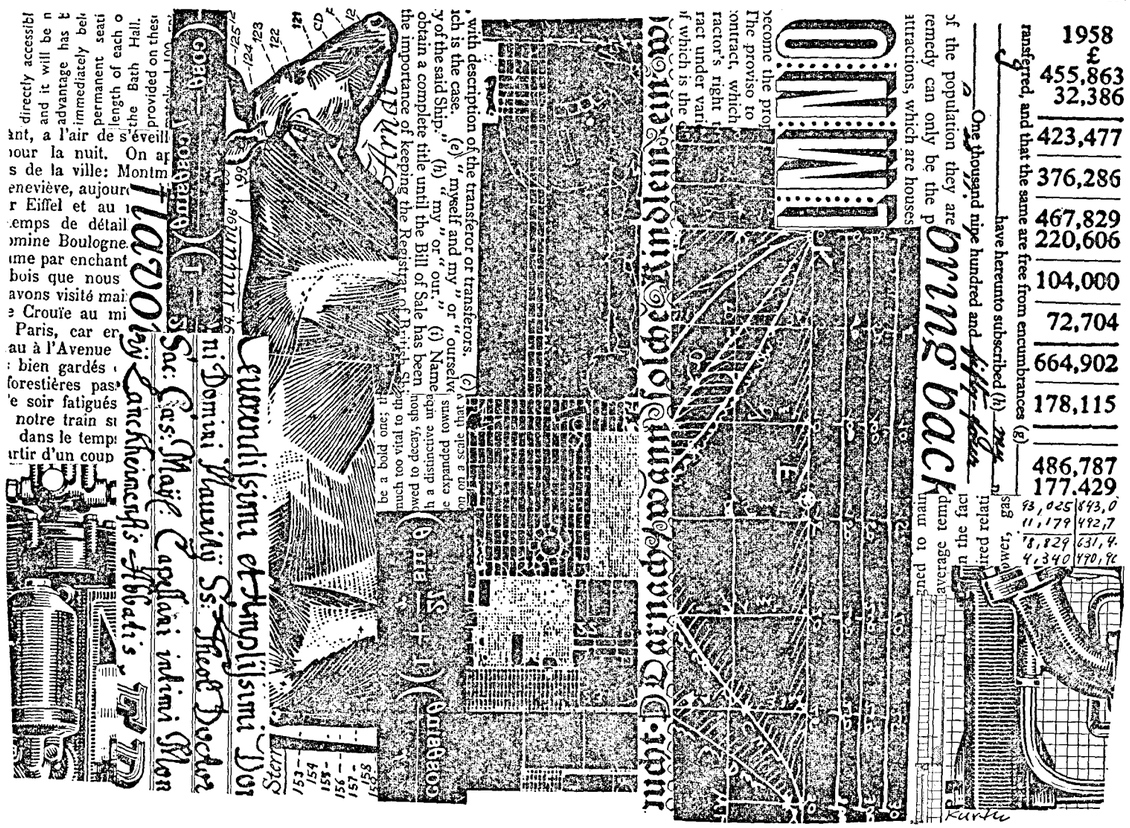
THE great Canadian debate about national energy policy, which in recent years brought the fundamental economic problem of this country into the forefront of political dispute, now looks like fizzling out in a feeble attempt at blackmail. The Conservatives, who achieved great political gains by taking up a strongly nationalist position during the Liberals' fumbling of the natural gas problem, are now themselves facing the massive arguments for placating American capital and accepting a "continental policy." Rival policies—or at least rival philosophies, for they barely reached the stage of practical policies— were very much in the centre of public attention when the Conservatives took office in June, 1957. But Mr Diefenbaker wisely pushed them behind the arras into the care of a Royal Commission on Energy Policy, headed by Mr Henry Borden, president of the Brazilian Traction Company. From behind this discreet curtain the problems have been handed out into public view piecemeal.

First came a report on natural gas policy, which approved the export of gas to the United States because it found that Canada had enough and to spare. It also approved the establishment of a National Energy Board to regulate the building of interprovincial pipelines and the export of energy in the form of natural gas or electricity. The government has recently appointed this Board, after putting through Parliament a complicated National Energy Act which is identical in nearly all respects with the sort of Act

the Liberals would probably have passed in 1957 if they had been returned to power.

The Borden Commission's second report, published last month, is almost entirely devoted to the question whether the Canadian oil industry should seek expanded markets in the United States or eastern Canada. In its final chapter the commission says:

> Canada is not a natural economic unit. There have always been powerful forces of an economic nature tending to separate the



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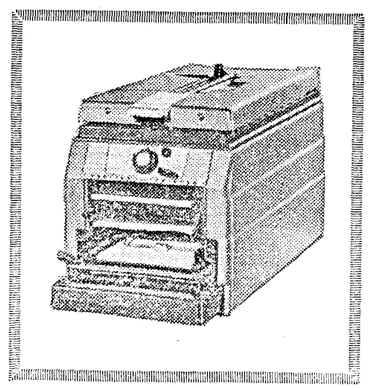

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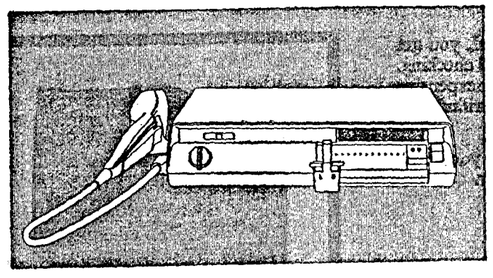

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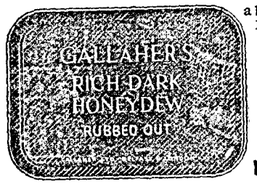

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nation into regions. It has been necessary that these forces be resisted to some degree in order to build a nation from a group of widely separated regions. Confederation itself involved the construction of a transcontinental railway to link the outlying provinces with the central ones even though cheaper transportation might have been obtained through the United States.

This is the "underlying principle," says the commission, behind its recommendation that gas exports must be limited to the surplus left after all foreseeable Canadian needs have been fulfilled—a policy which the Liberals had implemented in its difficult part by getting the trans-Canada gas pipeline built, leaving the Borden Commission and the Conservatives to fulfil the easy part of licensing exports.

In the case of oil the practical application of the "underlying principle" also involves a pipeline—either a new oil line from Alberta all the way to Montreal, or at least an extension and enlargement of the existing "Interprovincial Oil Pipeline" which reaches as far as Toronto after crossing the prairies and passing through the United States south of Lake Superior. The western Canadian oilfields, and particularly the largest producers in Alberta, badly need larger markets. Last year their production had to be held down to 47 per cent of their potential output. But Canada was importing 45 per cent of its total requirements of crude, which could all have been met from its own production. At the same time the United States was producing 72 per cent of its potential, and putting quotas on all imports. Canadian crude oil has not been able to penetrate to any refineries east of Ontario. The country's largest refining centre, Montreal, is supplied by crude from Venezuela (and in smaller degree from the Middle East), most of it being pumped through a pipeline from Portland, Maine; and the Montreal refineries, with another small one at Halifax, Nova Scotia, supply all of eastern Canada and even put refinery products equivalent to 50,000 barrels per day into Ontario.

The Borden Commission pinned precise figures to its calculations. Last year Canadian production of oil amounted to 454,000 barrels per day—a reduction from 470,000 in 1956 and 498,000 in 1957 when markets were expanded by the Suez crisis. The commission says production should be 700,000 barrels per day by 1961. This is made up of projected demand of 440,000 b/d in Ontario and the western provinces, plus 50,000 b/d to displace the products from Montreal, together with an additional 210,000 b/d which the Montreal refineries might draw from western Canada. This target is still barely 70 per cent of the estimated potential production; but the commission says that it would be enough to ensure a "healthy and vigorous industry."

Unfortunately the big oil companies which control the five Montreal refineries—with a sixth now under construction by British Petroleum—stated flatly that they would not switch to Canadian crude even if it were delivered to their doorstep. They are Standard of New Jersey (through its Canadian subsidiary, Imperial Oil), Gulf Oil Corporation (through its subsidiary, British American Oil), Royal Dutch Shell (through Shell of Canada), the Texas Company (through Texaco of Canada), and Petrofina SA of Belgium (through Canadian Petrofina). Petrofina has guaranteed to supply its subsidiary with imported crude at competitive prices. The other four companies between them are estimated to have an 87 per cent interest in Venezuelan oil. The five companies own or control, it is stated, about 80 per cent of Canada's refinery capacity; and they produced in 1957 43 per cent of total Canadian crude production. They are sole owners of the

United Nations as Observers

WHEN in doubt, set up an international commission and send it to have a look. In the case of Laos, the devotees of this system have resorted to a questionable manipulation of an unobtrusive section of the United Nations Charter. The Russians had made it clear that they would block any attempt by the Security Council to send observers to investigate the Laotian government's complaint. This obstacle could have probably been circumvented by referring the matter to the UN Assembly, but that would have involved either waiting for the opening of the annual session on September 15th, or summoning a special meeting—an expensive and unpopular procedure. Instead the United States, Britain and France submitted a resolution in such terms that though no mention was made of a visit to Laos, the business to be undertaken could not be done from New York. The Russians have announced that they will not recognise the newly formed sub-committee or its findings.

If the sub-committee finds that there is evidence of persistent infiltration, the Council, or more probably the Assembly, will have to decide whether to dispatch a group of observers to keep the United Nations abreast of the situation. There are precedents for such action. Immediately after the war, when the Greek government complained that the rebels in its northern provinces were receiving help from Jugoslavia, Bulgaria and Albania, the Security Council sent out a fact-finding mission. The report of this mission led the Assembly to override Russian opposition and establish the UN Special Committee on the Balkans (Unscob). This committee set up headquarters in Salonika and kept observers in the area until the insurrection petered out. From 1948 until 1952, Unscob reported regularly that the rebels were receiving assistance from Bulgaria and Albania (and until 1950 from Jugoslavia) and similar reports were put in for another two years by its successor, a sub-committee of the Peace Observation Commission.

In May, 1958, the Lebanese government complained to the Security Council that the United Arab Republic was interfering in Lebanese affairs by taking a hand in the civil war. On a proposal to establish a United Nations observer group in Lebanon (Unogil), the Soviet delegate abstained from voting and the plan was adopted on June 11th without any need to go before the Assembly. A small advance party (borrowed from the United Nations Truce Supervision Organisation on the Arab-Israel frontiers) reached Beirut the next day. The group was built up to 134 men drawn from 14 countries and remained in Lebanon for about three months. But for the first three weeks they carried out patrols only by day, and it was a month before they were able to operate effectively in the frontier areas controlled by the rebels. They were faced with the difficulty of distinguishing a Lebanese from a Syrian in an ethnically indeterminate border area, and of deciding whether the arms they saw had reached Lebanon by way of Syria or direct. Not surprisingly, their reports were inconclusive.

The United Nations has assumed functions of a somewhat different kind in two other frontier zones. The Truce Supervision Organisation (Untso) operates along the Arab-Israel armistice lines (except for the border between Israel and Egypt where it has been relieved by the United Nations Emergency Force). It checks allegations from either side of infringements of the armistice agreements, has its headquarters in Jerusalem and, unlike its counterparts in Greece and Lebanon, has been free to operate on both sides of the line. In Kashmir, a group of 50 military observers have been sending in reports on a static cease-fire line for eleven years, and will probably continue to do so until India and Pakistan agree to eliminate the reason for its existence. But there are worse fates than being forgotten in Kashmir.

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pipeline from Portland, Maine, to Montreal. If the Canadian government, therefore, decides that Canadian crude should be used in the Montreal refineries, it will have to compel its use. Customs duties are rejected by the commission, because nobody knows how high they would have to be to become prohibitive. The method it recommends is licensing of imports.

But this is drastic action, and it would not be necessary for the "health and vigour" of the oil industry if the same amount of additional oil could be sold in the nearby markets of the United States. Until last June this was prevented by American restrictions. But when Canada was exempted from them, the commission found itself up against an equally formidable power—the international giants of the oil business. The same American companies which own the Montreal refineries, Standard of New Jersey, Gulf, and Texaco, plus Standard of California and Socony Mobil, account directly, says the Borden Commission, for one half of the imports into the United States and indirectly for much larger amounts. They dominate the American refining industry. They could, if they would, import all the Canadian crude Canada wants to sell. So far as price goes, says the commission, Canadian crude is now fully competitive at the refineries of the Pacific north west (Puget Sound) and at an even larger number of refineries in the Middle West. But it is not being used. Exports reached an average of 151,000 b/d under the spur of the Suez crisis in 1957. In 1958 they were down again to 85,600 b/d. They are rather worse this year. The commission finds that the big oil companies are responsible.

> The use of Canadian oil owned by these refining companies tends to be less attractive financially (than use of their other overseas sources) because under the prorationing system applied in Alberta they are required to purchase oil produced by other companies as well as from their own holdings.

Also, it says, oil produced from Canada may cost them more in exploration and development to replace the reserves; and low tanker rates have also favoured use of overseas supplies.

This leads the commission to recommend that the Canadian government should attempt a form of blackmail on the giant oil companies. This is the form: let them make a "vigorous and imaginative effort" to raise Canadian sales to the United States; a year to a year and a half would give them time; if by the end of 1960 they have not raised their imports from Canada to 210,000 b/d —for a total Canadian production of 700,000 b/d—then let the Canadian government and the National Energy Board put the Montreal pipeline back on the agenda, complete with import restrictions and the rest of the necessary paraphernalia.

It should be a neat trick if it worked. Meanwhile the Conservative government is excused from asserting the "underlying principle" of "resisting economic forces in order to build a nation."

The Vanoni Plan Reappraised

FROM OUR CORRESPONDENT IN ROME

In January, 1955, the late Signor Ezio Vanoni, then minister for the budget, who is still regarded as the guiding economic spirit of the Christian Democrat party, presented a "plan for the development of employment and income in Italy from 1955-64." The Vanoni plan has been the main plank in the Christian Democrat platform in two general elections and numerous local contests although probably few voters had more than a vague idea of the targets it set up and the means it proposed to achieve them. Last April, the prime minister asked Professor Pasquale Saraceno, chairman of the committee for the development of income and employment, and one of the authors of the Vanoni plan, to draw up a report on how far the national economy had developed during 1955-58 along the lines traced in the plan and to estimate whether the plan's aims and policies are still valid in view of such new factors as the common market.

The "Vanoni Plan Reconsidered" contains a number of salutary shocks. It shows that although one of the basic assumptions of the plan has been achieved, since the national income has increased at the rate of 5.2 per cent (the assumption was 5 per cent), neither investments nor employment have kept up the prescribed pace. What is worse, investments have been concentrated in the already advanced sectors and areas, so that the distribution of income has not tended to improve the conditions of the unemployed and underemployed, while the gap between the depressed and the progressive parts of the economy has remained constant in spite of the progress which public works and other incentives have brought about in the South. The report concludes that in present conditions this gap tends to become permanent.

The Vanoni plan prescribed that investments should increase by 7.8 per cent per annum. The actual rate of increase for global investments is 6.8 per cent, less than the target but higher than the rate of increase of the national income. This was prescribed, but the distribution of investments is very different from that envisaged in the plan. Investments in agriculture have increased by only 2.5 per cent per annum instead of 7.5; public utilities by 5 instead of 7.6, and total investments in the so-called propulsive sector (agriculture, utilities, public works) by 4.1 per cent per annum instead of 7.3. Investments in industry and services have increased annually by 6.1 per cent instead of the prescribed 8.9 per cent. Only housing has boomed with an annual investment increase of 11.5 per cent instead of the scheduled 6.5. No wonder visitors to Italy are impressed by the amount of building going on. In point of fact Italians have been spending their increased income on the least productive form of investment. The boom in houses, one is tempted to think, depends partly on the desire to satisfy new aspirations towards a higher standard of living, but mainly upon the conservative habit of speculating in real estate. Whatever its cause the trend conflicts with one of the fundamental conditions for the fulfilment of the Vanoni plan: that the nation should practise austerity.

Investments in industry have been influenced by technological progress to a much greater degree than the plan foresaw. The trend is to modernise and extend existing plant rather than build new plant in new places. Professor Saraceno sees a conflict between investments tending to increase productivity and those tending to increase employment. The criterion of productivity is likely to get more emphasis because of the common market as well as a probable slowing down in the rate of expansion of world trade. If the criterion of employment is to prevail the report sees the need for an energetic investment policy.

The Vanoni plan recommended that the state should not compete heavily with private industry for investments. This line has been followed in the period 1955-58 when state bonds dropped from 45.8 per cent of the total of loans to 24.1 per cent. (The proportion will be higher now since a three hundred billion lire state loan was floated early this year and covered by the banks.) It is odd, however, that Professor Saraceno does not mention the fact that the banks are bursting with savings which no one will use. The prime minister himself has drawn attention to the fact in an appeal to private industrialists to show more courage. This point might well have been noted in the report and set against the doubts expressed about public spending. The report considers that in future a much greater part of the tax yield will have to be spent on welfare and education, leaving less available for investment in the "propulsive" sectors of industry. In that case, since private industry is not coming

forward, why should the state not borrow more from the banks?

The Vanoni plan set a target of four million new jobs by 1964. The rate of progress in the period considered has been slower than this (1,400,000 new jobs instead of 1,600,000) although emigration has drawn off more than was foreseen. Professor Saraceno thinks that the target itself falls short of national requirements. He foresees an increase in the demand for jobs as more people leave agriculture and more women come on to the labour market. Moreover, the Vanoni estimate that technological progress would shut down 800,000 jobs in ten years is now considered too low. The whole problem of employment and a more equitable distribution of national income, says the report, calls for more vigorous policies of investment, prices and salaries. But would not a sound tax reform be useful? The report is silent on this point.

The factors which determined the pattern of economic development from 1955-58 were the building boom and the expansion of exports; the deficit in the payments balance was eliminated in 1957, sooner than Signor Vanoni foresaw. The report considers that these factors, which are probably destined to disappear, have carried the economy away from the lines traced in the plan. But the report does not say that the main reason why the Vanoni plan has never become the inspiration of an economic policy is that governments have lacked the courage to implement it by a minimum of coercion. Thus, for instance, the report laments the failure to invest in the South and ascribes it to the fact that the increased demand for goods arising out of increased income could be satisfied by increasing the productivity and the dimension of existing industrial centres. It does not say that one cause of the delay in investing in the South is the high cost of electricity there, a drawback which could be eliminated or at least attenuated by government action.

There are signs however, and the report itself is one of them, that public opinion, or perhaps it would be more proper to say Christian Democrat opinion, is becoming convinced that the time for such action is now ripe. It is significant that the government has recently decreed that IRI (the Institute of Industrial Reconstruction) should set up a new steel plant at Taranto. Another sign will be the government's acceptance, or rejection, of the project presented by ENI for the industrial development of Gela in Sicily. The project, which contemplates investments of 110 billion lire (with a net profit of 14.38 per cent) was submitted several weeks ago to the inter-ministerial committee.

A VISIT TO BRNO—I

Switzerland of Eastern Europe

BY OUR SPECIAL CORRESPONDENT

FOR the first time since before the war, the engineering fair at Brno has been made an international show. The fair, the Czech prime minister declared, when he opened it last Saturday, is to be a meeting-place for peaceful economic competition between east and west, as well as a demonstration of the economic strength of the "socialist camp." The Czechs, who ran an international fair for many years before the war, have been slow to reopen the door to western exhibitors. The Leipzig fair has been international since 1951. But now that the Czechs have made the move, they have done it impressively. The wide range of engineering products, the colourful well-designed fairground which sets many western fairs to shame, testify to the economic prowess of the "Switzerland of eastern Europe."

The picture of Czech prosperity has its flaws. Caught up in the cold war taboos which surround the western visitor, or in the tangles of buck-passing and indecision which bedevil the lower ranks of the bureaucratic hierarchy, the visitor to Czechoslovakia can suffer in ways which would have made Kafka pale. Taps drip: Prague could do with a coat of paint: with a mere 30,000 houses built each year, there is a frightful housing shortage. Clothing is adequate, but only the rare smart girl finds ways to break through the general drabness.

All the same, the Czech economy gives an impression of underlying strength. Relatively little damaged by the war, the country's traditional industries provided the planners with a sturdy base to build on. Standards of life do not compare with Britain's, it is true: real wages in terms of purchasing power for consumer goods are perhaps a good third lower. The Czech pays little rent, but he may get very little for what he pays. But real wages are rising year by year. Russians and Poles come to Prague to shop for a wide range of durable consumer goods.

In the investment industries the characteristic communist achievements can be plainly seen. Czechoslovakia already occupies a key place in the development plans of the Soviet block. It has won notable contracts in the undeveloped countries. Since 1937 the engineering industry has expanded more than fourfold, the premier explained last week, and today it covers some four-fifths of the range of engineering products that are made in the world.

One notable economic feature distinguishes Czechoslovakia from Russia or east Germany. Income differentials are remarkably small. In east Germany the need to compete with western standards of pay for management has fixed a biggish gap between privileged and poor. In Russia the gulf between top-pay technocrats and unskilled workers yawns even wider. Czechoslovakia is far nearer to an older communist ideal—or, for that matter, to Britain. Workers' pay ranges from 800 to more than 2,000 crowns a month and the best-paid skilled worker may get more than the don or foreman. Engineers' salaries range modestly between 2,000 and 3,000 crowns. This may in part reflect the fact that in economic matters the workers as a group, indispensable to the regime, still enjoy considerable power. That has meant moments of strain when the regime has sought to cut back wages. But in the long run it is a source of stability and strength.

SINCE Mr Macmillan went to Moscow, a good many Czech officials have been suggesting that especially favourable opportunities await Britain in trade with their country. The attempt to distinguish between one western state and another has, of course, a political motive. Those Czechs who take this line perhaps forget that the more they attempt to "divide the imperialist camp," as they put it, the less easy it is for any western country to take a more flexible line. Economically, there obviously are opportunities for some growth of trade with the west. The Czechs placed a large order for paper-making machinery with a British firm at the Brno fair. They are interested at present in capital goods for chemicals, metallurgy and the metal industries. They will always be interested in the latest western technical developments.

But there is much in the view of many western business men that the only major export opportunities are for goods that are not produced at all in the eastern camp. Ask a Czech official whether he can visualise a major expansion in mutual trade in consumer goods, and he will point to the instabilities of western markets which raise such problems for the planner. The Czech planners seem prepared to buy a few western consumer goods to give a little colour to life. But there is no deep interest in buying goods in the west just because they are made more cheaply there than at home. Trade officials suggest that long-term trade agreements and more generous import licensing in Britain may help to expand trade between the two countries. But their own central purposes remain unequivocal: to develop the economic co-operation and strength of the communist countries; thus, they believe, they will increase their bargaining power with the capitalist world.

(To be concluded)

Electrical Aids to Industry *Data Sheet* **No. 6**

Lighting—1

Good lighting affects productivity in three ways: (1) by directly increasing the speed of working and reducing errors and wastage; (2) by improving overall factory efficiency through better supervision and housekeeping; (3) by providing better working conditions, thus improving labour relations. This, of course, avoids frequent changes of workpeople.

It is not possible to judge by the eye alone whether the lighting in any factory is good enough to serve these purposes because the eye has a tremendous range of adaptation (vision of some kind is possible within an illumination range of 1,000,000 to 1) and is hence an unreliable measuring instrument. Severe mental and eye strain or unconscious slackening of working speed may occur under lighting which *appears* to be quite adequate.

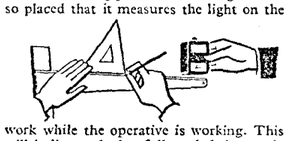
The only reliable way to appraise factory lighting is to conduct a lighting survey using a lightmeter, an inexpensive instrument which measures the actual illumination available. These figures can then be compared with official recommended values for the various tasks.

Lighting Survey

A methodically conducted lighting survey is the first step towards achieving good productive lighting. The average artificial illumination at working height should first be measured. This requires a number of readings at a number of positions relative to the lighting fittings, particularly beneath and between fittings and by the wall. The average of the readings should then be compared with the illumination values recommended by the Illuminating Engineering Society. The following is a general guide to illumination requirements.

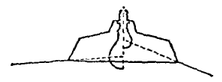
NATURE OF WORK, PROCESS OR MATERIAL	ILLUMINATION LUMENS/SQ.FT.
Rough or routine work. Large detail. Medium to light material of good contrast.	7
Ordinary work usually involving workers' inspection. Medium detail and contrast.	15
Skilled work, small detail or dark material.	30
Very fine *exacting* work.	100

In addition, readings should be taken at selected working points with the lightmeter so placed that it measures the light on the work while the operative is working. This will indicate whether full use is being made of the light or whether shadow is obscuring part of it.



Glare

Any direct light on the eye tends to reduce its sensitivity—thus reducing the power to see. Increasing the intensity of the light source may therefore not improve matters unless care is taken to avoid glare either by correct positioning or by the use of correctly matched reflectors and lamps.



Shadows

Unnecessary shadows may seriously slow down work and also cause accidents. Lightmeter readings should always be taken under conditions exactly similar to those obtaining while work is going on. The operative himself may mask his work, an overhead crane or a heavily loaded conveyor belt may periodically obscure a light fitting, or a dust-laden atmosphere may reduce the calculated lighting values.

For further information, get in touch with your Electricity Board or write direct to the Electrical Development Association, 2 Savoy Hill, London, W.C.2. Telephone: TEMple Bar 9434.

Excellent reference books are available on electricity and productivity (8/6 each or 9/- post free)—"Lighting in Industry" is an example.

E.D.A. also have available on free loan in the United Kingdom a series of films on the industrial uses of electricity. Ask for a catalogue.

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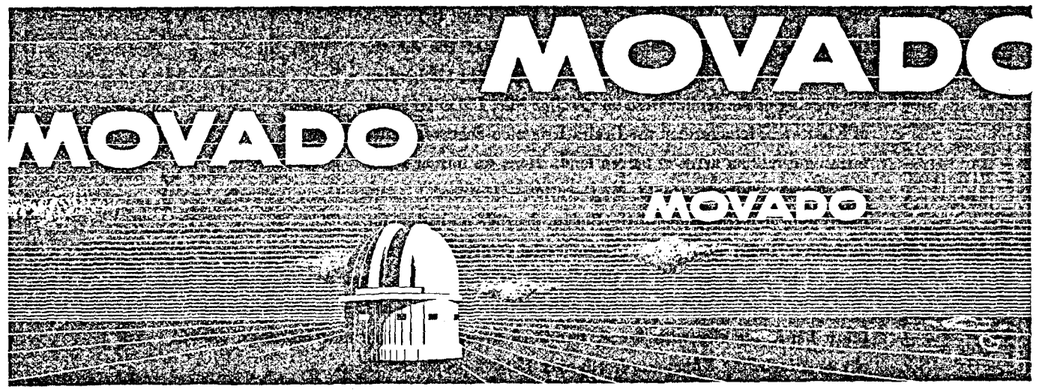
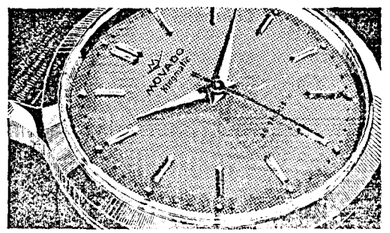


For the third year in succession Movado wins the precision contest in the wrist-chronometer class at the official Swiss Observatory at Neuchâtel



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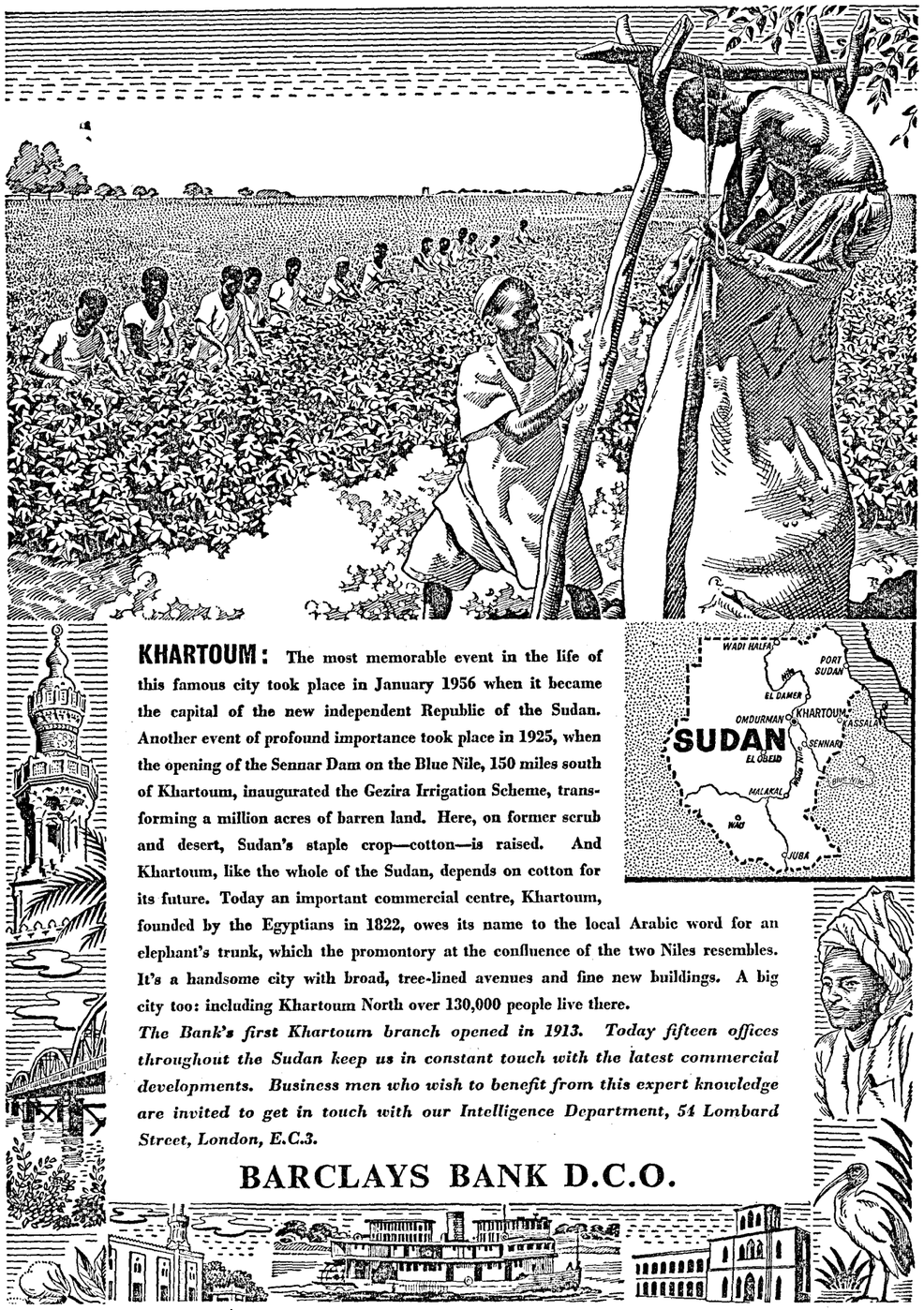


KHARTOUM: The most memorable event in the life of this famous city took place in January 1956 when it became the capital of the new independent Republic of the Sudan. Another event of profound importance took place in 1925, when the opening of the Sennar Dam on the Blue Nile, 150 miles south of Khartoum, inaugurated the Gezira Irrigation Scheme, transforming a million acres of barren land. Here, on former scrub and desert, Sudan's staple crop—cotton—is raised. And Khartoum, like the whole of the Sudan, depends on cotton for its future. Today an important commercial centre, Khartoum, founded by the Egyptians in 1822, owes its name to the local Arabic word for an elephant's trunk, which the promontory at the confluence of the two Niles resembles. It's a handsome city with broad, tree-lined avenues and fine new buildings. A big city too: including Khartoum North over 130,000 people live there.

The Bank's first Khartoum branch opened in 1913. Today fifteen offices throughout the Sudan keep us in constant touch with the latest commercial developments. Business men who wish to benefit from this expert knowledge are invited to get in touch with our Intelligence Department, 54 Lombard Street, London, E.C.3.

BARCLAYS BANK D.C.O.

THE BUSINESS WORLD

How Much Science?

In slightly different words, some such statement as the first quotation below must have appeared in almost every presidential address to the British Association since the war, as well as on innumerable occasions elsewhere. Sir James Gray, in this year's address, had no need to argue the point; he merely cited it in passing, as one of the accepted truisms of our times.

In our times, the second quotation would certainly not be accepted as a truism (though it might have been so accepted by many scientists, and proudly, a century or so ago). As a philosophical aside, the British Association must have heard it before—but not recently, and not from an economist presuming to question one of the bases upon which the whole scientific establishment nowadays stands so tall in public esteem. Professor Jewkes's address on "How Much Science?" delivered from the very forum of that establishment, was thus as provocative as it was characteristically hard-headed and empirical and distinctively an economist's contribution (a model, incidentally, of what such addresses to Section F should be and in recent years practically never have been).

Early last year Professor Jewkes in his book *The Sources of Invention* examined critically and indeed corrosively one reigning assumption about science: that industrial innovation derives mainly from organised large-scale research and can therefore be guaranteed or even accelerated by the proliferation of research departments. Last week he turned his attention to another such assumption: that Britain today is either actually suffering from a shortage of scientists, or ought to be demanding more of them than it in fact does. As an economist, Professor Jewkes could readily define a shortage—circumstances in which at the prevailing price the demand for scientists is greater than the supply. The other circumstances often loosely called by the same name, in which the institutions actually exercising demand for scientists, such as universities, public laboratories and industrial firms are alleged not to be demanding enough for the public good, Professor Jewkes distinguished as an "unmet need," which is "a vague and perplexing concept (although I am not prepared to argue that it is entirely without meaning)."

Is there a market shortage of scientists in Britain? Professor Jewkes showed that the supply, measured in degrees and diplomas obtained in pure science, was in 1956-57 more than twice as great as in 1938-39 and 11 per cent greater than in 1949-50; since then the number of students taking up pure science has gone up by 25 per cent, so that this increase is certain to continue. In the three years 1956-59 the total output of scientists from British universities would be about 18,000; according to a Ministry of Labour enquiry in 1956, industry, government and the educational authorities then reckoned they would need 9,500 extra scientists (net) by 1959. From such scrappy evidence as is available, the salaries of scientists still do not appear to be particularly high in comparison with those in other professions; nor, Professor Jewkes thinks, do those earnings appear to have risen much out of line with other salaries during the years when shortage of scientists has been so much discussed. In market terms, the universities seem to have been producing quite as many scientists, in total at least, as their actual customers wanted.

An unmet social need for scientists is a more slippery thing to identify and measure. Various arguments have been advanced to demonstrate that Britain's supply of scientists, even if adequate for the actual demand, is so merely because the country is not sufficiently "science-conscious," or is falling behind other countries in the promotion and application of science. A detailed comparison of the output and stock of scientists in Britain and the United States can be alarming or comforting, according to the view one takes of the degrees awarded in the two countries. If first degrees in pure science are taken as equivalent, the United States possesses and is producing about twice as many scientists in relation to its population as Britain. If the first science degree in Britain is taken as equivalent to the second degree in America, then

WE cannot shut our eyes to the fact that our national economy depends on our ability to make and exploit new scientific discoveries. If we wish to maintain or extend our standards of material comfort we must have more professional scientists and highly-trained technicians. . . .

—Sir James Gray, President of the British Association.

. . . AS an observable fact, the overwhelming mass of scientific thought and observation in the western world was never designed to bring, has not brought, and is highly unlikely ever to bring the slightest improvement in material standards of living.

—Professor John Jewkes, President, Section F (Economics).

Both to the annual meeting of the British Association at York, 1959.

Britain appears well ahead. "A reasonable compromise solution," Professor Jewkes suggested, "is that the two countries are in roughly the same position." As a proportion of national income, again, the amount of money devoted to research and development in Britain is much the same as in the United States. Comparisons with Russia rest on an even more rickety statistical basis, and the inferences to be drawn from them are not unmixedly unfavourable to the West.

Assumptions that there is some "definable" (but usually undefined) relationship between the number of scientists and technicians available to a country and the rate of economic growth, Professor Jewkes had little difficulty in showing, rest on practically no evidence whatever, and that inconclusive. Britain's Committee on Scientific Manpower, in 1956, reckoned that demand for such trained manpower within each industry would increase in direct proportion to increases in industrial output; being advised (the official crystal-gazers were then in rosy mood) to work on the basis of an average increase of 4 per cent per annum in industrial output, it concluded that Britain would need 4 per cent more scientists each year. Professor Jewkes dryly called this reckoning pessimistic, since it assumes that scientist and technologists could economise in everything but themselves: it would incidentally, he notes, mean a rise in the number of engineers from about 120,000 in 1955 to 5,171,000 in AD. 2050. (One might only add that by then Britain might be able to support any number of people in any vocation to which they might care to become accustomed: income per head, on this same beautiful extrapolation, might be perhaps 30 times what it is now.)

Upon so cold-blooded an analysis of a subject that is usually overheated with special pleading, therefore, there would appear to be no general market shortage of scientists in Britain (though demand and supply of particular specialists, obviously, will be difficult to match up at particular times.), and the alleged "unmet need" is as difficult to find as it is to define convincingly. Customers—for example, the big companies that employ scientists in large numbers—have incidentally been aware of the first point for two or three years now; quite apart from the relation of output to expected demand, defence research, which employs more than half the scientists in Britain, has been cut since 1956. Professor Jewkes has not done the same calculation so far as technologists are concerned: his suspicion, however, is "that the shortage of, and the need for, qualified engineers in Great Britain may have been exaggerated."

QUITE obviously, what one needs for rational decisions about the amount of resources that an economy should devote to scientific research that it hopes will eventually produce economic gains (as distinct, perhaps, from the amount that a society may care to devote to widening human knowledge or simply to making the ordinary educated person, whatever his eventual vocation, as literate as he wants to be in the alphabet of modern science) is some cool calculation of net return. This calculation should count not only science's successes, but also its far more numerous failures. So far, little such calculation has even been attempted: organised research is still young. Much room, even when such calculations become available, will no doubt still be left for intuition, judgment, and common sense: "The process of shuffling resources about until something like the correct balance is struck is not, in itself, scientific procedure and certainly not one in which scientists should be allowed the last word."

Professor Jewkes could very fairly argue to "those whose task it is to put science and technology on the proper map and in its proper place" that religious, political and social (and not scientific) ideas are the great moulding forces of our world, and that the development of new social and economic institutions may have contributed as much to economic progress as the technical inventions and scientific discoveries of the last two centuries. "It is by no means clear that for those countries with urgent short period economic problems, such as intractable balance of payment difficulties or levels of poverty which are politically explosive, more science and technology should have the highest priority"; Britain might need good salesmen more, and the under-developed countries certainly need better administrators and managers to help them make use of the existing stock of technical knowledge. Are scientists and technologists, claimed to be short, really being efficiently and economically employed? If they are short, why is the price of them held down by rules that academics in other disciplines must be paid as much, or that administrators must be paid more? He is entitled to warn scientists not to sell science on false promises that it can everywhere guarantee economic gains: "the ultimate purpose of science is not to cater for the lower claims of material progress, where indeed its yield is uncertain, fluctuating, and sometimes even negative, but to satisfy the higher needs of knowledge for its own sake, where its returns can hardly ever fail to be positive."

All of this needed saying, particularly among scientists. It was inevitably travestied, by some illiterates, into "Professor Jewkes doesn't want any more scientific research"; that does not matter. What matters more, however, is that this should not be mistaken for any suggestion that "How much science?" is a question about which Professor Jewkes or other economists think they know it all. He himself was careful to emphasise his main conclusion: that we should go on searching for better criteria to decide, or inform the decision, how much the community should devote to science and to technology. For the decisions have continuously to be made, rational or not. With Professor Jewkes about, we must watch our words, and not suggest that they are more difficult decisions to make than men in history have often had to take; but it is perhaps not exaggerating to suggest that they may be among the most complex. Industrial research, which can only precede investment and seems inherently far more risky, lengthens the period between decision and return, if any; and a society such as Britain is not yet affluent enough for even a few very big wrong guesses not to matter. Economists, certainly, as yet possess no lore to calculate this nicely less or more; nor would the decisions, even if they had, ever be wholly economic. What they have to offer is the best information they can dig out about net returns upon resources devoted to science for economic ends, and their own knowledge of the problems always encountered in allocating scarce resources. One of the first of those contributions, which Professor Jewkes has made, is to remind scientists and the public how much we do not know about the matter.

A Stake in Hire Purchase

OPPORTUNITIES to put money on deposit in the hire purchase finance houses are plentiful. Opportunities to share in the growth of these companies through an investment in their equity stocks are very limited. Only seven HP finance houses are quoted today on the London stock exchange. The famous 1,200 HP organisations that the Board of Trade has managed to count are for the most part quite small; often they are family affairs closely linked with a specific line of retail business. Over half of them together own less than £2½ million of hire purchase debt, which is half of one per cent of the total. Some of the medium sized companies have been growing fast, but only one or two are big enough to consider coming to the market for a quotation.

When the banks bought their stakes in HP finance—at what are now seen to be bargain basement prices—they prevented the corpus of HP finance shares from growing. In three instances a house that had been a public company became instead a wholly owned subsidiary of a bank; and in other cases, investment by the banks obviated the need for raising new capital from the public. Just as in commercial television, only a handful of shares in a handful of companies change hands and price movements can be correspondingly sharp. But the trend has been obvious: outstanding trading results; lyrical comments on growth prospects; and earnings and dividend yields brought very low.

Expansion in hire purchase finance has now been discounted a good way ahead and the best British finance house shares yield no more than 2½ to 3 per cent. (It may be noted that as good a share as Custom Credit in Australia currently yields 5¾ per cent.) The primary stage of automatic growth for hire purchase finance is now perhaps past in Britain and the investor has to weigh two uncertainties. Will the finance houses continue to provide a growing share of a growing total of consumer credit? Could they be checked by official controls? Controls on hire purchase have been shelved—not abolished. On balance the Radcliffe report is reassuring about this; it argues that any controls over the liquidity of the banks should be extended to other lending institutions, including hire purchase houses, but it is difficult to see how they could be equitably and effectively imposed. Hire purchase was nowhere cited in the report as the knave in the pack. Controls on the terms of HP contracts, it was stressed, should be used only in an emergency when other sources of credit were being subjected to severe restrictions.

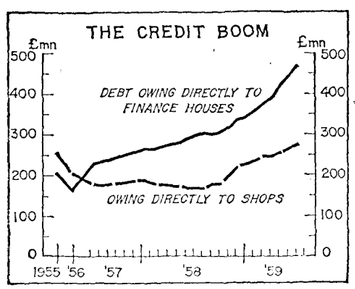
So the risk that hire purchase houses might lose business to other credit institutions as a result of discriminatory controls imposed by the Government is now lower than before the Radcliffe report appeared. But a broader question is still unanswered. Will the community as it grows richer continue to rely heavily on hire purchase if it can get ready access to cheaper credit from the banks? So far, the ability of hire purchase to compete against other sources of credit has not been severely tested; since the end of the credit squeeze a year ago, bank advances and hire purchase transactions have climbed rapidly together. Plainly the first urge was to satisfy the demand for credit which formerly was dammed up; but when this backlog of demand is worked off (as it may soon be) competition to provide credit may become more intense.

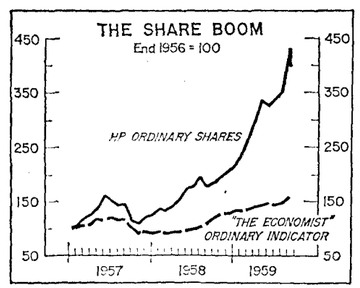
AT the moment, about 70 per cent of the credit extended by the HP finance houses is for new and secondhand cars; another 10 per cent is in industrial and farming equipment and the rest mostly in consumers' durables. Some of the business, particularly in cars and producers' equipment, will be affected if the banks start to hunt for business—and if borrowers wake up to getting cheaper credit. If this should happen, the balance of the business of the finance houses might veer away from cars and towards the block discounting of HP paper held by retailers on household durables.

But competition for credit business, if the authorities allow it, will be in a market that will surely grow in total. Mass consumption boosts the demand for instalment credit, and only now is Europe beginning to follow the lead of the United States, Canada and Australia. The well worn statistic is that consumer credit in the United States is about 14 per cent of disposable annual income, and still only about half that in Britain. So there seems plenty of opportunity for growth here even though Britain will hardly follow the United States all the way in its use of consumer credit. Differences in social habits, some of which may even endure, and the fact that fewer Britons than Americans pay for their cars out of their own pockets will limit the possibilities of growth in important credit fields.

Hire purchase finance houses have strikingly increased their share of instalment credit in Britain over the last few years. In December, 1955, £256 million was owed directly to shops supplying household goods and £205 million to finance houses. By July this year the debt owed to the shops had risen only slightly, to £273 million, but the finance houses had more than doubled their stake to £469 million. They may not be able to do so well in the future. Restrictions on their sources of finance were largely ineffective, despite the squeeze, but they would not necessarily be so if the authorities clamped down generally on liquidity.

The rate of growth in hire purchase credit has for the moment levelled out





and the Board of Trade expects a fall early next year. At this point, the finance houses will be subject to a test different in kind from that imposed by the credit squeeze and likely to produce different results. The squeeze was lopsided: it made business easy for the very small finance house, which could duck under the controls on capital issues; and the big houses, struggling to raise funds, could not meet the small in full competition. Today, the advantages seem to lie wholly the other way—with the big houses and particularly with those linked with the banks. This covers virtually all the big houses (except Lombard Banking); and some of the medium sized houses have important links with merchant banks and insurance companies.

THE big house pays less for its moneys and enjoys correspondingly better margins than those of the smaller houses. Members of the Finance Houses Association are paying 1/1½ per cent above Bank rate for deposits whereas the medium sized house, with no banking name to lend it lustre and security, may be paying up to 3 per cent above Bank rate and some small houses are advertising for money at 8 to 9 per cent. Nor have the banks been slow to funnel business to the finance houses in which they are shareholders; and if a credit squeeze were to return, it would be only patriarchal if the banks in being forced to be hard found it possible to be less hard on the finance houses with which they are associated.

For the investor, then, the big house seems to offer the better security against the prospect of greater competition and of the risk from a renewed tightening of credit. Earnings and dividends of the big finance houses seem certain to grow, because of the weight of the business they have transacted in recent months, but the current yields on their shares probably discount that growth pretty fully. Between those houses that are linked with the banks there seems little to choose. Some investors may be particularly attracted to the companies that are expanding abroad. So far this expansion, notably by UDT and Lombard Banking, as well as some deposit banks, has been confined to the Commonwealth, but the finance houses are planning closer contacts with European counterparts and some would do business on the Continent if they could secure exchange control permission.

Growth in business is more beneficial to the ordinary shareholder in a finance house where the ratio of risk capital to total borrowings is low. Some striking differences are shown in the accompanying table. It would now be to the banks' own advantage as shareholders to keep the ratio as low as possible, by financing an expansion in debt through additional advances or deposits and not through a further increase in the ordinary capital. It may be significant that the new issue of £2½ million by Mercantile Credit, in which two clearing banks have an interest, is in preference shares and not in ordinary shares.

The judgment of investors, as reflected in current yields, that the big houses would grow and that the shareholdings the banks acquired in them gave them respectability, stability and security, has obviously proved right. It would not, however, be wise today to lump all the finance houses together and regard them as a growth industry. The big houses are much stronger than before and their vulnerability to swings in the market for credit is less. But in gaining status they may have lost some of their opportunities to live adventurously. The smaller houses, on the other hand, are now more vulnerable in this more competitive market in credit. But, so long as they are well managed, they could still have the chance of expanding at a pace that their more mature big brothers might find difficult. Institutional investors and others who get a chance of a private participation in such a company before it is publicly quoted are to be envied by those whose only investment opportunity is to add to their stake at a high price in the big and established giants.

THE FINANCE HOUSES COMPARED

(£'000s)

	Utd. Dominions Trust		Lombard Banking		Mercantile Credit		Bowmaker		British Wagon		Wagon Finance		Astley Industrial Trust	
	Barclays 25%				Martins .....20% Westminster 20%		Lloyds 25%		Royal Bank of Scotland.... Glyn Mills... W. Deacon's } 40%				District 33⅓%	
	June 30,		December 31,		September 30,		October 31,		December 31,		December 31,		June 30,	
	1958	1959	1957	1958	1957	1958	1957	1958	1957	1958	1957	1958	1957	1958
Preference capital	1,500	2,500	595	595	650	1,293	750	750	...	...	...	...	200	200
Ordinary capital	3,000	4,000	412	1,498	806	1,812	911	2,018	770	1,275	1,250	1,250	200	305
Reserves	4,422	7,411	1,012	1,833	1,900	1,345	1,688	4,692	1,426	3,403	723	843	289	698
Bank advances and acceptances	14,749	28,708	2,229	4,417	8,916	8,254	8,210	7,134	2,569	2,755	120	670	1,643	1,963
Deposits	61,832	63,840	18,631	32,988	5,389	10,979	5,453	10,990	5,070	5,574	1,919	2,791	776	1,857
Debentures	176	376	...	3,913	250	250	...	...	3,217	3,239	...	...	...	...
Hirers' balances*	53,005	68,857	19,665	38,934	19,165	23,999	15,098	20,683	11,192	13,880	4,817	5,866	3,202	4,756
Liquid assets	9,038	11,334	3,107	5,769	1,198	1,653	1,332	3,875	1,495	2,106	159	344	17	17
Risk capital/borrowings†	*8·1*	*10·0*	*5·4*	*2·5*	*21·7*	*20·7*	*19·4*	*37·1*	*15·3*	*36·2*	*93·5*	*58·2*	*17·0*	*18·9*
*Liquidity ratio***	*14·6*	*17·8*	*16·7*	*17·5*	*22·2*	*15·1*	*24·4*	*35·2*	*29·5*	*37·8*	*8·3*	*12·3*	*2·2*	*0·6*
Trading profit	2,264	3,238	644	1,413	820	1,066	849	1,148	884	1,231	580	710	379	542
Tax	1,187	1,599	288	540	403	512	431	573	189	293	185	229	104	136
Net profit	943	1,474	275	440	323	442	313	443	180	261	184	240	86	118
Dividend (per cent)‖	20	25	15	16	6⅞	8	10 3/16	13¾	10	11¼	10⅝	17½	11¼	13¾
Times covered	2·6	2·3	3·6	2·9	2·5	2·6	2·1	1·9	2·0	2·2	2·4	1·9	3·2	2·6
Current price	182/–		37/–		25/3		35/1½		75/–		120/–		37/–	
Yield (per cent)	2·7		2·3‡		3·0¶		2·0		2·9		3·0		3·0§	

* Less deferred income reserve. † Share capital plus free reserves, less fixed assets, investments in subsidiaries and trade investments. ‡ On indicated dividend of 17 per cent. § On dividend of 22½ per cent recently announced with preliminary results for year to June 30, 1959. ¶ On indicated dividend of 15 per cent. ‖ On present capital. ** Liquid assets as a percentage of deposits.

BUSINESS NOTES

ELECTION MARKETS

All Over Bar the Voting?

PROBABLY no election in recent years has cast as long a shadow before it in the financial markets and in the minds of businessmen as the election now fixed for October 8th. Yet on the day the election date was announced, while the *Dow Jones* average on Wall Street dipped 9½ points to 643, the *Financial Times* index of ordinary shares in London shot up by 4 points to 255, its biggest gain since the aftermath of Mr Butler's autumn budget in 1955. At the same time on this remarkable Tuesday gilt-edged rallied, and the Continent bought sterling. The election spectre has evidently become less ominous as it has actually come into view.

But the buoyancy of the markets on the election news is attributable to more than confident political forecasting. It is a reflection of the firmness of the undertone, in equities, in sterling, even perhaps in gilt-edged. Sterling has done unexpectedly well this year. It has got half-way through the season of commercial strain without dipping below parity, and it has had to contend with a rise in interest rates in New York pulling funds back across the Atlantic. This week, it seemed likely the spot rate would dip below $2.80. Instead, it rallied slightly, and the Exchange authorities probably made good their modest losses of gold and dollars incurred in their supporting operations last week. Significantly, too, the discount on the forward dollar remained, while the premium on dollar securities in London narrowed to 1¾ per cent. The forward exchange margin continues to be roughly at its interest parity, offsetting the differential between three months' Treasury bills in London and New York—though there is a distinct margin in favour of covered arbitrage in longer bills and short bonds in New York.

On present indications it seems the exchange authorities should have a smooth run. In any case they have ample means to fight off any speculation that may develop—and the knowledge that they have those means is itself a major element in discouraging such speculation. The central reserves now total $3,248 million and there is a standby credit immediately available at the International Monetary Fund of $939 million. If any short-term pressure appears the reserves will be used; that is what reserves are for.

Bank rate, for the next four weeks, is presumably immovable. Certainly the authorities have given no encouragement in their money market operations to a rise in bill rates to follow New York. Nonetheless, a growing number of people are thinking that a rise in Bank rate may be called for before the end of the year; and outside applicants at the Treasury bill tenders are holding off. Some observers are predicting, not too dogmatically, a rise in Bank rate soon after the election, whichever party gets back.

Equities Go Ahead

PUNDITS on the behaviour of the stock markets cannot have it both ways: equities took quite a knock in the second half of last week because of the prospect of an early election, and then after the polling date was announced they jumped ahead again. Yet the illogicality of these movements is more apparent than real. Two forces are exerting differing tugs on investment decisions and they will continue to do so until the last vote has been cast and counted. The first is a natural reluctance of investors to commit themselves wholeheartedly when the outcome of the election is uncertain; that may be especially important for investors contemplating a big commitment to buy, with prices already at high levels. The second is the belief, as sustained by the public opinion polls, that the Tories will in fact win, and that there will be a run of four or five years in the stock markets without much, if any, political interference.

Equity prices will thus for the next few weeks tend to swing in time with the opinion polls, though as October 8th draws nearer, election nerves will be more in evidence. While the speculators will find it difficult to resist the short-term gamble, investors for the longer term may move rather more cautiously, keeping their buying to a minimum. But if they are convinced, as the institutional investors generally seem to be, that whatever political party is in power the weight of equities within their portfolios has to be increased, they will still be buyers and not sellers. The undertone of the market should remain reasonably firm, as indeed it did on Wednesday, though Wall Street had suffered quite heavy losses. Any drop in equity prices which is not occasioned by a forecast of a victory for the Labour party is more likely than not to lead to renewed buying.

Nor are investors likely to be afraid of taking up any attractive new issues that come on to the market this month. Last week they gave a rip-roaring reception to the issue by General Electric of a 6 per cent loan stock (1979-84) at par, putting in subscriptions of £43 million for £4 million worth of stock. This week they have battled for copies of the prospectus of the offer by Mr Clore's property company, City and Central Investments, putting in applications worth more than £37 million for the 1,500,000 ordinary shares at 25s. each. That is a sign of their willingness to buy growth equities, just as the widening of the premium on the GEC loan stock (£25 paid) from ½ to 1⅞ demonstrates their eagerness to take up high-coupon fixed interest stocks. This offer and that by Thorn Electrical of £3½ million of a loan stock on exactly the same terms may mark the end of the regime of a 6 per cent coupon for good-class industrial loan stocks. Indeed, hard on their heels came an offer by Ranks, the flour millers, of £7½ million of a 5¾ per cent unsecured loan stock (1976-81)

HOW STEEL SHARES HAVE RISEN

	Issue price	1958		1959		1959				Yield %
		High	Low	High	Low	Jan. 1	Aug. 12	Sept. 2	Sept. 9	
Colvilles	26/–	31/6	24/1½	39/3	28/1½	30/6	35/9	37/1½	38/9	7·23
Consett	25/6	22/4½	17/10½	26/9	18/10½	19/10½	22/3	24/1½	26/1½	6·70
Dorman Long	22/6	29/7½	21/7½	37/–	26/6	27/7½	34/–	35/6	36/9	6·53
T. Firth & J. Brown	25/–	25/3	19/–	37/9	21/9	23/–	32/–	37/9	37/1½	6·20
Hadfields	27/6	21/3	15/7½	21/3	16/–	21/–	17/6	18/7½	20/6	5·85
Lancashire Steel	22/–	31/9	19/–	48/6	28/–	31/4½	44/3	47/6	48/6	6·60
South Durham	27/6	28/3	19/–	37/3	27/6	27/10½	35/3	35/9	36/9	6·53
Steel Co. of Wales	20/–	23/1½	15/6	35/–	20/9	22/7½	31/–	33/4½	35/–	5·71
Stewarts & Lloyds	17/6*	32/3	20/–	39/3	25/–	30/3	33/9	37/7½	38/6	5·71
John Summers	16/2*	28/7½*	14/10½*	44/3	23/4½	27/4½*	38/–	38/6	43/4½	4·92
United Steel	16/8*	30/3	17/9	44/9	24/9	29/6	37/10½	41/7½	43/10½	5·70
Whitehead	55/–	59/3	41/–	75/6	58/3	59/3	71/6	73/6	75/–	6·67

* Adjusted for scrip issues.

at 98½. These terms offer a running yield of £5 16s. 9d. per cent and a redemption yield to the latest date of £5 18s. per cent. They seem to be sufficient to ensure a premium on the offer price when dealings begin. Similarly, the high coupon as well as the name of Mercantile Credit and the business of hire purchase should attract subscribers to the issue by that company of 2½ million 6½ per cent cumulative preference shares of £1 each at par.

The Steel Gamble

STEEL equities are the obvious gamble. They have been so throughout the whole of this year and only a few weeks ago German and American investors joined British ones in buying them on the chance of another term of office for the Conservatives. If the threat of nationalisation is pushed once more towards the Greek kalends, the prices of steel shares must rise so as to bring their yields down to a level comparable with their investment merits. There is a gap of 1½ to 2 per cent between their present yields and those offered by blue-chips in other industries. A Tory victory would narrow that gap for all steel equities and perhaps close it entirely for those companies whose prospects are the brightest. The speculators gambling on a political chance are already discriminating between the individual companies.

The jump in the prices of steel equities this week was a natural response, but it was exaggerated by two factors. First, when prices fell at the end of last week very few steel equities were sold, so that on Tuesday the jobbers had little stock on their books to absorb the sudden increase in buying orders. Secondly, the option market in steel shares became more active than ever—so much so that the call option prices on steel shares went up by not less than 1s., with the option price on Colvilles going up by as much as 1s. 9d. to 5s. 9d. As investors bought three months forward "calls" on steel shares, the dealers, to cover themselves, bought the shares spot in the market, where the usual practice is for a dealer to buy about half of the amount of the shares on which he has sold a call option. These dealings added to the volume of turnover and pushed prices up. The capital gains made on steel equities, if the Tories win, will still be big: they will have to be if a buyer of a "call" on them is to see a profit after paying the option price, contango interest, dealing costs and stamp duty. On Wednesday it was significant that many more "takers" of call options began to come forward.

NATIONALISED INDUSTRIES

Improving the Scrutiny

WHEN the appointment of a sessional Select Committee on Nationalised Industries was first proposed in 1953, the suggestion was that it should be served by an officer of the status of the Comptroller and Auditor-General, plus at least one professional accountant, and such other staff as required, and should be able to call for information from the auditors of the public corporations. No such staff or powers were in fact ever given to the sessional committee that was eventually set up at the end of 1956, which was in any case given different and looser terms of reference, i.e. to examine the reports and accounts of the nationalised industries: it is served only by a clerk and a Treasury liaison officer. In the two and three-quarter years since, the committee has reported on Treasury control of the nationalised industries; on the North of Scotland Hydro-Electric Board; on the National Coal Board; on the two airline corporations; and on the Atomic Energy Authority. It now however feels, it told Parliament in a special report this week, that if it had had an accountant used to analysing the accounts of large concerns, and/or a research worker trained in economics to inform it what had been written on the subject and to pursue research on specific matters, that its inquiries might have been shorter and more effective, and that at least one additional inquiry might have been completed during the period.

It has not made up its mind quite how it would like to obtain this expert assistance (if indeed, to judge from some of the questions that it put to an august array of witnesses, quite what calibre of person it has in mind). It sets out three general principles:

- that any such staff should be and should be seen to be the servants of Parliament and not of the executive (i.e. not a seconded Treasury official);
- that any such staff should not alter its present lines of inquiry and should not lead to interference in the working of the nationalised industries;
- that the nationalised industries should be able to have full confidence in the staff of the committee, which has access to much confidential information.

The committee divided on party lines over the employment of firms of professional accountants, a Conservative majority getting into the body of the report the idea that using such firms might be useful (against, it might be noted, the advice of Mr Butler, as Leader of the House). It remains not quite clear whether some of the Labour minority would have preferred economists to accountants, as several of the witnesses suggested, or, in the final analysis, nobody to anybody.

What Kind of Help?

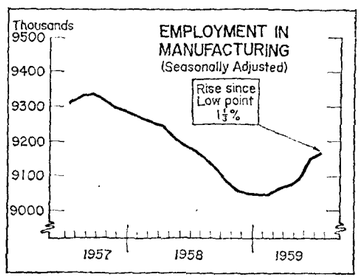
THE agreed conclusion of the committee, however, has put the question of using the accountants on one side. It has left the final choice to the Commons: between getting somebody from within the staff of the House (if necessary an expert taken on specially), or giving the committee powers to appoint an assessor from outside for any individual inquiry on which it felt it needed help.

People outside the committee, too, may want more time to reach any conclusion about this, possibly in relation to any other proposals for the nationalised industries which the next government, of either colour, may have to suggest. The committee is probably too modest in thinking it takes too long to get through the nationalised industries; at its rate so far, it could certainly examine the whole lot at least once within the life of any Parliament, which will surely be enough if the country wants to get or retain men of calibre and self-respect in the top managements of these huge industries. Its second and later reports on any given industry, after all, can build on the basis of the understanding it achieved in the first, assuming at least some degree of continuity in membership. Equally, it is perfectly reasonable for it to ask some assistance (preferably at a fairly low level) in understanding the peculiarities of nationalised industries, accounting and otherwise. It could obviously not count upon always commanding a chairman and members of the calibre of Sir Toby Low and, say, Mr Albu.

EMPLOYMENT

Still Rising

THE level of civil employment rose by 34,000 during July, that in manufacturing industry rising by 11,000 and that in other industries by 23,000. Rough allowance for seasonal factors would suggest that the "real" increase was about 14,000. Employment in manufacturing industry usually falls by about 7,000 people in July, but in other industries it usually increases about 27,000. The less than seasonal increase outside manufacturing in July seems to have been because employment in building and contracting fell surprisingly more than seasonally by 10,000, partly offsetting an unusually large increase in employment, 22,000, in the service industries. The rise in total employment provides some evidence to support the estimated increase in industrial produc-



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Missing from Farnborough

SIXTEEN Hunters black in a cerulean sky, their roundels glowing like the eyes on a butterfly's wing, cannot fill the gap left in the aircraft industry's annual flying display by the absence of all but a single, solitary example of the one species of aircraft on which the industry's future depends —the experimental machine. For the second year running, Farnborough has been an exhibition given over almost exclusively to commercial aircraft with an immediate market, military or civil. It is occupied by functional, bread-and-butter products: heavy duty helicopters, civil aircraft like Vickers-Armstrongs' Vanguard and Hawker Siddeley's Argosy with not a new aerodynamic idea between them, and military trainers to accustom pilots to fly at 700 to 1,500 miles an hour.

This follows from a wholly praiseworthy effort both by the industry and the Ministry of Supply to make better practical use of the public money still flowing into the industry, but it can be carried too far. Research is this industry's lifeblood. Technically qualified visitors who come to Farnborough as the industry's guests will look beyond the polished aerobatics for evidence of forward thinking and experiment. Whatever may be going on behind the scenes, all that has been publicly demonstrated to them are two forms of vertical take-off. One is the only experimental aircraft in the whole show, built by Shorts as a flying test-bed for Rolls-Royce's vertical take-off engines. This is part of an investigation that began many years ago with the flying bedstead, and may end with official support for a vertical take-off fighter on Hawker Siddeley's drawing board. Had the programme been carried through in full, there would have been two, not one, of these experimental machines now flying. The National Research Development Corporation's Hovercraft, demonstrating the second form of vertical lift as it bumbled along Farnborough's runway on a cushion of air that became noticeably deflated when 20 marines scrambled on board, may be four tons of inspired lunacy or it may be a serious rival to ships or even helicopters; but it is certainly not an aeroplane.

The Ministry of Supply is probably spending more this year on research than it has ever done, but with little hardware yet to show for it. The gap in research so blatantly obvious in the Farnborough flying programme and even in the exhibits on the manufacturers' own stands (for Farnborough they presented an unusually austere display) is the result of cancellations made and decisions not taken during the past two or three years when research fell out of favour in government circles. The price that the country will have to pay for this dilatoriness is becoming obvious. A great deal of wishful thinking was heard at Farnborough this week about Ministry support for a design study on a supersonic airliner, until the Ministry itself had to issue a flat denial. But before a supersonic airliner can be built, manufacturers must know something about supersonic flying. For several years past, the Bristol Aeroplane Company has been working on a research aircraft for this purpose, using stainless steel and ceramics in its construction, both materials that may be needed on a big, high speed airliner.

It is not entirely Bristol's fault that by the time this aircraft flies its once high design speed of two and a half times the speed of sound will be only a few miles an hour faster than speeds reached regularly by the RAF's Lightning fighter; it will be a good deal too slow to give all the answers for a supersonic airliner. Much more research needs to be done in supersonic flight before it is clear whether the building of such an aircraft would be worth the effort. The present controversy about its size, shape and speed should be sufficient warning against a rushed decision.

British Aero Engines

ENGINES	USED IN
	Alvis (Staff 2,500)
Leonides piston engines	Pioneers and Twin Pioneers Bristol and Westland helicopters Italian transport
	Bristol-Siddeley Engines (Staff 27,000)
Olympus jet	Vulcan, TRS2 bomber
Orpheus jet	Folland Gnat Fiat G91 fighter Japanese trainer
Sapphire jet	Javelin fighter
Viper jet	Jet Provost trainer Jindivik target Italian private aircraft
Proteus turbo-prop	Britannia
Double-Mamba turbo-prop	Gannett
Gamma rocket	Black Knight missile
Thor ram-jet	Bloodhound missile
	de Havilland Engines (Staff 5,000)
Gyron jet	Blackburn bomber
Gnome turbo-prop	Whirlwind helicopter
Gipsy piston engine	Heron and Dove transports
Sprite and Spectre rockets	V-bombers and Avro stand-off bomb
	Napier (Staff 8,500)
Eland turbo-prop	Canadian military transport
Gazelle turbo-prop	Wessex, Bristol helicopters
	Rolls-Royce (Staff 34,000)
Conway jet	Victor bomber, Boeing 707 Douglas DC8, Vickers VC 10
R.B. 163 jet	de Havilland 121
R.B. 141 jet	New version French Caravelle
Avon jet	Canberra bomber; Lightning, Hunter, Scimitar, Sea Vixen fighters; Comet; Caravelle
Tyne turbo-prop	Vanguard, Canadian and Britannic transports, Rotodyne
Dart turbo-prop	Viscount, Fokker, Fairchild, Grumman, Herald and Avro 748 transports, Argosy freighter
Rocket motor	Blue Streak missile

AN alternative to supersonic civil aircraft would be sub-sonic machines flying at about 600 miles an hour with greatly improved aerodynamic performance. Here again development is hampered by lack of research. Aircraft are now being built to test such theories as laminar flow and jet flaps, but if this work was to be of real help to the aircraft industry, those aircraft should have been flying at Farnborough this week, and not some time far off in the 1960s.

The switch to missiles took a great deal of the Ministry of Supply's research funds at a time when it would ordinarily have been putting these other projects in hand; for this it cannot be blamed. It now faces, among other claims, an immensely difficult investigation into the principles that must be built into the RAF's new small bomber if this machine is ever to have its planned performance; and a great part of the cost of marrying the two ballistic missiles, Blue Streak and the much smaller research rocket, Black Knight, into a composite vehicle able to put a satellite into orbit.

It should be possible to dovetail some of this research. A certain amount of data acquired during the development of missiles, especially those launching recoverable payloads, can be applied to aircraft design. But at some point government spending on aerodynamic research will have to be stepped up, and it is not at all clear that this fact is well understood, either in or outside the industry. The Red Queen appreciated that it was sometimes necessary to run faster and faster just to keep in the same place. The next government will have to do the same if it wants to keep the same kind of aircraft industry that it has now; it may even have to run a bit faster to make up for lost time.

This assumes that the industry will continue to bear the whole cost of its own civil developments, something which presents the engine side of the industry with a much bigger problem than it does airframe manufacturers. The table, which is the companion to that published last week on the state of the aircraft manufacturing side of the industry, shows work in hand in the engine factories, omitting only a small turbo-prop motor built by Blackburn for a helicopter ordered last week by the Army from Saunders-Roe. All the big engines on the list that are already in production have been developed with some government aid. The two engines not in production but on order, the Rolls-Royce 141 and 163 jets, will be the first developed completly out of the company's own funds and the bill may come to £20 million, twice the cost of an airframe. But the engine manufacturers, with a great deal more work in hand than the builders of airframes, can presumably afford to shoulder the extra risk.

Continued from page 850

tion in July announced last week, and general impressions that the recovery in industrial production is continuing.

Manufacturing is no doubt the section in which activity is rising fastest; but its level of employment at the end of the month, 9,121,000, was still 166,000 below the peak reached in September, 1957, in seasonally adjusted terms and in actual figures 6,000 below the level of July last year. Though the number working on short time has fallen since then from 157,000 to 54,000, production rose about 5-6 per cent. Labour is clearly more fully employed than it was a year ago, when concealed unemployment must have been considerable. The rise in employment was spread fairly evenly through the manufacturing industries in July. Employment in the cotton industry is shown as 212,000, the same as in March, suggesting that the increase in demand that has been noticed this year may have served to stabilise the situation, if not to produce expansion. The largest increase, of 5,000 in food, drink and tobacco, probably owes something to seasonal factors.

STEEL

Are Stocks Low Yet?

STEEL output in August was at the rate of 337,100 tons a week, 13 per cent more than in August last year but still 10 per cent less than in August 1957. The strength of demand for sheet, tinplate and other light steel products has been spreading more widely and demand for the heavy products is improving to some extent as well. Steel consumption has indeed recovered somewhat more than the rate of home deliveries, because up to the middle of the year at least consumers were still running down their own stocks.

At the end of June, the Iron and Steel Board reckons, these stocks were down to 3,235,000 tons, which it estimates as 12.3 weeks' consumption. That is still a large amount of steel *in hand*; but at the end of March, 1958, when demand had already begun to soften, consumers had 16.1 weeks' consumption in stock. This may have included some "involuntary stocking," in that demand for products made from steel had fallen faster than customers cared or were able to cut steel deliveries to them; but throughout the whole of the postwar period customers generally appeared to like on average something over three months' steel in stock. Has there been enough change in the economic climate—measured in the confidence customers feel about getting the supplies they want pretty quickly—to make them satisfied with a relatively lower level of stocks for the time being?

BRITISH PETROLEUM

Marking Time

IN the first half of this year British Petroleum sold 31 million tons of oil and oil products as it had done both in the first half and second half of last year. But, as the accompanying table shows, an increase in sales taxes and custom and excise duties, brought the value of net sales down. With the net prices realised from sales somewhat lower, British Petroleum has not been able to do anything better than to preserve its gross margin of profit; as the tax charge is slightly higher the net margin of profit is lower. It does not, in fact, seem to have been as successful as Royal Dutch/Shell and Gulf Oil in keeping its operating, selling and administration costs down. Relying on Middle Eastern crude oil, its costs are naturally lower than those of the Royal Dutch/Shell group and for that reason its costs may have been more difficult to trim.

SALES AND PROFITS
(£ million)

Six months ended	June 30, 1958	Dec. 31, 1958	June 30, 1959
Gross sales	404·2	425·1	410·5
Net sales	295·1	303·2	293·8
Gross profit	57·9	62·5	57·7
Net income	25·9	37·0	23·5
Gross profit/net sales %	*19·6*	*20·6*	*19·6*
Net income/net sales %	*8·8*	*12·2*	*8·0*

The decision to pay a tax free interim dividend of 8d. on the ordinary capital as increased by last year's 100 per cent scrip issue leads to some awkward arithmetic. The tax free interim payment is effectively raised from 6d. to 8d. per share, or from 2½ to 3⅓ per cent. Last year, the final tax free dividend was 1s. 3d., or 6¼ per cent. The directors specifically say that the higher rate of interim dividend should not be taken to imply any increase in the rate of total dividend for 1959. At its face value, that statement implies the clumsy distribution of 1s. 1d. per share as a final dividend. By the time the dividend is declared, the accounts will be credited with over £10 million in tax relief, as they were last year; no credit is given for this tax relief in the interim half-yearly reports.

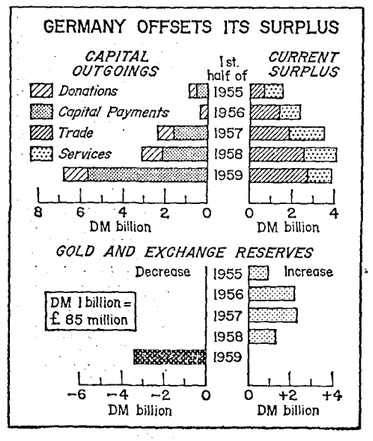
INTEREST RATES

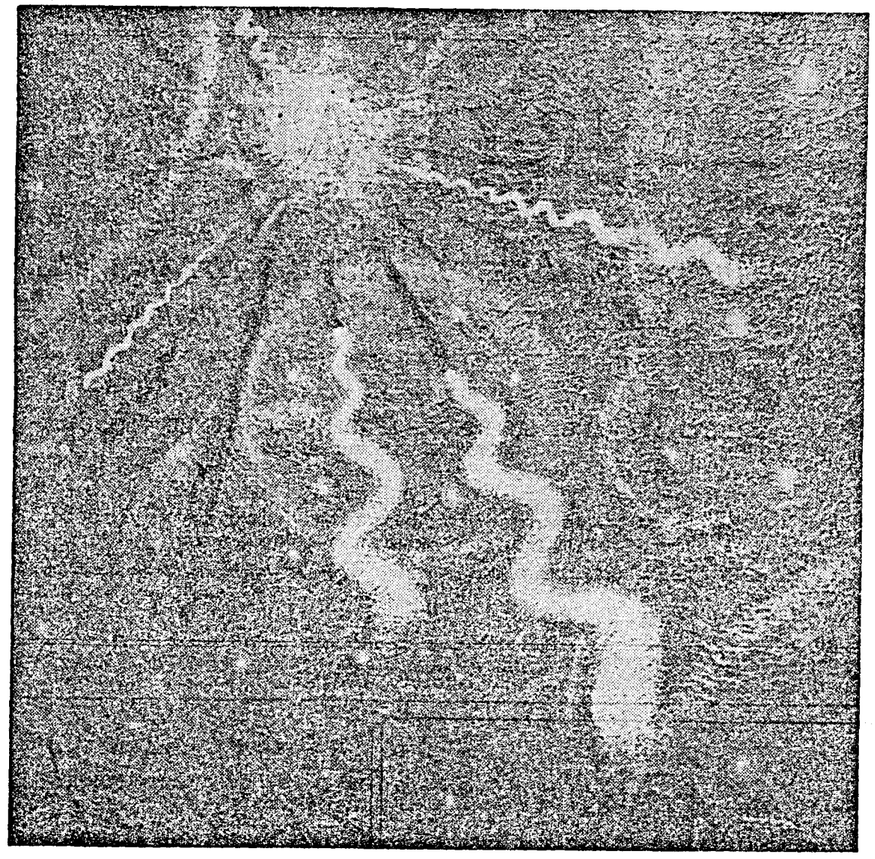
A Lead from Germany

THE German central banking authorities since the war have established an impressive record of monetary and economic leadership. The Bundesbank is rarely content to follow in the wake of events, as has been known in London and New York; its political weight certainly seems to be greater, and that must be an important influence. Last week, while the New York market was expecting a move from the Federal Reserve and the Bank rate board was again being watched in London, action came from Frankfurt. The Bundesbank raised its discount rate from 2¾ per cent, the low point to which it was reduced in January, to 3 per cent. This is a modest increase to a level that is still low—a full one per cent below both London and the rate to which New York is expected to move shortly.

The chief aim of this warning signal is to check the pace of Germany's domestic boom, which last month brought unemployment down to 1 per cent of the labour force. The Bundesbank and Dr Erhard are urging a better spreading out of public building orders, and the bank gives a clear-cut warning to trade unions and employers: "Sharper measures of credit policy would become necessary if the concentrations of new orders and the tightening of the labour market variously observed were to be exploited to demand price and wage increases calculated to endanger the stability of the price line." The central bank was also worried by the hectic rise in share prices. It now seems reconciled to seeing the rate on fixed interest securities back to 5½ per cent; the 5 per cent basis established in the spring met with much resistance.

The upward trend of interest rates in New York was another influence in the Bundesbank's action, but a supporting rather than a primary one. Ever since 1957 the German authorities have been very anxious that their domestic monetary actions should not have embarrassing consequences for other countries. Their effort to match Germany's huge current surplus with exports of capital, which many people wrote off before it was attempted, has been achieved in a remarkably short time. Germany's exchange reserves have fallen substantially this year; special capital items have played their part, but the main cause has been private lending, both of long-term and short-term funds. This new-found equilibrium gives the German authorities much more leeway in domestic action, since they need no longer look so closely over their shoulder at the effect of their actions on bull positions in D-marks. The reduction in German interest rates of the past two or three years, the Bundesbank pointed out with frankness a couple of days before raising its discount rate, has thus not restricted but enhanced the effective scope for monetary action.





"X-rays" by Roy Nockolds

The Inquiring Rays

The value of medical X-rays in diagnosis is incalculable. Over 25,000,000 pictures are made every year, each revealing to expert eyes otherwise hidden internal conditions.

Elaborate precautions are taken to ensure that patients and staff suffer no ill effects. Apparatus and X-ray tubes are designed to prevent unwanted radiation exceeding the recommendations of the International Commission on Radiological Protection.

Even so, continuous research is undertaken to widen the safety margin still further. From the Mullard Laboratories there now comes an outstanding development in the shape of two new X-ray tubes which reduce 'off-beam' radiation to only one-tenth of the recommended maximum level. This is far below that of previous tubes, so low, in fact, as to be a quite insignificant component of X-ray dosage.

These 'Guardian' tubes, as they are known, are as efficient as they are safe. They are new and powerful weapons in man's unceasing fight against disease.

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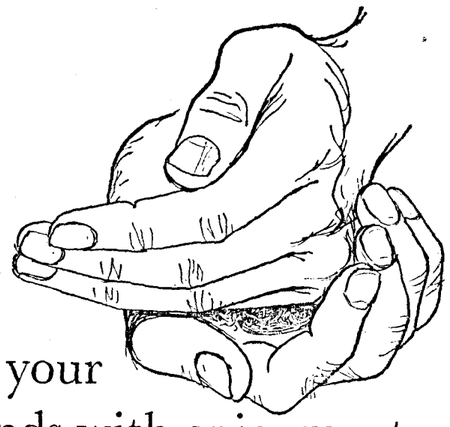

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RADIOACTIVITY

Measuring Fall-Out

A MEETING opened in Vienna this week under the auspices of the International Atomic Energy Agency to discuss standardisation of methods of measuring radioactivity. Although the official statement from Vienna referred obliquely to "a system of collection and accurate measurement of radioactivity, both natural and artificial" this conference may be of great importance in the assessment of fall-out. It is quite impossible to say how much radioactive contamination has been added to man's environment by bomb tests while every country, and even different laboratories in the same country, use a different technique of measurement and measure different substances. The US Atomic Energy Commission and the US Navy have got wildly different results simply by using two different methods to collect samples of dust in the air. In Britain, where the only substance measured is strontium, and the long-lived strontium 90 at that to the exclusion of the short-lived strontium 89, which is 150 times more plentiful, quite different measurements are obtained from those taken in western Europe, where scientists go by the general level of radioactivity in air and water regardless of what causes it. The health division of the Euratom secretariat in Brussels has been trying this summer to get the member countries to agree on a standardised method of measurement so that they could publish regular monthly figures of radiation levels; an agreement by the member countries of the Vienna Agency would represent a major advance.

Whether or not Professor Mayneord is right in his suggestion to the British Association that the dangers of strontium have been greatly exaggerated, the need for accurate measurement of minute changes in background radiation will grow with the spreading use of radioactive substances in industry and, for that matter, of research reactors outside atomic energy establishments. It is this aspect that is being stressed at the Vienna meeting. A great deal of the uncertainty about the amount of fall-out and its medical effects has been due to the tiny quantities involved and the difficulty of measuring them and Professor Mayneord's is not the first detailed investigation to suggest that the consequences are not as serious as first thought. But until there is conclusive proof, most people would probably prefer to be safe than sorry.

WATNEY MANN

Future Bounty

ONE name is missing from Mr Simon Combe's confident statement on the future of Watney Mann—Mr Charles Clore. Before he made his abortive bid for Watney Mann, the directors had set in train a plan to hive off into a separate company those properties which could be put to a more profitable use than as licensed premises. Whether Mr Combe's statement would have taken the form it now does if Mr Clore had not made his bid must remain an unanswered question. But it establishes a firm price for the Watney Mann equity well above that which Mr Clore was prepared to pay: the response in the market has been to mark the £1 shares up 3s. 6d. to 75s. 6d.

Immediately, the ordinary dividend is to be raised from 21 per cent to the equivalent of 30 per cent on the old capital and the growth in profits this year has been such that the earnings cover on the bigger dividend will remain much the same as it was in 1957-58. Within a year or two, Mr Combe also expects the redeployment of resources released from the Stag brewery site in Pimlico and the integration of brewing operations at Mortlake and Whitechapel to add £400,000 a year to profits. Thus when the capital structure of Watney Mann is simplified, as the directors promise, the chance of even better dividends from brewing alone look good. Watney Mann is already a national brewer, doing a big free trade in bottled beers. How far, after the initial impetus given by the sale of the Stag site is spent, it can push profits still higher will depend on its ability to compete ruthlessly in beer, wines, spirits and soft drinks and on any equally ruthless decisions taken to prune out unprofitable undertakings and properties.

Since 1955, the group has closed 149 properties as uneconomic and has sold another 18 which had higher values unlicensed than licensed. Now the directors have established an approximate value of £4,650,000 on properties which are capable of development entirely or partly in uses other than their present ones. These properties will be hived off in a separate subsidiary. The properties which Watney Mann will retain on its own books have also been revalued, with the result that the combined revaluation gives rise to a surplus of £6,792,762 over the present book value of £27,212,520. The important thing for Watney Mann stockholders is not the size of this book surplus but the decision to issue to them free scrip in the property subsidiary. Watney Mann will retain control, but the directors intend to distribute not less than one 5s. share in the property concern (which is to have a capital of over £4,500,000) for every £1 of deferred ordinary stock in the parent company. A stock exchange quotation will be sought for these new shares and the property company will find any additional finance it requires in the future from outside the group. Its initial income will be only £121,500, but that will increase considerably as the properties are redeveloped. So in addition to bigger dividends from brewing, shareholders can expect a dividend from the property subsidiary—perhaps by 1961. The directors of Watney Mann deserve congratulation for the decisions they have taken, but shareholders might spare a thankful glance for Mr Clore.

SPAIN

Market in Pesetas

SINCE the beginning of this month a somewhat halting market in the new devalued Spanish peseta has begun to function in London. It deals in telegraphic transfers and is quite distinct from the well-established market in peseta notes so long known and beloved by British tourists in search of cheap holidays in Spain. That market continues to flourish though it now offers little margin of advantage: this week's rate has been around 170 to the pound, compared with the rate of 168¾ quoted in the official market. Business in the new official market is hampered by the inordinately heavy charges made by Spanish banks and also by the fact that there is still no possibility of arbitrage between pesetas and other currencies. All business in pesetas has to be done direct with Spanish banks.

The basis for the reopening of this market was laid with the belated issue of regulations governing the Spanish foreign exchange market, which made their appearance in Spain precisely one month after the peseta was devalued and its new parity of 60 to the US dollar was notified to the International Monetary Fund. According to these regulations foreign currencies in Spain are divided into two groups, negotiable and non-negotiable. The negotiable group includes US and Canadian dollars, sterling, Danish, Norwegian and Swedish crowns, D-Marks, French, Belgian and Swiss francs, lire, schillings and guilders. For these the Spanish institute of foreign exchange fixes daily lower and upper rates at which it is prepared to deal; within these margins the 48 authorised banks in Spain are free to deal among themselves. For the non-negotiable currencies, dealings can take place only directly with the institute.

PHILIP HILL

Thrustful Expansion

AMONG the merchant banks Philip Hill, Higginson, which is a subsidiary of the public company Philip Hill Investment Trust, has in recent years been one of the most thrustful. The trust has just acquired all the equity capital of the long-established house of Erlangers, paying about £2¼ million for the 950,000 ordinary shares of £1 each and the 5,000 management shares of £10. This merger does not seem to be the summit of ambition: it seems rather to be a stepping stone for a further stride forward. That is clear from the financing plans that Philip Hill has announced. In addition to the £2¼ million paid for the Erlangers equity it will have to find £600,000 in cash to pay off at par the Erlangers preference shares when that company is liquidated. But it is raising nearly twice that sum in new money. At the beginning of this week it placed privately

£2 million of a 4½ per cent debenture stock at 85½, and it is selling 500,000 new 5s. ordinary shares in Philip Hill at 30s. each to the vendors of the Erlangers equity. In addition, it is proposing to make a one-for-four "rights" issue of new ordinary shares at 22s. 6d. each, in which the shares issued to the Erlangers vendors are entitled to participate. After satisfying the terms of the merger, the group will have nearly £3 million in new money ready for investment. The new combination of Philip Hill and Erlangers has thus given notice to the City that it is prepared to expand.

HOW TO EAT GRASS

Direct to the Protein

DIRECT extraction of protein from vegetable materials appears to have been made fully practicable by a new process developed by British Glues and Chemicals. Vegetable material is a rich source of protein, but in a form that man is unable to use until it has been digested by an animal and converted into some form of animal protein. Unfortunately this is an inefficient process; the cow or sheep only turns about 14 per cent of the protein that it eats into protein that man can eat. Any means of extracting protein directly from vegetable matter at a higher efficiency would offer huge promise, particularly to the large proportion of the world population that suffers from a chronic lack of protein; and some attempts have been made to do so, especially in the last ten years. All the products so far produced, however, have had the drawback that they are not pure protein, so that considerable bulk has to be used to give an adequate nutritive content, and they may have unpleasant tastes. The special importance claimed for British Glues and Chemicals' new process is that it produces a cheap and pure protein which is tasteless and of which only 4 per cent need be added to flour to provide normal human needs for protein, by a process with an efficiency of about 95 per cent. It can work from almost any vegetable material: nuts, oilseeds, grasses and wheat are amongst those already tried.

The process has been developed from one that the company is using for the extraction of fat from bones and animal fat. Called "impulse rendering," it employs shock waves set up in a flow of cold water to break open the cells and free the fat without using heat. Applied to the vegetable materials, it similarly frees the protein and oils from the cells. The chief difficulty in applying the process to vegetable material was to separate the various materials extracted from the fibrous matter. Apart from the protein and oils, these include carbohydrates that are indigestible for man but useful foods for animals, and with grasses and other leafy materials there are many valuable pharmaceutical materials including cortisone and other steroids. This problem appears to have been overcome: indigestible materials can now be separated from the proteins and oils in a centrifuge.

Probably the biggest problem with an invention like this, which finds its most likely application in the underdeveloped countries, is that of exploitation. Fortunately the plant is simple, and can be economic in small sizes; it may therefore be practicable to establish factories in the countries where the protein is needed, and where there are also adequate supplies of suitable vegetable materials. British Glues and Chemicals intend to grant licences to any who wish to use the process; there has already been much interest in it. They hope that companies operating in the underdeveloped countries will use it—seed crushers, for whom this process may have interesting implications, would seem obviously suited—or that the governments of the countries concerned will set up their own plants. By-products of the process should help to make it a commercial proposition; so far they have not all been studied, especially those from grass, but they are known to contain many valuable chemicals.

RUBBER TRENDS

The *September* issue of this quarterly publication for producers, manufacturers and dealers is now available. It contains *special reports* on

THE INDONESIAN RUBBER INDUSTRY

THE PROSPECTS FOR WEST GERMAN RUBBER CONSUMPTION

THE WORLD BALANCE—a regular feature assessing the outlook for demand and prices.

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RESTRICTIVE PRACTICES

Registrar's Progress

A SUMMARY of the considerable progress made to date under the Restrictive Practices Act was given last week by the Registrar, Mr R. L. Sich, in a paper to the British Association in York. The number of restrictive agreements abandoned or in the process of being abandoned has risen threefold since the beginning of the year, and now accounts for almost 30 per cent of the total number of agreements on the register. This total now stands at 2,200, against 2,020 at the beginning of this year; of these 600 either have been or will soon be abandoned (though they remain formally on the register even when they are no longer in operation), against an estimated 150 on January 1st. Of the total of 2,200, the parties to 380 have so far been warned of the Registrar's intention to start proceedings against them, and following this warning 250 agreements have been abandoned without further proceedings being taken. The other 350 were wound up without even a warning having been given.

Only six cases have come to trial, all but one—that of the Water-Tube Boilermakers' Association—resulting in declarations by the Court that the agreements in question were contrary to the public interest. But the effect of the Court's decisions on other cases has been even more general than had been expected. There are now about 130 cases in which proceedings are now pending, but it is likely that a high proportion of these will not come to trial. There are 1,450 agreements on which no action has yet been taken; but 1,050 of these are closely connected with cases already started and will probably stand or fall with them. Of the remaining 400 agreements, Mr Sich stated that as many as 200 may be removed from the Register as being of no economic significance; the remaining 200 are mainly newly-registered agreements, or old ones which should have been registered earlier.

On paper, then, the Act has had most promising results to date; whether they will continue or will be nullified at least in part by ancillary effects which are not so easily measurable is another matter. Professor S. R. Dennison of Queen's University, Belfast, who testified for the Registrar in the Cotton Yarn Spinners' case, commented on these possibilities in a paper immediately preceding the Registrar's. While recalling that none of the five main arguments used in attempts to justify agreements before the Court on the grounds of benefit to the public had so far succeeded, Professor Dennison noted that some of the more subtle variants of these arguments—particularly in connection with providing for research and modernisation—have yet to appear, and may well do so in the future. Certainly more sophisticated economics in defence of restrictive practices have been expounded—with some success—in anti-trust cases in the United States.

TRANSPORT

Road + Rail = ?

ECONOMICS is an inexact kind of art, even when its judgments are based on hard facts and accurate accounting; and in the field of transport, even the accounting is often imprecise. Moreover, in a free economy, choices neither by men nor by governments are seldom wholly economic; again, this is particularly true of the choices between different forms of transport. In the paper on the Economics of Transport which he presented to the British Association this week, Sir Reginald Wilson showed that he is well aware of these difficulties; he is also

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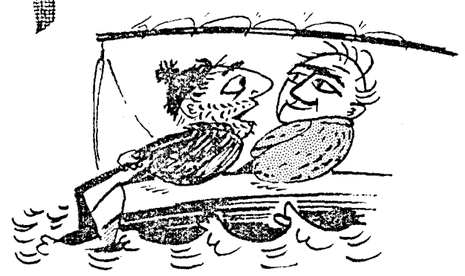
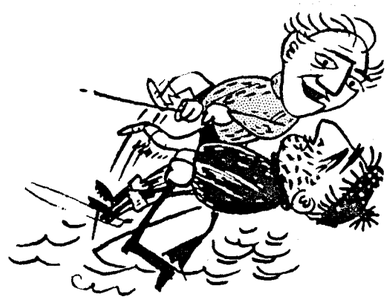
Fingers in the Pie

But who controls I.C.I.—
some of those 'top hats' in the City?





Not at all. It's run by a Board of Directors—nearly all of them men who've worked their way up through the business and spent their whole working lives in it.

Yes, but I mean, who *owns* I.C.I.?

It's a public company, owned by its stockholders—nearly 330,000 of them. And around 50,000 of these are I.C.I.'s own employees, who got their stock through the company's Profit-Sharing Scheme.

The things they say!

ICI

aware of the extra costs that continued failure to find the most scientific solution possible may entail. It is impossible adequately to summarise here Sir Reginald's extremely lucid analysis of the problems confronting economic analysis of the road-rail problem. He himself offered no solution, and recognises that any solution found—even a partial one—would be apt to be ignored, by a public which prefers private transport to public, whatever the cost.

One-tenth of the right-of-way in Britain is composed of railways, the rest of roads; the railways, however, carry one-half of the nation's freight and one-fifth of its passengers. Comparisons of "quality" or "utility" between the two methods are virtually impossible. To leave the decisions as to future spending completely to the interplay of free competition is manifestly impossible politically: the Transport Commission, while it faces competitive pressures, is not allowed the freedom to react competitively to them. The complex nature of private transport and of the social and economic issues involved make a totally managed, integrated transport system an unattainable ideal. The natural characteristics of both rail and road are distinguishable, if not exactly measurable, and Sir Reginald is convinced that total social cost would be lowest when they are used in combination. But even if the advocates of road against rail agreed to this (which they certainly do not) the correct proportion would be no easier to determine.

Sir Reginald wants joint approach to the problem: a co-ordinated study and research, leading towards "a community of policy" regarding both the provision of new roads and/or railways, and the charges that carriers who use road or rail track should pay. This revives the ever *thorny question of "track cost": some road* interests purport to see in Sir Reginald's essay the shape of some new square deal and the lines on which the Transport Commission would like some of its burden of interest reduced. He deployed his usual battery of figures arranged to bring out fresh aspects of the argument, but warned his hearers of the pitfalls that beset figuring about transport. It would have been unmannerly for him to have cited a horrid example of how not to measure transport performance from the Presidential address to the Engineering Section this very week. Sir Ewart Smith offered the association a table comparing British, French and West German railways which defined "railway productivity" as "total passenger-miles plus ton miles divided by total employees," and showed how well each country's railways do in "productivity (tens of thousands)." What can this mean?

The import quota for canned grapefruit from the dollar area has been maintained at £450,000 for the year beginning October 1, 1959, but, unlike the previous year's quota which was valid between June and September only it will be valid for the whole twelve months.

COFFEE

An Awful Lot of Coffee

By withholding supplies Brazil and its partners in the Latin American coffee agreement have averted a collapse in prices, but have not prevented them from weakening. As production has continued to rise, stocks have grown larger, and when the 1958-59 season ends this month the world carry-over will be about 36 million bags of 132 kilos, nearly half as large again as a year ago; of this total, Brazil itself will hold roughly 24 million bags. The forecast for exportable production in 1959-60 is a record 56 million bags, and even if world exports were to rise as high as 40 million bags, the carry-over a year hence could easily exceed 50 million bags. Without harvesting next year's crop, Brazil could meet a year's home and export needs and still have a large stock.

With this dismaying prospect, the international coffee study group meets in Washington next week. The Latin American countries will again seek the support of the African territories for their system of export quotas. If the African producers refuse fully to co-operate, as seems likely, the Latin

The World Capital Market

A concise and workmanlike analysis of the growing international flow of private capital has just been published by the United Nations. It brings together key figures otherwise available only from diverse national sources, and makes a careful assessment of recent trends. The report points out that even allowing for the decline in the value of money, private foreign investment in past years has been higher than in the late twenties, the last and not very auspicious period of high international investment. After the war the vacuum was filled by grants and loans from governments, and these have continued on an unprecedented scale. But the report estimates that today the total contribution of private investors, including reinvestment of their ploughed back profits, is comparable in scale to the official contributions. In the past year or so there has been a significant increase in buying of foreign securities; but the main medium is still direct investment, especially for investment to the poorer countries.

The major development of the last few years, the report points out, is the growing capacity of Western Europe to export private capital. In the table below we have inserted the Treasury's new figures of gross investment by Britain published since the UN report went to press. Britain makes a good showing beside the United States; its foreign investment has been as big as that of the countries of western continental Europe together. France's contribution is higher than is often supposed. Germany is coming on fast; in the first half of 1959 its net private long term investment overseas has quadrupled, and the annual rate of £170 million, net, is not far short of Britain's.

The report makes a sensible distinction between three quite different kinds of underdeveloped countries. There are rapidly expanding countries with a substantial industrial sector—Australia, Canada, South Africa, and also Brazil and Mexico. This is a small group that gets a big share of private investment funds—including some portfolio investment. Then there are low income countries with natural resources, mainly oil and non-ferrous metals, that can be profitably exploited; these attract large direct investments by international companies. Finally, there are the poor countries with few natural resources ready for exploitation. These not unnaturally find it difficult to attract foreign capital, and some of them have only recently begun trying. More surprisingly, the report calculates, the countries with annual incomes per head of less than $100 have since the war also received less aid from official sources than the richer countries.

GROSS OUTFLOW OF PRIVATE LONG-TERM CAPITAL
(Millions of dollars)

	1952	1953	1954	1955	1956	1957	1958
United States	1,940	1,312	1,628	1,918	3,420	3,920	(2,567) *
United Kingdom†	718	809	925	900	1,205	1,120	840
Continental Western Europe :—							
Belgium-Luxembourg	40	40	70	170	160	150	n.a.
France	...	...	490	494	540	457	n.a.
Western Germany	...	...	54	61	75	185	262
Netherlands	...	7	60	157	59	103	n.a.
Switzerland	117	147	200	260	321	130	33‡
Total, Continental Western Europe	...	...	874	1,142	1,155	1,025	n.a.
Grand Total	...	...	3,427	3,960	5,780	6,065	n.a.

* Excluding retained profits of United States subsidiaries abroad. † Including only part of retained profits. ‡ New issues only.

American countries will continue export restriction alone. African coffee producers are not only reluctant to restrict exports of a very profitable crop; they regard export restriction as a mere placebo that positively encourages the disease.

Though the Latin American countries know this, their export agreement contains only a vague reference to restricting production. It does require countries to encourage coffee consumption at home and abroad, as many are doing already (and it might fairly call on some European countries to help by cutting their prohibitive duties on coffee). The British East African territories and the British Government will probably press next week for the completion of official studies of the coffee surplus so that effective action can be considered. Even rich countries do not find it easy to persuade farmers to grow less. Poorer countries vitally dependent on coffee find the task baffling. Yet if they do not find some orderly means of curbing output, a collapse in prices will eventually do it for them.

BUILDING RESEARCH

Should Builders Pay?

WHEN the Select Committee on Estimates examined the work of the Department of Scientific and Industrial Research, it said that DSIR should get companies to pay its research stations for information that they had found commercially useful. The Building Research Board, which controls one of the stations specially singled out, has politely told the Select Committee that if it carried out only research that it thought could definitely be sold to industry "it would effectively prevent much research of importance . . . from being done at all." In other words, builders won't pay.

The Building Research Station costs DSIR £541,371 a year to run and the chairman makes no bones about his dissatisfaction with the meagre £18,000 contribution made by the industry. The reason for this is probably not difficult to find. Building is one of the most diverse of industries, and also one of the least scientifically minded, as many who have had dealings with small to medium-sized builders know to their cost. Of the 7,235 inquiries received by the Building Research Station during 1958, a bare seventh came from builders, roughly the same number as it received from private individuals. The board still seems to think that it is worth while publishing its results to reach some of the industry's backwoodsmen; and indeed since the war it has promoted some useful technical advances among the larger builders and the plant makers; but some of its most interesting work seems to be done for other government departments on such things as flood defences.

The question of making industry pay is one that affects all DSIR stations and even the research associations, where the industries concerned pay a more reasonable proportion of the total cost. But not the least difficulty in implementing the Select Committee's suggestion would be to know who has gained commercially from DSIR-financed research and, more important, to what extent. The solution may lie, as the Building Research Board suggests, in getting bigger annual contributions all round. This might not be too difficult to arrange in an industry with a tightly organised trade association, but collection of dues in "an industry so divided in its structure and fragmented in its organisation as building" is another matter.

WOLFRAM PRICES

Back to Normal

AFTER being stable for an abnormally long period wolfram prices started to rise four weeks ago and in the last fortnight have shot up. On Thursday, when the market paused for breath, wolfram was 162/167s. per unit (of 22.4 lb), two-thirds higher than a month ago and 2½ times what it was in the depressed market of a year ago. The Board of Trade, which has been sitting on at least 250 tons of wolfram for longer than it cares to think, must be itching to sell. Prices now are well above the level of mid-1957, when the Board stopped selling. Its policy is to sell without disrupting the market and at a reasonable price. Present conditions are certainly a golden opportunity.

The improvement in demand for ferro-tungsten has not been spectacular, but enough to bring a spectacular change in price in this habitually thin market. Japanese buyers have been mainly responsible for the recovery, but European and American consumers have been active too, showing increasing interest as prices have risen and so pushing them higher. Many mines were forced to close down during the period of low prices and producers and merchants do not hold big stocks; they are naturally seeking the best prices they can get.

SHORTER NOTES

Lloyds Bank and the Commercial Bank of Scotland are making a further venture in hire purchase finance. In a consortium together with the Netherlands Bank of South Africa and the British and Commonwealth Shipping Company, they are to acquire about 85 per cent of the ordinary capital of the big Credit Corporation of South Africa. The consortium already operates in hire purchase through the South African Scottish Finance Corporation.

★

Mr Hugh Fraser is now the chairman of Harrods. Sir Richard Burbidge, the former chairman, remains on the board as joint managing director with Mr Fraser. But, apart from Mr W. R. Leathes, all the other directors of Harrods have left the board. Mr Fraser's son has joined the Harrods board along with five other House of Fraser directors. Mr W. T. H. Davies, a former Harrods director, will remain as general manager. The House of Fraser shortly expects to have received in assents to its bid more than 90 per cent of the Harrods equity, and its offer has been extended to September 29th.

★

Teacher (Distillers), which makes "Highland Cream" Scotch whisky, has declared an interim dividend of 5 per cent on the ordinary capital as increased by the 50 per cent scrip issue, against 5 per cent on the original capital—thus effectively increasing the dividend by 1⅔ per cent. In their circular to shareholders the directors say that it must not be assumed that the final distribution "will be similarly maintained."

E. K. Cole, the radio and television manufacturers, is to issue 1,300,000 of 5s. ordinary shares at 16s. each, of which 1,117,583 will be provisionally allotted in the proportion of one for every three 5s. ordinary units held on August 27th.

★

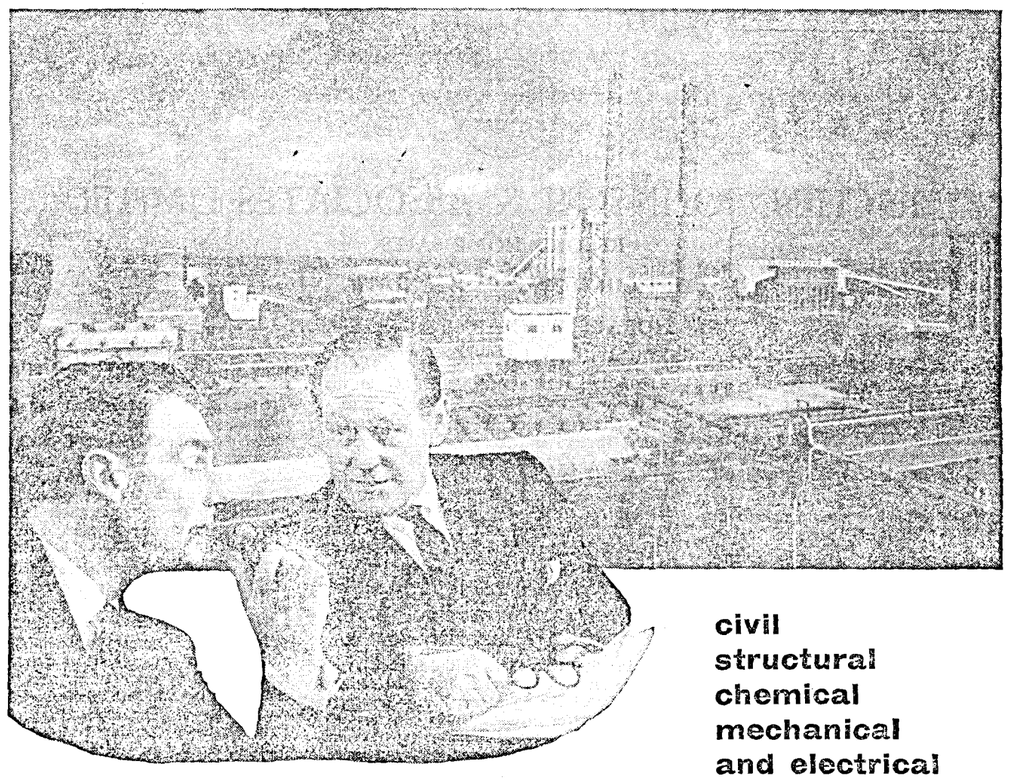
Cable and Wireless Ltd have been named to carry out the financing, laying and maintaining of Britain's share (about half) of the £80 million Commonwealth round-the-world telephone cable system, the first section of which—between Scotland and Newfoundland—will be laid in 1961. The company will work in conjunction with the Post Office, which is partly responsible for designing and engineering the telephone cables; a joint cable and repeater development unit will be formed, partly financed and staffed by Cable and Wireless and the Post Office.

COMPANY AFFAIRS
Comments on pages 869 and 872 on
Bowater Paper
Great Universal Stores
Pye
A. C. Cossor
Mufulira
Canadian Eagle
Thorn Electrical
Radio & Allied
Roan Antelope
George Cohen

LONDON AND NEW YORK
Stocks, prices, yields and security indices on pages 870 and 871

LONDON STOCK EXCHANGE
The week's movements reported on page 872

MONEY AND EXCHANGES
Money market report, exchange rates and public finance on page 873



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I hadn't realised you were civil engineers . . .

Certainly, and on a large scale. Take a recent project. A virgin site of a hundred and eighty-eight acres cleared and levelled, and fourteen miles of road and rail-tracks laid on the prepared site. This is typical of the work of our Civil Engineering Division. In this particular £10,000,000 project, we were also responsible for large-scale structural, chemical and mechanical engineering.

Do you always work on combined plant?

We have unrivalled experience at combining the different branches of engineering, but we also design and build separate plant—chemical or mechanical.

Well, I live and learn!

So do Woodall-Duckham. That's how we stay in the front rank.

WOODALL-DUCKHAM
CONSTRUCTION COMPANY LIMITED

WOODALL-DUCKHAM HOUSE · 63-77 BROMPTON ROAD · LONDON · S.W.3

Telephone KENsington 6355 (14 *lines*) *Grams* Retortical (Southkens) London

COMPANY MEETINGS

PINCHIN, JOHNSON & ASSOCIATES LIMITED

RECORD HOME SALES

DIFFICULT OVERSEAS CONDITIONS

SIR HORACE W. CLARKE'S STATEMENT

The Annual General Meeting of Pinchin, Johnson & Associates Limited was held on September 9th at the Connaught Rooms, Kingsway, W.C.2, Sir Horace W. Clarke (The Chairman) presiding. The following is the Chairman's Statement circulated with the Report and Accounts for the year ended March 31, 1959.

I am sure you will be pleased to note from the Report of the Directors that sales in the United Kingdom again reached a record level. The Home market is covered by the Parent Company, through its units, each of these having a distinct and well established goodwill.

The progress of some of the Subsidiary Companies operating overseas was retarded by special factors and group sales did not reach the previous year's level. In particular, the world-wide decline in shipping activity led to a falling off in orders for marine coatings and compositions. In the United Kingdom the reduction in this field was more than offset by increased sales of materials to other industries. This satisfactory feature did not arise with certain of the overseas Companies whose products are more specialised.

ACCOUNTS

The Consolidated Net Profit for the year at £1,695,724 compared with £1,810,474 for the previous year. Total taxation at £827,754, calculated after crediting £56,000 in respect of United Kingdom taxation overprovided in previous years, was substantially reduced as compared with the previous year mainly because of lower profits tax and income tax ratios in the United Kingdom, and to a lesser extent by reliefs obtained in other parts of the world. After deducting profits attributable to minority shareholders of Subsidiary Companies, the Parent Company's proportion of the net profit for the year is £705,656, compared with £591,032 arising from the previous year's operations, when £60,000 in respect of taxation overprovided in previous years was also credited.

You will observe from the Company's Balance Sheet that substantial additional expenditures were incurred during the year on properties and plant. These were mainly in connection with the acquisition and development of further areas of land adjoining the Silvertown and Birmingham factories, referred to in my last statement, and were needed to augment productive resources. Despite the expenditures on fixed assets, net current assets increased by approximately £106,000, the liquid position being strong.

The Consolidated Balance Sheet reveals that Shareholders' Funds at March 31, 1959, were £9,680,908 compared with £9,400,860 at the end of the previous year.

Your Directors have transferred £100,000 to General Reserve and recommend the payment of a Final Ordinary Dividend of 11⅔ per cent, less tax, making a total of 16⅔ per cent for the year, less tax. This is the same rate as that paid for 1957-58. If this recommendation is approved, the balance of the Profit and Loss Account to be carried forward by the Parent Company at April 1, 1959, will be £827,791 compared with £697,148 brought in at April 1, 1958.

PROGRESS IN THE UNITED KINGDOM

During the major part of the financial year 1958-59, the general level of industrial activity in the United Kingdom was barely sustained. It is therefore gratifying to report that in such a year your Company continued to progress and recorded a further expansion in home sales. Your Company increased its business with the motor car and ancillary industries, domestic appliance and many other important industrial users. The reduction in orders for certain materials supplied to other major consumers, such as shipping and transport undertakings, was due to reduced activity in these spheres; nevertheless, the widespread popularity of our materials continues to grow.

The efforts of our laboratories and Research Division continue to meet with great success. Not only do the materials at present supplied meet the exacting requirements of our customers, amongst whom are included the largest consumers of surface coatings in the country, but new materials are being perfected and designed to cater for industries developing in new fields of potential growth.

OVERSEAS TRENDS

I have already informed you that the progress of some of the Subsidiary Companies operating overseas was retarded by special factors. This is not surprising, for your Company has extensive interests abroad and economic activity slackened off in 1958 in many parts of the world.

In Australia and New Zealand, the paint industry continued on a highly competitive basis and there was some reduction in sales and profit margins. The policy of the board of the Australian Holding Company, in which your Company has a substantial investment, has been to concentrate on segments of turnover which will return a reasonable margin of profit rather than expend energy in fields where the profit margins are not commensurate with the risks and finances involved.

Sales of the Indian Company in the last financial year reached a record level, and there was a moderate alleviation of the tax burden. The net profit available, after tax, showed a satisfactory increase. The sales outlook for this Company continues to be good and it may be necessary in the near future to infuse further capital to finance the expected increase in turnover.

The Canadian Company returned increased sales but profit margins were not maintained. The Management of that Company are taking active steps to improve the position.

The French Company again incurred a loss although at a reduced rate compared with the loss returned for the previous year. Efforts are continuing to establish that Company on a sounder basis. The sales and profits of the Italian Company continued to improve, but in other parts of the world some of the operative Companies were adversely affected by difficult trading conditions.

To summarise, operations of some of the overseas Companies in 1958-59 were disappointing. The returns to date do not yet show any collective improvement, but I am hopeful that the present difficulties overseas will be resolved and your Companies operating abroad will renew their interrupted progress.

CONCLUSION

An undertaking such as your Company, with extensive ramifications in this country and in the world's main centres, cannot remain unaffected by a reduction in the general level of demand. As I have pointed out, the greater part of 1958-59 was a period of diminished activity and in view of this I consider the results for the year to be satisfactory.

You will be pleased to know that sales in the United Kingdom for the first three months of the financial year show a satisfactory increase, whilst the order load is substantially higher than at this time last year. The outlook overseas is more obscure as will be appreciated by my comments made earlier in this statement.

Your Company's ability to supply a wide and growing range of surface coatings at competitive prices is ever increasing and I am confident that this will bring its reward.

In conclusion, I am sure you will join me in thanking the Management, members of the staff and all other workers throughout the world for their continued co-operation and loyalty.

The Report and Accounts were adopted.

DAVY-UNITED LIMITED

PREVIOUS RECORD PROFIT SUBSTANTIALLY EXCEEDED

MR D. F. CAMPBELL ON BENEFIT OF INCREASED EFFICIENCY

The eighty-sixth annual general meeting of Davy-United Limited will be held on October 2nd at Sheffield.

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

The accounts which are before you today relate to your Company and its subsidiary company, Davy and United Roll Foundry Limited, before the reorganisation in June last, and also before the increase in capital and the scrip issue, which took place at the same time.

PROFIT

In my statement last year I said that the profit was then a record by a substantial margin, and this year I am happy to report a further advance. The net profit of the Group before taxation is £1,586,001 as compared with £1,024,163 in the previous year. We have spent considerable sums of money over the last few years on development schemes for the purpose of providing well-equipped modern plants and raising our efficiency in administration and management control. We are now reaping the reward for that expenditure in reduced costs of manufacture and greater output and this is one of the principal reasons for the higher profits.

CONCENTRATION AT DARNALL

A notable feature in this connection is the move we made eighteen months ago in establishing the new Design and Administrative offices at Darnall, Sheffield, and in concentrating all Sheffield operations there. The improvement in efficiency and productivity, particularly in the all-important Design offices, cannot be evaluated in money, but there is no doubt that this move has been of great value. A modest contribution also arises this year from our entry into the wider field of comprehensive construction contracts for steelworks and I fully expect this contribution to increase in the next few years.

The net profit for the year, after taxation, amounts to £909,932. The Directors have appropriated £373,000 to the reserves, as shown in the Consolidated Profit and Loss Account, and recommend a dividend for the year of 30 per cent, less income tax, amounting to £277,375.

BALANCE SHEET

The major features of the Consolidated Balance Sheet are the increase in the Fixed Assets, the increase in the Work-in-Progress and the improvement in the cash position. The increase in the Fixed Assets relates principally to expenditure on machinery and partly to the new office block. In order to ensure that the works of the Group are maintained at a high pitch of efficiency, and having in mind the heavy and expensive nature of many of the machine tools in use, substantial expenditure on plant is continually necessary. It is for this reason that the Directors are earmarking a substantial part of taxed profits for replacement purposes.

The Company, through its Construction Division, is in course of carrying out the contract for a substantial part of the Durgapur steelworks which I mentioned last year. Of this contract, about £15 million relates to sub-contracts for the supply of plant from the United Kingdom of kinds not manufactured by the Company. The increase in the Work-in-Progress largely arises from payments being made to these sub-contractors.

It will be recalled that during the year an issue of 377,382 shares was made to members and Debenture Stock, amounting to £1,600,000 was also issued. The Unsecured Loan Stock and the Mortgage Loan, together amounting to £964,000 were repaid. These arrangements are largely the reason for the improvement in the cash position, but I should mention that part of the cash is required for the completion of the Development Programmes referred to in previous years.

It is of interest to examine the growth of the Group over the past ten years. In 1949 the net assets representing the Members' interest amounted to £1,626,593 and today they are £5,767,268. This growth of about £4,100,000 has been achieved thus:

	£
Profits retained in the business ...	2,800,000
Subscribed by members for shares	1,100,000
Profit from sale of assets	200,000
	£4,100,000

IMPORTANT CONTRACTS

ENGINEERING DIVISION which, under the recent reorganisation, now becomes Davy and United Engineering Company Limited. Some of the principal contracts delivered in the year were a Universal Slabbing Mill and a Tandem Cold Mill for the Steel Company of Wales Ltd., a Combination Wire Rod, Merchant Bar and Strip Mill for Dorman Long (Steel) Ltd., a Wire Rod Mill for Spain; and a Blooming Mill, being one of the mills to be supplied for the Durgapur contract, was shipped to India. The Universal Slabbing Mill for the Steel Company of Wales was of particular interest. To meet the needs of greater output, it replaced a mill built soon after the last war and its construction was the subject of more than two years of the closest collaboration between our engineers and those of the Steel Company. It culminated in the dismantling of the old mill and the installation of some 2,375 tons of machinery comprising the new mill, including single items weighing 142 tons, in the world record time of 12½ days. During this period over 1,000 men were employed in the installation. This mill has already rolled 57,000 tons of ingots in a single week and is giving every satisfaction.

CONSTRUCTION DIVISION

The Durgapur Steelworks contract which is being managed by this Division and which will take about another two years to complete is proceeding satisfactorily and the centre of effort is now being transferred to the site in India. The total weight of machinery to be supplied from the United Kingdom under the Company's contract is about 75,000 tons and about 49,000 tons have now been shipped. The division has also assisted in the preparation of proposals for other similar schemes which are still in the embryo state.

DAVY AND UNITED ROLL FOUNDRY LIMITED

The supply of rolls and steel castings is subject to more rapid fluctuations than that of the other products of the Group and market difficulties have been experienced during the year. Despite this, the Roll Foundry Company had a better year than the previous one and has contributed substantially to the Group profits. It is evident that the improvements which have been carried out in recent years to the plant and site have been a good investment.

INSTRUMENTS

THE INSTRUMENT DIVISION, now known as Davy and United Instruments Limited, is not yet fully developed and suffered to some extent during the year from a shortage of skilled electronic engineers. We believe in the extensive training of young staff but this perforce takes some time in a developing and technically advanced branch of the business. Accordingly, the progress may be slow but I am satisfied that it is sure and this subsidiary is a most valuable adjunct in the Group's activities. Apart from the profit potential of the company, the development of instrumentation is of considerable value in improvement of the design of rolling mills and presses.

Some time ago I mentioned that negotiations were proceeding to license manufacturers in Canada and the USA for the manufacture of automatic gauge control, i.e., the automatic control of the thickness or gauge of strip steel produced at high speed on hot and cold rolling mill plants. Since then licences have been granted to General Electric Company, USA, Canadian General Electric Company Limited and Canadian Westinghouse Limited. It is expected that further licensing arrangements will be made in the USA and in Switzerland, Germany and Japan.

PROSPECTS

Having regard to the present order book, I can confidently predict a satisfactory year in 1959/60 with good prospects for 1960/61. Beyond that you would not expect me to comment and while I am sure we shall continue to obtain a substantial share of the home market, I am concerned about the future of export business.

Foreign companies, often with support from their respective Governments, frequently offer us attractive contracts and want our machinery, but have no sterling available for immediate payment. In the past, with our associates in the Metallurgical Equipment Export Co. Ltd., we have supplied many million pounds worth of machinery on deferred terms arranged with bankers, the principle being that the customer was the borrower. In such cases the bankers were able to obtain Export Credits Guarantee Department cover for their loans from the inception of the contract and made payments to us on behalf of the customer as the work proceeded.

Due to a change in the policy pursued by the Export Credits Guarantee Department such

loans are no longer being made to the customer and a prospective lending bank cannot obtain a guarantee to cover the financing of progress payments before shipment.

PROBLEM OF FINANCING

The finance required during the manufacturing period up to shipment, on any one contract, can run into several million pounds and in the absence of progress payments during manufacture the acceptance of an order with long-term credit would involve your Company in borrowing the pre-shipment finance. Having regard to the magnitude of the sums involved even in relation to the not inconsiderable value of your Company, it is not surprising that bankers are reluctant to make the necessary advances. The financial structure of your Company and many like it all over the world engaged in the manufacture of heavy capital equipment, is not designed to finance large contracts during manufacture and it is traditional that payments are received from customers to finance or partly finance work-in-progress.

In the opinion of your Directors, it would be unsound to alter the present financial structure of the Company so as to meet this situation. It would involve bringing several million pounds of additional cash into the business and the money would only be intermittently employed for the purpose intended, as not all our business involves extended credit. The financing of work of this kind is properly the business of the banking system with the aid of the Government controlled Export Credits Guarantee Department, but these institutions do not speak with a common voice on the subject.

SOLUTION IMPERATIVE

There ought to be little difficulty in finding a practical solution acceptable to all parties, but attempts to persuade the Export Credits Guarantee Department to modify its rigid attitude and the banks to be slightly more adventurous in their lending, have so far come to nothing. As private industry has not so far been successful in reconciling the differing views of the banking and credit insurance systems it should now be for the Board of Trade to bring the parties together to seek a solution. Under present conditions we are having the utmost difficulty in competing with offers from Continental firms whose banking and credit systems are apparently untrammelled with these problems. Your Directors are actively pursuing the matter.

During the year Mr W. F. Cartwright joined the Board at the invitation of the Directors. Mr Cartwright has a wide knowledge of the steel industry and I wish to extend an especial welcome to him.

Finally, I would thank, on your behalf, all our workers from the Managing Director downwards and express our appreciation of the hard work and loyalty which they give to the Group and which has yielded such an excellent result in the year under review.

ST MARTIN'S LE GRAND PROPERTY COMPANY

The thirty-third annual general meeting of St Martin's Le Grand Property Company Limited was held on September 9th in London, Mr John B. Andrews, FCIS (Chairman and Managing Director), presiding.

The following is an extract from his circulated statement: During the past year the Group has continued to expand and a substantial increase in profit has been earned, continuing the record of progressive improvement shown over the past ten years.

After commenting on the acquisition of P.H. Estate Limited and R.L. Property Company Limited, Winchester House, Old Broad Street, EC2, and the purchase of 9, Devereux Court, Strand, London, WC2, out of the proceeds of the sale of Hasilwood House, Bishopsgate, London, EC2, the statement continued:

The Company has contracted to purchase certain freehold sites together forming a large island block with main frontages to Euston Road and Tottenham Court Road, London, WC. In association with Laing Development Company Limited, the Company intends to develop these sites by constructing thereon a large block of offices and shops. Expenditure on this project is estimated at £4 million over 3 years. Other projects include a new floor at Adelaide House, and the development of a site adjoining one of our existing buildings.

You are recommended to declare a final dividend of 7 per cent making 13 per cent for the past year. The Directors propose to pay in October, 1959, an interim of 7 per cent in respect of the year ending March 31, 1960, and expect to be able to recommend a final dividend of not less than 8 per cent for that year. I am confident that you may, given normal conditions, look for steadily increasing dividends.

The report was adopted.

GALE, LISTER & CO., LTD.

DIVIDEND MAINTAINED

The twenty-third annual general meeting of Gale, Lister and Co., Ltd., was held on September 4th at Leeds. The Right Honourable The Earl of Hardwicke, chairman, presided.

The following is an extract from his circulated statement for the year to March 31, 1959:

Profit amounts to £30,236 as compared with £43,090. Your Directors propose to maintain the dividend at its present rate of 12½ per cent. The fall in profit reflects the difficult trading conditions. Relaxation of credit restrictions brought us no real relief as public spending seems to have been directed towards the purchase of those goods which had been mainly affected by hire purchase and other regulations.

Apart from these factors, profits have been affected by the impact of higher advertising expenditure and by passing on to the public the reduction in duty rates on high strength wines in the 1958 Budget. Sales of our Dowcester and Marievale Sherries continue to grow, and whilst the reduction in duty has no doubt played its part in this expansion the effect has not been as great as perhaps might have been envisaged. I am however quite sure that our sherries, and in particular Marievale, will play an increasingly important part in our future. We are introducing on a pilot basis a new French aperitif. Preliminary reaction within the trade has been encouraging.

Our hotel company was able to acquire a further property near Wetherby towards the end of 1958. We remain confident that our investment in this field will be rewarding.

The report and accounts were adopted.

HAZELL SUN LIMITED

MR T. R. WALKER ON EFFECTS OF PRINTING DISPUTE

The seventy-fifth Annual General Meeting of Hazell Sun Limited will be held on October 2nd at 44 Great Queen Street, London, WC2.

The following is an extract from the statement by Mr T. R. Walker, the Chairman, which has been circulated with the accounts to March 31, 1959:

PROFIT AND DIVIDENDS

The net profit after providing for tax is £425,334, compared with £384,285, last year. Your Directors have given much thought to the dividend policy that should now be pursued and we decided to pay a second interim dividend of 10 per cent on the Ordinary Shares (in place of a final) making 15 per cent for the year—an increase of 3 per cent on last year. Throughout the postwar years we have retained in the business a considerable portion of the profits; this practice has been of immense benefit to the company and it has been very largely from the retained profits that our rebuilding and new development has been carried out. But conditions are now easier and we think the time has arrived when a larger share of the earnings should be distributed to shareholders. The Ordinary and Preference dividends account for £152,508 of the net profit.

RISING COSTS

Shareholders will be aware of the events that led to a slowing down and ultimately a cessation of production throughout the printing industry (except for the London daily and Sunday newspapers) for a period of about nine weeks in all. With the further increases in wages and the reduction in hours, the price of printing is bound now to increase. The concessions granted by the Unions can help the industry to minimise the additional cost and we hope that the recent dispute will leave no bitterness on either side and that the old friendly relations and spirit of co-operation will continue. Full employment is essential in the interests of all engaged in the industry and for that the Directors, with the help of the staff, will continue to strive.

THE FUTURE

During recent months the control of certain of our important customers has passed into other hands. A great deal of the work we produce for these customers is under contract, indeed the major portion is covered for a substantial period of time.

The cost of the strike was very heavy and a considerable fall in profits for this year must be expected. It is still too early to make any close estimate of the extent of the fall, and I must give notice that, when the final figures for the year are available, the Directors may not think it prudent to recommend, in respect of this strike-affected year, the payment of the dividend that was forecast earlier in the year when the issue of additional capital was first announced.

In the longer future, however, in spite of the uncertainties overhanging the businesses both of periodical and book publishers, we think the outlook is not unhopeful and your Directors are confident that any setback in profits that may occur this year will prove to be no more than temporary.

SHEEPBRIDGE ENGINEERING LIMITED

A DIFFICULT YEAR

The annual general meeting of Sheepbridge Engineering Limited was held on September 9th in London, The Right Honourable Lord Aberconway, chairman of the company, presiding.

The following is an extract from the chairman's statement circulated with the report and accounts for the year ended March 31, 1959:

Last year reference was made to the effect which the restrictions on credit facilities were having on our business. During the year under review orders were more difficult to obtain, and some of our factories had no alternative but to work at reduced capacity, thereby adding further to the already increasing costs. Fortunately some of the products recently developed by the group came into production and helped to maintain group sales at little less than those of the previous record year. The reduced trading margins, however, caused a fall in the consolidated profit before taxation to £800,379.

The directors recommend a final dividend of 11 per cent. This, together with the interim dividend of 5 per cent, makes a total distribution for the year of 16 per cent less tax, the same as last year.

SOME SALES RECORDS

All the subsidiary companies contributed to the group profits; and record sales were achieved by Sheepbridge Equipment Ltd., Bray Construction Equipment Ltd. and Twiflex Couplings Ltd.

The widening of the activities of Sheepbridge equipment Ltd. is being continued. Specialised equipment is being supplied to Bord na Mona for the processing of peat. Run out tables for rolling mills are being manufactured for the steel industry. Fabrication work is being supplied for the modernisation programme of British Railways. Complete cabs in moulded fibre glass are being supplied to Bray Construction Equipment Ltd., who previously bought them from suppliers outside the group.

At Sheepbridge Stokes Ltd. good progress has been made in the foundry specially equipped to produce individually cast high-radial-pressure piston rings.

Sheepbridge Alloy Castings Ltd. experienced a further reduction in demand for aero engine castings, together with a slackening in demand from other users of castings.

Sintered Products Ltd., in widening the range of application of its products, has started to supply more industries.

The sales of Bray Construction Equipment Ltd. for the year were the highest on record. This emphasises how attractive Bray's range of loaders is in the world markets.

The machine tool trade generally suffered a severe setback, and orders taken by Hardinge Machine Tools Ltd. were less than in the previous year.

Sheepbridge Engineering (Canada) Ltd. has continued to make satisfactory progress.

Throughout the year the business of your group of companies has suffered from reduced demand occasioned by the general reduction in industrial activity; but following upon the lifting of restrictions on credit facilities and the impetus given to trade and industry by taxation reliefs, there are signs that industrial activity is on the increase.

CAPITALISATION OF RESERVES

In order to bring the issued capital more closely into line with the funds irrevocably committed in the business, your directors propose to capitalise £1 million out of Capital Reserve and to distribute the resulting shares, as fully paid up, to the shareholders in the proportion of one new share for every three held. The issued capital would then be £4 million and the Consolidated Reserves £2,252,031.

The report and accounts were unanimously adopted, and the Board's capital proposals approved.

THE NATIONAL BANK OF LIBYA

BALANCE SHEET AS AT MARCH 31, 1959

ISSUE DEPARTMENT

March 31, 1958 £L.	Liabilities	£L.	£L.	*March 31, 1958* £L.	Assets	£L.
7,091,584	Notes and Coin issued :— In circulation	7,892,993		*2,621,593*	Sterling deposits and British Government Treasury Bills	3,044,779
94,936	In Banking Department	148,527		*3,064,927*	British Government Securities (market value–£L.5,199,166)	4,966,741
			8,041,520	*1,500,000*	U.S. Dollar deposits	—
7,186,520			£L.8,041,520	*7,186,520*		£L.8,041,520

BANKING DEPARTMENT

March 31, 1958 £L.		£L.	£L.	*March 31, 1958* £L.		£L.	£L.
1,000,000	Authorised capital	1,600,000		*964,303*	British Government securities (market value–£L.1,000,312)		964,303
				2,098,927	British Government Treasury bills		4,797,780
700,000	Paid up capital		700,000	*973,395*	U.S. bankers' acceptances		637,755
288,662	General reserve fund		334,173	*2,176,152*	Funds with foreign correspondents		5,222,792
205,000	Reserve for contingencies		281,600	*185,919*	Loans and advances		226,301
9,019,330	Current, deposit and savings accounts		10,362,978	*163,023*	Bills discounted		152,789
632,873	Other liabilities		695,589	*224,027*	Other assets		241,796
					Cash in hand and in transit :—		
				94,935	Libyan notes and coin	148,527	
				13,877	Foreign currency notes	8,898	
							157,425
				40,396	Fixed assets at cost *less* depreciation		43,599
	Contra accounts :— Credits opened and letters of guarantee issued (1958—£L.367,704)	157,823			Contra accounts :— Customers' liabilities for credits opened and letters of guarantee issued (1958–£L.367,704)	167,823	
10,845,915			£L.12,421,340	*10,845,915*			£L.12,421,340

F. FRASCA, General Manager. R. J. CUNNELL, Deputy Governor. A. N. ANEIZI, Governor.

TO HIS EXCELLENCY THE MINISTER OF FINANCE, FEDERAL GOVERNMENT OF THE UNITED KINGDOM OF LIBYA.

We have examined the above balance sheet comprising the assets and liabilities of the Issue Department and of the Banking Department and the annexed statement of profit and loss which, with the note to the latter, in our opinion give respectively a true and fair view of the state of the affairs of The National Bank of Libya as at March 31, 1959, and of its profit for the year ended on that date.

We have obtained all the information and explanations which we considered necessary. In our opinion the Bank has kept proper books and the balance sheet and statement of profit and loss are in agreement with them and with the said information and explanations.

Zurich, May 10, 1959. *Sgd.* Price Waterhouse & Co.

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 1959

Year ended March 31, 1958 £L.		£L.	*Year ended March 31, 1958* £L		£L.
1,000	Directors' fees	850		Gross profit for the year ended March 31, 1959, after deductions for interest paid, for depreciation and amortisation and for provisions and reserves	
129,465	General and administration expenses	165,768	*530,249*		588,699
145,000	Reserve for contingencies	90,000			
87,994	Share of profit in favour of the Government of Libya under Article 29 (iv) of Law No. 30 of 1955	134,050			
—	Share of profit appropriated to the Government of Libya under Article 9 of Law No. 30 of 1955	102,520			
3,093	Preliminary expenses written off	—			
163,997	Profit transferred to general reserve fund	95,511			
530,249		£L.588,699	*530,249*		£L.588,699

STEEL BROTHERS AND COMPANY LIMITED

A DIFFICULT YEAR

MR J. K. MICHIE'S REVIEW OF WIDESPREAD ACTIVITIES

The sixty-eighth annual general meeting of Steel Brothers and Company Limited will be held on September 25th in London.

The following is an extract from the circulated statement of the chairman, Mr J. K. Michie:

Last year in looking forward to 1958 results I said that because of the economic difficulties through which certain Eastern countries (i.e. India, Pakistan, Burma and Ceylon) were passing they were difficult to foretell but added that Canada and the Middle East appeared to hold out better prospects for our Company.

In the event I regret to say my fears of reduced trading opportunities and profits were justified; my hopes of better things in Canada were only very partially realised while in the Middle East they were completely discounted mainly because of the economic consequences of the revolution in Iraq in July, 1958, which had a major effect on our Companies' activities.

In consequence our profits for the year fell from £553,174 in 1957 to £392,918. Taxation amounted to £280,000—leaving a balance of £112,918.

I very much regret it has been impossible in the circumstances to recommend dividends for the year 1958 on either the Preferred Ordinary Stock or the Deferred Ordinary Shares of the Company.

Turning to the different areas in which we operate:—

UNITED KINGDOM

Commissions earned and trading profits were somewhat higher than in 1957.

Carbutt & Co. (1928) Ltd. As expected results showed a distinct improvement on the previous year's performance, but the tariff preference on imports of rough rice came too late to prevent a loss being made.

Prospects are better this year and a substantial improvement in throughput at the mills is being achieved.

Sondes Place Research Laboratories Ltd. There was some reduction in the activities of this Company last year, particularly in the Engineering Section, and a considerably smaller profit was made. 1959, however, is more promising, and we hope the additional facilities recently provided will be more fully utilised.

Peterlite Products Ltd. This Company continues to improve the quality of its products but is still largely in the experimental stage and results for last year still showed a considerable loss though a smaller one. However, commercial orders are now coming along and promise to increase, but it is inevitable that a further loss will be incurred in 1959.

Expanded Perlite Ltd. A small profit was made last year and offtake and production have since continued on the increase. We therefore confidently expect considerably better results in 1959, though it should be realised this is an activity with a limited potential.

Oil Prospecting in Lancashire. This was a geological prospect of considerable promise, but so far neither oil nor gas in commercial quantities has been encountered. We are now nearing the ultimate depth at which the area will be proved or disproved and have decided it is prudent to write off our 50 per cent share of expenditure to December 31, 1958, amounting to £22,345.

Our several attempts to prove mineral oil and/or gas in the United Kingdom we regret have been unsuccessful so far and the expenditure has had to be met out of taxed profits.

Steel Brothers (Insurance) Ltd. As mentioned in my Statement last year the new Company Steel Brothers (Insurance) Ltd. being duly formed commenced business July 1st as Lloyds Brokers and steady progress has been made.

OVERSEAS ACTIVITIES

BURMA. Due to the drastic cutting down of imports our trading opportunities were considerably reduced last year and our profit in consequence much lower. However, the energetic measures taken by the new Government to balance the economy of the Country met with considerable success.

Burma Cement Company Limited. I regret to report we are still without a settlement of this and of nationalisation which took place nearly five years ago. However we are promised a final hearing during this month of August which I hope will also mean a decision fair to the shareholders.

Strand Hotels Ltd. The hotel was fairly fully engaged last year, but turnover and profits both declined from the 1957 level.

INDIA. Our trading activities suffered a setback last year and provision has had to be made for a loss.

Our procurement agency for the Indian Tea Association continues on friendly and active lines.

PAKISTAN. Our overall earnings in both Karachi and Chittagong were higher than in the previous year. We have made some progress with the Exchange Control Authorities over the remittance of back profits and hope to have further success in the near future.

HONGKONG. This branch again operated at a loss if a slightly smaller one. The scope of our future activities is now under consideration.

JAPAN. Operated at a small loss against a satisfactory profit in 1957. The Government of Japan is putting difficulties in the way of remittance of profits and our future activities are being considered from this angle.

THAILAND. Trading conditions here continue to be difficult and the reorganisation of our operations is in train.

CEYLON. Conditions in the port of Colombo were very bad during a great part of 1958 and this made trading more than usually difficult. Our two companies, E. B. Creasy & Co. Ltd. and Darley Butler & Co. Ltd. both showed profits but on a somewhat reduced scale.

MIDDLE EAST. This area has been a major disappointment and is a continuing problem. The revolution in Iraq of July, 1958, has had a very serious effect on business generally and in our case on the activities of Rafidain Developments Ltd. and W. J. Coker & Co. Ltd. The economic measures taken by the new Government have reduced our customers, cut our margins and at least temporarily made the collection of outstandings more difficult.

Our associated company Messrs. Spinneys (1948) Ltd. had a satisfactory year.

EAST AFRICA. Our associated company A. Baumann & Co. Ltd. had another satisfactory year.

Steel Brothers (Tanganyika Forests) Ltd. Owing to trade recession in South Africa and Rhodesia and increased competition from similar timbers from areas enjoying lower freights, prices had to be cut and profits fell sharply. Markets continue difficult.

CANADA. *British Columbia.* Our trading activities in Vancouver again showed a loss though a smaller one.

Pitkethly Brothers Ltd. While distributing the same dividend this Company increased its activities and its profits last year and is in a good position to undertake further expansion.

Mainland Clay Products Ltd. This small company almost "broke even" last year and prospects for this year are of a very similar result.

Hope Lumber Co. Ltd. Last year the loss made by this Company was practically halved, but this is still by no means a satisfactory performance and further measures to rectify matters are essential and are now being actively considered.

Alberta—Loders Lime Co. Ltd. This our first investment in Canada is now repaying the capital and effort we have put into it and the profit last year showed an increase—after depreciation—of over £10,000 on 1957. The Company continues to do well.

Alberta Ytong Manufacturing Co. Ltd. Last year I was hopeful of the Company doing considerably better in 1958, but I regret these hopes were falsified and it has been necessary to make a considerably larger provision against accumulated losses.

Dales Brothers Limited came out with a square position last year, but this was after a considerable allowance for depreciation on plant.

Prospects for this year are expected to be somewhat similar.

PROSPECTS

In the circumstances you will expect me to say more than usual about prospects.

Admittedly for somewhat special reasons which I have explained under the appropriate heads the Company is going through a more than usually difficult period, which I cannot promise will be ended with the accounts now before you; but the heart of the business is sound and strong and I see no reason whatever for pessimism about the future. In previous statements and in this one I have drawn attention to the effect on our business of the policies including those pertaining to import licences of the Governments of those Countries in the East in which we are established. These policies stem from a variety of reasons, some economic, others the extent Governments themselves have acquired a stake directly or indirectly in Industry and Trade. The effects and indeed the policies have varied from year to year and we have been loath to take any non-reversible steps until we had a clearer appreciation of ultimate prospects.

FURNESS, WITHY & COMPANY

SATISFACTORY TRADING RESULTS

MR FRANK CHARLTON'S REVIEW OF ACTIVITIES

The sixty-eighth annual general meeting of Furness, Withy & Company Limited will be held on September 16th in London.

The following is an extract from the circulated statement of the chairman, Mr Frank Charlton, FCA.

Consolidated Profit and Loss Account: The results compare favourably with the figures of the previous year. The total net Revenue from all sources, after providing for Contingencies and, in the case of a Subsidiary, Special Depreciation on new tonnage, was £5,035,185. The provision for Depreciation of Fixed Assets requires £3,066,596, an ever-increasing figure due to the high cost of new tonnage. There is a substantial reduction in the charge for Taxation, viz., £417,666 as against £927,852, which reflects benefits arising from Investment Allowances and arrears brought forward from previous years.

The recommendation of the Board is that there should be distributed to Ordinary Stockholders £612,500, maintaining the same 10 per cent Dividend as last year but representing a slightly larger net distribution owing to the lower rate of Income Tax.

Bearing in mind the extremely depressed state of the Shipping Industry during the past two years, which, unfortunately, shows little prospect of any early improvement, the combined figures may be regarded as satisfactory. They, of course, include the benefit arising from new tonnage delivered during the period and satisfactory charter arrangements.

NEW TONNAGE

The Consolidated Balance Sheet discloses an increase of £1,540,522 in Shipping Property which is due to Payments to Shipbuilders in connection with new tonnage delivered, and payments on account of vessels still under construction less Sales and Depreciation written off during the year. The Cargo Liner *Mystic* and three Tugs for service in the Mersey all built to the order of the Johnston Warren Lines Limited, and *Ionic* built for Shaw, Savill & Albion Company Limited were delivered during the year. The vessels disposed of as being no longer suitable for our requirements were *Jessmore, Arabian Prince, Stuart Prince, Brazilian Prince.*

SHIPPING ACTIVITIES

So far as the New York/Bermuda Service is concerned, earnings have been maintained satisfactorily during the past year, but we are faced with ever-increasing rises in operating costs which seriously curtail the financial return from this Service.

As mentioned in last year's Report, five cruises were operated by the *Ocean Monarch* from Port Everglades, Florida. Bearing in mind that this was a new venture, the response can be considered satisfactory. This year extra time will be required during the forthcoming refit of the *Ocean Monarch* when she will be entirely air-conditioned and as a result it will only be possible to make four cruises of twelve to twenty days' duration, commencing in the latter half of January, 1960.

Earnings have also been maintained in the service to and from the Pacific Coast operated by the Parent Company, but here again the costs of handling cargoes, particularly at Pacific Coast ports, continue to rise, mainly due to the continuing demands by longshoremen.

On July 26, 1959, the St Lawrence Seaway was formally opened by Her Majesty The Queen and the President of the United States, thus setting a triumphant seal on this great joint enterprise which can mean so much to both the Dominion and the United States. We have continued our Service to and from Great Lakes ports and are now operating with tonnage owned within our Group of Companies.

The two Ore Carriers *Edenmore* and *Saga-more* continue to operate satisfactorily under charter to the British Iron and Steel Corporation.

The Prince Line, which is one of our important subsidiaries, has had an extremely difficult time in the Mediterranean, and in the Far Eastern trades, in which it has been engaged for many years. For the first time for many years the Parent Company received no dividend from its substantial investment in Prince Line.

During the year under review our Subsidiary Shipping Company, Shaw, Savill & Albion Company Limited, celebrated the Centenary of its foundation in 1858. The Shaw, Savill Company operates a Fleet engaged principally in the New Zealand and Australian trades, and it is no exaggeration to say that this well-known Company has made an outstanding contribution during the course of its long history to the economic development of both New Zealand and Australia.

OTHER ACTIVITIES

Dealing with our activities outside the sphere of shipowning, one of the lesser known is our trading Branch in Trinidad, where we are engaged in various enterprises such as general engineering, ice manufacture and cold storage, building construction, merchandising and lime production, as well as our usual business of Shipping Agency. Trinidad is an island with increasing opportunities for expansion of which we are well equipped to avail ourselves.

Airwork Limited continue to make satisfactory progress. The balance of the Capital of the F. A. Laker Group of Companies, the main operating company of which is Air Charter Limited, and to which reference was made last year, has now been acquired as has also the entire Capital of Morton Air Services Limited. These acquisitions have enlarged the scope of the Company's activities. The policy of maintaining an efficient fleet of modern aircraft has been pursued by the acquisition of three more Vickers Viscount and two Bristol Britannia Aircraft, and the disposal of obsolete types. A reasonable dividend is again assured for the current year.

It is not an easy matter to forecast the future trend of events in the Shipping Industry. The continued and substantial increase in operating costs in this country and other parts of the world which, unfortunately, it is not possible to match by increased earnings, means that profit margins are reduced to narrow limits. Nevertheless, so far as figures are available for the first quarter of the current financial year we appear to be maintaining the position disclosed by the Accounts under review.

PURNELL AND SONS

(Book Printers and Publishers)

SATISFACTORY RESULTS

SCRIP ISSUE PROPOSED

The twenty-fifth ordinary general meeting of Purnell and Sons Limited will be held on September 28th in London.

The following is the statement by the Chairman and Managing Director, Mr W. Harvey:

It gives me pleasure to submit to you the Accounts of the Company for 1958. The Profit of the Group for the year, before providing for Taxation, is £711,781, being £604 less than 1957. The reduction in the standard rate of Income Tax is reflected in the decreased charge for Taxation of £384,060 as compared with £416,527 in 1957. After providing for Taxation the balance of Profit for the year is £327,260 against £296,325 in 1957. The year's profit together with the balance brought forward from the previous year, after adjustment of Taxation over-reserved, brings the amount available for allocation to £1,186,989. Of this balance your Directors have transferred £500,000 to General Reserve, and provided for Dividends to Members of £131,310, leaving a balance to be carried forward of £555,679.

In making the offer of Ordinary Shares in October last it was estimated that the Dividend for 1958 would be 32½ per cent. It is, however, found possible to distribute the equivalent of 33⅓ per cent, but in order to take advantage of the Profits Tax provisions of the Finance Act, 1958, it is recommended that a Final Dividend of 16⅔ per cent be paid in respect of 1958 and an Interim Dividend of 5 per cent on account of 1959, both on the present Ordinary Capital of the Company and both payable on the same date.

In my review of the accounts for 1957 I mentioned that it was your Board's intention to revalue the Fixed Assets of the Company. Whilst this valuation has been made your Board has considered it inadvisable to write up the Fixed Assets at this stage, but you will be pleased to know that the valuation exceeds the present Balance Sheet figure by approximately £1,500,000.

CAPITAL PROPOSALS

Your Directors are of the opinion that the Capital of the Company should more accurately represent the Capital employed and in consequence are recommending the Capitalisation of £711,269 of the General Reserve and the issue of one New Ordinary Share for each Ordinary Share held. To give effect to this recommendation it will be necessary to increase the Nominal Capital of the Company and for this purpose an Extraordinary General Meeting is being convened, the requisite notice for which accompanies the Accounts.

Up to the date of the Printers Strike all branches of the Group were working to capacity and the results for the current year will therefore depend on how much additional production can be made up during the remaining months of the year to compensate for the heavy loss sustained by the strike. Under the circumstances our Profits may be affected to some extent but it is anticipated it will be possible to recommend a Dividend in respect of 1959 of some 17½ per cent on the proposed increased capital, in addition to the Special Interim of 5 per cent now being paid on the present capital.

Once again I wish to pay tribute to my colleagues on the Board, all of whom are full-time executives, and to express my thanks to the staff and to all employees for their services and co-operation.

THE WORKERS' BANK LTD.
TEL AVIV, ISRAEL

BALANCE SHEET AS AT 31st DECEMBER, 1958
(To the nearest Pound)

	Authorised IL.	Subscribed and paid up IL.
Share Capital :		
Founders' Shares, IL. 1.—each	100	100
Ordinary " " 5.— "	880,000	713,460
" " 1.— "	3,581,900	2,577,524
5% Cumulative Preference Shares IL.1—each.....	38,000	38,000
	4,500,000	3,329,084
Payments on Shares not yet allotted		573,214
General Reserve.....		1,750,000
Profit and Loss Account :		
Balance of Profit.....		10,035
		5,662,333
Deposits :		
On fixed terms		
Current Accounts and Savings.....		
Subsidiary Company, Current Account		142,536,035
Government of Israel, Special Deposits		29,975,598
Liabilities on Account of Customers		16,285,218
		194,459,184

	IL.	IL.
Cash and Banks :		
Cash in hand, with Bank of Israel and with other Banks in Israel and abroad		32,840,936
Government Securities :		
At cost or below, but not exceeding market value.....		5,531,830
Investments :		
At cost or below, but not exceeding market value :		
Sundry Securities	2,903,404	
Shares in Subsidiary Company....	35,683	2,939,087
Loans and Bills Discounted	103,962,197	
Loans from Government Deposits..	29,227,680	
		133,189,877
Bank's Buildings & Other Property: (Partly in Property-Shares, including IL.355,903 Subsidiary Company) at cost or below.....		3,672,236
Customers' Liabilities (See contra)		16,285,218
		194,459,184

Managing Directors : A. Zabarsky, Sh. Zack, N. L. Lifshitz, R. Shenker.

APPOINTMENTS

B·T·P TITANIUM PIGMENTS

British Titan Products CO. LTD.

wishes to appoint an

ASSISTANT

in its

ORGANISATION AND METHODS

Department with Headquarters in London. The work consists primarily of investigating clerical and office methods in London and at factories in the north of England.

Applications are invited from men not more than 30 years of age, of good education, and with some evidence of professional or academic achievement. Previous office experience is essential and some knowledge of O. & M. work would be an advantage.

General conditions of service are attractive and include a Bonus Scheme and Non-Contributory Endowment Assurance. Commencing salary will not be less than £800.

Applications will be treated in the strictest confidence and should be addressed to the

PERSONNEL MANAGER,
BRITISH TITAN PRODUCTS COMPANY LIMITED
BILLINGHAM, CO. DURHAM
(quoting Reference S.7.)

ECONOMIST. Vacancy for an assistant occurs on the staff of the Cotton Board Economics and Statistics Department. The possession of a good degree in economics or statistics is an essential qualification and some post-graduate experience either in industry or in research would be an advantage. Commencing salary within the scale of £700-£900. Contributory pension scheme.—Replies, stating age, details of education and experience, should be addressed to Director of Statistics. 3 Alberton Street, Manchester, 3.

ATV require a university trained girl with some market research experience to fill a vacancy for an assistant in their research department. The work particularly concerns programme research and is of an interesting and non-routine nature. Good statistical knowledge essential, some knowledge of psychology an advantage.—Write, giving full personal details and salary required, to the Personnel Manager, Associated Television Ltd., ATV House, Great Cumberland Place, W.1.

THE ROYAL INSTITUTE OF BRITISH ARCHITECTS invite applications from young graduates in Law or Arts for the post of ADMINISTRATIVE ASSISTANT. Initially the successful candidate will assist in the R.I.B.A. Practice Department, with work some of which has a legal content relating to professional practice. This will include some Committee work and report writing. Salary within the range of £700 x £50 — £1,250.—Applications should be sent to The Secretary, The Royal Institute of British Architects, 66 Portland Place, London, W.1, by September 18, 1959.

UNIVERSITY OF NEW ENGLAND
AUSTRALIA

ASSOCIATE PROFESSOR and
SENIOR LECTURER in ECONOMICS

Applications are invited for the above positions. The salary for an Associate Professor is £A2,850. The commencing salary for a Senior Lecturer is fixed according to qualifications and experience within the range £A2,200 x £A80 — £A2,600. For both positions a cost of living allowance at present amounting to £A18 per annum is payable. Grants to assist in research are available. Provision is made for superannuation, travel and removal expenses, assistance in buying or building a house.

Further information may be obtained from the Secretary, Association of Universities of the British Commonwealth, 36 Gordon Square, London, W.C.1.

Applications close in Australia and London, on October 16, 1959.

MAKERERE COLLEGE
THE UNIVERITY COLLEGE OF EAST AFRICA

EAST AFRICAN INSTITUTE OF SOCIAL RESEARCH

Applications are invited for post of Research Secretary to the Applied Research Unit of the East African Institute of Social Research. This unit will include three Research Fellows and is being set up with the aid of a grant from the Ford Foundation. Appointment for five years in first instance. Salary up to £2,000 per annum, according to experience and qualifications. Passages for appointee and family (up to four adult passages) on appointment, termination and leave. F.S.S.U. Child allowance £50 per annum per child (maximum £150 per annum). Rent according to quarters provided £45 to £84 per annum, including basic furniture.

The Research Secretary will be responsible to the Chairman of the Institute for the detailed supervision of the Research Fellows in the Unit. Importance will be attached both to training and experience in the social sciences and to practical knowledge of research conditions in Africa. Further details obtainable from Chairman, East African Institute of Social Research, P.O. Box 262, Kampala, Uganda.

Detailed applications (six copies) naming three referees, to Secretary, Inter-University Council for Higher Education Overseas, 29 Woburn Square, London, W.C.1, by December 1, 1959.

GALLUP POLL.—Senior Secretary to Managing Director. Must be able to handle staff matters. Exacting but interesting post.—In first instance write for application form to Dr Henry Durant, 211 Regent Street, London, W.1.

ADMINISTRATIVE MANAGER

A leading public works contracting company operating at home and overseas seek a Manager for their Canadian subsidiary to be responsible for general office administration and handling commercial aspects of the business. Starting salary not less than £2,000.

There is great scope in this appointment for a well-educated man of character aged 28-35 with an accountancy background and experience in management accounting, who is ready to settle in Canada and who has the administrative ability to take a leading part in expansion plans.

Write briefly in strictest confidence.

THE MANAGING DIRECTOR (RL.46),
EXECUTIVE APPOINTMENTS LIMITED,
78 WIGMORE STREET, LONDON, W.1.

YOUNG MATHEMATICS or STATISTICS graduate required for training as PRODUCTION COST CONTROLLER in progressive and expanding organisation.—Reply to The Secretary, ENGLISH NUMBERING MACHINES Ltd., Queensway, Enfield, Middlesex.

ACCOUNTANCY—ASSISTANT EDITOR. *Accountancy*, the journal of the Institute of Chartered Accountants in England and Wales, requires an Assistant Editor. A member of the Institute, a graduate (in economics or law) or a barrister is preferred. Some journalistic experience is desirable. Commencing salary between £850 and £1,350 per annum; non-contributory pension scheme.—Apply, by letter, to the Editor, *Accountancy*, 23 Essex Street, London, W.C.2. Envelopes should be marked "Personal—Asst. Ed."

MONTHLY ECONOMIC JOURNAL, City, world-wide circulation, dealing with major commodity in international trade, requires, for permanent staff, a writer with economic background and able to handle financial topics in respect of the U.K. and elsewhere. Pension fund. Luncheon vouchers. —Write, giving details of qualifications, experience, to Box 1201.

MAGEE UNIVERSITY COLLEGE, LONDONDERRY

Applications are invited for the post of Assistant Lecturer in Economics and Political Science or History and Political Science. The appointment will be for three years commencing October, 1959. Salary scale £700 x £50 to £800 per annum (initial salary £750 at age 26). F.S.S.U. and child allowances. Preference will be given to candidates able to lecture in Economic History and Political Thought and Institutions.

Applications, with the names of two referees, should be received not later than October 3rd by the Secretary to the Trustees, Magee University College, Londonderry, from whom further particulars may be obtained.

For further appointments and other classified advertisements see page 879

MAKERERE COLLEGE,
THE UNIVERSITY COLLEGE OF EAST AFRICA

EAST AFRICAN INSTITUTE OF SOCIAL RESEARCH

Applications are invited for the post of Research Fellow to undertake a survey of the human factors affecting productivity on sugar and tea estates in Uganda for a period of eighteen months. Salary in scale: £1,200 — £1,500 per annum, entry point determined by qualifications and experience. Passages for appointee and family up to four adult passages on appointment and termination. Superannuation contribution F.S.S.U. or similar. Child allowance £50 per annum per child up to maximum of £150 per annum. Rent according to quarters provided £45 to £85 per annum, including basic furniture.

Detailed applications (six copies) naming three referees, by October 10, 1959, to Secretary, Inter-University Council for Higher Education Overseas, 29 Woburn Square, London, W.C.1, from whom further particulars may be obtained.

AIR SUBSCRIPTIONS TO *THE ECONOMIST*
22 Ryder Street, London, SW1

Subscriptions to many countries can be sent either by direct second-class airmail or in bulk by air freight for onward posting from central distribution points. Airmail is invariably more expensive but usually quicker by about 24/28 hours. Where only one service is shown this is because the alternative is either not available or not recommended.

	Airmail	Air Freight
Australia	£10 6s.	—
Canada	—	$25 or £9
Ceylon	£9 0s.	—
China	£10 6s.	—
East Africa	£9 0s.	£7 10s.
Egypt	£7 15s.	—
Europe	£6 0s.	—
Ghana	£9 0s.	£6 10s.
Gibraltar, Malta...	£5 0s.	—
Hongkong	—	£8 15s.
India	£9 0s.	£7 10s.
Indonesia	£9 0s.	—
Iran, Iraq	£7 15s.	—
Israel.....	£7 15s.	—

	Airmail	Air Freight
Japan	£10 6s.	—
Jordan	£7 15s.	—
Lebanon	£7 15s.	—
Malaya.....	£9 0s.	—
New Zealand	£10 6s.	—
Nigeria	£9 0s.	£6 10s.
Pakistan	£9 0s.	—
Philippines	£10 6s.	—
Rhodesia (N. & S.)	£9 0s.	—
S. Africa.....	£9 0s.	£7 10s.
S. America.....	£9 0s.	—
Sudan	£7 15s.	£6 15s.
USA.....	—	$25 or £9
West Indies.....	£9 0s.	—

COMPANY AFFAIRS

BOWATER PAPER

As had been expected, the interim ordinary dividend of Bowater Paper has been raised from 4½ to 5 per cent. This is the first movement in the dividend payment for three years but Sir Eric Bowater says that the increase has been designed to narrow the gap between the interim and final rates. Whether or not it foreshadows an increase in the final payment he does not say and at the moment it is best to continue to calculate the yield on a 12½ per cent dividend. On that basis the yield offered by the £1 stock at 58s. 3d. is 4.3 per cent.

The half yearly results certainly do not justify any wild optimism about the final payment. The printing dispute had only a minor effect on profits in the six months to June 30th but its adverse effects will be reflected in the results for the second half of the year. At the moment, moreover, Sir Eric cannot find any reason—apart from the printing dispute—to modify his earlier view that the full year's results will approximate to those for 1958. Sales and gross profits were better in the first half of this year than they were in the first half of 1958; in Britain the newsprint and paper mills were better employed and the volume and range of products of the packaging business of Bowaterin the market (as in fact many other shareholders did) were surprised and not a little annoyed when the jobbers in the London market suspended dealings in the shares on September 4th, ten days before the official distribution period ends. The jobbers' decision was made on the grounds that the distribution has involved an immense amount of paper work which will take them a long time to complete. This reason may seem scarcely adequate for the investor who had decided to wait until the last few days before making up his mind what action to take. Now it is impossible for the shareholder to sell through the market and he is obliged to make his own arrangements for receiving his entitlement of "Shell" and Royal Dutch shares.

	Six months ended		
	June, 30, 1958	Dec., 31, 1958	June, 30, 1959
Sales and Earnings:	£'000	£'000	£'000
Total sales.....	52,156	55,027	55,196
Trading surplus	8,795	9,350	9,066
Depreciation	2,517	2,730	2,954
Taxation	2,200	2,058	1,980
Net income	2,728	3,097	2,611

Eburite continued to expand. In North America, the mills shared in the recovery in the consumption of newsprint with the result that the Newfoundland mills have now resumed full time operation. But the recovery in consumption has not been strong enough to keep all the group's new productive facilities in North America and Britain fully employed.

There is, in fact, still a surplus of papermaking capacity and the competitive pressure on the manufacturers to keep prices down does not appear to have slackened. That is apparent in the fact that the gross trading margin to sales at 16.4 per cent in the first half of this year was slightly less than the 16.8 per cent returned in the first half of 1958 and the 17.0 per cent in the second half. The fall in the net profit margin is even more apparent: at 4.73 per cent it compares with 5.23 per cent and 5.63 per cent. That decline reflects the heavier weight of loan interest and depreciation, both arising from the installation of new capacity.

CANADIAN EAGLE

SHAREHOLDERS in Canadian Eagle who had not complied with the terms of the merger agreement with Royal Dutch/Shell or who had not disposed of their holdings

A further factor that must be considered is the possibility that holders—and former holders—of Canadian Eagle may find themselves having to pay a 10s. stamp duty unless they obtain a "transmittal form" from the London distribution agent and have surrendered their Canadian Eagle shares and claimed their Royal Dutch and Shell shares before September 14th. Shareholders, therefore, who have not yet acted must in their own interests do so immediately. Those who have recently bought in the market—and turnover has been extremely large—will also have to comply with this procedure and as it is extremely doubtful whether all will have received delivery by the official expiry date the sellers of the stock may find themselves liable for the duty. This possibility arises, again, because the jobbers have been swamped by sales.

When dealings were suspended both Canadian Eagle bearer and registered shares stood at 90s. 3d. The distribution of two Royal Dutch and three Shell for every 12 Canadian Eagle puts a current value of 89s. 3d. on each Canadian Eagle share with "Shell" quoted at 145s. 6d. and Royal Dutch at £15⅞.

GREAT UNIVERSAL STORES

MUCH the greater part of the sales of Great Universal Stores is made for cash or on short-term credits. By the end of March, 1958, the proportion done on hire purchase had been brought down to a mere 10 per cent. In the year to March 31st last HP sales, Mr Isaac Wolfson says, increased "materially" and the boom in hire purchase after the restrictions were put into cold storage must be largely responsible for the increase of 11 per cent in total sales achieved by this multiple empire. Trading profits rose by just under 6 per cent, by £1,375,438 to £24,569,202; that is less than the rise in sales because credit for the profit on HP sales is taken not at the moment of the sale but as the instalments are collected. In the latest financial year, for instance, £3,379,253 was set aside in a provision against unrealised profits on HP debts before striking the trading surplus, compared with only £326,366 in 1957-58. The total deferred profit on HP debts is now £14,915,647, which, subject to collection charges, will be brought into profit over the ensuing years as the outstanding debts are collected. That points to bigger profits in the years to come, unless short-term credit or cash sales suddenly collapse—a most unlikely contingency for such a strong and well-managed concern as GUS.

Mr Wolfson described the latest financial year as one of "consolidation and development of existing interests." The number of shops owned by the group remained practically unchanged in total and only £200,000, compared with £2,100,000 in 1957-58, was brought into the profit and loss account in respect of new subsidiaries. The decision to simplify the capital structure of the group, by replacing the minority preference shareholdings in various subsidiaries by preference shareholdings in the parent company, will permit this process of simplification and consolidation to be taken a stage further. The number of subsidiaries will be reduced and the managerial structure will become more stream-lined. If another group of stores came on to the market, Mr Wolfson would find it hard to resist a bargain, but the process of merging within the retail trade has already gone so far, in this country at least, that the eagerness to acquire new subsidiaries which once characterised GUS may not be so apparent in the future. In looking at the yield of 4.0 per cent offered by the GUS 5s. "A" shares at 44s. 3d. xd on a dividend of 35 per cent, investors may have to think in terms of the expansion of trade within an empire instead of the expansion of the empire itself.

THORN ELECTRICAL

TERMS of Thorn Electrical's twin issue of an unsecured loan stock and of ordinary shares, to raise a gross sum of £6.2 million were announced last week-end. The "rights" issue of 2,179,520 5s. ordinary shares at 25s. a share is on the basis of one new share for every three ordinary or "A" ordinary shares held. The issue of £3,500,000 of 6 per cent unsecured loan stock (1979-84) will be made at par. The holders of the present £500,000 5¾ per cent loan stock may opt for repayment in cash at par or may convert their present holdings into new 6 per cent unsecured loan stock. After deducting £500,000 to meet these conversion or repayment tenders and £117,000 to meet issue expenses, the amount available to the group from both issues will be

Company Affairs *continued on page 872.*
London and New York Stocks *on next two pages.*

LONDON AND NEW YORK STOCKS

Prices, 1959 High	Prices, 1959 Low	BRITISH FUNDS AND GUARANTEED STOCKS	Price Sept. 2, 1959	Price Sept. 9, 1959	Net Yield, Sept. 9, 1959 § £ s. d.	Gross Yield, Sept. 9, 1959 £ s. d.
		DOMINION AND COLONIAL				
$102^{1}16$	$99^{1}2$	Australia $4\frac{1}{2}\%$ 1960–62	$99^{1}2$	$99^{1}2$	4 9 0	
107^{8}	$103^{3}4$	Australia 6% 1974–76	$106^{3}4$	$106^{7}8$	5 10 0	
77	$73^{1}4$	Ceylon $4\frac{1}{2}\%$ 1973–75	$73^{1}4$	$73^{1}4$	6 15 0	
$103^{1}2$	$99^{1}2$	Jamaica 6% 1977–82	102	102	5 16 3	
$107^{5}8$	$104^{1}4$	New Zealand 6% 1976–80	$104^{1}2$	$104^{5}8$	5 11 0	
$101^{7}8$	93	Rhodesia and Nyasaland 6% 1976–79	$93^{1}4$	$93^{1}4$	6 12 0	
$74^{1}4$	$69^{1}2$	Southern Rhodesia $2\frac{1}{2}\%$ 1965–70	72*	$71^{1}2$*	6 0 0	
		CORPORATION AND PUBLIC BOARDS				
$103^{1}2$	$100^{7}16$	Agricultural Mortgage $5\frac{1}{2}\%$ 1980–85	102	$101^{1}2$	5 8 5	
$104^{3}4$	$102^{1}4$	Birmingham $5\frac{3}{4}\%$ 1974–76	103	$102^{1}2$	5 11 9	
$94^{1}2$	$92^{1}8$	Bristol 3% 1958–63	$93^{1}2$	$93^{1}2$	5 1 0	
$93^{1}2$	$94^{1}2$	Glasgow $4\frac{3}{4}\%$ 1966–68	$98^{1}4$	$98^{1}4$	5 3 0	
$101^{5}8$	$99^{1}4$	Corporation of London $5\frac{1}{4}\%$ 1976–79	$101^{1}2$	$101^{1}4$	5 5 0	
57	53	L.C.C. 3% ..... after 1920	$53^{1}2$	$53^{1}2$	5 12 0	
$64^{1}2$	$60^{1}4$	Metropolitan Water Board 'B' 3% .. 1934–2003	61	$60^{3}4$	5 5 0	
		FOREIGN BONDS				
113	$101^{1}4$	German 7% 1924 (British Enfaced 5%)	$112^{1}4$	111	...	
197	177	German $5\frac{1}{2}\%$ 1930 (Enfaced $4\frac{1}{2}\%$)	196	195	...	
48	$23^{1}4$	Greek 7% Refugee 1924	39	$41^{3}4$	Nil	
$169^{1}4$	$161^{1}4$	Japan 5% (Enfaced) 1907	$166^{3}4$	$166^{1}2$	...	
$118^{3}4$	$113^{3}4$	Japan 6% (Enfaced) 1924	$113^{3}4$	$112^{3}4$	...	
59	55	Uruguay $3\frac{1}{2}\%$ Bonds (Assented)	57	$56^{3}4$	...	

Prices, 1959 High	Prices, 1959 Low	FIXED INTEREST STOCKS	Price, Sept. 2, 1959	Price, Sept. 9, 1959	Yield, Sept. 9, 1959 £ s. d.
$102^{1}16$	$99^{1}2$	Savings Bonds 3% 1955–65	$90^{1}8$	$90^{1}4$	3 14 2
$85^{13}16$	$83^{1}8$	Funding 3% 1959–69	$83^{1}8$*	$83^{1}8$*	3 18 11
$93^{1}6$	$90^{5}16$	Funding 4% 1960–90	$91^{1}8$	$91^{1}4$	2 18 7
$83^{7}16$	$80^{7}8$	Savings Bonds 3% 1960–70	$81^{1}2$	$81^{3}8$	3 19 1
86	$83^{7}8$	Savings Bonds $2\frac{1}{2}\%$ 1964–67	$84^{1}4$	$84^{1}4$	4 0 7
$77^{3}16$	$75^{1}16$	Savings Bonds 3% 1965–75	$75^{3}4$	$75^{9}16$	3 18 6
$105^{11}16$	$102^{1}2$	Exchequer $5\frac{1}{2}\%$ 1966	103*	$102^{1}2$	2 17 1
$86^{7}8$	$83^{1}4$	Funding 3% 1966–68	$84^{3}8$	$84^{3}8$	3 19 4
$93^{1}8$	$95^{3}16$	Victory $4\frac{1}{2}\%$ 1920–76	$95^{1}4$	$95^{1}8$	3 13 7
$89^{13}16$	$87^{5}8$	Conversion $3\frac{1}{2}\%$ 1969	$87^{7}8$	$87^{13}16$	3 13 9
$101^{7}16$	$98^{5}8$	Conversion $5\frac{1}{4}\%$ 1974	$100^{7}8$	101	3 3 11
$79^{3}4$	$76^{7}8$	Treasury $3\frac{1}{2}\%$ 1977–80	$78^{1}4$	$78^{1}4$	3 13 9
$79^{1}8$	$76^{15}16$	Treasury $3\frac{1}{2}\%$ 1979–81	$77^{1}8$	$77^{1}4$	3 14 4
$104^{1}2$	$101^{1}8$	Funding $5\frac{1}{2}\%$ 1982–84	$103^{3}8$	$103^{1}4$	3 13 11
$68^{1}4$	65	Redemption 3% 1986–96	$65^{5}8$	$64^{7}8$*	3 10 10
$98^{1}8$	$97^{3}4$	Treasury 5% 1985–89	$97^{3}4$	$97^{7}16$*	3 3 7
$74^{1}16$	$71^{1}4$	Funding $3\frac{1}{2}\%$ 1999–2004	$71^{3}8$	$71^{1}4$	3 8 4
$75^{7}8$	$73^{1}16$	Consols 4% ..... after Feb. 1957	$73^{1}8$	$73^{1}4$	3 7 3
$68^{5}16$	$64^{13}16$	War Loan $3\frac{1}{2}\%$ ..... after 1952	$65^{1}4$	$65^{3}16$	3 6 5
$68^{11}16$	$64^{3}16$	Conv. $3\frac{1}{2}\%$ ..... after Apr. 1961	$64^{1}4$*	$64^{3}16$	3 6 8
60	56	Treasury $3\frac{1}{2}\%$ ..... after Apr. 1966	$56^{3}4$*	$56^{1}4$	3 5 6
$53^{5}8$	$50^{1}2$	Consols $2\frac{1}{2}\%$	$51^{5}8$*	$51^{1}4$*	2 19 4
$51^{1}8$	$47^{3}4$	Treasury $2\frac{1}{2}\%$ ..... after Apr. 1975	$47^{3}8$*	$47^{3}4$*	3 4 0
$96^{11}16$	94	British Electric $4\frac{1}{2}\%$ 1967–69	95	$94^{15}16$	3 7 9
$80^{3}16$	$77^{1}4$	British Electric 3% 1968–73	$77^{7}8$*	$77^{3}8$*	3 19 0
$76^{7}8$	$74^{1}8$	British Electric 3% 1974–77	$74^{5}8$*	$74^{3}8$*	3 16 10
$90^{15}16$	$87^{1}8$	British Electric $4\frac{1}{2}\%$ 1974–79	$88^{1}4$*	$87^{5}8$*	3 8 9
$80^{5}8$	$77^{5}16$	British Electric $3\frac{1}{2}\%$ 1976–79	$79^{1}2$	$79^{1}4$	3 13 1
$90^{7}16$	$87^{1}8$	British Gas 4% 1969–72	$88^{5}8$	$88^{3}8$	3 11 7
$87^{3}8$	$84^{3}4$	British Gas $3\frac{1}{2}\%$ 1969–71	$85^{1}4$*	$85^{1}8$	3 13 10
$69^{7}16$	$66^{5}8$	British Gas 3% 1990–95	$65^{7}4$	$66^{11}16$	3 10 4
$80^{3}16$	$77^{1}4$	British Transport 3% 1963–73	$77^{5}8$*	$77^{7}8$*	3 19 0
$87^{1}16$	84	British Transport 4% 1972–77	$86^{1}4$	$86^{1}8$	3 10 7
$69^{7}16$	$66^{1}4$	British Transport 3% 1978–88	$67^{5}8$	$66^{15}16$	3 15 0

NEW YORK CLOSING PRICES

	Sept. 2 $	Sept. 9 $		Sept. 2 $	Sept. 9 $		Sept. 2 $	Sept. 9 $
Ath. Topeka	$28^{1}4$	$27^{1}4$	Boeing	$31^{5}8$	$32^{3}8$	Inter. Nickel	98	95
Can. Pacific	$27^{3}8$	$27^{3}8$	Celanese	$30^{1}8$*	$27^{3}8$	Inter. Paper	130	$126^{1}4$
Pennsylvania	$16^{7}8$	$16^{3}4$	Chrysler	$67^{5}8$	$65^{7}8$	Kennecott	$100^{3}8$	$98^{1}2$
Union Pacific	$32^{1}2$*	$31^{7}8$	Col. Palmolive	$39^{3}4$	$37^{1}2$	Monsanto	$52^{1}8$	$49^{5}8$
Amer. Electric	$49^{5}8$	49	Crown Zeller	$57^{1}4$	57	Nat. Distillers	$30^{1}2$	$29^{7}8$
Am. Tel. & Tel.	$79^{3}4$	$77^{1}4$	Distillers Seag.	$33^{3}4$	33	Pan-American	$24^{1}2$	$22^{7}8$
Cons. Edison	$62^{1}4$	$62^{1}8$	Douglas	$44^{3}4$	$48^{3}8$	Procter Gamble	87	86
Int. Tel. & Tel.	$32^{3}4$	$31^{3}4$	Du Pont	265	$255^{1}2$	Radio Corpn.	$61^{5}8$	$57^{3}4$
Standard Gas	$4^{7}8$	$4^{3}4$	East. Kodak	$90^{3}4$	$87^{3}4$	Sears Roebuck	$47^{3}4$	47
United Corpn.	$8^{1}2$	$8^{1}2$	Ford Motor	$84^{1}2$	$79^{7}8$	Shell Oil	$82^{1}4$*	$79^{1}2$
Western Union	$38^{5}8$	38	Gen. Electric	$80^{5}8$	$77^{3}8$	Socony-Mobil	44	$42^{3}4$
Alcoa	$109^{3}4$	107	General Foods	$97^{1}8$	96	Stand. Oil Ind.	$46^{3}4$	45
Aluminium	$33^{1}2$	$32^{3}8$	General Motors	$56^{3}4$	$54^{3}4$	Stand. Oil N.J.	$50^{7}8$	$50^{5}8$
Amer. Can.	$43^{7}8$	$42^{7}8$	Goodyear	$131^{1}2$	129	20th Cent. Fox	$34^{1}8$	$32^{3}4$
Am. Smelting	43	$41^{1}2$	Gulf Oil	110	109	Union Carbide	$140^{1}4$	$136^{3}4$
Am. Viscose	$49^{1}4$	$46^{3}4$	Heinz	84	$81^{1}2$	U.S. Steel	$105^{7}8$	$103^{1}4$
Anaconda	$66^{3}4$	$64^{1}4$	Int. Bus. Mach.	414	406	West. Electric	$91^{1}4$	$87^{3}4$
Beth. Steel	$57^{5}8$	$55^{3}4$	Int. Harvester	$52^{1}2$	$50^{5}8$	Woolworth	60	$58^{3}4$

Prices, 1959 High	Prices, 1959 Low	ORDINARY STOCKS	Last Two Dividends (a) (b) (c) %	%	Price, Sept. 2, 1959	Price, Sept. 9, 1959	Yield, Sept. 9, 1959
		STEEL AND ENGINEERING					
$53^{1}2$	40/3	Colvilles £1	10 c	5 a	$37^{1}2$	38/9	6·53
72/6	60/$1^{1}2$	Dorman Long £1	4 a	8 b	35/6	36/9	6·53
72/3	54/–	Hadfields £1	10 c	5 a	$33^{1}2$	35/–	5·71
50/6	37/9	Steel Co. of Wales £1	3 a	8 b	37/–	38/6	5·71
69/–	54/3	Stewarts & Lloyds £1	10 c	5 a	$33^{1}2$	$33^{1}2$	4·92
25/6	17/–	John Summers £1	$2\frac{3}{4}$ a	$2\frac{3}{4}$ a	33/6	$43^{1}4$	4·92
54/6	$31^{7}12$	United Steel £1	5 a	$7\frac{1}{2}$ b	44/9	$41^{7}12$	5·70
84/9	67/6	John Brown £1	9 b	8 a	38/6	37/3	5·37
44/–	37/9	Cammell Laird 5/–	5 b	4 a	10/–	8/–	9·23
50/6	43/9	Swan Hunter £1	$7\frac{1}{2}$ b	$2\frac{1}{2}$ a	30/9	$30^{1}12$	6·61
$100^{7}16$	$99^{5}8$	Vickers £1	8$\frac{1}{2}$ b	$7\frac{1}{2}$ b	36/–	30/$7^{1}2$	6·53
$92^{15}16$	$90^{1}8$	Savoy £1	5 a	10 b	32/–	60/6	3·68
$85^{13}16$	$83^{1}8$	Coventry Gauge 10/–	$7\frac{1}{2}$ a	$7\frac{1}{2}$ b	47/9	36/6	4·22
$93^{1}6$	$90^{5}16$	Alfred Herbert £1	$21^{10}12$	16/9	21/–	20/$10^{1}2$	3·59
$83^{7}16$	$80^{7}8$	Ransome & Marles 5/–	10 b	5 a	49/3	39/9	3 a
86	$83^{7}8$	Renold Chains £1	$9\frac{1}{2}$ b	$9\frac{1}{2}$ b	47/6	37/–	33 a
$94^{1}2$	$92^{1}8$	Allied Ironfounders £1	$8\frac{3}{4}$ b	$8\frac{3}{4}$ b	55/–	44/–	6 a
$93^{1}2$	$94^{1}2$	Babcock & Wilcox £1	6 a	7 b	85/–	63/6	4 a
$99^{13}16$	$95^{5}16$	Metal Box £1	6 a	4 a	61/9	62/6	2·77
$104^{1}2$	$102^{1}4$	C. A. Parsons £1	3$\frac{3}{4}$ a	$4\frac{3}{8}$ b	43/3	47/6	3·42
$101^{7}16$	$98^{5}8$	John Thompson 5/–	$7\frac{1}{2}$ a	$7\frac{1}{2}$ a	20/9	20/3	5·56
$104^{1}2$	$101^{1}8$	Tube Investments £1	10 b	$7\frac{1}{2}$ a	91/9	89/3	3·92
		BUILDING, etc.					
$98^{1}8$	$97^{3}4$	Associated Portland £1	$22\frac{1}{2}$ a	$7\frac{1}{2}$ b	60/6	62/–	3·10
$74^{1}16$	$71^{1}4$	British Plaster Board 10/–	$3\frac{1}{2}$ a	$6\frac{3}{4}$ b	$22^{1}12$	22/–	4·55
$75^{7}8$	$73^{1}16$	Richard Costain £1	5 a	10 b	77/–	75/6	3·97
$68^{5}16$	$64^{13}16$	Crittall Manufacturing 5/–	10 b	5 a	11/$10^{1}2$	$12^{1}12$	6·19
$68^{11}16$	$64^{3}16$	London Brick £1	6 a	11 b	82/–	84/6	4·02
60	56	Wall Paper Defd. £1	$13\frac{1}{2}$ b	5 a	91/–	90/–	4·07
$53^{5}8$	$50^{1}2$						
$51^{1}8$	$47^{3}4$	**CHEMICALS AND PAINT**					
$96^{11}16$	94	Albright & Wilson 5/–	17 c	6 a	$29^{10}12$*	$28^{10}12$*	2·94
$80^{3}16$	$77^{1}4$	Borax Defd. 5/–	$5\frac{5}{8}$ b	$21^{12}20$	19/–	18/6	2·36
$76^{7}8$	$74^{1}8$	Brit. Ind. Plastics 2/–	$12\frac{1}{2}$ b	$7\frac{1}{2}$ a	8/3	8/–	5·00
$69^{7}16$	$66^{5}8$	Fisons £1	10 c	4 a	60/3	57/–	4·21**
$90^{15}16$	$87^{1}8$	I.C.I. £1	$2\frac{3}{4}$ a	33/$10^{1}2$	41/9	42/–	3·81
$80^{3}16$	$77^{1}4$	International Paints 4/–	6 a	14 b	14/–	14/–	5·71
$87^{1}16$	84	Monsanto 5/–	$8\frac{1}{2}$ b	5 a	19/6*	$18^{4}12$*	3·67
$69^{7}16$	$66^{1}4$	Pinchin Johnson 10/–	5 a	$11\frac{2}{3}$ b	24/3	22/3	7·49
		ELECTRICAL AND RADIO					
		A.E.I. £1	$7\frac{1}{2}$ a	$7\frac{1}{2}$ b	61/3	60/–	5·02
64/–	54/–	B.I.C.C. £1	4 a	$9\frac{1}{2}$ b	53/9	52/–	5·19
57/–	46/3	Decca Record 5/–	20 c	$5^{4}8$ a	43/3	37/$4^{1}2$	4·69
57/3	47/$4^{1}2$	E.M.I. 10/–	$11^{1}4$ c	5 a	52/–	47/$4^{1}2$	4·34
45/9	38/–	English Electric £1	$9\frac{1}{2}$ c	3 a	44/3	43/–	5·16
40/–	30/–	General Electric £1	3 a	7 b	38/3	38/9	3·85
$16^{4}12$	13/9	Pye Defd. 5/–	$12\frac{1}{2}$ c	$12\frac{1}{2}$ c	15/3	15/3	4·03
97/3	84/6	A. Reyrolle £1	$6\frac{1}{2}$ a	11 b	91/–	91/–	3·85
		MOTORS AND AIRCRAFT					
$13^{1}2$	$10^{7}8$	British Motor 5/–	$13\frac{1}{2}$ c	$5\frac{3}{4}$ a	17/6	17/3	4·56**
$12^{1}2$	$10^{3}4$	Ford Motor £1	$3\frac{1}{2}$ a	$8\frac{1}{2}$ b	77/$7^{1}2$	79/–	3·04
$12^{1}2$	$11^{1}4$	Leyland Motor £1	$12\frac{1}{2}$ c	$12\frac{1}{2}$ c	60/$4^{1}2$	58/9	4·26
8	4	Rootes Motors 4/–	$7\frac{1}{2}$ c	4 a	$12^{7}12$	$12^{10}12$	2·49
8	12	Standard Triumph 5/–	$5/11^{1}4$	8 c	$7/7^{2}3$‡‡	$7/11^{2}3$‡‡	6·32**
$31^{3}4$	$29^{3}8$	Dunlop Rubber 10/–	$9\frac{1}{2}$ b	$31^{3}4$	18/3	25/6	5·21
5	$2\frac{1}{2}$ a	Joseph Lucas £1	$2\frac{1}{2}$ a	5 b	44/3	55/–	3·77**
$7^{1}2$	$7\frac{1}{2}$ b	Pressed Steel 5/–	$7\frac{1}{2}$ b	$17^{1}2$	31/$10^{1}2$	30/3	4·13
20	10	Triplex Holdings 10/–	30	$6\frac{1}{2}$ b	68/9	$68/7^{1}2$	4·37
$3^{1}2$	$6\frac{1}{2}$ b	Bristol Aeroplane 10/–	$9/11^{1}2$	8/9	11·43		
$7^{1}2$	Nil	De Havilland £1	$14^{4}12$	13/6	...		
$5^{1}4$	$6\frac{1}{2}$ b	Dowty Group 10/–	36/–	36/6	5·16		
7	3	Hawker Siddeley £1	$31^{4}12$	$30^{7}12$	6·53		
$2\frac{1}{2}$ a	$7\frac{1}{2}$ b	Rolls-Royce £1	$44/10^{1}2$	44/9	4·47		
		PAPER AND NEWSPAPERS					
$59^{1}12$	44/6	Bowater Paper £1	$12\frac{1}{2}$ c	5 a	59/–	58/3	4·29
54/9	42/9	Albert E. Reed £1	5 a	9 b	48/–	46/6	6·02
32/9	22/–	Spicers £1	3 a	5 b	25/6	25/–	6·40
25/3	21/–	Daily Mirror 'A' 5/–	10 a	15 b	22/$7^{1}2$	21/9	5·75
32/–	24/6	Odhams Press 10/–	5 a	$12\frac{1}{2}$ b	31/9	32/–	5·47
		TEXTILES					
29/–	22/–	J. & P. Coats £1	$2\frac{1}{2}$ a	$7\frac{1}{2}$ b	28/9	27/9	7·21
25/3	18/3	Fine Spinners £1	5 a	5 b	25/3	23/9	8·42
48/$10^{1}2$	35/$4^{1}2$	Lancashire Cotton £1	$12\frac{1}{2}$ b	5 a	48/$10^{1}2$	48/$10^{1}2$	7·16
50/$7^{1}2$	35/$4^{1}2$	Patons & Baldwins £1	$2\frac{1}{2}$ a	$13\frac{1}{2}$ b	50/$4^{1}2$	50/$11^{1}2$	6·38
10 c	8 c	Salts (Saltaire) 5/–	6/$9^{3}4$	4/3	6/$9^{3}4$	6/$5^{1}4$	6·21
10 b	5 a	Woolcombers £1	50/–	10 b	60/–	60/6	4·96
Nil	$7\frac{1}{2}$ a	Bradford Dyers £1	3 a	$14^{7}12$	$18^{7}12$	$18/11^{1}2$	...
$22^{1}2$ c	$22^{1}2$ c	Calico Printers £1	$2\frac{1}{2}$ c	$6\frac{3}{4}$ b	47/–	46/9	9·63
$6\frac{3}{4}$ b	3 a	Courtaulds £1	$6\frac{3}{4}$ b	4 a	$41^{7}12$	$40^{7}12$	4·76
10 b	4 a	Jute Industries 10/–	$14^{1}2$ b	$13/10^{1}2$	14/3	$13/10^{1}2$	9·37
$7^{1}2$ c	$7\frac{1}{2}$ c	Tootal £1	$27^{1}12$	$27^{1}12$	$27^{1}12$	$27^{1}12$	5·53
		DRAPERY AND STORES					
16 c	3 a	Boots Pure Drug 5/–	$25^{1}2$*	25/–*	3·20		
10 b	5 a	Debenhams 10/–	32/3	$33^{1}12$	4·53		
$7^{1}2$ a	$27^{1}2$ b	G.U.S. 'A' 5/–	$44/41^{1}2$*	44/3*	3·93		
$12^{1}2$ b	10 a	Harrods £1	145/–^{0}p	146/–p	3·03		
40 c	15 a	House of Fraser 'A' 5/–	35/9	36/–	5·56		
16 c	$7^{1}2$ a	Lewis's Investment 4/–	24/$4^{1}2$	23/9$\frac{1}{2}$	2·69		
10-42 a	20-83 b	Marks & Spencer 'A' 5/–	60/3	59/6	2·63		
$12^{1}2$ a	$22^{1}2$ b	United Drapery 5/–	$42/41^{1}2$	41/3	4·24		
$26^{2}3$ b	$13^{1}3$ a	Woolworth 5/–	53/–	52/6	3·81		

* Ex dividend. † Tax free. ‡ Assumed average life 9 years. § Less tax at 7s. 9d. in £. ‖ Ex capitalisation. ¶ Ex rights. ‡‡ Ex all. (a) Interim dividend. (b) Final dividend. (c) Year's dividend. (d) Capital distribution 1s. 6d. per share. (e) To earliest date. (f) Flat yield. (g) Equivalent to 7·2 sterling. (h) After Rhodesian tax. (i) To latest date. (p) Assented stock.

YORK STOCKS

Prices, 1959 High	Prices, 1959 Low	ORDINARY STOCKS	Last Two Dividends (a) (b) (c) %	%	Price, Sept. 2 1959	Price, Sept. 9, 1959	Yield, Sept. 9, 1959
		BANKING					
55/–	$44/63^{4}$	Barclays £1	5 b	5 a	54/–‖	51/9‖	3·86
$53^{1}12$	40/3	Lloyds £1	10 c	5 a	$53^{1}12$	52/–	3·85
72/6	60/$1^{1}2$	Midland £1	$13^{1}2$ c	$7\frac{1}{2}$ a	70/–	68/3	4·40**
72/3	54/–	National Provincial £1	10 c	5 a	72/–	70/–	3·43**
50/6	37/9	Westminster 'B' £1	10 c	5 a	50/3	48/3	4·15
69/–	54/3	District £1	$9\frac{1}{2}$ b	$8\frac{1}{2}$ a	64/3	61/9	4·53**
25/6	17/–	Martins 5/–	16 c	8 a	22/$10^{1}2$	$21^{4}12$	3·74
54/6	$31^{7}12$	Co. Bk. of Scotland 'A' .. 10/–	5 a	$7\frac{1}{2}$ b	54/$4^{1}2$	52/6	2·38
84/9	67/6	Royal Bank of Scotland £1	9 b	8 a	81/3	79/–	4·30
44/–	37/9	Barclays D.C.O. £1	5 b	4 a	42/9	42/3	4·26
50/6	43/9	Chartered Bank £1	$7\frac{1}{2}$ a	$7\frac{1}{2}$ b	49/3	49/–	6·12
£343^{8}	£275^{8}	Royal Bank of Canada $10	$2·10c	$2·25c	£313^{4}	£313^{4}	2·65
£$23^{1}2$	£$18^{7}16$	Bank of Montreal $10	$1·60c	$1·65c	£$21^{7}16$	£$21^{3}16$	2·97
41	30/–	Bank of New South Wales .. £20	9 c	9 c	40/–	39/–	3·65g
39/9	32/3	Bank of London & S. Amer.. £1	6 b	4 a	39/3*	39/3*	5·10
		FINANCIAL					
36/–	$28/41^{2}$	Alexanders £1	5 b	$21^{2}a$	33/9	32/–	4·69
47/3	41/3	National Discount 'B' £1	7 b	$61^{4}a$	46/6	44/9	5·59**
59/6	49/–	Union Discount £1	$61^{4}a$	$61^{4}a$	53/9	51/–	4·90
52/6	40/9	Commercial Union 5/–	$181^{3}a$	$21^{2}3$ b	48/$7^{1}2$	48/6	4·12
170/–	127/6	Employers Liability £1	125$\frac{1}{2}$ a	15 b	163/9	155/–	3·55
207/6	160/–	Equity & Law 8/6	‡32·35c	‡41·17c	188/9	186/3	3·07
300/–	192/6	Legal & General 5/–	40 a	60 b	276/3	265/–	1·89
129/6	112/6	Pearl 5/–	50 b	20 a	125/3*	119/–*	4·81
270/–	210/–	Prudential 'A' 4/–	‡$147^{1}2$ c	‡$162^{1}2$ c	255/–	252/6	4·21
86/–	59/$1^{1}2$	Royal Exchange £1	10 b	8 a	84/6	81/6	3·93**
36/9	$16/2^{1}4$	Bowmaker 5/–	$83^{4}b$	$71^{2}a$	$35/41^{2}$	$35/11^{2}$	2·31
39/9	$18/7^{1}2$	Lombard Banking 5/–	$81^{2}b$	$81^{2}a$	39/6	37/–	2·30**
186/–	113/6	U.D.T. £1	4 a	21 b	184/–	182/–	2·75
41/9	34/9	B.E.T. 'A' Defd. 5/–	10 a	25 b	38/6	38/–	4·61
16/–	12/6	Cable & Wireless 5/–	10 c	10 c	$16/4^{1}2$	$15/7^{1}2$	3·20
23/9	19/3	Land Securities 10/–	2 a	$4\frac{1}{2}$ b	23/9	22/–	2·95
22/–	$14/7^{1}2$	London & County 10/–	$4^{1}4a$	$4^{1}4b$	20/6	19/6	4·27
		FOOD, DRINK AND TOBACCO					
$36/7^{1}2$	22/6	Allied Bakeries 'A' 5/–	15 c	18 c	$32/7^{1}2$	31/–	2·90
39/6	$23/4^{1}2$	Beecham Group 5/–	14 a	10 b	38/6	38/–	3·16
$12/11^{1}4$	10/6	International Tea 5/–	$2^{1}2a$	$7\frac{1}{2}$ b	$11/6$	$10/10^{1}2$	4·60
91/–	69/–	J. Lyons 'A' £1	5 a	$9\frac{1}{2}$ b	76/9	76/3	3·72
22/–	18/$10^{1}2$	Ranks 10/–	5 b	5 a	$20/10^{1}2$	21/–	4·79
27/6	$18/11^{2}$	Schweppes 5/–	$12^{1}2$ b	5 a	25/9	25/–	3·50
51/–	42/–	Tate & Lyle £1	$23^{4}b$	$7^{1}2a$	49/9	48/6	4·33
$14/10^{1}2$	$10/10^{1}2$	Unigate 5/–	...	...	$13/10^{1}2$	14/–	3·60**
57/6	43/9	Bass 5/–	36 b	10 a	55/6	54/–	4·26
28/9	$23/10^{1}2$	Distillers 10/–	4 a	$8\frac{1}{2}$ b	28/9	28/6	4·39
21/3	$14/7^{1}2$	Flowers 5/–	11 b	6 a	21/–	20/6¶	4·15
64/9	54/–	Guinness 10/–	18 b	10 a	64/6	64/–	4·38
17/–	12/7^{1}2	Ind Coope & Allsopp 5/–	10 b	4 a	16/11^{2}	15/9	4·44
77/–	38/9	Watney Mann Defd. £1	$33^{4}a$	$6\frac{3}{4}$ b	70/6	75/6	3·97
121/3	100/–	Whitbread 'A' £1	17 b	8 a	121/3	118/9	4·21
$59/7^{1}2$	$51/41^{2}$	British Amer. Tobacco .. 10/–	$†17^{1}2$ c	$†10^{3}4a$	$57/10^{1}2$	56/6	5·06
52/3	36/6	Gallaher 10/–	5 a	20 b	52/3	51/6	4·85
59/–	54/3	Imperial Tobacco £1	$12^{1}2$ b	$8^{1}2a$	58/6	57/6	7·30

Prices, 1959 High	Prices, 1959 Low	ORDINARY STOCKS	Price, Sept. 2 1959	Price, Sept. 9, 1959	Yield, Sept. 9, 1959
		MISCELLANEOUS			
20 a	40 b	Assoc. Brit. Picture 5/–	41/9	40/$10^{1}2$	7·34
$3^{1}8$ a	5 a	British Match £1	36/9	35/9	4·66**
8 b	4 a	British Oxygen £1	65/3	64/3	3·74
9/9	$8/8^{1}4$	British Ropes 2/6	9/6	9/6	4·63
$7^{1}2$ b	5 a	Glaxo 10/–	48/9	47/3	2·75
76/9	$56/41^{2}$	Hoover 'A' 5

£5,607,000—which will be used partly to repay bank overdrafts and partly to finance the group's expansion programme.

The directors say that the group's turnover for the current financial year is higher than for the same period last year and they "confidently anticipate" an increase in the trading profit: they therefore intend to maintain the dividend of 20 per cent (which last year was covered 4.2 times by earnings) on the increased capital. This puts the new 5s. ordinary shares now standing at a premium of 8s. 9d. on a yield basis of just under 3 per cent.

RADIO AND TELEVISION RESULTS

Radio and television companies whose financial years ended in the spring, have recently been reporting quite strong advances in their profits. This improvement reflects the ending of hire purchase and credit restrictions and cuts in purchase tax. This has not only boosted sales but rentals as well. The boom has left some of the manufacturers short of liquid resources. One example is **Pye** which, though it has earned high profits, has had to rely on a substantial bank overdraft in recent years. Last year, a debenture issue brought in more than £2,500,000, but even so higher sales meant that stocks and work-in-progress had the first call on the new funds, with the result that though the net overdraft was reduced by £421,000 it was still as high as £3,486,000 at the end of March. Not surprisingly, therefore, further funds have recently been raised by a "rights" issue which has brought in about £3¾ million, which is being used partly to pay off overdrafts and partly to finance further expansion.

Radio and Allied, the manufacturers of Sobell and McMichael television and radio sets and gramophones, has not had to rely on bank overdrafts. It has just published its results for its first year's trading as a public company. The prospectus had forecast a profit of more than £800,000, but helped by the boom conditions in the industry the trading profit was in fact £1,253,000 for the year to April 30th—almost £250,000 up on the year. The total distribution of 22½ per cent compares with a dividend forecast of 15 per cent. The company now claims to be among the three largest television makers in the United Kingdom.

Shareholders in **A. C. Cossor** will be pleased with the good recovery it made in the year to March 31st. The preliminary statement shows that a profit before tax of £223,000 compares with a loss of £15,000. This result owes something to the sale of the unprofitable subsidiary, Cossor Radio and Television, to Phillips. The ordinary dividend payments have been resumed with a distribution of 5 per cent, which is amply covered by earnings of 18¾ per cent. The statement by Mr Michael Sobell, the chairman of Radio and Allied, that sales and production in the current year are "appreciably higher" may be taken as an indication of the current prospects of the industry as a whole.

COPPER PROFITS

The gradual recovery in the copper price from the slump which began at the end of 1956 is reflected in the preliminary profit statement of the Rhodesian Selection Trust group of copper companies for the year ended June 30, 1959. Roan Antelope's estimated profit before tax for the year rose from £2.3 million in 1957-58 to £4.9 million in 1958-59; the gross profit per ton sold has doubled to £60. There was a small increase in sales, from 77,444 tons to 80,617 tons. As predicted in January by the chairman, Sir Ronald Prain, all the copper produced appears to have been sold, and the 52-day strike in the second half of 1958 seems to have had little effect on the year's sales or profits. The average amount received for a ton of copper rose from £177 in 1957-58 to £219 in 1958-59. Profits in the June quarter were higher than in the March quarter as an increase in sales offset the fall in prices.

Mufulira's sales were lower for the year, but the average price per ton realised was higher, and its estimated profit before tax per ton rose from £47 to £75. The estimated profit before tax for the year advanced from £4.2 million to £6.6 million.

GEORGE COHEN

The full accounts of the George Cohen 600 group, whose activities range from general engineering over the whole gamut of iron, metal and machinery merchanting, do not reflect any upturn in business in the year to March 31st last: consolidated trading profits fell from £1,813,815 to £1,308,109. A lower tax charge of £650,000 (against £997,000) left the consolidated net profit at £657,739, compared with £817,177. Sales fell by 15 per cent from £32.7 million to £27.6 million and the fall of 19 per cent in the net profits must therefore reflect narrower margins.

But shareholders may gain some comfort from the remarks made by the chairman, Mr Cyril Cohen, about trading prospects. In the last quarter of the financial year trading profits showed "a welcome upsurge," although the rise was too late to offset fully the decline over the previous nine months. The group's order book is now "healthier" and, he says, "trends are better." Even so, Mr Cohen is still cautious: and he is careful not to predict any "material change" in the level of profits in the current year. The 5s. ordinary shares at 13s. 3d. now offer a yield of 4.3 per cent on the 12 per cent dividend which is, in spite of the fall in profits, still covered 2½ times by earnings.

BRITISH MATCH

In last week's note in these columns on British Match it was said that sales of matches by the corporation's associated and subsidiary companies overseas had trebled since 1953. In fact, they rose from 29.8 million gross boxes in 1953 to 32.9 million in 1958.

London Stock Exchange

FIRST DEALINGS:	Sept. 2	Sept. 16	Sept. 30
LAST DEALINGS:	Sept. 15	Sept. 29	Oct. 13
ACCOUNT DAY:	Sept. 22	Oct. 6	Oct. 20

The general election has been the major factor influencing the stock market this week. Conditions were unsettled before last weekend and the decline in Wall Street prompted some selling. The beginning of the week saw a further stream of selling orders from outside London, but later conditions became firmer following the news of the election date and equities, in particular, rallied strongly from their recent setback, reflecting the market's confidence in a Conservative victory at the election.

Gilt-edged stocks remained under the influence of the rising trend of overseas interest rates until the end of last week, but with no sharp rise in the United States discount rate and with the United Kingdom Treasury bill rate unaltered, the tone became firmer after the weekend. Business was rather thin early in the week, but the trend was decidedly better. Short-dated stocks attracted little attention, although some buyers appeared on Wednesday and Thursday and 2½ per cent Funding (1956-61) rose from 97¼ to 97$^{21}/_{32}$. Medium dated stocks were patchy at first, but later scored numerous small gains. Typical of the movement was 4 per cent Gas (1969-72), which rose from 88$^{7}/_{16}$ to 88$^{5}/_{8}$. Among irredeemables 3½ per cent War Loan gained ¼ to 65$^{1}/_{32}$ after touching a "low" of 64$^{13}/_{16}$.

Industrial equities were rather weak until the election date was announced. Thereafter, many gains were recorded, but over the period *The Economist* indicator lost 1.9 points to 293.1 After their recent rise there was some heavy selling of hire purchase shares and prices reacted. Later, however, a good market once again developed and over the period there were some small net gains with Bowmaker putting on 9d. to 35s. 1½d. and UDT 2s. to 182s. Stores have lost much of their recent brightness, but House of Fraser and Harrods remained active. Before the weekend steel equities were marked down but later speculation led to some spectacular rises and dealings in options became hectic. John Summers was outstanding and put on 6s. net to 43s. 4½d. after falling to 35s. at one time. More typical was Steel of Wales which made a net gain of 2s. 3d. to 35s.

With interest concentrated on industrial equities the oil and mining sections of the market remained rather quiet. Oil shares, where they did move at all, fell in sympathy with the general trend in Wall Street, though BP managed to put on 1s. to 56s. Shell, on the other hand, lost the same amount to 148s. 9d. Gold shares were quiet throughout and there were few price changes with both the Johannesburg and New York markets closed over a long weekend. Copper shares were largely neglected and lead and zinc shares were lower.

Money and Exchanges

EXCHEQUER RETURNS

For the week ended September 5, 1959, there was an "above-line" deficit (after allowing for sinking funds) of £17,192,000 compared with a deficit in the previous week of £16,120,000 and a deficit of £13,009,000 in the corresponding period of last year. There was a net expenditure "below-line" of £35,566,000 leaving a total cumulative deficit to date of £389,529,000 compared with £356,375,000 in 1958-59.

£'000	Estimate 1959-60	April 1, 1958, to Sept. 6 1958	April 1, 1959, to Sept. 5, 1959	Week ended Sept. 6, 1958	Week ended Sept. 5, 1959
Ord. Revenue					
Income Tax	2147,000	599,069	604,940	22,785	26,151
Surtax	171,000	34,400	35,200	800	800
Death Duties	195,000	78,900	98,400	2,600	3,600
Stamps	68,000	24,000	37,700	1,200	1,800
Profits tax, EPT and EPL	274,000	124,000	119,200	7,300	8,900
Other Inland Revenue Duties	1,000	70	50	...	...
Total Inland Revenue	2856,000	861,239	895,490	34,685	41,251
Customs	1285,500	560,800	590,845	24,351	27,609
Excise	864,500	425,940	414,690	18,865	17,870
Total Customs and Excise	2150,000	986,740	1005,535	43,216	45,479
Motor Duties	104,000	21,925	22,277	718	415
PO (Net Receipts)	...	50	...	50	...
Broadcast Licences	35,000	9,400	9,700	...	...
Sundry Loans	30,000	22,276	18,090	9,216	...
Miscellaneous	150,000	25,127	55,930	405	1,055
Total	5325,000	1926,757	2007,022	88,290	88,200
Ord. Expenditure					
Debt Interest	600,000	298,781	272,225	30,322	22,194
Payments to Northern Ireland Exchequer	79,000	30,990	33,758	2,631	2,678
Other Consolidated Funds	10,000	4,117	3,807	106	...
Supply Services	4523,531	1723,954	1798,031	63,000	75,550
Total	5212,531	2057,842	2107,821	96,059	100422
Sinking Funds	39,000	17,120	16,410	5,240	4,970
"Above-line" Surplus or Deficit	—	148,205	117,209	13,009	17,192
"Below-line" Net Expenditure*	208,170	272,320	21,336	33,566	
Total Surplus or Deficit	356,375	389,529	34,345	50,758	
Net receipts from:					
Tax Reserve Certificates	126,961	81,465	3,941	9,482	
Savings Certificates	42,300	39,200	7,600	800	
Defence Bonds	27,972	64,328	3,931	3,022	
Premium Savings Bonds	29,515	23,910	2,360	1 400	
Total	226,748	208,903	17,832	14,704	

* Net receipts of the Civil Contingencies fund £10 million in 1959/60 compared with £15 million in 1958/59.

FLOATING DEBT
(£ million)

	Treasury Bills: Tender	Treasury Bills: Tap	Ways and Means Advances: Public Dept.	Ways and Means Advances: Bank of England	Total Floating Debt
1958					
Sept. 6	3,270·0	1,644·6	175·1	1·3	5,090·9
1959					
June 6	2,990·0	2,035·0	258·0	...	5,283·0
,, 13	3,030·0	2,032·1	260·1	4·5	5,326·6
,, 20	3,060·0	2,022·3	288·9	...	5,371·2
,, 30	5,103·8		286·1	...	5,389·9
July 4	3,070·0	2,091·8	290·0	...	5,451·8
,, 11	3,080·0	2,113·9	269·7	0·3	5,463·9
,, 18	3,070·0	2,125·9	257·7	...	5,453·6
,, 25	3,090·0	2,132·3	234·9	...	5,457·2
Aug. 1	3,110·0	2,319·0	221·9	...	5,400·9
,, 8	3,130·0	2,076·1	234·5	...	5,440·6
,, 15	3,160·0	1,928·7	240·9	...	5,329·6
,, 22	3,220·0	1,886·7	247·1	...	5,353·9
,, 29	3,250·0	1,891·2	214·5	3·0	5,358·7
Sept. 5	3,260·0	1,886·4	247·1	1·3	5,394·8

THE MONEY MARKET

For the fifth successive week, the syndicate maintained its bid at £99 2s. 7d. at last Friday's Treasury bill tender, and the average rate of discount was only slightly higher at £3 9s. 9.53d. The tender was raised by £20 million to £290 million and the market's allotment at the basic price jumped from 61 per cent to 80 per cent. Total applications were £17 million lower at £396 million, and it is clear that with the present uncertainty about the course of money rates outside tenderers are holding off from bidding to some extent. This week the tender is again for £290 million while maturities will be £260 million.

In New York the discount rate on 91 day bills rose further from 3.889 per cent to 3.979 per cent; the rate on 182 day bills rose from £4.468 per cent. to 4.473 per cent.

A large amount of help was given to the market on Thursday of last week. On Saturday the authorities gave a very small amount of assistance. This week funds have just about been adequate to finance the large intake of new bills. There has been a fair business in bills mostly at 3 27/64 per cent.

MONEY RATES

LONDON

	%		%
Bank rate (from 4½%, 20/11/58)	4	Discount rates:	
Deposit rates (max.):		Bank bills:	
Banks	2	60 days	$3^{9}/_{16}$–$3^{5}/_{8}$
Discount houses	2–$2^{1}/_{4}$	3 months	$3^{9}/_{16}$–$3^{5}/_{8}$
Money:		4 months	$3^{9}/_{16}$–$3^{5}/_{8}$
Day-to-Day	$2^{3}/_{8}$–$3^{1}/_{4}$	6 months	$3^{9}/_{16}$–$3^{11}/_{16}$
Treasury Bills:		Fine trade bills:	
2 months	$3^{15}/_{32}$	3 months	$4^{1}/_{4}$–5
3 months	$3^{1}/_{2}$	4 months	$4^{1}/_{4}$–5
		6 months	$4^{1}/_{2}$–$5^{1}/_{4}$

NEW YORK

	%		%
Official discount rate: (from 3%, 29/5/59)	$3^{1}/_{2}$	Treasury Bills:	
		August 31	3·889
		September 4	3·979

BANK OF ENGLAND RETURNS

(£ million)	Sept. 10, 1958	Sept. 2, 1959	Sept. 9, 1959
Issue Department:			
Notes in circulation	2,029·7	2,122·1	2,115·1
Notes in banking department	20·6	28·3	35·3
	2,046·3	2,146·7	2,146·7
Govt. debt and securities*	0·7	0·8	0·8
Other securities	0·4	0·4	0·4
Gold coin and bullion	3·0	2·5	2·5
Coin other than gold coin			
Banking Department:			
Deposits:			
Public accounts	11·0	12·3	10·2
Bankers	217·2	220·7	230·7
Others	70·9	61·3	61·6
Total	299·1	294·3	302·5
Securities:			
Government	265·8	243·5	250·7
Discounts and advances	8·1	12·7	11·8
Other	20·4	22·5	22·5
Total	295·3	283·7	285·0
Banking department reserve	22·3	29·1	36·1
"Proportion"	% 7·4	% 9·8	% 11·9

* Government debt is £11,015,100, capital £14,553,000. Fiduciary issue reduced by £50 million to £2,150 million on August 26th.

TREASURY BILL TENDERS

Date of Tender	Amount (£ million): Offered	Applied for	Allotted	Three Months' Bills: Average Rate of Allotment	Allotted at Max. Rate*
				s. d.	%
1958 Sept. 5	270·0	434·6	270·0	74 0·93	64
1959					
June 5	270·0	407·0	270·0	68 6·63	52
,, 12	260·0	425·0	260·0	69 0·02	49
,, 19	240·0	410·5	260·0	69 0·40	51
,, 26	260·0	405·7	260·0	69 0·52	53
July 3	260·0	409·5	260·0	69 0·06	49
,, 10	260·0	431·2	250·0	69 0·22	43
,, 17	250·0	409·9	250·0	69 0·16	46
,, 24	230·0	389·2	230·0	69 0·13	43
,, 31	220·0	385·1	210·0	69 8·18	23
Aug. 7	230·0	368·8	230·0	69 7·97	52
,, 14	250·0	407·2	250·0	69 8·13	44
,, 21	260·0	414·3	260·0	69 8·39	49
,, 28	270·0	413·4	270·0	69 9·03	61
Sept. 4	290·0	396·4	290·0	69 9·53	80

* On September 4th tenders for 91 day bills at £99 2s. 7d. secured 80 per cent, higher tenders being allotted in full. The offer this week was for £290 million of 91 day bills.

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

	Official Rates: September	Market Rates: Spot: September 3	September 4	September 5	September 7	September 8	September 9
United States $	2·78–2·82	$2·80^{3}/_{16}$–$^{5}/_{16}$	$2·80^{1}/_{4}$–$^{3}/_{8}$	$2·80^{3}/_{16}$–$^{5}/_{16}$	$2·80^{1}/_{8}$–$90^{1}/_{4}$	$2·80^{3}/_{16}$–$^{5}/_{16}$	$2·80^{3}/_{16}$–$^{5}/_{16}$
Canadian $	...	$2·67^{9}/_{16}$–$^{11}/_{16}$	$2·67^{3}/_{8}$–$67^{1}/_{2}$	$2·67^{1}/_{4}$–$67^{3}/_{8}$	$2·67^{1}/_{4}$–$67^{3}/_{8}$	$2·67^{3}/_{16}$–$^{5}/_{16}$	$2·67^{1}/_{16}$–$^{3}/_{16}$
French Fr.	13·622–14·027	$13·73^{3}/_{8}$–$^{7}/_{8}$	$13·74$–$74^{1}/_{4}$	$13·73^{7}/_{8}$–$74^{1}/_{8}$	$13·73^{1}/_{4}$–$73^{1}/_{4}$	$13·73^{3}/_{4}$–74	$13·73^{7}/_{8}$–$74^{1}/_{8}$
Swiss Fr.	11·94–12·54$^{7}/_{8}$	$12·11^{3}/_{8}$–$^{7}/_{8}$	$12·11^{7}/_{8}$–$12^{1}/_{8}$	$12·11^{3}/_{4}$–12	$12·11^{3}/_{4}$–$11^{1}/_{2}$	$12·10^{3}/_{4}$–11	$12·10^{7}/_{8}$–$11^{1}/_{8}$
Belgian Fr.	137·96–142·05	140·05–10	$140·12^{1}/_{2}$–$17^{1}/_{2}$	$140·07^{1}/_{2}$–$12^{1}/_{2}$	140·05–10	$140·07^{1}/_{2}$–$12^{1}/_{2}$	140·10–15
Dutch Gld.	10·48–10·80	$10·59^{3}/_{4}$–60	$10·60$–$60^{1}/_{4}$	$10·59^{3}/_{8}$–$^{7}/_{8}$	$10·59^{1}/_{2}$–$59^{3}/_{4}$	$10·59^{3}/_{8}$–$^{5}/_{8}$	$10·59^{3}/_{8}$–$^{5}/_{8}$
W. Ger. D-Mk.	$11·59^{1}/_{4}$–$11·92^{3}/_{4}$	$11·72^{3}/_{8}$–$^{7}/_{8}$	$11·73$–$73^{1}/_{4}$	$11·72^{3}/_{4}$–73	$11·72^{3}/_{8}$–$^{5}/_{8}$	$11·72^{1}/_{2}$–$72^{3}/_{4}$	$11·72^{1}/_{2}$–$72^{3}/_{4}$
Portug. Esc.	$79·00^{3}/_{4}$–$92·00^{1}/_{2}$	80·15–30	80·15–30	80·15–30	80·15–30	80·15–30	80·15–30
Italian Lire	1725–1775	$1738^{3}/_{4}$–1739	$1739^{3}/_{8}$–$^{5}/_{8}$	$1738^{7}/_{8}$–$391^{3}/_{8}$	$1738^{1}/_{2}$–$383^{1}/_{4}$	1739–$39^{1}/_{4}$	$1739^{1}/_{8}$–$^{3}/_{8}$
Swedish Kr.	$14·37^{3}/_{4}$–$14·59^{1}/_{4}$	$14·49^{3}/_{4}$–50	$14·50^{1}/_{2}$–$50^{3}/_{4}$	$14·50^{1}/_{2}$–$^{3}/_{4}$	$14·49^{3}/_{4}$–50	$14·50$–$50^{1}/_{4}$	$14·50^{1}/_{4}$–$50^{1}/_{2}$
Danish Kr.	$19·06^{1}/_{2}$–$19·62$	$19·34^{1}/_{2}$–$34^{3}/_{4}$	$19·34^{1}/_{2}$–$^{3}/_{4}$	$19·34^{1}/_{2}$–$^{3}/_{4}$	$19·33^{1}/_{2}$–$33^{3}/_{4}$	$19·33^{1}/_{2}$–$33^{3}/_{4}$	$19·33^{1}/_{2}$–$33^{3}/_{4}$
Norwegian Kr.	$19·71$–$20·30^{1}/_{2}$	$20·00^{1}/_{2}$–$00^{3}/_{4}$	$20·00^{3}/_{4}$–01	$20·00^{3}/_{4}$–01	$20·00^{1}/_{2}$–$00^{3}/_{4}$	$20·00^{3}/_{8}$–$^{7}/_{8}$	$20·00^{3}/_{4}$–01
One Month Forward Rates							
United States $		$^{1}/_{16}$–$3^{1}/_{16}$c. dis	$^{1}/_{16}$–$3^{1}/_{16}$c. dis	$^{1}/_{16}$–$3^{1}/_{16}$c. dis	par–$1^{8}/_{16}$c. dis	par–$1^{8}/_{16}$c. dis	par–$1^{8}/_{16}$c. dis
Canadian $		$^{5}/_{8}$–$^{3}/_{4}$c. dis	$^{5}/_{8}$–$^{3}/_{4}$c. dis	$^{5}/_{8}$–$^{3}/_{4}$c. dis	$^{9}/_{16}$–$1^{11}/_{16}$c. dis	$^{9}/_{16}$–$1^{11}/_{16}$c. dis	$^{9}/_{16}$–$1^{11}/_{16}$c. dis
French Fr.		$1^{1}/_{2}$–$^{3}/_{4}$c. dis	$1^{1}/_{2}$–$^{3}/_{4}$c. dis	$1^{1}/_{2}$–$^{3}/_{4}$c. dis	$1^{1}/_{4}$–$^{3}/_{4}$c. pm	$1^{1}/_{4}$–$^{3}/_{4}$c. pm	$1^{1}/_{4}$–$^{3}/_{4}$c. pm
Swiss Fr.		$1^{1}/_{4}$–5c. pm	$1^{3}/_{8}$–$^{7}/_{8}$c. pm	$1^{3}/_{8}$–$^{7}/_{8}$c. pm	$1^{1}/_{4}$–$1^{7}/_{8}$c. pm	$1^{1}/_{4}$–$1^{7}/_{8}$c. pm	$1^{3}/_{8}$–$^{7}/_{8}$c. pm
Belgian Fr.		par–5c. dis	par–5c. dis	par–5c. dis	5c. pm–par	5c. pm–par	5c. pm–par
Dutch Gilf.		$^{7}/_{8}$–5c. pm	1–$^{3}/_{4}$c. pm	1–$^{3}/_{4}$c. pm	1–$^{3}/_{4}$c. pm	1–$^{3}/_{4}$c. pm	1–$^{3}/_{4}$c. pm
W. German D-Mk.		$^{1}/_{2}$–$1^{1}/_{4}$pf. pm	$^{1}/_{2}$–$1^{1}/_{4}$pf. pm	$^{1}/_{2}$–$1^{1}/_{4}$pf. pm	$^{1}/_{2}$–$1^{1}/_{4}$pf. pm	$^{5}/_{8}$–$^{3}/_{4}$pf. pm	$^{5}/_{8}$–$^{3}/_{4}$pf. pm
Three Months Forward Rates							
United States $		$^{1}/_{4}$–$^{3}/_{8}$c. dis	$^{3}/_{16}$–$^{5}/_{16}$c. dis	$^{3}/_{16}$–$^{5}/_{16}$c. dis	$^{3}/_{16}$–$^{5}/_{16}$c. dis	$^{3}/_{16}$–$^{5}/_{16}$c. dis	$^{3}/_{16}$–$^{5}/_{16}$c. dis
Canadian $		$1^{11}/_{16}$–$1^{13}/_{16}$c. dis	$1^{11}/_{16}$–$1^{13}/_{16}$c. dis	$1^{11}/_{16}$–$1^{13}/_{16}$c. dis	$1^{11}/_{16}$–$1^{13}/_{16}$c. dis	$1^{13}/_{16}$–$1^{15}/_{16}$c. dis	$1^{13}/_{16}$–$1^{15}/_{16}$c. dis
Swiss Fr.		$3^{3}/_{8}$–$3^{1}/_{2}$c. pm	$3^{3}/_{8}$–$3^{1}/_{2}$c. pm	$3^{3}/_{8}$–$3^{1}/_{2}$c. pm	$3^{1}/_{4}$–3c. pm	$3^{1}/_{4}$–3c. pm	$3^{3}/_{8}$–$3^{1}/_{2}$c. pm
W. German D-Mk.		$1^{1}/_{4}$–1pf. pm	$1^{1}/_{4}$–1pf. pm	$1^{1}/_{4}$–1pf. pm	$1^{1}/_{2}$–$1^{1}/_{4}$pf. pm	$1^{1}/_{2}$–$1^{1}/_{4}$pf. pm	$1^{1}/_{2}$–$1^{1}/_{4}$pf. pm
Gold Price at Fixing							
Price (s. d. per fine oz.)		250/9	250/8	...	$250/8^{1}/_{2}$	250	$250/7^{1}/_{2}$

UK External Trade

Imports are valued cif: exports fob.
Total trade unless otherwise stated.

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

BRITISH			
Prices and Wages	Aug. 22nd	External Trade	This week
Manpower and Output	Aug. 15th	Industrial Profits	Sept. 5th
OVERSEAS			
Western Europe	Aug. 29th	United States	Aug. 22nd

	Unit	Monthly averages			1958			1959				
		1956	1957	1958	May	June	July	March	April	May	June	July
VALUE												
Imports:												
Total	£ million	321·7	336·8	312·5	305·3	294·5	334·0	322·5	345·8	310·9	331·6	352·9
Food, drink and tobacco	,,	119·6	123·3	124·4	118·8	118·1	133·9	130·9	134·9	114·7	120·6	128·2
Basic materials	,,	91·2	96·7	75·0	72·8	74·5	78·6	68·1	75·7	72·6	79·4	85·6
Fuels	,,	34·5	38·8	36·7	37·8	33·1	39·6	40·8	45·9	43·0	38·6	40·7
Manufactures	,,	75·2	76·9	75·1	74·9	67·2	80·4	81·5	88·2	79·7	91·6	97·0
Exports of UK produce:												
Total	,,	261·5	274·2	264·3	284·0	221·1	283·2	270·7	295·6	299·2	251·6	287·8
Manufactures—Total	,,	216·6	227·8	222·0	241·2	185·0	242·4	228·8	254·4	254·8	214·0	247·3
,, Metals	,,	36·7	39·7	35·9	39·0	29·3	36·5	33·8	38·7	38·1	31·9	39·7
,, Engineering products	,,	104·7	111·8	115·2	127·3	98·7	131·2	123·5	141·4	138·2	114·4	130·9
,, Textiles(2)	,,	24·5	25·0	21·2	21·9	17·9	21·5	19·4	21·2	22·4	18·3	21·8
Re-exports	,,	11·9	10·8	11·7	14·3	8·2	11·8	12·8	11·3	10·2	10·0	9·3
Balance of trade (exports *less* imports):	,,	−48·2	−51·8	−36·5	− 7·0	−65·2	−38·9	−39·0	−39·0	− 1·5	−70·0	−55·8
VOLUME(7)												
Imports:												
Total	1954=100	110	114	114	110[4]	...	113[5]	116[3]	...	123[4]	...	131
Food, drink and tobacco	,,	109	113	119	116[4]	...	118[5]	122[3]	...	117[4]	...	...
Basic materials	,,	102	106	94	93[4]	...	90[5]	93[3]	...	100[4]	...	...
Fuels	,,	115	114	124	116[4]	...	128[5]	134[3]	...	154[4]	...	...
Manufactures	,,	125	130	132	125[4]	...	131[5]	132[3]	...	150[4]	...	...
Exports:												
Total	,,	113	116	111	108[4]	...	109[5]	110[3]	...	118[4]	...	121
Manufactures	,,	115	118	113	110[4]	...	111[5]	112[3]	...	120[4]	...	...
BY AREA												
Imports:												
Dollar area—Total	£ million	70·9	80·3	65·5	66·6	64·1	68·9	60·3	65·4	60·8	69·0	70·8
,, ,, USA	,,	33·9	40·1	29·2	25·0	21·1	27·5	24·5	27·0	24·7	29·0	28·2
,, ,, Canada	,,	29·0	26·7	25·7	30·1	32·9	30·4	22·8	25·0	23·7	28·5	28·8
Non-sterling OEEC countries	,,	79·4	80·6	80·1	78·7	80·5	86·9	82·6	86·6	82·6	89·9	96·0
Sterling area	,,	124·5	127·0	117·2	116·1	113·8	127·7	127·2	133·2	117·4	121·1	128·2
Exports(6):												
Dollar area—Total	,,	45·1	47·7	48·9	55·2	45·0	51·2	51·7	67·4	64·2	56·5	60·8
,, ,, USA	,,	21·5	21·5	24·4	24·3	22·5	23·9	28·2	37·5	35·0	31·9	33·0
,, ,, Canada	,,	15·2	16·6	16·1	21·7	16·4	19·7	15·1	21·7	21·4	15·7	20·5
Non-sterling OEEC countries	,,	74·8	78·0	72·7	77·0	62·6	75·2	78·5	86·6	81·0	69·4	80·1
Sterling area	,,	119·9	124·5	120·5	129·9	97·7	135·4	113·6	118·4	125·5	104·5	120·9
Balance of trade (exports *less* imports):												
Dollar area	,,	−25·8	−32·6	−16·6	−11·4	−19·1	−17·7	− 8·6	+ 2·0	+ 3·4	−12·5	−10·0
Non-sterling OEEC countries	,,	− 4·6	− 2·6	− 7·4	− 1·7	−17·9	−11·7	− 4·1	Nil	− 1·6	−20·5	−15·9
Sterling area	,,	− 4·6	− 2·5	+ 3·3	+13·8	−16·1	+ 7·7	−13·6	−14·7	+ 8·1	−16·6	− 7·3
TRADE IN SELECTED COMMODITIES												
Imports:												
Wheat	'000 tons	398·4	377·5	376·8	393·4	440·1	518·9	395·0	459·8	349·4	352·9	407·4
Meat	,,	72·4	74·2	69·5	50·8	64·0	72·1	90·1	76·2	60·4	50·7	78·8
Sugar, unrefined	,,	194·3	235·0	220·1	243·5	170·8	181·2	233·9	245·8	203·2	203·3	193·1
Raw cotton(1)	,,	27·0	30·6	21·5	19·1	23·4	23·0	21·6	19·3	18·2	29·2	31·9
Raw wool, sheep's and lambs'(1)	mn. lb.	53·2	51·6	51·2	52·7	45·8	28·5	79·3	77·3	61·3	58·9	63·6
Rubber, natural and synthetic(1)	'000 tons	18·2	22·7	17·0	6·5	21·5	22·9	16·6	17·0	14·5	13·5	16·5
Softwood(2)	'000 stds.	104·8	119·8	106·4	73·4	131·4	188·8	55·4	78·5	92·7	162·9	197·9
Woodpulp	'000 tons	183·3	178·2	175·2	195·2	190·5	177·2	170·2	171·5	189·5	177·0	151·4
Crude petroleum	mn. galls.	618	604	732	723	684	772	818	968	981	845	862
Exports of UK produce:												
Coal, including bunkers	'000 tons	812	666	403	426	410	475	311	274	279	295	368
Woven piece-goods—cotton(2)	mn. sq. yds.	40	38	32	34	26	31	27	29	33	25	28
,, ,, ,, wool(2)	'000 sq. yds.	9,107	9,029	7,887	7,818	6,937	7,938	7,951	8,658	9,672	7,157	7,305
Passenger cars and chassis	number	27,848	35,360	40,336	47,641	31,975	49,945	41,590	55,358	60,349	47,586	53,561
Commercial vehicles and chassis	,,	10,506	10,216	9,306	10,212	6,116	11,360	9,655	10,791	12,995	9,953	11,903
Agricultural tractors	,,	7,482	9,411	8,711	10,149	8,665	11,734	8,906	11,441	11,350	9,609	9,657
Machinery—electrical	£'000	5,314	5,612	5,836	6,541	4,861	6,655	5,258	5,909	6,323	5,573	6,097
,, other	,,	38,657	42,211	42,784	46,913	37,218	45,103	45,936	50,164	51,840	42,629	49,456
Chemicals, elements and compounds	,,	4,948	5,219	5,025	5,053	4,552	5,165	5,782	6,272	6,257	5,337	6,409

(1) Retained imports. (2) Owing to changes in classification, 1959 figures are not strictly comparable with those for earlier years. (3) Average for first quarter. (4) Average for second quarter. (5) Average for third quarter. (6) Annual figures include re-exports of second-hand aircraft and exposed cinematograph film. (7) In 1959, indices for total imports and exports, but not for the classes, are adjusted to include trade with the Channel Islands.

Abridged Particulars

The List of Applications will open at 10 a.m. on the 17th September, 1959, and will close on the same day.

MERCANTILE CREDIT COMPANY LIMITED

(Incorporated under the Companies Act, 1929)

SHARE CAPITAL

Authorised		Issued or to be Issued and Fully Paid
£1,512,880	in 5½% Redeemable Cum. Pref. Shares of £1 each	£1,512,880
£2,500,000	in 6½% Cum. Pref. Shares of £1 each	£2,500,000
£6,100,000	in Ordinary Shares of 5s. each	£6,100,000
£ 387,120	in Unclassified Shares of £1 each	—
£10,500,000		£10,112,880

ISSUE OF

2,500,000 6½% CUMULATIVE PREFERENCE SHARES OF £1 EACH AT PAR

Payable as follows:

On application	10s. 0d. per share
On 26th November, 1959	10s. 0d. per share
	20s. 0d. per share

The Prospectus will state (inter alia) that:

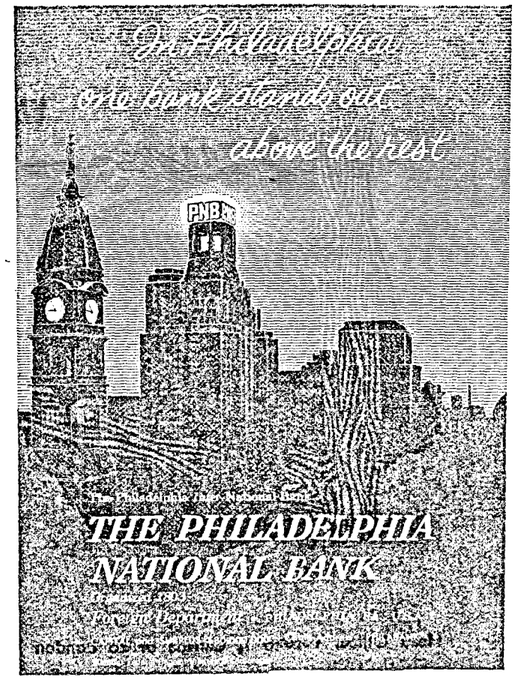
1. The Company was incorporated in 1934. Its business which is carried on directly or through subsidiaries in Great Britain, Ireland, the Union of South Africa and the Federation of Rhodesia and Nyasaland, covers virtually the entire field of hire purchase finance, and there are over 70 branches in the British Isles.
2. The adjusted profits of the Group (before tax) increased from £626,575 in respect of the year ended 30th September, 1954, to £968,402 in respect of the year ended 30th September, 1958. Hire purchase and other instalment debtors, less provision for doubtful debts, grew from £11,491,430 at 30th September, 1954, to approximately £49,500,000 at 30th June, 1959.
3. The Directors anticipate that, subject to unforeseen circumstances, the profits of the Group (before tax) for the year ending 30th September, 1959, will be approximately £2,000,000.
4. The estimated net assets of the Group at 30th September, 1959, together with the estimated net proceeds of the present issue, will be sufficient to cover the whole of the Preference capital nearly 2½ times. The estimated net profits for the year ending 30th September, 1959, after deducting tax at current rates, will be sufficient to cover more than 6½ times the net dividends on the whole of the Preference capital.

Copies of the Prospectus and Forms of Application (on the terms of which alone applications will be considered) will be obtainable on 14th September, 1959, from:

The Head Offices and all Branches of the Company and its subsidiaries in Great Britain and Ireland:

Mercantile Credit Company Limited
Mutual Finance Limited
United Motor Finance Corporation Limited
Mercantile Credit Company of Ireland Limited
Manchester Auto Finance Company Limited
Dunelm Trust Limited

From any Branch of Westminster Bank Limited and Martins Bank Limited
from
James Capel & Co., 1, London Wall Buildings, London, E.C.2.
and from
Edward de Stein & Co., 14, Austin Friars, London, E.C.2.



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COMPANY LIMITED
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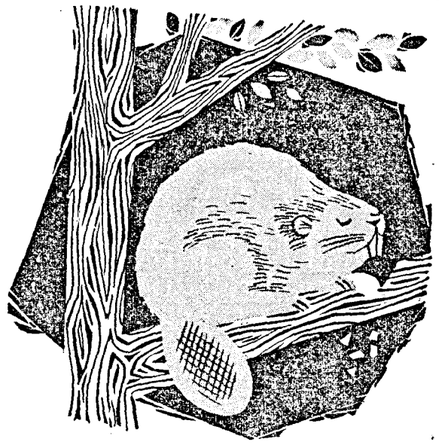
working on a Canadian branch?



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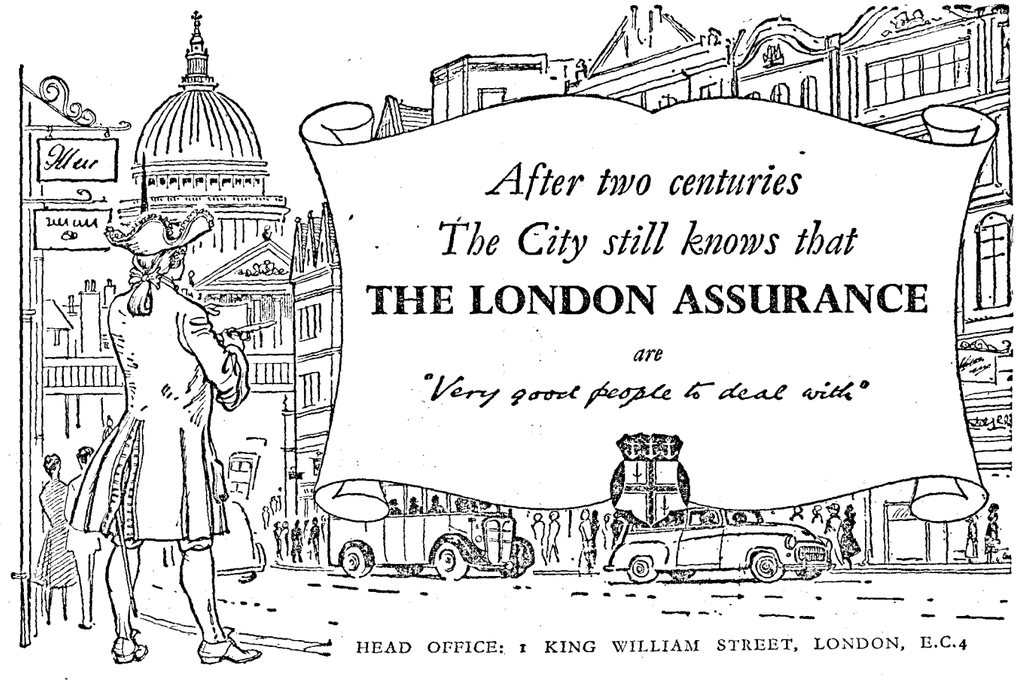

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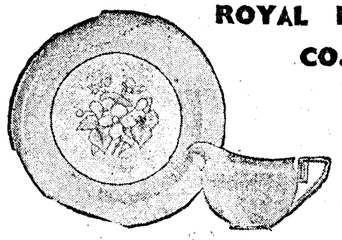

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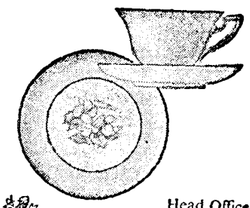
MIDLAND EMPLOYERS' MUTUAL ASSURANCE LTD



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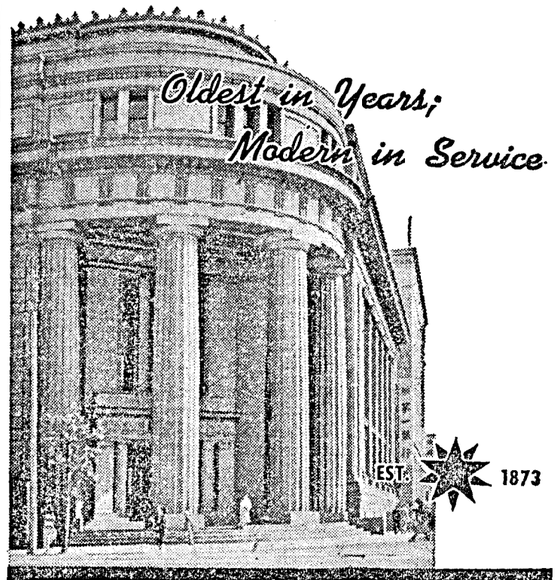

THE DAI-ICHI BANK, LTD.
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New York Agency: NEW YORK
Overseas Representative Office: LONDON, CHICAGO

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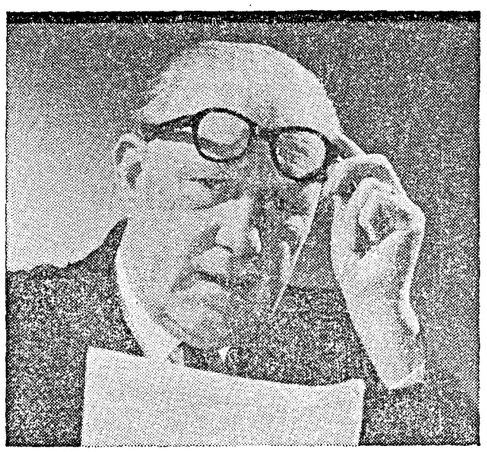

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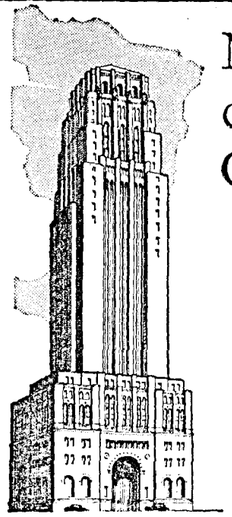

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Applications should be addressed to the Personnel Officer, *Philips Electrical Ltd., Nine Road, Millbank Junction, Surrey* quoting ref. JEG/PT.

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For other appointments see page 886

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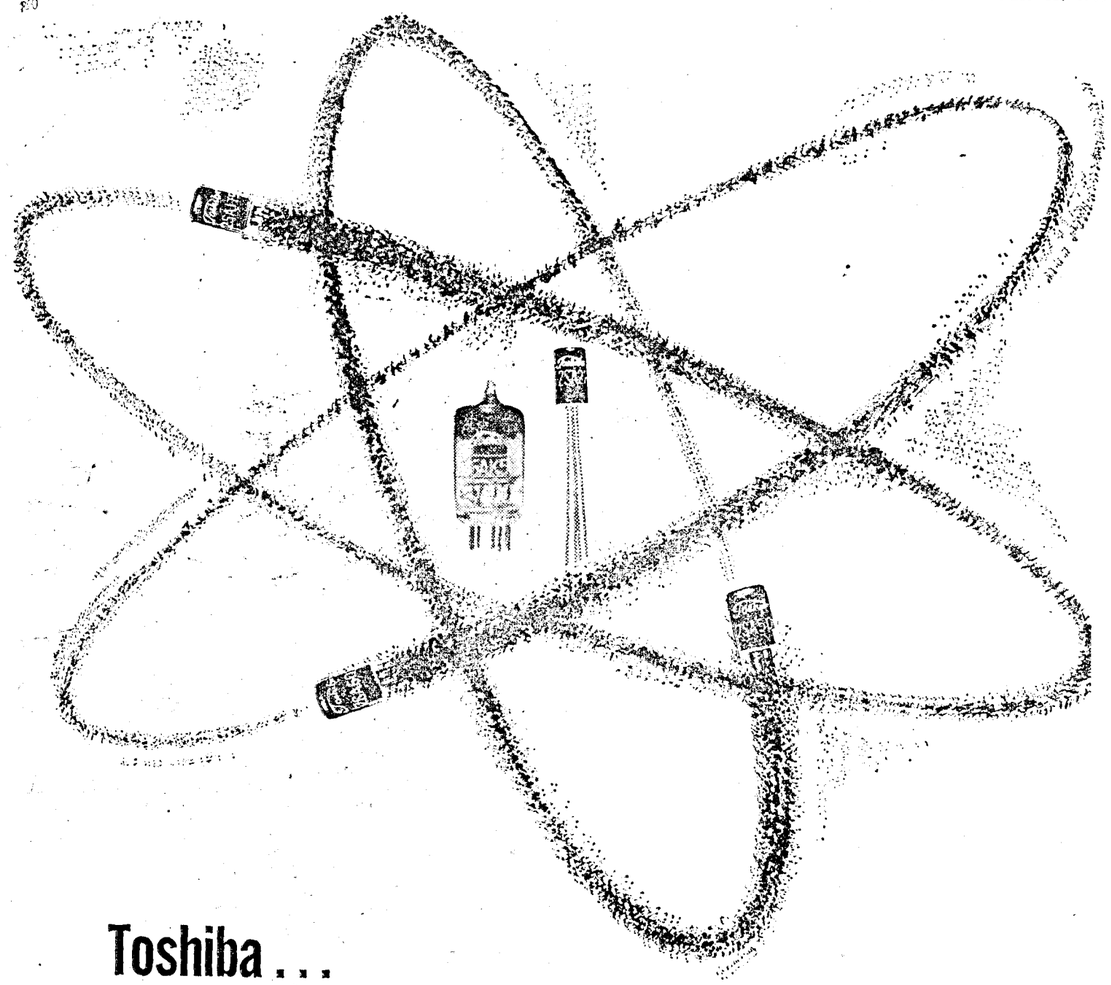

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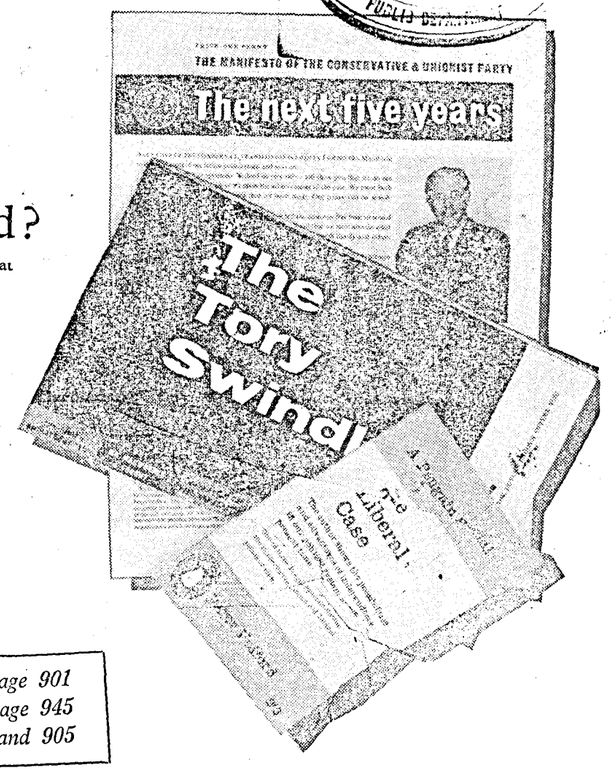

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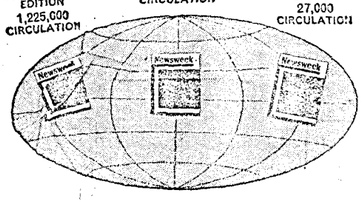

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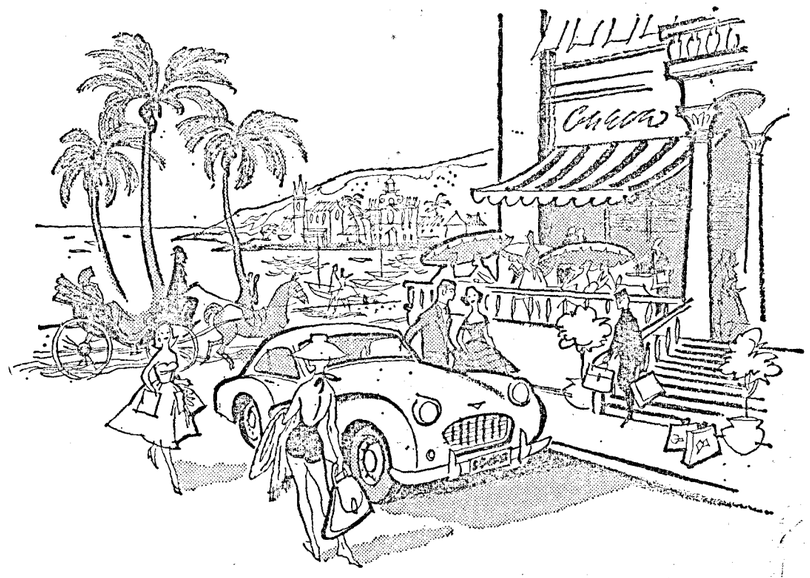

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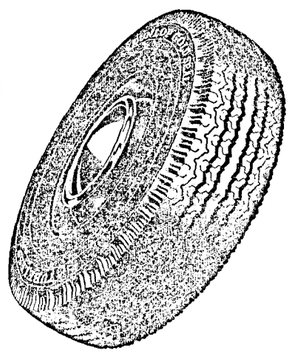

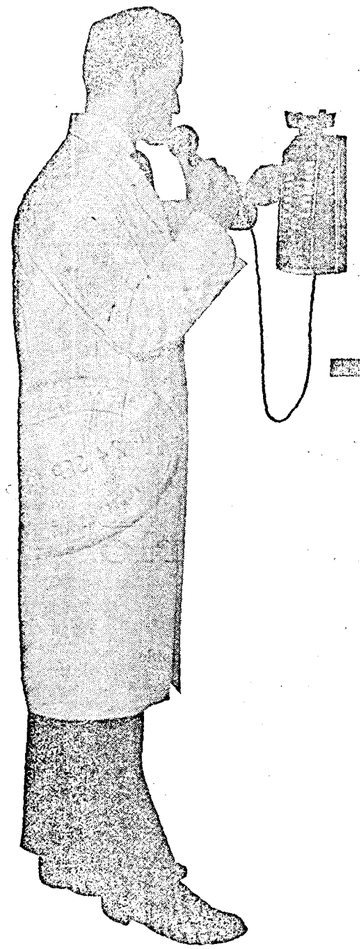

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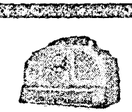
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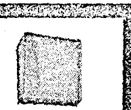
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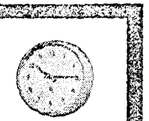
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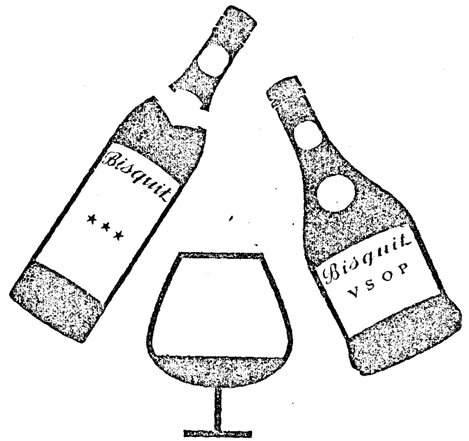

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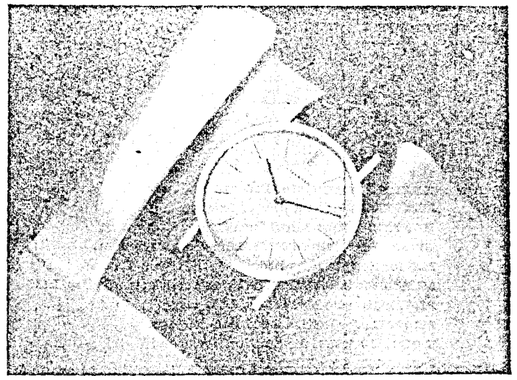

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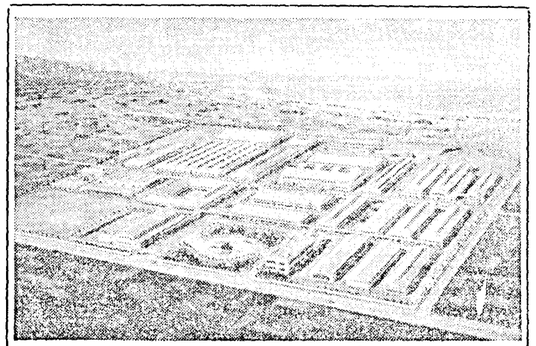

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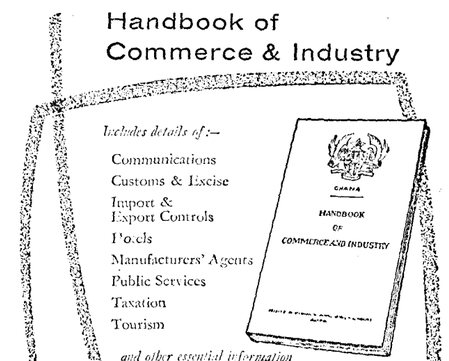

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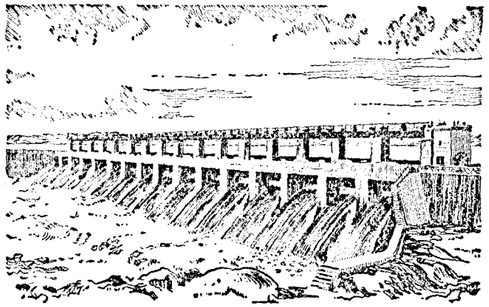

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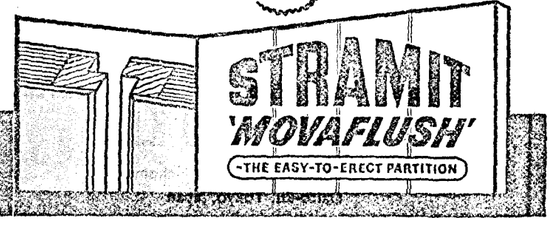
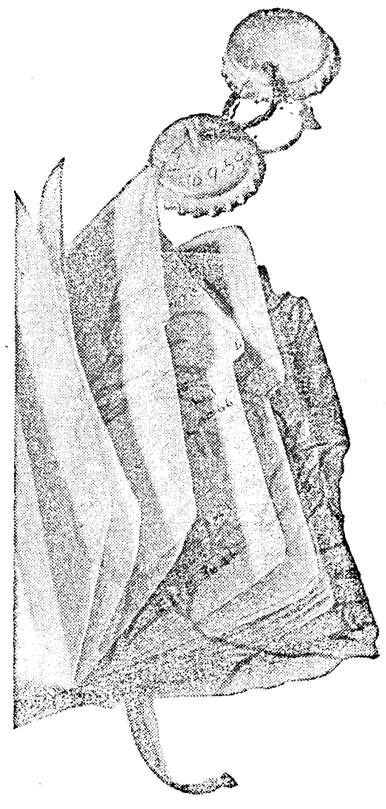


A secret letter to Mrs. X



My Dear Lydia,

Perhaps this is the most difficult letter I have ever had to write. (Generally I can ask my wife to help . . .)

To come face to face with you again after—how long? . . . To see you looking so confoundedly serene, after spending nearly half your life with the wrong man . . . What right have you to look serene?—no, sedate, that's the word! Answer me. And what right had you to try to park that little transparent car of yours right under my nose, just as I was standing by the Rose and Crown dreaming of nothing in particular. You always were a careless girl.

Ah, well. Ah.

Of course, Lyddy (this is rather a subtle letter—you notice we're getting somehow closer to each other?), of course, I'm not jealous of George or Bernard or whatever he's called in any boring, everyday sense. So he gives you enough to eat? Well, let's not be petty . . . But some of the things you said after your second iced tonic water were pretty revealing, I thought. (I have kept both bottle-tops . . . I shall always keep them.)

"Happy . . . somehow almost too happy. Too settled maybe . . . not enough to sharpen my mind on." Oh yes. Your own words. Though one's heard it before.

It shocks me to think of *you* married to this hulking, healthy, conventional autocrat—don't interrupt—who does nothing but feed and clothe you, etc. Six children, you said? Great heavens. I keep thinking about you. I feel it is so important, now, that we should keep touch . . . on the higher plane that *we* share . . . Don't you feel that too?

I've found us a way! No argument. I've been round to my newsagent's shop and ordered you The Observer, (remember? . . .) every Sunday for a year. Most cleverly—in your name, prepaid—and it starts next Sunday. You don't know the shop, so you can't stop it. You never would take me seriously. Well, now you've got to, aha.

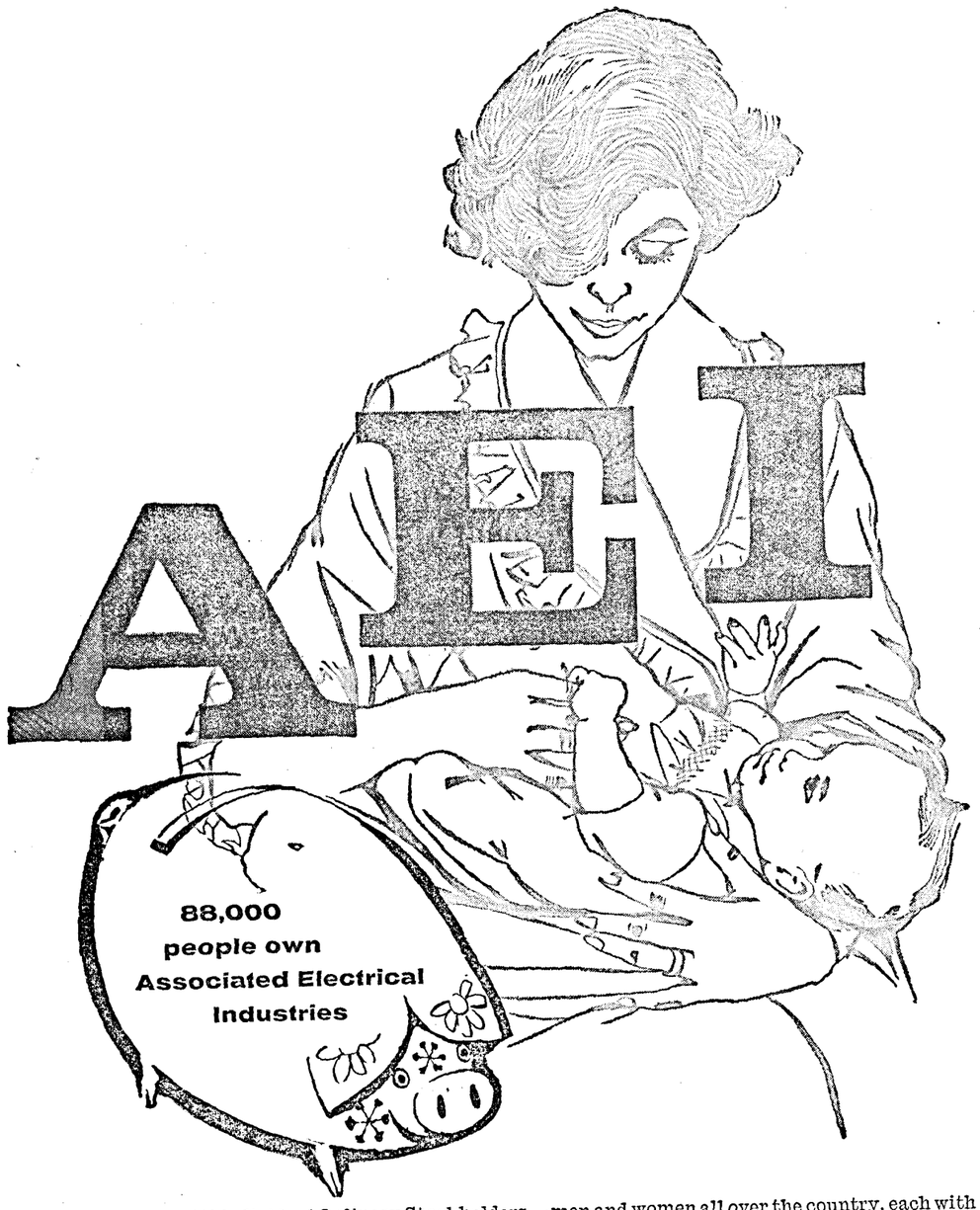
For this is as neat a plot as ever I plotted. Point 1: You won't be able to resist the bait—the whole paper's just too interesting. Point 2: I *know* somebody on the Observer, and I shall bribe him to slip in code messages which only you can understand . . . (no, it's not William Clark). Point 3: If he proves unbribable, which is remotely possible, I shall use the Personal Column *this very next Sunday as ever is.* So life will be full of meaning and your eyes will dance again. And who will know why? Me.

I won't sign myself James or anything, but just

THE OBSERVER

with love, then nobody can tell who I am. (Not a word to George, mind. I've said nothing to Polly.)

This is No. 1 in an enthralling human drama, "The Observer and Mrs. X". Next Week, DOES GREGORY KNOW ?



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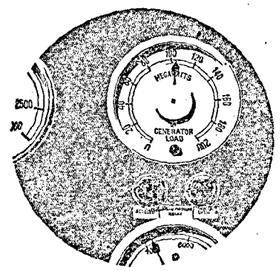

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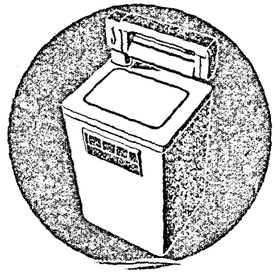

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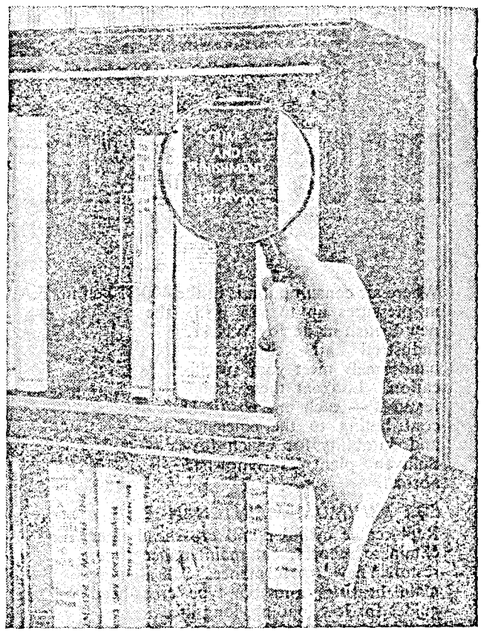

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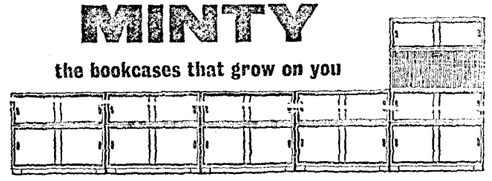

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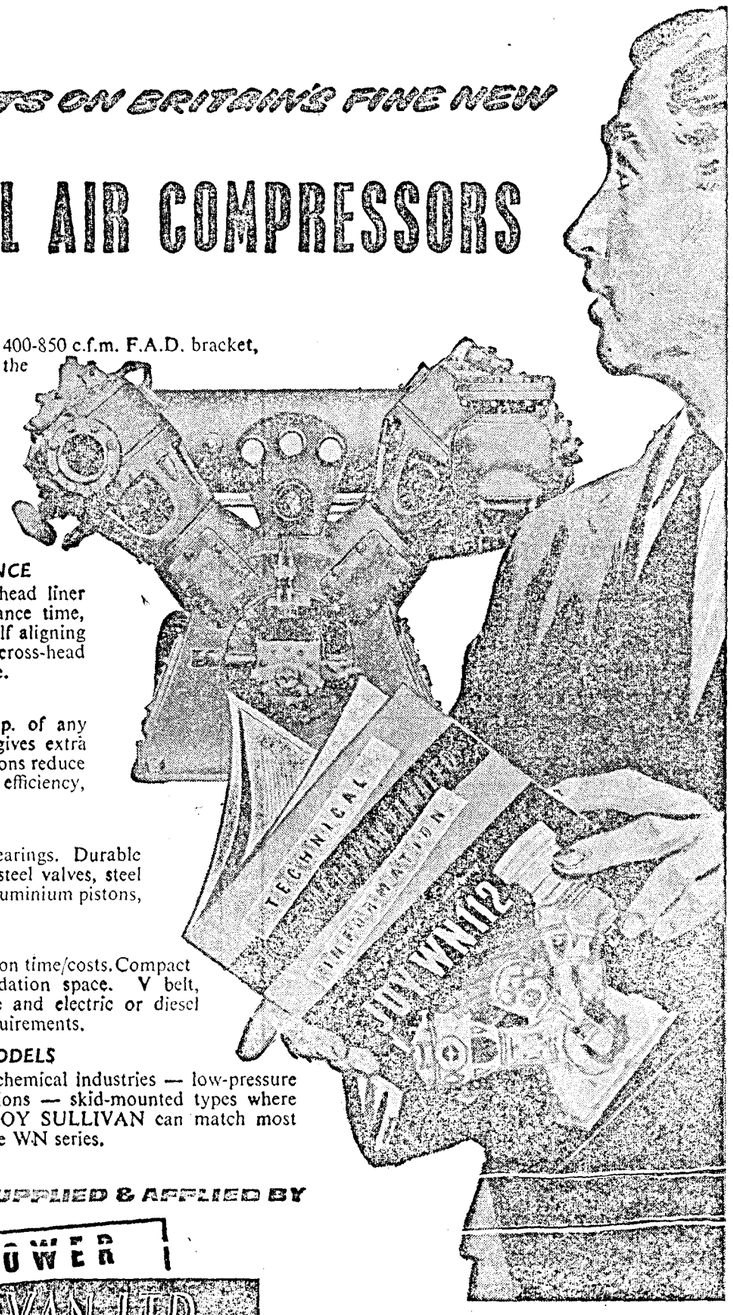

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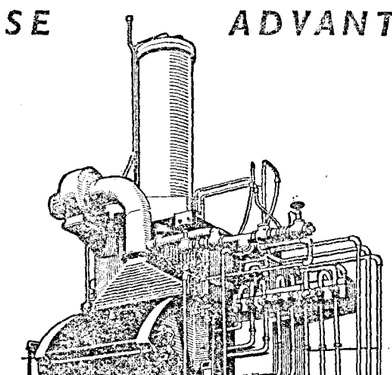

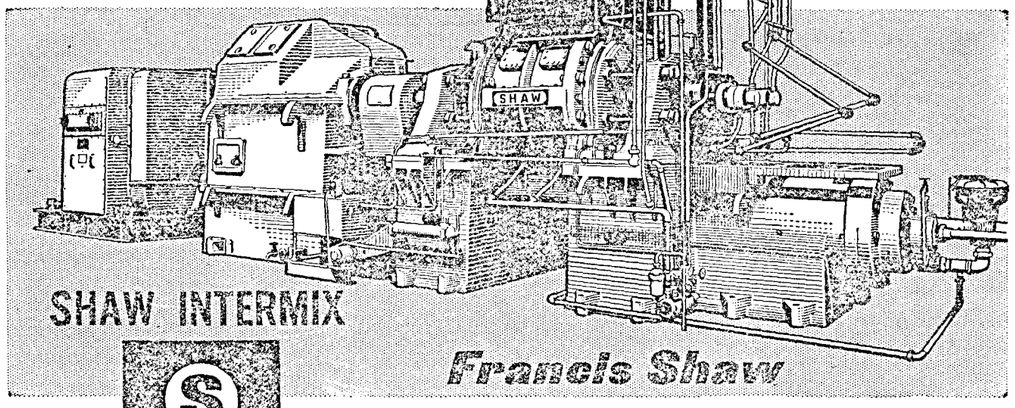

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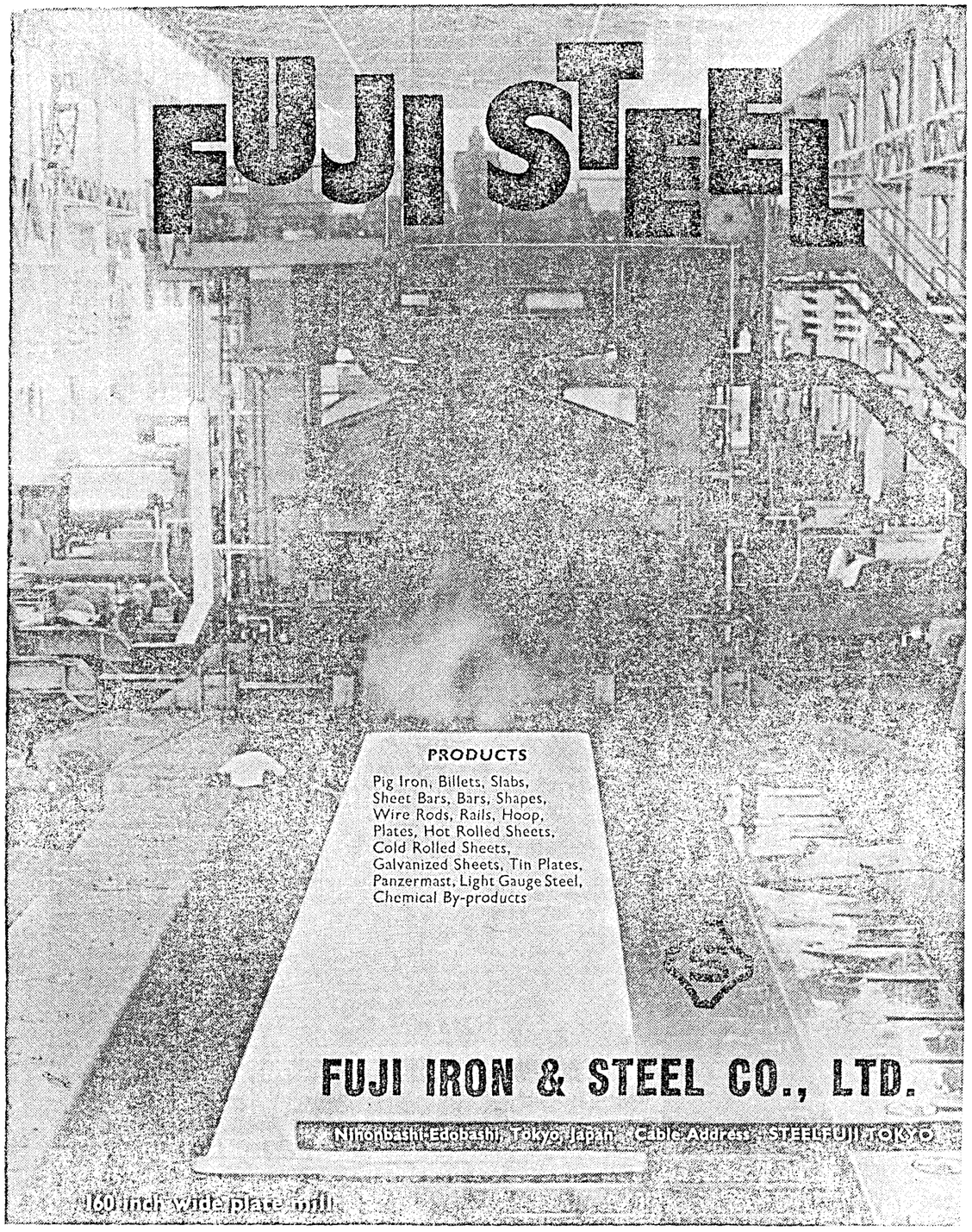

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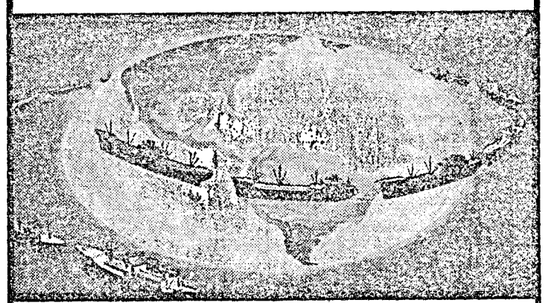

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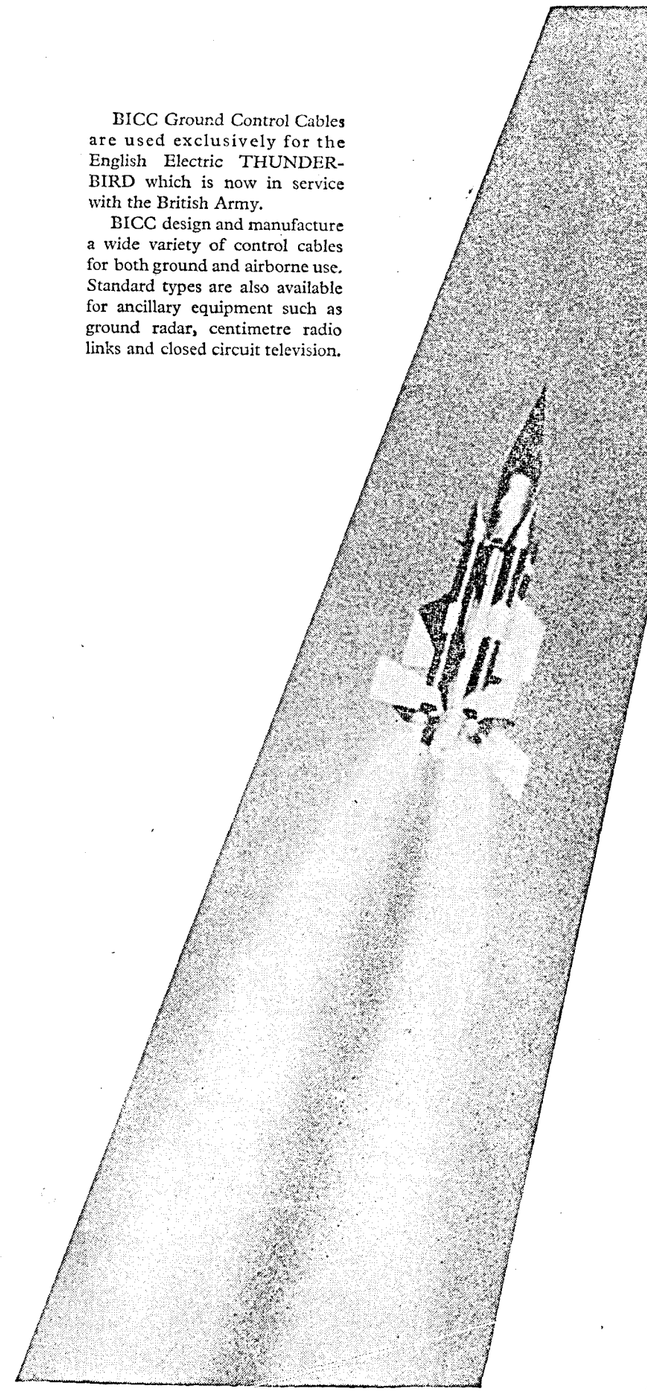

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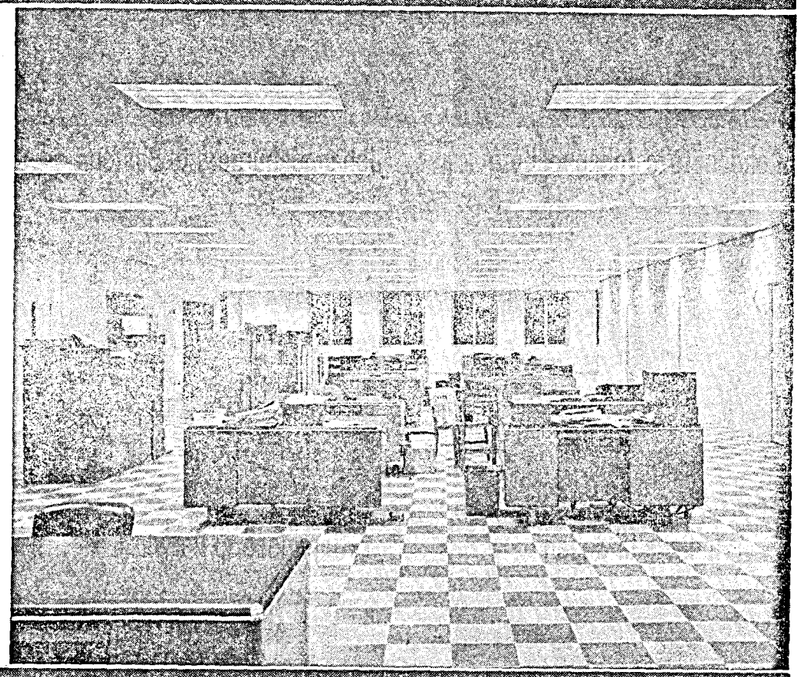

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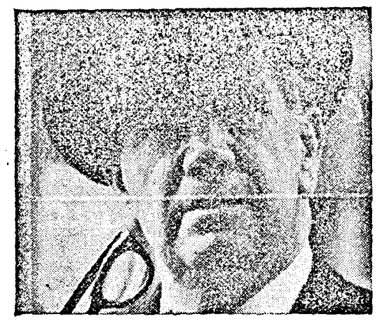

Londoners to Johannesburg

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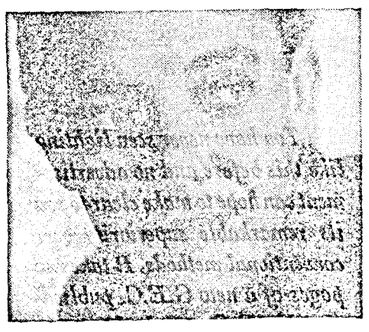

Darwinites to Ceylon

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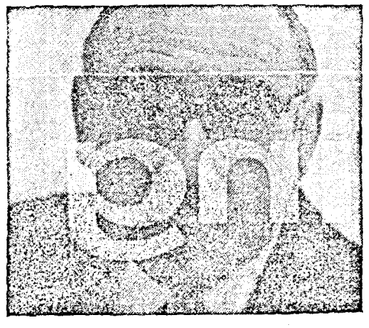

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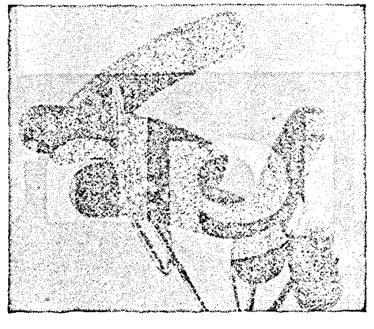

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Which Voice in the World?

THIS election is supposed to be largely about foreign policy. Mr Macmillan said so when he named the day, and Mr Gaitskell promptly took him up on it. For the first time since 1945, in fact since 1935, it is a credible reason for troubling the electorate; and this second article in our series on the choice before the elector is therefore devoted to external affairs. The uneasy cohesion of the parties—or, rather, of their front benches—in the postwar conduct of foreign policy ended abruptly in 1956 with the Suez conflict, and since then the parties, patently unwilling to forget or forgive, have fumbled and stumbled into what they assert are conflicting attitudes toward the outside world. This conflict has been barely evident when seen from Washington or Bonn, and least of all to anyone watching the television screen in Moscow. But it is Labour's particular argument that it exists.

Foreign policy has seldom been observed to win votes. Yet it can easily lose them: this was Sir Winston Churchill's handicap from 1945 to 1951 (although in 1951 Labour had an even greater handicap after the retreat from Abadan). Sir Anthony Eden, with an unimpeachable record in modern Tory eyes, and in Labour ones as well, was able to pick up the full Conservative swing in 1955. The Suez adventure shattered this knightly image. But Mr Macmillan's efforts to refurbish Sir Anthony's accoutrements have been sufficient tribute to the fallen hero. The dove of peace is brightly blazoned on Mr Macmillan's shield, yet the reeking lance has never been openly cast away. The electoral calculation in this has always been apparent, yet the electorate (to which Lord Salisbury does not belong) has scarcely seemed to notice. It might have been more surprised if Mr Macmillan had attempted to do anything else.

The public usually accepts that success or failure in diplomacy depends more on the play of forces in the world than on any decisions taken in Downing Street. This popular fatalism was possibly never stronger than when the Suez operation was under way; and the outcome could be said to have strengthened it. However unbelievable it might seem to bruised and bleeding consciences, a highish proportion of the public emerged from the crisis with the fixed and comfortable opinion that it had been a brave try. Britain, they concluded, was no longer a great power, but it was no one Briton's fault that this was so. In this mood, the public has not visibly responded to the artful suggestion that it was Mr Macmillan who really brought about the Eisenhower-Khrushchev exchanges, and this despite the great men's personal expression of their own appreciation. The electorate retains a touching faith in the parties' claims to control external economic forces. Its estimate of what a government can, and cannot, do in diplomacy is less naive.

The image that the Conservative party has always sought to project is one of experienced diplomatic management. This is the obvious bid that Mr Macmillan makes when he talks about the summit, and it is the first of the three big issues in foreign policy on which the electorate has to make up its mind. In fact, there is precious little to choose between the parties on summitry. If the Tory interest in scaling the dizzy heights goes back at least to Sir Winston Churchill's speech in Edinburgh in the 1950 campaign, Labour can always point to Mr Bevan's happy perspicacity on how the east-west struggle would ultimately resolve itself into an economic confrontation. The public has been positive enough in wanting summit talks, but it has been unashamedly muzzy on what should be negotiated with the Russians there. However clear or unclear

the parties themselves are about the difference between the Eden proposals on disengagement in 1955 and the Gaitskell-Healey ones today (and it is considerable), the electorate clearly does not care. It feels reasonably sure that neither party has much choice on any possible agreements on Germany, or even disarmament, that it could hope to get with the Russians and Americans at the same conference table.

Influence and Alliance

BUT the party images in practical diplomacy do differ in two important ways. First, a major Conservative interest is to offer a programme which, in the words of the party's own manifesto, "maintains British influence in world affairs unimpaired." This means, among other things, hanging on to the bomb as long as the Russians and Americans do. Labour, in its readiness to enter the non-nuclear club, means to be no more self-effacing, but its idea of the type of influence that Britain ought now to exert is sensibly different. Secondly, Mr Macmillan demonstrated in Moscow, and later in Washington, that a Tory prime minister can make an independent diplomatic initiative, and that the major western allies—however put out they may be about it—will accept his right to do so. It seems doubtful if Mr Gaitskell and Mr Bevan could do as much; certainly the damage in Bonn and Paris this year would have been appreciably greater. The hard fact for Labour is that it is easier for a Conservative prime minister to show flexibility toward Moscow without upsetting the Atlantic applecart. It may seem unfair. But could a Democratic president have invited Mr Khrushchev to Washington?

This argument for the Conservatives is always extended to the management of Anglo-American relations in particular. The crucial importance of these in any conspectus of Britain's future is sufficient to make this the second big issue in foreign policy before the electorate now. If Suez is swept under the rug the Tory argument is a valid one; for Mr Macmillan the chief political gain from the Eisenhower visit was simply that the President held up the rug for him. The television audience could be presented with as close a relationship as ever existed before a certain *contretemps*—the blandness of it was breathtaking—"two or three years ago about the Middle East."

The Labour party has never been accorded so open an expression of confidence, nor has it sought one. It did seem that at one time Mr Bevan saw the restoration of the Anglo-American alliance as the major achievement of his (then probable) term as Foreign Secretary. Mr Gaitskell knows well enough, and says steadily enough, that the alliance is indispensable. Labour's policy under him will still hold to the transatlantic link; but his party has been doctrinally unable to accept American leadership without being prone to fall back upon the third force ideas, usually restricted to self-interested neutralism—that its left wing urges upon it.

Such behaviour has never taken any tricks with the State Department. By dint of great strain and exertion the Labour leadership has faithfully quashed the successive revolts on German rearmament and the bomb, only to let some new, and equally damaging, cat out of the bag—as when the Trades Union Congress last week rejected American missile sites. Again, in allied eyes, Labour's defence policy has seemed, if anything, even more disruptive than Mr Sandys's. If Labour really means to do away with nuclear weapons, will it accept the corollary of reintroducing conscription? The party has plainly not thought out the consequences of its policy on the bomb, and it seems reasonably certain that the whole idea of the non-nuclear club would have to be gone into again before any Labour administration regarded it as a practicable policy. Labour may be given credit for its desire to think, however unspectacular the results, but it is its pacifist wing that will attract to its side whatever protest vote the nuclear disarmers can muster. Most of them would probably have voted Labour anyway.

Europe, Middle East, Cyprus

THE third big question that confronts the electorate is concerned with relations, not with the Russians or Americans, but with the rest of the world. Here, too, the party images are not as distinct as they might logically have been expected to be. The approach to continental Europe offers no real conflict—unfortunately. In opposition, both in their fashion have championed European unity; in office, neither has shown the slightest impulse toward political integration. Economically, a Conservative government would be expected to pursue its efforts for a broad free trade area, even if its chances of success have to be heavily discounted in advance, just because of its political inhibitions. Labour's doctrinal insularity in economic planning would make even this a doubtful course for it to follow. Yet an election may still have to be fought over economic ties with Europe as soon as the main parties can be persuaded to put their minds properly to it; at the moment, in terms of the game of bridge, they both "pass."

The Middle East has provided Labour with a theatre in which to demonstrate its antipathy to Tory ideas of influence. Mr Macmillan is plainly at a disadvantage in any competition over new ideas; for he cannot desert the Suez thesis until, in fact, the election itself is over. He has sensibly left the Iraqis alone, and may thankfully reflect that Jordan, after all, has held together. It would be reasonable to expect a Tory rapprochement with President Nasser shortly. But the fact remains that by far the strongest arguments that Labour can put in this election depend on the record of unsuccessful Tory violence in Suez, Cyprus and Nyasaland. If Iceland's claim that British policy on the twelve-mile limit is merely a projection of colonial ideas were accepted, the list should properly finish with the cod war. The uncommitted countries of Asia and Africa would certainly have high expectations if Labour were returned to power; whether they would be realised is another matter. Even where the Conservative performance has been vulnerable, the tangible party differences have not always been too apparent. A Labour government would not have found the Cyprus problem as simple as Mrs Barbara Castle has suggested. Nor have Labour members from the fishing ports protested at all audibly against naval protection off the Iceland coast. The Conservatives have no monopoly of expediency.

The Colonial Test

EVEN in the broad scope of colonial policy, a Labour administration would not greatly dissent from Mr Lennox-Boyd's policies, except—and it is a vastly important qualification—in the plural societies of Central Africa and Kenya. There is little quarrel about Nigeria or the West Indies; Uganda and Tanganyika prompt no serious dispute; even in the resolution of Kenya's troubles the difference is largely one of timing and adjustments in method. The real test for the electorate is over Central Africa. The ideological vote can go only one way. The practical one is harder to cast. If Labour came to power there is every likelihood of a major breach with the federal government in which, as Lord Malvern indelicately suggested, it might not be the white Rhodesians who came off worst. The Tories' balancing act may prolong the uncertainty, but it is still likely to end in a steady reduction of British influence in the federation and a corresponding increase in white Rhodesian sympathy for South Africa.

Neither side has much to promise in this field. Labour would certainly dissociate Britain from the advocates of white domination, with appreciable results in Afro-Asian opinion; but it would not, thereby, improve the immediate prospects of racial co-operation in Central Africa. The Tories would merely be waiting for something to turn up, with little real chance that it would. The basic confrontation is clear enough. By and large (and outside North Kensington) the Labour party's clients are black; the Conservatives', white. Labour has the moral advantage, but it is hard to rouse mass indignation over Devlin and Hola. It is equally hard to rouse enthusiasm for Labour's talk of allocating one per cent of the national income to Commonwealth investment, particularly when the Tories can produce figures that claim they are providing much more than that already.

The choice between the parties is plainly not a straight one. On the three main counts in foreign policy—east-west relations, the management of the American alliance, and relationships with the emerging Afro-Asian world—neither has an unqualified superiority. It probably matters least of all whether it is Mr Macmillan or Mr Gaitskell who speaks up at the summit. The Conservatives boast a traditional advantage when it comes to Anglo-American exchanges. But could not the Suez breach happen again? Labour's advantage in dealing with the new nations needs to be narrowed down to the territories where it is really evident.

Labour has clearly not secured the decisive lead that seemed to open up for it in the aftermath of Suez, when it was almost impossible to imagine a Tory prime minister going (or being allowed to go) to the country on the strength of his diplomatic performance. In this sense Mr Macmillan has won unexpected dividends for his party: there will be few, if any, Tory defections over foreign policy. Probably the balance here should be, in the light of several events, on the Opposition's side. Regrettably, perhaps, it is not. But it cannot honestly be said that on these world issues—Mr Macmillan's own chosen wicket—he has any clear advantage on the first innings, let alone the bonus points the Tories claim.

Plan for Algeria

De Gaulle's plan looks liberal, but can it bring the Algerian war to an end?

FOR sixteen months, everyone has been reduced to making varying interpretations of General de Gaulle's oracular pronouncements on the future of Algeria. On Wednesday evening the general at last defined his views publicly. His broadcast, heralded during President Eisenhower's visit to Paris, was eagerly awaited—and not merely by Frenchmen. Though the French president now has unprecedented powers and prestige, there were two evident limits to his scope for manœuvre. His policy statement had to be sufficiently liberal to get the blessing of his allies, particularly of the United States, without whose backing France runs a strong risk of being defeated by a two-thirds majority in this year's United Nations assembly. It also had to have enough nationalist flavour to reassure the army, whose officers have to some extent replaced deputies as an important factor in French politics. Judged by these two criteria, the president's performance was a brilliant one.

What could be more liberal than to entrust the people of Algeria themselves with the destiny of their country? General de Gaulle firmly promised that they would decide their own fate through universal suffrage, and he set practically no limits to their freedom of choice. They would be able to choose secession, a term he preferred to independence. This, in his opinion, would be disastrous and was most unlikely. But if such were the verdict, France would accept it—though it might have to "regroup and resettle" all those who wanted to remain French; and it would keep control of the Sahara oil. Thus independence might involve some sort of partition. The other extreme would be Algeria's complete assimilation with France, which the president, allergic to the word integration, described as "*francisation*." Between the two lies the middle course of home rule on a federal basis with guarantees for minorities, in association with France; defence, foreign and economic affairs would be controlled jointly. The selection of these fields of joint activity suggests that Algeria would in fact be offered a place within the French community. Any of the Algerian electorate's decisions would have to be endorsed by the people of France.

The right to independence: this concept had apparently already caused some sleepless nights in officers' messes in Algeria. Yet the new Gaullist plan is unlikely to cause a great stir in the army, except among a few colonels who are personally committed to integration. The officers had been forewarned; and they know that they have no need to worry for some time. The Algerians will be allowed to make their choice within four years after the return of peace; and peace is plainly defined as a state in which there are less than 200 victims of ambush and other attacks in a year. Army headquarters in Algeria, for all their triumphant reports, know well that mere military "pacification" will not bring about

that state for years, if at all. The defeat or the surrender of the FLN rebels must be the prelude to the execution of the new plan.

It might be supposed that rebel co-operation is the alternative to surrender. But the terms suggested will not be to the insurgents' liking. For the first time General de Gaulle has emphatically declared that he will never negotiate with the FLN, because, in his opinion, this would merely bestow a representative character on a body which has none. True, the rebels are offered what amounts to an amnesty, and full opportunity as well to woo the electorate. But the Algerian "government-in-exile," now gathered in Tunis, may retort that it has no guarantee, beyond the general's word, that the French will keep their pledge once it has ordered its guerillas to cease fire. It may simply condemn the years of preparation for the voting as a delaying device and a trap, and dismiss the promised presence of witnesses from all over the world as an inadequate safeguard for the final vote. It is a question of confidence. After last year's referendum the FLN will not be enthusiastic about entrusting its fate to universal suffrage under French army control.

The outlook would be more promising if the FLN could make counter-proposals to the de Gaulle plan. Any bargaining with it is, however, now ruled out in advance. It is thus unfortunately probable that the rebels may reject the plan as a fraud. Such a rejection would be likely to get the blessing of the Arab League and the support, however reluctant in some cases, of the Afro-Asian block in the United Nations. This would not be encouraging for Britain, and even less for the United States. Even so, the present busy search for Atlantic unity and the liberal tones of the Gaullist plan should suffice to carry the Anglo-Saxon allies along; and France ought to scrape through yet another awkward session in New York.

In Algeria itself then, short of a spectacular *volte-face* by the FLN, the war will go on. This does not mean that the solemn clarification of the general's intentions has not brought immediate benefits. The myth that Algeria is bound to remain for ever an integral part of France has been destroyed. The idea of independence, while deprecated, has been admitted as a possibility. The general has also foreshadowed further steps towards local self-government to be taken as early as next year. Economic progress, social transformation, the emergence of a new élite, self-government—this is an outline of the future which has tempted previous French leaders. General de Gaulle, too, like his predecessors though with greater imagination, seeks an intermediate solution which would fall short of independence. But he, too, seeks to find it while by-passing the FLN. It is to be feared that, as it stands, the new plan, for all its liberal look and for all the general's power and prestige, may still not provide the answer to the difficult and bloody problem which has bedevilled France for five years.

Dr Gallup's Tranquilliser

The Tory manifesto is a grievous disappointment

THE Conservatives have brought out the "entrenchment" version of their manifesto for this election. It is designed to dig a ditch round the safe conqueror's ground that they think they now hold and not to lose any votes. This is a great misfortune, for three reasons.

First, if the Government does return to power, this manifesto will saddle it with two major undesirable negative commitments, and a string of minor positive ones. Thus, in bold letters, the Tories promise that "in the next Parliament we shall take no further action to decontrol rents" and "we give a pledge that the long-term assurances to agriculture contained in our 1957 Act will continue for the lifetime of the next Parliament." It is absurd for any party manifesto to say what it will not be desirable to do in the long and uncertain period between now and 1964. Moreover, these two pledges happen to tie the Tories' hands against removing the two most glaring remaining distortions within an expanding economy. In the same agricultural breath, the manifesto declares that "we shall continue to use the tariff as the main instrument of protection" for horticulture; despite Mr Macmillan's denial at his press conference, this is bound to impede new trading arrangements with Europe into which Britain needs to enter.

The Tories' promises to spend more money are less specifically worded than their promises not to remove protective controls, but they stretch right across the alphabet. The impression is given that the next Conservative government will be able to afford more money for atomic energy and the arts, bridges and building societies, cotton and the countryside, doctors and dentists, education, fishing and forestry—and so on right down the list, ending with polio vaccine and pensioners on the earnings rule, the Queen liners, railways and roads, Scotland and students and sewage, training colleges and technologists and the theatre, universities and underdeveloped countries, victims of violent crime, Wales and water and widows, the youth service and youth leadership. Many (though not all) of these are forms of expenditures in which an increase in state subventions would be desirable, but there is little indication that the Tories have thought out any order of priority.

SECONDLY, and following from this general exudation of the spirit of Santa Claus, the next Conservative government gives notice that it would enter at least as wholeheartedly as Labour into the business of state control of industry. The difference is that it would use subsidies instead of licensing controls. At one end of the industrial spectrum, the promise to establish a Ministry for Science may be meant mainly as an eye-catching political gimmick. But the new minister, once installed, will certainly want to increase and extend government responsibility for industrial research. There are some arguments (mostly rather good socialist arguments) for this, but the Tories give no sign of having begun to think out what it means.

At the other end of the spectrum, the Conservatives' first major Bill in the new Parliament (it is already drafted) will seek to make yet another jab of the mop at the problem of pools of local unemployment. The government will take new and more "flexible" powers to offer capital grants "to encourage the building of new factories" wherever they are "most needed." In consequence, the Tories' man in Whitehall is obviously going to have an ever widening (and in the end, one suspects, plain impossible) accounting job to do when deciding which speculative ventures in which areas the government is to aid, and how he is to ensure that it gets some value for its money. If the socialist policy can be pilloried as leading eventually towards the part-public-ownership of the six hundred largest British firms, the Conservative policy can now equally be pilloried as leading towards the eventual part-public-ownership of the six hundred oddest ones. It is a wry footnote to all this that the one positive commercial reform in the whole manifesto is the promise at last to set Mr Marples free by nationalising the post office *à la mode Morrison*—though, some Conservative shrimper for votes has carefully added, with the "status of Post Office employees as Civil Servants" being retained.

THIRDLY, this manifesto is as disappointing for the things it leaves out as it is for the things it puts in. At the beginning of this year, when the Conservatives still seemed likely to lose the election, it was widely rumoured that this time the Tories would take risks by putting forward controversial proposals in an effort to win votes. Now that the polls suggest that the Conservatives already have the votes, the edict has clearly gone out to avoid controversy and thus run no risk of losing them. The much debated proposal for a royal commission on trade unions' restrictive practices and impairments of individual freedom is whittled down to a sentence of circumlocution under the heading "Unity":

> None of us can afford outmoded approaches to the problems of today, and we intend to invite the representatives of employers and trade unions to consider afresh with us the human and industrial problems that the next five years will bring.

Mr Macmillan assured last week's press conference that this will be done in "our usual friendly way," through the Minister of Labour's regular meetings with the National Production Advisory Council.

Elsewhere in the manifesto, Mr Butler's once heralded campaign to sweep away Victoriana is reduced to a promise that "we shall revise some of our social laws, for example those relating to betting and gambling and to clubs and licensing, which are at present full of anomalies." There is no mention of the Sunday Observance laws or of encouraging breaches in individual resale price maintenance. There is no mention of.... But why go on? There is no mention of any of the really controversial burning problems before this twentieth century British society and economy. The theme song throughout is "don't rock Dr Gallup's boat." By encouraging the belief that that boat can drift gently back to Downing Street, instead of ploughing its way there through the high seas of turbulent initiative and contention, Dr Gallup has unwittingly done a grave disservice to the future of dynamic Conservative government in this country.

The Helpless Majority

Nobody—not even in election campaigns—ever hears anything about English claims to self-determination; the simple Saxons are caught without escape in their Rulers' version of guided democracy

NATURALLY, the articles on "Nationalism in Britain" recently printed by a respected contemporary had nothing to say about the English. English nationalism does not exist; it has been cunningly snuffed out. A few harmless individuals occasionally write to *The Times* about the oblivion into which St George's Day has lapsed, while the feasts of SS Andrew, David and Patrick are annually celebrated with shamrock, leeks, eightsome reels and general mayhem; but the suppressed Saxon majority in these islands merely smiles tolerantly, fondly supposing that it already enjoys the national independence for which other peoples have to struggle, and forgets about it—even during election campaigns.

Yet the English do not govern themselves, and hardly ever have. Are they fit for self-government? Their last real bid for independence foundered in the chaos of the Saxon heptarchy. Since then, their affairs have been taken in hand successively by Danes, Normans, Angevins, Welsh Tudors, Scots Stuarts, Hanoverians, and, after the full flowering of party politics, by the now dominant association of Scots, Welsh, Irish, Cornishmen, Channel Islanders, returned "colonials" and assorted *uitlanders* who may, for brevity, be termed simply the Rulers.

It has been a brilliantly successful tutelage. We are most unlikely ever to see an English National Congress taking shape under the messianic inspiration of some Saxon Hastings Banda, with "Quit England—Celts Go Home" on its banners, for the simple reason that the natives are now so accustomed to alien rule that they no longer notice it. The Rulers have shrewdly drawn into their ranks a number of trusted *assimilados*, one of whom is sometimes even put forward as prime minister, though that post has in this century been held by as many non-English as English.* England's hereditary Chiefs, their fangs drawn long ago on Lloyd George's demand, have been made into a docile and decorative instrument of government which satisfies the Saxons' craving for continuity; but it is no secret that, at any time when it proved necessary, the House of Lords could be de-stooled in a body.

In the Commons, the Rulers have not needed to resort to the crude and obvious forms of discriminatory "fancy franchise" which less able ruling minorities rely on in other territories. They do not even trouble to secure the absolute majority which their political talent could easily obtain if they wanted it, but are content to occupy less than a third of the seats. They are quite safe. What does an English majority

* Balfour, Campbell-Bannerman, Lloyd George, Bonar Law, MacDonald, Macmillan; 6 out of 12.

in Parliament produce? A Ministry headed by a Macmillan, with an Iain Macleod frequently tipped for the succession; with a Selwyn Lloyd, a Geoffrey Lloyd, a Lennox-Boyd, a Maclay, a Kilmuir, a (Douglas-) Home, a Perth, a Brecon, a Dundee, a Jones, a Boyle, a Forbes (premier peer of Scotland), a Hope (of Hopetoun), a Grant, a Profumo, a Milligan, a Fraser, a Macpherson, and a Duncan Sandys (whose mother was a Cameron); the Admiralty, a potentially dangerous rallying point for English emotions, being safely under the hands of a Selkirk and a Galbraith.

Among the few members of the present Ministry who look like simple Saxons, some have merely tucked their real origins discreetly away in little-known middle names: Sir David McAdam Eccles, Cuthbert James McCall Alport, Quintin McGarel Hogg (alias Hailsham). Others are *assimilados*, dutifully moulding themselves to the Rulers' ways; Dr Charles Hill was holidaying this year in Scotland, Mr Henry Brooke in Wales, Mr Heathcoat Amory in Ireland. Mr Butler is still thought a bit unreliable, though every effort was made to break his spirit when he was installed as Rector of Glasgow University. Lord Salisbury, even after marrying into the Galway dynasty of the Earls of Arran, proved insufficiently loyal and was regretfully discarded.

SAXONS need entertain no hope of escape by turning to an Opposition in which Mr Gaitskell is surrounded and submerged by an Aneurin Bevan, a Griffiths, a Callaghan, a Healey, a Morgan Phillips, a Tom O'Brien, a Donnelly, a Stewart, a Jennie Lee, a Jean Mann, a Strachey (member for West Dundee), six Joneses and all the powers of Evans, Williams, Rees, Davies, Rees-Davies, and David Rees Rees-Williams (alias Ogmore). The Liberal leadership has passed from a Davies of Meifod to a Grimond of Dundee. Among the Communists, Gallacher may go but the Campbells are coming.

Mr Speaker Morrison (from Argyll) has had as his deputy Sir Charles MacAndrew, while Kilmuir and Drogheda have lorded it over the Lords. The Rulers' strength in the Lords reflects their ability to reach the top in all walks of life—in war, diplomacy, finance, technology, and even the Church of England. (When it is thought needlessly obvious to put a man with a name like Cosmo Gordon Lang actually in the See of Canterbury, the Rulers are content to station a Ramsey—married to a Hamilton—at York).

Double-locking this grip on Parliament, the Rulers usually keep in their hands a sufficiency of the top posts in Whitehall, where, at any time in recent years, their men might be seen drawn up in knightly ranks: Cunningham, Hoyer Millar, Kirkpatrick, Lang, Macpherson, Milne, Muir, Powell. (An example of the perfected *assimilado* here is Laithwaite, educated at Clongowes and trained under MacDonald, Lothian and Linlithgow; his successor being groomed in Dublin.) Key ambassadorial posts are likewise kept safely in non-Saxon hands: a Caccia in Washington, a Gladwyn Jebb in Paris, a MacDonald in Delhi; in Peking an O'Neill was lately replaced by a Duncan Wilson, now being followed by a Stewart; in Moscow a Patrick Reilly is now installed where a David Kelly represented Britain before his translation to the British Council.

Even the Saxons are dimly (and ungratefully) aware that a Reith shaped the BBC; they have probably forgotten that he was also the first chairman of BOAC. The editorial chair, or the chairman's chair, of most of their newspapers is apt to be occupied by a Haley, a Hetherington, a Scott, a McCarthy, a McKenzie, a Stuart Campbell, an Aitken, a Duncan, a Rhondda, or a Gilmour. The present-day arbiters of a literature shaped by Swift, Scott, R. L. Stevenson, Shaw, James Joyce and Dylan Thomas are usually Connollys, MacCarthys and Pryce-Joneses. The London stage ranges from Rattigan to Samuel Beckett, from Guinness to Behan; Ninette de Valois was born a Stannus in County Wickford; the musical giant of our time was Vaughan Williams; pictorial art is dominated by such names as Gerald Kelly and Graham Sutherland. Speed records are pretty well all left to Donald Campbell. The list could be extended almost indefinitely; in philosophy, for example, Mackinnon, Mayo and MacIntyre are less Saxon than Wittgenstein.

The Rulers' discreet but absolute grip on the world of business and finance scarcely needs elaboration; suffice it to recall that the Bank of England's notes are signed by an O'Brien. Saxons are, however, almost wholly unaware that the Court of St James—a name with blatantly Caledonian and Hibernian associations—is no misnomer. The principal royal titles, Edinburgh, Cornwall, Wales, ought to show the Saxon where he gets off; Windsor is a title used only for the discard. And Arundel Herald Extraordinary, who might be taken as a personification of the English Establishment, footing it as he does between the Palace and *The Times*, is a Mr Dermot Michael McGregor Morrah.

IS this pattern of smoothly guided democracy safe for all time? The Act of Union was, of course, forced on the English masses without any consultation; it is highly doubtful whether the natives even understood what the word meant. Certainly they did not realise that "partnership," in this context, meant the permanent domination of Ulster field marshals, Scots financiers, Irish diplomats, and Welsh wizards. Some of them may have half hoped that with the approach of one-man one-vote democracy, their greater numbers would tell. They were wrong. The Rulers took their precautions in good time, filtering their men steadily into key positions throughout England. And they took the further precaution of surrounding the English with an empire, today the Commonwealth, whose loyalty to the Rulers is beyond question.

However, in this age of surging nationalisms, when almost everybody else has a National Congress and a xenophobic "Quit X" rallying cry, one can never be sure. Under the Rulers' tutelage, the Saxons have unquestionably prospered; and their relative backwardness would condemn them to poverty and chaos if they did ever try to go it alone. But nationalism is unreasoning, and the humiliations of alien rule have goaded many peoples into a revolt that was bound to impoverish them. What if the Saxon worm were finally to turn, led, perhaps, by some disgruntled chiefly aspirants whose claims had been rejected by Mr Morrah's court of heraldry? What if mass non-co-operation, satyagraha, boycott, even mass murder, were plotted at secret meetings in the Shepherd's Bush?

The English should be warned in good time that this would be a forlorn hope from the outset. The Rulers hold all the keys of physical as well as political power. The very first signs of sedition would be detected by Scotland Yard. The London Scottish and London Irish Rifles could probably handle any local unrest in the capital without even needing to call out the Irish, Scots and Welsh Guards. And since Haig's day, the Rulers have steadily tightened their grip on the highest positions in the armed services; of the field marshals and admirals of the fleet, one need merely cite Alanbrooke, Auchinleck, Alexander, Montgomery, Templer, Cunningham, Cunningham, Forbes, Fraser, McGrigor, Cork and Orrery.

The English haven't a chance. If need be, the Rulers have only to call in their reserves from beyond the seas. Canadians from Nova Scotia to Mackenzie, Australians from Perth to New South Wales, New Zealanders from Dunedin to Hamilton, would answer the call. Indian, Pakistani and Gurkha armies would march to the Rulers' aid behind their famous pipe bands. (Restive Saxons should also note that Dr Nkrumah has just been enrolled in the Privy Council, that overwhelmingly Ruling clique, at Balmoral.) In the last resort, the Irish Americans, whose anti-English revanchism has been skilfully kept alive for a whole century, might even be unleashed; but the Rulers, who are really very humane, would be reluctant to use this terrible ultimate weapon unless all else failed.

Once suppressed, the English could scarcely expect to be allowed to retain their present constitutional rights. Like other dependencies where there has been similar trouble, England would revert to a less advanced constitution, probably with a purely consultative House of Chiefs, and a legislative council (Legco) indirectly elected through municipal bodies and containing a safe number of officials drawn from the Rulers' ranks; the Governor (probably another Ulster field marshal) would preside over an executive council (Exco) made up of officials and members elected by Rulers only. District commissioners would take over local government; each would have his boma in a castle or stately home transferred from the National Trust. London would be directly administered by the central government, whose own seat would rotate (on the Delhi-Simla, Capetown-Pretoria model) between Edinburgh, Cardiff and Belfast. The Saxons would then be given a tribal capital at Winchester and encouraged to immerse themselves in traditional ritual. All their potential leaders, having been whisked off in the first pick-up of the Emergency to the Highlands and Islands, would remain behind barbed wire in Muck or Eigg or Rhum until there was no further possibility of their causing trouble; and the Rulers would confidently await the appearance of a more moderate and responsible leadership among the Mugs, the term they use in private conversation for the English.

NOTES OF THE WEEK

RUSSIA AND AMERICA

Serenity or Vapours?

"A HAPPY COINCIDENCE" is the phrase applied to the Russian moon-shot on the eve of Mr Khrushchev's American visit by Mr Surkov, late head of the Soviet Writers' Union. Mr Surkov is, or was, a poet, and may be allowed some poetic licence. Sterner devotees of Marxist dogma have no liking for coincidences. *Pravda* hailed the rocket as the culmination of an "inevitable" historical development inspired by Marxism-Leninism; East German spokesmen hailed it as timely evidence of Soviet military superiority.

Politically, even moon rockets can ricochet. The first impact of this one was presumably just what Mr Khrushchev wanted. It exhilarated the Russian people, whose inferiority complex still calls for this kind of shock treatment. It inspired awe abroad by freshly confirming Soviet claims about accurate long-range rocketry, and also, particularly in the non-western world, as a simple, colossal symbol of Russian prowess. For all its scientific value (see page 955), it was probably as a spectacular gesture of strength that it most appealed to the boyish exuberance that Mr Khrushchev retains at 65. But "bang, bang, I'm king of the castle" is doubtful diplomacy.

The moon rocket crash-landed somewhere between the Sea of Vapours and the Sea of Serenity. It doubtless gratified the Soviet leader to see certain American politicians instantly prostrated with a fit of the vapours (our correspondent further discusses American reactions on page 926). But a silent, and pretty cool, serenity seemed to prevail among those who watched his arrival in Washington. His reception might have been a shade less cool if he had not presented such an outsize calling card. How many of the silent watchers were struggling to repress the question: "What sort of a people does he think we are?" In the next few days, Mr Khrushchev may learn a surprising amount about his hosts. He is a quick learner; and until now he has, unfortunately, concentrated his gaze, with a perverse ingenuity, on the dark side of the American moon.

UNITED NATIONS

Eclipse Over Turtle Bay

AS had been foreseen, the United Nations Assembly slipped into session on Tuesday almost unnoticed. While Mr Khrushchev (to quote a Polish newspaper) "stepped on to American soil radiant in the glory of the moon," Turtle Bay was in eclipse; and the delegates were doomed to remain persons sitting in darkness until the Moon Man himself came to shed his beams over them on Friday. Groping through the murk, however, they linked hands successfully enough to elect Dr Belaunde of Peru as their president for the year. There was no dissent from this choice. Dr Belaunde is an honoured veteran of the assembly; and his translation to the presidential chair may noticeably shorten the debates to which he has always brought a somewhat generous eloquence.

Electoral preoccupations ought not to mislead the British public into under-estimating the importance that others are attaching to this session. Over fifty foreign ministers are attending its early stages. The smaller nations are not content to watch the superpowers holding a private contest in the higher lunacy, and there is debate to come over the committee on the use of outer space which was appointed last year, but has been hamstrung by a Soviet boycott. The Irish are recruiting for their version of a non-nuclear club (see page 941). The question again arises of enlarging the Security Council to give better representation to Asia and Africa.

No government has committed itself, up

to the time of writing, to act as sponsor to the Dalai Lama's appeal for consideration of Tibet's plight. Two weeks ago a number of Indian members of parliament proposed that India should do so. Mr Nehru secured the withdrawal of their motion, arguing that it would merely mean an acrimonious UN debate in which "the expression of strong opinions by some other countries" would probably make China get even tougher with the Tibetans. This is a familiar argument in a curious setting. Nobody will expect the Asian and African countries, proceeding on the same reasoning, to spare this assembly its annual acrimony over Algeria and South Africa.

LABOUR POLICY

Youth Shows the Way

THE least important consequence of the report submitted by Mr Gaitskell's unofficial committee on youth problems is that it has tossed into the headlines the old controversy about whether young people should get the vote at age 18. The most important consequence is that it should have taught Mr Gaitskell, if he has any sense, how he should draw up Labour's future policy if he is returned to Opposition in the next Parliament. The reason why this youth committee has produced such a readable and radical report is that its ten members, under the chairmanship of Mr Gerald Gardiner, QC, were all singularly free from orthodox affiliations with the trade union movement or other Labour vested interests. Mr Gaitskell should set up many more such independent committees in the next Parliament, and "rethink" Labour policy by setting his personal approval or considered rejection upon their recommendations.

The Gardiner committee's refreshing starting point is that it welcomes the fact, which many older people either ignore or deplore, that modern teenagers are usually much more prosperous, and physically (and sexually) more advanced than their counterparts twenty years ago; they are also likely to get married earlier, indeed some (as in America) will get engaged while they are still at school. The committee therefore wants a radically different relationship between schools and their teenage pupils. It calls for the introduction of a new sort of day release scheme for further education in non-technical subjects (it would be voluntary for the students, but compulsory for teachers to release them). It wants the 80 per cent of children who leave school at 15 to be given facilities for sport and non-academic pursuits on something nearer to the scale provided for the 20 per cent who stay on at school after that age; all new secondary schools should have annexes for the use of the youth service, and "adventure scholarships" should be introduced. In industry the committee recommends a new scheme for expanded apprenticeship training (operating through tax rebates for co-operating firms and financed by a training levy on all firms using skilled workers), and it calls for "second chance" training courses for young people who wish to embark on a new career; it does not forget to prod some of the craft unions for their restrictive attitudes in these fields. The committee also recommends a reduction of the voting age to 18, marriage loans, a new type of marriage saving scheme, and assistance for the lonely and isolated young mother.

Most people will disagree with one or more of the radical recommendations in this report; it is easy to poke fun at the "votes at 18" proposal by reminding the committee which are some of the few countries that have adopted it (Dr Verwoerd's South Africa, some of the Deep South states of the USA, most of the communist lands). But any party which published a shoal of reports like this youth document would gradually come to be recognised as the thinking party; Labour's official and carefully trimmed policy statements during this Parliament have had precisely the opposite effect.

ELECTORAL LAW

Anomalies over the Screen

THIS is bound to be called, and possibly to be, a television election. The increase in viewers since 1955 makes that inevitable; so does the increase in telecasting of political material, not just in official party political set-pieces but in news and feature programmes as well. In the last few weeks the politics of television coverage have been fascinating. Tyne-Tees television has announced that, because of the Representation of the People Act and the Television Act, it can present no political feature programmes, while Granada is going ahead with several schemes, including its very ambitious marathon in which any candidate in the North (if his rivals agree) can have two minutes of television oratory. On the whole, ITV and the BBC have handled news and views rather gingerly. Compared to the blanketing of all news on the air in 1955, there is much to be grateful for—but a good deal of absurd overcaution still surrounds broadcasting policy.

These obscurities in relation to television only underline the growing obsolescence of electoral law. The essential provisions of the Representation of the People Act really date back to 1883. The leading cases which define what an agent may or may not do almost all date back to the 1880s and 1890s. The law of agency was brilliantly devised to prevent the abuses prevalent in the 19th century. But it does not acknowledge the activities of parties and it cannot cope with the centralised campaigning of the present day. Obscurities abound; there are even disputes about such relatively straightforward things as when an election is legally presumed to begin—a matter that becomes very important in an era of long-term image-building.

Nobody who has looked at these problems from the outside can doubt that the time is ripe for a change in the electoral law; and it ought to be a change in the direction of greater freedom for the propagation of every sort of view on all media. Many MPs who come back to the House on October 8th will want an investigation into the law. There can be dispute about what form that investigation should take, but it is important to say one thing at once. The matter should not be left exclusively in the hands of a select committee of MPs in the traditional Speaker's conference.

INDIA AND CHINA

Two Faces

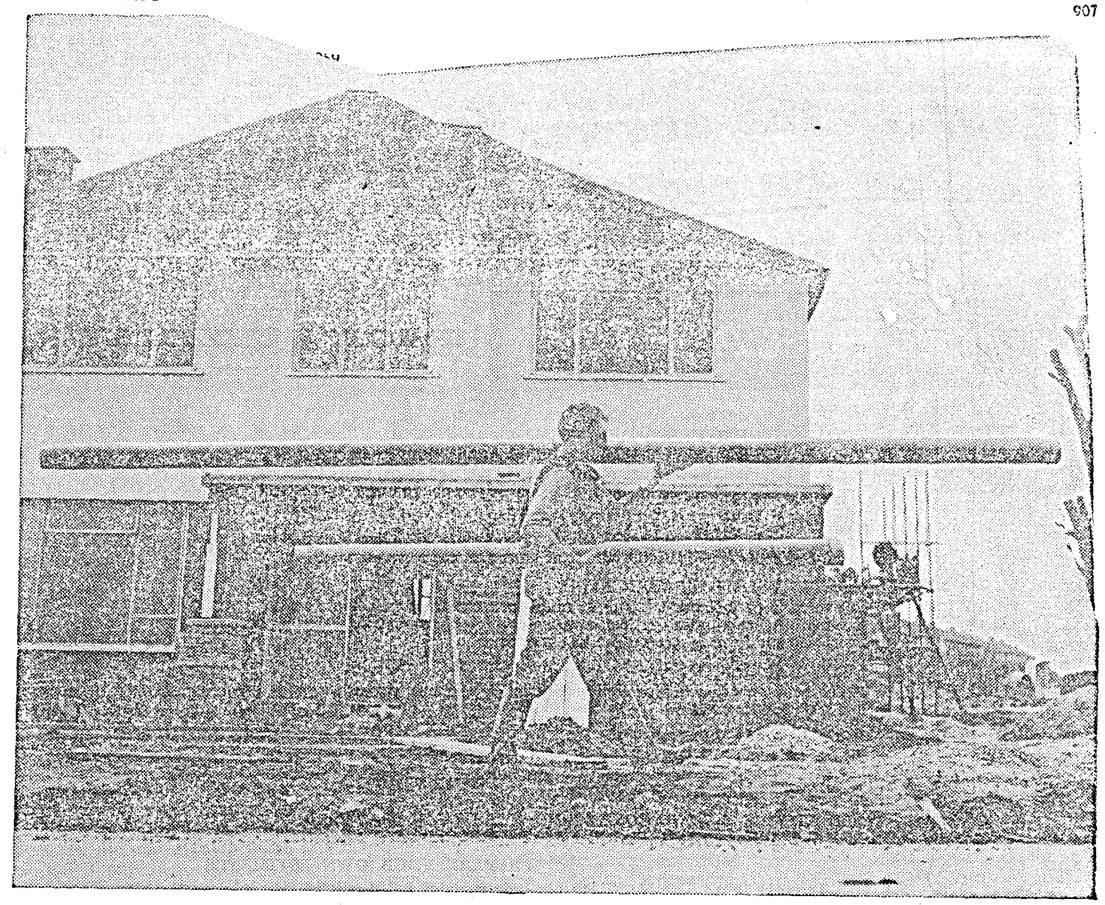
NEITHER Peking nor Delhi paid much overt heed to Moscow's statement last week expressing confidence that they would settle their Himalayan border dispute quietly and without more ado. The Soviet statement was strikingly, almost painfully, impartial as between the two disputants. Mr Nehru welcomed it; but its reception in China was a restrained one. In fact, Peking's next move was to launch a wave of organised indignation. For three days, members of Mao Tse-tung's "parliament," meeting in special session, competed in vilifying the Indian government and Mr Nehru, who were accused of provocation, aggression, slander and high-handedness. Leaders of Peking's tame "democratic parties," understandably stung by Mr Nehru's gentle reminder that in India different views could be safely aired, declared this an "insult" and tried to assert their individuality by saying the same things as their masters, but even louder: "India is trying to bully China" . . . "Mr Nehru is defending British Imperialism"—and so on.

Marshal Chen Yi, the foreign minister, said that the Indian government had "always used two-faced tactics over Tibet," despite Mr Nehru's claim to be merely "steering a middle course." He accused India of showing no "consideration for the Chinese people's national pride." But in Delhi, at almost the same moment, Mr Nehru was showing that he, at least, took Chinese pride fully into account. In the course of a speech in parliament on China, he said:

> I do not wish to use strong words, but it is pride and arrogance of might that is showing in their language, in their behaviour to us, and in so many things that

THE ELECTION OF 1959

The first of a series of special sections analysing the trends in the campaign and the prospects in the constituencies begins *on page 915.*



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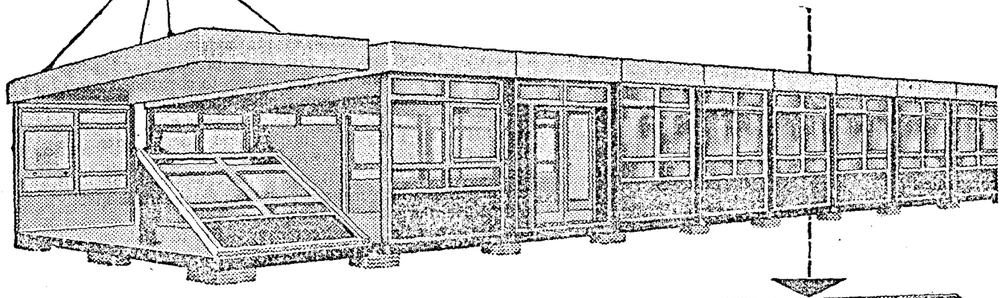

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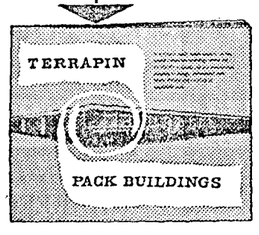

they have done . . . Sometimes there is a paranoia in nations, and one sees that in this matter . . .

He also dealt firmly with Peking's sudden discovery, after a decade of silence, that it cannot possibly accept a frontier "created by British imperialist aggression against China." How, he asked, had the huge Chinese state itself been built up? "It was built up by conquest—violent conquest."

A grave and very general issue is, in fact, raised by Peking's latest argument. Nearly every frontier in Asia and Africa today (including that between Russia and China) is a product of former "imperialist aggression." European withdrawal undoubtedly means the challenging of some of these frontiers by the successor states. There are obvious cases where the opportunity could well be taken to revise borders that were always arbitrary and accidental. But if sweeping claims are to be made merely on the ground that no line laid down in colonial times has any validity, then the map of the Old World may go into the melting-pot—and that is not a reassuring prospect.

THE ARABS

Nasser as Suitor

PRESIDENT NASSER'S doves of peace brought back no olive branches from President Bourguiba when they returned from the Arab League meetings at Casablanca last week. The Tunisian president was not as amenable to Egyptian overtures of friendship as Kings Saud and Hussein had proved only a few weeks before. Among the Arabs, the differences between Tunis and Cairo attracted attention only in Baghdad, where the Iraqis were quick to claim that they and the Tunisians were the only true believers in Arab solidarity.

Meanwhile Dr Abdul Moneim Kaissouni, the United Arab Republic's minister of economy, arrived in Britain for a round of unofficial calls on officials. His chief interests were in trade and finance (he visited the Treasury and lunched with Mr Heathcoat Amory on Wednesday); but there was cautious hope in business and diplomatic circles that his visit would be followed by the resumption of diplomatic relations between his country and Britain. Perhaps President Nasser was beginning to realise that a few Egyptians on the Thames could be just as useful to him as a few Britons on the Nile might be to the United Kingdom.

Dr Kaissouni is now bound for Washington to see officials of the World Bank about a loan for widening the Suez Canal. Back home in Cairo, however, his government has taken up a position well out on a limb. On the day Dr Kaissouni arrived in London, President Nasser's favourite political commentator, Sayyid Hassanain Haikal of *Al-Ahram,* said that if the UAR

detects an attempt to link freedom of Israeli navigation in the canal with the loan, it will not wait for the bank to refuse, and will withdraw its request without anger or regret.

Such statements will hardly help Dr Kaissouni in Washington, where the attempt has already been made to hold off the loan until the matter of Israeli use of the canal is cleared up. So far, nobody has been able to discover who is to clear it up or on what basis. There are, however, plenty of people in Washington who would not mind sawing off a limb if they thought President Nasser was sitting on the end of it.

Old Diplomacy for New

THE Iraqi government, having spent the past year alienating the affections of Iraq's old friends, is out to win new ones. It is planning to open information centres in carefully selected capitals—London and Vienna this side of the Iron Curtain, Prague on the other side, and Beirut among the Arabs. Besides information of a general nature, the centres are to deal with commercial questions and sell tickets for use on Iraq's own airline.

From time to time the Arabs, collectively through the Arab League or individually as in this case, decide that they must burst upon the world with information about their causes, their picturesque antiquities, and, less often, their products. It is all in keeping with the times, and they could use any goodwill or trade that results from the use of modern techniques; but they might consider first whether they have made the most of the diplomatic representation they have enjoyed since they became independent.

Adequate diplomatic representation would serve them better than independent information offices. A commercial attaché who knows the answers would have more effect on trade, and any travel agency can sell a ticket. There is more to modern diplomacy than tax-free petrol, cocktail parties (euphemistically described as receptions among Moslems), and calling on other diplomats. The weakness of the Arabs' voice in the world is not always the fault of the men their governments send abroad. The governments, for reasons best known to themselves, fail to keep their representatives informed. Their press and commercial attachés in London, Washington or Moscow are likely to know only what they read in the local papers. They are often, understandably, as eager to get information about the situation back home from the inquiring reporter or commercial traveller as they are to pass on information about governmental changes or new products to be sold. Sometimes they know little about the countries they try to represent. The *chargé d'affaires* in London of one Arab country, for instance, has never set foot in that country.

Before the Iraqis and their Arab brethren embark on expensive new public relations schemes, they should first take stock of what they already have on hand. Perhaps they will find that old-fashioned diplomacy, well organised and properly administered, would bring in more tourists and trade than flashy establishments in Piccadilly or the Ringstrasse.

TRADES UNION CONGRESS

Fag Ends

Our correspondent who was at Blackpool last week writes:

THE last two days of the Trades Union Congress were dominated by Mr Gaitskell's carefully worded plea for wage restraint on the one hand and the delegates' unanimous vote for higher wages and shorter hours on the other. The wages motion, put forward by the Electrical Trades Union, led to the usual stream of union shibboleths; the debate on the 40 hour week, half-hearted and diffuse as it was, was tactically the more interesting. The union leaders who wanted to push the shorter working week faced two major difficulties: the first was that most union members do not want it (many work all the overtime they can, even with a 44 hour week), and the second was that employers, who rightly see the demand as just a concealed wage claim, are not ready to concede it. This made an unpropitious background for any motion; it is probable that unions demanding straight wage increases will make the running after October 8th, and possible that we may have seen the last of the 40 hour week slogan for some time.

Friday at Congress is always a time for tying up loose ends, and this one was no exception. The report on the general council's exchange with the ETU was passed over without a word—a result not only of the TUC's cold feet in the matter generally, but also of their lack of confidence in the leading non-communist champion in the union in particular. A solid vote expressing support for the Labour party followed (with only "derisory" opposition) and the day finished with a resolution, which was carried, calling on the general council to investigate itself in order to make its 35 members more representative of trade unionism as a whole. This difficult job will fall to Mr Bartlett, of the Confederation of Health Service Employees, the TUC's chairman for the next year.

NIGERIA AND THE BOMB

Dusty Answer?

THE Prime Minister of Nigeria, Alhaji Abubakar Tafawa Balewa, and four of his ministers arrived in Britain this week to ask Britain to make representations to France not to detonate its atomic device in

the Sahara. The British Government can be in no doubt of the seriousness of this mission; indeed, it is embarrassed. This is an all-party mission, and it aligns the Northern People's Congress, the emirs' party, with the two more radically-minded parties of the South. Thus as the Nigerian election campaign gathers in heat, the parties are demonstrating that in the matter of atomic bomb tests in the Sahara they are at one with Ghana and the other independent African states in their protest against the French. The British Government had not looked for such solidarity with the other African states even before Nigerian independence; but now it cannot be explained away, even if remarks are made, *sotto voce,* that for electoral reasons the NPC could not lag behind the other parties on this issue.

What is worse, the delegation's plea that Britain should do something to stop France kicking up radioactive dust in the Sahara is certain to receive a dusty answer. The Nigerians are perfectly aware that Britain cannot bring direct pressure on France. But they will not be taken in by the red herring that France has the right to explode a device. They are asking that France should not explode it in the Sahara against the organised protest of so many African governments, and that Britain should not side with France now that Morocco has raised the issue in the United Nations. But Britain may already be so far committed to support France in North Africa in the UN assembly that it would be impossible to make an exception over the bomb. This would mean turning Nigeria down flat just when the Colonial Office is straining every nerve to ensure Nigerian goodwill on the eve of independence—and the drawing up of a defence treaty between Britain and Nigeria. The role which was cast for Nigerian independence, and the accession of Nigeria as the biggest state since Pakistan to the Commonwealth, next year was to draw attention from the unpleasantnesses which seem probable elsewhere in British Africa.

If the Nigerians are snubbed, they will have an incentive to work more closely with Ghana and the Bandung block than seemed at all likely at the time of the Accra conference of African states. The British government has been counting on Nigeria being a counterpoise to Ghana and Guinea. But if the future Nigerian foreign minister wants to commit Nigeria to a more African nationalist line, the Northern Peoples Party and the emirs may now have a good excuse to shrug their shoulders and let him.

FRANCE AND THE VATICAN

No Overalls for Priests

THE boldest social experiment of the Roman Catholic Church since the war is coming to an end. The Vatican has now decided to put a stop to the activities of the French movement of worker-priests. The Mission of France, to give it its full title, was set up in 1943 by members of the French clergy who thought that preaching in dark Africa or distant Asia was not the only outlet for a missionary's zeal. There was much to be done nearer home. The divorce between the Church and the industrial workers made it imperative, in their view, to send priests as missionaries to the big industrial centres of France. And if their preaching was to be effective, it was felt that they would have to share the work and the living conditions of those whom they wished to convert. Such was the origin of the worker-priests.

The venture had its risks. The preachers could themselves be converted. Sharing the hardships of their fellow-workers, they could be influenced by their political and social opinions. Worker-priests took part in strikes and some were even arrested in communist-sponsored demonstrations. A conservative campaign against "red priests" and strictures from the Vatican led the French Catholic authorities to restrict the scope of the movement. In 1953 a revised statute prevented priests from devoting more than three hours a day to manual labour. But the French clergy still thought this mission worth the risks involved and asked the Vatican's blessing for extending the movement again. Last June it received a negative reply, which has now leaked into French newspapers.

CARDINAL PIZZARDO, writing on behalf of the Holy See, tries at first to minimise the issue. He queries the assertion that the mass of French workers is "un-Christian" on the rather Jesuitical ground that many of them have been baptised. He then restates the traditional definition of a priest's duties which is incompatible with factory life. But his main argument is couched in almost Marxist terms: "the priest at work . . . is led, in spite of himself, to think like his fellow-workers on trade union and social subjects, to share in their actions; this is a dangerous entanglement which brings him rapidly to take part in class war." The pill is sweetened. The worker-priests are to be disbanded gradually and laymen trained in special institutes directed by priests will be allowed to preach among industrial workers. But the end of this venture is undoubtedly a victory for the conservative wing in the Vatican over the more modern French cardinals.

SAN MARINO

Polling on Monte Titano

THE people of San Marino have declined to confer upon themselves once again the distinction of having the only communist-dominated government in western Europe. The tiny republic in the Apennines was governed by a coalition of Communists and Socialists from the end of the war until October, 1957, when the defection of a handful of Socialist councillors gave the Christian Democrat-Social Democrat opposition a tiny majority; with the aid of a little constitutional sharp practice and some beating of drums by the Italian government off-stage, the Christian Democrats were able to take over the government. They refused, however, to submit immediately to the verdict of the 7,500-odd electors of San Marino, more than half of whom live abroad—presumably because they doubted how they would fare.

But when the ordinary general elections came due—last Sunday—the Christian Democrats found, like their Communist *opponents* before them, that it is often easier to win elections when in power than when in the wilderness. The Christian Democrats and their Social Democrat allies between them gained 3,826 votes, just over 60 per cent of those cast, and can therefore count on an absolute majority of the sixty seats in the new General Council. The Christian Democrats will probably get 27 seats and the Social Democrats 9; the Opposition will probably consist of 16 Communists and 8 Socialists.

The effect of the female vote on political fortunes in San Marino remains an unknown quantity; women have at last been enfranchised, but for rather obscure reasons they cannot exercise their new rights until next year. On the other hand, the new electoral law does not seem to have had such a decisively unfavourable effect on the fortunes of the Communists as they maintained it might; under this law the 900-odd *Sammarinesi* living in North and South America, most of whom are anti-Communist, were allowed, unlike their compatriots in Western Europe, to exercise a postal vote. Perhaps one of the biggest factors in the Christian Democrats' victory was a shrewd assessment by the electors of which side their bread is buttered on; with a Christian Democrat government firmly (barring accidents) in power until 1963, they may reasonably hope for an increased flow of financial benefits from Rome to the heights of Monte Titano.

EDUCATION

Proposals for the Schools

THE two unofficial kite-flying clubs attached to the main political parties have recently published tracts on education—the Tory Bow Group, on schools,* this week and the Fabian Society, on universities,† last week. They have only a general bearing on the parties' electoral educational wares, but will add shot and shell to the educational controversy. The Bow Group follows the party line on improving

* The Bow Group: *Willingly to School,* published by the Conservative Political Centre. 2s. 6d.

† *The Universities: A Royal Commission?* by Graeme C. Moodie. The Fabian Society. 5s.

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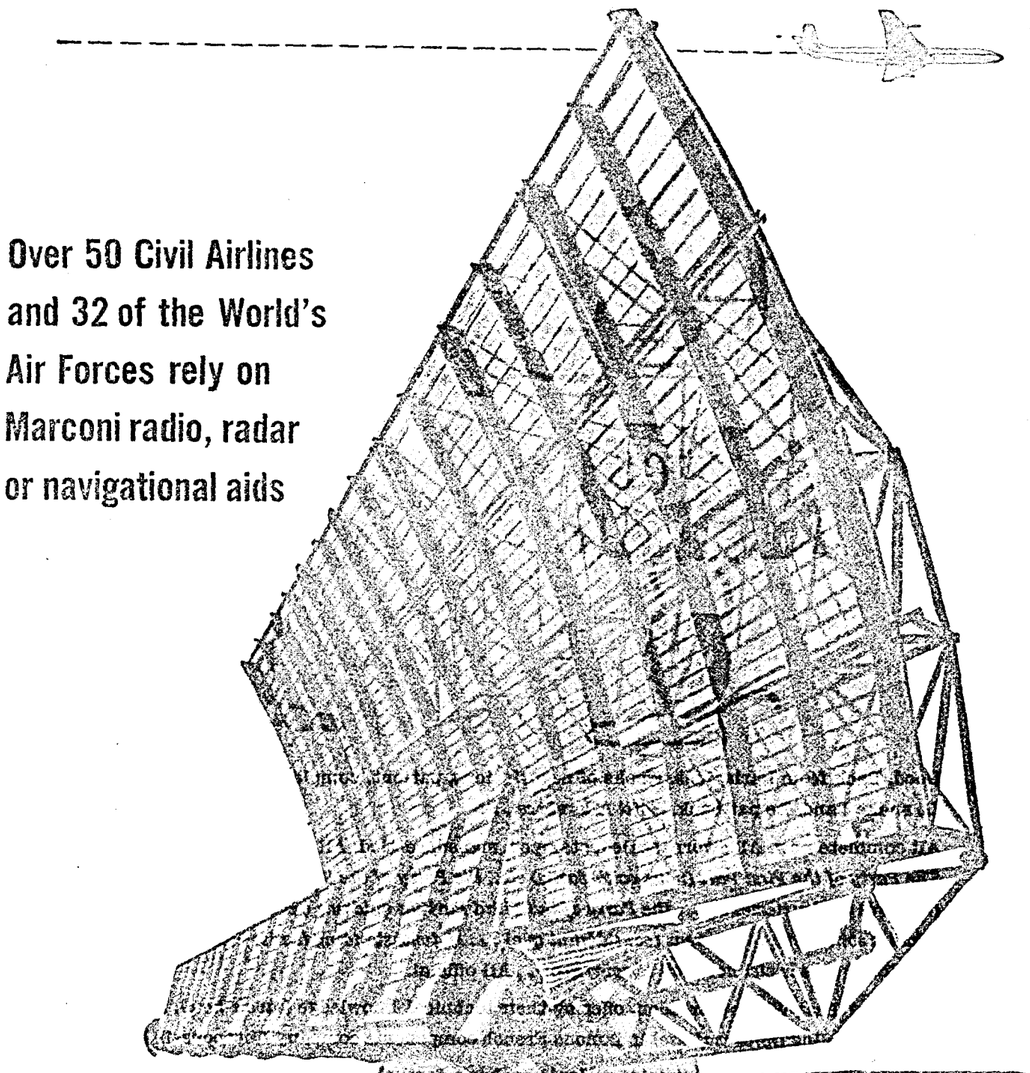

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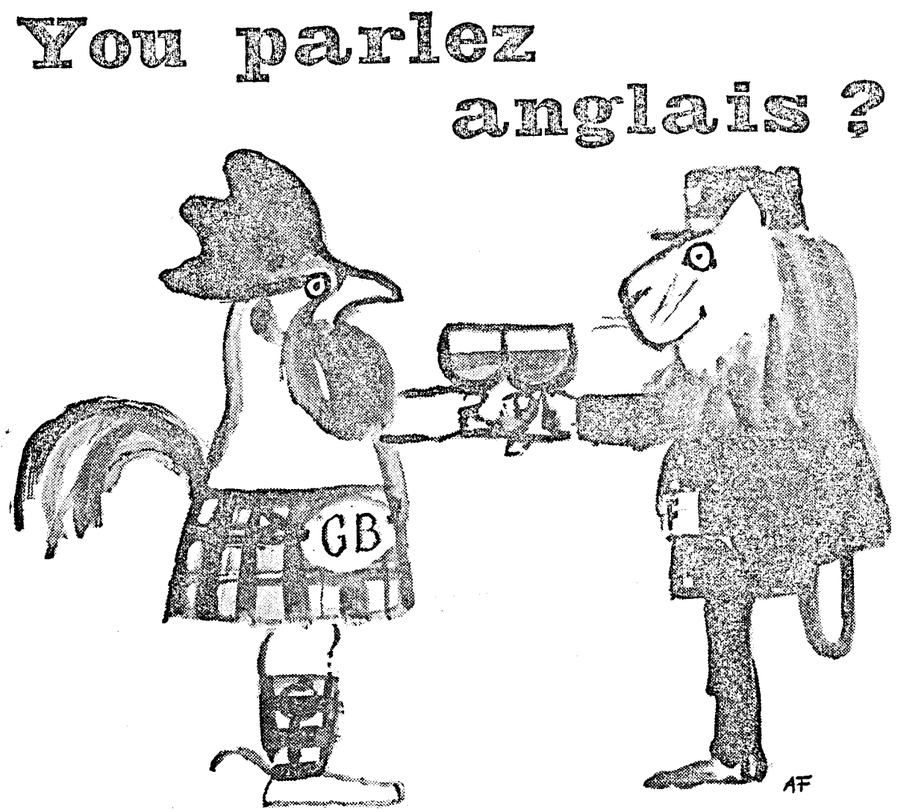

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secondary modern schools in order to retain the inherited educational capital represented by the gra. imar schools, but is uneasy lest the Conservatives be driven into supporting the eleven-plus (in all its varieties) when, so the Bow Group believes, there are other ways out of the dilemma of selection of ability. They find the comprehensive school far less of a bogy than do most middle class parents, but, like Mr Geoffrey Lloyd, they place their hopes in such an improvement of secondary modern education that ultimately parents and pupils will happily sort themselves out, over a period of adjustment, into the two streams, academic and practical. Their substantial suggestion to ease this transition (apart from spending the millions more on schools, teachers, and teachers of teachers which everyone hopes may become available) is to provide two new levels of GCE pass—the "S" level (for university scholarships) and the "N" level for those who can hope at best for a pass or two at "O" level. This would enable secondary modern schools to get a school certificate for a substantial number of their pupils. Whether this would really help employers to select staff thereafter may be questioned, but it is possible that in the age of examinations it would underpin the egos of children with no more than average IQs, and perhaps this would be a good thing—until there arises a robust non-academic generation that can do without such crutches.

The Bow Group rightly want more of everything for the schools, including more teachers, smaller classes, better equipment and more educational experiment (including some in optimum class sizes, please). But almost their only idea for finding the extra finance is to offload the payment of the teachers' basic scale from the ratepayer to the Treasury. At the same time they are —again rightly—critical of the way local authority control over schools, teachers and parents is exercised. But do they not see that the whole tendency of such arguments is towards a national educational system in which the local educational committees would have a much less authoritarian say either as paymasters or parents' representatives? The Bow Group do not throw this cat among the educational chickens—surprisingly, seeing what fun they generally have with the establishment.

And Questions from Universities

MR MOODIE, for the Fabian Society, is concerned to put up a comprehensive brief for the Royal Commission on the universities which Labour, if it comes to power, has promised—or threatened—to appoint. In collecting eighty-eight questions to which he would like a commission to extract answers from the dubious dons he has ranged over the whole field of current university argument. His questions range from whether university expansion is really limited by availability of qualified staff to

the (almost *lèse majesté*) query whether the University Grants Committee does an adequate job. Mr Moodie has naturally not shirked the formulation of questions about the position of Oxford and Cambridge, and their *droit de seigneur* in the matter of skimming the cream of student intelligence and the best of university staff. It is a question which, among others, ought to be faced; though to turn them into post-graduate institutions seems a solution only one degree worse than that of further raising their entry standards in order to leave more good seconds for other universities.

Some of Mr Moodie's questions are loaded with question-begging terms, but his university readers will soon frisk him of these, and the exercise was worth while. Nowhere, however, does he himself seem to face the question whether a Royal Commission is suited to an inquiry on such a scale. However eminent the commissioners, the dons would understandably think they knew better; where they agreed with recommendations, they would put them into practice in any event, and where they did not agree, it would take government pressure to force their hands. This puts national policy for university education back where it must ultimately lie, which is (behind the UGC veil) the government. The problem is for the government to grasp the really prickly thistles—such as the distorting effect of Oxbridge's superior esteem and resources compared to Redbrick, or the indenting for more scientists than dons think healthy to university life. A Royal Commission report would hardly help here—the mere facts can be less cumbrously called for. The eighty-ninth question, to be added to Mr Moodie's list is: which minister or department of state is primarily charged with university policy?

LONDON

Exploding Metropolis

How big is London? According to Mr Powell, of the Ministry of Housing and Local Government, in a paper read to the British Association, it is (or soon will be) something like 100 miles long and *100 miles wide*. That, at any rate, is the area now covered by rapid economic and population growth. In the last six years this London region has spawned 400,000 new jobs—over 40 per cent of the total national increase. Most of these jobs are in London proper (particularly in new offices in the centre), though manufacturing employment has grown considerably in new towns and other places on the perimeter. But though London has become more and more a place to work in, it has become less and less a place to live in. Built-up London (Harrow to Croydon, Dagenham to Heston) has lost 245,000 inhabitants since 1951, and the outer parts of the London region have gained 660,000.

The problems that such vigorous growth and development produce should be obvious. As a new and more distant exurbia spreads around the capital, the strain

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THE TYRANNY OF THE STRIKE

¶ For some weeks past we have witnessed a scene in London at once novel and painful. On the road from Belgravia to St. James's Park and Birdcage Walk, and immediately facing the back of Buckingham Palace, the old buildings of the street . . . were some months ago removed in order to widen the road, and an open space for building was left. About a month ago, fresh buildings began to spring up, forming a new line of street. But in connection with these buildings a singular appearance has presented itself to the passer-by. The boarding which enclosed the scene of *building operations has been protected by policemen* placed there specially on duty. The hodman who carried the mortar, the bricklayer who laid the bricks, the carpenter who added the woodwork, have all been working under the special protection of a body of policemen. . . . The excesses of which the Trades' Union, or at least members of it, are becoming guilty, cannot fail, if persevered in much longer, to produce a very serious revulsion of feeling on the part of the public against these combinations. We have been always ready to support the fair claims of labour to all the advantages to which increased demand entitled it. . . . But in the case of *labour, as in the case of wheat and sugar*, the fluctuations of price must rest upon natural causes, upon variations in the relation of supply and demand, and not upon the will and caprice of those who have to supply the demand. There is no error so *great in commerce*, nor one which is so quickly punished by failure, as when the dealers in an article combine to keep up its price against the natural tendency of an increased supply, to a decline. But when this effort is extended from inanimate to animate objects, from wheat or sugar to the labour of man, and when, in addition, man is to be treated not as if he were a rational being, capable of judging for himself, but *as if he were an inanimate object* to be sold or kept as best suited the speculative notions of a dealer, then it becomes a matter of tyranny of the grossest and worst character. Such is the tyranny which the turn-outs *in the building trade are exercising over their fellow-men*. . . . It is really too much to know that the whole course of legislation for many years past has been to destroy the monopolies of capital and property . . . and then to find that this is the class, which more than any other is disposed not only to impose a monopoly upon society, but in order to gain that end, to exert a severe tyranny upon fellow-workmen.

on the transport and highway systems grows alarmingly. The result may be to drive more industries, and offices too, to new and satellite towns—a healthy development in itself, but one that could easily choke radial communications. Urban sprawl and litter meanwhile threaten the green belt and remaining Southern England countryside. The growth of London is occurring at the expense of other, less developed regions of Britain. If this was judged wrong before the war, can it be right now?

Answers to these urgent questions can never be easy, but two points surely stand out. One is that the problems of the London region would be enormously helped by the designation of more new towns—not as gigantic public housing projects, but as places to which industries as well as people would be encouraged to move from the capital itself. This would simplify communications, particularly if the new and satellite towns were linked by expressways with no intervening stops; it would reduce commuting, minimise sprawl, and provide the housing sites that are urgently needed without involving too many conflicts over beauty spots and rural amenities. The second point is that to encourage greater economic growth in other regions besides London would require a broader and different use of subsidies for transport and industrial location. The political parties' present promises to mop up little local pockets of unemployment are quite unhelpful in this respect; they may well, if the sites are intrinsically poor or out-dated, actually discourage new regional development.

SWISS AND CZECHS

Milk Chocolate Menace

SWITZERLAND'S "war hysteria" and piling up of armaments have, according to *Rude Pravo*, the Czech *Pravda*, cast dark clouds over its relations with the communist states. This is pretty alarming news, whichever way you look at it.

Armed to their milk teeth, these warmongering watchmakers have evidently projected their provocative shadow at least as far as Prague, if not to Peking. Europe, and no doubt Asia, Africa and the Americas, must tremble at the rattling of Swiss sabres. The reckless imperialists of Berne have already reduced gallant little Lichtenstein to the status of a helpless satellite. Where will their rabid *revanchiste* ambitions stop?

Using the now fashionable reasoning of linguistic nationalism, the Swiss could easily stake out claims to France, Germany and Italy (not to mention Austria, Quebec and a good bit of New York City). There are Swiss pastry shops in the very Himalayas; in that region of disputed frontiers, these might constitute a better territorial claim than, say, the landing of a rocket. Not that the legal niceties matter much once the frenzied and heavily armed Swiss are on the march.

Terrified of giving the wild men of the Alps the slightest provocation, spineless, appeasement-minded journalists have hitherto hushed up this looming threat to peace. Now, with the cuckoo clocks standing at five minutes to midnight, *Rude Pravo* has fearlessly exposed it in the nick of time. The brave journalists of Prague have not even been silenced by Moscow's stern warnings to "rabid inciters of conflicts" not to try to disturb international harmony at this time of top-level comings together. They have done their painful duty, and told the world the awful truth. They deserve our thanks—that is, unless (a horrid doubt creeps in) they may possibly just have been misled by exaggerated reports about the recent passage of an elephant, in Hannibal's tracks, across the Alps.

COSTUME

Pride and Puggarees

MANCHESTER'S City Council and Transport Department, the Secretary of State for Scotland and Glasgow Corporation recently got involved in a tale of two turbans and two cities that promised well for the silly season. One Sikh was turned away from a dance hall and another turned down a job as a bus conductor; the impediment in each case was the neatly wound puggaree which, together with a beard untouched by any blade, is the badge of a pious Sikh.

Gents are definitely required to remove their hats in any self-respecting palais de danse (are the managements aware, by the way, that a Sikh is also obliged to carry a knife?); and bus conductors are usually issued with uniform caps, which they may or may not wear. Does this amount to religious intolerance? So said the indignant writers in correspondence columns who correctly pointed out that the Sikh soldiers of the British Raj were a fine body of puggareed men. But there is a bit more in these cunningly wound turbans than meets the eye.

If an ex-Grenadier goes to work for London Transport, must he be allowed to wear his honoured bearskin? If so, buses will have to be scaled upward, and there will be trouble with low bridges. Our tourist trade might well boom if the public transport services were ablaze with Masonic aprons and Nigerian togas, Salvationists' bonnets, sarongs, kilts and sporrans. But before the last dykes yield to a flood of rather confusing splendour, might not a compromise be found in the fact that the Sikh religion, strictly speaking, enjoins the wearing not of the turban itself but only of the uncut hair beneath it; and this might be tucked away under a peaked cap just as, in battle, it used to vanish under a regulation steel helmet.

THE ELECTION OF 1959

For the next few weeks comment upon the course of the election campaign, based partly upon despatches from correspondents in the constituencies, will be presented in this special section of *The Economist*.

Into Battle

BY A ROVING CORRESPONDENT

IF the latest *News Chronicle* Gallup poll is correct, there has been a swing of public opinion in this country since 1955 which must at present make the Conservatives favourites to win the election with a majority of over 100. Labour's hopes of coming back to power in the face of these odds must presumably rest on a combination of three factors.

First, there is their hope that the polls are not correct; this point, and the evidence of the by-elections, is discussed in the next article. Secondly, there is the argument of some optimistic Labour agents that any swing in public opinion since 1955 will be more than compensated for by the improvement in their organisation; the polls show only how people think they will vote if they go to the booths, they do not show what changes there will be in the numbers who will be induced to turn out to do so. Thirdly, many of Labour's most intelligent people express a surprisingly confident hope that there will be a pronounced swing from Conservative to Labour during the campaign itself.

It is very difficult to swallow the argument that Labour's disabilities are likely to be overshadowed by relative changes of efficiency in the two main parties' organisations. So far as one can see, the Conservatives are probably about as well off for party workers as they were in 1955. They have no shortage of funds. Although they are fairly well organised, they admit that they are far from achieving their goals of 100 per cent canvasses and comprehensive street warden systems. But the Labour party is not even within distant sight of these objectives. Labour's organisation has probably improved a bit on 1955, and it looks like having a larger number of volunteer workers than last time. But the implementation of the Wilson report in its "penny-farthing" organisation has been exceedingly patchy. There are plenty of marginal seats where Labour still has not got even a full-time agent. This is quite largely due to the shortage of competent men. In some cases incompetents have been appointed and, after a year or two of mess, the full-time agency has been abandoned.

From past experience, garnering of the postal vote is by far the most important organisational activity. The Conservatives expect to get only "as many or a few more" postal votes as in 1955. The Labour party has done quite well in organising this vote in a few seats, but its efficiency has been sporadic. The best guess one can make is that the Conservatives will not score quite the same overwhelming victory in postal votes as they did in 1955; but that they will still be ahead in this field almost everywhere—and usually quite substantially. Moreover as the electoral register dates from February there will be more emigrants from each constituency to track down in 1959's October election than there were in 1955's May one.

One other influence on the turn-out may, however, work to the Conservatives' disadvantage. Last time anything up to one and a half million normal Labour voters stayed away from the polls, largely because they no longer felt sufficiently horrified at the prospect of another Conservative government to bestir themselves. Even more of Labour's normal voters may, of course, feel even less horrified this time. But this time the Conservatives are almost equally worried about the possibility of lazy abstentions on their side; this fear grows every time that the public opinion pollsters suggest that a Conservative victory with a large majority looks like being in the bag.

It is these worries about the turn-out that have thrown both parties into a troubled behind-the-scenes controversy about what sort of a campaign they should wage. The problem for each is whether a loud and calumnious election campaign would do more good by frightening its own sleeping supporters out to vote, or whether it would do more harm by indignantly arousing the sleeping giants on the other side. Lord Hailsham and Mr Gaitskell each seems to have decided that the ideal solution would be for the other side to be very loud-mouthed and his own side to be very soft-spoken. Within limits both are probably right. But there are already some signs that the Tories may be in danger of carrying this cautious soft-speaking too far, and that Mr Gaitskell may be impeded from carrying it as far as he wisely would like.

Mr Gaitskell's difficulties are obvious: they are to control his militants. Down among the grassroots in the constituency organisations one has the feeling that Labour emotions are rising earlier than they did in 1955. This does not mean that anything specifically dirty is being planned, even at the lowest levels. The Tories' present cries of anguish are partly propagandist, partly prophylactic and partly inspired by a perhaps unnecessarily guilty conscience (and apprehension) about Dr Hill's loud-mouthed telecast before Lord Hailsham's edict to be gentler went out.

The Tories' danger may be less obvious. But if Mr Gaitskell does manage to curb his wild men, if soft-speaking does continue to be the order of the day on both sides, if everything goes as now, one's impression is that there may indeed be some net swing to Labour during the campaign. In propaganda so far the first rounds seem, on the whole, to have gone to Labour on points. Labour has had a singularly good press, all things considered, for everything except Mr Greenwood's broadcast. Mr Gaitskell's touch on TV and at the TUC has been unexpectedly good. The Conservatives have countered with nothing except a very dull and unimaginatively "safety first" election manifesto. Looking at the public opinion polls, one must still expect the Conservatives to win, and probably by an increased majority. But this first battle report from the constituencies must end with a tinge of surprise that the Tories have not made more of the running so far.

The Swings Required

IN the general election of 1955, the Conservatives won a majority of 68 over Labour, with six Liberals and two Sinn Fein convicts (who were promptly disbarred) also gaining election to the House. In the election of 1959 Labour would therefore need to win 34 former Conservative-held seats in order to gain parity with the Conservatives in the House; and it would need to win 39 seats

in order to secure an absolute majority. Both these figures ignore the four seats which Labour has won in by-elections since 1955; in a general election Labour would need to win them over again.

It so happens that if there was a straight swing from Tory to Labour of 2½ per cent right across the country compared with 1955—that is to say, if 2½ per cent of the electorate which voted Conservative last time this time voted Labour in every constituency—Labour would gain exactly 40 seats. A straight 3 per cent swing to Labour would gain it 48 Tory seats. It is a reasonable rough-and-ready opening gambit for the electoral arithmetic of 1959 to say that as three-quarters of these 48 seats go, so goes the nation.

The 48 seats concerned are set out in Table I. The convention adopted there is to set in italics the seats in which the Liberals are expected to put up candidates this time; seats in which the Liberal interventions are new—that is to say, where no Liberal candidate stood last time—have an asterisk as well as being italicised. It will be seen that in eight of the 48 seats, the Liberals are expected to make "new interventions"; in seven they are making "reappearances" as in 1955; and in 33 there are at present expected to be straight fights (including two, Devonport and Ealing North, where Liberal candidates stood last time, but are not expected this time). Necessarily this tabulation can be based only on the provisional list of Liberal candidacies, which is always apt to be amended just before nominations day.

TABLE I

THE CONSERVATIVE MARGINALS

(Figures in brackets show swing Labour requires)

18 seats requiring under 1 per cent swing: Gravesend (see note A), Bradford North (0.1), Plymouth Devonport† (0.1), Ayrshire Central (0.2), Glasgow Craigton (0.3), Ealing North† (0.3), Carlisle (0.5), *Oldham East* (0.5), Preston South (0.6), *Hull North** (0.6), Glasgow Scotstoun (0.6), Maldon (0.7), The Wrekin (0.7), Eastleigh (0.7), York (0.9), *Eye* (0.9), Nottingham Central (0.9), *Hitchin** (0.9).

14 seats requiring 1 to 2 per cent swing: *Wandsworth Central** (1.1), Yarmouth (1.1), *Hornchurch* (1.1), Lanark (1.1), *Battersea South* (1.1), *Buckingham** (1.3), Halifax (1.4), *Walthamstow East* (1.5), *Rochdale** (1.6), King's Lynn (1.7), *Dulwich* (1.8), Doncaster (1.8), Rushcliffe (1.8), Sunderland South (1.9).

16 seats requiring 2 to 3 per cent swing: *Watford** (2.0), Woolwich West (2.1), Norfolk South (2.1), Gloucestershire South (2.1), Liverpool Kirkdale (2.1), Norwich South (2.5), *Grantham* (2.5), Chigwell (2.5), *Darlington** (2.7), Walsall South (2.7), Devizes (2.7), *Bedfordshire South** (2.8), Rutherglen (2.9), Dover (2.9), Manchester Wythenshawe (2.9), Brentford and Chiswick (3.0).

Note A: Gravesend included because Labour vote was split by Sir Richard Acland in 1955.

Note B: Italicised seats are expected to have Liberal candidates. * New Liberal intervention, no Liberal in 1955; † Liberal in 1955, but not expected in 1959.

The importance or unimportance of the pattern of Liberal candidacies is always a matter of controversy. Very broadly, however, when there have been "new Liberal interventions" in by-elections during this Parliament the average swing from Tory to Labour has been between 2 and 3 per cent greater than it has been in straight fights; when Liberals have "re-appeared," the extra damage done to the Tories has usually been rather smaller, on the average it has been equivalent to the damage done by a swing of between 1 and 2 per cent to Labour. For those who are uncertain of the method of arithmetic here, an example may help: if an intervening Liberal picks up 20 per cent of the vote, of which 18 per cent comes from the Tory and 2 per cent from Labour, this widened gap of 16 per cent between Tory and Labour has the same effect on the relationship between the major parties as an 8 per cent swing from Tory to Labour would have in a straight fight. In the Tories' worst period, between mid-1956 and their sudden recovery at the time of the London bus strike in May, 1958, the average net swing from Tory to Labour was just over 6 per cent in by-elections where no Liberal intervened and just under 9 per cent where one did. Since the bus strike the average net swing from Tory to Labour has been 2½ per cent where there was not a Liberal and just under 5 per cent where there was.

If these trends are repeated on October 8th, then Labour would probably need a general swing towards it of only about 1½ per cent compared with 1955 in order to topple the Tories out of power; without the succour given by a Liberal revival, Labour would need an average swing of rather over 2 per cent to win. The major part of the basis for this calculation can be read off from Table I. It will be seen that 26 of the 48 Tory seats listed in Table I would be vulnerable to a 1½ per cent swing (nine of them being doubly jeopardised by Liberal candidacies), and that six of the remaining 22 would be rendered vulnerable by Liberal candidacies if the trends discussed in the preceding paragraph are repeated. Just outside the scope of Table I, the latest Liberal list of candidacies suggests that only two of the next 18 Tory marginals (i.e. those vulnerable to swings to Labour of between 3 and 4½ per cent) will be affected by new Liberal interventions, although the Colonial Secretary faces a Liberal intervention in mid-Bedfordshire (4.7 per cent swing needed by Labour to dislodge him) in a seat that falls only just outside this margin.

Add to these 34 vulnerable Tory seats the half a dozen Tory seats that the Liberals now have some hope of winning themselves—Inverness, North Cornwall, North Devon, Hereford, Denbigh, and Mr Bonham Carter's captured citadel of Torrington. Add the two Conservative seats of 1955 not in Table I—Glasgow Kelvingrove (5.4 per cent swing needed) and North Lewisham (4 per cent swing)—which Labour has since won in by-elections and where the new sitting members might be expected to have laid up some fund of personal loyalty. Add Carmarthen which Labour captured from the Liberals in 1957 and looks like retaining. Grant that one or both of the Sinn Fein seats of 1955 might well be recaptured by the Tories this time. Grant that there are bound to be some supranormal and subnormal swings in particular seats in any general election, and that up to a dozen formerly safe seats could conceivably be swung this time simply as a result of large population movements; but assume that the effects of these aberrations will broadly cancel out as between Tory and Labour. The picture that emerges, in so far as the inexact science of the electoral statistician can help to point the way, is that Labour would probably need an average swing of 1½ per cent compared with 1955 in order to turn out the Tories.

TABLE II

THE LABOUR MARGINALS

(Figures in brackets show per cent swing Conservatives require)

16 seats requiring under 1 per cent swing: Faversham (0.1), Barons Court (0.2), Cleveland (0.2), Stalybridge and Hyde (0.3), Reading (0.3), Clapham (0.3), South West Norfolk (0.3), Glasgow Provan (0.3), Manchester Gorton (0.3), Blackburn (0.5), Acton (0.7), Willesden East (0.7), *Gloucester** (0.9), *Bristol North East* (0.9), Leek (1.0), Brierley Hill (1.0).

27 seats requiring 1 to 2 per cent swing: Salford West (1.0), *Uxbridge** (1.0), Swansea West (1.2), Dunbartonshire East (1.2), Wellingborough (1.2), Meriden (1.3), Falmouth-Camborne (1.3), Greenock (1.4), Chorley (1.4), *Holborn-St Pancras* (1.4), Stirling and Falkirk (1.5), Liverpool Edgehill (1.5), Edinburgh Central (1.5), Norfolk North (1.6), Accrington (1.6), Coventry South (1.6), Derbyshire South East (1.6), Hartlepools (1.7), Brighouse-Spenborough (1.8), Birmingham All Saints (1.8), *Dundee West* (1.8), Rugby (1.8), Bristol North West (1.9), Widnes (1.9), Ashton under Lyne (2.0), Bootle (2.0).

17 seats requiring 2 to 3 per cent swing: Newcastle East (2.1), Lowestoft (2.1), Salford East (2.2), Birmingham Perry Bar (2.3), Dunbartonshire West (2.4), Manchester Ardwick (2.4), Eccles (2.4), Rochester-Chatham (2.4), Newark (2.5), Romford (2.5), Edinburgh East (2.5), East Flint (2.6), Huyton (2.7), Nelson and Colne (2.8), Birmingham Northfield (2.8), Northampton (2.8), *Ipswich* (3.0).

Note: Italicised seats are expected to have Liberal candidates. * New Liberal intervention, no Liberal in 1955.

How forlorn are Labour's chances of achieving this? Up to the middle of this year forecasters had three pointers to go by:

(1) In all the seven **by-elections** this year there has still been some net swing to Labour, although the strength of that swing in straight fights has diminished since the heady Labour days of a year ago. Ignoring the Belfast East by-election in March (where Labour was helped to an 8 per cent swing by very special factors), the record this year has been a 2 per cent net swing to Labour at South West Norfolk, 4 per cent to it at Southend (Liberal reappearance), 1 per cent at Harrow, 3¼ per cent at Galloway (new Liberal intervention), 1¾ per cent at Penistone, ½ per cent at Whitehaven. The Penistone and Whitehaven by-elections took place as recently as June. Obviously, they suggested that a general election might still be a very close thing.

(2) The **local elections** in May appeared to suggest a net swing to Labour averaging only about ½ per cent compared with the local elections in 1955.

(3) Last June the *News Chronicle* **Gallup poll** suggested that the Tories had a 1½ per cent lead over Labour, compared with the 2.9 per cent lead that they had in the actual voting in 1955. At this time, therefore, the polls themselves suggested that there was still a net swing to Labour compared with 1955, although only one of rather over ½ per cent.

Since June the Tories' lead on the Gallup poll has gone up to 5½ points, implying a swing to them of about 2 per cent since June and a net swing of between 1 and 1½ per cent since 1955. It is fair to remark here that in the summer of last year the public opinion polls reported a Tory recovery which by-elections in November subsequently suggested was not as strong as they had thought; but in general the record of the Gallup poll and other public opinion polls in this country has been astonishingly good.

If the Tories did achieve a net swing of 1½ per cent in every constituency on October 8th compared with 1955, they could, as Table II shows, expect to gain 30 Labour seats, increasing their majority over Labour to 128. If the Tories achieved a 3 per cent swing, their majority would reach a landslide level of 188. Among the Labour notables endangered by any Tory tide are Mr Mikardo at Reading (0.3 per cent swing needed to unseat him), Mrs Castle at Blackburn (0.5 per cent), Mr Strachey at Dundee West (1.8), and even Mr Harold Wilson at Huyton (2.7).

In the Constituencies

ONLY about 180 of the 630 constituencies of Britain are likely to be really interesting places in the next three weeks. The other 450 seats can probably be written down as nearly 200 safe Labour seats, nearly 250 safe Tory seats, and three safe Liberal seats before we start. Correspondents from *The Economist* have started to visit as many marginal seats as is conveniently possible; our aim will be to report from them and from other available material what special influences seem to be at work in some of the most critical areas. As a convenient means of reference back to the tables in the preceding article, we will pick out the most marginal seats by printing in **bold type** the names of any seats that would change hands as a result of a 3 per cent or smaller swing away from the sitting member.

In London's South West

"REALLY Bright Young People are Joining the Labour Party" is the slogan outside Putney Labour party's door and there alongside is the picture of a Really Bright Young Person, who turns out to be Labour's supremely photogenic candidate, Mr Dick Taverne. Since Mr Taverne looks younger than his thirty years and has a first in Greats, he presumably fits the bill, although it is a little disconcerting to find that the sole policy item that is then picked out for display is the undertaking to do away with the nominal fee for prescriptions at the chemists.

Yet this typifies the dilemma of the Opposition in the clump of marginal seats south of the Thames, where London edges into suburbia and the LCC has plonked great clusters of housing estates in the middle of residential districts which agents always used to mark Tory on the map. There is general agreement that the voter is not much interested in foreign or colonial affairs or in anything which does not affect his pocket. The problem then is to scrape around to find some grievance that has a down-to-earth ring about it. Almost always these self-conscious exercises in not being airy-fairy end up at the Rent Act. Significantly local Tories declare the issue is a dud and supporters of the Labour party say rather desperately that it is a fiercely burning one. After all, they have to say something.

Putney is the prize exhibit of a sophisticated marginal of a kind which might statistically appear fairly safe. Sir Hugh Linstead's Tory majority was 7,195 in 1955, and a swing of over 7 per cent would be required to dislodge him. But since 1955, 10,000 new inhabitants have moved into Putney, most of them to the lofty, colourful blocks of workers' flats whose inspiring skyline dominates Roehampton; and another 4,000 people have left the constituency, the majority of them thought to be Tories getting away from it all. Also, a blind physiotherapist, Mr Burns, is standing as a Liberal where no Liberal stood before. But in the light of the national mood it is hard to see how even this combination of factors can do the trick for Labour this year. Labour won Putney in last year's LCC elections, but its vote did not improve significantly relatively to Labour votes elsewhere, as it should have done if the new housing estates were making a dramatic difference. On the whole Mr Taverne will be lucky to trim the Tory majority down to 3,000.

Wandsworth, Clapham and Battersea

IN the more traditionally marginal Wandsworth seats a sitting Labour member, Mr Gibson, is defending a 225 majority in **Clapham** and a sitting Tory, Mr Hughes-Young, an assistant whip, is seeking to repel a second assault from Mrs Llewelyn Davies, whom he beat by 1,093 in 1955 in order to take **Central Wandsworth** from Labour. Both constituencies have lost population in the last four years and the Tories are hoping to score with their superior organisation of the postal voter. But Central Wandsworth has one of the few local Labour parties whose organisation displays visible benefits from the Wilson reforms. Like Putney, it also has a Liberal candidate, whereas there was not one in 1955. If Mrs Davies cannot win this seat, it is hard to see how Labour can possibly have a chance of winning the election.

Mr Gibson's chances of clinging to his toehold at Clapham may be slightly diminished by the fact that the Tory candidate, Dr Alan Glyn, has a local educational issue to fight on. Dr Glyn is a member of the governing body of Henry Thornton Grammar School and has been fighting the LCC's attempt to absorb it into one of its comprehensive schools. There is a small West Indian community in Clapham, but fortunately no racial issue.

Caught like a wedge between Clapham, Wandsworth Central and Putney lies **Battersea South,** which actually includes Clap-

ham Junction. There the Tories, who elsewhere seem inclined to harp on peace and prosperity, are clearly poised to launch a thumping campaign against nationalisation, municipalisation, comprehensivisation and and any other manifestation of the menace of Gaitskellism that comes to mind in defence of Mr Partridge's 679 majority. There have never been a thousand votes in it in this constituency since 1950. The Tories are not in the least fazed by the presence of a Liberal, Mr Mattinson, because they faced a Liberal in 1955 too. The local Labour party says that its canvass assures it that it will get a massive majority; but there are signs that its canvass must have been rather odd.

Squatters' Rights?

THERE are some statistical similarities between Labour's marginal London seat of **Holborn-St Pancras** and the Tories' marginal suburban seat of **Walthamstow East.** Both would be vulnerable to a 1½ per cent swing to the other side, and in both a Liberal is reappearing as in 1955. A visit to both of them showed that present possession breeds surprising confidence. Statistically, most things must seem to be against Labour's Mrs Jeger in Holborn. She won the seat by only 931 votes in 1955, and since then her position has suffered both from the rehousing outside the constituency of 4,600 predominantly Labour voters and from the publicity given to the red-flag-flying antics of the former Labour local councillors. The large Cypriot population in the constituency is less angry with Mr Macmillan nowadays, and her new Tory opponent is a television personality, Mr Geoffrey Johnson Smith. But the Rent Act probably still is a live issue in Holborn. At the 1958 LCC elections (before the red flag incidents) the constituency showed a swing to Labour compared with 1955 that was 2 per cent above the London average. Mrs Jeger is a good candidate, and your correspondent's impression was that unless there is a general anti-Labour tide she may surprise her party's pessimists by holding on.

By contrast, it was the Tories who seemed supremely confident at Walthamstow East, where their Mr John Harvey marked up a new Tory gain with a 1,129 majority in 1955. Labour's most vocal local issue seems to be disarmament; there are some new housing estates in the constituency which ought to help them, but they seem ill-equipped to take advantage of this. An ILP candidate is thinking of standing, and will presumably finally ditch Labour if he does; even if he withdraws the area is thought to be too prosperous to want a change.

New Towns' Tide

PERHAPS the unluckiest Conservative MPs in the country are the members for a number of formerly almost rural constituencies in the home counties whose traditionally Tory background is now threatened by the growth of the new towns. Such constituencies are Epping (which takes in Harlow New Town), Hitchin (which includes Stevenage), Hertford (which includes Hatfield New Town), Hemel Hempstead and **Hornchurch.** In each case the register of voters has increased markedly since 1955; and in each case this increase has been predominantly of Labour voters.

Thus in Epping in 1955 Mr Finlay had a 3,523 Conservative majority. But since then the population of Harlow New Town has risen from 9,000 to 24,000, and the vote there may now more than balance that of the Tory stockbrokers in the older part of the constituency. The arithmetic of such an invasion must presumably start from the assumption that about a fifth of the 15,000 newcomers will not vote. The 12,000 who do vote would then have to split about 8,000 to 4,000 in order to destroy Mr Finlay's majority. Unfortunately for Mr Finlay, recent local election results have suggested that at least 8,000 Harlowites normally should be expected to vote Labour; moreover, many of the rest may vote not for the Tory but for the reappearing Liberal candidate, the well-known broadcaster Mr John Arlott. Mr Arlott, of course, may also siphon off some votes from Labour. But Labour's Mr Ford, an able candidate, is making a big issue of the Tories' failure to build a hospital in Harlow; he is confident that he will win, and he may well do so.

Hitchin looks like the other reasonably likely Labour gain. The Conservative majority here in 1955 was only 965 and in the last five years 11,000 new residents have come from London to Stevenage New Town. Moreover, a Liberal is standing at this election, whereas in 1955 it was a straight fight. But the Labour party headquarters are less confident than one might expect. Unemployment in the area is nonexistent and the local nuclear disarmament campaign is unpopular because a large proportion of the factory workers in the constituency make armaments, including ones designed for a nuclear war. Labour now has the task of persuading hostile electors that it is not the party of unemployment.

Hornchurch had a Conservative majority of 1,372 in a three-cornered fight in 1955, and a Liberal is standing again. Since 1955 the council estates have been growing and 10,000 new voters are now on the register. This would indicate a gain for Labour but for two things. The first is that many of the new voters are highly paid workers at Ford's and often tend to be more Tory than the average member of a new town; the second is that the local Tory machine is in particularly good shape.

Hertford looks a tougher nut for Labour to crack in what will again be a straight fight. The Conservatives won here by 5,984 in 1955, but since then the population of Hatfield New Town has risen by 11,000 and, the register being an old one, some of the Tories on it are suspected to be defunct. Redundancy at De Havillands is Labour's principal issue, but this seat, though now undeniably marginal, will probably only go to Labour if there is a general swing against the Tories in all industrial areas.

Hemel Hempstead should stay Tory. A majority of the 10,000 new residents since 1955 are likely to vote Labour, but it is difficult to envisage them splitting in such a way as to wipe out the Tories' lead of 6,136 last time, even though, then as now, there is a Liberal in the field. The decision of the Tory incumbent, the popular Lady Davidson, not to stand again may help Labour slightly, as may the usual new town grumbles over the facilities. But there seems to be little local steam behind these.

Very Marginal Tories

AT first sight the two most vulnerable Conservative seats in the country should be **Gravesend** and **Hull North.** At Gravesend in 1955 the Tories' Mr Kirk beat Labour's Mr Victor Mishcon by 2,909 votes, but only because Labour's former MP for the constituency, Sir Richard Acland, intervened as an independent opposing the H-bomb and siphoned off 6,514 votes. It will be surprising if Mr Mishcon does not win the seat this time, and with his experience of the chairmanship of the London County Council he might easily gain fairly early promotion to Labour's front bench. As Table I on page 916 shows, Hull North (Labour swing required 0.6 per cent) is now the most marginal Tory seat where a new Liberal intervention is expected.

Logically, everything should be against the Tories in Hull North. Their sitting member is retiring and their candidate is an unknown newcomer; unemployment is above the national average; the local Labour organisation is said to have improved since 1955 (it certainly cannot have deteriorated). But one must never underestimate Labour's capacity to muff its best chances. Its candidate at Hull North, Mr Foord, is a left-winger, likely to talk a lot about nationalisation and the need for nuclear disarmament. There has been a grandmother of a trade union row at Hull docks, where TGWU officers have been accused of victimising dockers belonging to the disaffiliated stevedores' union. The Liberals' intervening Mr Butcher is a nuclear disarmer too. Some slum clearance since 1955 means that a few Labour supporters have moved out, and it is possible that the Tories may gain from the Icelandic cod war. Here in short, in what some might regard as the most marginal constituency in England, is a microcosm of almost all the good and bad reasons—the unpopularity of left-wing socialism, trade union troubles, radical disaffection, slum clearance, and the occasional popularity of "Tory toughness" abroad—why even the ripest Conservative fruit still may not fall off its bough.

LETTERS

Election Issues

SIR—The balance will be fairly struck when you weigh the attitudes of the two big parties, you say in your last issue; but in your later totting up of the points on the economic issues your arithmetic is only all right as far as it goes.

If the Tories have had "some very good luck" in 1958 should you not have mentioned that Labour had some very bad luck in 1951—a gigantic restocking boom, set off by the Korean war? If Labour ran us into a series of balance of payments crises in 1945-51, should you not mention the series of balance of payments crises in 1955, 1956 and 1957?

If Labour has been obstinately extravagant in its promises to the domestic electorate, should you not have mentioned that the Tories have been as obstinately extravagant in their promises to their nationalist supporters? Which is more costly in economic terms—promises of new hospitals (badly needed in all conscience), higher pensions and municipalised housing or Mr Macmillan's backing of the Suez adventure when he knew the effect on the gold reserves might be disastrous, or the unnecessary prolongation of the crisis in Cyprus, or the faint but real risk of a colonial war in Africa, or the obstinate maintenance of a British nuclear deterrent which is unnecessary as a supplement to America's deterrent and unusable separately? And as for promises to the domestic electorate, what about the Tories' 300,000 houses, which were one of the prime causes of our troubles in 1955 and 1956?

You may be right in thinking that foreign bankers will always suspect that Labour will be a less effective and stern guardian of the value of the pound than the Tories, but at least if you claim to be striking the balance fairly, you should mention some of the arguments for thinking that in practice there will be little to choose between them. After all, the foreign bankers may read *The Economist.* If *The Economist* says that Labour is more likely to make a mess of the pound than the Tories without mentioning all the arguments on the other side, are you not in fact helping to ensure that the pound will be in trouble when Labour does get back to power—however sensibly Labour behaves?—Yours faithfully, FRANCIS RICHARDSON
London, SE13.

SIR—I am not concerned with assessing the record of one party as against the other, but I am surprised that your article in your issue of September 12th skated around the capacity of any government to introduce direct restraint into the wage level.

It is a live issue, because all postwar governments, Conservative and Labour, have with varying degrees of success sought some accommodation from the unions. As the latest Cohen report showed, there is no reason to believe that governments will not continue to do so. Your article avoided the point that use of the bludgeon may perpetuate that series of annual wage strikes which have characterised the past three years. The real question to ask is whether either of the major contesting parties is prepared to tackle the dilemma, or to produce a suitable plan.

On this point, individuals must resolve for themselves if one party's extremely vague hints about a self-restraint by the unions that is more than likely to break down are any worse, or better, than another party's implicit acceptance of a likely series of large-scale annual strikes. That is the choice and only the electorate knows the answer.—Yours faithfully, JOHN CORINA
Nuffield College, Oxford

Local Government

SIR—I refer to your recent comment on the next phase of the Local Government Boundary Commission's work and the impending switch to the Yorkshire area. You suggest that there is in this case a tailor-made body—the West Riding County Council—ready to take over the top tier functions from the county boroughs. Presumably therefore in your opinion the current problems can be solved by a drastic addition to the WRCC's empire.

This, if I may say so, is a classic example of the purist's approach to problems of many facets. I seem to recall that you took a contrary view not long ago when discussing the future of the London County Council.

There is quite certainly a substantial view in the West Riding that the county authority is far too large to deal adequately with its existing responsibilities, but you apparently face with equanimity the possibility of the transfer of some of the "personal" functions such as housing from the districts to the county. Are you not in danger of failing to see the wood for the trees? Do you not overlook the very *raison d'être* for local authorities? As examples—electoral apathy can be at its extreme nadir when county elections are held. Figures like 20 per cent polls are common, as against 50-60 per cent in the districts, despite the relative disparities in powers. Wakefield is some 30 miles distant from the fringes of the WRCC area. County council members are faced with such masses of papers for the full council meetings that in some cases it is beyond the powers of ordinary mortals to digest the contents. Of necessity members are drawn largely from the ranks of retired business men, of trade union officials, or from housewives. Much valiant and painstaking work is put in, but the fact remains that it is regrettable that it is almost impossible for those actively engaged in careers to take up membership, since all meetings are held in working hours.

In large bodies such as the WRCC political control is unavoidable, and the few independents have little chance of breaking the powers of the caucuses. In fact also, much of the real control is in the hands of the officials. Notorious delays in completion of executive action are far too common and there are too many instances of quite distressing blunders arising which appear to spring from the very size of the organisation and from the age-old game of "passing the buck" amongst officials.—Yours faithfully, LIONEL F. COCKCROFT
Todmorden

Argentina's Sugar

SIR—While not even the most enthusiastic "Tucumano" would pretend that the sugar industry here is in the vanguard of modern technical progress I feel your correspondent is a little hard on us in his article on page 651 of your issue of August 29th. As an instance, his statement that "there is no output of any by-products" is far from being the case. In the year from June 1, 1958 to May 31, 1959 the sugar mills in this province also distilled no fewer than 95,329,306 litres of alcohol. This was in addition to the record crop of sugar in the 1958 harvest.

Your correspondent is unfortunately also in error in his claim that the recent strike was settled on the terms Señor Alsogaray had insisted on from the beginning. Although claims for increased prices by planters were also involved the main issue was between workers, who claimed an increase of 100 per cent over previous crop wages, and the refinery owners, who offered 50 per cent. Settlement was finally reached on the basis of 70 per cent but the National Government, their spokesman being Señor Alsogaray, refused to homologate the agreement on the grounds that it went much beyond their wishes. Lastly, the two days general strike became almost general after demonstrators seriously damaged many shops on the afternoon of the first day. Banks and public offices that were provided with police guards opened as usual.

With these reservations on points of fact I fully join your correspondent in his expressed hope that the policies of Señor Alsogaray may soon bear fruit.—Yours faithfully, W. D. SCOTLAND
Tucuman, Argentina

BOOKS

Memories of War

Journey with a Pistol
By Neil McCallum.
Gollancz. 160 pages. 16s.

The Marauders
By Charlton Ogburn.
Harper. 307 pages. $4.50.

Not long before he was killed on the Sambre Canal on November 4, 1918, Wilfred Owen had begun to rough out a preface for a collected edition of his poems. He wrote:

> Above all I am not concerned with Poetry.
> My subject is War, and the pity of War.
> The Poetry is in the pity.
> Yet these elegies are to this generation in no sense consolatory. They may be to the next. All a poet can do today is warn.

His was the poetry of instant protest against the folly and beastliness of the trenches. A decade later the survivors—Sassoon, Graves and Blunden among them—returned to the indictment, this time in their memoirs. They had had time to ponder. But on re-examination they found the scars of war as terrible as the bleeding wounds of their youth. There was cause for pity and reason for denunciation. The second world war has not given birth to a comparable literature, either in tone or quality.

It was not because of a dearth of talent. The achievements of the "new writers" in the thirties seemed in 1939 to hold out the promise of a literature of the war. Had they not found inspiration in the Spanish Civil War? And the war with Germany was, after all, the conflict for which they had been preparing themselves and their audience. It was a war they had already judged as just. But when the war came, they failed to find it an identifiable and concrete theme of inspiration. That, perhaps, was through no fault of their own. The reason seems to lie rather in the differing nature and atmosphere of the two wars.

The trenches on the Western Front provided a symbol of suffering, common to all who had served. The long agonies of siege warfare, the appalling and unnecessary casualties, the stupidities of high command, the filthy burrows in the earth, lice, trenchfeet, shell-shock and the fear of going over the top were shared by a whole generation of young men. But they were shared by that generation alone: Blighty and Passchendaele were two different worlds. The battles in 1939-45 did not produce a common symbol, other than the perils of death and wounds. The war was diffuse in time and space. The tank-gunner in Normandy was not simply in a different hemisphere to the prisoner working on the Bangkok-Rangoon railway: he was in a different war. The war, in becoming more universal, was less concentrated in its impact. The casualties, at least as far as the British forces were concerned, were fewer; the professionals were more competent in their management; and the dangers and fret of battle were far less long-drawn-out. Nor did one generation alone carry the burden for the rest: the civilian in the bombing raid was as much in peril as the soldier up on the line. There was far less to protest about.

There was less reason for protest. In 1914 it was still possible to be romantic. Other men besides Rupert Brooke had dreams of glory and visions of derring-do. After the Somme there were only nightmares and the Dead were no longer rich. The poetry and the protests were born from disillusionment. The poet in 1917 could denounce the vile cruelties of war. There was no ideal, whether patriotism or political necessity, to make them bearable. It was still possible in 1943 to seek support in an ideal: the concentration camp had given point to the war. The war was a job to be done, a job that had to be done. There was so much to pity that individual suffering was no longer an adequate symbol. There was nothing romantic in the acceptance of war; it was a business that happened to be more horrible than most. There was no disillusionment, because there had never been any illusion. The generations that followed Owen had taken note of his syllogism and heeded his warning: they went to war prepared for its terrors and in the event found them less terrible. The shock to the sensibilities was less, the literature the poorer.

Through his personal experience the writer of the first world war could dramatise a moral attitude towards war and could question its justification. The question had no meaning for the writer of the second world war. He was forced to seek inspiration in the broader theme of an individual's reaction to danger. He could be more specific about the morality of killing and less about the morality of war. This made his writing less intense. "Journey's End" is an indictment of war in terms of the reality of the German offensive in March, 1918; "The Long and the Short and the Tall" is a morality about race and the justification of killing which, despite all its incidentals, has little to do with the war in Malaya. "Nine Rivers to Jordan" brilliantly analyses the brutal and corrupting influence of war upon the individual; "The Naked and the Dead," for all its naïveties, describes the hysterics of violent action; and even that best-selling piece of journalistic fiction, "The Cruel Sea," reports horrors. In none of these, however, is the necessity of the war, or of war, questioned. There is a lament for suffering but no protest at its cause. Mr Neil McCallum, patching a book together from diaries, letters and notes written at the time, goes back to the model of the earlier generation. Like theirs, his theme is futility and despair. Yet, unlike theirs, his protests seem to be irrelevant.

Mr Charlton Ogburn, on the other hand, looks back on the war from the viewpoint of a mature middle-aged man. It is perhaps because of this perspective that he has been able to write a book that is specifically of the second world war and which captures the atmosphere of that war accurately and truthfully. His book about Merrill's Marauders in Burma has not yet been published in this country. It deserves to be. It is something more than an account of one "side show" which is well-written, fair and honest. It is a successful attempt to describe what war is like, what it was like for those who fought between 1939 and 1945. It says: this happens. It does not ask whether it should happen. Instead it examines the problem of how men face war, how they keep going "all those miles, all those weeks, those months." That is a question that is always relevant.

Popular Science

The Thirteen Steps to the Atom
By Charles-Noël Martin.
Harrap. 255 pages. 25s.

New Chemistry: *A "Scientific American" Book.*
Bell. 217 pages. 13s. 6d.

Big Molecules
By Harry Melville.
Bell. 180 pages. 15s.

An Approach to Modern Physics
By E. N. da C. Andrade.
Bell. 254 pages. 27s. 6d.

Popular science writing is more highly developed in the United States than it is on this side of the Atlantic where deep in the grass roots runs the feeling that science, like alchemy, ought not to be easy to understand lest it lose its magic powers. Ideally, good science writing, which can be very good indeed, should be intelligible to the layman without insulting the intelligence of scientists, who may want to keep themselves informed about what their colleagues are doing. In practice authors usually have to decide whether they are trying to communicate scientific ideas to complete tyros or to readers with at least a nodding acquaintance with elementary scientific concepts. These four books, one French, one American and two British, are a representative cross section of the type of popular science writing published within the last year; M. Martin's is the only one of the four which could be read for pleasure alone.

It is a remarkable achievement in its way. The 117 exceptionally well reproduced photographs, all of them of objects not visible to the naked eye and all chosen, if M. Martin is to be believed, because he likes their pretty shapes, provide, together with the commentaries on them, a solid introduction to the structure of matter, an annotation on such abstruse scientific tools as electron microscopes and cloud chambers, a side kick at textbook theories of chromosomes and genes as well as photographs of individual atoms arranging themselves into wallpaper patterns, all without the slightest mental effort from the reader and with a good deal of incidental enjoyment. This is a good bedside book.

The same cannot be said of the other three, other than for insomnia victims. Here seekers after knowledge must expect to work for it. Sir Harry Melville's "Big Molecules," based on his Royal Institution lectures for children, is a good and clear description of an extremely important new branch of science, but the layman really wants to read M. Martin first so that he can recognise a big molecule and its place in the structure of matter. Then he is ready for Sir Harry, who is easy to follow because he has the luxury of a whole book at his disposal. Given enough words, the most abstruse scientific subject can be made clear to the least technically minded reader and Sir Harry takes 180 pages to say much of what the *Scientific American* reprints compress into fifty.

The *Scientific American* is unique in being a long-established popular science journal with a high standing among scientists. But it achieves condensation at the cost of some loss of clarity. Its authors must make the big assumption that their readers already understand such phrases as infra-red spectrum, alpha decay, and fast chlorination, which the ordinary arts-educated layman in this country does not—without a good deal of toil and sweat.

Professor Andrade is less exacting, if only because he is dealing with more familiar subjects such as vibration, the quantum theory and the structure of atoms and not with scientific novelties like chelation, fluorcarbons and rare earths. This is the second edition of a book that genuinely lives up to its title. It is literally an approach to physics, an old-fashioned didactic approach that is accurate, superficial, straightforward and unprovocative. Few popular science writers know how to be stimulating as well as instructive; those who do can lift the subject, like the best types of science fiction, from the reference book category into the ranks of genuine literature.

A Jesuit View of Marxism

Dialectical Materialism.
By Gustav A. Wetter.
Routledge. 609 pages. 52s. 6d.

The author, a Jesuit, is professor at the Papal Oriental Institute in Rome; the book is something like a monument to Jesuit scholarship and its traditions. No other similarly massive and conscientious survey of trends in Soviet philosophy has so far appeared in any language, including the Russian. The work was first published in Italy and Germany; the present English edition is an expanded version of the original. Written concisely and lucidly, it is divided into two parts, one recapitulating the fortunes of dialectical materialism, the other analysing "notions and categories."

The value of the book lies chiefly in its historical section where the author has amassed an impressive amount of information about trends, crucial philosophical debates in Soviet Russia, and the works of many philosophers, some long banned or forgotten. The writer's objectivity in summarising Marxist views should be especially underlined: it makes his work into an indispensable reference book; and it contrasts favourably with much of Western writing on the same subject. Father Wetter, of course, views Marxism from the angle of Thomist philosophy and his purpose is "to provide an ordered selection of documentary evidence sufficient for an intellectual showdown with Soviet Communism." But "if such a showdown is not to degenerate into a futile babble of conflicting monologues, the first endeavour of both parties must be to understand the other. This calls . . . for strict objectivity . . . and readiness to acknowledge positive merits wherever they are to be found." Phenomenologist or logical positivist critics of Soviet philosophy, would do well to heed this caveat: unfortunately, their argumentation against Marxism does all too often degenerate into "a futile babble of conflicting monologues."

However, the Jesuit approach and understanding have their own limitations, which eventually come to light with rather comical effect. The author's survey is most useful when he deals with the Stalin era; he is much weaker when he discusses pre-Stalinist and post-Stalinist trends. He is of the opinion that "in present-day Soviet philosophy there is very little left of real dialectics." This is largely true; but precisely this, the non-dialectical, dogmatic and quasi-ecclesiastical style of Soviet philosophy makes that philosophy far more congenial to the Jesuit critic than classical dialectics could ever be. He feels a kindred spirit in the Soviet philosopher of the Stalin era; and rather disarmingly he acknowledges the kinship when he says that both the Catholic theologian and the Stalinist theorist ask "not whether a proposition is true or false in itself, but whether it figures in the corpus of revealed truth issuing from a demonstrably infallible source of dogmatic authority." Moreover, he sees "a very wide-ranging correspondence between certain fundamental categories . . in Soviet philosophy . . . and . . . even Thomism." If Stalin had only accepted the "dogmatic authority" to which Father Wetter bows, his "philosophical" writings might have obtained the *Nihil Obstat* and the *Imprimatur* that adorn the front of Father Wetter's book. Soviet philosophy, as it sheds the Stalinist fetters, may yet surprise the author. In the latest issues of *Voprosy Filosofii* Russian writers already discuss the philosophical implications of Einstein's theory without referring to any "corpus of revealed truth" and without quoting even once the dogmatic authority of Khrushchev or Lenin, or even Marx and Engels. They just "ask which proposition is true and which is not." One suspects that if and when this freedom of inquiry spreads over the whole field of Soviet philosophy, Father Wetter may find himself out of his depth and lose his usefulness as a guide.

The Institutionalist View

Fact and Theory in Economics
By Morris A. Copeland.
Cornell University Press. London: *Oxford University Press.* 350 pages. 48s.

With few exceptions, these collected papers deal less with economic problems whether of theory or of policy (what are the logical relations between these concepts or quantities; or what should be done in this economic situation?) than with the problems of economics itself (with what sort of knowledge is the economist properly concerned; what are his proper tools; what are their shortcomings and possibilities?). Their appeal is accordingly a specialist one, particularly as they are written with an austere disregard for the arts of persuasion that their undoubted intellectual distinction does not entirely redeem.

They are subtitled "The Testament of an Institutionalist," and Professor Copeland derives some justifiable satisfaction from the advance towards respectability, from the 1930s on, of the institutional approach which he championed in the 1920s under the banner of Wesley Mitchell. His attitude to economic affairs is uncompromisingly that of the natural scientist, and his definition of natural science has a nineteenth-century starkness ill-adapted to any kind of social analysis, being deterministic, mechanical and based on assumptions of uniformity which would shock a modern physicist, let alone biologist. Yet the insistence, derived from this view, on hard facts objectively observed, on strictly operational concepts, on constant awareness of that legal framework within which economic events actually occur, on the social-accountancy side of economics in general, provided in its time and indeed still provides today a needed counterpoise to the deductive logical structure of neoclassical theory. It is only fair to add that Professor Copeland displays none of that arrogant hostility towards pure theory which characterised his intellectual ancestors of the Historical School—let alone of those contemporaries who, in Schumpeter's words, "condemned professional theory without bothering to master it."

The eighteen essays in this volume, ranging in time from 1924 to 1955, fall into four groups. The first amounts to a natural science manifesto, most uncompromisingly expressed in the long paper (1930) Psychology and the Natural Science Point of View. The second group deals, from a variety of aspects, with measurem

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though it includes, in Authority and Reason as Instruments of Co-ordination in the United States, what is really a piece of political theory. The third shrewdly examines the conceptual content of certain statistical evidence ; in the fourth, Professor Copeland turns from discussing economic theory to using it—notably in formulating a stabilisation plan (1944) whose ingenuity is matched by an optimism, concerning administrative limitations, surprising in a natural historian of institutions.

On the whole, "Fact and Theory in Economics" confirms the view that the institutionalist's role is rather to remind the public, like the singer in *Porgy and Bess*, that what the sacred texts assert "ain't necessarily so" than to build a positive and self-sufficient science.

The Dissenting Interest

The Politics of English Dissent

By Raymond G. Cowherd.
The Epworth Press. 242 pages. 21s.

THIS is a disappointing book about an important and neglected subject: It is not so much an analysis of the social and political structure of dissent between 1815 and 1848, the period with which it is concerned, as a concise account of social and political movements in which nonconformists took a prominent part. Little attempt is made to penetrate beneath the surface of events or to examine the relative importance of religious and non-religious factors in radicalism, the Anti-Corn Law League, or the Ten Hours movement. English history is seen in one piece, and the fascinating problems of local divergence are completely ignored.

Even the dissenters themselves are too neatly and tidily sorted out into convenient bundles. The subtlety goes out of Unitarianism, for example, and the Primitive Methodists never get their fair share of attention. The "enemy" of the militant dissenters—the Church of England and the whole apparatus of the Establishment—remains blurred and often unreal, although there were at least as many changes in the position of the Church of England as of the dissenting interest in the period under review. On the answer to the biggest question posed—why Britain avoided a revolution in a century of revolutions—there is far too little rigorous thinking. This big question has unfortunately become a stock question, and most of the answers are stock answers. It would be better for authors to avoid the question completely until they have understood many different aspects of British social history during a period of unprecedented change.

Professor Cowherd's book was first published in the United States in 1956. None of the criticisms of the American edition has been allowed to influence the shape and presentation of the British edition. Most of the 242 pages in this [illegible] railway; [illegible] are devoted to notes, bibliography and index. These are useful but not exhaustive. They may perhaps lead other scholars to go beyond the narrative to many of the problems which still remain unexplored.

Short and Simple Annals

Maryannery : *Mrs Lincoln and Mrs Disraeli*

By D. H. Elletson.
Murray. 176 pages. 18s.

THIS book will bring a lot of pleasure to those who know little about last century's history, and would like to know a little more. It contains two essays, one on Mary Ann Todd who married Abraham Lincoln, the other on Mary Anne Evans, first the wife of Wyndham Lewis, but better known as Mrs Benjamin Disraeli and Viscountess Beaconsfield. The two heroines had hardly anything in common ; Mrs Disraeli was nearly thirty years the older, and they never met. True, each of them married a man of undoubted genius: but there was no more resemblance between their husbands than between themselves. Yet putting them side by side has a certain piquancy, which the author has enjoyed. All four of his principal characters had a vein of eccentricity, and two of them were masters of English prose. There are plenty of good stories and good remarks by and about them, and Mr Elletson hates to let a good story pass untold. Some of them appear indeed more than once ; and two and a half lines of Disraeli's please him so much that he prints them in the same context, on two facing pages.

For a book of its kind, "Maryannery" is refreshingly accurate. Yet its writer's tendency to look on the bright side of everything goes rather beyond the fact in the assurance that "there was no real ill will on either side" between Disraeli and Gladstone ; and to say that "The question of Lincoln's beliefs is one which has given rise to some controversy" is a marked understatement. There is a faint tone of shown-to-the-children in the style and though the book is entertaining, it is curiously lacking in dignity or respect.

Man of Letters

Edward Johnston

By Priscilla Johnston.
Faber. 316 pages. 28s.

NOBODY should be deterred from enjoying this delightful book by any fear that it is too largely concerned with technicalities of calligraphy and letter-design, crafts in which Edward Johnston (1872-1944) was seen as a creative genius. The youngest of his three daughters writes amusingly, with objective humour, of her father's memorable oddities, but she also gives an excellent account of Johnston's achievement: his revival of calligraphy and its profound influence on modern typography. Johnston's craft is fundamental to civilisation. As his friend, T. J. Cobden-Sanderson, bookbinder and printer, wrote: "Handwriting and hand decoration of letter and page are at the root of the Book Beautiful, are at the root of Typography and of woodcut or engraved decoration." The subject is inevitably interesting to any educated person. Moreover, there is a sad dearth of biographical literature devoted to eminent craftsmen, and here is an admirable contribution to it.

Benvenuto Cellini and Thomas Bewick, the latter pre-eminent among wood-engravers, wrote autobiographies. J. W. Mackail's "William Morris" is a fine performance in the monumental style, but Morris was much more than a craftsman, although his vast energy impelled him to revive and to practise several crafts. Johnston is to be regarded as a later child of the Morris movement.

Although he was actually born in Uruguay, coming to England as a child Johnston's life was otherwise uneventful. He belonged to that unfortunate human category, the congenitally tired. Physical delicacy obstructed a normal education and always hampered his career. A clue to his patient pursuit of perfection may be found in his ancestry. He was descended from the Gurneys of Earlham and Elizabeth Fry was his great grand-aunt.

The man to whom the world owes its best self-instructional book, "Writing and Illuminating, and Lettering," as well as the fine block letter alphabets used for London's underground railways and buses, the teacher to whom Eric Gill owed the inspiration of his own lettering and typography, was himself greatly indebted to three men: W. R. Lethaby (1857-1931), that insufficiently known great man, first principal of the Central School of Arts and Crafts and later first Professor of Design at the Royal College of Art (Johnston taught at both), Sir Sydney Cockerell, and the benevolently broad-minded "Uncle Johnston," MP and company director, who actually encouraged his nephew's beginnings as a self-taught calligrapher.

OTHER BOOKS

HEALTH INSURANCE. By O. D. Dickerson. *Richard D. Irwin, Inc., Illinois.* 500 pages. $6.00.

Specialists intersted in a detailed examination of health insurance coverage in the United States will find plentiful facts and figures in this book, although the statistical series are already and inevitably out-dated.

BRITISH NOVELS OF THE TWENTIETH CENTURY. By James Anderson. *Cambridge University Press* for *The National Book League.* 32 pages. 3s.

In this Reader's Guide, according to the introduction, selection has been restricted for the most part to novels dealing with contemporary life, with a small section of "fantasy and allegory." American authors are not included. There is a brief comment on each novel listed.

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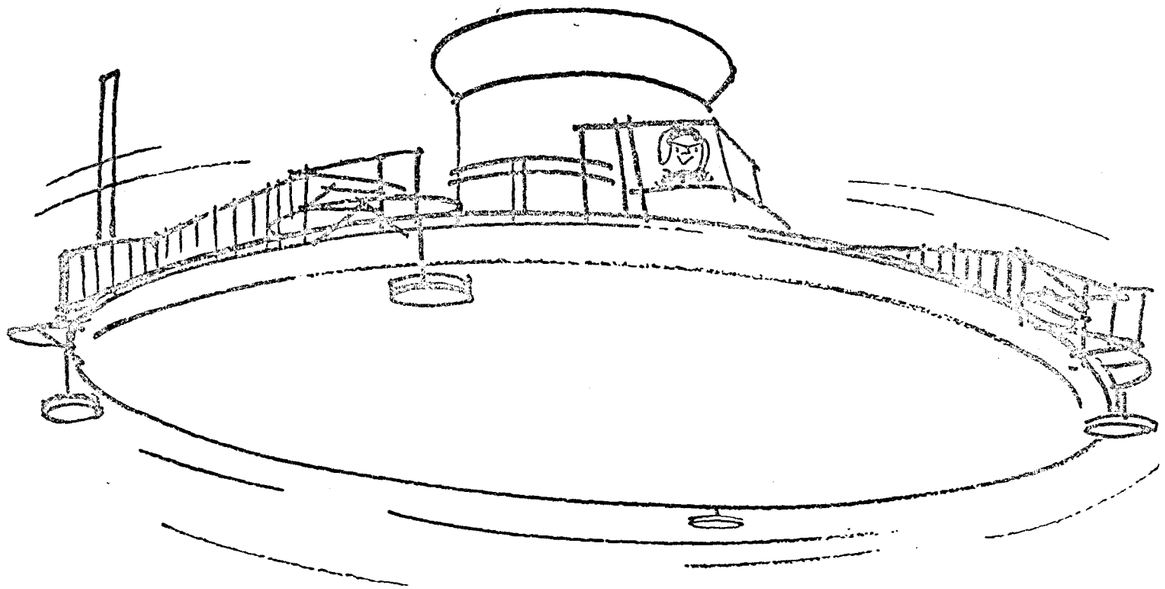

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A Paradoxical Congress

WASHINGTON, DC

CONGRESS ended its longest session for eight years at the crack of dawn on Tuesday, having once again shown that it works like a space rocket. At the beginning of a session it rises imperceptibly from the launching pad, thundering and belching fire, but at the end it accelerates towards adjournment as swiftly and relentlessly as a Lunik heading for the moon. This year's flight is likely to be remembered as the session of paradoxes. A Congress dominated by the Democrats more fully than any Congress since 1938 has itself been dominated by a Republican President in the twilight of his official life. The chief work of the men elected last November, in what was thought to be a liberal-labour triumph at the polls, is a highly conservative piece of legislation constraining the trade unions.

Nothing has been done to give federal aid to schools, to protect Negroes against discrimination or to revive the economy of the depressed areas, despite confident forecasts that Congress would act in all three fields. President Eisenhower has cut the amount of money provided for housing by successive vetoes, as if by a bacon-slicer, and the funds for airport construction were saved from the same fate only because the Democrats decided to do his cutting for him. In the one field where the President wanted to be comparatively generous—foreign aid—a sulky Congress has pared his request more deeply than in any of the past half-dozen years.

These seven measures were the test of how liberal this Congress would be. It is not surprising that the cynics, a thriving breed nowadays, are saying that the session's achievements consist of letting Hawaii into the Union, throwing Mr Lewis Strauss out of the Administration, over-riding one veto and leaving Washington by the back door as Mr Khrushchev came in at the front. If the liberals confined themselves to saying that the session had been a disappointment to those who hoped for social reform, it would be hard to argue with them. It is when they accuse the Democratic leaders in Congress of cowardice in the face of the enemy that they are less persuasive. In fact, three developments this year make it probable that the session would have ended roughly the way it did whatever these leaders—Senator Lyndon Johnson and Mr Sam Rayburn—had done.

The first is the emergence of the character who might be called Ike-the-Knife: a President with a positive liking for plunging a veto between a Bill's shoulder-blades. Either Mr Eisenhower or his political guardian angel—a role which many people think is now filled by his speech-writer, Mr Malcolm Moos—has shown great skill in knowing precisely where and when to use the veto. The President has missed his target only once, in his second veto of the public works Bill. In this case 20 Republicans in the House of Representatives found their loyalty to Mr Eisenhower less compelling than their duty to local interests which welcome construction projects financed with federal funds.

By the arithmetic of the Constitution, the judgment of one man in the White House equals that of two-thirds of Congress, which is the majority needed to over-ride a presidential veto. Two other developments have made it almost impossible to obtain that two-thirds. Mr Charles Halleck, who succeeded the ailing Mr Joe Martin as leader of the Republicans in the House of Representatives at the start of the session, has proved a most efficient sheep-dog. At the cost of some sharply-nipped legs, he has kept his flock together for a series of votes during which, in Mr Martin's gentler days, more of them might have strayed into the Democratic fold. Mr Halleck, in turn, has been aided by the apparent popularity of President Eisenhower's appeal for a balanced Budget and a stringent labour reform Bill. It is necessary to say "apparent": there is evidence that much of the popular pressure on Congress has been organised by groups like the National Association of Manufacturers and the National Small Business Men's Association. One or two Democrats who have analysed their mail have found that it comes predominantly from known Republicans. But, whether the public really agrees with the President or not, a good many nervous Congressmen have undoubtedly voted with the conservatives just in case it does.

THUS the old centres of conservative power in Congress have conspicuously survived the threat which they faced after last November's election. The alliance between the Republicans and the southern Democrats, which hesitated to try its strength in the first third of the session, decisively shaped the legislation produced in the last third. In the House of Representatives, where traditionally the emphasis on local interests gives the conservatives greater power, the alliance passed the labour reform measure which it wanted and upheld the President's first veto of the public works Bill.

But many issues never reached the floor of the House. In January Mr Rayburn promised the liberals that he would extract as much legislation as he could from the Rules Committee, that procedural bottleneck where Representative Smith and five fellow-conservatives decide what the House may vote upon. The main test of Mr Rayburn's extractive powers came over the civil rights measure and the Bills providing for federal aid to housing, education and the depressed areas. Only the housing Bill eventually got past Mr Smith, that enviable Ancient Mariner who stoppeth three in four. Mr Rayburn admits that he made no serious attempt to get the other Bills out of the committee; even if he had, they would almost certainly have been killed either by the massed ranks of the conservatives or by the President's veto.

In these circumstances, the criticism that can fairly be made of Senator Johnson and Mr Rayburn is that they might have met their inevitable defeat more gloriously. Senator Johnson has been a little too eager to show that no one can compromise better than he can. Having persuaded Congress to make a substantial voluntary cut in the housing Bill, he must have found it embarrassing to have two further cuts forced on him by Mr Eisenhower's veto. After his gallant assertion last January that Congress had "an obligation to lead," it is odd to find that his claim to have seized the initiative depends largely on the fact that Congress appropriated some $1.75 billion less than the President's undersized Budget called for. It is true that the American system depends on the ability of the Executive and the Legislature to reach a compromise on their differences. But the two sides need to show equal resolution if the

compromise is not to shade off into surrender. Mr Johnson would have earned more honour, in the liberals' eyes at least, if he had held fast to his ideas of what Congress ought to do, and then had let the vetoes fall where they might.

The President's victory has not been merely a negative one, not simply a triumphant cry of *ils ne passeront pas* hurled at the liberals who began to advance on his fiscal entrenchments last November. He has also had some positive successes. In two fields—the passage of a stern labour reform law, and the raising of the tax on petrol—Congress has enacted legislation, under pressure from him, different from that which might have been enacted if he had kept silent. But this does not alter the chief lesson of the past session. Mr Eisenhower has shown that a determined President, even with a reduced band of allies on Capitol Hill, can make Congress behave far more conservatively than comes naturally to it; this includes stopping it from doing things it wants to do as well as prodding it into doing things it once seemed unlikely to do.

The liberals, breathing hard, are now waiting to see if they can fare any better in the second half of the Eighty-sixth Congress which begins next January. In the House of Representatives 50 or 60 members have recently set up a "ginger group" to stimulate Mr Rayburn's appetite for battle next session—if his taste-buds still respond to ginger. Their rather hopeful theory is that, if a blooming economy produces a surplus in the Budget next year, the Democrats will find it easier to spend money on the social reforms which they failed to enact this year. This is rather optimistic. Mr Eisenhower will still be brandishing his veto with all the ferocity of a mild man who suddenly finds that he enjoys using cold steel. The business organisations which have been whipping up support for "thrift in government" will have no reason to abandon their campaign. The sad refrain with which reformers conclude their discussion on so many subjects seems to be true in this instance also: any major changes will have to wait on a new President.

Snapshots of Mr Khrushchev

WASHINGTON, DC, *Wednesday night*

Of the twelve days of Mr Khrushchev two have now elapsed. So far the heir of Karl Marx has been to dinner with Mr Eisenhower (white tie except for Mr Khrushchev), given a dinner for the President in return (black tie, the journalists having waited in a jammed lobby for an hour), handled pigs and turkeys on an experimental farm familiarly and microphones everywhere lovingly, seen Washington twice from a car and once from a helicopter and put out of business the cartoonists in a large number of American newspapers who draw him as a gap-toothed scowling thug. If he has brought any new proposals with him for settling Soviet-American differences they have not yet become public. In these circumstances all a correspondent can do is to reproduce some snapshots of the interaction between Mr Khrushchev and his host. Here are a few. . . .

Mr Eisenhower minus his grin: If the President shook hands with Mr Khrushchev on greeting him—and thus with murder according to a substantial number of Americans—it was behind the monstrous bulk of the Russian TU 114. Mr Eisenhower, troubled either by the sun or by the disapproving advertisements that have studded the newspapers in the past week, was sternly distant throughout Tuesday's meeting. His glumness was established during the minute and a half it took the two men to cover the distance from the airliner to the point where the supply of red carpet that was supposed to lead out to it had ended. It continued as if the drive into Washington was a funeral while, sandwiched tightly between two solid Khrushchevs, he left gracious waves almost entirely to his guests.

The silent crowds: There was some scattered clapping from the thickly-lined pavements (rather more outside the White House for the police horses than for the great men), a very occasional boo and some incomprehensible shouts in East European languages. Some signs of hostility were also evident: a cross painted in smoke on the sky, a few timidly-raised skull and crossbone flags, some tolling from church bells or, rather, the nearest to tolling that America's melodious carillons can achieve (St John's opposite the White House played a hymn with the same tune as *Deutschland Uber Alles*). Mr James Reston of the *New York Times* thinks that the crowds took their cue from the President in being restrained. The other possibility is that, torn between the desire to cheer Mr Eisenhower, which they did happily as soon as he was alone, and their different feeling about Mr Khrushchev, they compromised by staying mute.

Mr Khrushchev the Pickwickian: It is still possible that Mr Khrushchev will charm the Americans. His slightly impish smile began to evoke some response from the bystanders on Wednesday and it has even kept the photographers, those infighters of the press, in tolerable order. At lunch at the National Press Club, beaming, paunchy, with arc-lights glinting on his rimless spectacles and gold tooth, Mr Khrushchev looked surprisingly like Mr Pickwick. The illusion was spoiled by only one show of temper when he was asked a question about his failure to oppose Stalin which had the same built-in unfairness as "Have you stopped beating your wife?" Otherwise he treated the press as serious men of affairs, which is not the case with all speakers at the National Press Club. He seemed to leave his listeners with the impression of a man terribly rigid in his beliefs but not (as many Americans have supposed) either hypocritical or malevolent.

Mr Khrushchev the moonshooter: Perhaps the one mistake Mr Khrushchev has made so far is to rub in too hard the fact that Russia has got a rocket to the moon before the United States. The first reaction of most Americans to the news of the moonshot was no more than a depressed realisation that the Russians' rockets must be quite as far ahead in thrust and guidance systems as had been feared. Vice President Nixon's sour remarks that there was no proof that the rocket had really landed on the moon was quickly contradicted by a number of scientists. Otherwise the only qualification came from experts who said that it would probably be harder for the Russians to hit Washington than the moon.

But America's pride has been hurt ever since the first sputnik; if Mr Khrushchev flexes his scientific muscles too grandiosely he may well provoke a hostile reaction. Indeed this is symbolic of the basic problem of his visit. Americans may have steeled themselves to accept him in their country as an equal but if he uses condescension or threats their politeness may snap.

Discounted Rise

LAST week the discount rate—the rate which the Federal Reserve Banks charge on loans to commercial banks—was raised from 3.5 to 4 per cent. In itself, this recognition of the increase in short-term rates for money is not expected to have much effect upon business. But hardly had the Federal Reserve System made this move before the Treasury bill rate, reflecting on the one hand the soaring demand for money and on the other the refusal of the central bank to make the supply of money any easier, shot up again to 4.166 per cent—the highest since the bank shut-down of 1933. Such an attractive return will bring new funds into the market. But the competition for money between business and the Treasury is now approaching its seasonal peak and will be further sharpened when the steel and copper strikes are settled. Another rise in the discount rate cannot be ruled out.

Continued on page 929

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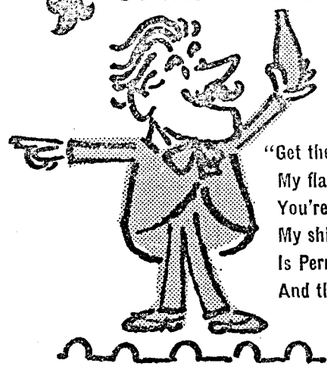

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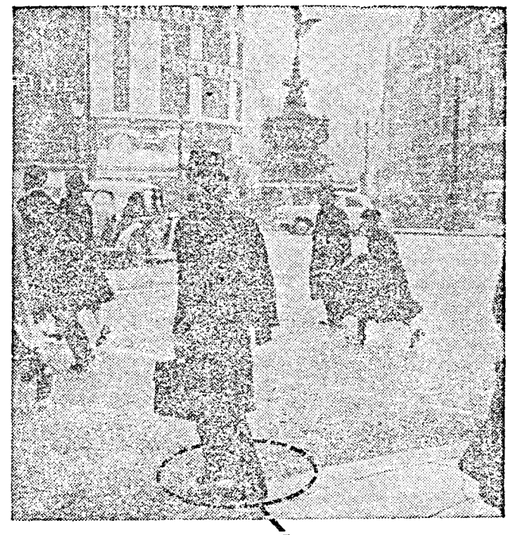

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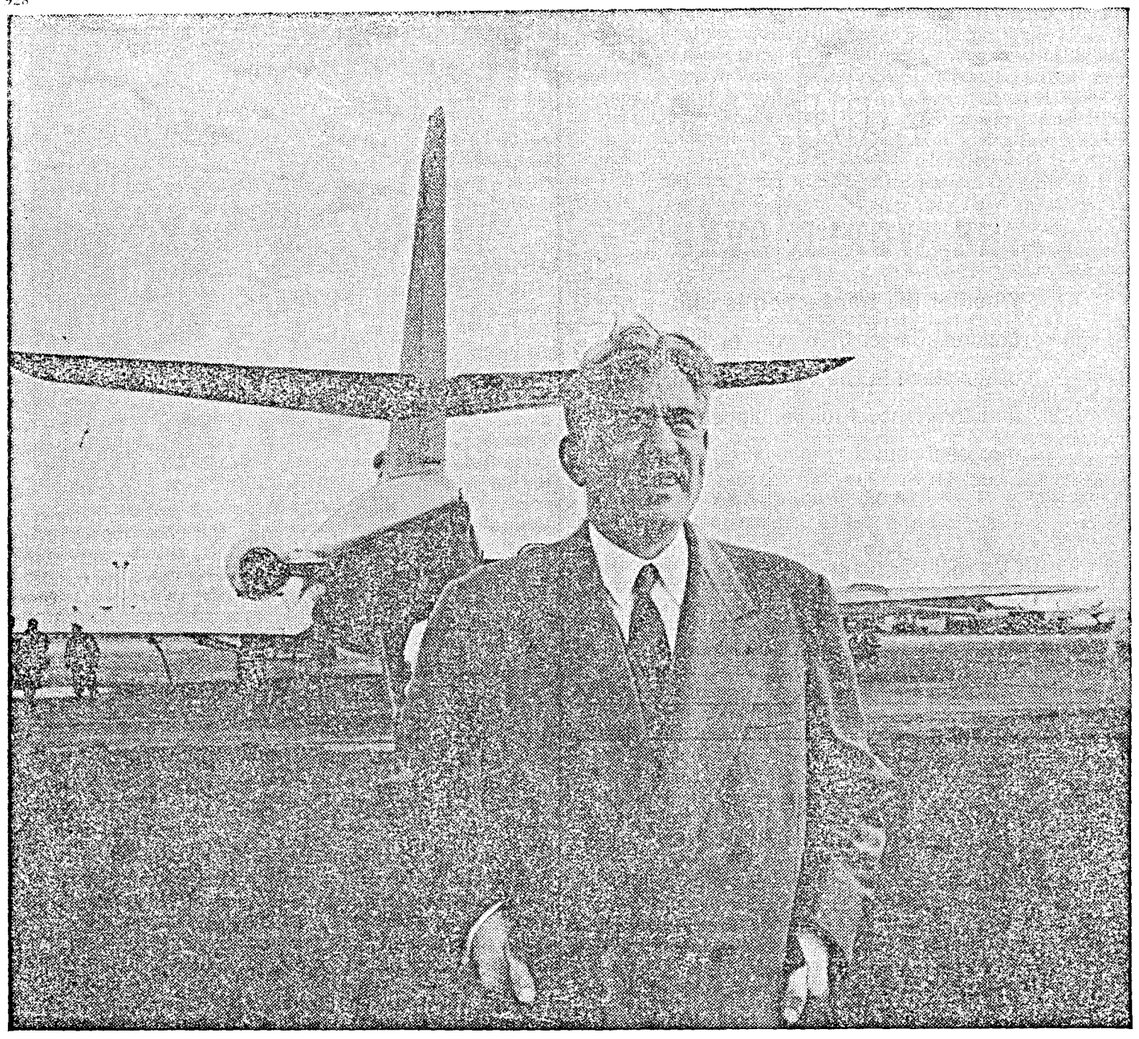

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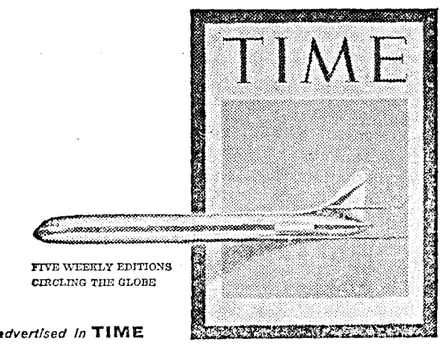

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Continued from page 926

Still tighter money would be very disagreeable to the Treasury, which has $85 billion of financing and refinancing to do during the coming twelve months. But a " money panic " like those experienced before the creation of a central banking system is unlikely, unless Americans talk themselves into one. The high yields on government bonds are beginning to attract investors. Moreover, although Congress refused to raise the 4.25 per cent limit on the interest which may be paid on new long-term government bonds, it did take two steps which should ease the Treasury's present reliance on short-term financing. By increasing from 3.26 to 4.25 per cent the interest which may be paid on savings bonds, it enabled the Treasury to fix a new return of 3.75 per cent, which should reduce, even if it does not eliminate, the excess of redemptions over new sales. And Congress approved a technical change which may allow the Treasury to launch an important new experiment in debt management known as " advance refunding."

In the present state of the government bond market, it would not be possible to float more than occasional small issues of long-term securities in the open market, no matter what the Treasury paid. But holders of the low-interest bonds issued during and just after the war, which will mature within the next five years or so, may be willing to exchange them for new, longer-term securities carrying a substantially higher rate of interest if—as Congress has just provided—any gain or (as at present) loss on this exchange can be disregarded for accounting and tax purposes, until the new security is sold. Just now, more than 4.25 per cent would probably have to be offered to tempt investors. But if the bond market improves, or Congress has second thoughts about raising the ceiling on interest payments, the Treasury may be able, in time, to relieve the congestion of bonds coming due within the next five years and to issue new medium-term securities which are not hard to sell.

All Quiet in the Schools

LAST week schools and colleges began to receive over 46 million students, one in every four Americans. With an increase of nearly 2 million over last year, and still no federal aid for schools, classrooms remain crowded ; Mr Flemming, the Secretary of Health, Education and Welfare, estimates that the education of about 10 million children will suffer from inadequate buildings and classes containing more than 30 pupils. What is new and welcome is the absence of violence at the opening of the thirteen schools in Virginia and Arkansas which were closed last September to avoid receiving any Negro children and which have now been compelled to take them. The only untoward incident took place at Little Rock, where three bombs were exploded, but injured no one. In Virginia relatively few white parents are applying for the state grants now available to send white children to fee-paying institutions and white enrolment at the state schools which have had to accept Negroes has been hearteningly high. Southerners seem to be getting used to the idea of a little racial integration. In 1960, however, there will be some harder nuts to crack—in Atlanta, for example.

Prince Edward County, in Virginia, falls into this category, as a federal judge recognised when he gave the authorities there until 1965 to begin to conform. Prince Edward was the defendant in one of the original suits to outlaw racial segregation in schools, and its Negro children slightly outnumber the white ones. Last spring an appeals court decided that integration must begin at once and the county responded, not just by shutting the affected schools, but by refusing to vote any taxes at all for public education. Instead white parents were urged to donate the money to a system of fee-paying schools which has been established for the 1,500 white children. No provision has been made for the 1,700 Negro ones.

In New York City, the great melting-pot, legal segregation is unthinkable, but it exists in practice because Negroes and Puerto Ricans are forced to huddle together in slum areas ; here both the physical equipment and the teachers—for understandable reasons—tend to be of poor quality. Negro parents in Harlem, the oldest and largest Negro quarter, recently withdrew a threat to boycott the city schools only when the Board of Education promised to satisfy their grievances. The boycott is an efficient weapon because the city receives $2 a day from the state for each child attending school. But it was also used by white parents this week when the board transferred some Negro children from schools in Brooklyn to those in a predominantly white area of the neighbouring borough of Queens. It is no wonder that some Negro parents send their children to church schools or, if they can afford it—as few can—to fee-paying ones.

New Departure for Cars

FROM A CORRESPONDENT IN DETROIT

AFTER four years of trying to sell Americans still bigger and more powerful cars the managers of the automobile industry have set off in new directions which promise the most exciting and profitable year since 1955. Before then, the industry's best year was 1950, when it sold nearly 6 million motor cars. The fondly remembered 1955 total was 7 million. In 1959—if the last quarter comes up to expectations—sales of new cars will amount to 6 million or more. The catch is that over 500,000 of this year's new cars will have been imported, so that sales of domestic vehicles will be considerably below 6 million.

As they start sounding the trumpets for their 1960 models which will begin to go on sale at the end of September, the executives of the automobile industry are predicting that they will sell around 6.4 million cars next year. Since they concede that imports will still amount to about half a million, this means total sales of 6.9 million—more new cars than Americans have bought in any year except 1955. There are several reasons for this optimism. The economy is stronger than it has ever been before, with the gross national product and personal incomes at record levels. The recession is over and consumers seem very confident of the future. But what really makes 1960 look so promising for Detroit is the revolutionary smaller (compact) car, designed to meet the demands of a growing share of the market which has been neglected up to now by the three biggest companies in the industry.

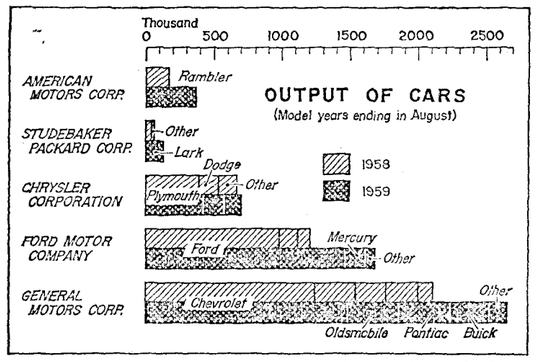
The Corvair of the General Motors Corporation and the Falcon of the Ford Motor Company will go on sale in October and the Chrysler Corporation will follow in November with its Valiant. Each of these cars has a total length of around 180 inches. They are low-powered for American cars (100 h.p. and less) but they have room for six passengers, and can be fitted with the labour saving devices of which the American buyer has become so fond, such as automatic transmission. They are completely new cars, not scaled-down versions of existing models ; and the Corvair even has its engine in the rear. The basic prices will be a shade under $2,000. This is higher than the cost of the imported small cars which provoked this revolution, but the compact American cars will be considerably cheaper to run than anything that the Big Three of the American motor world have been selling.

Whether or not the compact cars increase the sales of automobiles as soon, or as much, as predicted, the decision to make them will have far-reaching effects on the industry and on the economy as a whole. During the early and middle nineteen-fifties, automobiles (along with building) were the bell wethers

of the boom. In 1955 producing, selling and servicing them accounted for more than 10 per cent of the gross national product. When sales fell to 5.9 million in 1956, to 5.8 million in 1957 and then plummeted to 4.2 million in 1958, it was not surprising that the general economic recession of 1957-58 was blamed on Detroit's stubborn preference for large, ornate models. That charge would be difficult to substantiate, but certainly the industry failed conspicuously to take part in the recovery last year. The compact cars will, it is hoped, correct that failure and wipe out most of the unemployment which has been higher in the automobile industry than in any other part of the economy.

Inside the industry the compact cars will bring big changes. A few years ago General Motors, Ford and Chrysler made over 90 per cent of the new cars sold in the United States. When the rise in imported cars showed that there was a market for smaller models, the American Motors Corporation launched its Rambler and then the Studebaker-Packard Corporation followed with its Lark. Once the two companies began to concentrate on these smaller models, they struck gold. The sales of American Motors in 1958 were twice what they had been in 1957 and are expected to rise to 350,000 this year, a further increase of 75 per cent. Studebaker-Packard is likely to sell 150,000 cars this year compared with about 50,000 in 1958.

What will happen to these two pioneers now that the Big Three, with all their resources and strong distributive arms, are joining the fray? Mr Romney, American Motors' able and energetic president, does not seem to be worried. He points out that his market is well-cultivated, while the Big Three have yet to find theirs.



Source: *Automotive News*

In addition, he and Mr Churchill, the president of Studebaker-Packard, sell only small cars. The Big Three must also sell larger cars—Chevrolets, Fords and Plymouths—in the same showrooms as their Corvairs, Falcons and Valiants. Mr Romney believes this is going to cause salesmen to divide their efforts.

Even in this year, when the imported models are selling so famously, nearly 60 per cent of the cars sold are Chevrolets, Fords and Plymouths. Sales of those makes must be pressed with vigour because they are the companies' greatest money-earners. Next year will these three makes begin to displace the only slightly larger and more expensive Buicks, Pontiacs, Dodges, Oldsmobiles and Mercuries as the "medium-price" automobiles? This question dampens Detroit's optimism, but only mildly.

One reason why this is so was given by Mr Henry Ford when he presented his new Falcon to the press. He regards the elimination of nearly three-quarters of a ton in weight, with consequent savings in cost and without, he says, any sacrifice of the riding qualities of the car, as the American industry's answer to the much lower costs of foreign producers. He predicts that what has been learned in the development of the Falcon will be applied to the larger American cars, and may make it easier for them to compete with the new small ones.

Some of the larger makes may be driven to the wall, but not even the most enthusiastic proponent of small cars thinks that the day of big cars is done. Mr Romney, for example, believes that in five years compact cars will hold 60 per cent of the market, leaving a healthy 40 per cent for the larger ones. The Big Three ran into difficulties by offering only one kind of car. The customer who wanted something different had to buy an imported car or one made by the two smaller American manufacturers. Now the Big Three intend to sell all sorts and sizes of cars. There has not been such an about turn in Detroit since the nineteen-twenties, when Americans turned away from the original Henry Ford's single kind of car.

Tammany's Narrow Squeak

NEW YORK

In this week's election within the political parties in New York City Mr De Sapio, the boss for ten years of Tammany Hall (the Democratic political machine in Manhattan), barely kept his political balance when he retained, by a mere 568 votes, a footing in the district he represents. Elections for district leaders, which recur every two years, took place on Tuesday in twenty of the thirty-three districts of Manhattan; in the remaining thirteen the incumbents went unchallenged. In Greenwich Village, his home district, Mr De Sapio and his running mate were opposed by a group of independent Democrats. On their first showing two years ago their candidates startled the old guard by carrying off 38 per cent of the votes and, although the Tammany machine went into top gear for this week's contest, the insurgents raised their share of the poll to 46 per cent. The cry for reform rang loud enough to persuade the leading local newspaper, *The Villager*, to take a stand after twenty-six years of political neutrality. Even so the results were surprising; the large Italian-American population in the district was expected to ensure a more comfortable margin for Mr De Sapio.

Elsewhere Mr De Sapio's friends fared badly against local reform groups. His candidates in three other districts in New York County—including the chairman of Tammany's executive committee—were ousted and none of the ground lost to the insurgents in 1957 was reclaimed. In fact, Mr De Sapio lost more allies than the reformists gained. Harlem's volatile Representative, Mr Powell, won for himself and his friends four of the five districts in the area. Far from being allied to the reformers Mr Powell's campaign was inspired largely by a personal vendetta against Tammany, which had tried unsuccessfully to prevent his renomination to Congress last year. In Queens County, too, the De Sapio star declined when his main henchman lost the post of Borough President.

The reform groups in New York City have concentrated on a single issue: that Mr De Sapio is an old style autocratic political boss interested only in patronage and paternalism, whose machine has become moribund as a national political force. The fact that he is a considerable improvement on his predecessors in office has done him little good. In the contest this year many of the reformers were supported both morally and financially by the New York Committee for Democratic Voters, a group set up by Mrs Roosevelt and Messrs Lehman, Finletter and others who were angered by Mr De Sapio's high-handed tactics at last summer's state Democratic convention, which did much to assure the victory of Governor Rockefeller, a Republican, in November.

Mr De Sapio's opponents in Greenwich Village have not yet con-

Continued on page 934

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	PASSENGERS CARRIED	PASSENGER MILES x 1,000	MILES FLOWN x 1,000
TWA	4,723,159	4,592,675	117,753
TCA	2,775,781	1,617,541	47,632
BEA	2,760,147	961,213	35,171
PANAM	2,656,326	3,893,530	103,867
AIR FRANCE	2,400,700	1,984,904	51,134
SAS	1,525,413	1,157,744	38,674
SABENA	954,630	802,189	27,755
KLM	910,880	1,229,364	40,272
IBERIA	749,547	338,438	12,143
LUFTHANSA	550,114	412,749	14,239
BOAC	465,263	1,422,235	39,874
ALITALIA	221,271	224,233	7,730

Source: *Flight Magazine, London*

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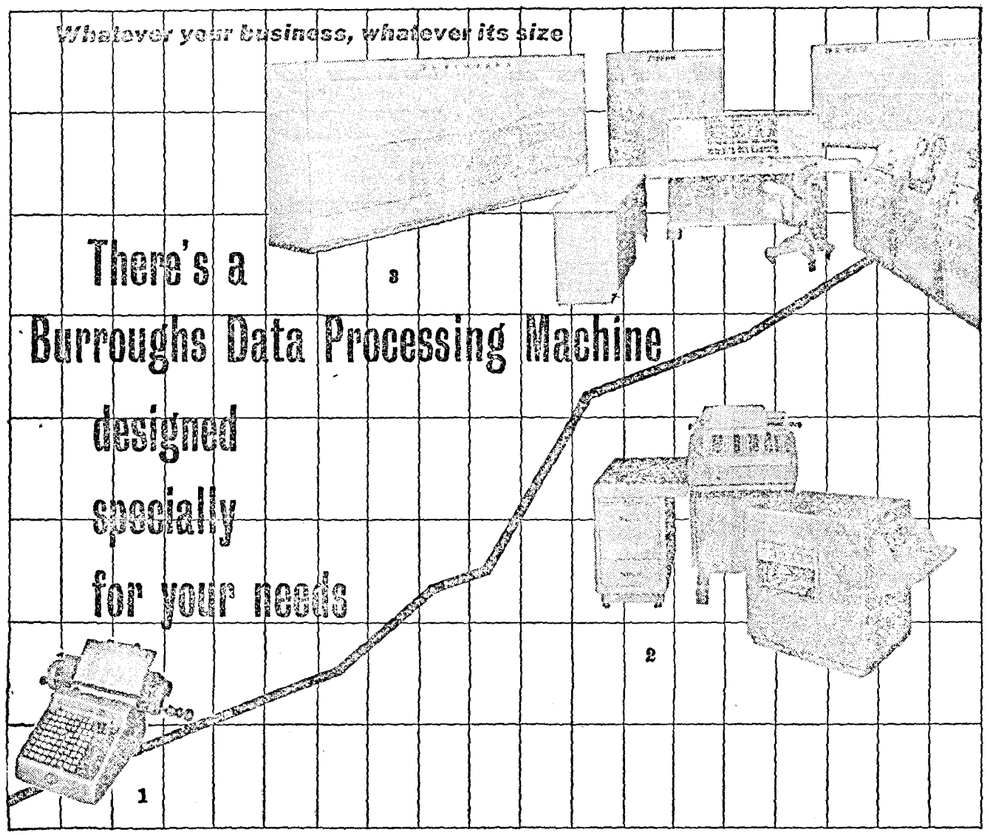

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BILL OF HEALTH—II

Who Pays for Medical Care?

NEW YORK

IN its pursuit of good health the American public spent, in the course of 1957, an estimated sum of $20 billion. Three-quarters of this total, or $15 billion, was paid—either directly or through insurance—by private individuals, and the remainder was the cost of government services. Over the last few years, personal expenditure on medical care has risen by leaps and bounds; it has doubled since 1948. The population has grown by 16 per cent over this decade and prices have risen considerably but, even if full allowance is made for these factors, it is clear that the average American is spending considerably more in "real" terms—perhaps a third more—on his health. The costs of medical care now absorb about 5 per cent of all personal expenditure.

Of the $15 billion spent by private individuals in 1957, by far the greater part—$11 billion—was in the form of direct payments in cash. Only $3½ billion was financed through insurance benefits. This figure seems low in relation to the large numbers insured, but it presents considerable progress since 1948 when benefits covered only 8 per cent of the cost of personal medical care. Insurance, of course, involves its own overhead costs, which came in 1957 to $670 million—a sum equal to nearly one-fifth of the benefits paid out. On the other side of the account, hospitals now receive the largest share of the medical dollar, but it is only in the last three years that they have outstripped the doctors. Indeed, in 1929, hospitals took fourth place after doctors, medicines and dentists.

The vigorous campaign to keep health services safe for private enterprise tends to obscure the extent to which government is already involved in the provision of health facilities. Not only did the estimated $5 billion spent in 1957 by different government agencies represent one quarter of combined public and personal expenditure in this field, but it exceeded by a large margin the $3.5 billion financed through the voluntary insurance schemes. Government action in this sector is both complex and fragmentary, ranging as it does through three levels—federal, state and local—and embracing a host of special programmes.

Public health is primarily the concern of the state and local authorities, although the federal government is a source of funds for a few particular programmes. But, having once decided that "socialised medicine," while unsuitable for the civilian population, is yet fit for heroes, the federal government has become increasingly involved in the direct provision of health facilities. Its responsibilities towards ex-servicemen are only vaguely circumscribed by law; anyone who has been a member of the armed forces can receive free treatment, if he is of the opinion that he cannot afford to pay, provided that facilities are available. The government automatically accepts responsibility for all those with "service-connected" disabilities, for tuberculous cases, and for those suffering from mental illnesses; 40 per cent of all beds in veterans' hospitals are reserved for this latter group. In the field of general medical and surgical treatment, however, the government inclines to a more minimal view of its role.

A liberal interpretation would imbue the programme with an almost unlimited potential for expansion since old soldiers do not in fact seem to fade away; they already number some 23 million. The ex-servicemen's groups, despite their habitually conservative instincts, would like to see these public facilities expanded. The present members of the armed forces equally come under the federal wing, and the two programmes together cost the government well over $1¼ billion a year, with the ex-servicemen taking substantially the larger share.

The federal government is thus largely concerned with special groups—the American Indians also come within its province—and with passing down general encouragement, and some grants, to other governmental bodies. Well over half of all public expenditure on health is financed at the state and local level. On the principle that government picks up only those services which the private system will not or cannot handle, the states—with help in some cases from city authorities—bear virtually the whole responsibility for people in public institutions. In the case of mental hospitals, public authorities provide more than nine-tenths of all beds.

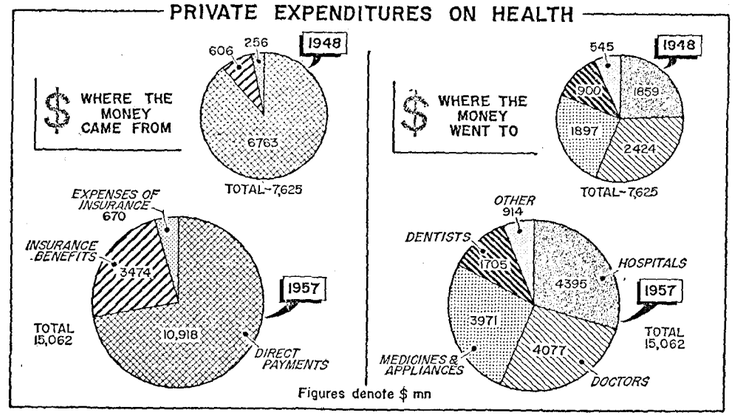
The health requirements of the indigent—those receiving public assistance—are primarily the responsibility of city and other local authorities. These services are provided either through the direct operation of public hospitals, or through payments to voluntary hospitals which provide this care, or both. The extent of public provision for the poor, and the definition of who is and who is not eligible for free treatment, varies widely. Public hospitals are invariably overcrowded and understaffed, and they operate in most cases under the constant shadow of insufficient funds.

ESTIMATED CAPITAL EXPENDITURES: 1948-57

Sources of Funds	*$ million*
All hospitals:—	
Direct federal expenditure	950
Federal grants under Hill-Burton Act	740
State and local authority expenditure	3,225
Private financing	3,565
Total for all hospitals	8,480
Voluntary hospitals:—	
Private financing	3,565
Federal grants	390
State and local grants	35
Total for voluntary hospitals	3,990

The cost of providing new hospital facilities is borne—in roughly equal proportions—by the taxpayer and the philanthropists. Since the war federal grants have been made, for the first time, under the provisions of the Hill-Burton Act, towards new construction in both the public and private sector. While the actual sums involved have not been large in relation to the total, the availability of federal money, on a matching funds basis, has undoubtedly encouraged a burst of hospital building. Between 1948 and the end of 1957 a total of $8½ billion was invested in new construction and in modernisation. Apart from federal grants, the two main sources of this new capital were charitable gifts on the one hand and state and local funds on the other. The former went up sharply in 1956 when the Ford Foundation contributed $200 million for hospital construction. Over the ten-year period, new investment in voluntary hospitals has equalled nearly half the total; many of them are financing at least part of their new construction by means of mortgages.

PRIVATE EXPENDITURES ON HEALTH



Continued from page 930

ceded him his meagre victory; they hope to unearth a sufficient number of electoral irregularities to invalidate the result. In spite of what has happened he should still find enough friends among the district leaders to get himself re-elected as leader of New York County. But his influence at next year's Democratic convention is bound to decline as the grass roots (or rather the city pavements) slip from beneath his feet—a fact that has not escaped those whose eyes are on the 1960 presidential nomination.

Sorting Out the Stockpile

WITH the help of Congress the Administration is at last able to make a start on getting rid of some of the surplus items which have accumulated in its strategic stockpile to ensure adequate reserves in time of war. This year the $50 million, less than half the amount requested by the Administration, appropriated for the operation of the stockpile allowed only $17 million for the rotation of perishable commodities and provided that any receipts from the sales of such commodities should be returned directly to the Treasury. Furthermore, it was understood that the $17 million was to be spent only on fibres and vegetable oils, not on rubber, the most important of the perishables. The General Services Administration, which manages the stockpile, is therefore unable, to its own satisfaction, to replace with new supplies the 40 or 50,000 long tons of natural rubber which must be sold during the coming year to avoid deterioration. Moreover the appropriation Act permits it to be sold without any further authority from Congress, normally needed before sales can be made from the stockpile and normally hard, if not impossible, to get.

Unless next year's appropriations follow the same pattern, such authority will, however, be required before the GSA can get rid of the rest of the 470,000 tons of rubber which it wants to sell during the coming nine years because changed military and technological requirements have made it surplus. But during the next session of Congress the Administration is also expected to ask for a complete revision of stockpile legislation. It would like to amalgamate all the various types of reserve and to be allowed to sell off surpluses with only a minimum of formality. Congress will presumably still be given some opportunity to disapprove of such sales; it can also be taken for granted that sales would be conducted in an orderly way.

Meanwhile it is uncertain what the surplus commodities will in fact amount to by the time the new system comes into effect—if it ever does. The present estimate of the value, $4 billion, is based on a survey made last year of the effect which recent defence developments, especially missiles and nuclear weapons, had had on the need for strategic reserves for military purposes. But now a new survey, expected to take a year, is being made of the probable destruction of private industrial supplies during a future war and of whether the stockpiles should provide for these losses and for the subsequent rehabilitation of the civilian economy. If the answer is in the affirmative, many of the commodities which are now in excess would again become essential for the reserve.

Spoiling the Judiciary

DURING this year a major disadvantage of a system which rewards party supporters by appointing them to judgeships in the federal courts has become so glaringly apparent that something may be done to remedy it. Federal judges, life appointees, are nominated by the President, but must also be approved by the Senate Judiciary Committee and confirmed by the Senate itself. For months the Judiciary Committee, controlled by reactionary Democrats, has refused to act on many of the President's nominations to vacant judgeships; early this month 22 were pending, many of them since the beginning of the year, out of 36 nominations submitted during the current session of Congress. But the log-jam broke with dramatic suddenness on September 8th, when thirteen nominees were approved by the committee in the record time of ten minutes and confirmed by the Senate almost immediately.

A political change of front was responsible for this: last February the President nominated Mr John Tucker, an inactive Republican, to a Texas court but, after languishing for five months without so much as a hearing from the committee, Mr Tucker withdrew in order to get on with his law practice. The President then substituted Mr Joe Fisher, a Democrat chosen from a list supplied by Senator Lyndon Johnson, who is the leading Democrat in Texas as well as being his party's leader in the Senate. The President's compromise with the facts of political life brought speedy confirmation not only to Judge Fisher but to 12 other nominees as well.

Probably just as helpful as the President's action was the undertaking given by his Attorney General at the American Bar Association's convention at the end of August that in future half of all new judicial appointments would be given to Democrats. This concession is especially welcome since the shortage of judges has led to appalling delays which are more reminiscent of Bleak House than of a contemporary legal system. In Brooklyn, for example, civil suits have been held up for as long as four years and the situation is paralleled in other populous city districts. Progress should now be possible on the Bill creating 25 additional federal judgeships which has got nowhere in Congress for three years. The Republican Administration can hardly be blamed for its past use of a time-honoured method of political patronage, especially as in 1953 it inherited a judiciary dominated by Democrats. The balance has now been evened out and it is to be hoped that some informal agreement can be reached between the parties on the future division of judicial spoils, so as to avoid a recurrence of a situation from which the public suffers more than anyone else.

SHORTER NOTES

The Metropolitan Museum of Art in New York, open seven days a week for nearly seventy years, is now to close on Mondays to facilitate cleaning and maintenance. This has become difficult to deal with while the museum is open because of the great increase in attendances. Those who have enjoyed the relative quiet on Mondays, the least popular day, point out that it would only cost $35,000 a year to keep the museum open on that day as well.

* * *

According to the Department of Commerce the number of businesses in the United States reached 4,645,000 by the middle of this year, an increase of 2 per cent on the 1958 figure.

* * *

For certain public offices in the state of Maryland atheists need not apply. On a reading of the Maryland Declaration of Rights, the state's attorney general has denied a commission as a public notary to the office manager of a building firm who felt unable to subscribe honestly to a belief in the existence of God. It is being suggested, however, that this is contrary to the separation of church and state guaranteed by the federal constitution.

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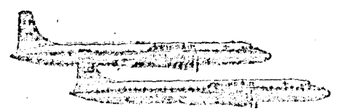

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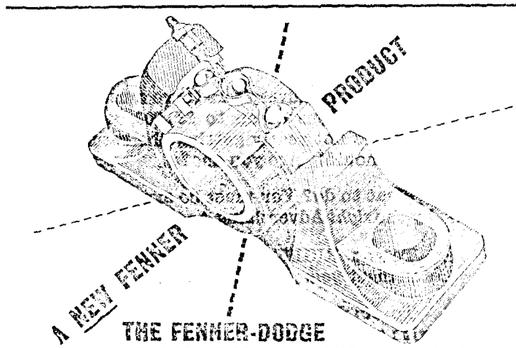

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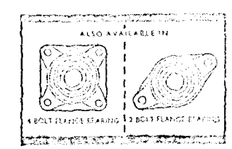

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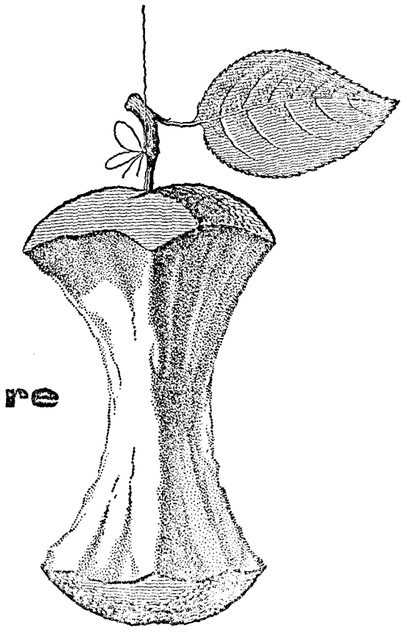

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THE WORLD OVERSEAS

Greek Cypriots Divided

FROM OUR CORRESPONDENT IN NICOSIA

THE events of the past week have provided another disturbing example of the unpredictability of Cypriot politics. It had seemed that the unrest in the island was easing—Archbishop Makarios seemed to be in control of his own community: the wave of Turkish terrorist incidents had halted: the Turkish campaign of "apartheid" was abating after directives had been sent from Ankara ; and a solution of the protracted constitutional deadlock was in sight. But suddenly a storm in a teacup over a relatively unknown Edma party official erupted into a political hurricane that has already wrecked any remaining chances of unity in the Greek Cypriot camp.

To make sense of the whole affair, the events need to be seen in chronological sequence. A few weeks ago, Archbishop Makarios decided that the time had come to dismiss a known Grivas supporter, Mr Photis Papaphotis, the Famagusta representative on the Edma party executive and a former Eoka leader in the turbulent north-eastern peninsula of Cyprus, where some of the grimmest clashes with the security forces took place. The archbishop did so in a terse twenty-word letter which Mr Papaphotis and his supporters considered to be dictatorial. The extreme right wing paper *Ethniki* then rallied to Mr Papaphotis's side and accused the Edma party (and Archbishop Makarios by implication) of being totalitarian in methods—whereupon the editor was brutally beaten up by an armed gang, who were unquestionably Edma party members or supporters.

This incident brought matters to a head ; a wave of anti-Edma feeling swept through the old town of Nicosia and all the Greek journalists went on protest strike. Archbishop Makarios was shocked and dismayed by the whole affair. He deplored the assault on the editor—but decided to hit back at the extremists, whose intrigues in recent weeks have been patently provocative. Accordingly, he let it be known that a plot of some kind existed, hinted that this might mean assassinations and alleged firmly that Mr Papaphotis was a leading conspirator.

What exactly the archbishop said at certain private meetings seems likely to be for ever in dispute. What is clear is that an anti-Makarios intrigue—some may call it a conspiracy—exists in which General Grivas has been actively involved, along with the Bishop of Kyrenia. But intrigue is one thing and "assassination plot" is another ; so far the documents published clearly reveal the former, but no evidence has been produced of the latter. Edma party sources declare that it exists and that only patriotic motives —fear of the alarm and conflict that would be stirred up—are preventing the archbishop from revealing it. Meanwhile General Grivas has entered into the controversy directly with his invitation (issued more in the style of a *pronunciamento*) to Archbishop Makarios to come to Greece for talks. Last week-end all the indications were that the archbishop would go, but subsequent statements by Grivas have once more thrown everything into confusion.

Certain interim conclusions clearly emerge. One is that the mass of the Greek Cypriot community passionately and pathetically want a meeting between their two leaders ; already 27 former Eoka men in Limassol district have threatened to go on hunger strike if it does not take place. This is a consideration which Archbishop Makarios must realistically face whatever private misgivings he may have about a meeting. Although the archbishop and the moderates are still clearly in the ascendancy, it is evident that Makarios has lost some ground as a result of the Papaphotis affair. There is a general stirring of reaction against "Edma party bosses" and their methods, though not a considered swing of opinion to the extremist views of the Bishop of Kyrenia and General Grivas. Moreover, until Archbishop Makarios publishes more evidence, there will be widespread suspicion that for political reasons his allegations about a plot may have been consciously exaggerated.

The affair is also seriously retarding the work of the constitutional transition ; for instead of getting on with the job, Archbishop Makarios and his ministers are spending an inordinate amount of time playing petty politics. The split between the two factions, which seems now complete and final, is also playing gloriously into the hands of the left wing, who have watched recent events with unalloyed delight.

What is imperative is that in this confused situation the Cypriots should not lose sight of the wood for the trees. The archbishop's handling of Papaphotis and the extremists may be open to censure on certain points, but on balance over the past six months he has displayed a singularly statesmanlike approach to the major political issues facing the island. It is his determination to carry out the Zurich and London agreements which is the island's main hope.

The Stuart Case

FROM OUR CORRESPONDENT IN AUSTRALIA

RUPERT MAX STUART, who was condemned for rape and murder of a nine year old girl, would probably be dead today if he had not been seven-eighths black. That probability has been forgotten in the world-wide hullabaloo which is at least partly based on an erroneous impression that this—like a lynching in the deep south of the United States—is a case of a man getting less than justice because of his colour. On the contrary, it is because of his colour that there is such concern to see that justice is done ; and this is as true of the government and judiciary of South Australia as of those who have given money, time and millions of words in the fight for his life.

The penniless circus hand who could not have bought the red tape with which his counsel's brief was tied has had his case taken from the original trial to the South Australian Court of Appeal, to the High Court of Australia and thence to the Judicial Committee of the Privy Council. The higher courts refused leave to appeal, but the Judicial Committee of the Privy Council at the same time drew attention to a claim that new evidence had come to light since the original trial. The South Australian government then appointed a Royal Commission (it probably would have done

so anyway) in order, as the premier, Sir Thomas Playford, said, to get the matter "sifted to the ground" and to decide whether the new evidence was such that the jury would have returned a different verdict if they had heard it.

From the procedural point of view at least there was not much wrong with that. But the composition of the commission was immediately under fire, both in the South Australian parliament and in the press. Of the three judges appointed, two had been concerned in the earlier proceedings: Mr Justice Reed was the trial judge and Sir Mellis Napier, Chief Justice of South Australia, presided over the full Court of Criminal Appeal. If the royal commission's terms of reference had been merely to examine the new evidence and decide on its validity it would certainly have been logical to appoint judges who were familiar with the proceedings so far—just as if the new evidence had been presented in the trial and appeal over which they respectively presided. But the terms of reference were wider, permitting the reopening of the whole case, and thus seeming to lend force to the arguments of those who thought that completely new judges should have been appointed to the commission. Moreover, critics in the South Australian parliament and in the press pointed out that the chairman, Sir Mellis Napier, had already in the appeal court dismissed as "rubbish" the very allegations of police violence that he was now to investigate.

Nor have the proceedings of the commission reassured the public about its ability to do any sifting to the ground because, for various reasons, those proceedings have been so confusing and the evidence so contradictory. Stuart's advisers have sought to show, firstly, that he could not have made the confession because his English is too poor and he cannot tell the time, let alone describe his movements hour by hour. But other witnesses disagreed, and a language expert who had talked with him in his tribal language admitted under cross examination that he would probably have understood the statement which he signed if it had been put to him interrogatively, sentence by sentence, in a manner not unusual when taking statements from uneducated or inarticulate people. Secondly, Stuart's advisers have produced some hearsay evidence that he was beaten up by the police, but this again was contradicted by another witness. Thirdly, they have tried to establish that at the hour when (in the opinion of one young woman doctor) the little girl met her horrible death Stuart was at the circus. It is not for your correspondent to express an opinion on this evidence while the case is *sub judice*—although some newspapers and journals seem to be doing just that; but the chairman of the commission has said that unless yet more evidence is forthcoming the result of the inquiry is more or less a foregone conclusion; and he suggested that any such evidence ought to come from Stuart himself.

HERE lies the most confusing part of the whole affair. Stuart's counsel, Mr Shand, QC, from New South Wales, walked out of the inquiry in the early stages claiming that he was hindered in cross examination. Since then Stuart has not been represented and sent word that he did not wish to be. He himself has never taken the witness stand nor has the commission called him—to put a poor black fellow among the lawyers without a lawyer to represent him would be Star Chamber stuff, indeed. Did Stuart's lawyers think that they could best serve him by discrediting the inquiry, and best discredit the inquiry by leaving him silent in his cell and unrepresented before the commission? Did they play for delay, believing that time was on his side? Did they think that his appearance would do his case more harm than good? Anyway, when Sir Mellis talked about a foregone conclusion a search began for a new counsel. The leader of the South Australian bar (by courtesy of an unknown benefactor) wanted to take the brief if the inquiry could have been adjourned for a few weeks while he handled another brief. But the commission, much to his annoyance, but surely reasonably, refused such a long adjournment. The latest news is that Stuart will have a lawyer from Victoria, Mr John Erskine Starke, the inquiry is adjourned until October 5th, and the execution again postponed.

A few conclusions may be pulled out of the melting pot. No action can be expected of the South Australian government until it receives the commission's report. It can hardly scrap its royal commission or get the sentence varied because it is told to by *The Adelaide News*, or even by Lord Attlee. It could do those things if the commission suggested them. The commission is unlikely to recommend a new trial, whatever it feels about Stuart's guilt or otherwise, because the government cannot order one; it could suggest that Stuart's sentence be commuted or that he be pardoned. If, on the other hand, they reaffirm Stuart's guilt, justice may be done by hanging him. But as matters stand, it may not be seen to be done. This may no longer be true, however, when Stuart is again represented and if the commission is then able to probe deeper.

The issue is broader than the life or death of this aborigine. The Stuart case lends support to those who, like *The Economist*, are opposed to capital punishment. Whether or not the new evidence overthrows the original verdict, it shows up the disastrous finality of the death sentence. As it happens, the doubts have arisen while Stuart is still alive. They might well have done so after his execution.

Syrians Blame the Baath

FROM OUR MIDDLE EAST CORRESPONDENT

A SIGNIFICANT swing in Syrian political opinion has been gathering strength in recent months, and now threatens to sweep the once powerful Baath-Socialist party into limbo. This is evident from the briefest of contacts with political circles in Damascus. (My contacts on this occasion were necessarily brief, as my visit was abruptly terminated after twenty-four hours by the Syrian security authorities. They gave me three hours to leave the country, and, as usual in such cases, no cause was shown.)

The eclipse of the Baath-Socialists became evident from their miserable showing at the local elections for the Nationalist Union on July 8th. They are still reeling under the shock. Former sympathisers are edging away from the movement, and speak openly of disagreements between President Nasser and Vice-President Akram Haurani, the most dynamic of the Baath-Socialist leaders. Although in Syria at the time, Haurani stayed away from the opening of the International Fair at Damascus; he is now reported to be convalescing. Whatever the state of his health, he is certainly sulking in his tent, and everyone in Syria knows it.

The Baath-Socialists have brought down on their heads all the disappointments of the union with Egypt. Landowners are discontented with the application of the land reform, and many peasants now realise that government decrees do not bring the millennium overnight. Merchants are concerned by the disturbance of time-honoured patterns of trade with the West, and by the increase of government to government trade deals. Many intellectuals regret the disappearance of political activity. General discontent has been fanned by two bad harvests in successive years.

The blame for all this cannot fairly be laid at the door of the Baath-Socialists. They cannot bring rain; and it was the Suez affair, not union with Egypt, which disturbed traditional trade patterns. (The degree of this disturbance, incidentally, should not be exaggerated. British exports to Syria, for instance, are back to pre-Suez level.) But the failure of the Baath-Socialists was a

Continued on page 941

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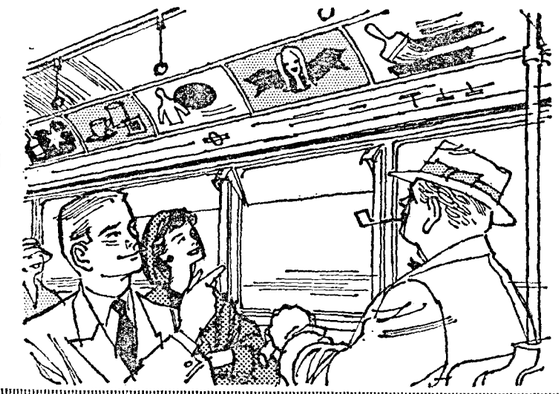

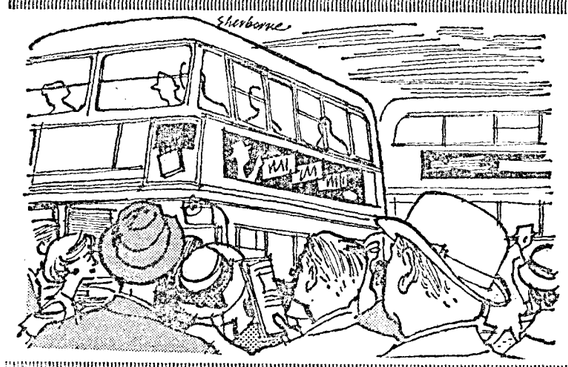

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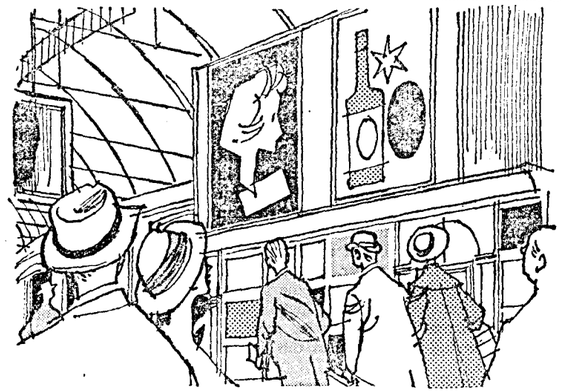

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A German Distressed Area

FROM OUR BONN CORRESPONDENT

THE young man in the cartoon is standing in a travel agent's office plastered with the usual invitations to sample a wide and glamorous world. "Haven't you," he inquires at the counter, "any place where tram bells clang all night—one of those places with through lorry traffic and jet fighters? You see, I'm a school teacher from the Bayrischer Wald."

The Bayrischer Wald—an appellation used rather loosely nowadays to denote the hilly area running to a depth of 25 miles along some 500 miles of Bavaria's frontier with Czechoslovakia—is refreshingly or deadly quiet according to taste. Its southerly stretch, roughly from Weiden down to Passau, is, with Berlin and Wilhelmshaven, one of the three *Notstandsgebiete*, or distressed areas, of western Germany.

NOT that the region was ever strikingly well-to-do. The austere, solidly built houses and villages (which are made friendlier in summer by the ubiquitous local custom of competition in window boxes) and the snow ploughs parked by the hedges tell of harsh winters and a care for pence that seldom become pounds. More than half the population of 750,000 is engaged in agriculture or forestry, and the soil is for the most part higher and tougher than Scotland's. The distress that has evoked government aid is one of the infinite by-products of the last war. In 1945 and 1946 the area had to take in some 150,000 of the Sudeten Germans who were expelled from Czechoslovakia, most of them bringing no more than the skill of their craft.

At the same time the considerable business of one sort and another that used to connect the Bayrischer Wald with Czechoslovakia and what is now the German Democratic Republic was brought to a standstill by the drop of the Iron Curtain. It is saddening and a shade uncanny to see grass and moss growing on the last two miles before the frontier of what used to be the busy road from Frankfurt and Nuremberg to Prague. The old signs are still there. "Pilsen Km 76." One used to be able to do it in under an hour. At 2.30 every afternoon a diesel railcar sets off with modest ceremony from Furth-im-Wald for Czechoslovakia, just over a mile away. According to the timetable the passengers —if there were any—could be in Prague snail-like by 8.39. But Furth-im-Wald's sidings have a slightly more cheerful tale to tell: in July, 114 goods trains, totalling more than 4,000 loaded trucks, rolled in each direction along the single line that crosses the frontier here. The westbound trains carried, along with more prosaic freight, scores of tons of Polish bilberries and camomile.

IT is reckoned that 120,000 of the Sudeten Germans have since moved farther west and are no longer either an asset or a liability. (Many of the economically most useful have settled in new colonies such as that at Kaufbeuren, in southern Bavaria, where they have successfully resumed their old Bohemian crafts of making decorative glass and costume jewellery.) During the past five years one in every six of the population of the Bayrischer Wald has left the district in search of a better living, and most of those who have gone are young. The rate of unemployment is higher than in any other part of western Germany. It is obviously a long time since most shops and houses received a coat of paint. The children are shabbier and grubbier than elsewhere in Germany. A few weeks ago it was announced that 115 of the smaller goods stations in the area were to be closed down for want of traffic.

The Federal and the Bavarian State authorities estimate that it will take another five years of subsidy and nursing to make the Bayrischer Wald a region where the modestly ambitious are content to stay—or, in other terms, a worthily robust eastern march. (The arterial highway running north and south parallel with the frontier is called the *Ostmarkstrasse*.) In the meantime they are advising the restless not to hurry away but to await the development of various short and long term projects. As many as 130,000 new jobs, they point out, have lately been created, and orders worth millions of marks placed by government departments.

The ministry of transport announced recently that in the second half of 1958 alone its contracts for building and supplies amounted to DM 226.5 million (compared with orders worth DM 61.6 million placed in West Berlin and DM 4.3 million in Wilhelmshaven). The ministry of defence has come to the rescue with barrack building at Roding, Cham, Schwandorf and Amberg, as well as with an order for several million shoulder straps that can be made fairly quickly in small tailors' workrooms, or even at home in return for 44 pfennigs a pair.

PRIVATE enterprise is also playing its part, though doubtless with a patriotism at which La Rochefoucauld would have looked askance. Taking advantage of the cheap labour and timber, a Westphalian furniture manufacturer has established a branch factory near Regen, which claims to be turning out 200 cupboards daily. At Pleystein, four miles from the Bohemian border, a Berlin woman has 200 needleworkers embroidering clothes and gewgaws that sell profitably in Paris, London and New York.

Long-term projects include extensive electrification (though power will always be dearer in Bavaria than in the Ruhr so long as it is derived from coal) and the promotion of a summer and winter tourist industry through the building of hotels, swimming pools, and ski lifts. It is also hoped that the eventual completion of the long-awaited Rhine-Main-Danube canal and ancillary waterways will, by cheapening transport, attract new industries to the area.

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failure of political manœuvre. By their arrogance and complacency in the months immediately following the union, they caused a general ganging up against themselves. Conservative politicians, such as Nazim al Qudsi and Rushdi Kekhia, who discredited themselves by their passivity in face of the Baath-Socialist advance two years ago, are beginning to stir again.

It is certain that the Baath-Socialists received no help at all from President Nasser. For more than a year, he has been showing impatience with Haurani's personal ambitions, and he suspects, with some reason, the sincerity of the Baath-Socialists' renunciation of political activity. Colonel Abdul Hamid Sarraj, who still stands like a rock at the heart of the Syrian scene, has also thrown his weight against the Baath-Socialists. Like President Nasser himself, he leans towards the monolithic state, with a minimum of political nonsense. Thus from all sides the once dominant party, which spearheaded the movement towards union, is being made the scapegoat for the failures of union. It is doubtful whether it will ever recover.

Although all sober Syrians admit that the union has fallen short of expectations, there is still no thought of a breakaway. President Nasser's prestige is virtually untouched, and it is characteristic that all the opponents of the Baath-Socialists, except the Communists, are appealing to him to curb their influence. In this respect, political considerations will probably always outweigh questions of material benefit. The fact of union, hasty and improvised as it was, is of such central importance in Arab political opinion that its dissolution is unthinkable. Turning back the clock, even it if it were possible, would be rated a disaster comparable with the loss of the Palestine war. It would certainly kill all thought of Arab unity for a generation, and seriously weaken the Arab nationalist front against communism.

The question of diplomatic relations with Britain stirs little interest in Syria. Such issues are now decided in Cairo with little reference, one suspects, to Syrian views, if any. In that respect, Damascus is now a mere provincial capital; in others, it is the same well laid-out and well administered city that it was before the union. One sees reason to believe that the Syrians learnt from the French the secret of carrying on with the day to day business of government, irrespective of storms in the political stratosphere.

IRISH NOTEBOOK—I

The Irish Look Abroad

BY OUR SPECIAL CORRESPONDENT

ACCORDING to one eminent authority on Irish politics, the only difference between Fianna Fail and Fine Gael, the government and principal opposition parties in the Dail, is that the leaders of Fianna Fail turned up at the funeral of Henry Harrison, the last surviving member of Parnell's immediate entourage, a few years ago, while the leaders of Fine Gael did not. As with most Irish funerals, there was more to this than met the eye. Parnell, a Protestant, died under the ban of the Catholic Church, having been an adulterer. Only Fianna Fail felt it could afford to put his services to Irish nationalism first.

Without wanting to make too much of a merit of an independence of the Church which is only a matter of degree, it is also true to say that under the present De Valera-Lemass regime there has been no episode to resemble the repudiation by his colleagues of Dr Noel Browne, a minister in the previous inter-party government, at the command of the Hierarchy. But then Fianna Fail's skirmishing with the Church has not been over social policy but in the somewhat safer field of foreign affairs.

During the first of the three United Nations General Assemblies which Eire has so far attended since its belated admittance, the Fine Gael minister for external affairs in the inter-party government took Cardinal Spellman's Catholic whip without a murmur. Great was the consternation in American Catholic circles when his Fianna Fail successor, Proinsias Mac Aogáin (known to outsiders as Mr Frank Aiken), came to New York with ideas.

His was the original plan for a non-nuclear club. He expounded a European disengagement plan of his own, and, blackest of all crimes in Cardinal Spellman's political calendar, he voted against the United States in favour of discussing the admission of Red China. Through the medium of the Oriel Society, which circulates articles in American Catholic journals abroad, the Irish church received and reproduced the transatlantic party line. The political opposition was a little slow in fixing on this Catholic sense of outrage as a political issue, but in the recent session of the Dail Mr James Dillon, the Republic's finest practising orator who was formerly an independent but has now joined Fine Gael (much to its advantage), worked himself up into a fine froth. Celt for Celt, Mr Dillon outdoes, in his vituperative assaults on Irish foreign policy from the right, anything Mr Bevan can manage in attacking British foreign policy from the left. "It is the cracked obsession of our minister that he has perennially to give a demonstration of his independence at the UN headquarters at New York," Mr Dillon proclaimed, "that betrays him into some of the foolish activities in which he is engaged . . . . I think he is inept, vain and stupid and this thing is becoming a gross abuse . . . . I am asking who is going to be left whose face we have not slapped?"

Completely unabashed, Mr Aiken is planning to go to New York with a much more fully worked out plan than before for a non-nuclear club. The nuclear powers (among whom Mr Aiken appears to number France) would undertake not to impart their guilty knowledge to those at present innocent, who would in turn promise not to receive it or to seek to acquire it on their own.

Under Mr Aiken's tenancy, the elegant house on Stephen's Green given to the ministry of external affairs by the head of the Guinness family has become a centre for the fermentation of ideas by some of Eire's ablest intellectuals; they, not having very much day-to-day diplomacy to handle, have the time to think about the larger questions.

But there is of course one very pressing practical diplomatic problem. What is Eire to do about the "inner six" and the "outer seven" of Western Europe? In the metaphor of Mr Norton, who is leader of the Irish Labour party and one of the Republic's top company directors, this is the iceberg that threatens to catch Eire in a pincer movement. Joining the common market without Britain is out of the question. In a good year the tourist traffic and other invisibles enable Eire to balance its sterling and dollar accounts. But, as the recent abortive trade negotiations with France brought home, common market countries are not prepared to buy from Eire goods to the value of a quarter of what they sell there. What, then, about the outer seven? The Irish understandably hesitate to join a system that will remove the massive props that just hold up their fragile, painfully constructed wisps of industry. There only remains the present desperate hope that a third way out can be found in a special side-deal with Britain.

(To be concluded)

Japan in the Thaw

FROM OUR CORRESPONDENT IN TOKYO

EVEN the hint of a thaw sent conservative Japanese politicians scurrying for communist visas. True, Mr Kono had revealed his itch to visit Mr Khrushchev in the Kremlin, and Messrs Ishibashi and Matsumura had accepted Chou En-lai's invitation

to Peking, before Laos and Ladakh entered the big headlines. Nevertheless the way in which they succumbed to summiteering fever is perhaps not a bad sign of the political turbulences that might follow a real melting of cold war ice-caps—not only in Japan.

Mr Ishibashi, during his short premiership that preceded Mr Kishi's regime, showed lively interest in Japan kissing and making up with China. Now he says he wants to discover if a deal can be worked out on the basis of the acceptance of both the Russo-Chinese security treaty and the United States-Japan security treaty "in the interests of Asian and world peace." Eleven other Liberal-Democrats, led by Mr Kenzo Matsumura, will follow in Mr Ishibashi's footsteps in October, which is also the month during which Mr Kono proposes to proceed to Moscow to buttonhole Mr Khrushchev. If Mr Khrushchev should ask Mr Mikoyan who Mr Kono is, Mr Mikoyan will now be able to reply that he is the leading Japanese politician who has gone on record that ten years is far too long for a revised United States-Japan treaty and that three years would be quite enough. In a real thaw, it seems, Mr Kono would be capable of fast footwork.

Mr Kishi and his foreign minister, Mr Fujiyama, have politely opposed no obstacles to these pilgrimages. But their real feelings are not in doubt. Despite what seemed to the Japanese to be an official British disclaimer, Mr Kishi still believes Mr Macmillan gave him an approving nod with regard to his attitude towards China. This is to wait for the Chinese to display genuine friendliness before Japan makes further overtures for improved relations. As the Chinese propaganda machine is at present attacking the Kishi administration as "the most reactionary in Japan's entire history," Mr Kishi feels he may have to wait a long time. In any case he believes that Japan will be in a better position to talk to China after and not before a revised United States-Japan security treaty has been signed and ratified, and that the same applies to any talking with Russia. The visits of Messrs Ishibashi, Matsumura and Kono are therefore judged to be ill-timed indeed, since the treaty negotiations are still in a delicate stage.

The Socialists, who are opposing treaty revision, have also been affected by the thaw. They are demanding that the treaty should be abrogated, but their more responsible leaders are well aware that simple abrogation, even if it could be achieved, would leave an awkward vacuum. Therefore they have been arguing vaguely that abrogation should coincide with a non-aggression pact embracing Russia, China, Japan and the United States. This suggestion of a conditional abrogation greatly annoyed Japan's powerful left wing labour federation, Sohyo, which is rather heavily infiltrated by Communists and had already been irritated by the Socialists' refusal to make common cause with the Japanese Communist party. The "thaw" prompted Sohyo to pass from mere verbal criticism of the Socialists to punitive measures. Why should the Socialists attach any conditions whatever to abrogating the treaty with America, when Mr Khrushchev had just explained that abolishing American bases abroad was the sole requirement for ushering in universal brotherhood? In high dudgeon, Sohyo withdrew its traditional financial backing from the Socialist party (though it managed to stop short of switching its funds to the Communist party, whose membership is miniscule). The Socialists in consequence have been thrown into even more confusion than usual, with the right wing attacking Sohyo as communist-dominated, and the left wing threatening to purge the right wing for having sabotaged peace by offending Sohyo.

Mr Kishi may thus take some consolation for the disarray in his own ranks by contemplating the greater disarray in the ranks of the Opposition. But the revision of the security treaty still confronts him with a formidable job of salesmanship. About half the Japanese people are completely apathetic on the issue and the other half are fairly evenly divided for and against revision. The government is clearly anxious not to throw the apathetic half into the ranks of the anti-revisionists, which would probably happen if Japan appeared, as a result of revision, to have taken an unambiguous stand as an ally of the United States in the Far East, with corresponding military obligations. The government therefore is trying to sell the treaty revisions by explaining what they will *not* do rather than by indicating what they will do. But these negatives have themselves to be qualified. Nuclear weapons will not be introduced into Japan—without Japan's consent. Japan will not be involved in a war because of the treaty—unless an enemy of the United States attacks American bases in Japan, which the government says it would regard as an attack on Japan.

EVEN right wing Socialists agree that to abrogate the treaty without making other arrangements would mean going backward; but to revise it means going forward to what? No one seems quite to know. The Japanese government wants to send 500 young men to the United States in the next two years, for training in the use of Nike and Hawk missiles. By 1965, it is planned to increase the strength of the army by 30,000 men, to 190,000, and to have a stronger air force, including jets. The Japanese navy is to concentrate on submarine-hunting, and keeping an eye on Vladivostock. The role of the army apparently would be to hold Hokkaido against a Soviet attack, until American help arrived. The Socialists view these proposals as getting the worst of both worlds, as calculated to attract communist lightning, possibly nuclear, without adequate means of defence against it. This leads them to suspect that the government does not really intend to linger at such an unsatisfactory halfway house, but is plotting to push on despite all official denials with a missile programme that would be non-nuclear only at the start. The Socialists are also alarmed by a government plan to jump the army reserve from 15,000 to 80,000 men, claiming that such a big increase is being made so that the government can get tough with dissenters while it proceeds to tear up Japan's anti-military constitution. One army unit has already clashed with farmers protesting against the building of a jet base: it is the first time that Japanese soldiers have clashed with civilians since the war ended. Any continuation of thaw weather looks like being good for appeasers but bad for base-builders.

Mackenzie and Company Limited, whom our correspondent described in the article "The Bodegas and the British" (*The Economist*, August 29, 1959, page 652) as operating "both in Spain as producers [of sherry] and in London as agents," point out that in fact they operate as principals both in Jerez and in London.

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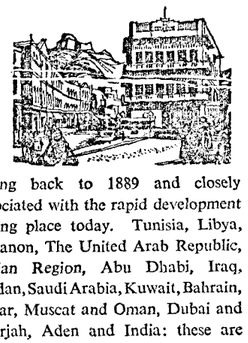

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THE BUSINESS WORLD

Lombard Street after Radcliffe

This is the first of several articles reviewing at greater distance the consequences of the Radcliffe report on financial institutions and on the technique of monetary control. A reconsideration of the report as a whole will be published after the three volumes of evidence, expected in October or November.

THE London discount market has emerged from the scrutiny of the Radcliffe committee with its colours still flying and with only a minor reservation entered against its record. If in market circles this achievement has been greeted with relief, in some others it has evoked mild surprise. Any intermediary organisation having highly specialised functions in the world of finance is liable to present a target for ill-informed (and sometimes ideological) criticism. The discount market in recent years has not only had its full share of attacks of this kind, but has also been assailed from time to time by technical arguments which have questioned its whole *raison d'etre* in the modern world.

In the days when London was beyond question the world's premier financial centre, it used often to be said that virtually the only unique part of its financial equipment consisted of the specialised discount houses, acting as intermediaries between the commercial banks and the sellers of bills, and between the banks and the monetary authorities, and making a highly sensitive market in short-term funds. It was upon this unique contribution, so the argument commonly ran, that the technical superiority of the whole financial centre largely depended. In more recent times some commentators have turned this argument inside out, citing the uniqueness of the discount market as evidence that it is expendable. Why should London, no longer demonstrably supreme, need a specialised discount market that other major centres lack?

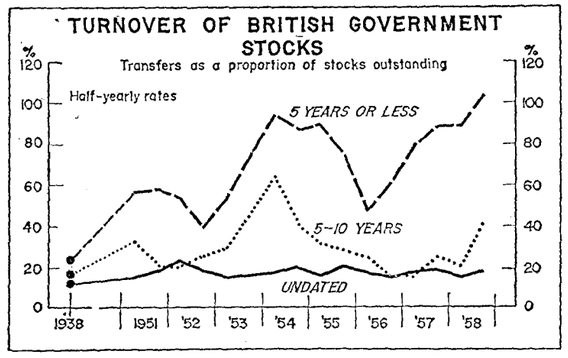
An obvious weakness in that line of argument is the fact that many other centres, in the Commonwealth and in Europe, have lately been assiduously and energetically copying this part of London's equipment. But that development, the more dogged critics have in effect replied, merely proves how uncritically (and perhaps how unwisely) the responsible authorities in these other centres have accepted the London tradition. The system of specialised intermediaries, they concede, played a major, indeed an indispensable, role in Britain's banking mechanism when banks were relatively small and localised and when a large proportion of domestic trade was financed by bills of exchange. They recognise, too, that even in the age of nation-wide banks and finance by bank overdraft the discount mechanism was vital to the strength of London's international equipment so long as the "bill on London" played a key part in the finance of international trade. But why, they ask, is this sort of mechanism deemed essential now, when the function of the commercial bill is greatly diminished and short-term government paper instead provides the basis for most of the liquid assets of the banking system and of the market's dealings?

Obviously, there is need to look again at practices and mechanisms that were created solely to meet the peculiarities of London's evolution, now that the special circumstances have passed away. For example, though there was justification for interposing a discount house between the lending banker and the seller of a commercial bill (whether the borrower or another banker), what is the case for putting a third party between the Treasury and the ultimate purchasers of its bills? How, in particular, can such a system be justified now that the twelve houses which comprise the discount market act in concert in their tendering for Treasury bills, and agree a uniform price for the bulk of their applications? Similarly, is it right to retain the unique access of the discount market to the central bank? It is through the discount houses alone that the Bank of England acts as "lender of the last resort" to make additional cash available to the banking system. Is there any good reason why the big deposit banks should not deal one with another in the short loan market, and have direct access to the Bank of England at last resort?

ALL these questions, and some more technical ones, lay behind the sense of uneasiness felt in Lombard Street in face of the Radcliffe inquiry. However firm the market's own belief that its functions are essential and its practices reasonable, it could not be sure that no radical proposal would emerge from the committee's investigations. Now these doubts are set at rest. The committee has not, indeed, accepted the traditional view of the role of the market nor does it endorse the arguments of the market's more enthusiastic advocates. But after what was clearly a penetrating and critical inquiry, it has said plainly enough that, save at one minor point, it does not wish to suggest any change.

This conclusion, it may be noted, was reached in spite of, rather than because of, a glowing tribute to the market from

the monetary authorities. The Bank of England, according to the committeee, combines a "paternalistic supervision" of the discount houses with a "conviction that the discount market operates with a smoothness and efficiency which no alternative mechanism could provide, and which is indispensable for the financing of the Government and for London's position as an international financial centre." For its part, however, the committee could not agree that the market is indispensable. "It would not," it said, "be beyond human ingenuity to replace the work of the discount houses"; but that work, it recognised, is essential work and if not done by them would have to be done by others. In its function as an ancillary to the domestic banking system the discount



market smoothes out irregularities in the ebb and flow of funds, simplifying the working of the banks and enabling them, "free from the embarrassment of temporary disturbances in their liquidity, to concentrate on their major task. . . ."

Similarly, the committee rejected the discount houses' contention that they are "virtually indispensable in covering the Government's temporary financial needs"; since total liquid assets rather than cash comprise the effective credit base, no inflation of credit would result from temporary Ways and Means advances from the Bank of England. The present importance of the discount houses, the committee reasonably points out, is rather in making "a highly efficient market in instruments which are very convenient to the Exchequer." As for the discount houses' newest function, that of providing jobbing facilities and a shock-absorber in short bonds, the committee emphasised that it is not true, as is sometimes supposed, that they succeed in maintaining an active bond market at all times; there have been moments, notably when the big banks have been heavy sellers, when the bond market has shown a tendency to "freeze up." But, the committee finds, the discount houses are unquestionably a "very important element" in the short bond market, adding materially to the marketability and (almost equally important) the "switchability" of bonds, and making banks and other institutions glad to hold them. Like the authorities and others who recognise the value of flexibility in the bond market, the commitee evidently feels that the discount houses might try to act more continuously as jobbers; but it is virtually admitted that they could not be expected to maintain a free market in all conditions. In adverse circumstances, or when the banks are heavy sellers, the ultimate shock absorbing mechanism has to be provided by the authorities themselves, via the operations of the Government broker.

On the value of the work of the discount houses in the international sphere the Radcliffe report has no reservations. It recognises, in particular, the importance of the flexible call loan market, which the discount houses provide, to the overseas banks in London. This "is indeed one of the attractions which have brought many overseas and foreign banks to London and keep them there." Hence "if" there is a national advantage in London's internationalism, there is "certainly advantage in having a small body of expert technical operators" functioning as do the discount houses—"at a trifling cost in terms of labour and other real resources."

THE Radcliffe committee's general approval, however, does not extend to the discount market's "restrictive practice" in tendering for Treasury bills (the phrase has no legal significance for the discount houses since financial institutions are exempt from the provisions of the 1956 Act). Even so, the committee is prepared to tolerate this practice—with the reservation that it should not be used to produce an "unwarranted fluctuation" in rates with the object of discouraging "outside" competition for the bills. Both the toleration and the reservation are a little surprising. Under the syndication system the discount houses tender separately for Treasury bills, but mostly at an agreed price and in amounts roughly determined by an agreed scale based on their several capital resources. The original purpose of this arrangement was to save the market from suffering irreparable damage (as distinct from marked contraction) in the abnormal conditions of the nineteen-thirties. The effects of the slump in its commercial business were then being aggravated by the rate-agreements of the clearing banks, which kept short loan rates artificially above bill rates.

Any conceivable justification for the syndicate on these grounds naturally disappeared as soon as the revival of "flexible" money in the 'fifties restored a rational margin between the two sets of rates. But by that time the syndication had become part of the system of "orderly" markets

HOLDINGS OF TREASURY BILLS
1954 to 1958 (£ million)

	London clearing banks	Discount market	Scottish and other banks	Overseas official holdings	"Outside" holdings	Total bills (less known) public sector holdings	Bank of England Banking Department
1954 :—							
Mar. 17..	995	528	9	1,086	...	2,924	179
June 30..	1,080	462	12	1,109	...	3,036	238
Sept. 15..	1,181	485	18	1,003	...	3,166	204
Dec. 31..	1,199	615	129	1,021	412	3,376	222
1955 :—							
Mar. 16..	849	452	12	1,027	...	3,046	180
June 30..	890	408	174	969	577	3,018	209
Sept. 21..	1,063	471	19	992	...	3,266	167
Dec. 31..	1,271	642	130	961	559	3,563	175
1956 :—							
Mar. 21..	946	421	15	921	...	3,049	138
June 30..	1,031	470	170	910	575	3,156	171
Sept. 19..	1,292	454	32	947	...	3,567	138
Dec. 31..	1,275	523	116	927	527	3,368	139
1957 :—							
Mar. 20..	915	283	13	913	...	2,707	131
June 30..	1,055	321	126	833	429	2,764	208
Sept. 18..	1,159	342	15	887	...	2,931	150
Dec. 31..	1,403	585	144	821	435	3,308	113
1958 :—							
Mar. 19..	1,082	466	23	765	...	3,038	140
June 30..	1,112	336	198	810	571	3,077	150
Sept. 17..	1,182	402	27	824	...	3,145	145
Dec. 31..	1,185	594	162	891	602	3,434	97

that had been started after World War I (chiefly through the rate agreements of the clearing banks) and was consolidated during and after World War II. The discount houses had accepted responsibility for "covering the tender" by ensuring that their aggregate applications each week are roughly equal to the amount offered, thus relieving the authorities of any uncertainties in the placing of the bills.

In the absence of this system the authorities might find that, when Bank rate was expected to rise, they were themselves obliged to take up part of the issue—thus glutting the market with credit at the very time that the bill rate had been forced close up to Bank rate. The only way of avoiding such ambiguous tactics might be to raise Bank rate immediately to whatever extent was needed to convince the market that there would be no early need for a further rise. The syndication system can thus be regarded as a cushioning device that saves the authorities from compulsions of this kind, giving them more time to consider whether an increase is needed, and permitting more gradual adjustments of rates. A few years ago, when public opinion seemed opposed to the idea of abrupt movements, and very high rates seemed likely to be regarded as "unconscionable," there was therefore some case, in expediency, for the syndicated tender. But that argument now wears very thin. The lesson of the past few years surely is that monetary action needs to be swift and vigorous if it is to be effective. Official policy might well be better without the cushion.

The Radcliffe committee, oddly enough, does not make this point—possibly because it does not really attach much importance to short-term interest rates in any event. It does say that it would not be worried if the apparatus of cartelisation (including that of the clearing banks in their agreements on deposit rates and short loan rates) broke down, and it does not share the official fear that the resultant wider fluctuations in bill rates would damage the bond market. But at no point does it advocate more forthright use of Bank rate. Hence the syndicate, by a rather confused process of reasoning, gets a pass certificate. It "does work satisfactorily for the authorities"; there is "no ground for supposing that it provides, at Government expense, unreasonably high profits for market institutions"; and there is "no case for deliberately disrupting it." Presumably it can now be accepted as an established part of the market machinery. But the discount houses are left with no guidance on how to satisfy the committee's wish that the system should not be administered to the disadvantage of "outside" applicants for bills. The implication that the market may have to justify each change in its tactics is liable to make the system not less but more rigid. This would be hard to square with the committee's concern to keep it as flexible as possible.

The Anti-Dumping Game

Two years' experience neither proves nor disproves the need for this legislation, but it does suggest one weakness.

TWO years ago the British Government took powers in the Customs Duties (Dumping and Subsidies) Act to protect home producers against dumping and subsidised imports. Since then thirty-six applications for protection have been made and on only two occasions have special duties been imposed. The government said during the passage of the bill that it hoped the threat of action would often persuade offending exporters to mend their ways, and so it has done. Applications on French and Greek new potatoes, on butter and Russian aluminium have been settled without resort to duties. Indeed, the threat may have been used more often than official statements reveal, for the Board of Trade is obliged neither to advertise applications, nor to announce its findings or the action taken—unless it actually imposes an anti-dumping duty.

Of the other applications, the President of the Board of Trade recently said that those concerning lighter flints and lithopone were subsequently withdrawn, and applications against piperazine (a worm-killer) and maize starch were rejected because a case was not made out. Eleven applications were settled by agreement or rejected because of lack of evidence, and sixteen are still being considered. Four applications, on pentaery-thrithol (a chemical used in making paints) tartaric acid, sulphate of ammonia and sheepskins (from Hungary), have been advertised and the views of interested parties invited.

Firm conclusions about the efficiency of the Act, or the need for it, can hardly be drawn from the experience of the first two years. Whilst the record certainly does not point to a crying need for it, these were relatively prosperous years for world trade, unlikely to provoke much dumping or make British industry hyper-sensitive to it. This Act, when passed, was said to be part of the price British industry exacted for supporting the free trade area and tolerating the Restrictive Practices Act. So far, therefore, it can at any rate be said to have been half worth while.

IT is instructive, nevertheless, to look at the ways in which particular cases have been handled. The investigation of pearled barley from Germany and Holland revealed a classic example of dumping, of a kind that agricultural policy in some countries positively provokes. When German millers buy barley on the world market for processing into pearled barley for re-export, they are left with a high proportion of by-products that can be sold at home at prices which reflect the high fixed price for domestic barley. The windfall profits made on these transactions allow the miller to offer pearled barley abroad at a correspondingly cheaper price.

The Board of Trade found that dumping was being practised, and that it was causing "material injury" to British

millers. An anti-dumping duty of 12s. a cwt (in addition to the *ad valorem* duty of 20 per cent) was therefore imposed on German barley in May this year. The Dutch millers said that they were compelled to dump to keep a share of the British market, but they preferred to stop it rather than have an anti-dumping duty imposed.

Greek potatoes are sold at home at a high price, which enables the Greek marketing organisation to sell cheaply abroad. The Potato Marketing Board and the National Farmers' Union heard that Greece intended to send more new potatoes to Britain this season than last, and filed an application for protection though shipments had only just begun. The Board of Trade found that material injury was threatened. But before imposing an anti-dumping duty it asked Greece to restrict its shipments to 10,000 tons, with not more than 7,000 tons to arrive before the end of June, and the rest during July. The Greek government agreed, and no duty was imposed. Such requests are more effective on agricultural than industrial products, because agricultural exports are usually centrally controlled.

THIS same technique had been used successfully on a much broader front in May, 1958. An abnormal surplus of butter in Europe had depressed prices in the British market to a level that brought cries of pain from New Zealand, the main supplier. The government found that Sweden, Finland and Eire were guilty of subsidisation, but it did not find that British farmers were suffering, or threatened with, material injury (the fixed support price for liquid milk largely cushions a fall in prices of milk for manufacturing). And British housewives were not heard to complain about cut-throat competition in butter.

Nevertheless the government was sensitive to the decline in the purchasing power of one of Britain's best customers (and no doubt sensitive to political pressure as well); it chose to protect New Zealand's interests, as against the British consumer's. Apparently it paid little attention to the displacement of margarine by butter, and consequently to demand and prices for oilseeds from Nigeria and other Commonwealth countries. As it would not have been helpful to impose an anti-dumping duty, Britain asked the offending exporters to restrict their shipments to Britain. This step was embarrassingly effective: by December last year the restrictions had to be lifted to stop butter from becoming too dear here.

Shipments of Russian aluminium to Britain were also restricted in this way. In 1957/58 Russia was selling substantial quantities here at prices £10 a ton or more below the price fixed by the Aluminium Company of Canada, Britain's principal supplier, and the company applied for protection against the Russian agency Raznoimport. It cannot be easy to establish how a Communist country could be said to dump, but the Board of Trade apparently did so to its own (and certainly to Alcan's) satisfaction. Russia then undertook to restrict its shipments to 15,000 tons during the year ending September 30th this year, obviously to avoid an anti-dumping duty.

Applicants for this protection have often claimed that official investigation is too slow; for example, it took five months to collect and consider the evidence on pearl barley and lay the Order before Parliament. But it is clearly desirable that investigations should be thorough, and that these duties should be used only as a last resort. Britain is a leading exporter as well as a major importer, and if the government were to use these duties widely other governments, faced with applications alleging the dumping of British goods, might well be tempted to play tit-for-tat. Moreover, under this Act the British government must find material injury, not mere injury, and when it does so it must act in the broad national interest and conform to its obligations under Gatt.

The rules of Gatt require a finding of dumping to satisfy the test of "material injury," though the legislation of some countries, including the United States, does not yet bind their governments to find more than "injury." American authorities also have the power to suspend determination of the prevailing duty pending the outcome of an application. Suspension tends to disrupt trade in the commodity, just as the knowledge that an application has been filed is apt to do. The British government has no power of suspension, and it postpones advertising an application until it believes that a *prima facie* case exists. Nor can Britain make an anti-dumping duty retroactive. Overseas suppliers can therefore forestall an anti-dumping duty to some extent by speeding up their shipments to Britain.

WITH industries and indeed whole economies more and more tied into and influenced by government policy, dumping is not an imaginary evil, though industries affected by strong foreign competition are always liable to sense it more often than it really occurs. When it does, industries now have a right to protection; but so does the public, which fairly often suffers, as consumer, though it rarely has the opportunity to weigh the merits of an application. In the case of butter, exceptionally, the facts were well known beforehand, and as it happens the government's decision in that case was well short of impeccable. In general the evidence for and against an application is revealed only to the Board of Trade, which does not publish it: neither the public nor Parliament are told much of the facts, even afterwards. Labour, if anything, tends to be even more tender towards protecting industry at home than the Conservatives: so far the opposition has seldom tried to elicit all the facts on anti-dumping action that ministers might have been willing to reveal.

It is seldom easy to obtain detailed evidence and the Board would no doubt claim that if it had to publish, little evidence would be forthcoming. British manufacturers would certainly be chary of revealing details of their costs and other operating information that might benefit their competitors, as Americans have to in seeking protection from the US Tariff Commission. There is no reason to believe that the administrative decisions made in the Board of Trade will generally be unduly soft towards industries here and in the Commonwealth at the expense of the consumer; but as a rule few people will be in a position to know. Two years of anti-dumping legislation cannot be said, on examination, to have injured the British consumer much. But they have not removed the strong case for making public both sides of each argument about dumping, if not always of the government's reasons for its decision. And if more publicity made manufacturers wait for a more conclusive case before complaining it would be all to the good.

BUSINESS NOTES

THE CONSERVATIVES AND INDUSTRY

Filling Unemployment Pockets

THOUGH the Conservatives are proposing to repeal all existing Distribution of Industry legislation and replace it by a single new statute affording "stronger, swifter, and simpler" powers to persuade industry to move into places where unemployment is or seems likely to become high, the changes in effect that they seem to have in mind are mainly matters of detail. Power to deal with local unemployment wherever it happens to occur already exists under the 1957 Act, though the single statute outlined by Sir David Eccles this week would presumably remove the now largely meaningless distinction between the development areas and "development places" assisted outside them. Industrial development certificates would continue to be required for building all new factories and significant extensions to existing ones, which would maintain the Government's negative power to stop industry going where whitehall does not want it to go. The Government would publish a single list of places (presumably including whole areas as well as smaller pockets of unemployment) into which it would like industrialists planning new factories to move. As well as building factories for rent to industrial tenants cajoled or pushed towards these places, the Government would take power to make capital grants amounting to 75 per cent of the difference between the cost of building a new factory there and the open market value when completed. The Government would take more power than it now has to clear sites and demolish buildings to make these places more attractive to new industry. And all aid for factories, plant and machinery offered in these places would be brought under one administration within the Board of Trade.

These changes seem to be mainly matters of tidying up, some of them derived no doubt from suggestions made this summer by Mr Douglas Jay (who is however predictably and emphatically dissatisfied with this Conservative gloss). They make no difference to the principle underlying such Government aid, and would indeed here and there enable it to be administered more flexibly. The principle that work should be taken to the workers when the social cost of moving capital is significantly less than the cost of moving labour is generally accepted; it is the difficulty of identifying and measuring social costs, and the readiness of both political parties to vie with each other in finding places that might like help, that make particular acts of persuasion or subvention based upon it often questionable. But this is not the only kind of assistance to industry that the Conservatives have in mind. They undertake to "play their part in assisting the aircraft industry to expand its sales," and have committed themselves in principle, while seeking independent advice on the details, to see that trans-Atlantic liners shall be built to replace the Queens.

Crossing the Atlantic's Palm

SELDOM, perhaps, can the election manifesto of any party have promised financial aid to a particular private firm, in the confidence that this firm's activities lie so close to the electorate's heart that assisting it can actually attract votes. The Conservatives have however pledged themselves to see that two new Cunarders shall be built to replace the Queen Mary and the Queen Elizabeth, which the Cunard Steamship Company has already explained would need financial assistance in building if not also in operating the new ships. Lord Chandos and two other distinguished men, however, have in the meantime been appointed as a committee to examine Cunard's proposals, their advice being presumably concerned mainly with details of how the promised finance should be forthcoming.

On the principle that what is good for an Edwardian is good for the secondary modern boy, the aircraft industry was not long in publishing its own claims for government aid. These had been submitted to the Government in mid-summer, but the summary of those claims recently circulated by the Society of British Aircraft Constructors to its members and now made public shows that they extend well beyond the provision of the risk capital that the private market is reluctant to supply. The industry says that governments, through political and defence policies, have frightened private risk capital away from the aircraft industry; *ergo* it is up to governments to make good the deficiency. The SBAC is deliberately vague about whether its members want to go back to the conditions of the early 1950s, when the Government provided all money for all civil development; whether they merely want to be able to borrow from the Government when necessary on much the same terms as the nationalised industries; or whether they feel aid should be confined to commercially unremunerative projects such as supersonic airliners. But it is more explicit about the kind of after-sales service that the government should provide once it has put up the money.

This appears to include a measure of direction to the air corporations and the services about the type of aircraft they should invite the industry to develop, measures (unspecified) to expand the home market, and active steps to turn the airlines and the services into a proving ground for new civil aircraft. All this, in the industry's view, will require changes in government organisation and the creation of something suspiciously like the frequently mooted "Lord Air," to co-ordinate matters dealing with aviation—the SBAC calls him a "focus of authority." If this is in fact what the SBAC has in mind, then it must be prepared for people, if not parties, to say that this is too high a price to pay for the possession of an aircraft industry.

FINANCE MINISTERS CONFER

Preparing for Washington

THE annual meetings of the International Monetary Fund and the World Bank which open in Washington on Monday week have had their expected auspicious prelude. Sufficient member countries have approved the proposed increases in their subscriptions for these to become effective. Authorised capital of the World Bank has been increased from $10 billion to $21 billion; increased subscriptions amounting to $8.8 billion had been received by September 15th. All but a small part remains uncalled; the purpose has been to provide the basis for a continuation of the Bank's borrowing on its own bonds, designated for the most part in US dollars and therefore requiring an increase in America's guarantee. No announcement from the Fund has yet been received in London.

The meetings will this year be preceded, instead of followed, by a gathering of Commonwealth finance ministers. This will take place in London at Lancaster House early next week. The Chancellor of the Exchequer, Mr Heathcoat Amory, will take the chair; but the pull of the general election will prevent him from going to Washington for the Bank and Fund meetings. The United Kingdom delegation will be led by Sir Roger Makins.

The Commonwealth gathering will be

the first meeting of ministers of the Commonwealth Economic Consultative Council, which was set up after last year's Montreal conference. Four main questions are likely to dominate the present discussions: the prospects of world trade, the balance of payments of the sterling area, the present state of Europe's free trade negotiations and, inevitably, capital investment in the underdeveloped countries. These talks should lead logically to the discussions at the Bank and Fund meetings, where the formation of an International Development Association and the acceptance by member countries of the obligations of convertibility under Article VIII of the Fund, will probably be the major topics.

The Commonwealth ministers ought certainly to be prepared for requests to be made in Washington to a number of member governments, including the United Kingdom, for a final abandonment of the shelter of discriminatory restrictions under the transitional Article XIV. This request is likely to be made to all member countries which last December made their currencies freely convertible for non-residents. If Britain pays for German or Italian cars or textiles in sterling which can be freely converted into dollars, what justification can there be for maintaining discriminatory restrictions on imports of such articles from dollar countries?

IN THE MARKETS

Ticking Over

SINCE the beginning of August prices of common stocks on Wall Street have fallen by 6¾ per cent from their peak; an already vulnerable market could not shrug off the rise in interest rates. But for the political factor, the London market might have found it more difficult to ignore the weakness of the New York market. With all hopes focused on October 8th, however, equity prices in London are still less than 1¼ per cent below the peak they reached at the beginning of September. After last week's excitement it was only natural that some investors took their profits, especially in steel shares, but there were buyers ready to absorb the stock on the first day of the new account when the public opinion polls showed that the Conservative lead was not being narrowed. Investors remained cheerful, though without committing themselves too deeply, and sterling remained firm, in spite of the further rise in the United States Treasury bill rate.

Investors have been bombarded by appeals for new money by companies obviously anxious to get their new issues and placings out of the way in case the opinion polls turn out to be false prophets. The hire-purchase finance houses are among those who have reason to fear a squeeze on their resources if a Labour Government came to power. Mercantile Credit has raised £2½ million by an issue of 6½ per cent preference shares and Astley Investment Trust is to raise just under £800,000 by placing privately 800,000 preference shares, also with a coupon of 6½ per cent, at 19s. 3d. each. Banks have an equity interest in both these houses and it would seem to be in their interests to keep the ratio of ordinary capital to borrowings as low as possible. On the other hand, Bowmaker, in which Lloyds Bank has a shareholding, has taken the decision to raise £2 million of new money by a rights issue of ordinary shares. But its hire-purchase business has practically doubled over the last twelve months, from £22½ million to over £40 million, and the terms of the issue are so generous that Lloyds Bank and other shareholders should have no hesitation in applying for the 1,614,000 new ordinary shares of 5s. each offered in the ratio of one for ten at 25s. Profits before tax have more than doubled, from just over £1 million to £2¼ million, and through the payment of a final dividend of 17½ per cent (for which the new shares will rank) the total distribution has been raised from the equivalent of 13¾ per cent to 25 per cent. The old shares were immediately marked up 38s. ex rights, to offer a yield of 3.3 per cent. The right to subscribe, politicians as well as investors will note, lapses on October 7th.

If Labour Wins . . .

A Job's Comforter

PRECIOUS few investors, at home or abroad, expect Labour to win. The traditional bolt-holes such as Kaffirs and dollar securities are having no special attraction; forward sterling is at a premium. But investors ought still to be prepared, even as an outside chance, lest their judgment and that of the pollsters proves to be wrong. No one, indeed, can predict with certainty what the impact of a Labour government on the markets would be. Experience in 1945-51 has limitations as a guide for the 1960s.

Ordinary shares as a whole would presumably be subject to two contrary influences. More inflation would drive them up, at least in the medium term before a major crisis necessitated drastic action; and they would presumably be driven up, too, by buying of shares for a State insurance fund. Equities would be depressed, on the other hand, by a generally less sympathetic attitude to business. Discrimination against profits and dividends would have an immediate impact; and at the best, a Labour government would be less likely than a Tory government to continue the process of easing the tax burden on middle and upper incomes. A capital gains tax would certainly discourage profit-taking, but in doing so it would cut into an important section of the demand for equities. The effect of physical controls is uncertain; if they were a substitute for higher interest rates their general effect on equities would not necessarily be harmful. On balance, Labour would probably be bad for equities if it were both tough on general policy and nasty to investors, but if it were only nasty, equity prices might rise.

Obviously the effect on ordinary shares would be uneven. Most openly vulnerable would be *steel* shares, some of which are now more than twice their price of issue on denationalisation. But *property* shares might also be very badly hit, by renewed rent restriction and possibly by building controls. The same would apply to other fast-growing companies that would fall under Labour's castigation of "spec. finance." Capital issues control would probably return. *Insurance* shares might lose some of their recent shine, as a result of a much more formidable State scheme, and a less favourable climate for investing their funds. *Banks* might be hit by curtailment of their newly won freedom. The same might be true of *investment trusts* and *unit trusts*. *Hire purchase* finance might also be subject to renewed restriction; and the finance houses would suffer too from any slackening in the *consumer goods* trades.

A Labour government would try to put more emphasis on investment; and while it might have difficulty in coaxing private firms to venture their money, public investment will almost certainly rise. The effect of this would presumably be to favour the *heavy industries*, especially those supplying the public industries, at the expense of consumer goods. Other possible beneficiaries might be industries in such difficulties as *aircraft* and *textiles*, which might extract even more money from a Labour government than a Tory one (though with more onerous conditions).

Gilt-edged would presumably fall immediately in the event of a Labour victory; their subsequent course would depend closely on the fate of *sterling*. The basic question would be whether the Labour Chancellor was tough enough to *maintain* financial stability. If he was, gilt-edged might be steady at not far off present levels, and the short-dated bonds might even rise if Bank rate were kept low. But it is difficult to see a Labour Chancellor engineering a general rise in the market, which would have to absorb heavy demands for new money.

PROPERTY SHARES

A Scare in the Market

WIDE diversity in the yields on property shares shows that investors who are closely in touch with this volatile and speculative market have been sorting the geese from the swans. Property empires, strong on paper, have been built up. The ultimate security of these empires depends on the ability of the financiers to let fully at economic rents the properties they have bought and developed at high—and possibly in some cases inflated—prices. The danger is that ambition can stretch the financial backing to the limit—and beyond. The share market is therefore vulnerable to the sly word and the rumour.

Some eyebrows were raised a few weeks ago when City Centre Properties (which this week raised its ordinary dividend from 6⅔ to 13⅓ per cent, putting its 5s. shares at 6os. on a yield basis of 1⅛ per cent) acquired Eron Investments, with which Mr Felix Fenston is associated. But the property share market remained on an even keel and it gave a thundering welcome to the issue by City and Central Investments of 5s. ordinary shares at 25s. each. The magic of the name of Mr Charles Clore and the fact that the properties the company is developing will be fully let prompted an over subscription of almost 35 times. Dealings began at 28s. 6d. and selling by the stags was easily absorbed.

On Wednesday afternoon, however, the market was shaken by rumours of trouble in the property companies controlled by H. Jasper and Company, a concern that has been extraordinarily active in acquiring property companies for cash. Lintang, which owns the flats in Dolphin Square, was one of its purchases and more recently it made a cash bid for Ely Brewery. The jobbers quoted only nominal prices. At one moment on Thursday Lintang shares, which had been quoted on Tuesday at 24s. 3d., were priced at 15s. nominal. A statement was expected from Mr Jasper on Thursday morning but it had not been published when *The Economist* went to press on Thursday afternoon. Before the market closed the jobbers indicated some willingness to resume dealing, quoting Lintang at 18s. and Palmerston at 37s. 6d. The property share market had had a bad scare; it is too early to judge whether it faces anything worse.

OVERSEAS TRADE

Summer Slackness

AUGUST is a slack month for British overseas trade; it is the seaside, not the ports and the factories, that works full time. With this big seasonal variation, the recorded trade figures lose much of their significance. Last month British imports dropped even more sharply than exports, and the apparent trade deficit narrowed by over £15 million to £40½ million. Imports were £305 million cif, nearly £48 million smaller than in July. Comparison with a year ago is not helpful, because the 1958 figures, particularly for exports, were distorted by a dock strike. A more useful guide is given by taking the April-August period: during these months average imports were 4½ per cent higher than in the first quarter of 1959, and the average for the first eight months, at £322½ million, was five per cent higher than a year ago. Exports in August fell by £32½ million to £255½ million fob. The monthly rate for April-August was 5½ per cent higher than in the first quarter of 1959, but the average for the first eight months—£272.3 million—was only three per cent higher than a year ago. Re-exports were £9.3 million, the same as in July.

UNITED KINGDOM TRADE
£ million
Monthly averages or calendar months

	Imports cif	Exports fob	Re-exports fob	Apparent deficit
Year 1958 ..	312·5	264·3	11·7	36·5
1st qtr.	309·4	271·0	13·2	25·2
2nd „ ...	300·0	255·8	11·1	33·1
3rd „ ...	312·5	258·6	11·4	42·5
4th „ ...	328·2	271·8	11·2	45·2
1959 :—				
1st qtr.	313·6	263·4	11·1	39·0
2nd „ ...	327·8	281·8	10·7	35·3
July	352·9	287·8	9·3	55·8
August* ..	305·2	255·4	9·3	40·5
Jan.-Aug., '58	307·4	264·8	12·2	30·4
Jan.-Aug., '59*	322·5	272·3	10·5	39·7

* Provisional.

Exports to the United States remain buoyant. Shipments in August dropped slightly by £1.8 million to £29.8 million, and the average for the first eight months, at £29.8 million, was no less than 40 per cent higher than a year ago. Beside this expansion the growth in exports to Canada looks trivial. Shipments to Canada in August fell sharply by £5.4 million to £14.6 million, and the average for the first eight months, at £16½ million, was only four per cent bigger than in the same period of 1958.

BUILDING

Work in Progress

IN the second quarter of this year building contractors in Britain obtained orders totalling £381 million, as compared with £386 million in the first quarter, according to the Ministry of Works. In both 1957 and 1958 there was a fall in contractors' new orders between the first and second quarters of about 10 per cent; the fact that orders remained virtually unchanged throughout the first half of this year may well mean that constructional work will be maintained at a high level during the third quarter, and possibly longer. At first sight this does not square with the reported drop of 10,000 in building and contracting employment during July; one possible explanation advanced by the Ministry of Works is that, though building workers are theoretically counted as employed during their holidays, many employers do not record them as such—especially when they take their holidays between jobs.

Orders for new houses amounted to £165 million, a drop of £18 million compared with the first quarter which was shared equally between public authorities and private developers. This figure is nevertheless higher than in any other quarter in the previous two years; roughly three-fifths of the total is accounted for by private developers' orders. The Ministry notes that the figure for housing orders includes the estimated value of all the houses to be erected on sites where development started during the quarter; some of this (possibly an increasing part) is speculative building which may never materialise.

Orders for public authorities' work other than housing continued to rise, by £6 million, to £103 million. Private industrial building orders also increased, to £57 million, compared with £51 million in the first quarter and £46 million in the second quarter of 1958. Other orders in the private sector were virtually unchanged, at £56 million. The Ministry notes that a number of large contracts are included in the figures for the second quarter; it is thus possible that "non-housing" orders in the present quarter will fall slightly, though the actual volume of work in progress would not be affected.

A Record Year Overseas

IN the year ended last March, British contractors completed construction work overseas valued at more than £120 million—an increase of some £6 million over the previous year and the highest value since the Ministry of Works began estimating the turnover of overseas contracting five years ago. New contracts obtained overseas during the year totalled £115 million, a drop of £4 million from 1957-58; but the value of work outstanding at the end of March was nearly £124 million, slightly more than it had been a year earlier. The slight fall in new contracts obtained may be in part the result of fewer very large contracts being placed during the period, and thus may be made up in next year's figures; a similar fall occurred in 1956-57, the Ministry states, which was compensated for in the following year. Very large contracts play a substantial part in overseas contracting, which is necessarily concentrated among about 60 large firms; these firms were active, during 1958-59, in 65 different countries.

The geographical composition of contractors' overseas order books changed considerably during the year: the value of new work obtained in both the sterling and dollar areas fell by a total of £17 million. Contracts obtained in non-sterling OEEC

countries remained unchanged in value, and the only rise in the value of new orders came in other non-sterling countries—virtually all of it accounted for by Iran and Brazil. Within the Commonwealth the amount of new construction work done during the year generally rose slightly; but with the exception of Fiji and Pakistan, the only increases in new orders came from Commonwealth countries in Africa, the largest being in Nigeria. In Canada, which accounts for almost all of the dollar area construction work, there was a slight drop in new contracts and an even smaller rise in work completed—to a total of £31 million—resulting in a fall in Canadian work outstanding on contractors' books of about a sixth, to a total of £20 million.

NATURAL RUBBER

Anglo-American Sales

After months of uncertainty the rubber market learned on Tuesday that the United States government has 470,000 long tons of natural rubber to spare in its strategic stock, and is to sell it over the next nine years. In the afternoon, for good measure, the market learned that the British government is to sell all the rubber in its strategic stock—about 100,000 tons—over a period of years. The American decision had been largely discounted; the British one apparently came as more of a surprise than it should. But the reaction was moderate: prices in London fell by about 1d. to 30d. a lb. for October-December delivery, and by Thursday, when the news had been more fully digested, prices closed at 30½d. a lb., showing a fall of ¾d. over the week.

The average rate of disposal by the United States is roughly 50,000 tons a year. The government now has authority to sell some old rubber without giving the six months' notice of intent required by the stockpiling law, and is offering 40,000 to 50,000 tons before June 30th. Disposal of the remaining 420,000 tons requires Congressional approval, and notice has already been given. Britain's arrangements will be completed after the governments of Malaya and other producing countries, and the trade, have been consulted. Sales are unlikely to start before the latter part of next month, because the rules of Gatt require 45 days' notice to be given. If the British government follows America's example and spreads its sales over nine years, it would sell at an average rate of roughly 10,000 tons a year; the combined offering would thus be 60,000 to 65,000 tons a year, which is equivalent to only three per cent of world consumption of natural rubber, and to less than two per cent of total consumption of natural and synthetic rubber. This year the world will use at least 65,000 tons more natural rubber than it produces.

Actual rates of disposal cannot be fixed. Both governments are pledged to avoid undue disruption of markets, which may well mean offering at an above-average rate when prices are high as well as a below-average rate when prices are low. Britain, and perhaps the United States too, may set a floor price to their sales; if they do, it ought to be announced. Though traders will not feel entirely happy about the discretion that officials will have, some discretion, carefully exercised, is preferable to a rigid sales programme. The sales should help to keep rubber prices within a narrower, and somewhat lower, range, and that should be in the rubber growers' real interest. The big premium that natural rubber has been commanding over synthetic will hardly help them in the long run.

ALUMINIUM FOIL

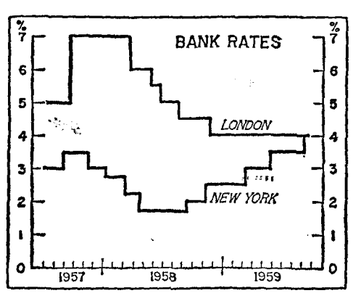
Venesta Sells Out

Confidence that Europe, a decade or more behind the United States, may be on the verge of a similarly rapid growth in consumption of aluminium seems to have been the main reason why the American producing groups began to consolidate their positions in Britain last year; the process is still going on. Through Northern Aluminum the Canadian producer, Aluminium Limited, had already established itself; Reynolds Metals in partnership with Tube Investments won control of British Aluminium early this year; and less than six months later ICI and ALCOA became partners in Imperial Aluminium. The shape of the British aluminium industry has been radically altered and to keep a firm grip on profit margins at all stages of production in the competitive struggle that lies ahead, integration has become the order of the day. The balance within the industry has now been tilted again by the decision of Reynolds-TI to purchase for £5 million the whole of the aluminium foil division of Venesta.

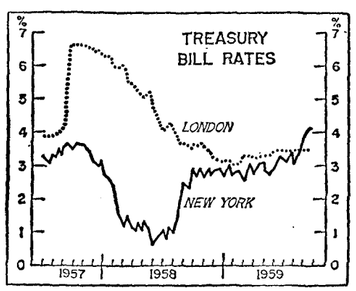
Having acquired the small aluminium foil producer, Acme Tea Chest, late in 1956, Venesta is responsible for about 40 per cent of the total output of aluminium foil in this country (which is currently running slightly above the 22,000 tons produced last year). The bulk of the remaining output is split between Star Foil, a subsidiary of the Swiss Aluminium Union, and Fishers Foil, an independent, family controlled concern. Venesta, in addition, is the sole producer of aluminium foil in India and it has a small factory in Ceylon as well. Recently it has been adding to its capacity in anticipation of a substantial increase in the demand for light gauge foil for packaging purposes; it has drastically reorganised the foil business of Acme Tea Chest (which is now earning a small profit); and it has reorganised its own sales department with the purpose of promoting new products and new outlets.

Reynolds Metals is already, through its promotion drive in the American market, the biggest producer of aluminium foil in the world and in association with Tube Investments it was anxious to integrate this side of the business completely with its other aluminium activities in this country, where it believes that the use of aluminium foil in packaging has been far from fully exploited. Reynolds-TI already had a 26 per cent holding in the equity of Venesta, but that was simply an investment with no managerial ties and integration without full control was impossible. Reynolds-TI was thus a willing buyer. Venesta at the same time was willing to sell—at a good price—for two reasons. First, without the backing of a primary producer the days of the indepen-

NEW YORK ABOVE EUROPE



The Federal Reserve made its expected increase in the discount rate from 3½ to 4 per cent last week, and immediately afterwards the rate on three months Treasury bills topped it, at 4.17 per cent; 26-week bills were sold at 4.80 per cent. As a result of the larger differential over money rates in Europe, the discount on the forward dollar has widened, to ⅜–½ cent against three months sterling. The forward margin has for some months remained close to its interest parity, a sign that dealers are taking no speculative positions either way.



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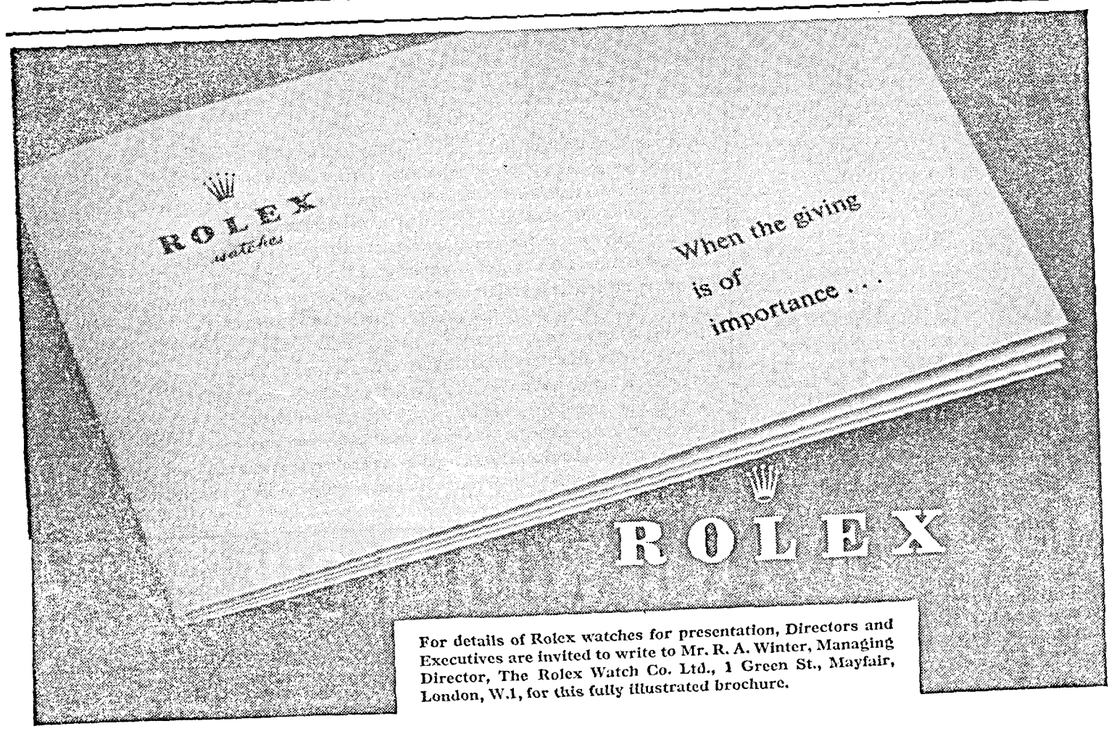

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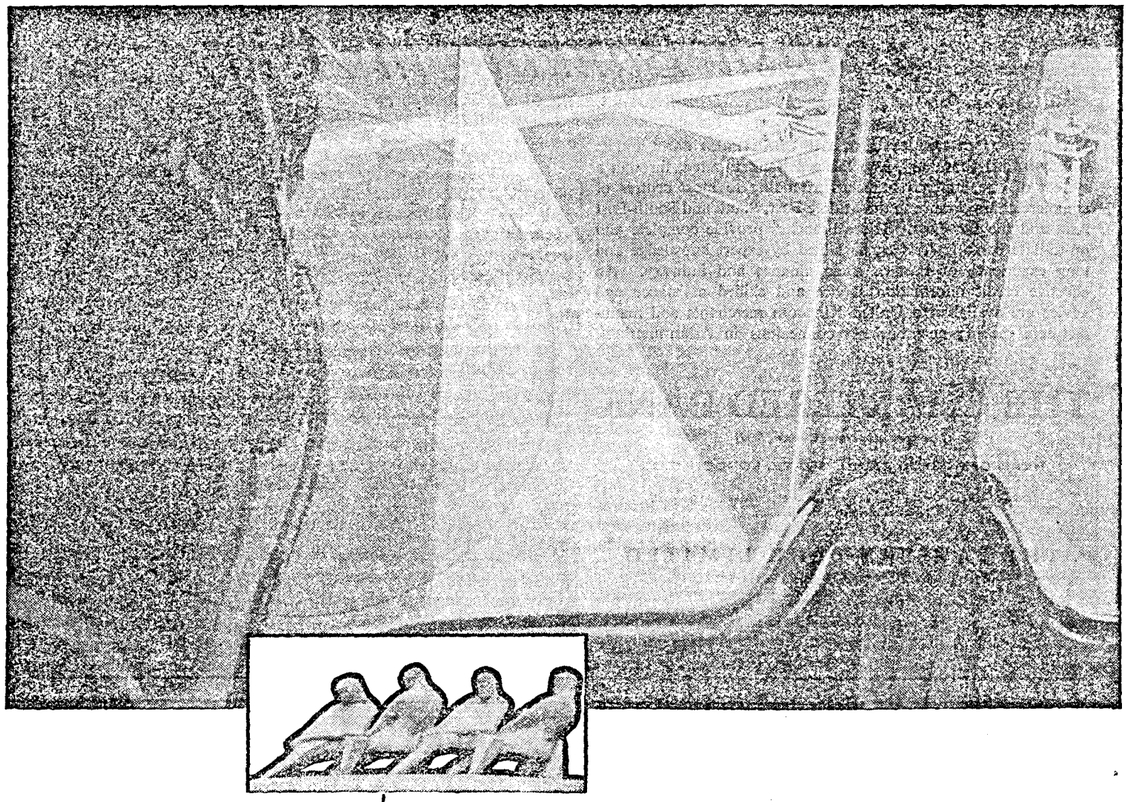

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lent re-roller of aluminium stock into foil seemed to be numbered, for one way or another the big producers were prepared to tuck the aluminium foil business in Britain under their wing. Secondly, with the advent of the Restrictive Trades Practices Court the power of the British Aluminium Foil Rollers Association to peg prices and to protect the small producers had been diminished.

Without Foil

BRITAIN is the only significant aluminium-producing country in which the foil industry is not owned or controlled by the primary producers and the directors of Venesta were quick to spot where the logic of the changes in the structure in British aluminium industry was pointing. There had been rumours in the stock market for some time that Reynolds-TI was interested in Venesta and its £1 ordinary shares had been bid up to 79s. 6d. It came as a disappointment to some speculators that the whole of Venesta was not being taken over and the price fell at one moment to 76s. 3d. But the indications of how Venesta was likely to shape without its foil interests were such that the price immediately recovered to 79s. Of the £5 million received from the sale of the aluminium foil division, £1,625,000 will be distributed in a tax free distribution of 20s. on each ordinary share.

Venesta's profits have made a good recovery this year and its ordinary dividend is to be raised from an annual rate of 12 to 15 per cent so that ex-foil, which in the past has produced about half the net profit, the dividend will be covered nearly twice by earnings. The surplus cash arising from the sale and the unissued shares of the company will be used to acquire new enterprises, not too violently divorced from Venesta's established interests in plywood, tea chests, collapsible tubes and metal-faced plywood and containers. Once Reynolds-TI has control of the aluminium foil division, it will sell its ordinary shareholding in Venesta; the orderly marketing of this line of shares could take the form of direct sales to institutions and individuals or perhaps more likely a rights issue to all ordinary shareholders.

MOON ROCKET

On Target

RUSSIA'S Lunik made a far smaller disturbance among the dust layers of the moon than it did in the breasts of Western scientists. V-2 designer von Braun's caustic comment that the Americans, when they got into space, would be met by Russian customs officials is fairly typical of the reaction provoked among rocket engineers by this now conclusive evidence of the standard of reliability of rocket components that the Russians have achieved. This is by no means the first attempt that the Russians have made to hit the moon—there are stories about five earlier attempts. Two near misses by the Russians and the Americans are on the record. But this time the Russians were dead on target, indicating that every valve and switch and gyro, every rectifier and condenser were working properly. This is still sufficiently unusual in rocket engineering to arouse considerable envy even among engineers whose main job is to make a rocket hit Moscow, not the moon (in terms of power required and payload, the two are much the same). It is components, not the basic design, that bring so many rockets to grief.

It would be a pity if jealous admiration for Russian rocketry were allowed to obscure the genuine scientific interest of the flight. For the past year, the moon has been the centre of acrimonious controversy between the majority of astronomers who regarded it as a dead lump of rock and an unrewarding object of study, and a minority who remained convinced that it was not wholly inert. Russian reports of a volcano seen erupting on the moon shortly before Christmas revived the old controversy and the moon rockets, with their instruments for recording the presence of a magnetic field on the moon, provide the one means for finding out.

The various instruments that have been launched into space in the past two years have shown that a good many of the predictions made about space and the atmosphere have been wrong or at least inaccurate, proving that in science there is no substitute for direct observation and experiment—even if it has to be by proxy. But rockets, especially Russian ones, still carry a very small number of instruments on each flight and the telemetered results take a long time to work out. Virtually nothing is known about the scientific findings of earlier Russian moon shots, and Western scientists may have to wait a long time before they know what this latest package discovered on the last few miles of its journey. The next American shot is due in a fortnight; if it succeeds in orbiting round the moon as planned it will put the Americans level in moonmarksmanship in time for the President's visit to Russia. And science may discover what lies on the dark side of the moon. In their present mood, American rocket engineers would not be surprised to discover a colony of kulaks.

ATOMIC ICEBREAKER

Another Soviet First

THE atomic-powered icebreaker Lenin which left on its maiden voyage in the Baltic this week is the first surface ship to be driven by atomic power and the only one to date in which the application of atomic power could be justified on "commercial" grounds. Nuclear power for shipping shows no prospect of becoming economic without a radical advance in reactor design to evolve types that do not exist yet even in prototype form. The Russians have never claimed that the reactors in the Lenin would be competitive with ordinary marine power units in normal shipping operations. What they have said is that atomic power, applied to a highly specialised ship like an icebreaker, has advantages that to them outweigh the extra costs of motive power by giving it substantial operating advantages over a conventionally-powered vessel. Bunkering icebreakers in the Arctic is a hazardous and expensive business. The need for frequent bunkering restricts the operation of icebreakers to a narrow coastal strip, and because captains are afraid of running out of fuel and getting stuck in the ice, they tend to use the icebreakers well below their capacity. This fear of losing power and becoming iced in has left its marked on the Lenin, which carries three reactors, one held as a spare. On this basis, the Russions claim that it can cruise for a year without returning to port, and with it they hope to be able to keep a sea route to Siberia and the North open all the year round.

Construction of the Lenin began in the Leningrad shipyards in 1956 and it was launched at the end of 1957. Displacement is 16,000 tons; with 44,000 horse power, or 2.57 horse power per ton of displacement (this works out, on Russian figuring, to 1½ times greater than the "specific capacity" of other icebreakers) the Lenin is the most powerful ship of its type and its beak-shaped bow is designed to be 15 per cent better at breaking ice than other ships in the Soviet fleet. There is nothing novel about the ship's reactors themselves; they are cooled and moderated by ordinary water, using uranium in ceramic form enriched to the high degree of 5 per cent. The designers say frankly that the phenomenal cost of bunkering conventional icebreakers has enabled them to be thoroughly extravagant in their use of nuclear fuel and still come out with a credit. There is no indication of what the Lenin cost to build, and if American experience with nuclear submarines is any guide, the price must have been a high one. But the ship is described as the forerunner of a fleet of nuclear icebreakers that will be able to keep open the sea lanes far into the Arctic and this, for any ice-bound nation and not only for the Soviet Union, is an achievement of considerable practical importance.

ELECTRIC LAMPS

Light Bulbs are Cheaper

LED by the General Electric Company, British lighting manufacturers this week announced price cuts ranging from nine up to 26 per cent on a wide range of electric lamps. As a result of the latest reductions, a 100-watt tungsten-filament bulb formerly

costing 2s. 2d. will now sell for 1s. 8d., and a 150-watt bulb for 2s. 3d. instead of 3s., including purchase tax. The announcement by GEC—the largest single firm in the industry—was followed almost immediately by Philips and Crompton Parkinson; AEI, Stella Lamp, Siemens-Edison Swan, Atlas, and Ekco-Ensign all followed within a day. Atlas is owned by, and Ekco-Ensign is an associate of, Thorn Electrical Industries. A much smaller group of price cuts was announced by the industry last February, and a month ago the prices of certain sizes of fluorescent tubes was also brought down, though by smaller amounts. The latest reductions—coming at the beginning of the industry's peak selling season—cover a much wider range of lamps than is normally the case, from 25-watt up to 500-watt sizes.

The proportionate reductions on 100-watt and 150-watt bulbs are almost certainly the biggest price reductions made anywhere this year. In announcing them, GEC was entitled to mention the recent pleas of the Chancellor of the Exchequer and the Cohen Committee for lower retail prices. Improved production methods, following the installation of new equipment at GEC's Wembley works, where its "Osram" bulbs are made, were also cited. The average of the reductions announced is about fifteen per cent; but demand has increased substantially in recent years for the 100-watt and 150-watt sizes, thus presumably making possible greater economies of scale and hence greater cuts in their prices.

SCOTTISH BANKS

The National Commercial

THE merger of the National and the Commercial Bank of Scotland became effective this week; and a number of branches will shortly be closed. The new bank, under the dynamic chairmanship of Mr Ian Macdonald, will be a strong power in Scotland, accounting for perhaps 30 per cent of banking business there. Together with Lloyds Bank, it also has a large stake in hire purchase, including important interests in South Africa and other parts of the Commonwealth. Mr Macdonald expresses his anxiety to get wage earners into the bank. A small special survey made by the bank showed that wage earners were put off mainly by a feeling they were not wanted and by inconvenient banking hours; surprisingly few were worried about the cost of maintaining an account—but perhaps still fewer realised what that cost is. The bank hopes to see some move on hours, such as opening on one evening a week, "within a measurable period"; but it would move only in concert with the other banks in Scotland.

The merged bank is proudly issuing some new bank notes; though customers of the Commercial Bank, to whose £1 notes Bank of England fivers bore such a startling resemblance, will not be deprived of their opportunities south of the border. The Scottish banks are hurt by the Radcliffe report's reference to their note issues as an "oddity." More detached observers in Scotland find it difficult to see why the committee was prepared to see the oddity continue. The committee's recommendation that the Scottish banks should publish their monthly figures is likely to be met soon, at least on a collective basis for the Scottish banks together.

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FROZEN FOODS

Price Cuts in the Freezer

THE reductions in the prices of quick-frozen peas, broad beans and spinach that took effect this week were primarily the result of bumper crops of very high quality, though lower production costs and some measure of competition also played their part. Birds Eye Foods, which accounts for about three-quarters of the estimated £36 million worth of quick-frozen foods which will be sold in Britain this year, was the first to announce lower prices, and the few manufacturers who also produce these vegetables quickly followed suit: quick-frozen peas are reduced from 2s 2d to 1s 11d for a 10-ounce package and 1s 3d to 1s for a five-ounce package; broad beans come down from 2s 8d to 2s 5d and 1s 6d to 1s 4d, and chopped spinach falls from 1s 1d to 1s for a five-ounce package. Peas and broad beans together account for over a third of all sales of quick-frozen foods; the present prices are the lowest at which these vegetables have ever been sold.

This year's excellent harvest, besides lowering "raw material" costs to the industry, made lower prices desirable on other grounds that are perhaps more compelling: the desire to avoid carrying over any of this year's crop until next year. Quick-frozen foods must be stored at zero Fahrenheit, and carrying over large quantities is expensive; accurate forecasting and steadily rising demand have in recent years kept this to a minimum, however. Birds Eye expect that their sales will rise by as much as 40 per cent this year. Total sales of quick-frozen foods in Britain now account for only about three-quarters of one per cent of total food sales, compared with about four per cent in the United States.

The process of quick freezing foods in 1½ hours, against 7-8 hours by earlier methods, was first developed by Clarence Birdseye in the United States in 1929. In 1943 Unilever obtained the rights to process and sell quick-frozen foods under the Birds Eye name in Britain; production of six items began in Yarmouth in 1946. Now the company sells forty items, including fruit, poultry, meat and pastries in addition to vegetables; it is expected that more than 64,000 shops will stock the company's products by the end of the year. Foods such as peas, broad beans and fish, in which the "wastage" factor—the amount of inedible shells, bones and so forth accompanying the raw product—is 50 per cent or more are naturally the most popular with housewives; these items probably cost little more frozen than fresh. A lack of refrigeration in both homes and shops has hindered the growth of sales in the past, but this has become a smaller problem each year.

Besides Birds Eye there are about half-a-dozen British companies of moderate size in the industry, including Eskimo, Smedley, Frood (a division of Lyons) and Fropax, as well as the Swedish firm, Findus; there are also a large number—perhaps as many as one hundred—smaller companies, most of whom produce only one or two different "speciality" foods, such as chicken or meat pies or shell fish, which they sell through wholesalers, usually only in their own area.

PACKAGING

Sawdust and Tinsel

THE Sixth International Packaging Exhibition, held last week and this at Olympia, gives a good indication of the continued steady growth and changing shape of this industry in Britain, rather than revealing any substantial or surprising technical or economic developments. The investment and annual turnover of the packaging industry are difficult even to estimate; the number of exhibitors however has increased by half since the 1957 show, and the display of packaging materials, methods and machinery has grown—in area—at an even greater rate. Every branch of the industry is represented, from heavy steel drums and giant corrugating machines to toothpaste tubes and pill-bottles (and pill-bottle capping machines); what is immediately noticeable about this year's exhibition is the increased emphasis on elaborate packages, for all kinds of goods, incorporating some degree of point-of-sale advertising. This has naturally increased cost in many cases to the point where a talcum-powder can, for instance, may now cost three times as much as its contents; there appears to be little indication, however, that demand for

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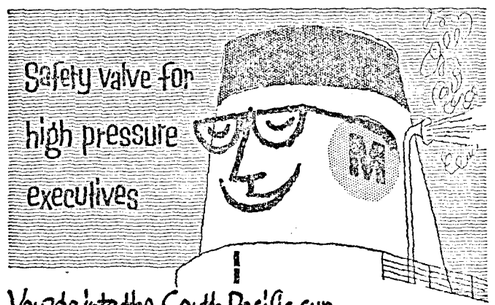

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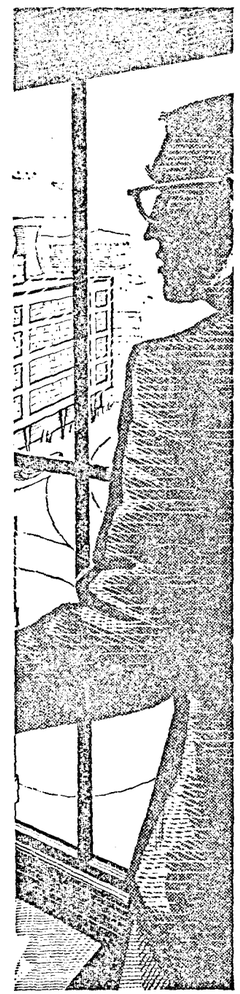
An industrialist tells . . .

How I looked the place over with a burglar's eyes



Some months ago, my brother's house was burgled. Although he lost nothing, the thieves made a thorough mess of his wife's bedroom.

More recently still, a small fire broke out in the works. Nothing serious, but some work-tickets were burnt. And they caused more disruption than the fire itself.

That set us thinking. One's insurance takes care of stolen silver or burnt-out machinery, but it can't cover effects like these. Multiply them to a larger scale fire or burglary, and you're in trouble.

So we took a hint from our insurance people and sent for the Chubb Survey Service. And, my word, they showed us about twenty places where a burglar could enter blindfold. It was almost easier to open some of our safes illegally than with the keys!

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Since they make special equipment in that line for almost any purpose you can think of, we're well protected now. But are you? A Chubb survey won't cost anything . . . but, believe me, it stands to save you a lot.

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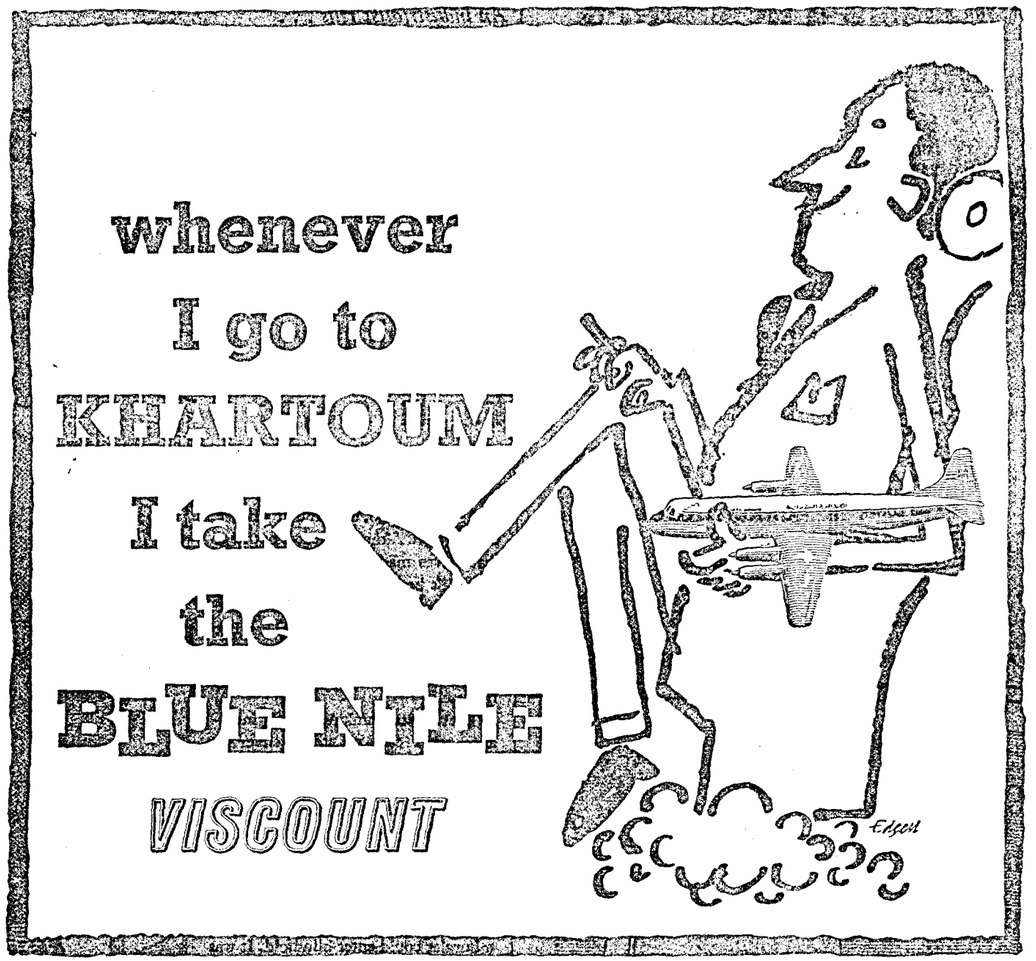


Every Monday a Sudan Airways VISCOUNT 831 (maintained and crewed by Airwork) will fly from London to the Sudan. **This is the only air service to cater specially for the Sudan.** Passengers who wish to break their journey at Rome, Athens, or Cairo may do so* and continue their journey by the next plane at no extra cost. The return flight from Khartoum will be on Thursdays. **VISCOUNT comfort . . . Rolls-Royce Speed.**
The latest Viscount—the 831—is larger, much faster and even more luxurious than its predecessors. In a perfectly relaxed atmosphere, you can eat and drink, read and talk (nearly everyone on board will have a common interest in the Sudan) or simply sleep, lulled by the soothing hum of the four Rolls-Royce jet-prop engines. An unusual feature of this flight will be a Free Information Service on all matters relating to Sudanese business, political, and social life. This will be very helpful to newcomers and to those returning after a long leave of absence. If you have business in the Sudan, ask your travel agent about the new Blue Nile Viscount.

* *Subject to the approval of the Governments concerned.*

BY THE "FABLED CITIES" ROUTE

SUDAN AIRWAYS' *technical maintenance provided by Airwork, who are also UK Managing Agents.*

such containers is anything but increasing.

Plastics continue to play an increasing role in packaging of all kinds. This is especially true in the case of food—where the majority of all goods bought are still not pre-packaged—and there is a wider range of plastic-wrapped frozen food (packaged by the manufacturer or processor, as distinct from the wrapping of fresh food done in supermarkets).

In the field of rigid and semi-rigid containers, plastics seem chiefly to have replaced glass, although in some cases they have taken the place of cardboard or even metal containers. Polyethylene is the most widely used plastic, though both polystyrene and polyvinyl chloride are becoming increasingly common. The growing use of plastics—with its corollary, the replacement of returnable containers by throw-away packages—clearly will become even more widespread in the future. So far there has been little mention of one potential problem which this trend poses—the difficulty of destroying plastic packaging materials, some of which resist all but the strongest acids and will only burn completely with great difficulty.

WOOL & WOOL TEXTILES

Advance Peters Out

THE latest advance in wool prices has quickly petered out. The new selling season opened strongly last month, with prices at the Australian auctions about 12½ per cent above the previous season's close. But by the end of the first week prices had eased, and they finished about 10 per cent up. Since then the market has fluctuated within a narrow range, neither rising enough to encourage a big volume of buying, nor falling enough to frighten buyers away. Nearly all the wool offered has been sold, and this week, with sales in Australia, South Africa and London, there was plenty to be had. Continental countries and Japan appear to have been the most prominent buyers, with Eastern Europe active at times and Bradford, normally the biggest buyer, content to bide its time. In Yorkshire, and to some extent on the Continent too, manufactures are well sold forward and well covered with purchases of raw wool or products, and so can afford to buy sparingly for some time. But people are never short of reasons for not buying, and "'tis the election," Bradford says now, that is partly to blame.

Whatever the result of the election, the British wool industry may feel kindly disposed towards Mr Macmillan for one piece of good news this week. After repeated British protests, and the Prime Minister's personal plea to President Eisenhower during their recent appearance on television, the American government has announced that it will re-negotiate the tariff-quota on wool textiles. This restricts imports of wool fabrics at normal rates of duty to five per cent of United States domestic production, and imposes a duty of 45 per cent on imports in excess of it. This year the quota was set at only 13½ million lb and was filled on May 18. Britain argues that it discriminates against its speciality fabrics, because these must be delivered to meet the fashions of the season, whereas the "bread-and-butter" lines of Japan and other countries can be shipped at any time. But though the American government evidently thinks now that Britain has a case, it may be at least a year before a less objectionable form of protection is adopted.

CLIVE DISCOUNT

Last of the Line

DEALINGS began on Friday in the 1,200,000 £1 ordinary shares of Clive Discount Company, the youngest member of the Discount Market Association, and until the end of last month was the only remaining private discount company. David A. Bevan Simpson and Company, the brokers, have purchased 300,000 of the shares and have placed them privately at 34s. The remaining shares have been made available to the market at 34s. 3d. a share. In line with other bill brokers, Clive Discount's profits have recovered sharply from the 1956-57 setback; from £64,000 before tax they shot up to £281,000 last year. In making comparisons with other discount houses, it should be remembered that many of these show only a portion of their profits in the shop window.

Clive's average profit before tax over the past eight years of £178,000 compares with an annual average of £87,000 in the period 1949-54. The directors say that earnings since March 31st have been "satisfactory," but it is too early to give a reliable forecast for the whole of the current year. On the basis of the expected 10 per cent dividend the £1 ordinary shares at 34s. 3d. yield 5.8 per cent—a higher yield than is offered by any of the other eleven discount houses. This company has still some way to go before it has built up a strong reserve position comparable to that of the other members of the discount market.

RAW SUGAR

Recovery at Last

SUGAR, a sickly commodity for most of this year, has recovered at last. Between January and July the spot price fell by a quarter to 2.55 cents a lb; since then it has been rising at an accelerating rate. This week it touched 3.17 cents a lb, thus just re-entering the range set by the international sugar agreement. Several factors have helped to push prices up. Russia took some of the pressure off Cuba by buying 170,000 tons from that country, and the Sugar Council did its bit by letting exporters carry forward into 1960 up to 10 per cent of their current quotas. Then traders, particularly in the United States, started to pay more attention to the growing prospect of a smaller European beet crop this year. Finally buyers began to feel more confident about Cuba's selling policy.

Once begun, the recovery fed on itself. The volume of business has increased, especially this week. France alone has bought 250,000 tons of raw and refined sugar to offset the drop in home production; Japan has been buying again and Russia has taken up its option to buy another 40,000 tons from Cuba at the attractive price of 2.71 cents a lb. By now Cuba may have less than 250,000 tons of its 1959 export quota to sell and by the end of the year should have no need to carry forward any sugar from its 1959 quota (though it will still have a large stock). The Sugar Council, after repeatedly protesting that world prices bore no relation to the real balance between supply and demand, must be delighted to see its view vindicated at last.

AIR FARES

The Next Cut

AIRLINES converging on Honolulu this weekend for their annual tug-of-war on fares have to decide whether the 20 per cent fare cut that has proved such an outstanding success on the North Atlantic is to be extended to other routes next spring—and if so, where. Since third-class fares were introduced on the North Atlantic in 1958, all but eight airlines have ceased to fly tourist on this route. Not many passengers are prepared to pay £4 an inch for the five extra inches of legroom that makes up the only material difference between tourist and third-class standards. The long-range airlines have to balance the drop in revenue per head that would follow an extension of these third-class fares against their stimulating effect on traffic and the fact that under the "economy" label they can squeeze more passengers into the same space.

The airlines' anxiety to make the cut depends on whether they expect a big increase in capacity next year. Thus BOAC and the American airlines that pioneered the third-class cuts on the North Atlantic are going to press vigorously at Honolulu for their extension; BOAC in particular wants to introduce them on the African and Far Eastern services to employ aircraft, including Comets, that will be displaced from the North Atlantic by the arrival of the corporation's Boeings. And hanging over the corporation, like the sword of Damocles, is the request submitted by the independent airlines last spring to run services to several points in Asia and Africa at fares 50 per cent lower than present tourist rates. Airlines with fewer empty seats to fill are expected to put up stiff opposition to the proposed fare cuts but may agree to

the decent burial of the token surcharge now imposed on jet flights over the North Atlantic.

On short flights, and especially inside Europe, there is virtually no prospect of introducing third-class services this coming year. There is already little material difference between the standard provided on tourist flights now, and that prescribed for the cheaper flights. Thus the airlines would have great difficulty in packing any more seats into their short and medium-range aircraft and the introduction of third-class flights, for which BEA is asking at Honolulu, means in effect a straight fare cut of 20 per cent without any compensating increase in seats carried. Even BEA could not face an overall fare cut of this order and the corporation has, surprisingly, shown its hand in advance by describing the selective cuts on certain difficult routes for which it is prepared to settle. For such experienced poker players as BEA's Honolulu delegates, these unusual tactics suggest a desire to keep fare reductions this year down to the minimum needed to encourage lagging traffic. Next summer should be a good one for bargain hunters.

OFS DIVIDENDS

Little Interest in Kaffirs

THE prolonged boom in the Kaffir market came to an end about three weeks ago. There is now very little activity in the London market nor, indeed, in Paris and the other Continental bourses. Even in the Cape interest has been sporadic and this week it was largely confined to the finance houses. In London one reason for this is to be seen in the preference for industrial equities, which has been stimulated by hopes of a Conservative victory. The Kaffir market was so neglected that it did not really cheer up even though there were no disappointments and a number of agreeable surprises in the dividends announced by the OFS producers. Most of the increases had been discounted by the market, although, for example, St. Helena's 1s. 9d. was better than the expectation of 1s. 6d.

OFS DIVIDENDS

	Mar., 1958	Sept., 1958	Mar., 1959	Sept., 1959
F. S. Geduld 5/- ..	2/-	3/-	3/6	4/6
Pres. Brand 5/- ..	2/6	2/6	2/6	3/-
Pres. Steyn 5/- ..	1/3	1/3	1/3	1/3
W. Holdings 5/- ..	3/-	4/-	3/6	5/-
Welkom 5/-	3d.	3d.	3d.	3d.
Harmony 5/-	1/-	1/-	1/11½	1/3
St. Helena 10/- ..	1/-	1/1	1/3	1/9
Blinkpoort 5/- ..	1/3	1/7½	2/-	2/4½

Among the leading mines, production at Western Holdings and Free State Geduld is consistently improving and President Brand (which has not yet reached its full tonnage) continues to make exceptional profits. But buying of Kaffir shares, which was not matched by big sales by the finance houses over the last twelve months or so, has brought yields down to a point where they are no better than those offered by stocks which carry smaller political risks. A Labour victory at the polls would revive interest in the Kaffir market while a Conservative victory might leave it still in the doldrums.

RAW COTTON

A Better Season

COTTON growers are looking forward to a better season, and they may well be right: it could hardly be worse than the one that ended on July 31st. Prices fell to the lowest levels for several years, with long-staple cotton suffering most of all. Consumption in Europe and Japan declined, though this was nearly offset by a rise in the United States. World exports dropped sharply, though here again some countries fared better than others. The United States was priced out of the market, its exports dropping by a half to only 2.8 million bales. But some exporters, particularly Mexico, Egypt and the Sudan, sold more cotton abroad, thus helping to maintain their earnings. As American exports sagged, buyers held off, anticipating an increase in the United States subsidy on raw cotton. An increase of 1½ cents to 8 cents a lb was duly announced, though it did not take effect until August 1st.

Before the season ended prices had recovered some ground, and they have recently held steady. Consumption of cotton is now increasing, and importing countries are likely to build up stocks. Buyers no longer expect the American export subsidy to be increased further; indeed many believe that towards the end of the season it may be reduced. Prices on the Liverpool futures market illustrate this confidence. American middling inch cotton for December-January delivery, which was quoted early this year at 18.6d. a lb, has since risen to 21¾d. a lb, and cotton for delivery in May, 1960 commands a premium. Yet Liverpool is still below parity with the theoretical American minimum export price, mainly because some American shippers are still offering cotton below that minimum.

But though the outlook is brighter, one cloud looms ahead. World output and consumption were in balance last season, so stocks remained low. This season American farmers have been allowed to increase output, raising about 14½ million bales, three million more than before. Output in other countries as a whole may decline, but not by enough to offset this increase. Even if United States exports rebound to five million bales, as officials now confidently predict, its carryover at the end of the season may rise by nearly a million bales to about 9¾ million. As no one expects American output to be cut back in 1960, it looks as if cotton is once more heading towards surplus.

WATER SUPPLIES

The Long Hot Summer

UNLESS there is substantial rainfall in the near future—in some cases within a few days—both domestic and industrial consumers in several areas in Britain will face a serious shortage of water. The two areas most seriously affected so far are Lancashire and North Devon; all water supplies to industry in several Lancashire towns have been cut. To date, only 15 of the 970 water undertakings in Britain have applied to the Minister of Housing and Local Government for "drought orders," or emergency extensions of their statutory powers of controlling water supplies; five of these applications have been granted, allowing the authorities involved to reduce the amount of "compensation water" that they normally supply to users downstream of their reservoirs. But several other undertakings have already notified the Minister that they are considering asking for emergency powers to deal with shortages; and an even larger group have imposed stringent restrictions on consumers or sought help from neighbouring undertakings with water to spare.

One of the greatest potential dangers to industry appears to be in the Tees Valley; at Middlesbrough, both Dorman Long and ICI's Wilton works face shutdowns if rain does not come soon. After October 5th industries in the area will receive an allowance of ten per cent of their normal demands for plant maintenance, and it is expected that this will last until November 13th; after that, unless there is ample rain, there will be no water available for industry. Elsewhere in the North farmers and domestic users are beginning to feel the effects of the drought; it is unlikely, however, that London will experience any shortage at all.

SHORTER NOTE

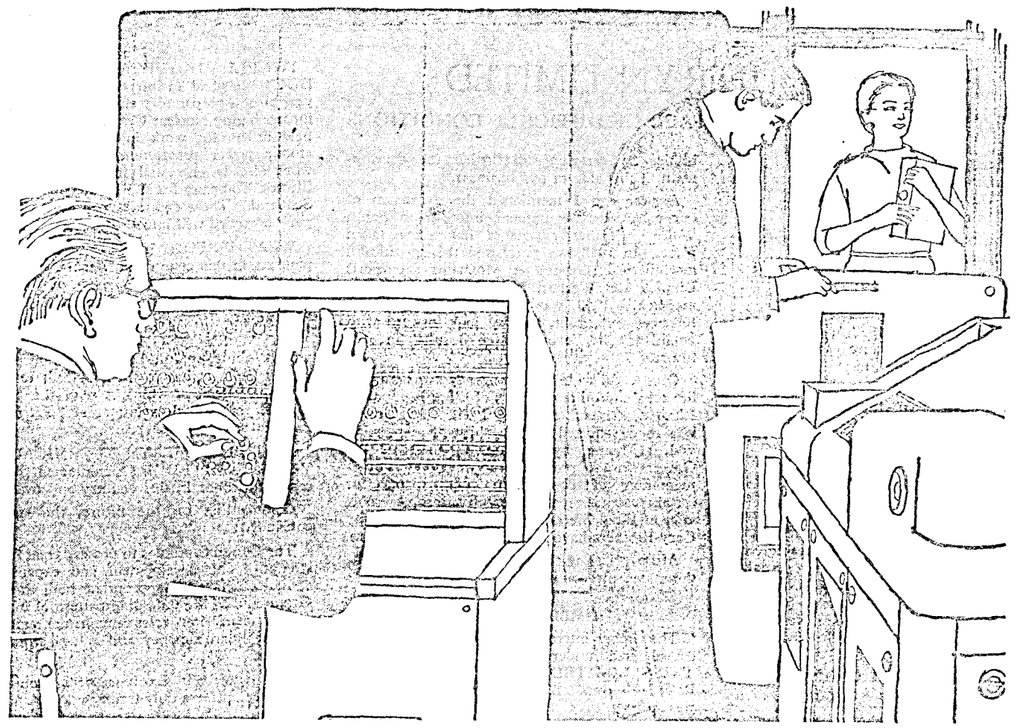
The World Bank has made its first loan for the development of nuclear power. It is lending $40 million to the Italian consortium building a nuclear power plant between Rome and Naples; fuel is to be obtained from the United States through Euratom. The total cost of the project is estimated at $66 million.

COMPANY AFFAIRS
Comments on pages 966 and 967 on
The Rank Organisation — Calico Printers
New European & General — Tootal
Associated British Engineering — De Beers
Furness, Withy — Eastwoods

LONDON AND NEW YORK
Stocks, prices, yields and security indices on pages 968 and 969

LONDON STOCK EXCHANGE
The week's movements reported on page 967

MONEY AND EXCHANGES
Money market report, exchange rates and public finance on page 970



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COMPANY MEETINGS

POWELL DUFFRYN LIMITED

A CREDITABLE PERFORMANCE IN FACE OF DIFFICULT CONDITIONS

The annual general meeting of Powell Duffryn Limited was held on September 16th in London, W1, Sir Henry Wilson Smith, KCB, KBE (the Chairman), presiding.

The following is an extract from his circulated statement:

In my Statement twelve months ago I emphasised some of the difficulties which were likely to affect our 1958-59 results, and as the Accounts disclose trading profits in 1958-59, after depreciation but before tax, were £1,513,000, a reduction of £318,000 on the figures for the previous year.

The Group's net profit after tax is very much the same as in the year before (excluding last year's special transfer of £150,000 from Taxation Reserves)—£1,076,000 compared with £1,064,000 in 1957-58.

Although there were certain special factors affecting particular companies in the Group the general background to the fall in trading profits is to be found in the unfavourable conditions which have affected coal and shipping activities throughout the year. Coal and shipping, taken together, still account for more than half of Group profits, so that we remain vitally concerned in their state of health.

STEPHENSON CLARKE COMPANIES

STEPHENSON CLARKE itself was much affected by the fall in seaborne coal tonnage and especially by the changing pattern of supplies for the electricity and gas industries.

A number of our coal carrying ships that have reached the end of normal economic service have been disposed of and the Company is now equipped with a fleet that is generally of the most modern and efficient design, a factor of the greatest importance in times of highly competitive trading conditions.

An event of major interest was provided by the first importation into this country of liquid methane for the Gas Industry, thus implementing plans laid and carried through by that industry in co-operation with American partners. The ship in question, the "Methane Pioneer," is being managed and operated, on behalf of its owners, by Stephenson Clarke.

ASSOCIATED COAL AND WHARF COMPANIES LIMITED, in which the Group holds a controlling interest, once again had a good year.

CORY BROTHERS' COMPANIES

The results of this part of the Group present a chequered pattern but do include some bright spots.

Despite current difficulties, earnings from shipping activities—as agents, charterers and brokers—still produce a useful income for the Group. I have no doubt at all that, as and when there is an upward movement in shipping business and freights, this side of our business will once more forge ahead.

Oil storage activities continue to develop satisfactorily. At home, the total operational tankage at Barry and Ipswich is now nearly 240,000 tons and we are already probing possibilities for carrying still further the development of this side of our business.

A year ago I mentioned the expansion of our agricultural equipment interests in South Wales. Further expansion has since taken place. In 1958, we purchased the agricultural machinery businesses of Moxhams (Newport) Limited and Western Motors Limited of Carmarthen. 1958 was a good year both for turnover and profit, and we look forward with confidence to even better results in the future.

Our world-wide selling agency for inflatable life rafts and other products of Elliot Equipment Limited, a member of the P. B. Cow Group, was much affected by the shipping depression and, at home, by the unwillingness of the Government to press for the immediate implementation of compulsory requirements for certain categories of ships. Even so, by now sales of Elliot life rafts, at home and abroad, by Cory Brothers have reached a substantial figure.

After reviewing the group's overseas interests, the statement continued:

TIMBER COMPANIES

The timber interests of the Group have been consolidated under PD TIMBER INDUSTRIES LIMITED as a direct subsidiary of Powell Duffryn. A year ago, I said that 1957 was not an easy year for the timber business. 1958 was even more difficult. Yet our home Companies importing timber and our overseas Companies exporting timber, and more particularly PD Scandinavian Timber Company Limited, succeeded in making reasonable profits.

At home, J. R. Gordon Limited, aided by a substantial reorganisation, has shown definite signs of improvement in its business. On the other hand, its principal investment—the insulation board mill at Queensferry, North Wales—has continued to be disappointing. We are now consistently producing a good quality and wide range of board. With the end of the credit squeeze and with many signs of a revival in building and constructional investment, I am hopeful that we are on the verge of better things.

Shortly after the end of the financial year, we extended our home interest in the importation and sale of timber by the purchase of Meggitt & Jones Limited, a firm of high standing long established in South Wales.

ENGINEERING COMPANIES

That CAMBRIAN WAGON & ENGINEERING COMPANY LIMITED failed to equal its record results of 1957-58 was entirely due to the policy and practice of the British Transport Commission. The repairing of railway wagons, at points other than the Commission's own workshops, has been severely cut, and the building of new wagons is almost at a standstill.

Faced with the present situation Cambrian has accelerated its non-railway activities and to mark the alteration in the pattern of its trading its name has been changed to "POWELL DUFFRYN ENGINEERING COMPANY LIMITED."

POWELL DUFFRYN CARBON PRODUCTS has had an interesting and encouraging year on the preparatory stages of its programme for machining Nuclear Graphite. It has received new orders for work in connection with the atomic power programme in addition to the work already entrusted to it by the General Electric Company for the Hunterston Station in Scotland. These contracts will keep the Company occupied well into 1961.

WEATHERFOIL HEATING SYSTEMS—pioneers in this country in Warm Air heating—has, since it became a member of the Powell Duffryn Group some years ago, greatly widened its activities.

RHYMNEY ENGINEERING LIMITED, owned jointly by International Combustion and Powell Duffryn, has found it difficult to expand its main business, which is with the National Coal Board. The current order book is, however, in reasonable shape.

POWELL DUFFRYN TECHNICAL SERVICES LIMITED has maintained its high reputation both in this country and overseas.

Commenting on the future, the statement concluded:

The Group continues to possess great financial strength. The development and expansion of activities which are appropriate both to us as a Group and to the unfolding pattern of industrial and commercial progress remains the main plank of your Board's policy and is well within our compass.

The report and accounts were adopted and the other business duly transacted.

CREPS AND TRAPSA

CREPS and its subsidiary TRAPSA, are issuing with the guarantee of their chief shareholders, Régie Autonome des Pétroles and Royal Dutch, a joint loan to finance the completion of the construction work on the pipe-line and the exploitation of oil deposits discovered in the eastern part of the French Sahara.

Taking into account the enormous difficulties caused by climatic conditions and the problems of transport and supplies in the remoter parts of the concessions, the achievements of CREPS constitute a record. The first oil to arrive at Edjeleh was on 6th January, 1956, i.e. two years after the beginning of geological research in this sector. Since then, several other fields have been discovered, the main one being Zarzaitine; which will start to produce at the same time as the Edjeleh field.

The reserves of petroleum which can be tapped are put at 150,000,000 tons and permit a forecast for 1961 of an annual output of 8,000,000 tons which will be raised in 1962 and 1963 to 10 and 12,000,000 tons respectively.

More than half of the wells necessary for this production have already been sunk: 131 out of the total of 243 envisaged.

TRAPSA has started work on the 24 in. pipeline which, with a length of 780 km, will connect the field and port terminal.

The work is expected to be finished by the summer of 1960 and 125,000 million francs will have been invested, of which nearly 50,000 million will be for the pipe-line and the remainder divided almost equally between the expenses of exploration and development.

"An enterprise firmly based in two of the greatest markets of the world – the British Commonwealth and the Common Market"

Mr. John Oldham, O.B.E.

IN his Annual Statement for the year ended March 31st, 1959, Mr. John Oldham, O.B.E., Chairman of Oldham & Son Ltd. – the battery, electrical, and mining equipment engineers, whose Annual General Meeting was held at Denton on September 16th – reports that "the year just ended has been characterised by a falling off in profits of the parent Company though our trading overseas has been substantially maintained".

Net profit of the parent Company for the year, before taxation, was £53,833 (against £164,295). As against this, the aggregate net profits of the overseas and other subsidiary Companies amounted to £234,177 (against £247,297). Final dividend maintained at 10%.

Board changes Mr. Oldham announces the retirement of Mr. S. J. Wrigglesworth, O.B.E., Deputy Managing Director, after 39 years' service with the Company, and the appointment of Mr. Orlando Oldham, M.A., M.B.A., as Assistant Managing Director. "Mr. Orlando Oldham first joined the Company at bench level in 1947 . . . I feel my son is well qualified to fulfil the responsibilities of Assistant Managing Director and to maintain the traditions of the firm." It is proposed that Mr. J. Dowse and Dr. C. D. J. Statham shall also be appointed to the Board.

Results Mr. Oldham attributes the setback in profits to factors "which have coincided and have reduced – temporarily, I believe – the demand for the Company's products in the home and export sections of the Mining Division and in the export section of the Battery Division".

Mining Mr. Oldham says that "the present position of the Mining Industry is well known", but points out that "Mining is still one of the largest staple industries in the world. Out of its long experience . . . the Company is well qualified to adapt and develop that side of its business".

Export business coming back Dealing with the reduction in the Company's automobile battery exports – "always a highly competitive business". Mr. Oldham says that action being taken . . . "will, I believe with reasonable confidence, be instrumental in recapturing the business".

Overseas Potentialities Mr. Oldham describes a round-the-world fact-finding tour which he made during the year, and reports that "I was once again most strongly impressed by the potentialities of these vigorous and thriving nations. I could not but be impressed and stimulated by the fact that the parent Company now heads an enterprise so firmly based in two of the greatest markets of the world – the British Commonwealth, and the Common Market. . . . This I regard as a real and stimulating responsibility".

Diversification by geography "It is by no means fortuitous that the overseas Companies have made so considerable a contribution to the Group's results at a time when in the Home Market we had new problems to face. It was indeed to meet exactly such eventualities as and when they might arise, that your Directors embarked 12 years ago upon a policy of investment and development abroad. Such a policy of diversification by geography, should in future play an increasing part in cushioning the results of the Group".

The Future — Confidence I regard the future with confidence . . . . I have no doubt that with the right men in the right places, with excellent products tailored to modern needs and with the latest administrative, technical and production techniques to support them both, our enterprise will continue to move from strength to strength as it has done in its past 90-odd years of trading".

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France · South Africa · Central Africa · India · Australia

SALTS (SALTAIRE) LIMITED

RECENT SIGNS OF IMPROVEMENT

The Thirty-sixth Annual General Meeting of Salts (Saltaire) Limited was held on September 16th at Saltaire, The Right Honourable Lord Wilmot of Selmeston, PC, JP, chairman, presiding.

The following is an extract from his Statement circulated with the report and accounts for the year ended March 31, 1959:

During the year under review we have been faced with many difficulties. Although the variation in wool values has been narrowed throughout the year, the price continued to fall, and at March, 1959, showed a decrease of 15 per cent for both Botany and Crossbred wool compared with March, 1958. This caused a lack of confidence on the part of our consumers, who based their requirements on a short-term policy, resulting in our machinery not being fully employed.

TRADING RESULTS

Profit on Trading of the Group for the year ended March 31, 1959, amounts to £656,539. After charging £317,000 for Taxation, the Net Profit of the Group amounts to £355,220.

Appropriations and Dividends.—The Board recommends a final dividend of 3½ per cent on the 7 per cent Non-Cumulative Preference Shares and a final dividend of 8 per cent on the Ordinary Shares. After charging also the Special Interim Dividend of 4 per cent on the Ordinary Shares for the preceding year there remains £66,386 to add to the amount to carry forward.

Consolidated Balance Sheet.—We have been advised that as your Company owns 75 per cent of the equity of Salts (Ireland) Limited of Tullamore, Co. Offaly, Ireland, it is technically a subsidiary although your Company does not have control. In these circumstances your Board consider that the accounts of Salts (Ireland) Limited should not be consolidated with those of the holding company and therefore a statement of the reserves and profits and losses attributable to the interests of the holding company is included in the Notes on the Accounts.

Concentration.—Your board decided on a policy of concentration, to enable the Group to attain greater efficiency in production. Under this policy, three mills have recently been closed and much of the machinery transferred to other mills, where it is now running.

FUTURE PROSPECTS

In view of the present unsettled conditions throughout the world and the prohibition or restriction of imports by foreign countries, it is perhaps unwise to forecast the future. Since the end of our financial year in March, there have, however, been signs of improvement. The advance in the price of wool since the lowest point has created greater confidence on the part of our customers, with the result that our machinery will be employed for some months ahead and running overtime, and the later prospects are encouraging.

Directors.—In October, 1958, a majority of the Ordinary Shares of your Company was acquired by Illingworth, Morris & Company Limited of Bradford, and on November 10, 1958, Mr G. R. Mackay and myself were appointed to the Board, and on December 17, 1958, Mr Maurice Ostrer joined us.

The report and accounts were adopted.

HANDLEY PAGE LIMITED

FIFTY YEARS OF AVIATION PROGRESS

The annual general meeting of Handley Page Ltd. was held on the 17th September in London. The following are extracts from the circulated review by *Sir Frederick Handley Page*:

Fifty years after Handley Page Ltd.—Britain's oldest aircraft company—was formed, it finds itself in a unique position among the country's aircraft constructors. With continued activity in our company's factories, an increased labour force has been required, and to this end a nationwide recruiting campaign for skilled personnel has been undertaken.

Production of our crescent-winged Victors for the Royal Air Force has been the primary activity of our Cricklewood and Radlett works. In service with Bomber Command squadrons, the Victor B1 is one of the principal instruments of Britain's deterrent policy. It is the Victor B1 that is still the largest aeroplane in the world to have exceeded the speed of sound. In parallel production, in response to substantial orders placed some time ago, is the even more powerful and refined Victor B2.

The private-venture Dart Herald—designed and produced at our subsidiary company's Woodley works—has shown its sturdy qualities in a series of world-wide demonstrations. All were carried out to schedule, a tribute to the reliability of both the aircraft and its Rolls-Royce Dart engines. These tours so far have taken the Herald to the Middle East, India, Pakistan, Ceylon and through the Caribbean and the various countries of South America. The Herald's quality has received official recognition by the placing of an order for these aircraft to operate on some of British European Airway's Scottish routes. Herald production is accordingly proceeding at Woodley.

In addition to Victor and Herald construction, our company has modified and reconditioned Hermes airliners for British independent operators and Hastings transports for the RAF. Under a new programme we are also converting Hastings for the training of RAF bomber crews.

As to the future, our company's research has been directed not only into the supersonic sphere but also towards the practical production of laminar-flow aircraft.

In conjunction with several other British constructors and establishments, we have investigated designs for supersonic airliners. A report containing our conclusions and recommendations is now with the Ministry of Supply.

Our research over the past years has shown that laminar-flow airliners will give hitherto unrealisable increases in range and load-carrying capacity with corresponding reductions in operating cost and noise.

These laminar-flow techniques are embodied in the H.P.113, a small jetliner for the transport of executives over very long distances at high speed. A comparison between this aircraft in conventional and laminarised forms shows to good advantage the substantial range benefit from the elimination of a turbulent boundary-layer airflow. It increases the maximum range from 3,800 to over 6,300 miles.

Our newly-formed commercial division—an insurance against possible future vicissitudes—has shown that our company's technological and engineering talents may be directed into rewarding channels if the demands upon its aircraft-producing capacity become fewer than at present.

NOTICE.

PROPOSED MERGER
OF
UNITED CORPORATIONS LIMITED

(incorporated under the Companies Act, Canada, on 6th May, 1933),

AND
LONDON CANADIAN INVESTMENT CORPORATION

(incorporated under the Quebec Companies Act on 8th May, 1928).

Particulars of the above proposed merger were mailed to Shareholders of all classes of stock of both corporations affected thereby under date of 31st August, 1959. The relevant material includes notices of meetings, to be held in Montreal, and relative proxy forms. The proposals require the approval of not less than three fourths of United Corporations Class "B" shares, not less than two thirds of United Corporations Class "A" shares, and not less than three fourths of each class of London Canadian Investment Corporation share capital represented and voted at such meetings.

Meetings of both Class "A" and Class "B" shareholders of United Corporations Limited, will be held on 14th October, 1959, and meetings of shareholders of all classes of London Canadian Investment Corporation on 15th October, 1959.

The proposals are recommended by the directors of the respective corporations. **Particular attention is drawn to the fact that certain meetings of London Canadian Investment Corporation require at least a majority of the relative issued share capital to be represented at the respective meetings. In the circumstances it is important that the relative proxy forms are completed and mailed promptly.** They may be lodged c/o Montreal Trust Company, at 67, Bishopsgate, London, E.C.2, as well as at 511, Place d'Armes, Montreal, Canada. To ensure arrival in Montreal in time for the meetings proxies should be lodged in London as soon as possible.

Additional copies of the material may be obtained from Montreal Trust Company, 67, Bishopsgate, London, E.C.2.

VENESTA LIMITED

As notified in the Annual Report for the year ended June 30, 1958, the Company's current financial period is for 18 months to December 31, 1959.

The Directors have declared a second interim dividend of 12 per cent, making 15 per cent for the twelve months ended June 30, 1959. They are expecting to make a final payment of 7½ per cent in respect of the last six months of the 18 months' period.

The net profit before tax shown by interim accounts for the twelve months ended June 30, 1959, was £825,000 compared with £583,092 for the year ended June 30, 1958. With the exception of an increase of approximately £100,000 in fixed assets, the Balance Sheet at June 30, 1959, was not materially different from that published for the previous year. Without taking into consideration the plans outlined in the succeeding paragraphs, profits are currently running at a rate of about £1 million per annum. In addition, changes in the accounting dates of overseas subsidiaries will bring into the 18 months' period non-recurring profits of about £150,000.

Following the Group reorganisation referred to in the Chairman's statement last year, it is proposed to reconstruct Venesta as a holding company carrying on business through operating subsidiaries.

One of these subsidiaries will take over the whole of the Company's foil business in the United Kingdom, India and Ceylon. Negotiations have been taking place with Reynolds TI Aluminium Ltd as a result of which they have signified their intention of making an offer to acquire the whole of the share capital of this new foil subsidiary for £5 million. The Directors of Venesta Ltd propose to accept this offer, subject to the consent of the debenture stockholders. They have thought it right to make their acceptance subject also to confirmation by the shareholders in General Meeting.

It will be part of any agreement between Reynolds TI Aluminium and Venesta that the conditions of employment of any Venesta management, staff and other employees in the United Kingdom and abroad who transfer their services will be fully maintained.

In reaching their decision to sell the foil business the Directors of Venesta were mindful that it is natural for the primary aluminium producers to wish to ensure an outlet for their production by closer control of the separate units of the foil industry. The United Kingdom is the only major aluminium consuming country in which most of the foil industry is not owned or controlled by primary producers.

The Directors believe that the foil industry will share fully in the prospective growth of flexible packaging, but in view of the world alignment of aluminium interests that is rapidly taking place, they are of the opinion that the full benefits can best be obtained by integration with a primary producer.

Throughout the negotiations the Directors have been advised by Mr Henry Benson of Cooper Brothers and Company.

Work is continuing on matters of detail and to satisfy legal and accounting requirements. This will take some weeks to complete, after which a full statement will be circulated to the shareholders calling the necessary meetings and outlining the Directors' plans for the future of the Company.

Tube Investments Ltd. and Reynolds International Inc, who together hold approximately 26 per cent of the ordinary capital of Venesta, have agreed with the Directors of Venesta not to exercise voting rights in respect of these holdings on the resolution approving the sale and that in due course, after all the arrangements have been completed, these holdings will be disposed of under arrangements to be agreed with Venesta.

The Directors' plans will include the payment to Ordinary shareholders of 20s. per share tax free.

The net assets involved in the sale of the foil operations are approximately 60 per cent of the consolidated net assets of Venesta and produce approximately 50 per cent of the consolidated net profits. The remaining business of Venesta will comprise plywood and tea chest trading and the manufacture of collapsible tubes, metal-faced plywood and containers in the United Kingdom and plywood manufacture in France and Finland.

After providing the management for the foil operations, Venesta will have a full management structure with a seasoned team of executives and staff. These will be required for the direction of the continuing business but will have the capacity to manage other substantial operations at home and overseas. It is planned to use this capacity, and the material resources of cash and unissued shares, in the acquisition and establishment of other industrial enterprises.

S. A. FIELD, Chairman

VOKES LIMITED

(Specialists in Filtration & Silencing Equipment and other Specialised Engineering Products)

INCREASED GROUP SALES

The Twenty-Second Annual General Meeting of Vokes Limited was held on September 16th at the Albion Hotel, Woking, Sir Ian Stewart Richardson, Bt. (Chairman of the Company), presiding.

In his statement covering the nine months trading period to 31st March, 1959, circulated to the Members, the Chairman made the following comments:

An important matter was the change in the accounting date, thus releasing those UK Companies in the Group from maintaining a Reserve for Future Income Tax equivalent to twenty-one months' taxation, based on twelve months' profits of the financial year and nine months' profits of the previous year. The Future Tax Reserve is therefore now confined to tax on twelve months' profits on one financial year.

RESULTS

Considering the difference in trading periods, Group profits before taxation for nine months are slightly lower than for the preceding twelve months, although total Group sales, excluding inter-Company transactions, increased. Nett Profits after taxation are higher, but are not comparable with those of the previous period owing to the Tax Reserve adjustments arising from the change in the accounting date. Monetary restrictions in late 1957 and the fall in commodity prices, which affected many of the Group's important customers, together with a wage award which was absorbed by the Company, contributed to the reduced profits.

Whilst certain "soft spots" exist the parent Company and most Members of the Group are working to full capacity. The payment of a final dividend, with the interim dividend already paid, gives shareholders a total distribution for the nine months, equivalent to that paid for the preceding twelve months. The final dividend is on the Ordinary Share Capital as doubled by the capitalisation issue made on 22nd May last.

Profit margins are likely to diminish further owing to many branches of industry meeting increased competition at home and abroad particularly in the Common Market countries. This can only be countered by continuing to give every priority to design and development of new products, to improved methods of production, to lower costs, and to higher quality.

Due appreciation was paid to all concerned for the good team spirit which is responsible for the Group's growth and success.

The Report and Accounts were adopted.

AIR SUBSCRIPTIONS TO *THE ECONOMIST*
22, Ryder St., London, S.W.1

Subscriptions to many countries can be sent either by direct second-class airmail or in bulk by air freight for onward posting from central distribution points. Airmail is invariably more expensive but usually quicker by about 24/48 hours. Where only one service is shown this is because the alternative is either not available or not recommended.

	Airmail	Air Freight		Airmail	Air Freight		Airmail	Air Freight
Australia	£10 6s.	—	Hongkong	—	—	Nigeria	£9 0s.	£6 10s.
Canada	—	$25 or £9	India	£9 0s.	£7 10s	Pakistan	£9 0s.	—
Ceylon	£9 0s.	—	Indonesia	£9 0s.	—	Philippines	£10 6s.	—
China	£10 6s.	—	Iran, Iraq	£7 15s.	—	Rhodesia (N.&S.)	£9 0s.	—
East Africa	£9 0s.	£7 10s	Israel	£7 15s.	—	S. Africa	£9 0s.	£7 10s.
Egypt	£7 15s	—	Japan	£10 6s.	—	S. America	£9 0s.	—
Europe	£6 0s	—	Jordan	£7 15s.	—	Sudan	£7 15s	£6 15s
Ghana	£9 0s	£6 10s	Lebanon	£7 15s	—	U.S.A.	—	$25 or £9
Gibraltar, Malta	£5 0s.	—	Malaya	£9 0s.	—	West Indies	£9 0s.	—
			New Zealand	£10 6s.	—			

COMPANY AFFAIRS

THE RANK ORGANISATION

PROFITS earned by the Rank Organisation should be higher in the current financial year than the £4 million earned in the year which ended on June 27th. First, the losses on film production and distribution are likely to be still further reduced, because the production programme has again been trimmed and because the terminal loss which arose on the closing down of the distribution organisation in the United States (after it had been running for only eighteen months) will not occur again. Secondly, the Organisation should begin to earn a dividend on its interest in Southern Television which Lord Rank describes as "a highly profitable investment" even though its earning capacity does not compare with that of the major commercial stations. Thirdly, the closing down of unprofitable cinemas will be carried yet another stage further, the problem for the directors being not the decision to close the cinema but to find a buyer for it or its site (especially in suburban areas).

Cinema attendances, having fallen last year to 755 million are expected to fall to 625 million this year and Lord Rank sees "no indication as yet that this decline has been arrested." His deputy chairman and managing director, Mr John Davis, has had to revise his earlier prediction that attendances would level off around the 600 million mark. The decline in profits from cinema exhibition may therefore be momentarily arrested by the closing of cinemas but the trend cannot be reversed for good. This is why the Rank Organisation is trimming its interests in the film industry radically and why it is concentrating its attention on other fields of entertainment. Over the last five years 35 per cent of its profits have been earned by its manufacturing companies and by activities outside the cinemas, and Lord Rank believes that "it will not be too long before profits from non-cinema interests exceed those from the cinema activities." Quite how long a period he has in mind is not clear but it will take at least three or four years before its interests in gramophone records (which made a loss in 1958-59) and in relay and rental television can possibly produce a worthwhile return. The dance halls and studios which the Organisation now runs are already earnings profits and its venture in Xerography is, apparently, breaking even at the moment. The emphasis in the manufacturing division (which, partly because it includes the radio and television manufacturing business of Bush Radio, has always been profitable and which contributed about £300,000 to the increase of £1,000,000 in profits in 1958-59) is being shifted away from the making of equipment for the film industry towards wider markets.

The yield of 4.4 per cent offered by the 5s. shares in the Rank Organisation now standing at 11s. 3½d. is slender, especially as the 10 per cent dividend was not covered by earnings but was effectively paid out of tax provisions written back (reflecting cautious accounting in the past) and out of the small profit made on the sale of cinemas (which had been heavily written down in the books). The yield, in fact, is assuming that the Organisation will be able to cut its commitments in the film industry in step with the decline in attendances and at the same time replace them with profitable investments in other forms of entertainment. The Organisation has certainly taken some steps along this road but it has not finished its journey yet.

EARNINGS WITHIN THE RANK ORGANISATION
(£000's)

	1955	1956	1957	1958	1959
Exhibition in Britain	3,454	2,519	2,529	2,059	2,403
Exhibition overseas	325	225	444	347	439
Production and distribution	745	925	719	Dr. 1,264	Dr. 875
Manufacturing	2,159	2,052	1,504	1,117	1,402
Studies and laboratories	303	399	347	443	473
Miscellaneous	407	255	278	291	246
Total profits after depreciation	**7,393**	**6,375**	**5,821**	**2,993**	**4,088**
Interest payable	785	839	913	1,212	1,103
Tax	3,654	3,433	3,135	1,553	1,788
Minority interests	1,625	1,241	1,035	466	1,028
Net profit	**1,328**	**861**	**738**	Dr. 243	**169**
Non-recurring credits	307	422	630	439	183

NEW EUROPEAN AND GENERAL INVESTMENT TRUST

NEW European and General Investment Trust launched last May by M. Samuel, the merchant bankers, in order to give investors an opportunity to widen their interests in European equities, is to make a call of 5s. a share on each of its £1 shares. The proceeds of the original application money (10s. a share) have now been invested and until December, when the 5s. call is due, the trust managers will finance any investments by borrowing from the banks. The authorised capital of the trust is £3 million and so far most of its shares have been placed with British investment trusts and insurance companies. The trust's investments were valued on September 1st and showed an appreciation of some 12 per cent over their book value—the greatest increase being recorded in West German equities. Most of the investments so far made have been in common market countries, but the directors are also interested in investing in companies in the proposed European Free Trade Association. The first signs of this interest can be discerned in the holding of 1,150 "B" shares in Electrolux of Sweden.

COTTON RESULTS

PROFITS in the cotton textile industry are still falling. But in recent months the prices of cotton textile shares have been rising in anticipation of the aid which the Government has now given to the industry. **Calico Printers** has maintained its total ordinary dividend at 22½ per cent for the year to June 30th, even though this payment is not covered by earnings. Perhaps as a warning to shareholders the directors have changed the character of the distribution, raising the bonus element in it from 12½ to 15 per cent and reducing the actual dividend to 7½ per cent. Royalty earnings on the "Terylene" patents (which in July were extended for another five years) have risen from £300,000 to £418,000, but the consolidated net income has fallen from £643,673 to £223,430. Clearly the low level of activity in commission printing and merchanting throughout much of the financial year offset the increase in the group's royalty income. The £1 ordinary shares at 47s. 9d. yield 9.4 per cent.

The £1 ordinary shares of **Tootal**, on the other hand, still yield under 6 per cent at their current price of 27s., even in the face of the disappointing preliminary results for the year to June 30th. Though the tax charge has come down from £191,522 to £133,609 the group's net profits have fallen sharply, from £252,205 to £185,685. The maintained dividend of 7½ per cent is thus barely covered by earnings. The Tootal shares have been active since the announcement of the possible merger with William Hollins, but the present price puts a big discount on the prospects of the merger, on the possibilities of diversification outside the cotton industry and on hopes that the industry will be stronger once the reorganisation schemes within it have been carried through.

ASSOCIATED BRITISH ENGINEERING

SHAREHOLDERS of Associated British Engineering will find the full report for the year ended March 31, 1959 even more depressing than its predecessor. The group made a trading loss of £98,823, compared with a net profit after tax of £63,737 (which included some £30,000 of pre-acquisition profits of the two McKay companies acquired during 1957-58). A

transfer from reserves of £310,000 and an estimated tax relief of £61,000 on promotion and development expenditure relating to the group's free piston engine project have been brought into the final net surplus so that after paying £17,250 in preference dividends the balance carried forward has been increased from £83,305 to £194,059. In 1957-58, an interim dividend of 2½ per cent was paid but no ordinary dividend has been declared for 1958-59.

Mr Lawrence Robson, the chairman, now details the reasons for the failure of the group to arrest the declining trend in earnings. First, Henry Meadows, the principal subsidiary in the automotive and industrial section, is still suffering from the cessation of orders by the Ministry of Supply for power generating plant. This left the company for the first time in 20 years without a Government contract and so far all efforts to secure civil orders to keep the plant working to full capacity have been unsuccessful. Secondly, the consolidated trading loss includes a terminal loss of £49,000 incurred by the subsidiary, H. Widdop, following the closing down of its works at Keighley. Finally, the difficulties of the shipbuilding industry have led to sharper competition and smaller profit margins in the manufacture of marine engines.

The 5s. ordinary shares now stand at 3s. 4½d. Mr Robson says he is "heartened" by the fact that General Motors and Chrysler Dodge are to install Meadows engines in the trucks they make in India. But this is certainly one swallow which does make a summer. Mr Robson's further comment that, if further efforts to obtain orders for the group's automotive and diesel engines are unsuccessful, the directors will be prepared to face the major problems of reorganisation, is welcome—but that statement suggests that ABE's troubles are deep-seated ones.

FURNESS, WITHY

MR FRANK CHARLTON, the chairman of Furness, Withy, says in his annual statement that "the depressed state of the shipping industry shows little prospect of any early improvement." It is something that the results in the first quarter of the current financial year have been maintained at the previous year's level. In 1958-59 Furness, Withy's earnings did not suffer as much as might have been expected. Net profits actually rose from £1,453,243 to £1,535,750, thanks to a reduction in the tax charge from £700,000 to £417,600, reflecting investment allowances on the group's £14 million building programme. As a member of the Liner Conferences, the group has escaped from the very worst knocks of the shipping slump. But Mr Charlton refers to the "continued and substantial increase in operating costs in this country and other parts of the world, which it is not possible to match by increased earnings."

The group's New York—Bermuda service has done well, but the rise in operating costs has narrowed margins. On the Pacific coast routes earnings have been maintained despite rising wage rates (which are being steadily pushed up by the American longshoremen's union). In the Mediterranean, the earnings of the Prince Line—one of the group's principal subsidiaries—have been affected by political disturbances and for the first time in many years this company has paid no dividend to the parent. The group's aircraft subsidiary, Airwork, is still expanding, acquiring during the year two aircraft companies and adding three Vickers Viscounts and two Bristol Britannias to its air fleet. Whether the recent rally in some shipping shares, with Furness, Withy's £1 ordinary units at 38s. 3d. now yielding 5.1 per cent, compared with 6.1 per cent a month ago, has any really strong base must be doubted. But shareholders in Furness, Withy and those investors who look for a strong asset backing to the equity will welcome the chairman's remark that the Board is giving "careful consideration" to suggestions that the group's accounts should be made more informative.

EASTWOODS

THE revival in the building trade which got under way in the Spring seems to have come too late to encourage the directors of Eastwoods (which makes bricks, cement and tiles), to restore the ordinary dividend to 17½ per cent from which it was cut to 15 per cent in 1957-58. In that year the credit squeeze and the Government's revision of the airfield building programme caused the first setback in the group's earnings for some years and in 1958-59 the directors say that certain of the company's works were still operating somewhat below capacity. But turnover reached a new record and the group's trading profits rose from £972,480 to £1,078,501; a slightly higher tax charge of £344,605 (against £338,744) left a net profit of £286,990, compared with £183,369. Shareholders will note that the maintained dividend of 15 per cent (which was barely covered by earnings in 1957-58) is now covered 1½ times. The £1 ordinary units at 58s. yield 5.2 per cent.

DE BEERS

THE long-awaited increase in the dividend payment by De Beers Consolidated has come at a time of substantially higher dividends from the Free State gold producers, in which De Beers has a big stake. For the last eight years De Beers has paid 10s. a year on its 5s. deferred shares. Now the interim payment has been raised from 4s to 5s. and there have been estimates in the stock market of a final payment of up to 7s., which would make the total for the year 12s. The higher income from the Free State mines, coupled with record sales of diamonds this year, have been the base for these hopes. On a dividend of 12s. the yield on the 5s. shares at 175s. would be 6.9 per cent.

London Stock Exchange

FIRST DEALINGS:	Sept. 2	Sept. 16	Sept. 30
LAST DEALINGS:	Sept. 15	Sept. 29	Oct. 13
ACCOUNT DAY:	Sept. 22	Oct. 6	Oct. 20

UNTIL the end of the account on Tuesday markets were moving rather cautiously. Industrial equities were irregular and began to slip from their peaks reached during the boomlet set off last week by the announcement of the election date. End-account profit-taking (especially in steel shares), the persistent rise in US interest rates and the continued setback on Wall Street, combined to outweigh confidence in the market of a Conservative victory at the polls. But with the opening of the new account on Wednesday after the latest public opinion poll had predicted a Conservative victory most prices improved and there was a fair amount of investment buying by institutions. But business was not on a large scale over the week. *The Economist* indicator fell 0.8 to 292.3. Gilt-edged stocks shared in the general rally on Wednesday but over the week most of them still showed net losses. 3½ per cent War Loan fell ⅛ to 65. But high coupon short dated stocks were in demand with 4½ per cent Conversion (1964) rising from 99$\frac{19}{32}$ to 99⅞.

The weakest section of the market was in Canadian bank shares where the fall on Wall Street and the Canadian government's credit squeeze seem to have induced most investors to cut their losses. National Bank of Canada declined £3 to £28¾ and Bank of Montreal closed £1¼ down at £19$\frac{7}{16}$.

In industrial equities the most volatile section has been the steel section. The latest opinion poll helped most steel shares to close above their worst on Wednesday with Colvilles improving 1s. to 39s. 4½d. and Dorman Long gaining 1s. 1½d. to 37s. Exceptionally, Steel Company of Wales fell from 34s. 6d. to 33s. 9d. and, despite quite heavy buying from the United States, John Summers showed a net loss of 1½d. at 43s. 7½d. In motors, the weakness on Wall Street caused some selling of Ford and after touching 77s. on Tuesday the shares finally closed 7½d. down at 78s. 4½d.

On Monday dealings began in the property share market in Mr Clore's City and Central Investments The 5s. shares were issued at 25s. and opened in the market at 28s. 6d., and later touched 28s. 9d; but on Wednesday profit-taking put them back again to 28s. 6d. The property share market, however, was disturbed on Wednesday by rumours about the companies with which Mr Jasper is associated. Textile shares were active, but despite the maintained dividend Tootals fell 1s. 6d. to 27s.; Calico Printers which also announced an unchanged dividend closed 9d. down at 47s. 9d. Oil shares were affected by the fall on Wall Street: Shell declined 1s. 3d. to 145s., Burmah fell 8s. 6d. to 43s. 6d. and BP closed 3s. down at 52s.

LONDON AND NEW YORK STOCKS

Prices, 1959 High	Prices, 1959 Low	BRITISH FUNDS AND GUARANTEED STOCKS	Price Sept. 9, 1959	Price, Sept. 16, 1959	Net Yield, Sept. 16, 1959 §	Gross Yield, Sept. 16, 1959
					£ s. d.	£ s. d.
100 3/16	99 29/32	War Loan 3% 1955–59	99 19/4	99 19/8	3 4 8	3 4 8
—	—	War Loan 3% Assented Conv. 4 1/2%	99 3/4	99 7/8	2 15 10	4 10 1
—	—	War Loan 3% Assented Treas'y 5%	97 7/16	97 1/2*	3 3 7	5 2 10
97 3/4	96 11/16	Funding 2 1/2% 1956–61	97 19/32	97 13/16	3 0 3	3 18 11
99 3/8	98 11/32	Exchequer 2% 1960	99 3/8	99 13/32	2 9 10	3 8 9
100 3/16	99 5/16	Exchequer 3% 1960	99 15/16	99 31/32	3 1 6	3 1 6
101 11/32	100 1/8	Conversion 4 1/2% 1952	100 1/4	100 7/16	2 9 10	4 5 11
96 3/32	94 7/16	Exchequer 3% 1962–63	95 7/16	95 1/2	3 0 7	4 6 3
93 3/8	91 5/8	Exchequer 2 1/2% 1963–64	92 1/32	92 3/32	3 4 1	4 5 11
101 3/4	100 1/2	Conversion 4 3/4% 1963	100 7/16	100 11/16	2 11 7	4 10 10
100 7/16	99 5/8	Conversion 4 1/2% 1964	99 31/32	99 7/8	2 12 10	4 10 6
92 15/16	90 1/8	Savings Bonds 3% 1955–65	90 1/4	90 1/4	3 14 5	4 19 6
85 13/16	83 1/8	Funding 3% 1959–69	83 1/8*	83 3/16*	3 18 11	5 4 6
93 1/6	90 5/16	Funding 4% 1960–90	91 1/4	91 5/16	2 18 7	4 12 6
83 7/16	80 7/8	Savings Bonds 3% 1960–70	81 3/8	81 1/4	3 19 6	5 5 11
86	83 7/8	Savings Bonds 2 1/2% 1964–67	84 1/4	84 3/16	4 5 1	5 3 10
77 7/16	75 5/16	Savings Bonds 3% 1965–75	75 5/16	75 7/16	3 18 11	5 6 8
105 11/16	102 1/2	Exchequer 5 1/2% 1966	103*	103	2 17 3	4 19 3
86 3/8	83 1/4	Funding 3% 1966–68	84 7/8	84 7/8	3 19 6	5 5 8
98 1/8	95	Victory 4% 1920–76	95 1/8	95 1/8	3 1 9	4 14 11
89 13/16	87 5/8	Conversion 3 1/2% 1969	87 13/16	87 15/16	3 13 11	5 3 4
101 7/16	99 3/4	Conversion 5 1/2% 1974	101	101 1/16	3 3 11	5 5 7
79 3/4	76 7/8	Treasury 3 1/2% 1977–80	78 1/4	78 3/16	3 13 11	5 6 5
79 1/8	76 15/16	Treasury 3 1/2% 1979–81	77 1/16	77	3 14 6	5 6 10
104 1/2	101 1/8	Funding 5 1/2% 1982–84	103 1/4	103 1/16	3 4 3	5 6 9
68 1/4	64 5/8	Redemption 3% 1986–96	64 5/8*	64 5/8*	3 11 3	5 2 9
98 1/8	97 1/2	Treasury 5% 1986–89	97 1/16*	97 1/2*	3 3 7	5 2 10
74 1/16	70 7/8	Funding 3 1/2% 1999–2004	71 1/4	71 1/16	3 8 7	5 4 2
75 7/8	73 13/16	Consols 4% ....after Feb. 1957	73 1/4	72 7/8	3 7 6	5 10 7
68 5/16	64 13/16	War Loan 3 1/2% ....after 1952	65 7/16	65 1/16*	3 6 7	5 9 4
68 11/16	63 7/8	Conv. 3 1/2% ....after Apr. 1961	64 3/16	64 1/16*	3 6 10	5 9 1
60	55 3/8	Treasury 3% ....after Apr. 1966	56*	55 5/8*	3 6 0	5 7 7
53 5/8	50 1/2	Consols 2 1/2%	51 1/2*	51 3/8*	2 19 6	4 17 1
51 1/8	47 1/2	Treasury 2 1/2%...after Apr. 1975	47 3/4*	47 5/8*	3 4 3	5 4 10
95 11/16	94	British Electric 4 1/2%....1967–69	94 15/16	95	3 7 9	5 4 2
80 3/16	77 1/4	British Electric 3% 1963–73	77 7/8*	77 5/8*	3 19 2	5 6 0
76 7/8	74 1/8	British Electric 3% 1974–77	74 5/8*	74 9/16	3 17 0	5 4 10
90 15/16	87 5/8	British Electric 4 1/2% 1974–79	87 7/8*	87 13/16*	3 8 11	5 4 8
80 5/8	77 5/16	British Electric 3 1/2% 1976–79	79 1/4	79 3/16	3 13 4	5 5 9
90 7/16	87 1/8	British Gas 4% 1969–72	88 5/8	88 3/4	3 11 5	5 5 2
87 3/8	84 3/4	British Gas 3 1/2% 1969–71	85 1/8	85 1/8	3 13 11	5 6 2
69 7/16	66 1/2	British Gas 3% 1990–95	66 1/16	66 1/8	3 10 8	5 5 7
80 3/16	77 1/4	British Transport 3% 1968–73	77 7/8*	77 5/8*	3 19 2	5 5 6
87 3/16	84	British Transport 4% 1972–77	86 1/8	86 1/8	3 10 8	5 5 6
69 3/16	66 1/4	British Transport 3% 1978–88	65 13/16	66 5/8	3 15 5	5 5 6

Prices, 1959 High	Prices, 1959 Low	FIXED INTEREST STOCKS	Price, Sept. 9, 1959	Price, Sept. 16, 1959	Yield, Sept. 16, 1959
		DOMINION AND COLONIAL			£ s. d.
102 1/16	99 3/8	Australia 4 1/2% 1950–52	99 1/2	99 1/2	4 10 0
107 3/8	103 3/4	Australia 6% 1974–76	106 7/8	104 1/2*	5 9 0c
77	73	Ceylon 4% 1973–75	73 1/4	73 1/4	6 15 10
103 1/2	99 1/2	Jamaica 6% 1977–82	102	102	5 17 3c
107 3/8	104 1/4	New Zealand 6% 1975–80	105 3/8	104 1/2	5 11 0c
101 7/8	93	Rhodesia and Nyasaland 6% 1976–79	93 1/4	95	6 13 10
74 1/4	69 1/2	Southern Rhodesia 2 1/2% 1965–70	71 1/2*	71 1/2	6 0 0
		CORPORATION AND PUBLIC BOARDS			
103 1/2	100 7/16	Agricultural Mortgage 5 1/2% 1980–85	101 1/2	101 1/4	5 9 6e
104 3/4	102 1/4	Birmingham 5 3/4% 1974–76	102 1/2	103	5 11 5e
94 1/2	92 1/8	Bristol 3% 1953–63	93 1/2	93 1/2	5 2 0f
98 1/2	94 1/2	Glasgow 4 1/2% 1956–68	98 1/4	98 1/4	5 3 0f
101 5/8	99 1/2	Corporation of London 5 1/4% 1976–79	101 1/4	101 1/4	5 5 0e
57	52 3/4	L.C.C. 3% ....after 1920	53 1/2	53	5 12 0f
64 1/2	60 1/4	Metropolitan Water Board 'B' 3% 1934–2003	60 3/4	60 3/8	5 6 0f
		FOREIGN BONDS			
113	101 1/4	German 7% 1924 (British Enfaced 5%)	111	112	...
197	177	German 5 1/2% 1930 (Enfaced 4 1/2%)	195	196	...
48	23 1/4	Greek 7% Refugee 1924	41 3/4	41 1/2	Nil
169 1/4	161 1/4	Japan 5% (Enfaced) 1907	166 1/2	157*	...
118 3/4	113 3/4	Japan 6% (Enfaced) 1924	112 3/4	112 3/4	...
59	55	Uruguay 3 1/2% Bonds (Assented)	56 3/4	56 1/2	...

NEW YORK CLOSING PRICES

	Sept. 9 $	Sept. 16 $		Sept. 9 $	Sept. 16 $		Sept. 9 $	Sept. 16 $
Ath. Topeka....	27 1/4	26 3/4	Boeing.....	32 3/8	31 1/4	Inter. Nickel....	95	95 1/4
Can. Pacific	27 3/8	26 5/8	Celanese	27 3/8	27 1/4	Inter. Paper.....	126 1/4	126 1/2
Pennsylvania	16 3/4	16 3/4	Chrysler	65 7/8	65 1/8	Kennecott.....	98 1/2	95 3/4
Union Pacific....	31 3/8	31 1/4	Col. Palmolive	37 1/2	37	Monsanto.....	42 3/8	43 1/4
Amer. Electric....	49	46 3/4	Crown Zeller.....	57	54 3/4	Nat. Distillers	29 7/8	29 3/4
Am. Tel. & Tel....	77 1/4	76 3/8	Distillers Seag....	33	32	Pan-American....	22 7/8	22 3/4
Cons. Edison	62 1/8	60 7/8	Douglas.....	48 3/8	46	Procter Gamble.	86	83 1/4
Int. Tel. & Tel....	31 3/4	32 1/4	Du Pont.....	255 1/2	249	Radio Corpn....	57 3/4	58
Standard Gas....	4 3/4	4 5/8	East. Kodak....	87 3/4	89 5/8	Sears Roebuck ..	47	49 3/8
United Corpn....	8 1/2	8 1/4	Ford Motor.....	79 1/8	80	Shell Oil	79 1/2	74 3/4
Western Union..	38	37 7/8	Gen. Electric....	77 3/8	77	Socony-Mobil	42 3/4	42
Alcoa	107	107 1/4	General Foods ..	96	95 1/2	Stand. Oil Ind. ..	45	44 1/2
Aluminium.....	32 3/8	32 3/4	General Motors .	54 3/4	54 1/2	Stand. Oil N.J. ...	50 5/8	50
Amer. Can.	42 7/8	43	Goodyear	129	128 1/2	20th Cent. Fox..	32 3/4	31 3/4
Am. Smelting....	41 1/2	42 3/8	Gulf Oil.....	109	108 5/8	Union Carbide..	136 3/4	134 3/4
Am. Viscose	46 3/4	44 1/2	Heinz.....	81 1/2	77	U.S. Steel	103 1/4	103
Anaconda.....	64 1/4	60 5/8	Int. Bus. Mach....	406	409 1/2	West. Electric....	87 3/4	89 7/8
Beth. Steel	55 3/4	56 1/4	Int. Harvester....	50 5/8	48 5/8	Woolworth.....	58 3/4	58 1/4

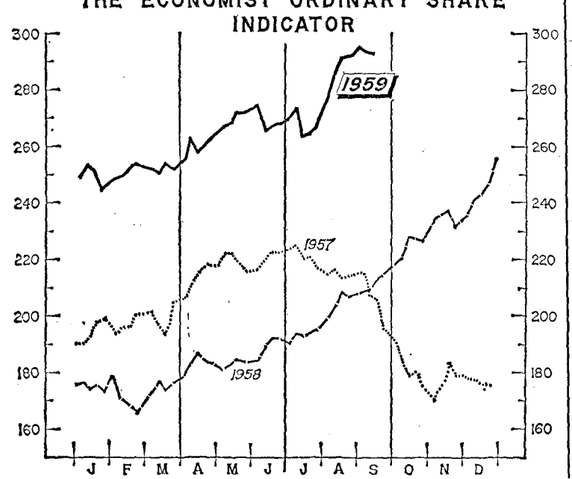
* Ex dividend. † Tax free. ‡ Assumed average life 9 years. § Less tax at 7s. 9d. in £. ¶ Ex capitalisation. ‖ Ex rights. ‡‡ Ex all. (a) Interim dividend. (b) Final dividend. (c) Year's dividend. (d) Capital distribution 1s. 6d. per share. (e) To earliest date. (f) Flat yield. (g) Equivalent to 7·2 sterling. (h) After Rhodesian tax. (l) To latest date. (b) Assented stock.

YORK STOCKS

Prices, 1959 High	Prices, 1959 Low	Last Two Dividends (a) (b) (c)		ORDINARY STOCKS	Price, Sept. 9, 1959	Price, Sept. 16, 1959	Yield, Sept. 16, 1959
				BANKING			
55/-	44/6 3/4	5 b	5 a	Barclays £1	51/9‖	51/-‖	3·92
53/7 1/2	40/3	10 c	5 a	Lloyds £1	52/-	53/6	3·74
72/6	60/11 1/2	13 1/2 c	7 1/2 a	Midland £1	68/3	67/9	4·43**
72/3	54/-	10 c	5 a	National Provincial £1	70/-	71/-	3·52**
50/6	37/9	10 c	5 a	Westminster 'B' £1	46/3	48/9	4·10
69/-	54/3	9 1/2 b	8 1/2 a	District £1	61/9	61/6	4·55**
25/6	17/-	16 c	8 a	Martins 5/-	21/4 1/2	21/7 1/2	3·70
54/6	31/7 1/2	—	—	Nat. Comm. Bk. Scot. 10/-	52/6	53/3	2·82**
84/9	67/6	9 b	8 a	Royal Bank of Scotland £1	79/-	81/-	4·20
44/-	37/9	5 b	4 a	Barclays D.C.O. £1	42/3	42/6	4·24
50/6	43/9	7 1/2 a	7 1/2 b	Chartered Bank £1	49/-	48/6*	6·19
£343/8	£278/8	$2·10c	$2·25c	Royal Bank of Canada $10	£313/4	£283/4	2·93
£231/2	£187/16	$1·60c	$1·65c	Bank of Montreal $10	£213/16	£197/16	3·18
41	30 1/2	9 c	9 c	Bank of New South Wales ..£20	39 1/2	38 1/2	3·74g
40/-	32/3	6 b	4 a	Bank of London & S. Amer..£1	39/3*	40/-	5·00
				FINANCIAL			
36/-	28/4 1/2	5 b	2 1/2 a	Alexanders £1	32/-	31/3	4·80
47/3	41/3	7 b	6 1/2 a	National Discount 'B' £1	44/9	44/9	5·59**
59/6	49/-	6 1/4 b	6 1/4 a	Union Discount £1	51/-	50/-	5·00
52/6	40/9	18 1/2 a	21 2/3 b	Commercial Union 5/-	48/6	48/6	4·12
170/-	127/6	12 1/2 a	15 b	Employers Liability £1	155/-	160/-	3·44
207/6	160/-	†32·35c	†41·17c	Equity & Law 8/6	196/3	191/3	2·99
300/-	192/6	40 a	60 b	Legal & General 5/-	265/-	270/-	1·85
129/6	112/6	50 a	20 a	Pearl 5/-	119/-*	120/6	4·75
270/-	210/-	†147 1/2 c	†162 1/2 c	Prudential 'A' 4/-	252/6	252/6	4·21
86/-	59/11 1/2	10 b	8 a	Royal Exchange £1	81/6	83/6*	3·83**
36/9	16/21 1/4	8 3/4 b	7 1/2 a	Bowmaker 5/-	35/11 1/2	37/4 1/2	3·34**
39/9	18/7 1/2	8 1/2 b	8 1/2 a	Lombard Banking 5/-	37/-	36/3*	2·34**
186/-	113/6	4 a	21 b	U.D.T. £1	182/-	178/-	2·81
41/9	34/9	10 a	25 b	B.E.T. 'A' Defd. 5/-	38/-	37/3	4·70
16/4 1/2	12/6	10 c	10 c	Cable & Wireless 5/-	15/7 1/2	15/9	3·17
23/9	19/3	2 a	4 1/2 b	Land Securities 10/-	22/-	23/3	2·80
22/-	14/7 1/2	4 1/2 a	4 1/2 b	London & County 10/-	19/6	20/3	4·11
				FOOD, DRINK AND TOBACCO			
36/7 1/2	22/6	15 c	18 c	Allied Bakeries 'A' 5/-	31/-	30/-	3·00
39/6	23/4 1/2	14 a	10 b	Beecham Group 5/-	38/-	38/-	3·16
12/11 1/4	10/6	2 1/2 a	7 1/2 b	International Tea 5/-	10/10 1/2	10/9	4·65
91/-	69/-	5 a	9 1/4 b	J. Lyons 'A' £1	76/3	76/3	3·72
22/-	18/10 1/2	5 b	5 a	Ranks 10/-	20/10 1/2	20/6	4·88
27/6	18/11 1/2	12 1/2 b	5 a	Schweppes 5/-	25/-	24/6	3·57
51/-	42/-	7 1/2 a	24 b	Tate & Lyle £1	48/6	47/6	4·42
14/10 1/2	10/10 1/2	...	...	Unigate 5/-	13/10 1/2	13/9	3·64**
57/6	43/9	36 b	10 a	Bass 5/-	54/-	57/6	4·00
28/9	23/10 1/2	4 a	8 1/2 b	Distillers 10/-	28/6	28/6	4·39
21/3	14/7 1/2	11 b	6 a	Flowers 5/-	20/6¶	20/9¶	4·10
64/9	54/-	18 b	10 a	Guinness 10/-	64/-	64/6	4·34
17/-	12/7 1/2	10 b	4 a	Ind Coope & Allsopp....5/-	15/9	16/-	4·38
77/-	38/9	6 3/4 b	3 3/4 a	Watney Mann Defd....£1	75/6	74/3	4·04
121/3	100/-	17 b	8 a	Whitbread 'A' £1	118/9	121/3	4·12
59/7 1/2	51/4 1/2	†171/2 c	†105/6 a	British Amer. Tobacco....10/-	56/6	56/3	5·08
52/6	36/6	5 a,	20 b	Gallaher 10/-	51/6	52/-	4·81
59/-	54/3	12 1/2 b	8 1/2 a	Imperial Tobacco £1	57/6	57/6	7·30

Prices, 1959 High	Prices, 1959 Low	Last Two Dividends (a) (b) (c)		ORDINARY STOCKS	Price, Sept. 9, 1959	Price, Sept. 16, 1959	Yield, Sept. 16, 1959
				MISCELLANEOUS			
50/9	37/9	20 a	40 b	Assoc. Brit. Picture 5/-	40/10 1/2	41/10 1/2	7·16
38/9	28/7 1/2	3 1/2 a	5 b	British Match £1	35/9	36/-	4·63**
66/6	49/6	8 b	4 a	British Oxygen £1	64/3	66/6	3·61
9/9	8/8 1/4	4 a	1 4 b	British Ropes 2/6	9/6	9/6	4·63
53/3	35/9	7 1/2 b	5 a	Glaxo 10/-	47/3	46/6	2·80
81/3	56/4 1/2	50 b	10 a	Hoover 'A' 5/-	77/9	77/9	3·86
232/6	172/6	6·00a	26·14b	Hudson's Bay £1	212/6	206/3	3·12
14/3	10/-	5 c	10 c	Rank Organisation 5/-	11/6	11/2 1/4*	4·47
19/8 1/4	13/-	18 c	20 c	Sears 'A' 5/-	19/-	19/6	5·13
15/11 1/2	11/3 1/4	6 1/4 a	7 b	Thomas Tilling 4/-	14/4 1/2	14/7 1/2	3·62
82/3	69/4 1/2	10 b	5 a	Turner & Newall £1	79/6	82/3	3·65
118/-	86/7 1/2	8 2/5 b	8 2/5 a	Unilever £1	110/-	112/6	2·99
£313/4	£283/4	2·93	11/11 1/2	9/9	10·4 c	3 1/4 a	United Glass 5/-	10/7 1/2*	10/7 1/2	4·89
£213/16	£197/16	3·18	39/3	31/9	†4 1/6 a	†10 5/6 b	United Molasses 10/-	38/3	38/3	6·40
				OIL			
58/6	49/-	†83 1/6 c	†31 1/2 a	British Petroleum £1	56/-	51/9*	5·52
49/-	37/9	†21 1/2 a	†43 2/3 b	Burmah Oil £1	45/9	43/3	5·19
£173/4	£145/8	7 1/2 a	17 1/2 b	Royal Dutch ....20 fl.	£155/8	£153/8	3·07
153/-	131/-	†5 a	†13 3/4 b	Shell Transport....£1	145/6	145/-	4·22
73/6	53/9	...	...	Ultramar 10/-	54/9	54/3	.... d
50/-	35/6	7 1/2 a	15 b	Wakefield C.C.C. 10/-	45/6	45/-	5·00
				SHIPPING			
48/6	36/6	6 1/2 a	13 1/2 b	Brit. & Com'wealth. 10/-	41/-	41/-	4·88
20/6	17/3	10 c	8 c	Cunard £1	19/-	19/-	8·42
39/6	29/6	10 c	10 c	Furness Withy £1	32/6	38/6	5·19
20/6	14/9	10 a	10 b	London & Overseas 5/-	17/9	17/9	5·63
39/6	31/6	3 a	8 b	P & O Defd. £1	37/6	37/9	5·83
17/9	13/3	5 c	2 1/2 c	Reardon Smith 10/-	15/9	15/3	1·64
25/9	19/-	7 1/2 c	8 c	Royal Mail £1	22/-	22/-	7·27
				MINES			
302/6	165/-	20 a	60 b	Anglo-American 10/-	196/3	202/6	3·95
147/6	113/9	10 a	20 b	General Mining £1	140/-	145/-	4·14
182/-	178/-	2·81	40 a	100 b	Union Corporation 2/6	70/-	71/-	4·93
74/9	49/4 1/2	40 a	100 b				
38/-	37/3	4·70					
33/4 1/2	27/-	50 b	45 a	Daggafontein 5/-	27/11 1/2	27/4 1/2	17·35
198/11 1/2	111/10 1/2	70 a	90 b	Free State Geduld 5/-	183/11 1/2	184/4 1/2	4·34
71/6	56/9	35 b	35 a	Hartebestfontein 10/-	59/6	61/6	11·38
74/11 1/2	61/10 1/2	50 a	60 b	President Brand 5/-	72/10 1/2	74/11 1/2	7·42
180/-	119/4 1/2	70 a	100 b	Western Holdings 5/-	167/6	169/4 1/2	5·02
69/3	57/5 1/4	12 1/2 b	5 a	Consolidated Zinc £1	63/-	64/6	4·65
181/3	121/3	120 b	100 a	De Beers Defd. Reg. 5/-	173/9	175/-	6·34
$187 3/4	$154 3/4	$3·75c	$2·60c	International Nickel ....n.p.v.	$173*	$172*	2·69
10/-	7/10 1/2	5 a	15 b	London Tin 4/-	9/3	8/10 1/2	9·01
91/3	73/11 1/2	30 b	12 1/2 a	Rhod. Anglo-American 10/-	82/6	81/10 1/2	5·19b
19/-	14/4 1/2	6 1/4 b	4 1/6 a	Rhod. Selection Trust 5/-	14/6	14/6	3·59b
58/11 1/2	45/-	26 c	20 c	Rio Tinto Reg. 10/-	46/10 1/2	45/-	4·44
9/6	7/7 1/2	4 1/6 b	5 a	Roan Antelope 5/-	8/-	7/10 1/2	5·82b
47/-	37/6	17 1/2 b	15 a	Tanganyika Cons. 10/-	46/-	45/3	7·18
60 c	43 3/4 c	60 c	43 1/2 c	Tronoh 5/-	16/11 1/2	16/10 1/2	12·84
				TEA AND RUBBER			
54/-	57/6	4·00					
32/3	23/-	†12 1/2 a	†12 1/2 b	Cons. Tea & Lands....£1	30/9	31/3	15·67
26/3	22/3	†3 a	†7 a	Jokai (Assam) £1	23/6	23/9	13·75
19/-	15/9	10 b	4 a	Nuwara Eliya £1	17/6	17/3	16·23
2/11 1/2	1/3	4 a	12 b	Grand Central 2/-	2/03 1/4	2/-	16·00
5/5 1/4	3/9 1/4	5 a	25 b	London Asiatic 2/-	5/4 1/2	5/2 1/4	11·57
101 3/4d	63 1/4d	8 c	Nil c	United Serdang 2/-	81 1/4d	71 1/2d	....
81/9	48/-	9 3/8 a	28 1/8 b	United Sua Betong £1	77/3	74/-	10·14
65/-	52/6	12 1/2 b	5 a	Harrisons & Cros. Defd....£1	63/11 1/2	65/-	5·38

"THE ECONOMIST" ORDINARY SHARE INDICATOR



** Yields based on assumed dividends:—Bowmaker, 25%. British Motor, 15 3/4%. District, 14%. E.M.I., 20%. Fisons, 12%. Joseph Lucas, 10%. Midland, 15%. Nat. Comm. Bk. Scot., 15%. National Discount 'B', 12 1/2%. National Provincial, 12%. Royal Exchange, 16%. Standard-Triumph, 9%. Steel Co. of Wales, 10%. Unigate, 10%. Watney Mann, 15%.

STOCK EXCHANGE INDICATORS

LONDON
The Economist Indicator

1959	Indicator*	Yield %	1959 High	1959 Low	1958 High	1958 Low
Aug. 19	290·9	4·71				
,, 26	291·7	4·69				
Sept. 2	295·0	4·66	295·0 (Sept. 2)	245·0 (Jan. 29)	255·6 Dec. 31)	166·1 (Feb. 26)
,, 9	293·1	4·69				
,, 16	292·3	4·71				

* 1953=100.

Financial Times Indices

1959	Ord. Index†	Ord. Yield	Fixed Int.‡	2 1/2% Consols Yield	Bargains Marked	1959	1958
Sept. 9	256·8	4·73	92·43	4·85	13,341	High	High
,, 10	256·5	4·74	93·41	4·85	12,713	259·7	225·5
,, 11	255·4	4·76	93·32	4·85	12,754	(Sept. 1)	(Dec. 31)
,, 14	255·2	4·76	93·28	4·85	14,419	Low	Low
,, 15	254·5	4·78	93·17	4·87	13,428	212·8	154·4
,, 16	256·1	4·75	93·21	4·85	13,739	(Jan. 30)	(Feb. 25)

† July 1, 1935=100. ‡ 1928=100.

NEW YORK
Standard and Poor's Indices (1941–3=10)

1959	425 Industrials	Yield %	25 Rails	Yield %	50 Utilities	Yield %	Govt. Bonds	Yield %
Aug. 19	62·45	3·07	34·69	4·80	44·90	3·88	88·40	4·04
,, 26	63·34	3·03	35·54	4·76	45·22	3·85	87·50	4·13
Sept. 2	63·20	3·04	34·99	4·76	45·09	3·86	86·00	4·27
,, 9	61·41	3·13	33·81	4·93	44·18	3·95	85·70	4·30
,, 16	60·87	3·15	33·58	4·96	43·20	4·03	84·50	4·43

425 Industrials:—1959: High 65·32 (Aug. 3); Low, 57·02 (Feb. 9).

Money and Exchanges

EXCHEQUER RETURNS

For the week ended September 12, 1959, there was an "above-line" deficit (after allowing for sinking funds) of £18,564,000 compared with a deficit in the previous week of £17,192,000 and a deficit of £9,156,000 in the corresponding period of last year. There was a net expenditure "below-line" of £12,323,000 leaving a total cumulative deficit to date of £420,416,000 compared with £379,862,000 in 1958-59.

£'000	Estimate 1959-60	April 1, 1958, to Sept. 13, 1958	April 1, 1959, to Sept. 12, 1959	Week ended Sept. 13, 1958	Week ended Sept. 12, 1959
Ord. Revenue					
Income Tax	2147,000	616,610	617,701	16,741	12,761
Surtax	171,000	35,400	36,300	1,000	1,100
Death Duties	195,000	81,300	102,300	2,400	3,900
Stamps	68,000	24,600	38,900	600	1,200
Profits tax, EPT and EPL	274,000	129,800	125,700	5,800	6,500
Other Inland Revenue Duties	1,000	120	50	50	...
Total Inland Revenue	2856,000	887,830	920,951	26,591	25,461
Customs	1285,500	586,639	615,379	25,839	24,534
Excise	864,500	430,690	420,630	4,750	5,940
Total Customs and Excise	2150,000	1017,329	1036,009	30,589	30,474
Motor Duties	104,000	21,925	22,277	...	...
PO (Net Receipts)	...	2,600	...	2,550	...
Broadcast Licences	*35,000*	*9,400*	*9,700*	...	...
Sundry Loans	30,000	22,276	26,773	...	8,693
Miscellaneous	150,000	25,264	56,413	137	483
Total	5325,000	1986,624	2072,123	59,867	65,101
Ord. Expenditure					
Debt Interest	600,000	304,809	276,930	6,028	4,705
Payments to Northern Ireland Exchequer	79,000	30,990	33,758	...	...
Other Consolidated Funds	10,000	4,119	3,807	2	...
Supply Services	4523,531	1786,354	1876,631	62,400	78,600
Total	5212,531	2126,272	2191,126	68,430	83,305
Sinking Funds	39,000	17,713	16,770	593	360
"Above-line" Surplus or Deficit	— 157,361	— 135,773	— 9,156	— 18,564	
"Below-line" Net Expenditure	222,501	284,643	14,331	12,323	
Total Surplus or Deficit	— 379,862	— 420,416	— 23,487	— 30,887	
Net receipts from:					
Tax Reserve Certificates	127,688	81,605	727	140	
Savings Certificates	47,100	41,400	4,800	2,200	
Defence Bonds	31,271	66,910	3,299	2,582	
Premium Savings Bonds	30,565	24,620	1,050	710	
Total	236,624	214,535	9,876	5,632	

* Net receipts of the Civil Contingencies fund £10 million in 1959/60 compared with £15 million in 1958/59.

FLOATING DEBT

(£ million)

	Treasury Bills: Tender	Treasury Bills: Tap	Ways and Means Advances: Public Dept.	Ways and Means Advances: Bank of England	Total Floating Debt
1959					
Sept. 13	3,270·0	1,657·9	178·3	...	5,106·2
1959					
June 13	3,030·0	2,032·1	260·1	4·5	5,326·6
" 20	3,060·0	2,022·3	288·9	...	5,371·2
" 30	5,103·8		286·1	...	5,389·9
July 4	3,070·0	2,091·8	290·0	...	5,451·8
" 11	3,020·0	2,133·9	269·7	0·3	5,463·9
" 18	3,070·0	2,125·9	257·7	...	5,453·6
" 25	3,090·0	2,132·3	234·9	...	5,457·2
Aug. 1	3,110·0	2,319·0	221·9	...	5,480·9
" 8	3,130·0	2,076·1	234·5	...	5,440·6
" 15	3,160·0	1,928·7	240·9	...	5,329·6
" 22	3,220·0	1,886·7	247·1	...	5,353·9
" 29	3,250·0	1,891·2	214·5	3·0	5,358·7
Sept. 5	3,260·0	1,886·4	247·1	1·3	5,394·8
" 12	3,280·0	1,911·0	227·1	3·8	5,421·9

THE MONEY MARKET

DESPITE the rise in the Federal Reserve discount rate from 3½ per cent to 4 per cent, the Treasury bill rate in London again remained almost unchanged at last Friday's tender, the average rate edging down 1d. to £3 9s. 8.47d. For the sixth successive week the syndicate maintained its bid at £99 2s. 7d. but its allotment at this price fell from 80 per cent to 51 per cent. In contrast to recent weeks total applications rose sharply, from *£396 million to £454 million*, a new peak for the year. This week the tender is again for £290 million while maturities remain at *£260 million*.

Credit became tighter towards the end of last week and on Saturday the authorities gave a moderate amount of special assistance. Widespread and large withdrawals of funds led to still more difficult credit conditions on Monday, and the authorities gave a fairly large amount of help. Rates for overnight money have ranged up to 3¼ per cent and even to 3⅜ per cent. Bill turnover has been generally small, with the rate at 3 27/64 per cent.

MONEY RATES

LONDON

Bank rate (from 4½%, 20/11/58)	4	**Discount rates:**	%
Deposit rates (max.):		Bank bills:	
Banks	2	60 days	$3^{9}/_{16}$–$3^{5}/_{8}$
Discount houses	2–$2^{1}/_{4}$	3 months	$3^{9}/_{16}$–$3^{5}/_{8}$
Money:		4 months	$3^{9}/_{16}$–$3^{5}/_{8}$
Day-to-Day	$2^{3}/_{8}$–$3^{5}/_{8}$	6 months	$3^{9}/_{16}$–$3^{11}/_{16}$
Treasury Bills:		Fine trade bills:	
2 months	$3^{15}/_{32}$	3 months	$4^{1}/_{4}$–5
3 months	$3^{1}/_{2}$	4 months	$4^{1}/_{4}$–5
		6 months	$4^{1}/_{2}$–$5^{1}/_{4}$

NEW YORK

Official discount rate: (from 3½%, 10/9/59)	% 4	**Treasury Bills:**	%
		September 4	3·979
		" 11	4·166

BANK OF ENGLAND RETURNS

(£ million)	Sept. 17, 1958	Sept. 9, 1959	Sept. 16, 1959
Issue Department:			
Notes in circulation	2,020·3	2,115·1	2,109·0
Notes in banking department	30·1	35·3	16·4
Govt. debt and securities*	2,046·3	2,146·7	2,121·8
Other securities	0·7	0·8	0·7
Gold coin and bullion	0·4	0·4	0·4
Coin other than gold coin	3·0	2·5	2·5
Banking Department:			
Deposits:			
Public accounts	11·0	10·2	11·6
Bankers	217·2	230·7	253·4
Others	70·9	61·6	64·3
Total	299·1	302·5	329·3
Securities:			
Government	265·8	250·7	296·7
Discounts and advances	8·1	11·8	11·5
Other	20·4	22·5	22·4
Total	295·3	285·0	330·6
Banking department reserve	22·3	36·1	17·2
"*Proportion*"	% 7·4	% 11·9	% 5·2

* *Government debt is £11,015,100, capital £14,553,000.* Fiduciary issue reduced by £25 million to £2,125 million on September 16th.

TREASURY BILL TENDERS

Date of Tender	Amount (£ million) Offered	Applied for	Allotted	Three Months' Bills: Average Rate of Allotment	Allotted at Max. Rate*
1958 Sept. 12	270·0	423·7	270·0	s. d. 73 6·81	% 51
1959					
June 12	260·0	425·0	260·0	69 0·02	49
" 19	*260·0*	*410·5*	*260·0*	69 0·40	51
" 26	260·0	405·7	260·0	69 0·52	53
July 3	260·0	409·5	260·0	69 0·06	49
" 10	260·0	431·2	250·0	69 0·22	43
" 17	250·0	409·9	250·0	69 0·16	46
" 24	230·0	389·2	230·0	69 0·13	43
" 31	220·0	385·1	210·0	69 8·18	23
Aug. 7	230·0	368·8	230·0	69 7·97	52
" 14	250·0	407·2	250·0	69 8·13	44
" 21	260·0	414·3	260·0	69 8·39	49
" 28	270·0	413·4	270·0	69 9·03	61
Sept. 4	290·0	396·4	290·0	69 9·53	80
" 11	290·0	453·5	290·0	69 8·47	51

* On September 11th tenders for 91 day bills at £99 2s. 7d. secured 51 per cent, higher tenders being allotted in full. The offer this week was for £290 million of 91 day bills.

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

	Official Rates: September 16	Market Rates: Spot: September 10	September 11	September 12	September 14	September 15	September 16
United States $	2·78–2·82	$2·80^{3}/_{16}$–$^{5}/_{16}$	$2·80^{1}/_{8}$–$^{1}/_{4}$	$2·80^{1}/_{8}$–$^{1}/_{4}$	$2·80^{1}/_{8}$–$80^{3}/_{8}$	$2·80^{3}/_{8}$–$^{1}/_{2}$	$2·80^{3}/_{8}$–$^{1}/_{2}$
Canadian $	...	$2·67^{1}/_{16}$–$^{3}/_{16}$	$2·67^{1}/_{8}$–$^{1}/_{4}$	$2·66^{15}/_{16}$–$67^{1}/_{16}$	$2·67^{1}/_{16}$–$^{3}/_{16}$	$2·66^{3}/_{4}$–$^{7}/_{8}$	$2·66^{3}/_{16}$–$^{11}/_{16}$
French Fr.	13·622–14·027	$13·73^{7}/_{8}$–$74^{1}/_{8}$	$13·73^{3}/_{4}$–74	$13·73^{3}/_{4}$–74	$13·74^{1}/_{4}$–$74^{1}/_{2}$	$13·75$–$75^{1}/_{4}$	$13·75$–$75^{1}/_{4}$
Swiss Fr.	11·94–12·54⅞	$12·11^{7}/_{8}$–$^{3}/_{8}$	$12·11^{1}/_{2}$–$11^{3}/_{4}$	$12·11^{5}/_{8}$–$^{7}/_{8}$	$12·12^{1}/_{2}$–$12^{3}/_{4}$	$12·13^{3}/_{8}$–$^{7}/_{8}$	$12·13^{3}/_{8}$–$^{7}/_{8}$
Belgian Fr.	137·96–142·05						$140·32^{1}/_{2}$–$37^{1}/_{2}$
Dutch Gld.	10·48–10·80	$140·12^{1}/_{2}$–$17^{1}/_{2}$	140·15–20	$140·17^{1}/_{2}$–$22^{1}/_{2}$	$140·27^{1}/_{2}$–$32^{1}/_{2}$	$140·32^{1}/_{2}$–$37^{1}/_{2}$	
W. Ger. D-Mk.	(10·59¼–(11·92¾	$10·59^{3}/_{8}$–$^{5}/_{8}$	$10·59^{3}/_{8}$–$^{5}/_{8}$	$10·59^{3}/_{8}$–$^{5}/_{8}$	$10·59^{1}/_{2}$–$59^{3}/_{4}$	$10·59^{7}/_{8}$–$60^{1}/_{8}$	$10·59^{3}/_{4}$–60
Portug. Esc.	79·00¾–82·00½	$11·72^{7}/_{8}$–$^{8}/_{8}$	$11·72^{1}/_{2}$–$^{7}/_{8}$	$11·72^{1}/_{4}$–$^{7}/_{8}$	$11·72^{3}/_{4}$–73	$11·73^{1}/_{4}$–$^{1}/_{2}$	$11·73^{1}/_{4}$–$^{1}/_{2}$
Italian Lire	1725–1775	80·15–30	80·15–30	80·15–30	80·15–30	80·15–30	80·15–30
Swedish Kr.	$14·37^{3}/_{4}$–$14·59^{1}/_{4}$	$1738^{5}/_{8}$–$38^{7}/_{8}$	$1738^{5}/_{8}$–39	$1738^{5}/_{8}$–39	$1739^{1}/_{4}$–$39^{1}/_{2}$	$1740^{1}/_{4}$–$^{1}/_{2}$	$1740^{1}/_{4}$–$^{3}/_{8}$
Danish Kr.	$14·50^{1}/_{4}$–$^{1}/_{2}$	$14·49^{3}/_{4}$–50	$14·49^{3}/_{4}$–50	$14·49^{3}/_{4}$–50	$14·50^{1}/_{4}$–$50^{1}/_{2}$	$14·51$–$51^{1}/_{4}$	1451–$51^{1}/_{4}$
Norwegian Kr.	$19·06^{1}/_{4}$–$19·62$	$19·33^{5}/_{8}$–$^{7}/_{8}$	$19·33^{5}/_{8}$–$^{7}/_{8}$	$19·33^{5}/_{8}$–$^{7}/_{8}$	$19·33^{3}/_{8}$–$^{5}/_{8}$	$19·33^{3}/_{8}$–$^{5}/_{8}$	$19·33^{3}/_{8}$–$^{5}/_{8}$
	$19·71$–$20·30^{1}/_{2}$	$20·00^{3}/_{4}$–^{01}	$20·00^{3}/_{4}$–^{01}	*20·00¾–01*	*20·00¾–01*	$20·00^{7}/_{8}$–$01^{1}/_{8}$	$20·01$–$01^{1}/_{2}$
One Month Forward Rates							
United States $		par–¼c. dis	⅛–¼c. dis	⅛–¼c. dis	⅛–¼c. dis	⅛–¼c. dis	⅛–¼c. dis
Canadian $		$^{9}/_{16}$–$1^{11}/_{16}$c. dis	⅝–¾c. dis	⅝–¾c. dis	$^{9}/_{16}$–$1^{11}/_{16}$c. dis	$^{9}/_{16}$–$1^{11}/_{16}$c. dis	$^{9}/_{16}$–$1^{11}/_{16}$c. dis
French Fr.		¼–¾c. dis	¼–¾c. dis	¼–¾c. dis	¼–¾c. dis	¼–¾c. dis	¼–¾c. dis
Swiss Fr.		$1^{1}/_{8}$–$^{7}/_{8}$c. pm	$1^{1}/_{8}$–$^{7}/_{8}$c. pm	$1^{1}/_{8}$–$^{7}/_{8}$c. pm	$1^{1}/_{8}$–$^{7}/_{8}$c. pm	$1^{1}/_{8}$–$^{7}/_{8}$c. pm	$1^{1}/_{8}$–$^{7}/_{8}$c. pm
Belgian Fr.		5c. pm–par	5c. pm–par	5c. pm–par	5c. pm–par	5c. pm–par	5c. pm–par
Dutch Gld.		1–$^{3}/_{4}$c. pm	1–$^{3}/_{4}$c. pm	1–$^{3}/_{4}$c. pm	$^{3}/_{4}$–$1^{1}/_{2}$c. pm	$^{3}/_{4}$–$1^{1}/_{2}$c. pm	$^{3}/_{4}$–$1^{1}/_{2}$c. pm
W. German D-Mk.		$^{5}/_{8}$–$^{8}/_{8}$pf. pm	$^{5}/_{8}$–$^{8}/_{8}$pf. pm	$^{5}/_{8}$–$^{8}/_{8}$pf. pm	$^{5}/_{8}$–$^{8}/_{8}$pf. pm	$^{5}/_{8}$–$^{8}/_{8}$pf. pm	$^{3}/_{4}$–$1^{2}/_{8}$pf. pm
Three Months Forward Rates							
United States $		$^{3}/_{16}$–$^{5}/_{16}$c. dis	$^{5}/_{16}$–$^{7}/_{16}$c. dis	$^{5}/_{16}$–$^{7}/_{16}$c. dis	$^{5}/_{16}$–$^{7}/_{16}$c. dis	$^{3}/_{8}$–$^{1}/_{2}$c. dis	$^{3}/_{8}$–$^{1}/_{2}$c. dis
Canadian $		$111^{1}/_{16}$–$15^{1}/_{2}$c. dis	$13^{1}/_{2}$–$^{7}/_{8}$c. dis	$13^{1}/_{2}$–$17^{5}/_{8}$c. dis	$13^{1}/_{2}$–$17^{5}/_{8}$c. dis	$13^{3}/_{4}$–$17^{5}/_{8}$c. dis	$113^{1}/_{16}$–$15^{1}/_{2}$c. dis
Swiss Fr.		$3^{7}/_{8}$–$3^{1}/_{8}$c. pm	$3^{3}/_{8}$–$3^{1}/_{8}$c. pm	$3^{3}/_{8}$–$3^{1}/_{8}$c. pm	$3^{1}/_{2}$–$3^{1}/_{8}$c. pm	$3^{3}/_{8}$–$3^{1}/_{8}$c. pm	$3^{1}/_{4}$–3c. pm
W. German D-Mk.		$1^{5}/_{8}$–$1^{3}/_{8}$pf. pm	$1^{3}/_{4}$–$1^{1}/_{2}$pf. pm	$1^{3}/_{4}$–$1^{1}/_{2}$pf. pm	$1^{5}/_{8}$–$1^{3}/_{8}$pf. pm	$1^{5}/_{8}$–$1^{3}/_{8}$pf. pm	$1^{3}/_{4}$–$1^{1}/_{2}$pf. pm
Gold Price at Fixing							
Price (s. d. per fine oz.)		250/$7^{3}/_{4}$	250/$8^{1}/_{2}$	...	250/9	250/$7^{1}/_{4}$	250/$4^{3}/_{4}$

Manpower and Output

Labour figures relate to Great Britain and production figures to United Kingdom unless otherwise stated.
M = Monthly averages or calendar months.
W = Weekly averages.

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

BRITISH

Prices and Wages	Aug. 22nd	External Trade	Sept. 12th
Manpower and Output	This week	Industrial Profits	Sept. 5th

OVERSEAS

Western Europe	Aug. 29th	United States	Aug. 22nd

	Unit	Mid-year or averages: 1956	1957	1958	1958: June	July	August	1959: April	May	June	July	August
TOTAL MANPOWER		June figures										
Working population:												
Total	'000s	24,107	24,188	24,070	24,070	24,091	24,157	23,899	23,918	23,968	24,010	...
Men	"	16,188	16,225	16,160	16,160	16,172	16,200	16,062	16,064	16,063	16,078	...
Women	"	7,919	7,963	7,910	7,910	7,919	7,957	7,837	7,854	7,905	7,932	...
Armed Forces	"	761	702	614	614	609	603	573	568	565	559	...
Civil employment:												
Total	"	23,149	23,245	23,080	23,080	23,093	23,138	22,860	22,935	23,020	23,054	...
Manufacturing industries	"	9,269	9,271	9,147	9,147	9,127	9,137	9,062	9,069	9,110	9,121	...
Employees:												
In engineering(1)	"	3,971	3,966	3,970	3,970	3,953	3,957	3,947	3,944	3,951	...	...
In consumer goods industries(2)	"	3,365	3,376	3,275	3,275	3,278	3,285	3,232	3,239	3,265	...	...
UNEMPLOYMENT		Monthly averages										
By duration:												
All durations—total	"	257·0	312·5	457·4	429·3	411·9	445·6	530·8	480·5	413·3	394·8	427·0
Temporary or under 2 weeks	"	98·2	96·7	141·0	139·8	130·3	136·7	144·4	116·2	98·9	98·0	106·6
Over 8 weeks	"	93·1	129·3	197·7	184·9	190·1	195·3	281·1	261·3	227·6	215·3	212·5
By regions (3):												
Great Britain	"	1·2	1·4	2·1	2·0	1·9	2·0	2·4	2·2	1·9	1·8	2·0
London and South Eastern	"	0·8	1·0	1·3	1·2	1·1	1·2	1·4	1·3	1·0	1·0	1·1
Eastern	"	1·0	1·3	1·7	1·4	1·4	1·4	1·8	1·5	1·2	1·1	1·3
Southern(4)	"	1·0	1·3	1·6	1·4	1·4	1·4	1·8	1·6	1·3	1·2	
South Western(4)	"	1·2	1·8	2·2	1·8	1·7	2·0	2·4	2·1	1·7	1·6	1·7
Midland	"	1·1	1·3	1·6	1·5	1·5	1·7	1·7	1·5	1·3	1·2	1·5
North Midland	"	0·6	1·0	1·6	1·5	1·4	1·3	1·8	1·6	1·3	1·2	1·5
East and West Ridings	"	0·8	0·9	1·9	1·9	1·9	1·9	2·1	1·9	1·7	1·5	1·7
North Western	"	1·3	1·6	2·7	2·6	2·6	2·9	3·2	3·0	2·5	2·3	2·5
Northern	"	1·6	1·7	2·4	2·1	2·0	2·4	3·5	3·3	3·0	2·9	3·1
Scotland	"	2·4	2·6	3·8	3·5	3·5	3·7	4·7	4·5	4·0	4·0	3·9
Wales	"	2·0	2·6	3·8	3·7	3·6	3·7	4·4	4·0	3·4	3·3	3·4
VACANCIES												
Unfilled vacancies notified to Employment Exchanges: Total	"	390	276	198	213	215	203	198	210	247	276	263
INDUSTRIAL PRODUCTION												
Index:												
All industries	1954=100	106	107	106	107	98	99	113	110	113	101–102[6]	...
" *seasonally adjusted*	"	...	...	...	*105*	*99*	*105*	*109*	*109*	*110*	111–112[6]	...
Mining and quarrying	"	99	99	94	92	84	68	100	93	97	...	...
Construction	"	106	106	105	104[6]	...	106[7]	...	109[8]	...	...	...
Gas, electricity and water	"	110	112	117	101	96	92	119	107	104	...	...
Manufacturing, total	"	106	109	107	110	98	90	115	112	115	...	...
" " *seasonally adjusted*	"	...	...	...	*106*	*107*	*106*	*111*	*111*	*112*	...	...
Engineering and electrical goods	"	107	111	111	117	100	93	115	115	...	...	...
Shipbuilding	"	117	103	109	109	107	107	107	102	100	...	...
Vehicles	"	107	115	118	119	117	82	136	124	...	...	...
Chemical trades	"	111	115	115	116	106	102	129	125	...	...	...
Textiles, leather and clothing	"	99	99	91	89	81	73	100	94	97	...	...
BASIC MATERIALS		M/W averages										
Production of:												
Coal (5) (7)	W	'000 tons	4,269	4,301	4,150	4,039	3,684	2,938	4,367	3,973	4,172	3,162	3,164
Pig iron	W	"	253	275	245	243	227	221	231	241	235	222	...
Steel, ingots and castings	W	"	397	417	369	374	316	299	387	385	388	321	...
Sulphuric acid	M	"	187·2	194·7	196·8	169·1	165·7	162·4	194·3	207·6	190·9	...	...
Newsprint	W	"	12·36	12·55	11·81	13·14	9·12	11·74	13·94	13·94	14·76	...	...
Electricity (5)	M	mn. kwh	7,263	7,581	8,209	6,793	6,593	6,395	8,454	7,670	7,295	6,975	...
MANUFACTURING												
Textile production:												
Cotton yarns, single	W	mn. lb.	16·33	16·85	14·77	14·75	12·11	11·68	15·51	15·03	14·48	13·13	...
Worsted yarn	M	"	19·28	19·48	17·10	16·42	16·38	11·44	20·00	18·26	20·84	19·10	...
Rayon and synthetic fibres	M	"	40·21	41·32	35·18	32·32	32·86	24·81	36·91	38·55	41·63	45·30	...
Cotton cloth, woven	W	mn. yds.	31·0	31·4	27·0	29·0	19·2	25·2	27·7	26·5	27·1	17·3	...
Wool fabrics, woven	M	mn. sq.yds	33·1	32·8	29·1	27·9	28·6	20·6	29·6	28·6	32·3	31·9	...
Engineering production:												
Passenger cars and chassis	W	'000s	13·61	16·56	19·84	20·95	21·37	11·15	25·12	22·98	24·61	16·43	...
Commercial vehicles and chassis	W	"	5·71	5·54	5·90	6·00	5·85	2·97	7·22	7·04	7·93	5·51	...
Internal combustion engines	M	'000 BHP	411	406	382	363	358	312	492	414	...	...	...
Metal-working machine tools	M	£'000	7,123	7,936	6,993	7,050	7,117	5,465	6,317	6,518	...	...	...
BUILDING ACTIVITY (5)												
Permanent houses completed:												
Total	M	'000s	25·03	25·09	22·31	23·06	23·57	20·66	22·66	22·43	24·27	24·19	...
By private builders	M	"	10·35	10·54	10·68	10·45	11·15	10·22	12·41	12·21	12·83	13·38	...

(1) Engineering, shipbuilding, electrical goods, vehicles, metal goods, precision instruments and jewellery. (2) Textiles, leather goods, clothing, food, drink and tobacco, manufactures of wood and cork, paper and printing. (3) Number registered as unemployed expressed as a percentage of the estimated number of employees. (4) Dorset (excluding Poole) was transferred from the Southern to the South Western Region on May 12, 1958. (5) Great Britain. (6) Provisional estimate. (7) Excluding all screening losses normally amounting to around 5,000 tons a week. (8) Average for second quarter. (9) Average for third quarter.

Forest industry production will double by 1980
Aluminium production five times present output
Uranium production will double

Now that some authoritative estimates of Canada's future growth have been established by the Gordon Royal Commission, it is obvious that the country will be undergoing constant economic changes during the next 22 years. Any period of change demands constant attention. And with our hundreds of branches in Canada maintaining close association with all phases of Canada's economic life, we are in an excellent position to offer any manufacturer with market expansion plans in Canada accurate and valuable information such as:

- **market statistics** • **corporation procedure**
- **information on plant sites** • **advice on customs problems**
- **data on market distribution** • **incorporation procedure**

THE TORONTO-DOMINION BANK

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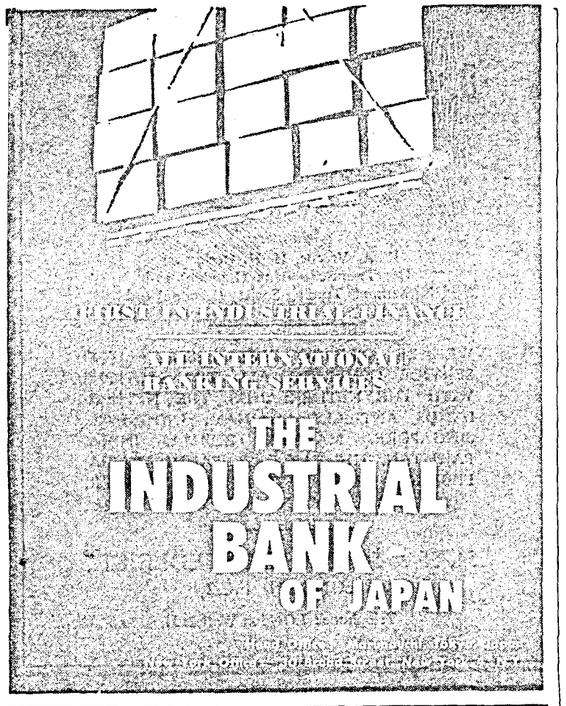

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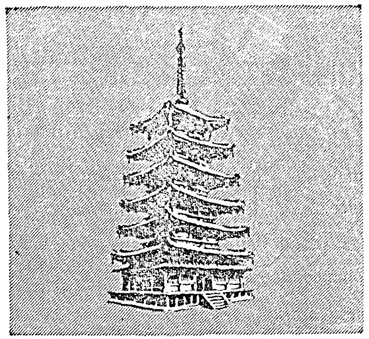

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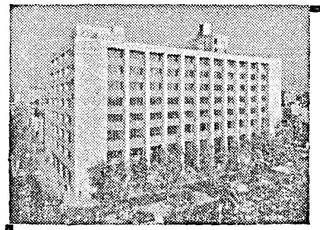

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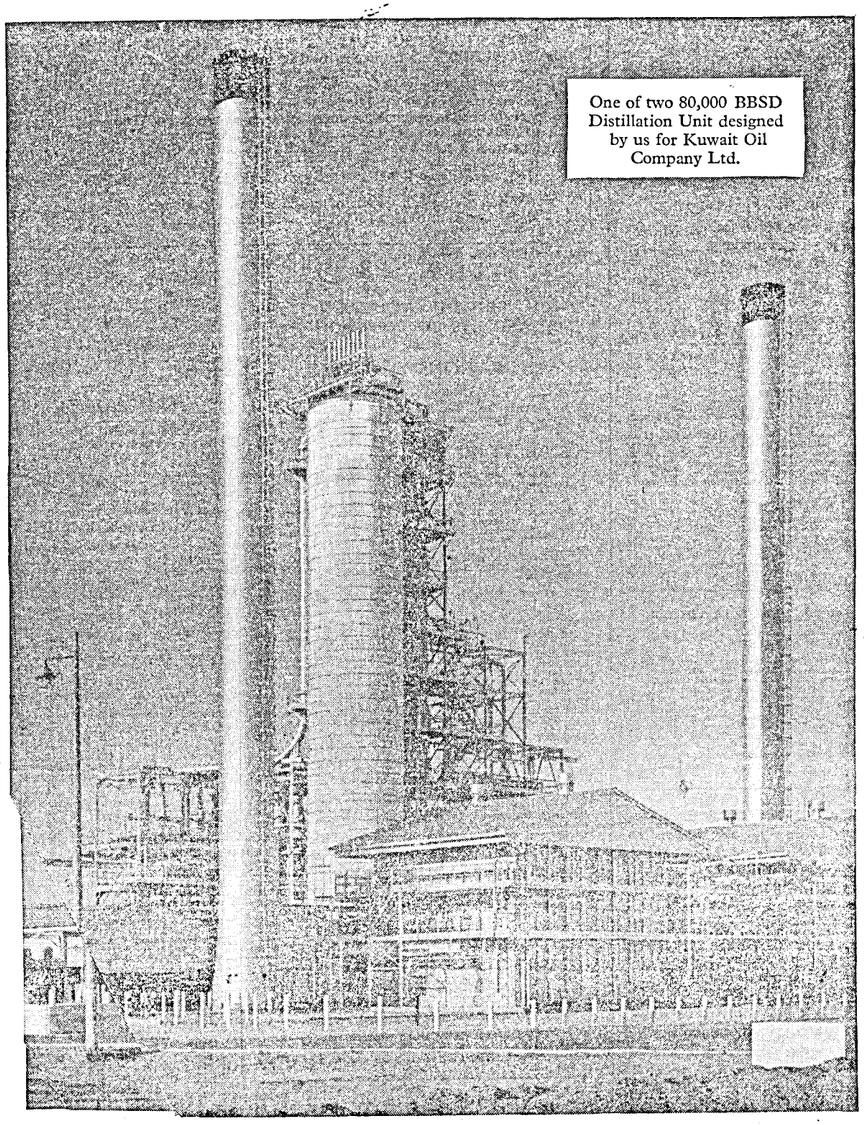

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Arms and the Russian

What do Mr Khrushchev's American tour and his disarmament proposals add up to so far? (page 995). Reports from New York and California (page 1021), and the United Nations (page 1031).

The Election Auction

The Labour manifesto offers the earth (page 997). "Whose Enterprise?" (page 1039) shows how ready the Tories, too, are to take industry under their wing. When, where and why might it be sensible to vote Liberal? (page 998).

A Labour Recovery?

This week's special election survey (page 1000) looks at the signs of a Labour come-back in the campaign.

The Jasper Affair

A dissection of this unsavoury business points to urgently needed reforms (pages 1041 to 1044).

World Politics and Business

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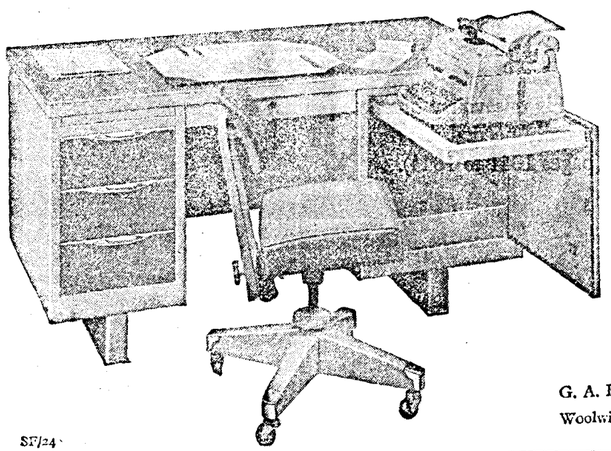

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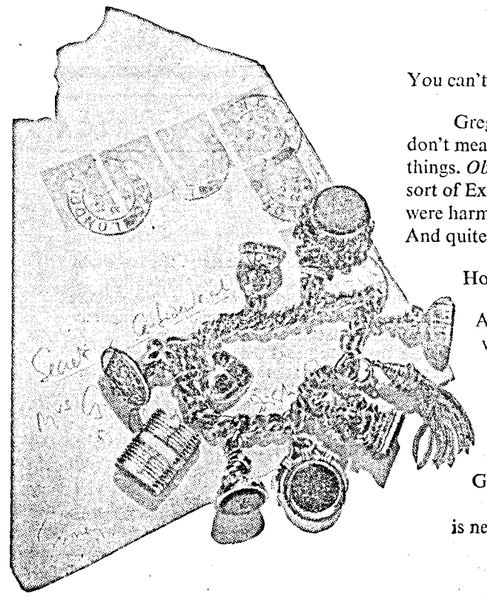
Does Gregory know?



My dear James —

I really am furious with you. I really am. *Not* for ordering The Observer for me, but for the awful way you set about it. *You haven't changed a bit*—and it would do you no harm to think what I mean by that.

I don't want to write you a *stiff* letter, but if bits of stiffness creep in you'll just have to put up with it. First of all there was that idiotic envelope of yours, all SECRET and CONFIDENTIAL and h..lfpenny stamps. *Obviously* if Gregory saw that he'd have opened it, especially as it was addressed to me. It just wasn't the sort of letter, inside or out, that he would have thought funny at Breakfast.

Then how could I explain? About the Observer, I mean? Gregory always buys our newspapers, so how could I suddenly pretend I'd gone out *secretly* and ordered the Observer? Oh James you are a Fool. (I'm sorry, but I'm not going to cross that out.) So on Sunday there it was, with

THE OBSERVER

right across the top, like a sort of *challenge*. You can't *hide* a thing like that.

Gregory is a pet, and you've no right to say things about him even if you don't mean them. He's *not* huge *or* red faced, he's rather sensitive, and thinks about things. *Obviously* he's upset, this Observer coming *every Sunday* now, from sore sort of Ex of mine he's hardly even heard of. I did my best to explain you were harmless (I suppose you *are?*) but it all sounded so *improbable*. And quite *disloyal* to read it.

However, I did. So thank you.

Actually I enjoyed it awfully, I can't pretend I didn't. I don't know why, but I'd sort of got out of the way of having a newspaper you really *read*, like I used to. (G. says I *prefer* Sensational *rubbish* and of course I *don't* really but it can be quite fun too, sometimes, though I suppose *you* wouldn't think so.) But anyway it was lovely to see the Observer again—that "Inside America" article by Patrick O'Donovan was awfully good . . . and C. A. Lejeune (do you know *her?*) and Alison Settle and Gardening and oh lots of things.

I've torn up your letter. 4 children *not* six, 2 b. 2 g. Stephen is nearly fifteen now!

Yours sincerely,
Lydia.

P.S.—*I've just seen the Personal Column, and really! It's absolutely mean and disreputable of you, and simply reckless. I daren't think what would happen if Gregory knew. Perhaps he does . . . I don't ever want to hear from you again.*

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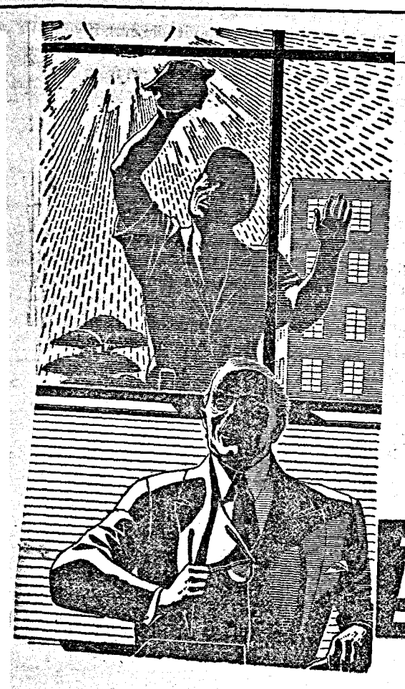

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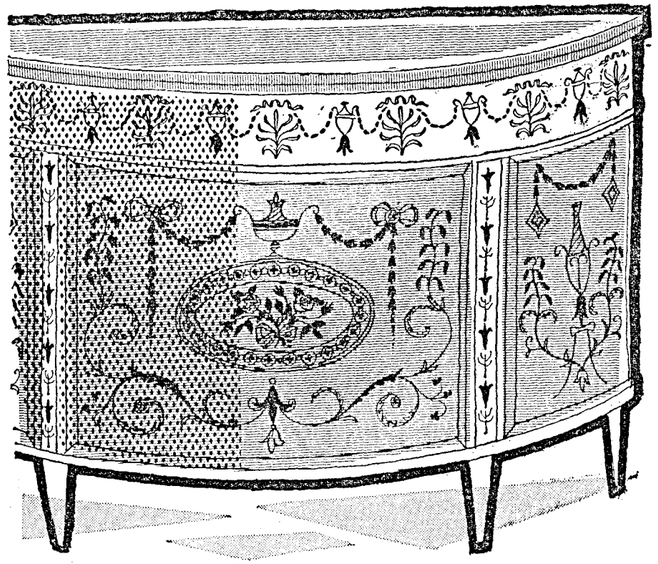

The ancients—and the great 18th century craftsmen, too—knew the advantages of layered wood. But until recently, plywood was suspect because of the inadequacy of the glues used. New adhesives were developed for aircraft manufacture during the war, so that today the glue line becomes the strongest part of the structures.

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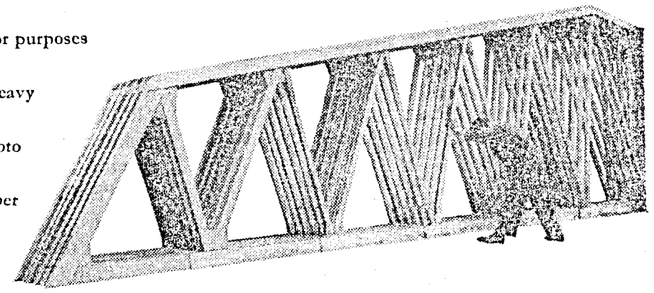
Aero Research Ltd., now CIBA (A.R.L.) Ltd., made the first urea-formaldehyde and resorcinol-formaldehyde glues produced in Great Britain. Aerolite is the most widely used synthetic resin adhesive in this country, and is employed for purposes ranging from the construction of heavy timber roof members (as in the photo of a lattice truss by Rainham Timber Engineering Co. Ltd.) to miscellaneous repairs in the home.



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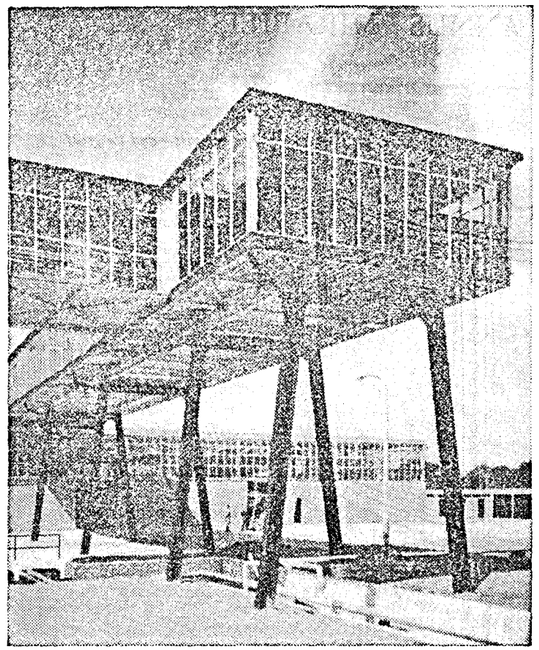
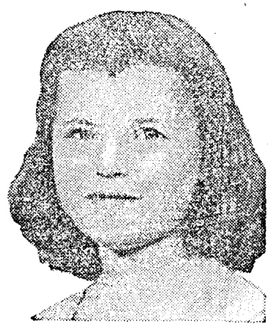


patent glazing is like windows ONLY BIGGER and often it's IN THE ROOF And it doesn't Have PUTTY



ALUMINEX Vertical Patent Glazing at H. J. Heinz new factory, Kitt Green, Lancashire.
Architects: J. Douglass Mathews & Partners, London, in association with Skidmore, Owings & Merrill, New York.

"I imagine the child is referring to 'skylights' when she says 'often in the roof'?"

"That's right. Skylights, but it is also used to make whole walls of glass."

"If putty isn't used how is the glass attached to the frames?"

"ALUMINEX is another Williams & Williams device, consisting of aluminium glazing bars in which glass is held by special spring clips."

"I see. What's wrong with putty?"

"Alright for chaps like you Fishbone—tones with your complexion—but putty ages, crumbles, falls out. This ALUMINEX is weatherproof, resists corrosion—no painting—use it for anything."

"Any thing? Bet they don't use it for Atomic power stations!"

"And you would lose your bet—they do—miles and miles of it. They also use it in other power stations, factories, hospitals. Sometimes they make vast sections of ALUMINEX open and close like giant windows."

"What happens if a classic product of our modern educational system heaves a brick through them?"

"Somebody calls a copper I expect."

"No, I mean what happens to the ALUMINEX PATENT GLAZING *by Williams & Williams?"*

"Oh that. Replace the glass in minutes. Look Fishbone—I'm busy. Go home there's a good chap."

forward looking building products WILLIAMS & WILLIAMS

Williams & Williams make steel windows of every description. ALOMEGA and other aluminium windows, movable steel and glass partitioning, ALUMINEX patent glazing, WALLSPAN curtain walling and many other products.
WILLIAMS & WILLIAMS · RELIANCE WORKS · CHESTER ● WILLIAMS HOUSE · 37-39 HIGH HOLBORN · LONDON · W.C.1

THE PACK WITH SOMETHING TO SAY

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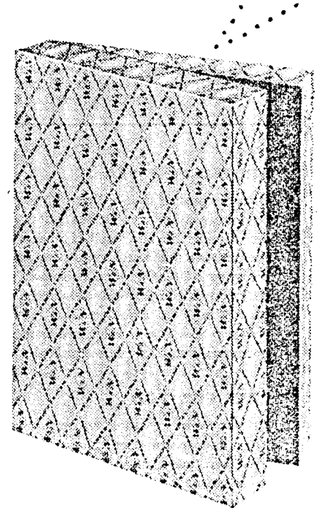

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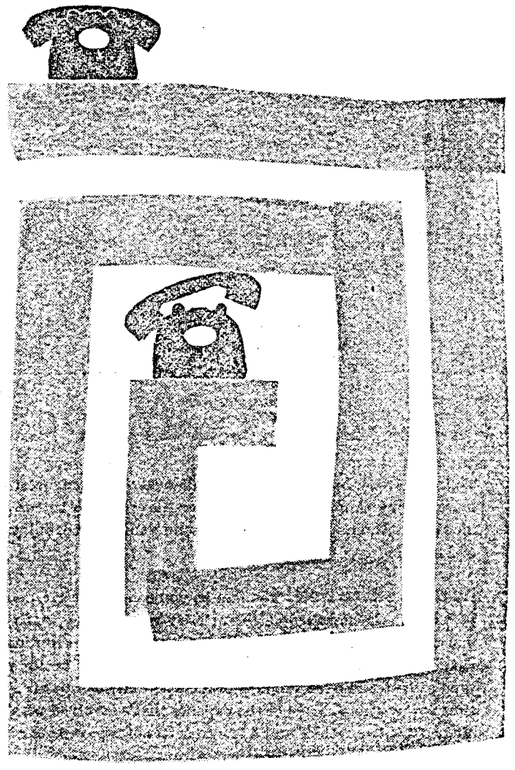

'Teleconomy' is the art developed by Communication Systems Ltd., to improve the efficiency of any business. A modern office practises Teleconomy. Its internal communications are mechanised and efficient; its staff use their energies and capabilities at their desks — not in unnecessary walking about. C.S. have installed private telephones and systems for thousands of firms large and small. Why not discuss Teleconomy with them?

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READY FOR ACTION The fact is, you can clear correspondence quicker than ever before with the new Stenorette T. Ready immediately you switch on, no 'warming-up', you can dictate, transcribe, start again after an interruption, review a sentence or a whole report ... all with a push-button! *And*, even better value than ever, the new tape cassettes take 34 minutes of dictation and can be used repeatedly thousands of times over. There's *none* of the expense that's involved with belts, discs or cylinders. Your new Stenorette T and a few cassettes of tape are your last and only cost.

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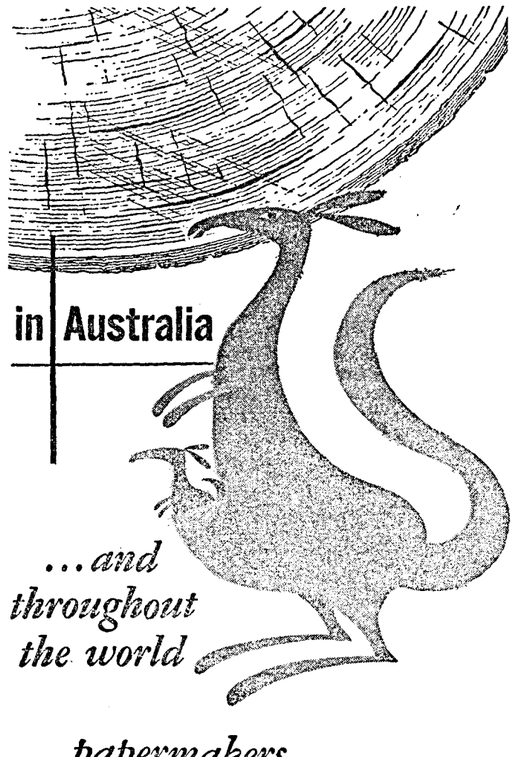

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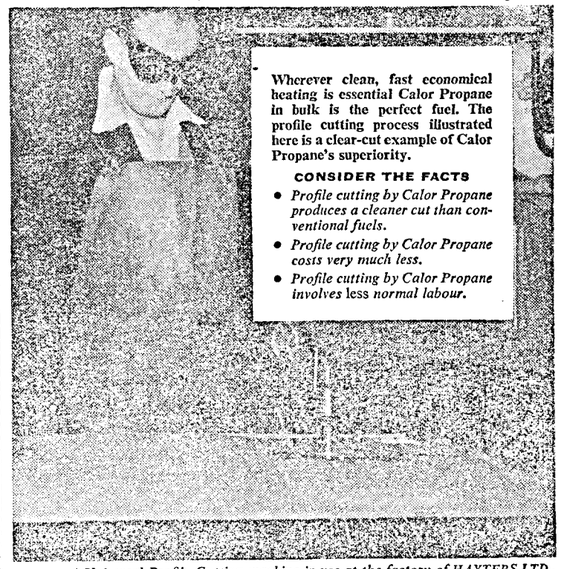
In factories throughout Britain 'Calor' Propane does the job faster... cleaner... cheaper



Wherever clean, fast economical heating is essential Calor Propane in bulk is the perfect fuel. The profile cutting process illustrated here is a clear-cut example of Calor Propane's superiority.

CONSIDER THE FACTS

- *Profile cutting by Calor Propane produces a cleaner cut than conventional fuels.*
- *Profile cutting by Calor Propane costs very much less.*
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A Universal Profile Cutting machine in use at the factory of HAYTERS LTD., of Bishop's Stortford. Two Calor Propane bulk storage tanks supply heat to the works canteen and for degreasing, in addition to the profile-cutting machinery.

'Calor' Propane
SERVES INDUSTRY BEST

DELIVERED IN BULK The largest Propane tanker fleet in Britain maintains a never failing service delivering Calor Propane *in bulk* to storage tanks erected anywhere in the factory or on your site. You carry an ample fuel reserve because storage tanks are available in capacities to suit any consumption rate. And Calor Propane is the only modern fuel universally available throughout the British Isles —wherever your site is you can enjoy the benefits of Britain's newest industrial fuel.

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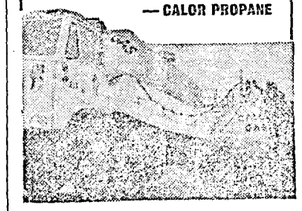
There is only one really modern, really efficient fuel that can be used on any site in Britain —CALOR PROPANE



'CALOR' Propane

The Industrial Division of Calor Gas

CALOR (PROPANE) INDUSTRIAL DIVISION ENGLAND: 178-202 GREAT PORTLAND STREET, W.1
SCOTLAND, N. IRELAND & EIRE: 11-15 WESTWOOD ROAD, POLLOKSHAWS, GLASGOW, S.3

House to house

Advertisers used to be content with very little — or rather a lot, depending on which way you look at it. They'd publish newspaper advertisements saying something like ☞ I.C.I. Silicones ☜ and leave it at that. Which of course was very naïve of them, because you can't make these wild claims without some support. The question is, how do you get this support?

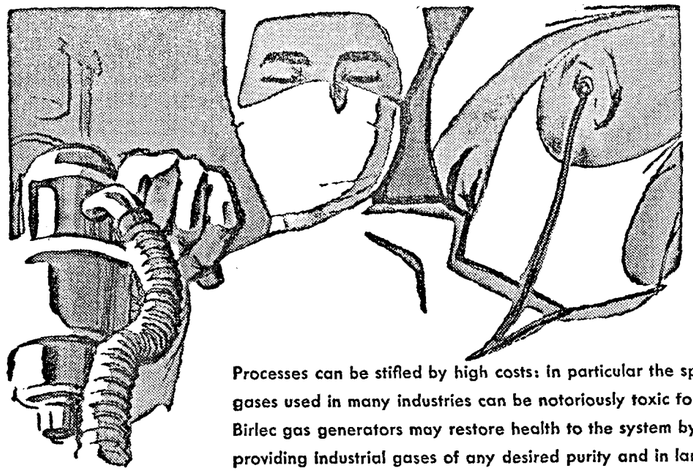
One way is to make a house-to-house survey. You send out an interviewer to knock at doors and ask people about your product. Rat-tat-tat. 'Good morning, madam, I'd like to ask you some questions about I.C.I. Silicones.' 'I.C.I. *what?*' 'I.C.I. Silicones —for instance, do you find the unique dielectric properties of silicones at high temperatures of assistance in the manufacture of electric motors?' If she doesn't know what dielectric properties are, he will have to try her with an easier one: 'Have you noticed that your electric iron's coated with a heat-resistant paint made from I.C.I. Silicone Resins?' And if she can't answer that one he can go on to the stuff about I.C.I. Silicone water-repellents for textiles and building surfaces, I.C.I. Silicone anti-foam and anti-stick agents and so forth.

Once the interviewer has turned in his notes and you've had them analysed, you can make as many claims as you like. You can even take advertising space in a paper to say...

Nearly everyone uses

(whether they know it or not)

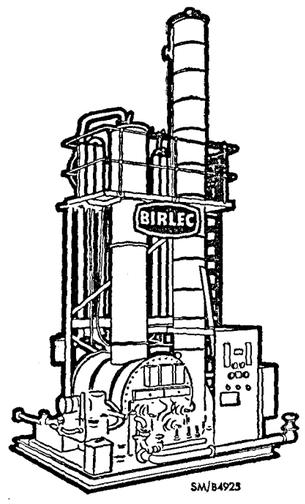
IMPERIAL CHEMICAL INDUSTRIES LTD., LONDON, S.W.1



Industrial anaesthesia?

Processes can be stifled by high costs: in particular the special gases used in many industries can be notoriously toxic to accountants. Birlec gas generators may restore health to the system by providing industrial gases of any desired purity and in large volume from cheap volatile fuels.

Birlec gas generators for hydrogen, nitrogen, cracked ammonia, endothermic and exothermic furnace atmospheres, carbon dioxide and inert gas.



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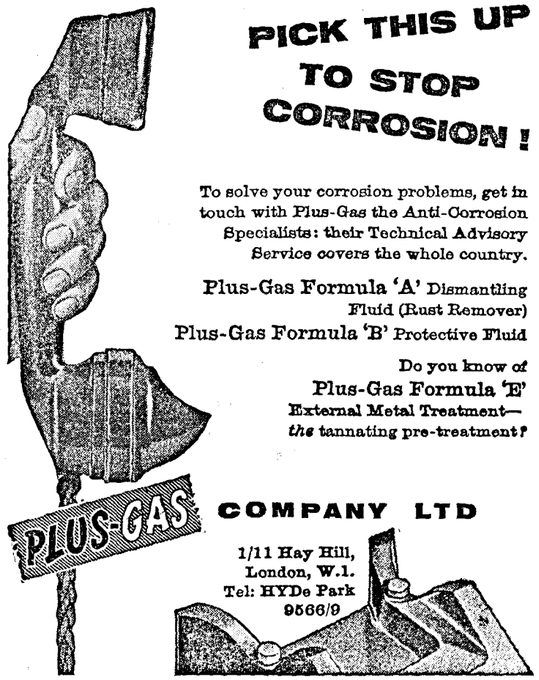

PICK THIS UP TO STOP CORROSION!

To solve your corrosion problems, get in touch with Plus-Gas the Anti-Corrosion Specialists: their Technical Advisory Service covers the whole country.

Plus-Gas Formula 'A' Dismantling Fluid (Rust Remover)
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Plus-Gas Formula 'E'
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the tannating pre-treatment?

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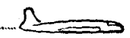

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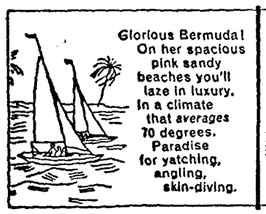
at no extra cost ...*



Glorious Bermuda! On her spacious pink sandy beaches you'll laze in luxury. In a climate that averages 70 degrees. Paradise for yatching, angling, skin-diving.

5 immaculate golf courses. Superb accommodation; hotels, cottage colonies, what-you-will. And Hamilton's shopping's world-renowned.

* ask your travel agent for details or write to:
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It's easy to go to
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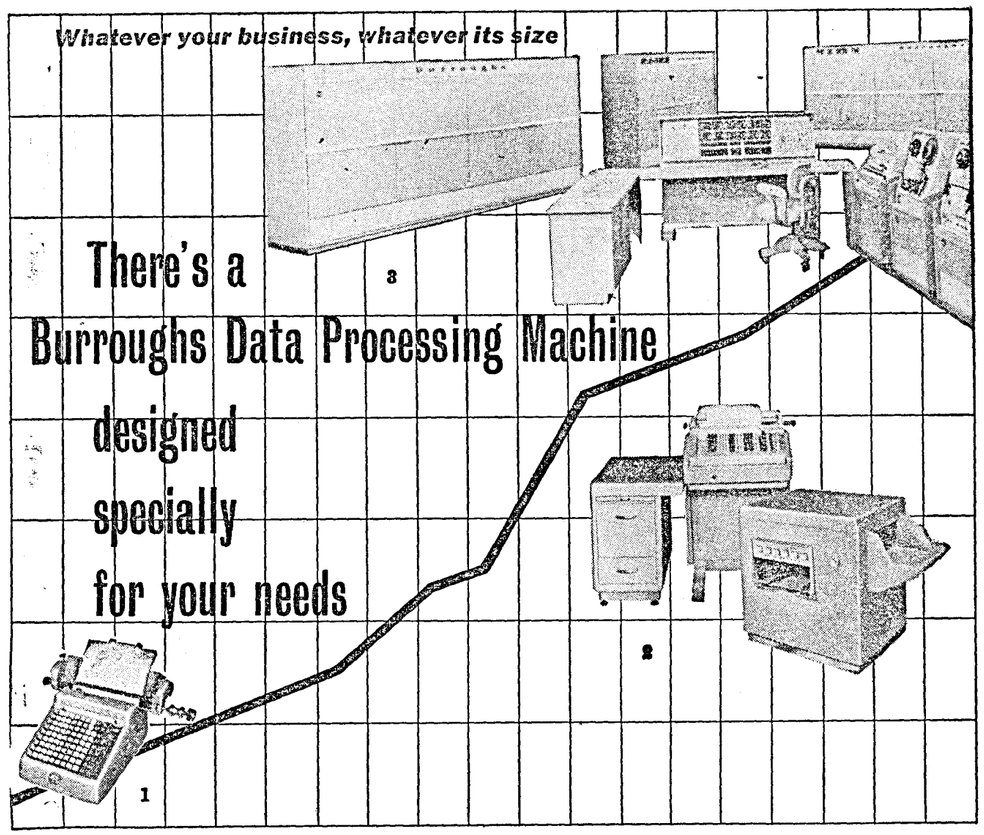
Whatever your business, whatever its size

There's a Burroughs Data Processing Machine designed specially for your needs



Burroughs make a full range of business equipment—that's why, whatever the size of your business, there's a Burroughs system exactly fitting your needs.

Burroughs forward-looking design and precision engineering ensure that each machine, in each class, has all the versatility and the advanced automatic features required by today's modern accounting methods.

Whether your business calls for an adding machine, an accounting machine, or a large electronic computer, you can be sure that a Burroughs machine will give you the right answers—faster, easier, and at a big saving in operating cost.

Your local Burroughs man is available now to demonstrate how you can streamline your accounting with Burroughs data processing equipment. Or write to:

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Avon House, 356-366 Oxford Street,
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1. **New Burroughs Shuttle-Carriage Adding Machine**—for vertical and shuttle listing work on tape or wide forms—easy, speedy, flexible.
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3. **New Burroughs 220 Electronic Computer System**—the most complete electronic data processing system in production today.

Burroughs

A small plant...

The Kellogg organisation has earned a world-wide reputation for the speed, economy and over-all efficiency with which it tackles the smaller engineering and construction projects as well as the more spectacular ones. A recent example is the fume absorption plant, part of a major uranium processing operation, at the Springfield Works of the United Kingdom Atomic Energy Authority. Kellogg International Corporation undertook the entire responsibility for engineering and building this small but vital project, and applied to it all of the experience and knowledge gained in the firm's largest undertakings.

Kellogg International Corporation welcomes small projects, and handles them all in a big way. Inquiries are cordially invited concerning the co-ordinated engineering, procurement, and construction service KIC provides for plant investments of *any* size.

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"I'll bring you back a Kimono!"

"So you're off to Tokyo. Eastward or westward?"

"Eastward over South Asia, and back by the Polar Route."

"That makes it faster, of course!"

"30% faster and about 100% more comfortable on the KLM Golden Circle Service."

"Even so, won't it be a bit tiring?"

"Tiring? Is a rest cure tiring?"

"Good service, eh?"

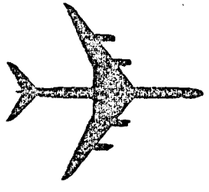
"The best! Even KLM look on it as special."

"Cost much more?"

"Not a penny. The Golden Circle Service is full of extras but not as far as cost is concerned."

"Sounds good."

"It is good. KLM know how to look after you."



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ROYAL DUTCH AIRLINES

for the atmosphere

A NEW EXPERIENCE IN AIR TRAVEL

The KLM Golden Circle Service links the S.E. Asia route with the short, smooth Polar Route.
The accent is on service—superb choice of food and wines, roomy accommodation, friendly atmosphere, outstanding attention.
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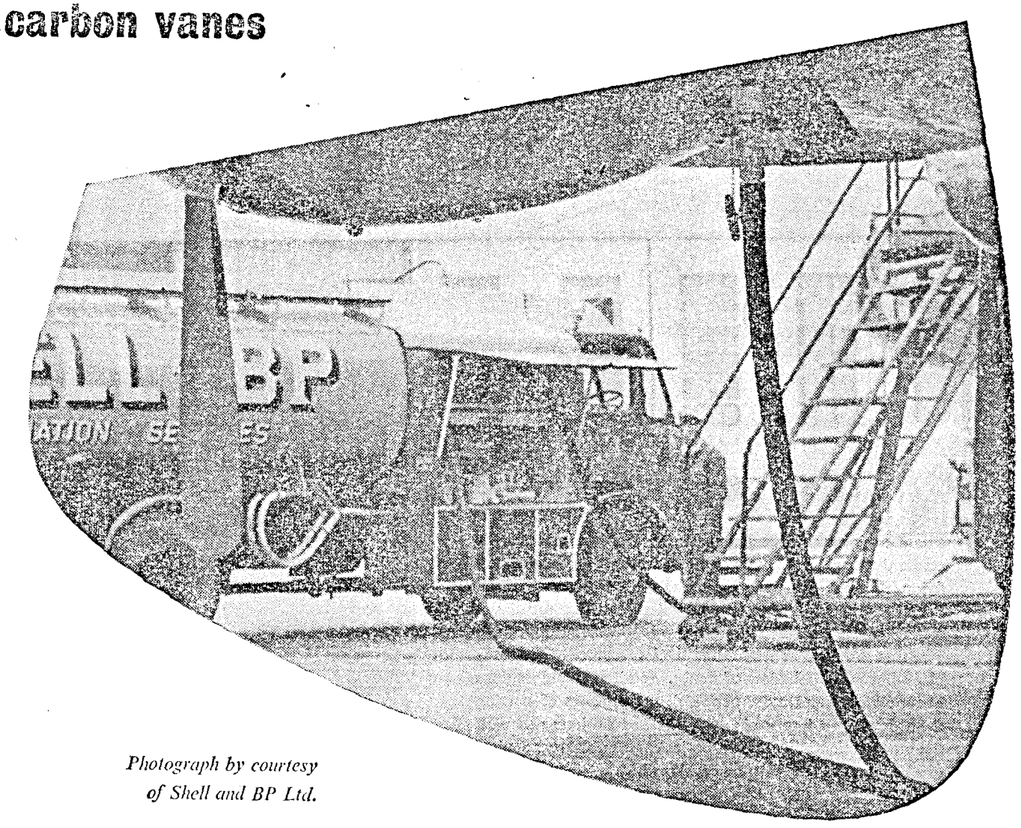
FIBREGLASS CROWN is the new thermal and sound insulation material. Because it is so highly resilient it can be compression packed. This cuts storage space by half and takes a very welcome slice off delivery and handling costs. Yet Fibreglass Crown recovers completely when unwrapped and gives its full insulation value. How *full*? Well, not to overstate the *case*, Fibreglass Crown is the finest insulation material yet devised. By anyone. Including us. There are other advantages to Fibreglass Crown—a whole list of them. At the drop of a hint, we will tell you all about them. We will also detail the applications for which Fibreglass Crow is available now and those for *which it will* be ready soon. If you are concerned in any way r better insulation, please ask us.

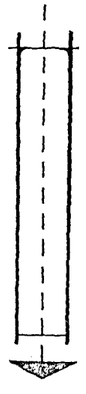
Fibreglass Limited, St. Helens, Lancs. S'

SUSTAINED ACCURACY

with carbon vanes



Photograph by courtesy of Shell and BP Ltd.



The refuelling of B.O.A.C.'s Britannia is a routine job for the 4,000 gallon "fuellers" of Shell and BP Aviation Services, and one which demands reliable and accurate equipment. The supply is metered by Avery-Hardoll Bulkmeters, using MORGANITE CARBON VANES.

Impervious to chemical action, strong and highly resistant to wear, MORGANITE CARBON VANES have proved their reliability in action; after many millions of gallons, the accuracy of metering has not varied at all! MORGANITE CARBON VANES solved the problem for Avery-Hardoll Ltd.,—perhaps they will solve yours. Please write or telephone for leaflet SD 69, or for one of our Technical Advisers to call.

MORGANITE CARBON VANES resist chemical atmospheres and corrosive conditions; withstand high temperatures, immersion in liquids; are non-contaminating; need no lubricating; are suitable for inaccessible positions and completely eliminate maintenance.

MORGANITE VANES

THE MORGAN CRUCIBLE COMPANY LIMITED, BATTERSEA CHURCH ROAD, LONDON, S.W.11. Telephone: BATtersea 8822

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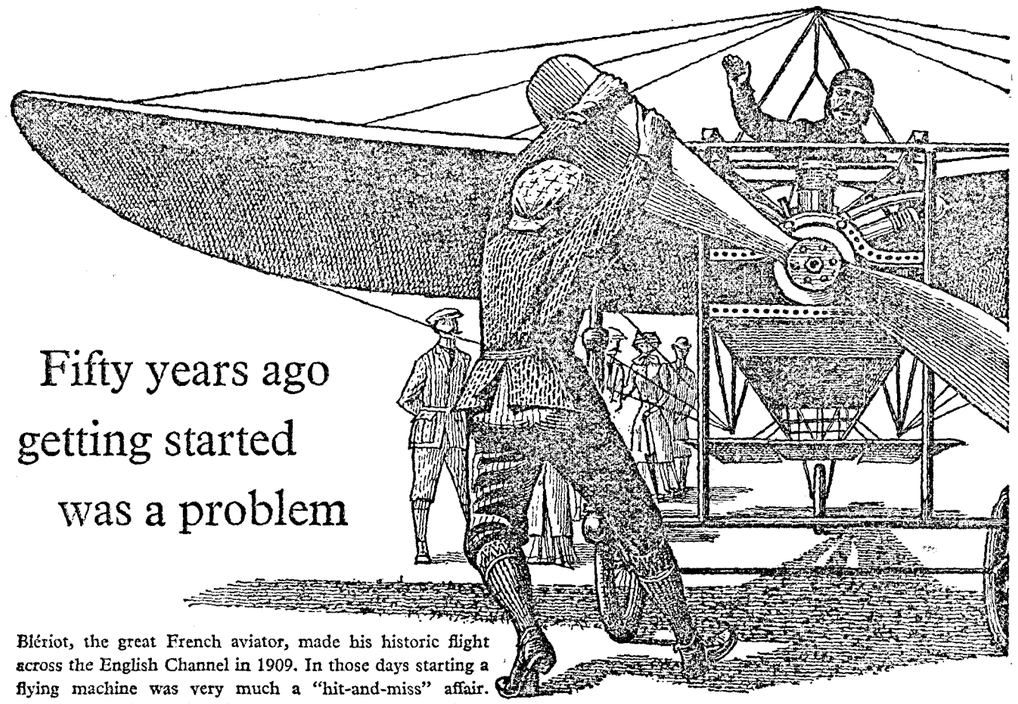


Fifty years ago getting started was a problem

Blériot, the great French aviator, made his historic flight across the English Channel in 1909. In those days starting a flying machine was very much a "hit-and-miss" affair. Somebody had to swing the propeller—and get out of the way when the engine fired.

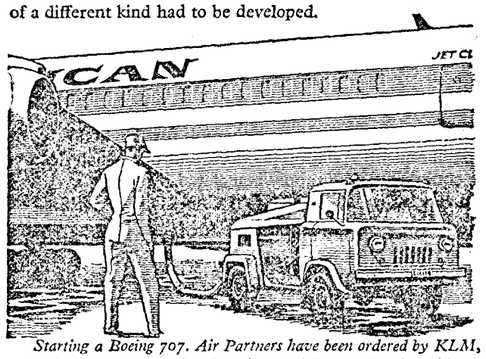
The first World War established the importance of the aeroplane beyond all shadow of doubt. As aircraft and engines became bigger and more powerful, the problem of starting them developed into a highly specialised subject; and with the introduction of jet and turbo-jet engines, starting devices of a different kind had to be developed.

As the world's largest manufacturer of compressed air equipment Atlas Copco designed the Air Partner—a mobile rotary screw compressor—to service the giant jet airliners now coming into service. The Air Partner is both simple and safe and has eliminated all starting difficulties.

HOW THE AIR PARTNER WORKS

With a steady flow of hot air, completely clean and oilfree, the Air Partner starts the main jet engines in a few seconds by way of an air-driven turbine starter. The Air Partner can also be used for air-conditioning the passenger cabin and cockpit, and for de-icing wings and fuselage. Simplicity of design means that airline personnel anywhere in the world can maintain and service this unit. In addition, overhauls are kept to a minimum. With this type of compressor—where the screws which compress the air never touch—10,000 hours is the average running period between overhauls.

The Atlas Copco Group of Companies is responsible for the manufacture of compressed air equipment and its distribution and servicing in 90 countries throughout the world. Group Headquarters: Atlas Copco AB, Stockholm 1, Sweden.



Starting a Boeing 707. Air Partners have been ordered by KLM, SAS, Sabena, Air India, Canadair, and Tasman Empire Airlines.

Atlas Copco puts compressed air to work for the world

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The Economist

SEPTEMBER 26, 1959

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Arms and the Russian

"GOD is not mocked," wrote Paul of Tarsus to the hesitant congregations of Galatia nineteen hundred years ago, "As a man sows, so shall he reap." The latter part of this impassioned warning was presented to the United Nations Assembly last week by Mr Khrushchev, at the end of his speech, as "a Russian saying." The incident was rich in meaning. The Soviet leader has strewn his path across America with as generous a scattering from his seed-bag as a latter-day Johnny Appleseed. Much of it (to borrow another old Russian saying) has fallen on stony ground ; but, at least in California's bounteous valleys and the Iowa corn country, some intriguing products of the ensuing cross-fertilisation may yet spring up.

Venturing out like Paul among the Gentiles, Mr Khrushchev, however burning his faith, has not felt the same urge to convert them one and all. In his cosy chats with millionaires and his speeches to businessmen, he has relaxed, telling them that he does not expect them to renounce capitalism, content merely to point out that its doom is written in the book of the prophet Marx. His real wrath is reserved for (and at time spills out over) those whom he regards as real enemies: labour leaders who ask sharp questions about the impotence of Soviet trade unions, or about the liquidation of socialists in eastern Europe (there is an echo here of his dinner-table brush with the British Labour party in 1956) ; other questioners who press him about Hungary or who, implicitly challenging his slogan for economic competition—"let the people judge"—worry away at Soviet censorship and the false picture of the West presented to the Russian people. He seems to see the American capitalist much as the frontiersman used to look upon the American buffalo ; he admires the animal's proud strength, and takes its rapid extinction for granted. But anybody who questions his right to speak in the name of the peace-loving masses is an irreconcilable foe—a redskin, to be shown no mercy.

At Camp David this weekend, with Mr Eisenhower and Mr Khrushchev in discreet seclusion for a day and a half, there is a chance of achieving at least a brief meeting of minds. It is a pity that more of the Soviet leader's visit has not been devoted to quiet talk of this kind ; when Mr Macmillan went to Russia in February, he successfully induced his hosts to spend the greater part of the time talking turkey instead of showing him round farms. But the Khrushchev visit has taken shape as a lavishly publicised travelling circus, complete with bear-baiting, all-in wrestling, and touches of sheer fantasy—such as Hollywood's costly interruption of its weekend rest so that the visitor could watch the making of a film scene which left him nauseated.

There has been precious little sign of any meeting of minds during this coast to coast riot. There have been gratuitous lunges from both sides ; there has been some more sensible but no less unyielding restatement of familiar themes ; and there have been moments of sudden bonhomie, which came as a relief after the big rows. There has been scarcely any level-headed, reasoned, enlightening debate. A hundred opportunities of putting Mr Khrushchev into clearer perspective in America's eyes, and vice versa, have been lost in an ocean of words.

It is better that he should have gone to America than that he should not have gone. Mr Eisenhower's invitation was a wise move, and it is not the President's fault if the natural ebullience of his country and of his guest have jointly made the whole thing get out of hand. Mr Eisenhower himself kept his

head admirably while the tumult raged. Apart from appealing for a decent restraint, he gave a model answer when asked if he thought that Americans might be "psychologically disarmed" by Mr Khrushchev's visible conviction and warmth of personality:

> . . . our whole civilisation, the whole theory of free government, is based on the right of anyone to present his views in any way he pleases to the American public. I think the American public is strong enough to see and hear this man or any other man. . . . And I do not believe that master debaters or great appearances of sincerity or anything else are going to fool the American people long.

This confident echo of the greatest of Republican presidents has not evoked a matching confidence among all American politicians; but fortunately the American system is not designed, like the Soviet one, to shield the public from the disturbing sound of foreigners' "bad voices," and despite cries of alarm from some quarters, the American people has had ample opportunity to learn what Mr Khrushchev has to say. Most reports suggest that they are vastly entertained, but hardly inclined to revise their existing ideas drastically either one way or the other.

Some of them will have been irritated, and some pleased, by the pugnacious questions and challenges that have aroused spasms of his own pugnacity. Some of these jousts were needed. Nothing would have been achieved if he had been wafted round the United States in a cocoon of platitudes. But the common enthusiasm for his maxim, "Eat the bread and salt, but speak your mind," has been carried too far. If there had not been so many irate exchanges, there might have been more opportunity for systematic cross-examination. And one particular opportunity has not been fully taken yet. Mr Khrushchev has spent a whole week among Americans just after giving the United Nations Assembly his latest proposals on disarmament; and only Mr Adlai Stevenson (and Mr Garst, the maize expert) seem to have made any serious attempt to find out what he really means.

THE general reaction of the United States government, as of its allies, to his disarmament proposals has been one of disappointment but not of negation. That is to the good. The disappointment arose mainly from his own advance publicity; when he gave notice that he had an important new disarmament plan to present to the assembly, hope kindled that he might at last be going to moderate the Soviet stonewalling on international supervision, which has long been the main obstacle to agreement. Instead, he presented his proposal for total disarmament in terms which once again left the vital question of inspection in uncertainty; and he offered, as an alternative, a familiar list of Soviet proposals for partial disarmament—proposals which the western governments have previously declared to be tilted to Russia's advantage to an unacceptable extent. But the western governments have wisely resisted the temptation to dismiss this performance as mere propaganda. It would indeed have been very effective propaganda for Russia if they had dismissed it. Instead, it has been readily agreed to discuss all the Khrushchev proposals at the assembly.

This is simple commonsense. Mr Khrushchev's plan for total disarmament may be breathtaking in its sweeping disregard of the snags that have fouled the path of weary negotiators for a decade and more; but he cannot just be left to hog the limelight in the heroic pose of the man who proposed to disarm the world and was rebuffed. Painful past experience suggests that, by the time his plan has been taken to pieces and properly examined, it may be found to contain all the familiar Russian hamstringing reservations. In his speech to the assembly, he spelt out the secretive Soviet leadership's revulsion from the idea that a fully-fledged inspection system should watch over the process of disarmament (that is, over "military secrets," as he put it) from the very beginning. But only a thorough cross-examination, during the coming debates in the assembly and in the new ten-power disarmament committee, can reveal whether the Soviet position is still completely rigid. If even a slight shift is detected, the effort will have been worthwhile.

IT is unfortunate that Mr Khrushchev's speech followed so closely upon the one in which Mr Selwyn Lloyd put forward a new outline of British proposals for disarmament which takes into account some of the difficulties that the Soviet leader blithely glossed over. Mr Lloyd's speech was sober, reasoned, and necessarily complex and dull. Its fate was that of an honest working cart-horse trampled from behind by a circus elephant making a dazzling entry to a fanfare of trumpets. But, as the blare of the trumpets fades, and snap reactions give place to calmer reflection, one central thought about the whole question of disarmament should be kept in mind.

A heavy burden of armaments is an unnatural state of affairs in the world's most highly developed countries—and nowhere more so than in the United States. Americans are profoundly civilian people. Inheriting a long tradition of British distaste for standing armies as being a threat to liberty at home, and enjoying a century of freedom from any serious external threat, during which they worked their way up to an unrivalled prosperity, they have accepted the prospect of large-scale military effort—in 1917, in 1941, and again in these postwar years—with a deep and natural reluctance. It has been accepted because it was, and is still, necessary. But it is certainly not regarded as a means of maintaining prosperity; the burden or arms, for all the democracies, measures so much prosperity foregone.

The notion that general disarmament would fatally disrupt the economies of the free societies, often canvassed both by communists and by their fiercest opponents, was dismissed as unfounded last week by none other than Mr Khrushchev. It is certainly high time that this bogy was laid, and it is good to have support in the laying of it from such an unusual quarter. The western nations are right to insist that general disarmament, like justice, must not merely be done but must be seen to be done; as Sir Winston Churchill pointed out on Wednesday, they would court mortal danger if they let down their defences now while their possible foes, behind their shield of top-secrecy, did not. But this resolve must not lead the democracies entirely to deny their own natural instincts. In a genuinely disarmed world, as in a world freed to the interplay of human influences across frontiers, it would not be those states whose governments rest upon the consent of the governed that had reason to fear.

Auctioneering

The Labour manifesto is even worse than the Tories', while the Liberals' is only a little better

WHILE the Tory manifesto for this election fell well below what might have been hoped, the Labour manifesto has risen only a little above what had been feared. This still leaves the Tories' document rather the less frightening of the two. The Tories decided not to say the things that need to be said about the British economy, for fear of losing votes; clearly the Labour party never even thought of saying them. It is now taken as axiomatic at Transport House that the object of a manifesto is simply to win votes.

As this is the first election manifesto in British history to appear above the signature of an aspiring Prime Minister who is also a professional economist, this attitude towards electioneering is especially disappointing. Given that it exists, however, presumably the first thing that an anxious and honest citizen must look for is whether the manifesto contains any signs of at least negative statesmanship: whether Labour has at least managed to avoid tying any new tin cans to its tail.

As an economist Mr Gaitskell must have two principal apprehensions in his mind as he looks beyond the possibility that he may take office on October 9th. The first concerns the immediate situation this autumn if a Labour government comes back and has to ride over some initial flight by frightened foreigners from the pound. Everybody knows that this flight is a real possibility, especially in view of the rise in American interest rates and the fact that a large number of new wage claims will then be coming forward. It is therefore desperately important that Labour should not commit itself to undertake in its first few months any schemes that would involve additional inflationary expenditure.

Early last week it seemed that Labour might be going to take on, precisely for this most dangerous period, a very massive pledged commitment indeed; an official document from Tranport House declared specifically that "one of the first acts of the Labour Government will be an emergency Pensions Bill," costing around £200 million a year. In the manifesto the proposal to raise pensions "at once" is again given pride of place; indeed the measure will now cost more than £200 million a year, for all other national insurance benefits are to be raised as well and Labour has added the vote-catching absurdity of a promise to give £1 a week to the so-called "ten-shilling widow" (see page 1006). Fortunately, however, when pressed at their conference to say whether this pensions bill really was a commitment for the first session of a new Parliament, Mr Gaitskell and Mr Griffiths hedged; the measure will merely be "one of the first priorities" of a Labour government. Presumably this means that the bill would not be introduced this autumn if the external pressure on sterling made it apparent that such a step would be financial madness; it is tremendously important for the whole future of a Labour government, which would have to play itself in gently before a suspicious world, that its likely leaders should not say anything more specific than this during the campaign.

Mr Gaitskell's second main economic apprehension must concern the longer term. His grand promises of increased expenditure and higher production mean that he is staking any Labour government's future, and the country's, on a general philosophy of expansion whose chances of success will be reduced by every measure that encourages or perpetuates an uneconomic use of resources. In these last few years his economist's soul must have fought many a battle with the protectionist parts of his party's programme; the tragedy of last week's manifesto is that it suggests that on this front the economist in him has lost all down the line.

THIS is conspicuously true of the two major promises that most Labour candidates are now putting in the forefront of their election addresses: the promise to increase pensions indiscriminately instead of only for those in real need, and the promise to "repeal the Rent Act [and] restore security of tenure to decontrolled houses." The intention behind this last statement is not to put rents down again (although a lot of simple people are to be misled into supposing that it is), but Labour does propose to stop private rents rising again to the market level, however fast general inflation proceeds. This major promised distortion is merely the bellwether of Labour's flock of minor promises to whittle away a competitive economy in Britain.

These minor promises stretch across the manifesto in mounting profusion. "Labour will bring interest rates down," chiefly in order to help house purchasers and to provide farmers with special loans "at reasonable and stable rates." The bargain with the trade unions to introduce that restrictive shop hours act is reiterated in black and white. Labour favours "an overall national fuel policy," which means obliging British industry to use expensive British coal instead of cheaper foreign oil. It will make British Railways buy its equipment from "publicly owned railway workshops" even if private firms can supply it more economically; in order to right this wrong by another one, Mr Gaitskell indicated that the railways may be given a monopoly over some freight that could more economically be carried by road. "One of our first tasks," says the manifesto, "will be to help industries at present suffering depression and contraction"; specific beneficiaries of this policy of investing in failures will be cotton, shipbuilding and ship-repairing, and no doubt any other contracting industry in a marginal seat. It is specifically promised that the policy of carrying "work to the workers" will be pushed still further under a Labour government than under a Tory one, even if the workers live in places which industries consider to be uneconomic. Farmers will be given greater protection "against unfair foreign competition," and any "whittling away" of agricultural protection which has taken place under the Tories will be reversed; tenant farmers will have their rents frozen again, and "Labour will introduce measures to improve agricultural and horticultural marketing" (which means to give marketing boards greater monopoly

powers). Every shorn lamb is to have every unkind wind tempered for it, every lame duck is to be promised a feather-bed and asked for its vote.

After this, the Labour manifesto goes on to say some quite reasonably sensible things about foreign and colonial policy. But for the ordinarily discriminating voter the damage has already been done.

THE Liberals' manifesto is much better than the Labour one, and in most respects it is better than the Tories', too. It is true that it climbs on to the pensioneering band-wagon with that eager clerkly meticulousness which is one of the modern Liberal party's most aggravating characteristics; it wants to raise the pension for a married couple to £4 16s. a week. But the manifesto does grasp one controversial nettle which the other parties markedly shun: it says that trade unions should "be registered with the Registrar of Friendly Societies in such a way as to ensure fair elections and prevent victimisation." And, although it performs its expected soft shoe shuffle over agricultural protection, and although individual Liberal candidates are again fighting some local campaigns on quite illiberal platforms, there is a slightly less pervasive aroma from the pork barrel in this manifesto than in either of the other two parties' efforts. But it remains matter for astonishment that even the Liberals, who have so much to gain and so little to lose by looking different from the other two parties, should still not dare to cross the real dividing line back to their historic faith: that they will not take the risk of assuming that there might still be a greater premium for politicians to gain from an appearance of all-round efficiency than from an appearance of all-round generosity.

What is this corrosive myth that it has become electorally all-important to placate pressure groups in twentieth century England? Why has auctioneering taken the place of electioneering? It really will not do to say that British politicians were ever thus. In the nineteenth century there was no doubt plenty of straight, petty Eatanswill bribery of individual electors with private or party funds. But before this last war no party would ever have dreamed of offering taxpayers' money to vested interests on the vast scale that the Conservative and Labour manifestos now both adopt.

Nor, although a Rip Van Winkle who read the manifestos would suppose this, is the real explanation that a more corrupt sort of politician has now reached the top of political life; in point of happy fact the leaderships of all three parties in 1959 are at the moment in the hands of unusually moderate and intelligent and pleasant men. And it is just not true that the modern scientific approach to electoral statistics has shown that the votes of pressure groups are important; by drawing attention to the fantastically even tenor of the average national swing, in and between regions with very different industrial and age structures, it has shown precisely the opposite. Election manifestos have been corrupted into expensive shrimping nets for farmers', pensioners', tenants', cotton workers', shipbuilders', shipworkers' and cinema interests' votes—just at a time when massed calculating machines have shown that these votes, as significantly swingable separate entities, simply do not exist.

What seems to have happened is that the vast increase in government expenditure during the war has bred the impression that part of any money released by subsequent growth in civilian income can justly be regarded as a political propagandists' perk; and professional propagandists have always assumed that local protectionism is more important than it is. Whichever party is returned next month will be committed to this false philosophy, though with Labour leading as the worst offender by a fairly long neck.

Third Force Needed?

A discussion of whether and where there is a good case for voting Liberal on October 8th.

MANY people who vote Liberal next month will do so because they want to snub the other two parties; unless one happens to be an anarchist by temperament, or unless one thinks that both the major parties are unusually below the normal standards of British politics (which they aren't), that does not seem a very sensible thing to do. If one wants to vote Liberal and still be logical, one should have a purpose in view.

That purpose seems fairly easy to define. Presumably one should satisfy oneself: (a) that there would be advantages in building up a third force in Parliament, in opposition to whichever government comes to power; (b) that one would be making a practical contribution towards advancing that possibility, either immediately or eventually, by casting a Liberal vote in one's constituency.

In the circumstances of 1959, there is a strong intellectual case for the first of these propositions. There would be great advantages, if the prospect is at all practical, in building up a third force in Parliament—even one, perhaps especially one, whose members have no memory of power and no conceivable early prospect of it.

The collapse of stout socialist party in full debating flow, pricked by a perfunctory reminder that the indefensible action now being defended by a Tory minister had a precedent between 1945 and 1951, was one of the more sickening sounds of the expiring Parliament. Granted, there is merit in the parliamentary tradition that, in the normal course of alternation in office, the level of responsibility of debate is heightened by the leading protagonists' shared experience of high office. Granted, opposition leaders who have absorbed at first hand the subtle relationship between political master and civil servant, and who have been at the receiving end of crises as they occurred, have a function to perform in communicating to their less seasoned followers a draught of reality. But that this should be the sum and substance of the matter, that the clarities of controversy should be for ever mushed over by the dim half-memories of ancient responsibility, that what might be described as the permanent case of Opposition against Government should be repeatedly vacated on the grounds of a spurious consistency, cannot be in the public interest. Instead, one of the prime objects of parliamentary debate should be to supply a corrective to the tendency of all men in power to become too much conditioned by what Stalin called "the permanent operating factors."

It does no service to public understanding to create the impression that the dialogue between the two sides of the House is a shadow fight between men who are, or ought to be, at one in treating the performance of government as an arcane mystery. The Labour party, which is anxious to show that it knows how to behave, is perhaps still rather more susceptible to this subtle emasculation of the opposition's role than the Tories who, being the gentleman's party, are under fewer inhibitions in expressing their affront at not being permanently entrusted with the country's government. The case for a variegated opposition therefore becomes stronger if the Conservatives are going to get in again—so that in 1963 we shall still have a Colonial Secretary in a spot taunting poor Mr Creech Jones with a number of Africans he locked up in 1949.

THAT is the substance of the case for a third force in Parliament. How to achieve it? It may in the century of even swings appear quixotic to appeal to the electors of different specific constituencies to be discriminating. But there is one respect in which precedent favours the view that some discrimination should be shown. In the 1955 election, when there was a general swing to the Tories, certain individual Liberal candidates forced themselves into second position, largely at the expense of Tory incumbents, in such constituencies as Inverness, Hereford and North Devon. There are now about a half-dozen places in which Liberals have a chance of actually gaining new seats this time.

The chief cause for doubting whether we shall see Messrs Bannerman, Day and Thorpe filling out the Asquith family pew in Westminster is that the pendulum may have stuck for the quite different reason that the country is grateful to Mr Macmillan for bringing the hot weather, inventing Anglo-American relations (which was the general impression that his election broadcast with President Eisenhower was intended to convey) and generally making everyone feel good. But another obstacle they have to overcome is the persistent conviction that elections are only and exclusively for choosing governments and nothing else. "The English claim they are free," said Rousseau, "but they are only free once every seven years (there were septennial parliaments in his day) and judging from the way they use their liberty then, they deserve to lose it."

In fact Parliament fulfils two functions. The first, and the most immediately necessary, is to sustain a government and supply the setting for a ritual struggle for power between it and a challenger. The second, qualitatively as important, is to enable the individual to be spoken for against government by any party, against bureaucratic inflexibility, against *raison d'état*. Because the principal opposition party is usually thinking back to its last taste of power, looking forward to its next, and has an interest in avoiding the gift of hostages to fortune, these dual functions are not adequately combined within a closed two-party system. The citizen, whether in Britain or the colonies, is not always right when he creates a fuss, but scepticism about the aura of government is one of the biases which it would do good to have more fully represented in the next Parliament to offset all the biases which lean the other way.

Of course there are a few backbenchers, mainly but not exclusively in the Labour party, who presently fulfil this function. The names of Messrs Hale, Paget, Silverman on the left and Mr Nabarro and Sir David Robertson on the right come to mind. Even those who disagree fundamentally with some of the extraordinary things that some of these gentlemen so frequently say should welcome the fact that they are so frequently ready to say them. But outspoken Liberals, with the machinery and status of a separate political group behind them, ought to be in an especially good position to perform this function. In general, Mr Grimond undoubtedly receives from the Speaker far more facilities and opportunities than the spokesman of a mere half-dozen backbenchers within one of the major parties could look for. This is the basis of the Liberals' most appealing thesis: that another four or five Liberal MPs of forceful personality and resolute temperament might make a wholly disproportionate difference to the atmosphere of the House.

THE Liberal leaders, of course, go further. They hope to be able to look back on this election as the first section of a multistage rocket taking them to power. One does not necessarily have to share this faith to see the value of voting Liberal, in certain constituencies. It is to the second function of Parliament, to stand no nonsense from authority, that the attention of the voters of Inverness, Denbigh, Hereford, North Devon and North Cornwall (and Torrington, since Mr Bonham-Carter is by no means secure) deserves to be directed. A discriminating voter in Hereford today would surely be contributing more to Parliament by helping to send Mr Robin Day to adapt his television questioning technique to the precincts of Westminster than by helping to return an assistant Tory Whip (unpaid).

This is not an endorsement of all the two hundred or so Liberal party candidates. Cross though the Liberals get when one says this, no radical newspaper can give any such thing. Where the real choice in a constituency is between Conservative and Labour it seems a rather wanton gesture for a thoughtful, independent-minded voter to help produce a capricious result by throwing his vote elsewhere. Nor is this article even an automatic endorsement of any Liberals who have a chance of getting in; their attitudes and utterances should be scrutinised carefully during the campaign. Since the whole point of electing such candidates would be the hope that they might be exceptionally independent and outspoken in the Commons, they should be allowed less than the usual indulgences for compromises offered on the hustings. Scrutiny should be even more severe for the many other Liberals, few of them well known and some of pretty indifferent material, who are trying to push into second place. The voter in these constituencies is in effect being asked to forgo a direct and explicit impact on the result of the present election as an investment in determining the result of the next. This kind of confidence should not easily be bestowed. But it would be healthy for Britain if it could conscientiously be given to outspoken Liberal candidates in various parts of the country—and especially healthy if, in the end, we are really going to have the Tories again for another round.

THE ELECTION OF 1959

For the next few weeks comment upon the course of the election campaign, based partly upon despatches from correspondents in the constituencies, will be presented in this special section of *The Economist*.

A Labour Recovery?

BY A ROVING CORRESPONDENT

THE further one penetrates into the battlefield, the more insistently the impression grows that Labour is so far making a come-back in this election. To some extent, this is borne out by the public opinion polls. The *News Chronicle* Gallup poll on Thursday reported that the Tory lead over Labour appeared to have been cut from 5½ points last week to 4 points this week, compared with the lead of 2.9 per cent that the Tories had in the actual voting in 1955. But the feeling of a leftward swing is even more dramatically borne out by visits to the constituencies.

Down among the grassroots, this is a much less stagnant election than one had anticipated. It is certainly exciting more interest among the faithful than the 1955 contest, and one's guess at present is that it will probably lead to a bigger turnout among the indifferent as well. In part, this can be explained by the contrast between electioneering in May and in September. In 1955 the Labour party was dispirited by its internal feuding. The efforts of many partisans had been concentrated on the municipal contests early in the month—and many had exhausted their energies in the triennial county council elections in April. Gardens had to be tended and, after a bleak winter, summer had its other distractions. Now, after a splendid summer and good holidays, people are ready for the fray—and the weather has been just right for canvassing.

All this, however, is not an adequate explanation of the entirely new atmosphere one finds in local Labour parties' headquarters. At least in the Midlands, which your correspondent visited most extensively this week, everyone on the Labour side speaks of a great increase in enthusiasm compared with 1955—and there is tangible evidence for this in well-filled committee rooms and in general hustle. Extraordinarily impressive Labour canvass returns are quoted. Admittedly, when one probes them, one often finds that they are in part misleadingly impressive, because some of the promises of Labour votes that have been collected refer to a period up to eighteen months ago, when everybody agrees that Labour was temporarily well in the lead in the country. Nevertheless, there is no doubt that the scale of the Labour canvass in progress now is vastly greater than that in 1955. A particularly noticeable feature in Birmingham is that Labour is using the trade unions as instruments of propaganda to an almost unprecedented degree. On the factory floor shop stewards are really active, and a fair number of full-time union officials are devoting themselves entirely to the campaign. On the Conservative side, most agents claim that the level of their local party activity is equal to or above that of 1955, but, perhaps because they start from a much higher plateau, the improvement is much less startling.

IN spite of this greater excitement, it is very hard to find anyone with views on what this election is about. On the whole, foreign and colonial affairs seem to cut little ice. Pensions and, to a smaller extent, rents are said to have some importance. Contrary to the expectations of intellectuals and the press, many Labour agents claim that their pamphlet on "The Tory Swindle" is going down well. The Conservatives expect to be returned on the cry of "prosperity." Nationalisation does not seem to be important to either side, even in a steel town like Corby. Local issues are almost non-existent. Even in Nottingham the general expectation was that the results in two local marginal seats, one with a Tory majority of 758 and Sir Tom O'Brien's with a Labour majority of 3,908, would depend almost entirely on the national swing, not on the Popkess affair.

If it is not issues that count in this election, is it leaders? Once again the answer, perhaps mysteriously, seems to be "No." It is astonishing how few local stalwarts on either side mention the names of Mr Macmillan or Mr Gaitskell. The two men are plainly not really unpopular in any quarter; both sides are fairly happy with the leaders under whom they are going to battle, but real hero worship is lacking. In not one of the Labour committee rooms which your correspondent visited this week was a picture or poster of Mr Gaitskell to be seen. Mr Macmillan was more widely on view on the other side, but usually in the new poster which falls far below normal Conservative advertising standards. In a way, all agents have a contempt for politicians, but it is striking how in most Tory committee rooms the "super-Mac" emotion is either dead or has never come alive. Many Tories are muttering worriedly that Mr Gaitskell has so far shown a surer touch on television than Mr Macmillan; for the first time one finds neutral observers suggesting that perhaps the Opposition leader will eventually emerge as the more popular man.

Neither side complains of a shortage of money. In all the marginal seats returns of expenses are likely to press close to the maximum permitted amount—and, in some cases at least, substantial disingenuousness will be required to keep within the legal limit. The only substantial change in electoral law since 1955 is the abolition of the limit on uses of cars. Although some Labour people still complain bitterly about this, there is no evidence that it is going to help the Conservatives much—even in rural constituencies, and even if October 8th should be a wet day. Certainly Tory agents are not gleefully supposing that there will be many new votes from this; it is more usual to find them complaining bureaucratically about the administrative problems of dealing with unlimited cars and about the possibilities of ill-directed private enterprise in giving lifts. Everybody agrees that the postal vote is likely to be higher than in 1955—partly because an October election means that the register is four months older and that more removals have therefore taken place, partly because the public (aided by an informative ITV telecast last week) has become more aware of its rights, and partly because party organisation (especially on the Labour side) has grown more efficient in harvesting this vote. This Labour effort has not yet caught up with the Conservatives' strictly relative efficiency in this field, but one has the impression that in marginal seats the postal vote may this tme divide only about 70 to 30 or 60 to 40 in the Conservatives' favour, against the 80 to 20 or 90 to 10 proportion that was more usual last time.

In one respect, however, the Labour organisation may prove to be more progressive than the Conservatives. Few Conservative agents admit to any decline in the number of meetings they will hold. Despite television, they dutifully say, a candidate must show himself, even if attendances fall off. The Labour party has accepted the changing times much more brutally. In most constituencies the number of meetings has been substantially cut, and the emphasis transferred to loudspeaker work and personal canvassing by the candidate. This is partly because abandoning indoor meetings saves enormously in time and organisational effort, as well as making much smaller savings in money. The Tories say that the price of abandoning meetings may be a loss of local publicity, but a few Labour agents are adroit enough to supply good news stories to their local newspapers in lieu. Once again, however, this adroitness is a strictly limited quality; in general, both parties seem to have much to learn in the handling of both the local and national press.

WHAT, then, as the campaign enters its last fortnight, can be called one's outstanding impression? Down among the men who have studied canvassing returns, the Conservatives are surprisingly unambitious in their claims about likely gains; they are at present concentrating on convincing themselves—usually successfully—that they are unlikely to lose many seats. Labour is much more aggressively hopeful than one might have anticipated; their agents in nearly all the marginal seats give the impression that they are attacking, not defending. Often they are attacking with undeniable local optimism—even those who, when asked for their guesses about the wider national scene, obviously do not feel, in their heart of hearts, that Labour is really likely to win the whole election. But, after all, it is the sum of the local contests that will decide the issue. In 1955 when one made a tour of these same committee rooms the opening impression was of a smoothly efficient hum on the Conservative side and of chaotic disarray on the Labour one; in most areas—admittedly, there are some exceptions—that was certainly not one's impression this time.

After the last election, Labour made the exhaustive Wilson inquiry into its admittedly inefficient organisation. After this election, one already has a burgeoning feeling that the Conservatives ought to make a similar inquiry into their admittedly relatively more efficient one. This inquiry should concern itself particularly with the function of Conservative agents. These busy, competent, friendly men seem to be oddly out of touch with reality. None of those whom your correspondent questioned this week had really made a hard-headed assessment of how far it was worth co-operating with television programmes such as those sponsored by Granada. None had any ideas about the effect of large-scale television coverage on the turnout. None had much idea about what the issues of the election would be. None made predictions about individual results except in terms of the quality of the candidate and the organisation and the effect of population changes. These men are wholly concerned with swaying the electorate—but they seem to be wholly ignorant about what really moves it. Aren't we all? But the rest of us are not supposed to be full-time professionals.

The Course of Battle

"IF it were not for the public opinion polls, I would now be awfully tempted to tip a Labour victory in the light of my observations in the constituencies. As it is, I still think the Conservatives will win, but it is going to be a much more exciting election than seemed likely a week or two ago." This comment, from a very experienced election observer, is typical of the reports *The Economist* has been getting from others of its special correspondents in the field—except, possibly, in London. The general impression is definitely that the election is running surprisingly well for Labour. In the first two notes below we discuss some of the ways and means by which this Labour recovery seems to be coming about. In the correspondents' reports from marginal constituencies that follow we have adopted the same printing convention as last week: the name of a constituency is printed in **bold type** wherever it is one of the 48 Conservative seats or 60 Labour seats which would be captured by the other side as a result of a 3 per cent or smaller swing away from the sitting member.

Whence the Images?

IT is still very difficult to judge how the image of the two parties is getting over to the ordinary man in this campaign. The newspapers are definitely devoting more space to the election than at the equivalent period in 1955, with a clear gain in press support to Labour. Both *The Observer* and *The Guardian* seem much more anti-Tory than last time, and the *Daily Herald* and the *Daily Mirror* are hitting out harder and earlier. The provincial press remains predominantly Conservative, but here, too, the Tory front is perhaps not quite as solid as before.

Until the two party leaders' tours began on Tuesday, perhaps the best propaganda the Tories were getting in the press were snippets from the speeches of Cabinet ministers who had got out early on the hustings. Labour was less well served in this respect; the speeches of Messrs Macleod, Maudling and Boyd Carpenter are generally easier to milk for pungent *bon mots* than the oratory of, say, Mr Griffiths or Mr Gordon Walker. From now on, however, the "election speeches" pages of the newspapers will presumably be surfeited with lengthier extracts from the discourses of Mr Macmillan, Mr Gaitskell and Lord Attlee. It is difficult to guess what effect this will have. Our correspondent who was at Manchester on Tuesday describes Mr Macmillan's opening to the Conservative campaign as "a clear, worthy, confident speech, which, perhaps because of the Lancashire temperament, failed to set the audience on fire. It was particularly interesting to see how sourly the candidates for the cotton constituencies sitting on the platform behind the Prime Minister received his remarks about the cotton problem. The meeting was a good but not wildly exciting send-off to the campaign." We had no correspondent at Mr Gaitskell's opening meeting in Bristol, but the effect of reading it in the newspapers was equally soporific.

It is ironical that these discourses of the leaders should receive so much more newspaper space than the party political telecasts, all of which must have been heard by more than a thousand times as many people as any speech. The Tories' programme last week, their ministerial causerie on Saturday, surely cannot have won many votes, but it probably had the negative virtue of not losing any either; Mr Butler's programme on Wednesday was perhaps a few points better. On Labour's telecast on Monday, Mr Gaitskell again showed the remarkable sureness of his touch, but the effect of the rest of their show is frankly controversial.

Some experienced television technicians have praised it as far and away the best and most imaginative use of the medium for political broadcasting that has yet been attempted, and many middle-class viewers seem to have been impressed with the show. Nevertheless, in humbler homes, one has a lurking suspicion that Labour's entirely middle-class television studio team may have looked as if it was patronising all those splendid old gentlemen on the pension, and that the best way of showing that Labour speaks up for the "ordinary housewife" is not by producing that obvious Oxford graduate, Mrs White, in a dirty apron.

The main point of interest of the Liberals' programme on Tuesday was that it was

much more anti-Tory than anti-Labour. Elsewhere on the widening television front, the new freedom for news cameras to stray into party headquarters probably brings an advantage to the Conservatives, because Lord Hailsham is decidedly more telegenic than either Mr Morgan Phillips or Mr Harris.

Whither the Issues?

MOST correspondents in the field agree that the Labour party has seized the initiative about two issues, the major one being pensions and the minor one rents, and is finding it profitable to keep on talking about them. One Labour candidate prominent in the campaign for nuclear disarmament wistfully reported this week that he had not had a single question on the H-bomb. Some Conservative candidates and agents are seriously worried at the impact of the Labour promise to raise pensions by 10s. a week, and many Labour candidates and agents say that this is exciting much more interest than anything else.

There is no doubt of the zest and enthusiasm in the Labour committee rooms, but, apart from the pensions issue, it is far from clear what they are enthusiastic about. Some Labour speakers were eager to raise one other main topic this week, by exploiting the current troubles in the property share market for an attack on high finance, but Transport House must have flagged desperately to them to shut up ; the nasty fact is that the snide remarks aroused in the pubs by the current celebrated case are more usually anti-Semitic than anti-capitalist. The Tories, to their discredit, again have very few Jewish candidates on their hustings, while it is one of the coincidences of this election that six Labour MPs of that faith are defending particularly marginal seats.

Tory propaganda in this campaign has so far seemed to be strangely sleepy. Here and there one gets the impression that Lord Hailsham has caught his party in a cleft stick by his high-minded utterances against mudslinging in this election ; he cannot easily escape from the cleft now because he has talked as if his attitude is specifically supported by God, and it has certainly been specifically supported by bishops. The result has been rather to impede Tory comparisons with the days of Labour's austerity and rationing, a form of propaganda that could be very effective ; Labour, on its side, has been impeded only from saying that the Tories are deliberately eager to create grinding poverty, which nobody would believe anyway.

Labour's Scottish Hopes

Our special correspondent in Scotland reports :

SCOTLAND has a political pattern of its own, and this time few, if any, of the Scottish peculiarities are favouring the Unionists (the Conservative title north of the border). National swings usually peter out in central Scotland's stubbornly marginal seats, as Labour discovered even in 1945. The significant shifts since 1951 have been those of Labour's city battalions into housing estates in Unionist marginals round Glasgow. Liberal nostalgia, occasionally associated with Nationalism (and even more purposefully with Gaelicism in Inverness), lingers in the Highlands and Islands. Marginal Unionists are being hurt by patches of high unemployment, touching 7 per cent in north Lanarkshire and over 4 per cent in Glasgow and Dundee. They are also in some trouble where a Church of Scotland presbytery has been particularly upset over Nyasaland. This all means that, even if there still is a national swing to the government, the Unionists may have to poll their full strength even to stand still in Scotland. If there is a vestige of a swing the other way, Labour could pick up the 6-8 seats that Mr William Marshall, its Scottish secretary, has his eyes on.

The big Unionist headaches are in the west of Scotland. Three of the Glasgow seats that they won in 1955 are in obvious danger. One Unionist loss seems quite certain. The 10,000 new housing estate voters on the register in **Glasgow Scotstoun** must wipe out the Unionist majority of 428 which Sir James Hutchinson (who is not standing this time) clung to in 1955. Strategically, the Unionists ought to recapture Glasgow Kelvingrove, which the late Walter Elliot first won in 1924, held in 1955 with a 2,688 majority (5.4 per cent swing needed to dislodge him), but which the Unionists then lost to Labour by 1,360 in a by-election after his death in March, 1958. There are 1,622 unattached votes which an Independent picked up in the by-election, and the Rent Act has lost much (though not all) of its effect since the Tories' darkest days last year. Nevertheless local opinion obstinately forecasts that Labour's Mrs Mary McAlister, a douce but doughty Glasgow councillor, will manage to stay at Westminster. The Unionists' third fear is **Glasgow Craigton,** where Mr Jack Nixon Browne was only 210 votes to the good last time, and where there has been another housing estate influx (though much smaller than in Scotstoun).

Elsewhere in Scotland, the Unionists seem very likely to lose the seat at **Lanark,** where the maverick Mr Patrick Maitland has a majority of 958, and now faces Labour strength in the new town of East Kilbride ; many of the industrial estate workers are pretty well paid, but their appearance at the polls should more than offset the miners' steady exodus from the constituency. The Unionists probably have less to fear in **Rutherglen** (Unionist majority 2,101), where the electorate should know what steel nationalisation is all about. **Central Ayrshire,** which the Unionists captured by 167 in 1955 is anyone's guess. The Unionist organisation is strong on the ground and showed its teeth in local elections this year, but there is some local unemployment.

The Unionist Counters

IF the swing in Scotland does go towards the Government there are, on the face of it, five Labour marginals that could conceivably fall. In **Glasgow Provan,** the best of a young crop of Unionist challengers, Mr Robert Kernohan, starts only 180 votes behind the ailing Mr William Reid, and with a much more active organisation. But—once again—there are 8,000 new voters who are expected to divide five to three for Labour. Out in **West Dumbartonshire,** where residential Helensburgh and industrial Dumbarton confront each other, the Unionists have a more restrained (and therefore better) candidate than last time ; but they need a 2.4 per cent swing to unseat Mr Thomas Steele (majority 1,952).

The Unionists are mounting a stronger offensive in Edinburgh and the east of Scotland. Here at last they can mark up a likely gain, to offset probable losses in Scotstoun and Lanark. They should finally roll over Mr Tom Oswald's majority of 939 in **Central Edinburgh,** where 5,000 mainly Labour voters have moved out and Unionist canvassing reports are good. There is a bare chance of a surprise in **East Edinburgh,** where Labour's Mr Willis, with a majority of 2,042, faces the Earl (and, even more, the Countess) of Dalkeith—but with 1,000 new voters on the register. Labour is positive that it will hold Edinburgh Leith once more, thanks to Sir Andrew Murray's habitual Liberal intervention. It is much less sure in **West Dundee,** where Mr John Strachey has long fought the Housewives' League on one flank, and the Communists on the other, but was pulled down to 1,874 votes last time, and now needs only a 1.8 per cent swing to be toppled. The Unionists have a sound candidate ; their preliminary poster campaign has been on a lavish, "almost English," scale—and the Tay road bridge is in the Conservative party manifesto.

The extent of Liberal activity in Scotland has been pruned from 30 to only 15 constituencies ; this includes the Nationalist leader, Dr J. M. MacCormick, who has been rather negligently carrying the Liberal banner in Roxburgh, Selkirk and Peebles. The great Liberal hope is **Inverness,** where Mr Bannerman needs only a 1.4 per cent swing from Unionist to Liberal to win. Your correspondent has not visited the area, but the Scottish political grapevine suggests that a young and punchy Labour candidate Mr Ian Coulter, although he will finish third, might take enough votes from Mr Bannerman to save Colonel Neil McLean's Unionist majority of 966. Nevertheless, the Unionists are worried here, and they may have at least equal reason to be worried about the lesser known Liberal challenge in Ross and Cromarty. But they are retaliating with a croft-to-croft campaign, led by a Mr Robert Bruce, against the Liberal heartland in Orkney and Shetland. They say that Mr Grimond (majority nearly 8,000) may get a real fright—in five years' time.

Pink Glow in the North

A correspondent who has been touring the North of England reports ;

ANYBODY who has read the public opinion polls must feel mystified by this election. The polls still say that there has been a swing to the Conservatives since 1955. But up here in the north the Labour party seems genuinely confident that it will have no losses, and it is exceedingly buoyant. The Conservatives one interviews still generally expect to win the election as a whole, but they are certainly not counting on many gains.

In Yorkshire the Conservatives admit that they are in obvious danger at **Hull North** (Labour swing needed 0.6 per cent, and with new Liberal intervention) and they are not very optimistic about gaining **Cleveland,** although they need only a 0.2 per cent swing and the constituency is full of potentially nationalisable workers. **Brighouse and Spenborough** (1.8 per cent Tory swing needed) is listed as the likeliest Conservative gain from Labour in Yorkshire—and it is not very likely. The Tory marginals of **York** (0.9 per cent Labour swing needed) and **Doncaster** (1.8 per cent swing) are widely said to be good bets for Labour gains ; railway reorganisation has not helped Conservative prospects. In Lancashire both sides declare that cotton will cost the Conservatives some votes. Local opinion alleges that it makes a Labour victory in **Oldham East** almost certain, and there is much more Conservative pessimism about possible Labour gains in the two Bolton seats (one held by a Liberal) than might be expected from the figures last time. In **Heywood and Royton,** which the Tories held by 3,210 last time, people are talking of the possibility of the newly intervening Liberal getting 10,000 votes and giving Labour the seat.

The Mosley Intervention

NORTH of the Thames, straggling out from London's heartland to the subtopia of factories on its western fringe, in an area of great social change, of road works and of varying coloured immigration, lie five marginal constituencies—one with a Tory incumbent, and four with Labour defending. One of these is North Kensington (Labour's majority last time 2,943, with a 3.9 per cent swing needed to dislodge it), which many people regard as the most interesting electoral contest in the country. The constituency begins in the chaos that will be the new Notting Hill Gate, a Conservative ward of shopkeepers and professional folk, and extends northwards through a jungle of streets beyond Ladbroke Grove and Notting Dale where Mosley's tom-toms throb ominously, and where it is strange to recall that the writ (some say, dead hand) of the Royal Borough still runs from its Boma far to the south, by the elegances of Derry and Toms and Barkers. About 9,000 people enter and leave the electorate yearly; it is London's great caravanserai, a congerie of bed-sits.

The special electoral interest of North Kensington is that not only are the Liberals intervening in the mêlée this time with plenty to say about anti-African atrocities and the colour bar, but Sir Oswald Mosley is also a candidate on the twin slogan of Keeping Britain White, and creating a Euro-African power block in which the whites will inhabit Europe and the highlands of Africa, while the blacks will be happy and lowly in the lowlands. On Wednesday a fifth candidate, an Indian restaurant keeper, Mr Nandanwar, dramatically appeared in the field.

Everyone admits that Mosley is an entertaining speaker ; his intervention makes excitement certain, and provides not inconsiderable prospects of violence during the campaign. In previous straight fights, the Conservative working-class candidate—their famous "romantic gasworker," Mr Bob Bulbrooke—has steadily pared down the majority of the sitting Labour member, Mr Rogers. For Mr Rogers, the race disturbances were an embarrassment, and he made equivocal noises last year which satisfied none of his supporters. His organisation seems once again to be below par. In streets where whites and coloured live as neighbours the touring Labour candidate is received with a sullen "Up Mosley," and the Conservative candidate with a cheery greeting of the same kind.

The Conservatives think that all three of the new interventions will hurt Mr Rogers far more than they will hurt them. One's own impression is that Mosley will indeed rob Labour of some of the poor whites' vote, and that many of the coloureds (7,000 of whom are eligible to vote), who in most other constituencies would vote Labour, here may either vote for the admirably liberal Liberal, or for Mr Nandanwar, or (more usually) not go to the polls at all. "Now's my chance," says Mr Bulbrooke—and here indeed is one Tory who may never have it so good again. Perhaps nowhere else would one expect a Labour seat to fall which requires a 3.9 per cent net swing for its overthrow, but North Kensington may be the exception.

Western Approaches

THE other four West London marginals are all expected to be straight fights. Labour's three are **Barons Court** (Labour majority 125 last time, 0.2 per cent swing needed by the Tories), **Acton** (Labour majority 525 last time, 0.7 per cent needed), and **Willesden East** (659 majority, also needs 0.7 per cent swing). The Tories' marginal is **Brentford-Chiswick** (Tory majority 2,105 in 1955, a full 3 per cent swing needed by Labour to win, but the popular Tory incumbent Mr P. B. Lucas, wartime fighter ace and international golfer, is not standing again this time).

Barons Court and Brentford-Chiswick form a continuous territory from Fulham to the Great West Road, and are now linked and bisected by the Cromwell Road extension ; it is a matter of heartburning by the respective agents whether the demolition and rehousing entailed by this piece of go-slow road engineering has cost them more votes than the other side since 1955. Baron's Court electorate has fallen (for this and other reasons) by 5,000, Chiswick by over 2,000. The Tories think that the thinning out helps them and report a marked drop in housing complaints ; Labour considers that the Rent Act has left as deep a scar as has the road, and points out triumphantly that it won both the Brentford-Chiswick seats in the Middlesex county council elections last year. One's own impression is that the Tories will hold Brentford-Chiswick this time. Barons Court is a greater problem—partly because of the massive uncertainty about population movements (the constituency now has a fair number of Labour-inclined coloured voters), and partly because it was a brand new seat in 1955 and the Labour organisation then was not as quick as the Tories off the mark. The two organisations are better matched now and accustomed to fight both local and parliamentary elections to a photo-finish, which the locals think is more exciting than the annual boat race that is staged on their part of the river. Nurses are being pursued from the constituency's five hospitals to the ends of the earth for postal votes, and even Rowton House is picketed by canvassers.

Acton and Willesden, with their factories, are much more settled areas ; even the Indian and Pakistani colonies are old-established and relatively stable, but there, too, agents cannot ignore immigration—white and coloured. In both constituencies the local Tory organisations are strong, but Labour headquarters declare that volunteers are pouring in "now that they've smelt powder." The trade unions are working very actively for both Labour MPs, Mr Sparks and Mr Orbach. Again housing is inscribed on Labour's banners, but life in the outer suburbs is lived largely on hire purchase and great Labour efforts are having to be made (as one agent put it) to tell them that "even if they've never had it so good they've not had it as good as they could have had." If—but only if—the Tories are to increase their parliamentary majority anywhere, Acton and Willesden East are seats that they will need to capture.

Two Lewishams and a Woolwich

IN the dormitories to the south-east of London, housing estates and older residential property interleave to make three marginals which were all won by the Tories in 1955, **West Woolwich,** the doubtful half of the borough (the rest of which is in Mr Christopher Mayhew's pocket), and West Lewisham are two places where one will not find penny-farthing bicycles in a jet

age, to adopt Mr Harold Wilson's expressive characterisation of many local Labour party organisations. West Woolwich has never been that way. The fact that the Labour agent works from a temporary wooden hut a few hundred yards from the mansion that accommodates the headquarters of the new Tory candidate, with room after room of ladies sorting out the postal vote, could be a misleading symbol. The hut is just an outpost of the Woolwich Borough Labour Party, the largest in the country and with its main headquarters near the arsenal. It exploits the safety of the eastern division to devote the full resources of two constituencies to demolishing an 1,880 (2.2 per cent swing needed) Tory majority in the west.

Confidently the Labour agent claims that he starts the election with a fully marked register and that he is level with his Tory rival in rustling up the postal vote. While Mr William Hamling, the local schoolmaster who was the Labour candidate last time, is having a second try, the Tories have reason to wonder about the value of a candidate's personality. Sir William Steward, the Tory member for the past 14 years and former chairman of the House of Commons Kitchen Committee, has retired and young Mr Colin Turner, an "international media representative and marketing consultant" and not a local man, was adopted only last February. The third man in the race, a pacifist lay preacher is expected to be slightly helpful to the Tories, since his "Fellowship" platform includes "common ownership" and unilateral disarmament.

The factor of personality is being even more actively canvassed in **Lewisham North,** where Mr Christopher Chataway, of television, the four-minute mile and the Bow Group, is seeking to recapture the Tory seat which was held by 3,236 votes (4 per cent swing needed) in 1955, but afterwards lost in the Suez-and-Rent-Act by-election. Mr Chataway's supporters are liable to hold up their hands in horror at the very suggestion that his television and athletic attributes are being so much as hinted at during the campaign, though they permit themselves to purr with pride at their man's part in suggesting the World Refugee Year. The fact is, of course, that this contest, together with those at Hereford (Mr Robin Day), Rochdale (Mr Ludovic Kennedy) and Holborn and St Pancras (Mr Geoffrey Johnson-Smith) will be a fascinating test of whether a candidate who regularly comes down most of his constituent's television aerials is an exception to the rule of thumb that even the best personality is worth only 500 votes. The difference, if any, between the change in the Tory vote in North Lewisham and in the rest of the country should give the answer in Mr Chataway's case; and the experiment is all the more intriguing in that Mr Niall MacDermot, the Labour victor of the by-election, is universally recognised to have had an excellent record in his two and a half years in Parliament.

Mr Chataway's agent claims that he has torn up his previously marked register because canvassing returns showed so many voters previously marked red for hostile coming over to his side. There will be no Independent Loyalist as in the by-election to split the Tory vote, but a rather unimpressive Liberal is bidding to collect any anti-personality votes with his clichés. Mr MacDermot's organisation, on the other hand, has a somewhat improvised air. The local Labour party wavered a long time about appointing a full time agent and after turning down all the outside applicants finally put its own honorary secretary on the payroll. It is claimed that local experience will prove superior on the day to Wilson reforms.

In Lewisham West, which is Lady Lewisham's Lewisham and takes in Sydenham and Forest Hill, what look like the Wilson reforms have been very energetically implemented in the Labour organisation since the 1955 election, although it is understandably claimed to be all due to local initiative. The agent's full pre-election canvass prompts him to claim that he now has the votes to put Alderman Dick Edmonds in, provided he can lead them all to the poll. This would be a considerable achievement since the present Tory member, Mr H. A. Price, a trained baritone, had a 4,325 majority in a straight fight in 1955, and the alderman's supporters are only calculating that this year's Liberal, Mr Smith, will take votes equally from either side.

Ulster Variations

A correspondent who has recently toured Northern Ireland writes:

THE decision of Sinn Fein to contest all twelve Ulster seats could mean a clean sweep for the Tories' Irish cousins the Ulster Unionists. Last time the Tories won ten seats at the polls, but picked up **Fermanagh** (original Sinn Fein majority 261) and **Mid Ulster** (Sinn Fein majority 260) only after the convicted gunmen who had been elected were declared ineligible to sit. This time in Fermanagh Colonel Grosvenor, a scion of the property-owning Westminsters and Mr Selwyn Lloyd's PPS, has very high hopes of victory outright on October 8th. Privately many local Catholics concede that he has an excellent chance, since the feebleness of the IRA raids in the last couple of years and the inconvenience of the reprisals—especially the spiking of the country roads which crisscross the border many times while linking neighbouring villages—have taken much of the heroics out of violence. Moreover—a potent point—there are now fewer Catholics on Fermanagh's register.

Mid-Ulster, however, may be a harder nut for the Unionists to crack, largely because of their own feebleness. The constituency is admittedly difficult to organise since it consists for the most part of small villages separated by high mountains. In 1955 the Unionist organisation collapsed under the strain of fighting two successive elections, after the second of which its candidate found that he, too, was ineligible to sit in the Commons (because he held an office of profit under the crown). The third election was then won by an Independent Unionist, Mr Forrest, because the Nationalists decided to try conclusions with the Sinn Feiners, and thereby proceeded to lose their deposit, but also to split the Catholic vote. If the Nationalists intervene again, Mr Forrest and Mr Grosvenor will no doubt both win; if, as is more probable, the Nationalists keep away, Mr Forrest will face a tough straight fight. He will have no organisation to help him, unless the Unionists make a last-minute effort to pull themselves together.

The Northern Ireland Labour party, which has been gathering some momentum since it came down off the fence in support of partition, says it has hopes of capturing the East Belfast seat. The same rather unimpressive candidate, who reduced the Unionist majority to 5,260 in last March's by-election, is trying again. He should be helped by the recent redundancy at Short Brothers' aircraft plant. But, whereas his last fight was a straight one, he already has an Eire Labour candidate, who objects to the Labour party's abandonment of United Ireland, in the field to split his vote; and there will presumably now be a Sinn Feiner as well to take away some Catholic working-class votes and send their Protestant comrades hurrying back to Unionist cover.

In North Belfast the Labour party has a wistful but not very convincing hope of exploiting the divisions in the Unionist ranks which caused the sitting member, Mr Montgomery Hyde, to be dropped in favour of an inexperienced young solicitor. But significantly the Labour party has not even thought it worth entering a candidate in the City's western division, which from 1951-55 has sent a socialist of sorts to Westminster. Here the working class is predominantly Catholic and resentful of the Labour party's stand on partition. The sitting Unionist, Mrs Pat McLaughlin, is thought to have consolidated her seat, and her opposition is expected to be split between three anti-partitionist candidates.

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NOTES OF THE WEEK

CYPRUS

Grivas Rebuffed

ALLEGATIONS of somewhat improbable plots against General Grivas were flying about in Nicosia and Athens last weekend. He himself claimed that the Greek government was planning to arrest him on the pretext of a fictitious pro-Grivas conspiracy in the Greek army; and an Athenian opposition newspaper announced that there was a plot afoot in Cyprus to murder a minister in the provisional government and throw the blame on Grivas. Both allegations look like defensive counterploys to Archbishop Makarios's announcement that he had evidence of a plot by the general's supporters in Cyprus to overthrow him.

The Greek government, at any rate, reacted with refreshing and crushing frankness. If General Grivas is not a liar, it said, he must be suffering from a persecution mania; having honoured him "to an exaggerated degree," the Greek government is no longer concerned either with him or his political plans. This is not the only rebuff administered to Grivas by his former adherents. Ten days ago Archbishop Makarios stated categorically that he considered himself responsible "only to the sovereign people of Cyprus and not to the general."

It would, however, be rash to conclude that General Grivas's mischief-making powers have been seriously weakened either in Nicosia or Athens. His behaviour may have caused him to be snubbed; but it has also divided the Greek Cypriots. Moreover, his repeated allegations of secret agreements and concessions made outside the terms of the London agreements, although denied by both the archbishop and the Greek government, will not facilitate the present negotiations on the transfer of power to the new republic. Archbishop Makarios has so far refused to go to Athens to see Grivas without a proper personal invitation, although one of his colleagues has this week gone there on a presumably mediatory mission. The archbishop has been right to stand on his dignity. But sooner or later a meeting will probably become both inevitable and in the best interests of Cyprus. On their present form, the general has far more cause than has the archbishop to fear the outcome of such a confrontation.

FRANCE AND ALGERIA

Uneasy Interlude

GENERAL DE GAULLE'S statement of policy on Algeria last week was bound to create an immediate stir in French politics. On both sides of the Mediterranean the advocates of "integration" loudly proclaimed that of the three choices offered by the president, *francisation* was the only acceptable one. Settlers' organisations in Algiers swore that they would defend this principle "together with the army." In Paris the traditional prophets of integration, like M. Duchet and M. Bidault, flocked into a new group whose name, the Rally for French Algeria, is itself a programme. The party most divided by this issue is the neo-Gaullist UNR, whose deputies were elected on a ticket of dual loyalty—to de Gaulle and to the spirit of May 13, 1958. Men like M. Soustelle and M. Delbecque wanted their party to fly the flag of *francisation*. But the leadership, while ruling out Algerian independence, refused to try to tie the general's hands any tighter than that.

All these stirrings will not amount to a storm as long as the army keeps out of the controversy. And it was to reassure the army, and the settlers, that General Challe, the commander-in-chief in Algeria, issued a message to the troops on Tuesday, asserting that the fight against the FLN rebels will be intensified and "pacification" carried to its bitter end. The intransigent character of this message should please officers and settlers; it is likely to have the opposite effect on the FLN. As to the mass of Algerians, they apparently wonder whether all this brings peace any nearer, and will judge the de Gaulle plan by its results.

There would be a risk of the army commanders losing patience if the president embarked on talks with the FLN. If any such talks are barred, the officers have nothing to worry about and can get on with their job. This is why it is generally assumed in Paris that General de Gaulle will stick to the letter of his statement and refuse to enter into any political negotiations or any bargaining about his plan. Nevertheless, a lot must inevitably depend on the reaction of the FLN leaders. Throughout this week both Paris and Algiers had their eyes fixed on Tunis.

Suspense in Tunis

SILENCE can also be a diplomatic weapon. The FLN leaders were much criticised because last October they had rejected promptly and flatly General de Gaulle's offer of "the peace of the brave." This time they did not commit the same mistake. The rebel "government-in-exile" went on deliberating in Tunis, and thereby kept up the suspense. Journalists flocked to Tunis from all over the world and, reduced to speculation, spread rumour after rumour. By a week of silence the FLN at least proved the point that it holds one of the keys to peace in Algeria.

Tactics of this kind were not, however, the only reason for delay. The FLN had to consult its friends. Most members of the Arab League behaved as had been expected, and simply reaffirmed in general terms their support for the Algerian struggle for independence. The attitude of Algeria's immediate neighbours was more important. One may well believe that President Bourguiba preached caution and advised the rebel leaders to follow Tunisia's example by accepting a first offer and then asking for more. The King of Morocco, too, is in favour of compromise; but his scope for action is limited by the more intransigent attitude of his government and public opinion. Nevertheless, it was apparently on the king's advice that the FLN put off its statement till next week in order to revise some of its terms.

The advocates of compromise have another argument. The insurgents had pinned great hopes on a vote condemning France being passed by this year's United Nations assembly. M. Yazid, their observer freshly returned from New York, could tell the leaders gathered in Tunis that these hopes have dwindled after General de Gaulle's declaration. Mr Herter's statement on Tuesday confirmed the change in the American attitude. The more conciliatory members of the Algerian rebel leadership can now argue that, having shown its power by imposing a period of suspense, the FLN can seize the initiative again only by making carefully worded counter-proposals.

LAOS

Quenching by Firepower

THE American military establishment in the Far East appears to be trying to repeat, in land-locked Laos, its success of a year ago on the waters off China. Last

year the power of the reinforcements sent to the Seventh Fleet, the quality of the aircraft supplied to the Chinese Nationalists, and the evident urgency put into the entire operation, forced the communists to ease off their bombardment of Quemoy and eat an unpalatable brew of their own words. Now the Americans have rushed equipment to Laos and are taking over the training of the Laotian army; and Admiral Felt, arriving in Bangkok for this week's meeting of military advisers of the South East Asia Treaty Organisation (Seato), declared that his west Pacific forces could be active in "a very short time" if ordered into action.

Since then, Admiral Felt has indicated to his colleagues and allies that the firepower of the American forces in the Pacific would be used, if necessary, to quench whatever fire may be burning in the jungles of northern Laos. From some accounts, this vigorous line startled the delegates of France, Australia and New Zealand, who had been more inclined to look ahead to the permanent benefits—to almost everybody—of a neutralised Laos. In present circumstances, however, talk of a neutral Laos is somewhat idle. It is more relevant to wonder whether and in what way the mainly naval and air forces at the disposal of Seato could be used in a country of roadless jungle and mountain without an outlet to the sea. Parachute drops from Siam? Bombardment of the presumed aggressor, north Vietnam?

It need not come to that, and almost certainly will not. The Security Council's sub-committee, now in Vientiane, has begun to collect whatever facts may be distinguished from fiction in a singularly confused situation. Russia's suggestion, in its note of September 15th, that the Geneva conference of 1954—which ended the Indo-China war—should be reconvened, is clearly a non-starter. On Tuesday, a British reply said neither yes nor no, but exposed some of the fallacies in the Soviet note.

These developments leave things more or less where they were. While the sub-committee is gathering facts, there is clearly a good case for making the Laotian army strong enough to meet invaders or insurgents in the north. But what happens if the job proves too big for it? More important, what happens if the Laotian government inconsiderately appeals to Seato for help before the situation has had a chance to quieten down?

ELECTION CAMPAIGN

Pensioneering

As our election notes on other pages report, the Labour promise to raise old age pensions by 10s. a week seems so far to be the most noisy election issue. At the moment the Conservatives' only reply to the challenge seems to be to say that the British people, especially in whatever district they are standing for, are too hard-headed to think that they can get something for nothing; in many constituencies, at any rate, the Conservative aim seems to be to sail through ignoring the opposition, leaving the election as two separate manœuvres against shadow armies instead of making it a pitched battle.

This is almost certainly a serious Tory mistake. The pensions issue is one on which it would be much easier than Conservatives realise for them to counter-attack. They could emphasize to those who have only the pension to rely on how much more they have to gain from the Tory policy of concentrating increases on national assistance benefits. They could drive home to that majority of old people who have other fixed incomes in addition to the pension that a quite moderate increase in the pace of inflation will whittle away more from the value of that other fixed income than Labour says it would add to the basic pension rate. And, above all, on this issue the Tories could make a much greater effort to capture the humanitarian vote. Labour's national insurance proposals would cost some £200 million a year immediately, and considerably more in a few years' time. If this sum really is available, and if it were devoted to raising the rates for the one million strong, but growing, army of national assistance recipients, it would be possible to double the minimum standard of living for the poorest section of the community within a measurably short time.

The Widows' Vote

Part of the Labour party's manifesto that can fairly be called shrimping for votes is the section on widows. All widows' pensions are to be reviewed, particular attention being paid to the earnings rule, and the basic pension of the "10s. widow" is to be raised to £1.

In fact, widows' benefits were reviewed by the national insurance advisory committee about three and a half years ago. About the same time the same body reviewed the earnings rule as it applied to all benefits; and modifications of widows' benefits and of the earnings limit have since been made. Obviously, when prices start to rise again, or if the country can afford it, the case for a further adjustment of widows' benefits will need to be looked at again. But does the Labour party's proposed review mean that it intends to go back on the principle stated in the Beveridge report, endorsed by the Coalition government and embodied in the Labour government's own National Insurance Act of 1946?

This principle is that widowhood of itself should not be a contingency for which a national insurance benefit should be provided other than a resettlement benefit known as a widow's allowance. It was widows with young children and widows whose age or infirmity precluded them from taking up employment that were deemed eligible for long-term benefits. The exceptions to this rule are the "10s. widows," officially known as widow basic pensioners. These consist (a) of women already widowed by July 5, 1948, whose husbands had belonged to the old contributory pensions scheme, and who were not entitled to the long-term benefits of the new scheme; and (b) of women widowed after that date but who married before it men insured under the old scheme. In 1948 these 10s. widows numbered about 300,000. As they have reached the age of 60, and their widows' basic pensions have been converted into retirement pensions, their numbers have fallen off, in spite of new awards, and today there are about 109,000 of them. Since they have no young children and are under 60, one would not expect them to be singled out as hardship cases. Indeed, of the 150,000 who were drawing the 10s. at the time of the advisory committee's report, about 115,000 of them were either employed or self-employed—or at least were insured as such. About 20,000 were receiving national assistance; but since then most of these, as a result of the committee's recommendations, have been given insurance cover and qualify for unemployment or sickness benefit instead. Turning the ten shilling widow into a pound one may or may not win a few votes; but it contravenes an important principle of Labour's own insurance scheme.

PUBLIC OPINION

Polls under Fire

It is always easy to mobilise an attack upon the public opinion polls; they are naturally disliked by whichever political party happens to be falling behind in the rating. It is also a good thing to damp down overreliance on these temperature-reading devices; most analysts of political trends pay too much attention to them and too little to by-election and (especially) local election statistics. But it is a great pity when an attack upon the polls gives a false impression. The *Observer's* front page story last week "Four Polls from One Source" was guilty of this. The story was based on the "revelation" that "the *News Chronicle*, the *Daily Telegraph*, the *Daily Mail* and London *Evening News* all collect the information on which they interpret the state of political opinion from a single firm in Regent Street"; the impression given was that this reduced their value as an independent check on each other.

This impression is almost the exact reverse of the truth. The *Daily Telegraph* and *News Chronicle* polls, with both of which the ubiquitous Dr Henry Durant is associated, are utterly different in structure, operation and treatment; indeed some outsiders have sometimes felt that Dr Durant has devised the new *Daily Telegraph* method, which has different teams of interviewers using different sampling techniques in different sorts of constituencies, with an enthusiastic experimenter's eye on providing the most independent possible check on his older and more tested *News Chronicle* poll's method. The Durant organisation does not process or prepare or present the *Daily Mail* or *Evening News* polls. It hires out some of its special calculating machines and other facilities to National Opinion Polls Ltd. (the *Daily Mail* people), but that is all. To equate the two organisations for this reason would be as sensible as to say that *The Economist* and *The British Racehorse* are the same publication because we are customers of the same printing house and because our separate words of wisdom (like the poll organisations' separate questionnaires and answers) therefore go on to the same printing machines in the end. One can pay one's 2½d. and take one's choice between these polls, and the *Daily Express's* as well, but it really just is not true to suggest that there are any organisational links or smoothed out similarities of questioning techniques which make it more likely that mistakes appearing in any one morning newspaper's poll will appear also in any other.

WEST INDIES

Fateful Conference

Next week the West Indian premiers will confer in Trinidad with the federal prime minister on the future of the federation. They are certain to ask for some alterations to the existing federal constitution before independence, and this will mean changes by British order in council, if not legislation. But the important question which overhangs this fateful conference is whether agreement will be reached at all. If it is not, the whole edifice of the federation, built up with such difficulty, may crash.

Mr Manley, the premier of Jamaica, is putting in some demands which both the federal prime minister, Sir Grantley Adams, and the other islands' leaders will find hard to stomach. He demands that representation in the federal parliament be brought more into line with population, instead of being weighted to prevent Jamaica dominating the house. Jamaica now has 18 out of 45 members; Mr Manley's demands would mean 22 or 23 of 45. At the same time Mr Manley wants the completion of a customs union to be delayed *sine die;* on the date for achievement of independence he is vehemently equivocal. But Mr Eric Williams, premier of Trinidad, demands independence at 11 a.m. on April 22, 1960. Sir Grantley Adams is unwilling to proceed to independence at all until the customs union is a fact. Here is fruitful ground for a clash. If one comes, "British delaying tactics" will be the scapegoat.

The right answer seems to be to give Mr Manley 23 members out of 50, not changing anyone else's representation and yielding to Jamaica, most separatist of the units, a position like the North in the Nigerian Federation; and then to agree to something like Mr Williams's timetable in return for his wholehearted backing of the federation on Trinidadian issues. As for the customs union, the most practicable plan would be to concede Jamaica the protection its existing industries possess—but to urge that the opening up of the West Indies market to Jamaican enterprise is adequate compensation for going no further. But this is the critical moment; it is vital that federation should not break down now. The Colonial Office should press Sir Grantley to take risks, if need be, and back him with money and prestige.

UN FORCE

Paying for Peace

One of the more comforting sights in the troubled Middle East is that of soldiers in sky-blue berets. They are members of the United Nations Emergency Force who are engaged in keeping the peace along the border between Egypt and Israel. There are 5,334 of them, in detachments from Brazil, Canada, Denmark, India, Norway, Sweden and Jugoslavia. They spend most of their time at remote desert posts on a line between the Mediterranean and the Red Sea, but, unlike other soldiers who have been confined to small areas of sandy wastes, they are given opportunities to find out what the Middle East is like. On well-deserved holidays they are taken to see the antique remains at Baalbek, Cairo and elsewhere; they have rest camps in the mountains of Lebanon and on the beaches at Alexandria. When they finish their tours of duty they will know something about the area in which they have served. They are a new kind of soldier.

As a practical exercise in international co-operation, Unef has been a success; as an example for the future it has endless possibilities. Yet the force has been under a threat of dissolution owing to lack of funds for much of the time since it was created by the UN Assembly on November 4, 1956. Only a few members of the United Nations seem aware of its value. On September 15th, Mr Hammarskjöld announced that 61 member countries had yet to pay their assessments for 1959, and that there would be a cash deficit of $6.2 million by the end of the year if this were not paid by then. The force is not likely to fade away altogether for lack of money; Mr Francis Wilcox, an assistant secretary of state, told the American Association for the United Nations on September 13th that the United States would, if need be, give it further financial support. It would be a pity, however, if two-thirds of the member countries were content to allow the other third to bear the expenses of the UN's only troops. The reluctance of member nations to furnish funds suggests a lack of understanding and responsibility that is far more serious than the failure to pay up in hard cash.

IRAQ

Ci-devants Die

General Qasim has done it again. Flexing their muscles after the Mosul revolt last March, the Iraqi communists demanded that Iraq withdraw from the Baghdad Pact, that political party activity should be allowed, that the death sentences passed on former officials should be carried out, and that the Popular Resistance Forces should be armed. Iraq withdrew from the Baghdad Pact on March 24th; on July 14th the general promised that party activity would be revived next January; the execution of political prisoners began last Sunday. Meanwhile, the Popular Resistance Forces, having outlasted their period of usefulness and become a threat to the army itself, were disbanded. This was the communists' only defeat, and one of little importance, but they hastened to accuse each other of deviation and other Marxist sins while the rest of the world waited to see if the tide had turned in Iraq. There is no sign that it has.

Sayyid Said al-Qazzaz, a minister of the interior before last year's revolution, and Brigadier Nadim Tabaqchali, commander of the army division at Kirkuk at the time of the Mosul revolt, were among seventeen Iraqis executed for treason at Baghdad on Sunday. Al-Qazzaz was the brave old man who, last January, became the first of the accused former officials to make an attempt to defend himself before Colonel Mahdawi's rigged court. At the time, the colonel said that he was lying in wait for al-Qazzaz, and the defence counsel said that he was defending one of the lackeys of the extinct monarchy who had issued orders to fire on political demonstrators. Brigadier Tabaqchali, who might have been better off if he had actually taken a leading part in the Mosul revolt, was convicted after witnesses said testimony against him had been obtained by torture, and after he had put up the strongest defence of any of the accused since the trials began.

General Qasim has publicly approved the methods used by Colonel Mahdawi in court. He claims that the two of them planned the whole affair fifteen years ago. The general may still be the ruler of Iraq, but the colonel is the man to watch. General Qasim's position is more likely to be threatened by a source close to home than by wicked imperialists or by President Nasser.

WAGES

Wage Claims on the Move

After almost a year's standstill, several wage claims are now on the move again. The Confederation of Shipbuilding and Engineering unions presented a vast wages and hours demand to the employers this week (the employers say it would cost them £210 million a year all told); the workers in electricity supply have already put in their bid; the printers have met to co-ordinate their policy towards the Newspaper Proprietors' Association when their agreement with the national dailies runs out in November; and the London busmen have asked for another £1 a week. These are stirrings that will gather momentum only slowly—the engineering discussions, for instance, will take several months. They will face whatever government is then in power with a major challenge early in the new year.

The key claim is that for the 3 million engineering workers. Both because the employers here are generally prosperous and because the electricity boards, being a nationalised industry, do not wish to lead, bargaining on the engineering claim should set the pattern. The union leader, Mr Carron, has no doubt that his task will be a hard one. The engineering employers, as their recent booklet showed, are not in a conciliatory mood; the cost of living is stable; and union strike funds are in as unsatisfactory a state as ever. This is not a propitious background for what may turn out to be a tough struggle.

The Economist

SEPTEMBER 24, 1859

STUDIES FOR POLITICIANS

Some may say that political education is, after all, only education in the art of self-control or self-government,—is, therefore, entirely practical, and can only be attained in the actual exercise of political functions. But this is really to assert that experience has no influence on the conduct of societies at all. Will any sensible man deny that those who have studied,—even in the mere outline of school histories,—the working of democracy, for instance, in Athens,—of both aristocracy and democracy, their gradual rise, corruption, and decline in Rome,—the working of the English constitution under the Tudors and Stuarts,—the working of the French constitution under the Bourbons and the revolution,—the working of the American constitution,—will come to the task of self-government in a very different spirit, and with very much calmer wisdom, than is likely with those who only learn to understand conservatism from the viewy harangues of Mr Disraeli,—constitutionalism from the occasional apophthegms of Lord John Russell, not always very consistently applied,—and democracy from the violent orations of Mr Bright? We do not for a moment suppose that any mere *studies* can really form sound politicians. We know such a notion to be chimerical. But they will sow many fruitful germs in the minds of young politicians likely to bear fruit when the first vehemence of youthful politics is past. They will supply their minds with a wider range of political ideas, and prevent them from helplessly falling a prey to every ingenious *doctrinaire* theorist whom they meet. They will give dignity and breadth to men's political convictions, and save them from the mistake, so common among such politicians as Mr Bright, of attributing all differences of political faith to the bias of selfish motives. . . . If the political life of England should ever become rotten, there can be no doubt that all our practical life will decay with it,—our commerce, our science, our arts, our manufactures, our laws. And the political life of England must become rotten, if the masses of England do not learn in time, and before the whole government becomes vested in them,—the fatal effects of confounding *power*,—whether in monarchs, aristocracies, or numerical majorities,—with political *right*.

THE CHURCH OF ENGLAND

Facts to Face

The public relations of the Church of England have recently been severely criticised, and it is not easy to acquire information about the Church. A step towards remedying this deficiency has now been taken with the publication by the Church Information Office of a useful booklet.* What is the membership of the Anglican Church? Theologically, Church membership is conferred by baptism, and of the 40,218,000 persons born and resident in the provinces of Canterbury and York in 1956, no less than 26,771,000, or 66 per cent, had been baptised in the Church of England. Of these, however, only 9,691,000 were confirmed. If one calculates the number of active Church members taking Easter communion as the criterion of a practising Anglican, the figure falls dramatically to 2,348,354, or 6 per cent of the population.

Clearly the Church has a challenging task ahead of it if it does not want to decline from the status of church of the nation to a congregational sect, ranking second in practising members to the Roman Catholic communion. It may be encouraged by the increase of 470,000 in Easter communicants since 1947. And out of every 1,000 marriages in 1957 496 were solemnised according to Church of England rites, while civil marriages declined from 306 per 1,000 in 1950 to 280.

Anglicans are generously supplied with places of worship, 20,289 in all, although these are not as rationally distributed in post-feudal Britain as might be wished. Less satisfactory is the number of clergymen, amounting to only 14,454 full-time workers, averaging 56 years of age. The clergy, like the churches, are unevenly distributed; for example, one priest for every 2,919 inhabitants in the Canterbury province, but only one for 4,155 in York. A country diocese such as Hereford has one cleric for every 1,054 of the population; in Birmingham the figure is one to 7,264. A crumb of comfort may be garnered from the increase in ordination of deacons from 441 in 1954 to 505 in 1958.

Church of England schools in 1957 numbered 7,794 with a total of 932,988 pupils or 14.7 per cent of the school population of England and Wales. This figure looks impressive until one discovers that it represents a decline of Anglican schoolchildren from 17.2 per cent of the total school population in 1950, and compares it with the Roman Catholic school enrolment figure of 478,833, a new peak. Of one category of church workers there seems to be no shortage, bell ringers. In 1956, 4,979 paid and 41,869 unpaid were registered.

*Facts and Figures about the Church of England. Church Information Office. 4s. 6d.

SOVIET UNION

What the Russians Heard

The first impression of Mr Khrushchev's visit to America that the Russians gleaned from their newspapers and radio was that he had been greeted with terrific enthusiasm. On September 16th, *Pravda* painted it all in bright colours: "Everywhere smiles, hands raised in admiration . . . Washington has seen nothing of the kind . . . applause turns into a stormy ovation on the central avenue." Next day, according to *Pravda*, everything in the garden was still lovely. After that, however, reality began to creep in here and there.

In *Literaturnaya Gazeta*, Mr Leontev wrote of repeated attempts to "throw dead cats and rats under his (Khrushchev's) feet." A Tass report on the talks with trade union leaders at San Francisco admitted that they had at times been "heated." The first question put at the National Press Club in Washington, which referred to a famous alleged incident during the 1956 party congress and threw Mr Khrushchev into one of his rages, was dismissed in the Soviet press with the simple but revealing formula, "the first question was of a clearly provocative nature." (Incidentally, Moscow radio's Hungarian service broadcast most of the remarks that Mr Khrushchev made about Hungary on this occasion, but omitted his opening sentences about Hungary being a "dead rat" that stuck in some people's throats.)

Since the *Voice of America* was not jammed during the first three days of the visit (after that, selective jamming was resumed) the gap between fact and fantasy could hardly be allowed to yawn too wide. Much was made by all commentators of alleged efforts to prevent Mr Khrushchev from making contact with ordinary Ameri-

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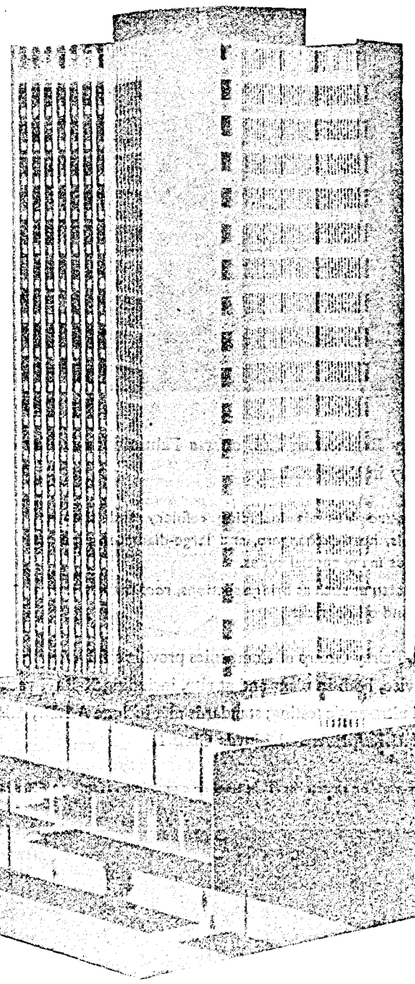

The new 170,000 sq. ft. office block for London County Properties of Rhodesia (Pvt) Ltd. in Jameson Avenue, Salisbury, is being built by Richard Costain (Africa) Ltd. With its twenty-three storeys, including above-ground parking on the first and second floors, the building will be the highest multi-storey block in Central Africa. It will be serviced by four high-speed lifts. Cost of the contract is approximately £600,000 and on completion the offices will be occupied by Rhodesian Selection Trust Secretariat Ltd.

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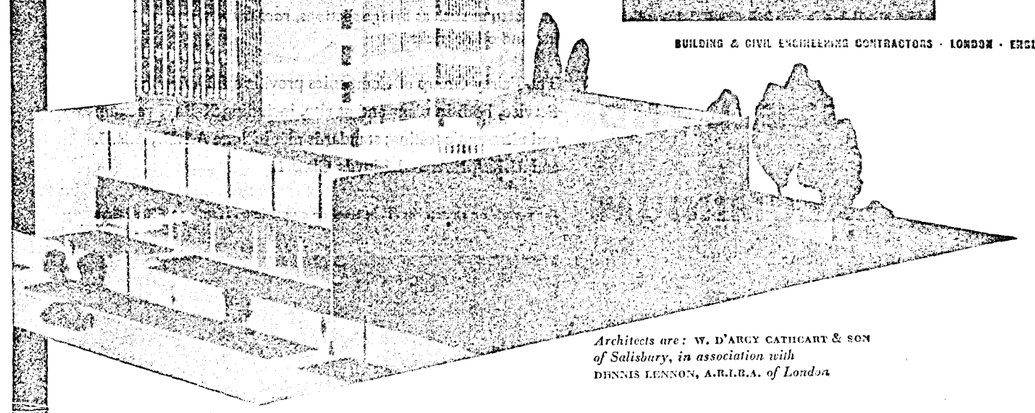

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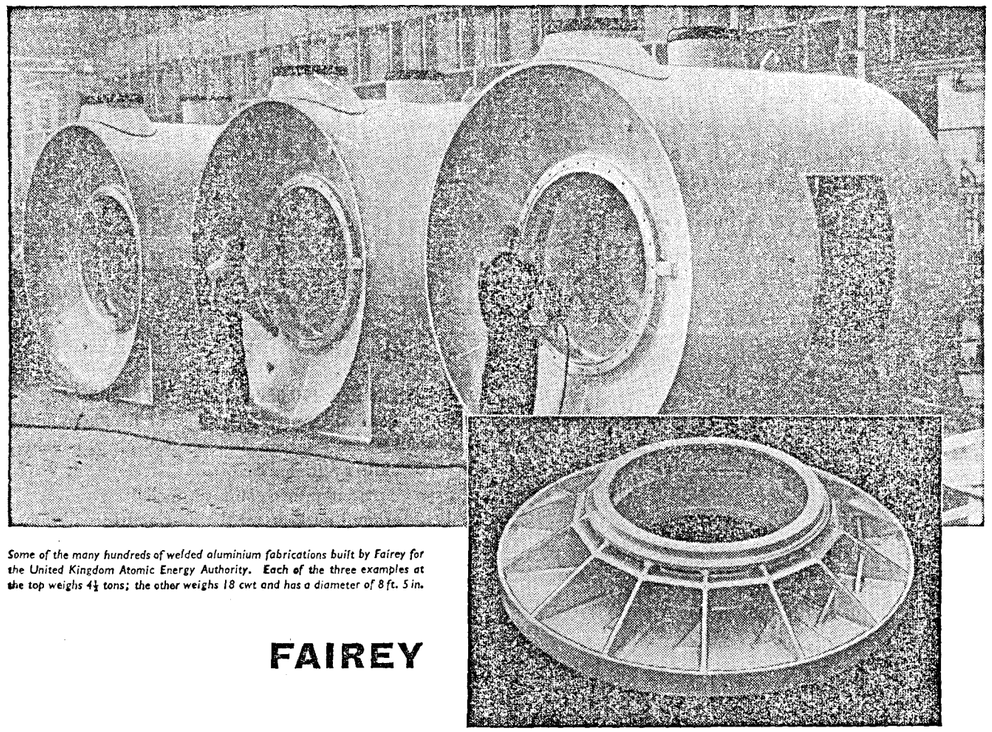

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cans "in a calm and friendly atmosphere." One *Pravda* dispatch, for instance, maintained that the local authorities in Los Angeles had "concealed" the route he took. Much, too, has been said about enthusiastic American support for his disarmament proposals. According to Moscow radio, his speech to the UN Assembly "literally stunned millions of Americans" who had previously imagined that the Soviet people had "horns and tails." On a less hyperbolic plane, the Soviet press has been soberly insisting that the Russian disarmament proposals must impress all peoples, including the Americans.

Earthly Harvest

RUSSIA'S peoples are not giving all their attention to Mr Khrushchev's peregrinations and to their spectacular shot at the harvest moon. This is the season when they are usually preoccupied with the earthly harvest, and Nature has now given them cause for concern: Crops have been affected by drought in Ukraine, Byelorussia, the northern Caucasus and the Volga region. In Kazakhstan, where the yield is reported as excellent, and in Siberia heavy rains have delayed harvesting; the final results will not be known until October, but it is already evident that this year's harvest will not be particularly good.

Soviet grain output showed a big advance in 1956, when it reached 125 million tons. Production dropped in the following year, but in 1958 it climbed to a figure claimed to be 137 million tons. It is doubtful whether that level can be exceeded this year. All this is still quite a long way from the official target of 165 to 180 million tons by 1965. It may be recalled that this elusive objective had been set previously for both 1955 and 1960.

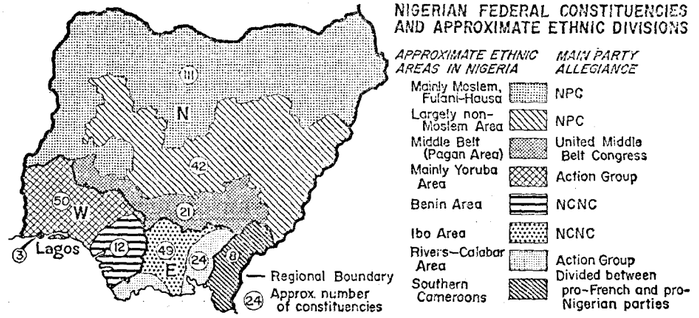
Admittedly, Soviet harvest figures are

NIGERIA'S ELECTION

Without Benefit of Psephology

THE Nigerian federal election campaign started about the same time as the British election but will take much longer; polling day will be in December. The premiers of the three regions have issued a joint appeal to the electorate to refrain from violence, and gone severally into action. The issue is who shall control the federal assembly when independence is declared in September, 1960. Five parties, and some splinter groups, are putting up candidates in the 320 constituencies. Of these 320 constituencies, 174 are located in the northern region, 73 in the East and 62 in the West, with 8 in the UN trust territory of the southern Cameroons—where, however, the government proposes to secede from Nigeria.

The three main parties are the three dominant parties of the regions which control the regional governments. They are (*a*) the Northern Peoples' party, led by Sir Ahmadu Bello, the Sardauna of Sokoto, which rules the North, has the emirs' support and provides Nigeria's present prime minister, Alhaji Abubakar Tafawa Balewa; (*b*) the National Council of Nigeria and the Cameroons, which controls the Eastern government and is led by its premier, Dr Azikiwe; and (*c*) the Action Group, which controls the West and is led by Premier Awolowo. The NCNC is putting up federal candidates in the West as well as the East; but only the Action Group is putting up candidates in all three regions. Of the two minor parties, the United Middle Belt Congress will fight between 30 and 50 seats in the North's southern and non-moslem areas, known as the middle belt (see map), while the Northern Elements Progressive Union will fight a number of constituencies in the "Holy North," above the middle belt areas. The complication of the election comes from the system of alliances between these parties, which is based on regional loyalties and disloyalties. The Action Group is closely allied with the UMBC; but though the NPC and the NEPU are fighting each other in the Northern Region, the NCNC contrives to be associated with them both. Thus:—



(1) *If the NPC sweeps every seat in the North, it could alone control the federal house.*

(2) *If the Action Group wins enough seats in both North and East it could control, with the UMBC, the federal house.*

(3) *If no party emerges with a clear majority the most likely coalition would be between the NPC and the NCNC.*

There are no public opinion polls in Nigeria to provide a guide to the probable result. This will be the first election fought on manhood suffrage in the North. Using past regional elections as a guide, it seems likely that the Action Group will pick up 50 or more seats in the West, and 20 to 24 in the East, while the NCNC hopes to get at least 12 in the West and 49 or more in the East. But as the Action Group's organisation is superior to Dr Azikiwe's, and as Zik faces a dissident group campaigning against him under his former lieutenant, Dr Mbadiwe, the NCNC may come off worse than this.

But in the North, everything is guesswork. The Action Group is supporting the UMBC, but has no link with the NEPU, and has lost ground in Bornu Province. Its appeal is twofold. To the middle-belters, fearful of Fulani oppression, it offers a separate middle belt state; in the rest of the area its candidates offer material welfare, and are—like NEPU—generally opposed to the power of the emirs. In theory, the Action Group could, with UMBC, win 20 to 60 seats; it considers that at least 90 seats are winnable. But NEPU will win at least a few. Everything depends on (1) whether the Middle Belt votes heavily for the UMBC, a poorly organised party and (2) how the anti-emir appeal fares. The NPC think both these appeals will fail. It concedes a handful of seats to NEPU and less than ten to UMBC—but it is hoping to win 165 northern constituencies out of 174.

This is the riddle—how will the Northern people respond? Will they, as both Mr Awolowo and Amino Kano (the NEPU leader) claim, vote as newly free men against tradition and authority; or will they, as the NPC expects, vote loyally for the emirs and chiefs who lead the NPC? If they vote strongly against "feudalism," either the Action Group will win an overall majority in the federation, or other patterns of coalition governments will be opened up; the NPC, diminished in power, might appear a less desirable partner to Dr Azikiwe than at present. If the Northerners vote the Northern ticket, will they give the Sardauna and his colleagues overwhelming federal power—or will they leave him heavily dependent on an alliance with a large—and demanding—southern party, like the NCNC?

now given in terms of the actual barn crop instead of as highly inflated "biological yields." Nor is the agricultural situation as critical as it was six years ago. The Russians claim to have achieved substantial progress in meat and dairy farming. But to provide fodder for this expansion of livestock and to keep some surpluses for export, grain production will have to be stepped up considerably. The party's central committee, which is to hold a special session devoted to agriculture next month or in November, will have plenty to talk about. Mr Khrushchev's report on the American corn belt will not be the only item on the agenda.

LOCAL GOVERNMENT

Bad Advice

LOCAL authorities which pay their officers more than the national minimum salary scale are very naughty and ought to mend their ways; thus the admonition, circulated last week, of the Local Authorities Conditions of Service Advisory Board. Such salary offers make life difficult for the conforming authorities, lead to a vicious spiral of extravagance, and "do not increase the total number of available officers."

This sort of pronouncement is symptomatic of a great deal that is wrong with the local authority service and perhaps with all public services. National minima have their uses. National maxima, rigidly enforced, are a guarantee of exactly the kind of results which can be observed not only in local administration but in the hospital service, the police, teaching and medicine; they lead to chaotic maldistribution of manpower and ability between more and less attractive places and jobs. With this goes a chronic insufficiency of suitable recruits or a failure to hold them through a normal career. The assertion that the existence of a limited number of highly paid jobs does nothing to "increase the total number of available officers" is indeed so towering a piece of economic ineptitude, so flat a contradiction of the experience of every profession, as almost to defy comment. But even if local government service was unique in that no officer ever left it because he was dissatisfied with his salary ceiling, and no one could be attracted to it by the hope of such moderately glittering prizes as the Board condemns, the advice would remain bad.

The authority that is handicapped in its efforts to attract staff by remoteness, housing difficulties or unattractive surroundings must either offer some compensating advantage by way of salary or remain understaffed in terms both of quantity and quality. The authority with a specially sticky, important and exacting job to be done has no other means of attracting a specially good man to do it. Those authorities that have been realistic enough to recognise this deserve applause; and the Advisory Board should look up, in any elementary textbook of economics, first the theory of supply and demand and then, with special concentration, the theory of net advantages.

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LOCAL UNEMPLOYMENT

Industrial Blight

ONE result of the election auction is going to be that the next Government, whichever its colour, will be committed to do more to "mop up pools of local unemployment." The dangers of this are obvious, but there is room for one positive plea as well: it is that more use should be made of the powers to grant Exchequer aid for the cleaning up and general civilising of derelict areas, for the removal of stinking slag-heaps and rusting dumps, as distinct from the making of grants to specific new ventures. Some of the local unemployment which governments are going to set out to relieve will almost certainly arise, on occasion, from an essentially temporary decline in a dominant local industry—fortuitous or cyclical rather than secular. If the principle of special aid for special local troubles is accepted, such aid is surely better used for financing a clean-up during the slack period, when resources are available, than for subsidising new industrial ventures which local recovery will later make superfluous to local employment needs—and correspondingly costly to operate.

There would be a long-term as well as a short-term advantage in this policy. Industrial blight exerts a repulsive influence on new ventures. The businessman planning a new works may be completely hardened to squalor and stenches and happily convinced that "where there's muck there's money"; but he may not—and he certainly cannot count either on the total indifference to amenity of any executives whom he may recruit from outside, or on being able to do his recruiting entirely from the disamenity-hardened products of the blighted areas themselves. Where there is economically little to choose between the Home Counties and Bolton, the Home Counties have an economically irrelevant pull. To the extent that this influence is at work, the genuine economic advantages of older industrial areas are obscured and made ineffective; to the extent that that blight can be cleared up, their attractions can become fully effective—doing away, *pro tanto*, with the need to subsidise new enterprise in order to keep them alive. For once, some measure of harmony can be detected between hard-headed economists and the Anti-Uglies.

JUGOSLAVIA

Balkan Brickbats

LAST weekend President Tito, on tour in Montenegro, broke a three month long abstinence from public speaking. His speech at Niksic included a warm welcome for the Eisenhower-Khrushchev exchange of visits, tempered by a realistic caution and a repetition of the familiar Jugoslav warning that talks between the few must never be at the expense of the many.

Jugoslavia has a particularly close interest in the outcome of the Russo-American exchanges. Any worsening of east-west relations is liable to bring in its train both verbal onslaughts and economic blackmail by the Sino-Soviet block. Conversely, any chance of bringing Jugoslavia's relations with other communist countries up to the present satisfactory level of its relations with most western and Afro-Asian countries must, it seems, wait for a real east-west détente.

Marshal Tito declared at Niksic that "matters stand well with the USSR" and that with many other communist countries "the situation is more or less similar." Yet he is clearly not altogether easy about his relations with his communist neighbours. Except for Albania, they have muted their propaganda campaigns against Jugoslavia throughout the summer. But recent Albanian attacks provoked an outburst of indignation from the marshal at Niksic, although he had, as he said, decided to exercise the maximum restraint. (On the same day, Enver Hoxha was delivering yet another strong attack against the Jugoslav "revisionists," the "servants of the imperialists.")

Marshal Tito indicated that he suspected these attacks by the Albanians were not "only their own affair." He is probably right. What is more difficult to determine is whether it is really the Chinese, those sticklers for ideological conformity, who are pressing the Russians to pursue, by proxy, the campaign against the Jugoslav heretics. Some light may be thrown on this by the behaviour of the east European press and radio after Mr Khrushchev's visit to Peking next week. Marshal Tito, for his part, has given advance warning that if the campaign against him is stepped up again, it will not get anywhere.

"... him who asks of the rustic the name of his native village."

Extracts from a 1907 *Motoring Guide Book*
"Through East Anglia in a Motor Car"
With acknowledgements to Methuen & Co.

"It is not always possible to identify on a map the village through which the car is passing, nor always easy to consult the map even when travelling at moderate speed. Blessed be the villages that proclaim their titles, even by modest boards on the post-offices, as many do in East Anglia, for by such boards is the traveller saved from the scorn poured upon him who asks of the rustic the name of his native village. This is an almost universal phenomenon, so frequent in occurrence that one is tempted to speculate as to its origin; and that may be that the normal rustic, painfully conscious of the narrow limits of his own knowledge, feels that he has encountered a fool indeed when he meets anybody who is more ignorant than himself, although it be but as to a single and quite trivial point."

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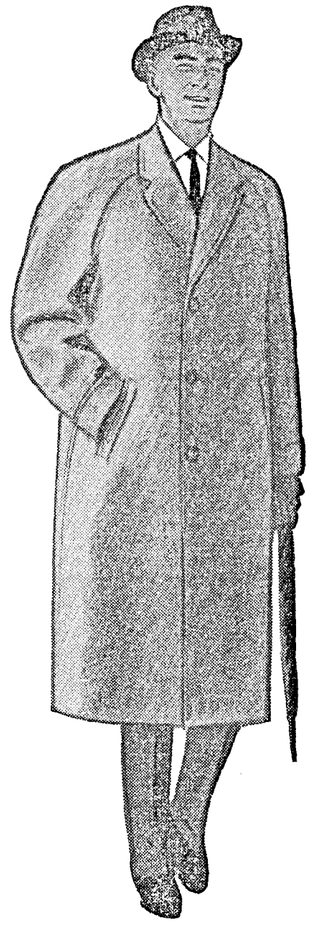

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LETTERS

Foreign Policy

SIR—In your first leading article in last week's issue entitled "Which Voice in the World?" you refer to "the record of unsuccessful Tory violence in Suez, Cyprus and Nyasaland." I think that this remarkable phrase requires further explanation and I hope that this will be forthcoming.

Your views on the Suez incident are well-known and in your eyes it certainly was a piece of "unsuccessful Tory violence." But what of Cyprus and Nyasaland? Why do you place them in the same "galère" as Suez?

In Cyprus what alternative was there between reacting violently to violence and surrendering to terrorism? And how can you dismiss as "unsuccessful" a policy which to say the least of it certainly prevented a war between Greece and Turkey and has culminated in the Zurich and London agreements?

As regards Nyasaland there may well have been in places and at times displays of unnecessary violence, but must the Conservative party be condemned for the misdeeds of a few of the servants of a colonial regime under their control?

On the general point of the success or otherwise of what was done in Nyasaland you appear to put yourself amongst those who always refrain from action until terrorism has exploded. The writer of this letter was a senior official of the Government of the federation of Malaya between 1948 and 1953 and has had more than a nodding acquaintance with armed terrorism. He realizes only too poignantly the tragedies which occur out of failure to react to thuggery until it has started on its path of outrage.—Yours faithfully,

London, SW1. W. C. S. CORRY

A Design for the Sixties

SIR—How rightly you describe the production plans of the new British Motor Corporation's small car as "disappointingly modest."

Within an hour of reading a newspaper advertisement on the evening the advertising campaign was launched I contacted a leading agent to order a car for export next January. The delay in delivery was already "five months for home delivery" and "doubtful" for export. In search of fuller information, when the agent did not phone me as promised on the next day, I contacted the main distributors. The delay on home delivery had already risen to "seven months," and for export to Africa (even taking delivery at the factory myself and driving across Europe) "no date can be quoted."

'For myself this model has now become "A Design for the Seventies" and I shall regretfully buy a well-known Continental small car whose salesman—backed by a production programme of over 2,000 units daily—offers early delivery and a highly competitive export price.—Yours faithfully,

O. S. KNOWLES

London, W8

The Helpless Majority

SIR—Your list of non-English Heads of Departments was unduly restricted. Offhand I can think of Johnston (Inland Revenue), Fraser (War Damage Commission) and Crambie (Customs and Excise). Moreover in almost all of the departments headed by these gentlemen you will find a man of their own nationality as second or third in command.—Yours faithfully,

LEONARD SHORT

London, SW1

Vietnam

SIR—In the article "The United Nations Look at Laos," we have noted with utter disbelief the following opinion of your correspondent: "It is hard to say how anyone can establish that a prisoner is a genuine North Vietnamese communist and not merely a masquerading South Vietnamese officer."

The implication therein, of the presence of Vietnamese army officers in Laos, masquerading or otherwise, can only be explained by two hypotheses:

(1) It is wholly inconceivable that we should commit procurative aggression against Laos by camouflaging officers of the Vietnamese army into Vietminh and further sending them off into Laos, via the communist north army and Dien Bien Phu.

(2) It is equally unlikely that we should have loaned those officers to the Laotians for this hypothetic masquerade. We do not, by principle and necessity, have any intention of interfering in the internal affairs of Laos or of any other country.

The irresponsible hypothesis of your correspondent is dangerous. It would offer the communists a ready justification of their invasion of Laos if credit should be accorded to it and thus tend to reject the responsibility of the present situation in Laos on the free world.—Yours faithfully,

PHAN VAN THINH

Embassy of Vietnam, London, W8.

Restrictions on Motorists

SIR—May I add an even further Eastern voice to this correspondence and recall that while in Berlin some years ago—but post war—I successfully persuaded a courteous German garage owner to hire me a car on the strength of an out-dated and borrowed English provisional driving licence. Neither of us was ashamed to admit his inability to read the other's language, but the visual effect of my inadequate document was greatly strengthened by the number of rubber stamps (including one showing the swastika and eagle) with which I had obliterated most of the relevant data.

The Berlin streets were already pretty dangerous.—Yours faithfully, MEDWAY

Kuching, Sarawak.

Beauty Contests

SIR—As the organiser of the "Miss Great Britain" national bathing beauty contest, I was particularly interested to read your special article on "The Business of Beauty Contests."

Your publication is, of course, well known for its accuracy, and it was, therefore, something of a shock to read of our "Miss Great Britain" contest being described as "largely a local competition which has now declined in importance." I do not know from what source your writer gained his information, but the true facts regarding this contest are as follows.

The "Miss Great Britain" national bathing beauty contest has now been held at Morecambe for fifteen years. It is the oldest established bathing beauty competition and still carries the highest prize list of any beauty competition. The total value of prizes is in the region of £4,250—a staggering sum which is far in excess of that offered by any other competition organisers. The first prize of £1,000 is, for instance, more than three times the first prize offered for the "Miss United Kingdom" competition.

Our contest is organised entirely by the Morecambe and Heysham Corporation, but we do have the co-operation of such commercial enterprises as Messrs. Goya, Ltd., who present some of their products as prizes to our heat winners, and British European Airways who, this year, flew the winner on a triumphal tour of the British Isles. I am sure that you will agree that an organisation of this stature would hardly be interested in flying the winner of a local contest around the country.

Qualifying heats for the contest are held at between 25 and 30 different towns in Great Britain, including such widely separated spots as Belfast, Glasgow, Dundee, Brighton, Bournemouth, London, South Wales, and, indeed, almost every area in Great Britain. I fail to see, therefore, how the contest could possibly be described as "largely a local competition held at Morecambe."

I think the above information will be sufficient to show your writer how completely our competition has been misjudged.—Yours faithfully, R. S. BATTERSBY

Miss Great Britain Contest, Morecambe

BOOKS

Revolutionary Tragedy

The Prophet Unarmed: *Trotsky 1921-1929*

By Isaac Deutscher.
Oxford University Press. 502 pages. 38s.

THE fall of a revolutionary Titan could be the sub-title of this story. When the second volume of Mr Deutscher's trilogy opens, in 1921, Trotsky, the organiser of the Red Army, is the unquestioned hero of the civil war, whose name is automatically associated with Lenin's whenever the October revolution is mentioned. At the book's close, eight years later, the banished Trotsky leaves Russia never to return; the opposition is broken and Stalin is gathering in his hands all the reins of autocratic rule. How was a man so popular and of such striking talents—an original thinker, a spell-binding orator, a brilliant writer, a most efficient organiser and administrator—defeated by a ruthless, yet so much cruder and greyer, opponent?

In answering this question Mr Deutscher has written his best book so far, in style, in pattern and in human truth, and the most revealing yet of Mr Deutscher himself. Obviously Trotsky's colourful personality is more rewarding than Stalin's to a biographer. But what seems to have stimulated the author is the figure of this prophet unarmed, the tragedy of a man fighting against his environment, against his times; a revolutionary hero doomed and yet unbroken, defeated and yet convinced of the ultimate right of his struggle. Sympathy does not mean apology. This is a critical assessment in which Trotsky's errors of judgment as well as his tactical mistakes are shown. At moments (for instance, when failing to use Lenin's testament against Stalin) Trotsky recalls the Baudelaireian albatross, whose giant wings prevented him from walking. He could not stoop to Stalin's level. He was fighting for principles and according to rules, admittedly communist rules, of revolutionary behaviour. Stalin had no scruples. One year he would frighten a communist assembly with a picture of Trotsky as the "super-industrialiser" and enemy of peasants. Next year he would borrow Trotskyist arguments (about primitive socialist accumulation) to advocate similar policies before applying them with a ruthlessness that made the original authors shudder.

The outcome of the struggle, however, was not determined by tactical mistakes. The quality of Greek drama that invests this book derives from the thread of inevitability running throughout the story. From the first, Mr Deutscher strikes the contrast between the bolshevik dream and the reality of post-revolutionary Russia, bled, tired, isolated, socially disrupted. After the civil war the proletariat had almost vanished. To cling to power the bolsheviks gradually had to abandon some of their principles. The dictatorship of the proletariat had to be replaced by that of the party, then of its old guard. And the process led almost inexorably to the rule of the stalinist faction and finally to Stalin's personal rule. When Trotsky tried to arrest this trend, and to appeal against the stalinist party machine to the rank-and-file, he obtained only a faint echo. The workers, in many cases peasants turned workers, were exhausted. Trotsky appeared to the masses as a glorious but too exacting a figure, who belonged to the heroic times of the revolution. Stalin, strange as it may seem, was associated with peace and quiet. World revolution, which the bolsheviks expected to extricate Russia from its backward isolation, failed to materialise. Stalin offered the masses the prospect of a Russian solution. It is against this setting that the contradictions, hesitations and the successive defeats of the opposition acquire their meaning.

Trotsky was conscious that his struggle was largely against Russia's backwardness and, in interludes between party battles, he also wrote on cultural subjects. We thus get a glimpse of the essayist drawing up, in 1926, vistas of the atomic age or trying to reconcile Pavlov and Freud. We also see the Marxist critic whose pages on the place of literature in Soviet society should be compulsory reading for Mr Khrushchev. Mr Deutscher also draws vivid pen-sketches of other protagonists: Zinoviev, Kamenev, Bukharin. Among the many international subjects that loomed large in the inner-party controversies, Stalin's relations with the Chinese Kuomintang are probably the most interesting and the most topical as they show Moscow's dilemma when dealing with revolutionary movements in backward countries.

Future Soviet generations will learn their history from these pages. Mr Deutscher, also, as he aptly points out with a quotation from Carlyle, had to drag out Trotsky "from under a mountain of dead dogs, a huge load of calumny and oblivion." The picture that emerges will not satisfy sectaries of Trotskyism for whom their hero could not go wrong. Yet it is here that Trotsky is restored to his real stature set against his time. One is finally left with the impression that his personal fate was a symbol of the contradiction between Marxist ideas designed for a modern industrialised state and the conditions in the country where they were first applied. Since this contradiction has diminished, most of the issues raised in his struggle are now more alive than ever.

To draw this balanced portrait and its background Mr Deutscher has used a wealth of original documents, particularly from Trotsky's own, so far unknown, archives at Harvard. He has woven this material into a closely knit narrative; it is historical analysis of the most telling sort. The result is a fascinating revolutionary tragedy; it is at the same time an indispensable book for anyone who wants to understand Russia of yesterday, today and tomorrow.

Not New Enough Edition

The Oxford History of England: *The Reign of Elizabeth, 1558-1603* (Second Edition)

By J. B. Black.
Oxford University Press. 565 pages. 35s.

THE second edition of Professor Black's "The Reign of Elizabeth" in the *Oxford History of England* appears twenty-three years after the original publication. During the intervening period a great deal of work has been done by scholars on the Elizabethan period, much of it of major importance and some of it vigorously controversial. A new edition of this volume was therefore particularly needed. The publishers claim that it is "in some respects at least a new book"; and Professor Black quickens expectation by referring to "expansions of the matter, corrections of error, modifications of emphasis." But the hopes thus aroused are soon disappointed. Sir John Neale subjected the first edition to searching criticism, both on the grounds of its plan and on numerous points of detail. The insertion of analytical chapters on religion and the constitution at an early point deprived the later narrative chapters of much of their interest; and only a brief postscript was allowed to the period after the Armada. This plan is retained in the new edition. Professor Black's claim that the balance of the book has been altered by the addition of 25 pages to the chapter on the later years of the reign is highly exaggerated. Almost all Sir John Neale's criticisms of detail are ignored. Professor Black still says that the queen never attended council meetings and that the council only occasionally met as a body; that star chamber procedure was informal; and that the Puritan "classical movement" developed shortly after Whitgift's appointment to Canterbury.

Since making these criticisms Sir John Neale has published his own great trilogy on Elizabethan parliaments. Professor Black remarks in his preface that "Sir John Neale will doubtless recognise references and quotations drawn from his invaluable volumes," though indicating that his own interpretation is often different. But it is easier to identify the difference than the debt. In the new edition the section on parliament remains virtually unchanged. Peter Wentworth's speech of 1576 is again attributed to 1575. No use is made of Sir John Neale's work on Puritan activities in parliament; and Professor Black's judgment that "the Brownists and Barrowists formed the spearhead of Elizabethan puritanism" reads more oddly in 1959 than it did in 1936. And despite the evidence adduced by Sir John Neale to support his view that Townshend's diary has given a false notoriety to the parliament of 1601 and distorted the general picture of the reign, Professor Black repeats the old view without even indicating that there is a new.

The chief aim and justification of the *Oxford History* as planned in the 1930s was to provide an adequate treatment of the social, economic and cultural factors, as well as of the political and constitutional. Since then our knowledge of the economic and social structure of Elizabethan England has been greatly extended, and at points transformed. Yet the political structure of "clientage" is ignored by Professor Black; new work on the Court of Wards is unmentioned even in the bibliography; and new material on the economic problems of the Church is passed over in silence. It is interesting to notice that Professor Black has inserted into his economic chapter two paragraphs on the controversy over the gentry and peerage during this period. But he comments only that the controversy "is by no means easy to follow," and finds its tone disturbing. While concluding cautiously that "the subject still awaits clarification," he repeats the remark, itself highly controversial, that the period produced "a new race of landlords, more enterprising than their predecessors."

There are, however, considerable changes and expansions of the old text. Anglo-Scottish relations (prominent before) are described at greater length, while both Mary Stuart and Essex receive fuller and more favourable treatment. The handling of foreign policy is lively and robust. But this second edition is primarily an amplified narrative, stronger in the summary of evidence than in its assessment and almost completely indifferent to the work of scholars in the past and very productive twenty-three years.

Sordid Bargain

The Chief

By Robert Jackson.
Harrap. 349 pages. 21s.

THE success story of Gordon Hewart, the son of an obscure Lancashire draper, who became Lord Chief Justice of England, is competently told by Mr Jackson. Hewart started life as a journalist before taking to the law and entered Parliament as a Liberal in 1913. His rise was rapid, but, preferring a legal to a political career, he refused Cabinet office, contenting himself with the posts of Solicitor and then Attorney General. Mr Jackson tells for the first time the sordid story of the bargain struck between Hewart and Lloyd George over the succession to the Chief Justiceship. In 1920, Lord Reading, then Lord Chief Justice, wished to go to India as Viceroy, and Hewart asserted what was then considered his "right" to succeed him. Lloyd George, however, needed Hewart's services in the Commons, and persuaded him to forgo the succession on condition that a pliant judge could be found as a stop-gap, who would resign before the end of the Administration, when the place would revert to Hewart. Such a bargain was highly improper, if not unconstitutional, since judges hold office during good behaviour and not the Prime Minister's pleasure. A. T. Lawrence, a seventy-four year old judge, nevertheless accepted Lloyd George's offer, and had the humiliation two years later of reading of his own resignation in *The Times*, when Hewart succeeded him.

As Lord Chief Justice, Hewart was not remarkable. Autocratic and irascible, he was often partial in his judgments; personal squabbles with the Lord Chancellor's Department held up necessary law reforms; his book "The New Despotism" proved little more than a nine-day wonder and he later regretted having written it. As a personality Lord Hewart was not of intrinsically high interest, so that this book is often dull, and the author has made the going heavier by the lengthy accounts of famous trials with which it is overloaded.

Only a Fraud?

Madame Blavatsky

By John Symonds.
Odhams. 254 pages. 21s.

"WE think," reported the Society for Psychical Research in 1885, "that Madame Blavatsky has achieved a title to permanent remembrance as one of the most accomplished, ingenious, and interesting imposters of history," a verdict shared by her latest biographer, Mr John Symonds, whose sustained semi-ironic tone precludes him from investigating whether there was more to Madame Blavatsky than an ingenious trickster. HPB, as she was known to her friends, was certainly strikingly eccentric. In appearance she was absurdly spherical with an immense parchment coloured face, lit by great turquoise eyes and surmounted by a mat of crinkly hair. Emerging from an obscure Russian past into the New York of the seventies, she at once acquired fame as a medium, founded the Theosophical Society, and finally settled in India, where she established a devoted following and gained international renown.

For a spiritual leader she had some curious tastes, including a passion for gigantic meals and an unlimited capacity for cigarettes. Her temper was somewhat uncertain and on one occasion she hurled a butter dish at an offending fellow diner with the imprecation that it might grease his soul to Hell. Wherever she went, she was pursued by extraordinary phenomena and Mr Symonds has made the most of them. Teacups, books and brooches embodied themselves from the atmosphere at her command, spirits manifested themselves in droves, astral bells chimed, and letters from the Tibetan Mahatmas, with whom she was in constant celestial communication, fell through the ceiling.

To maintain this perpetual spiritual circus, Madame Blavatsky undoubtedly resorted to fraud, but to dismiss her as only a fraud is to do her very much less than justice. Her two major works, "Isis Unveiled" and "The Secret Doctrine," are outstanding treatises of learning and religious insight. Even if we make the maximum allowance for human gullibility, we cannot explain her extensive influence by trickery alone. How for example did she convert the rationalist Annie Besant? Mr Symonds might also have investigated why Theosophy, essentially a new form of gnosticism, should have made such headway in the predominately rationalist nineteenth century, and assessed its part in fostering Indian nationalism. Unhappily he is too busy chronicling minutiæ, such as the behaviour of the machineless cuckoo clock which hooted at Yeats on his first visit to the prophet, to attend to these more general questions or to sift out what, if anything, was genuinely clairvoyant in Madame Blavatsky's powers.

The Decipherers

Lost Languages

By P. E. Cleator.
Robert Hale. 192 pages. 21s.

WHEN that subtle operator, Sir Charles Snow, wanted to depict an admirable Crichton, at once glamorous and scholarly, brilliant and withdrawn, wide-ranging in spirit and yet firmly held to Cambridge by the author's grip, he very sensibly cast him as the first decipherer of Sogdian. The mind thrills at once to the thought; base thoughts of the novelette are banished; and one suspends disbelief at Sir Charles's behest. On the arts side at least, no achievement is more fascinating than the decipherment of a language that has stood blankly to be stared at by the centuries without yielding its secret, and the wresting from it of the picture of an ancient but unknown civilisation. This is the theme of Mr Cleator's book, which tells the story of the main decipherments of ancient alphabets and languages whose key had been lost over the ages.

He gives pride of place to hieroglyphics and cuneiform, which take up nearly two-thirds of his text. He illumines his theme rather too strongly by hindsight. He stresses the triumph of those who succeed, but is inclined to jeer at those who guessed wrong. One should not do both: the contrast, at the time, is rarely so strong. But, with or without this chiaroscuro, the stories are fascinating. The rest of his book is composed of a shorter account of Hittite, Ugaritic and Mycenean Linear B, curiously grouped under the heading "some subsidiary systems," and a short account of the main undeciphered alphabets. One rather wishes that Mr Cleator had given more space to his subsidiary systems. The first two are un-

familiar stories, compared with the tremendous but well-known triumphs of Champollion and Rawlinson; and the last, though familiar and only recently described at length for the general reader by Mr Chadwick, is surely one of the greatest achievements, in this field, of cryptographic technique.

This is a work of vulgarisation: Mr Cleator does not claim to rely on any but secondary sources. But it is readable and clear. It is padded out by thumbnail sketches of the history and literature of the civilisations concerned. The former are sometimes useful as background to the decipherment, but the latter are too sketchy to be worth much and are hardly part of the author's theme. The line-drawings are clear and good; the plates are attractive, but show too little detail to help the text. For a book on this particular subject, there are too many misprints and some consistent misspellings of names; it seems clear that Mr Cleator has never had to work seriously on a puzzling text.

Thomism and Knowledge

The Degrees of Knowledge

By Jacques Maritain.
Bles. 495 pages. 50s.

JACQUES MARITAIN is, if not supreme among Neo-Thomists, one of the leading exponents of that brand of Catholic philosophy which is derived from St. Thomas Aquinas. He first wrote this work in 1932. It was translated into English in 1937, but the translation was acknowledged to be unsatisfactory. The English edition also omitted a number of appendices to the original work. A new translation from the fourth French edition, which includes the appendices, has now been prepared by Fr G. B. Phelan and others at the Pontifical Institute of Mediaeval Studies at Toronto. It has clearly been a labour of love.

M. Maritain's style is not easy, and the translation retains many awkwardnesses. There are words like "effectuable" and there is a great proliferation of ugly technical terms after the fashion of continental philosophy. The book remains, nevertheless, a monumental work both in size and ambitions. M. Maritain has set out to give an account of all claims to knowledge, from those of the empirical sciences to the claims for mystical knowledge of and union with God. This in itself would be a large task, but in the present case the vast subject-matter has in addition to be squeezed into the straitjacket of Thomist philosophy.

Because of its connection with Aristotle and its own theological background, Thomism is best suited to the provision of a systematic framework for metaphysical theology and philosophy of nature. Neither the strictly empirical sciences nor mysticism fit easily within it, and there is an evident sense of strain in M. Maritain's account of these matters. He shows a certain reluctance to go into details. But the work is also subject to some general limitations. It contains a wealth of scholarship, but this is all drawn from a very limited field. There is little recognition of points of view other than those peculiar to scholasticism. Thomism is exceedingly self-contained.

It is also uncompromising. Like an octopus it has to draw in everything within reach of its tentacles, even if the prey becomes rather mangled in the process. M. Maritain is fond of producing little diagrams in which the hierarchy of forms of knowledge is represented. These are neat in outline, but their import is not perspicuous. The book in general is somewhat like them. The picture presented is relatively neat and elegant, but one is left uncertain how it applies to reality. Nevertheless, for those prepared to accept the framework the book provides an admirable source for knowledge about scholastic philosophy.

Precarious Creation

Canadians in the Making

By A. R. M. Lower.
Longmans. 499 pages. 50s.

AN astringent antidote to easy optimism about Canada's future greatness, this book, by an outstanding Canadian historian, analyses the difficulties that have beset its growth. Canadians have come to believe or, at least, to hope that in this generation they have won, at last, not only a unified political structure, but also a national identity. This still "precarious creation" has been achieved through the slow growth of a loyalty to Canada that transcends both local loyalties and communal loyalties. Being a Canadian has come to mean more than being a Nova Scotian or British Columbian, than being a French Canadian or an English Canadian. This feeling for Canada has had to struggle up through both internal sectionalisms and outside loyalties, with loyalty to England or the Empire, with loyalty to Rome. It has had an unremitting rival in the sometimes almost overwhelming influence of the United States. Even now, Professor Lower contends, "Civilisation is something the Canadian expects to come from outside."

This is a fascinating study of the character of the society that has gradually emerged over the three and a half centuries since Europe was first transplanted to that part of North America which is now Canada. The discussion of the role of religion—and denomination—in moulding Canadian character is particularly interesting, as is that of the significance of class. Useful chapters on New Canadians do not seem entirely to bear out the uncompromising assertion that the "melting pot" is as real in Canada as it is south of the Border. Nor, indeed, does the conclusion: "The new tensions that have been introduced into our activity by mass immigration are often painfully obvious but it can at least be said that these lead us unwillingly in the same direction to which every other large factor in Canadian life impels us—to compromise." There are Canadians of Celtic stock, of Icelandic stock, of German stock or Polish stock, as well as of French and Anglo-Saxon stock who still cherish their own traditions, though they are none the less good Canadians.

The final chapters on modern Canada are provocative but, lacking the perspective of time, less satisfying that the historical analysis. Professor Lower feels that the contemporary scene is most sadly out of joint. He sees the hardy pioneer and the independent yeoman farmer superseded by soft city dwellers, tied to the wheels of their great god "CAR"—the symbol and apotheosis of the whole complex of modern mechanical living. He sees dire symptoms that democracy is sliding down into that abyss of "simpleton democracy" from which dictatorship inevitably emerges. He sees little to check the decline in a community that has so often looked on education as a "vocational can-opener" and in which the pressure to conform to a featureless and meaningless average grinds out any spark of individuality or greatness, leaving a society bereft alike of stability and of distinction. One disturbing aspect of this trend is

> a new variant of imperialism, American predominance in Canada and Canadian co-operation in American dominance elsewhere, which in 1957 was just reaching the initial stages of its political phase.

There could hardly be better evidence to offset the gloom of this conclusion than Professor Lower's book itself. Witty, stimulating, richly informed and wise, it encourages hope that Canada, still in the making, will not end as just "a blurred tag-end" of the United States but will contribute something distinctive and great to the comity of nations.

OTHER BOOKS

ENGLISH THEORIES OF ECONOMIC FLUCTUATIONS, 1815-1848. By Robert G. Link. *Columbia University Press.* London: *Oxford University Press.* 234 pages. 40s.

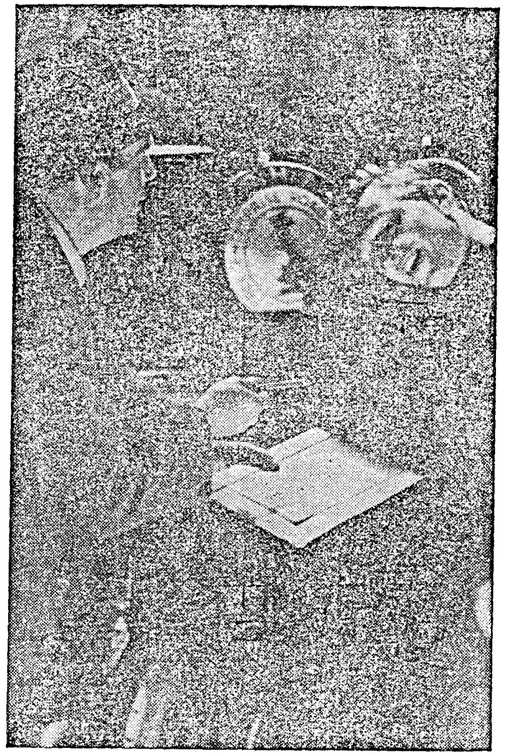
This thorough and competent study strengthens a weak patch in the history of economic thought by assembling and comparing the ideas on economic fluctuations expressed—in a wide variety of contexts and with little common terminology—by certain English economists of the classical period. Malthus and, later, John Stuart Mill are the most important of the six economists here examined; but potentially important contributions came from Joplin, Tooke, Attwood and James Wilson. The last named is here to be found uttering, in the 1830s, a tart warning to would-be planners for stability (in this case the drafters of the 1828 Corn Law with its sliding scale) which would need only a little change in phraseology to pass for the words of another editor of *The Economist* in the 1940s or 1950s.

INTRODUCTION TO NUCLEAR POWER COSTS. By Arnold Rochman. *Simmons-Boardman Publishing Corporation, New York.* 57 pages. No price given.

ULSTER YEAR BOOK 1957-59. *Her Majesty's Stationery Office, Belfast.* 392 pages. 6s. 6d.

PLATO TODAY. By R. H. S. Crossman. Revised edition. *Allen and Unwin.* 215 pages. 20s.

THE STATESMAN'S YEAR-BOOK, 1959. Edited by S. H. Steinberg. *Macmillan.* 1699 pages. 45s.



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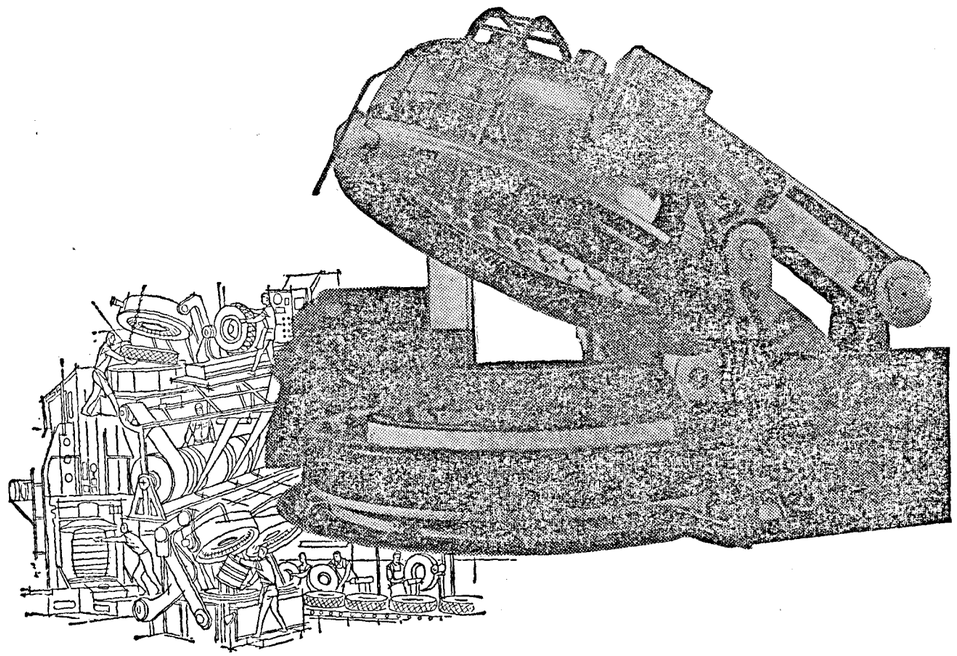

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AMERICAN SURVEY

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

Communist's Progress

Mr K. Dimly Seen

NEW YORK, *Saturday*

UNREALITY hangs over New York as smog hangs over other cities; no visitor, not even Mr Khrushchev, escapes the faint unbelievability that floats among those man-made buttes and knife-cut canyons. Mr Khrushchev's two days in New York began with Mephistophelean undertones at Pennsylvania station; he was carried in a goods lift from his train to a reception in a subterranean baggage vault, a twilit anteroom to Hades, where the camera flashes lit up secret service men lurking among the steam pipes. Thereafter he can have heard little except the clatter of internal combustion engines, and smelt little except exhaust fumes, as his escort of 65 motor-cyclists—bringing a clutch to the heart of spectators who remembered Cocteau's *Orphée*—swept terribly through the streets. He may have caught a blurred sight of silent rows of policemen, truncheons drawn, facing silent rows of onlookers. If he was very sharp-sighted he may have seen distant clumps of refugees demonstrating into the teeth of television cameras. He has been stuck in a lift at the Waldorf-Astoria hotel and been tuned into the wrong translation at the United Nations. At the latest count, he has talked to more people who are millionaires than are not. If it were left to the local police to say what he did in New York, they would triumphantly reply, "He survived."

It is not easy to say what impact Mr Khrushchev made on New York or it made on him when contact between the two was so tenuous. The crowds lining the streets proved that the silence with which he was greeted in Washington was not simply a local phenomenon due to the restraining presence of President Eisenhower. The New Yorkers showed the same surprising, rather un-American, reticence. Reporters, in their search for the right word to describe it, have run through a Roget's Thesaurus of adjectives: cool, chilly, restrained, reserved, aloof. Perhaps the best word is "undecided." Mr Khrushchev comes to the United States as the emissary of a way of life so remote from the Americans that in the comic strips of the newspapers communists go cheek-by-jowl with spacemen; so far, because the police have hustled him through New York like a suspect with a newspaper over his head, Mr Khrushchev has not been able to establish himself as a human being whom the Americans can either like or dislike. It is notable that people have responded far more positively to him when he has met small groups in private. The guests at Mayor Wagner's lunch applauded him warmly and frequently, and he was heckled at the dinner given by the Economic Club for dodging a question about the jamming of broadcasts to Russia. Both reactions are more clearcut than the blank impassivity of the watchers who have seen no more than a nose-tip flashing past behind bullet-proof glass.

It is not surprising that the American press has found it hard to look on Mr Khrushchev with new eyes. The *New York Times*, speaking for the cautious majority, says that it will wait until the end of his trip before it makes up its mind; but it seems to be half-convinced already that he came to America solely for propaganda purposes and is unwilling "to come to grips with any major issues." The *New York Daily News*, less hampered by open-mindedness, recognised him at once as "a hard-bitten, merciless and agile-minded thug" who has "scowled, mugged and grimaced" (though he worried the leader-writer by his "oily friendliness"). Most newspapers follow one or the other of these patterns: either they have already made up their minds that Mr Khrushchev's protestations about peace are nothing but a ruse, or they are going to do so unless he says something startlingly new.

In fact, from what has happened so far it is not quite safe to conclude that there is no sincerity in this Khrushchev. True, he has not given an inch so far on the specific points at issue with the United States, and he has shown distinct signs of pugnacity, petulance and a hair-trigger temper. But at least two of his hosts—the chairman of the National Press Club lunch in Washington and the Mayor of Los Angeles—have gone out of their way to tread on his corns; and if he came simply to lull America into defencelessness he should surely have been a good deal suaver.

An observer listening at first hand to what Mr Khrushchev says, and watching the way he says it, is confronted with a possible alternative to the theory that his talk of peace is merely a hoax. This is that Mr Khrushchev is as hard set in his beliefs as if they were concrete, and will be the toughest of men to negotiate with, but that he is nevertheless genuinely worried about a number of things: about a resurgent Germany, about the way American newspapers report his doings (the *New York Daily News* seems determined to justify his worries) and about the danger of a gradual slide into war. So far the most interesting possibility—it is no more—raised by his visit is that he is really as suspicious of the Americans' motives and sincerity as they are of his. It remains to be seen whether, by the time he leaves, each side will at least have a little more respect for the other's honesty.

Western Reproaches

SAN FRANCISCO, *Tuesday*

AT the public level, Mr Khrushchev's visit to San Francisco has plainly been the high point of his trip through the United States. After a disagreeable experience in Los Angeles, where he exchanged extremely angry words with the Mayor, the trip by train up the lovely California coast was obviously a welcome relief from tension for both the Soviet group and the American officials accompanying them. When the train stopped at Santa Barbara, home to more millionaires than any other city in the West, Mr Khrushchev got off, breaking through the security that has thus far surrounded him, to shake hands and talk with the friendly throng waiting on the station platform to catch a glimpse of him.

These greetings, the first warm and spontaneous ones he had yet received in America, were followed by a hospitable welcome—conspicuously different from that of Los Angeles—from the Mayor of San Francisco and from a large cheering crowd that waited at

the entrance to Mr Khrushchev's hotel, high on Nob Hill. Once again he disregarded the security arrangements and stood in the hotel driveway, grinning broadly, waving and, to the crowd's delight, giving full play to the ham actor in him. There were no hostile demonstrations and only a few anti-communist banners were seen in the streets, although two days earlier monarchist and anti-Soviet groups had paraded through the city.

However, the public warmth with which Mr Khrushchev was greeted gave way to private heat in the evening when he dined, at his own request, with a group of trade union presidents attending the convention of the American Federation of Labour and Congress of Industrial Organisations in San Francisco. The dinner was extremely controversial even before it was held; Mr George Meany, the President of the AFL-CIO, openly disapproved of it and refused to attend. Indeed, for a time it was not clear who would dine with the Russians as first one and then another of the union leaders who had accepted invitations withdrew from the affair. The hosts, headed by Mr Walter Reuther, the president of the automobile workers' union, finally consisted of six former CIO leaders and one from the old AFL.

After the dinner Mr Reuther held an extraordinary midnight press and television conference which at times gave the appearance of a pre-arranged mass meeting. Bursts of applause from the audience forced reporters to shout to gain his attention. He reported that as long as the discussion remained general it was fairly amiable, but that when the Americans raised specific questions concerning Hungary, Eastern Germany, the part played by unions in Russia, and so on, the Soviet leader responded bellicosely or not at all, and the dinner frequently became "unruly."

THE trade union leaders, whose vigorous defence of American policy led Mr Khrushchev to call them "capitalist lackeys, were prepared for such a charge, for they had asked the hotel not to use the elaborate silver and gold service or special china and linen usual on such occasions. Nevertheless, Mr Reuther and the officials who accompanied him had some hopes that their experience with Mr Mikoyan a few months earlier would not be repeated; at that time neither side made any concessions. Mr Reuther, the most internationally minded of American trade union leaders, while feeling that Mr Khrushchev should be reminded of the deep opposition American workers have for the Soviet system, sought to explore possible areas of practical agreement to ease the tensions of the cold war. But because Mr Meany and other powerful trade union figures are so hostile to the Soviet Union, it was imperative for Mr Reuther to make it quite clear that supping with Mr Khrushchev did not mean he sympathised with Soviet views. The real puzzle is why Mr Khrushchev requested a meeting which was bound to be stormy.

He had a much friendlier reception, which could also have been predicted, the next day, when he paid a surprise visit to a branch of the dockers' union headed by Mr Harry Bridges, which was expelled long ago by the CIO for its close support of the Communist party line. At the very time that Mr Meany was denouncing him to the AFL-CIO convention, Mr Khrushchev, accompanied by the head of the Waterfront Employers' Association, was being welcomed cordially by Mr Bridges, was happily exchanging hats with a dock worker and was being loudly cheered by hundreds of dockers before continuing with the remainder of his sight-seeing schedule in San Francisco. Fortunately Mr Khrushchev's only formal speech, on the evening before he left for Iowa, went off without any angry incident. This enabled him to pay willingly the tribute to San Francisco's charm required of every visitor and also drew a heart-felt tribute to the city from the nervous Americans responsible for Mr Khrushchev's trip.

Goliath at Camp David

MR HENRY CABOT LODGE, the American representative at the United Nations, and Mr Khrushchev's official companion, has seen his own script go west as he travelled about the country. Originally Mr Lodge was expected to act as a verbal sparring partner for his Russian guest; the Vice President, out of his own experience with Mr Khrushchev, insisted that it was a case of "argue back or perish." But too many local dignitaries seized this cue. The State Department had to ask Mr Lodge to do what he could to restrain them and to avoid giving the impression that it was official policy to talk back to Mr Khrushchev at every opportunity.

The State Department did not take very seriously Mr Khrushchev's threats to go home, but it has been anxious that nothing should be done to put him in an unreceptive frame of mind for the talks which he is having this weekend with the President at Camp David in Maryland. This is where the real achievements of the visit, if there are to be any, will take place. This consideration, however, has not prevented the State Department from itself denying, with great force, the Russian charges that wider cultural exchanges would be possible but for American obstruction.

This weekend's talks apparently will range over any subject which either Mr Khrushchev or the President chooses to bring up: disarmament, trade, Berlin, the unification of Germany, the nuclear talks, and Laos. Mr Eisenhower's primary objective, however, is said to be to convince the Russian leader that unless the threat of military force—primarily against Berlin—is lifted, no progress toward removing other frictions is likely to succeed. It is still hoped that in private Mr Khrushchev may be more conciliatory than he has been in public, although it is recognised that he may wish to reserve any real concessions for the second round of the talks which will take place in Moscow.

Mr Charles Bohlen, whose appointment to the new job of adviser on Soviet affairs to the Secretary of State has just been announced, will not take up his post until next month. But it is assumed that, even if he does not accompany Mr Eisenhower to Russia, Mr Bohlen's great knowledge and experience of the Soviet Union will be available to help plan the trip. His recall from the Philippines, to which he was in effect exiled by Mr Dulles, suggests that the Administration, as well as the American people, now recognise Mr Khrushchev for the formidable opponent that he is. Mr Bohlen's insistence, when he was Ambassador in Moscow from 1953 to 1957, that the Russians should not be underestimated ran counter to Mr Dulles's own views; this is why Mr Bohlen's special talents and knowledge have been wasted for the past two years. Fortunately his new appointment does not require confirmation by the Senate, which still contains men who regard a healthy respect for the Soviet Union as tantamount to softness toward communism.

Uncertain Wall Street

NEW YORK, *Wednesday*

A SHARP mid-week rally has halted the downward drift on Wall Street at least temporarily, but in its present uncertain mood few are prepared to hail the return of a bull market. Losses in the last seven weeks have erased the gains of the preceding three months and the Dow Jones industrial average, which hit a peak of 680 in the first week of August, had fallen back to 615 before Wednesday's rally—a drop of 9 per cent. Losses were heaviest among defence, electronic and railway shares, with many falling by 25 per cent and more from their 1958-59 peaks.

A few shares have managed to resist the downward trend. American Motors reached a new high this week because the public responded favourably to pictures of the 1960 Rambler and to the firm's announcement that it will increase its capacity by 20 per cent; its supporters appear undeterred by the imminent invasion of the "compact" car field by the three big automobile companies. Steel shares have remained strong, due perhaps to the old adage about not selling during a strike. And the shares of many large multiple shops have reflected their current prosperity.

The gloom on Wall Street has been variously blamed on Mr Khrushchev's visit, on the prolonged steel strike and on the tight money policy being pursued by the Federal Reserve Board. On the importance of the last factor opinions differ: while some emphasise the impact of the central bank's policy, others point out that investors have funds at their disposal but are holding back because the future, which a few months ago seemed rosy with profits, is now somewhat clouded. Certainly the large institutional buyers—the market's pace setters—are waiting on the side lines. They are not buying equities in any volume nor are they purchasing the fixed income obligations which now offer such attractive yields. Instead, most of their ready cash is finding its way into high-yielding short term paper.

Until this summer's setback, the stock market had been rising since April 1958 with little interruption. A sizeable "correction" to skim the froth from the boom had been widely expected and, although the current drop is rather sharper than many had bargained for, it is regarded as being well within the bounds of what is termed a "normal intermediate decline." A few pessimists can be found, but professional opinion remains optimistic on balance. Confidence in the fairly near future is based largely on a belief that once business is released from the bonds of the steel strike, it will bound forward. Much depends, of course, upon when the steel strike ends and on the terms of the settlement. This is the question responsible for the "wait and see" policy of institutional investors. Until they return in strength the market is likely to remain in the doldrums.

Sins of Omission

THE PRESIDENT, who won most of his battles with Congress, has sent a parting shot after it in the shape of a searching and candid review of its work. He has special regrets for two things which Congress failed to do. One was to increase the rate of interest which the government may pay on long-term bonds (the President called this failure one of the most serious things to have happened in his time); the other was to provide adequate funds for the mutual security programme. The President debated whether to call Congress back for a special session, to deal with these sins of omission, but he dismissed the idea; it is, after all, only three months until Congress will reassemble in any case. To recall weary members before then would bring them back in a fractious frame of mind, predisposed to say no a second time. Moreover, the President's trip to the Soviet Union will take him out of Washington in November.

But Mr Eisenhower openly invited the public to "educate" members to do better next year: to forswear the "pork" barrel (the Bill for coveted local improvements), to practice economy except where foreign aid is concerned, and to make the management of the public debt easier. In the session just concluded, the first two aims proved incompatible. Foreign aid was nipped in the bitter battle over spending, particularly on housing, where Congress had to accept defeat and over the "pork" barrel which, in the end, Congress trundled triumphantly past the President's guard. Members found it hard to understand why they should vote money for projects in foreign countries which they were told that they must deny to their own constituents. This year the Senate, which usually restores the cuts made by the House in appropriations for foreign aid, hardly lifted a finger. The final Bill, the last to be passed at this session, approved spending of $3.2 billion, a trifle less than last year's total, compared with the $4.4 billion which the President requested. The sums for the main programmes are as follows:

	President's Request	*Authorised*	*Appropriated*
		$ millions	
Military Assistance	1,600	1,400	1,300
Defence Support	835	751	695
Development Loan Fund ...	700	700	550
Technical Co-operation ...	180	179	151
Special Assistance	272	247	245
President's Contingency Fund	200	155	155

If the President still believes, as he said in July, that $1.6 billion for military assistance is the minimum needed "to prevent serious deterioration in our collective defence system" he is likely to ask for a supplementary appropriation in January. It is surprising that military aid was cut at all in view of the testimony of the Draper Committee, which was created to assess the foreign aid programme, that at least $2 billion is needed. Defence support—economic assistance to countries with which the United States has treaties—was also cut sharply. But the chief regret must be that the Development Loan Fund lost what may have been its last chance to be placed on a generous, long-term footing. The President maintained, however, his personal right to withhold information about aid programmes from Congress, although lesser figures will do so in future only at the risk of having all funds for economic aid cut off.

The Dollar Besieged?

WASHINGTON, DC

IF the finance ministers and central bankers gathering here for next week's meetings of the International Bank and Monetary Fund experience one of those rare sensations of a major shift in the wind, their intuition will be right. Mr Khrushchev's visit has given Americans in general a feeling that something strange and new is happening. So, for the economically sophisticated, has the decision of the American government to take seriously the country's chronic deficit in its international balance of payments. The problem itself has been familiar to a few people in all parts of the world for a year. What is new is not only the heightened sense of concern within the American government, but also the fact that the subject is being mentioned openly for the first time. Comments in public have been few and cautious, but they have begun to be made, and comments in private are more blunt. Continued large deficits in the balance of payments, it is said, simply cannot be tolerated.

It is only two years since sterling was going through another crisis, the franc was in a state of collapse, gold was flowing into the United States, and Sir Donald McDougall was forecasting a chronic dollar gap. Suddenly though the change has come, the Secretary of the Treasury, Mr Anderson, does not believe that the present payments deficit is only a temporary aberration. He is convinced that there is a fundamentally new situation to be faced. Given his enormous influence inside the government, the importance of his views cannot be exaggerated, and they are supported by the fact that there has been at least a small deficit in every year but one in the present decade.

But while Mr Anderson's sense of concern, if not alarm, is obviously genuine, it should be pointed out that a number of other experts inside and outside the government do not share it. It is entirely possible to estimate conservatively that American com-

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THE ECONOMIST SEPTEMBER 26, 1959 1025

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Continued from page 1023

mercial exports next year will reach the $20 billion level; at this point the payments deficit would probably be so small as to be negligible. Already seasonally adjusted exports for July have reached an annual rate of nearly $18 billion, and this is without any help from the surge of shipments of cotton and commercial aircraft that are known to be coming, and with only modest help, presumably, from the decisive recovery of business in Europe. One month's figures prove nothing. But great problems sometimes just go away, and America's latest and greatest embarrassment may well do so too.

The key lies in the answer to one question: has the American structure of costs become non-competitive? For in spite of some rather desperate groping for devices to minimise the government payments that create the deficit, the real solution must lie in increasing the surplus in commercial trade. There are sensible Americans, quite apart from the protectionists, who are thoroughly convinced that the balance of trade is undergoing profound structural changes. They are convinced that exports will remain indefinitely sluggish and that imports will rise inexorably, and perhaps even rapidly. So far, the figures are hopelessly inconclusive. No one can affirm (or deny) with any certainty that American goods are "pricing themselves out of world markets" or that there have been sufficient increases in the imports competing for domestic markets to change affairs basically. If, as seems reasonably likely, both America and the other developed countries are prosperous during 1960, it should begin to be possible to answer this question.

In the meanwhile, however, Mr Anderson and his assistants are determined not to take any chances. Apparently they are not simply afraid that further deficits may lead to a run on gold; in fact, they do not expect this to happen. But they do not like the prospect of an increase without foreseeable end, in foreign short-term claims in New York. International liquidity is all very well, according to this school of thought, but there comes a point beyond which the dollar cannot reasonably be expected to bear the entire burden of it. There remains the question of who is to provide the liquidity. The ghost of Keynes's international monetary unit and credit-creating central agency is not yet stalking the corridors of the Treasury in Washington, but officials must occasionally look over their shoulders to make sure of this. In a world that finds the dollar a currency in oversupply, nothing is quite impossible.

As might be expected, the icy glance of the man who feels that something must be done falls initially on foreign aid. The first blossom to wither in the resulting frost was Senator Fulbright's plan for a greatly expanded Development Loan Fund to provide funds, on easy terms, for backward countries and which was to be financed on a long-term basis—a plan that the President had backed in nearly every detail only two years earlier and that Mr Dillon, the Under-secretary of State, was backing publicly as recently as last winter. The Administration knifed the plan without so much as an apology for being inconsistent. Senator Fulbright promptly lost heart and the Senate, as a result, did a less heroic job than usual of restoring cuts made by the House in other items. There is a strong possibility that next year the Admistration's request for the Development Loan Fund, far from reaching the $1 billion a year spoken of by Mr Dillon and backed by Senator Fulbright, will be cut to only $500 million, compared with the $700 million asked this year and the $550 million appropriated by Congress.

In inter-agency conferences and elsewhere the search for other helpful devices goes on. The Treasury finds the new International Development Association more than ever desirable, as a means of diverting demands for bigger development loans and as a means of underlining the concept that Europe must now assume a far larger share of the burden of aid to the underdeveloped countries. Payments-minded officials look eagerly at the possibility of tying more foreign aid to domestic purchases—particularly development loans, which apparently are producing few orders for Americans and many for the factories of Europe and Japan. It will be a pity if this means that the foreign aid dollars buy less and if the basic principle of non-discrimination is violated, but continued international respect for the dollar has greater priority in Washington. The pressure on Europe to abandon the remaining discrimination against the dollar is being intensified, and there are even hints of something more forceful than words. While there is no talk inside the Administration about restricting imports—and this issue will probably be quiescent except for individual cases until 1962, when the Trade Agreements Act must be renewed—the protectionist rumblings from outside the government are growing stronger.

For the foreign finance minister, all this poses a difficult problem. He can, if he wishes, charge the Americans with being needlessly alarmed and complain about what seems likely to happen to his engineering exports or capital imports, as the case may be. He can haughtily charge that the Americans, if they tie their aid to domestic purchases, will be going back on their own principles. But if he does, he will almost surely do his cause harm with Mr Anderson. This firm and reasonable man is certain that the one thing the world needs most is a stable dollar and that this is the rock on which international finance rests. It is an impressive case. The finance minister who lets Mr Anderson know that he understands and agrees is the one whose country, presumably, will do best when the shoe is on the other foot.

Primary Interest

EVEN at this very preliminary stage of next year's election campaign, attention is beginning to be attracted to the primaries; these are the state elections in which voters express their views on potential presidential candidates and choose delegates to the national nominating conventions of the parties. Fifteen states as well as the District of Columbia have scheduled primaries for 1960, three fewer than in 1956, but interest for the moment is centred on two: on March 8th in New Hampshire, the first of the series, and on May 20th in Oregon, where a new primary law has raised some intriguing problems.

Recently an influential group of New Hampshire Republicans invited Governor Rockefeller to run in their primary; his reply was firmly non-committal but his name will probably be entered, nevertheless, since his consent is not necessary. General Eisenhower's name was entered in a similar way in 1952 and his victory in New Hampshire was the beginning of his serious presidential campaign. It should not be assumed that New Hampshire will prove an equally ideal testing ground for Mr Rockefeller, since Mr Nixon, who will certainly oppose him there, commands widespread and influential support in the state. On the Democratic side, New Hampshire will offer Senator Kennedy, from neighbouring Massachusetts, a magnificent opportunity of starting the landslide which many believe will be necessary if he is to secure the presidential nomination.

Meanwhile in Oregon, the State Secretary of State, Mr Howell Appling, is obliged by the new law to place the name of any presidential or vice-presidential candidate on the ballot

> when he shall have determined in his sole discretion that such a candidate's candidacy is generally advocated or recognised in national news media throughout the United States.

An entrant can remove his name only by swearing an unqualified affidavit that he is not and does not intend to become a candidate. In addition a petition signed by one thousand eligible voters can place a candidate's name on the list; in this case no withdrawal is possible. The idea is that the primary should give the voters a genuine opportunity of stating which of all their party's presidential candidates they prefer; usually they are forced to choose only between those who find it expedient to enter. This may mean that they have no chance to vote for the real man of their choice.

But the new law may prove very embarrassing to men who want to stay on the fence until they are "drafted," perhaps by a deadlocked convention. Mr Adlai Stevenson is a prime example. Were his name to appear on the Oregon ballot, he would have either to disavow his candidature categorically or become an open contender. At least Mr Appling has recently thrown some light on how he will exercise his sweeping discretion. "Generally" apparently means "not local, pertaining to many persons, places and occasions"; applying this canonical definition he has stated that he will include Governor Rockefeller, Mr Nixon, Mr Stevenson, Senator Kennedy and Senator Humphrey, but will exclude the "favourite sons," usually the governors, of particular states and will leave Senators Symington and Lyndon Johnson suspended in the doubtful category, for the present.

Negro Wrongs to Right

SLOW as it was to get down to work, the Civil Rights Commission has more than justified its creation two years ago under the Civil Rights Act. The report which it was required to submit early this month sets out a fully documented account of the discrimination practised against the Negro, particularly in the field of voting in the South. But its remarkable achievement is the degree of unanimity reached by the three northern and three southern members on the next steps which are necessary.

In spite of angry protests from the southerners, Congress in its last hours voted by big majorities to extend for two years the life of the commission (which would otherwise have expired in November) and granted it a further appropriation of $500,000. Liberals from both parties demanded, and received, assurances that a comprehensive civil rights Bill will be taken up in February, shortly after Congress resumes its session. Many of the commission's recommendations require congressional action.

Voting

This section is the heart of the report. The commission found that although 62 per cent of the whites of voting age in the South are registered to vote, only 25 per cent of the nearly 5 million southern Negroes are registered, partly because of their own apathy but largely because of intimidation, economic pressure, manipulation of legal requirements such as literacy and the evasive tactics of registrars who may resign or refuse to meet when Negroes are likely to apply.

The Civil Rights Act of 1957 has proved completely ineffective, not a single person having been registered to vote as a result of the power it gave the Department of Justice to seek injunctions to protect the right to vote. The northern members of the commission favour a constitutional amendment limiting state regulation of voting rights to non-discriminatory requirements on age and residence, but the three southern members unanimously rejected this solution.

The commission agreed unanimously, however, to recommend amendment of the Civil Rights Act to forbid any person, under the colour of state law, to deprive, or threaten to deprive, anyone of the right to vote. But litigation is too slow and unsatisfactory to enfranchise many Negroes in time for the election in 1960. Therefore, with only one member, Mr Battle, a former Governor of Virginia, dissenting, the commission proposed that the President be authorised to appoint temporary federal registrars to register voters for national elections in any area where it is established that citizens are being excluded from the voting rolls because of their race.

Other minor suggestions, unanimously adopted and designed to facilitate the commission's work, include a national census to compile statistics on voting and registration by race, beginning in 1960 if possible, and the preservation of voting and registration records; one state has authorised their destruction to frustrate the commission when it seeks to inspect them.

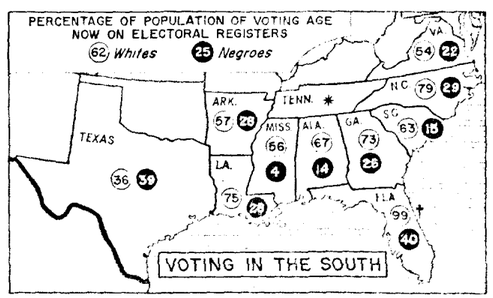
Education

To hasten the pace of racial integration in education and because they do not believe that the gradual adjustment which may be necessary in the schools is required in institutions of higher education, the northern members of the commission proposed that the federal funds supplied to public and private colleges and universities should be withheld from those which ban students on grounds of race. The three southern members rejected this sanction.

Agreement was reached, however, on proposals to use the commission as a clearing house for information on programmes of racial integration (this is needed because many school districts are confused by apparent inconsistencies in decisions of the lower courts); to extend the commission's work as an agency of conciliation and advice; and to hold an annual census, by race, of all students in the tax-supported schools.

Housing

The commission stresses that many Americans are denied adequate housing because of their race, but it argues that the need is for equal opportunity to secure decent housing, and for more houses for all those in the lower income groups, not for a policy of forcing the races to live side by side. To achieve this limited aim, bi-racial commissions should be set up in every city and state with a large Negro population. Although the federal government plays a big part in housing, through its participation in slum clearance and its guarantee of mortgages, the commission did not recommend that federal aid should be withheld from discriminatory projects. But it urged the federal housing agencies to take more care to see that the few state and city laws against racial discrimination are observed by builders and asked the President to issue an executive order stating the constitutional objective of equal opportunity in housing and directing federal agencies to work to this end.



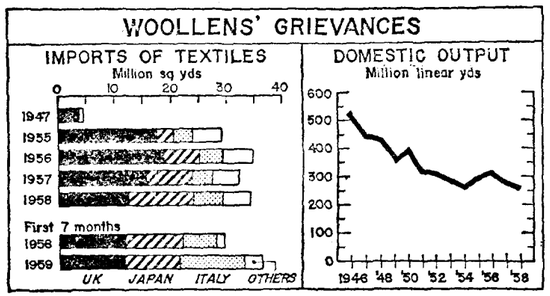
* Figures not available.
† Because the latest population totals are those for 1950, and because Florida's population is growing rapidly, this figure overestimates the proportion of Whites registered to vote.

Salt in Wool's Wounds

NEW YORK

WITH Mr Macmillan's request on British television that Mr Eisenhower "do something for us on woollens" and last week's affirmative rejoinder from the State Department, British manufacturers of woollen textiles may hope to increase their sales in the United States. But the domestic woollen industry is equally determined to preserve its own position. In 1947, when the duty on imported woollen goods was lowered to a flat 25 per cent, it was with a reservation. This was that, if in any year imports exceeded 5 per cent of domestic production (measured over the three preceding years), the President could raise the duty to 45 per cent for the remainder of that year. At that time, imports represented less than one per cent of domestic production, but since 1956 this proviso has been invoked every year. With importers racing to beat the deadline, the cut off date this year came on May 19th.

The domestic industry feels that it deserves a good deal more sympathy from the government than it has yet received. Output has dropped by 50 per cent from its postwar peak, with a corresponding cut in plant capacity. And with the large number of mills opened in the South, the contraction in New England, the



industry's historic home, has been far more drastic. Unemployment has made the Textile Workers' Union, rather than the manufacturers, the most effective champion of protection.

In New England, the industry is paying for its age. Many of the mills are antiquated; labour is subject to union work rules based on outdated methods of production; and in many cases management has proved too conservative to save itself. In addition, the manufacturers feel that they have not received their rightful share of the consumers' dollar during the last decade; Americans have shown more interest in cars than in clothes. After a modest postwar increase, purchases a head of textiles turned down in 1956, and it is only in the current year that this trend has been reversed. On the other hand, the domestic producers claim they are reconciled to synthetic fibres since they are now widely blended with wool.

Imports of woollen and worsted fabrics have risen to an annual level of between 30 and 35 million square yards for the last three years. The devaluation of sterling in 1949 gave British exporters their first chance to break into the market for medium priced fabrics, and imports from Britain rose from 4 million square yards in 1947 to 19 million in 1956; by last year they had dropped back to 13 million square yards. Within the last twelve months Italy has joined Japan as a major competitor, and replaced Japan as a supplier of cheap textiles.

The domestic industry bases its case for more protection on the familiar arguments of higher wage rates and the needs of defence. Moreover, workers and management feel that it would be cruel to allow foreign producers to increase their share of sales at the first moment that there is a glimmer of prosperity for this long-depressed industry. If the present combination of quota and tariff is to be eliminated, the domestic manufacturers will press for a higher tariff to protect them against European suppliers, combined with some form of quota arrangement to stem the flood of Japanese goods. Unlike the British exporter, who would like to see the duty bear more lightly on higher priced fabrics, the domestic industry would like the duty to rise with the price in order to offset the heavier labour costs of the better quality producer, who is particularly vulnerable to foreign competition. In any event, the negotiations to revise the tariff structure, under the provisions of the General Agreement on Trade and Tariffs, will inevitably be protracted; they are unlikely to prevent a new quota being fixed for 1960.

Steel Strikes Home

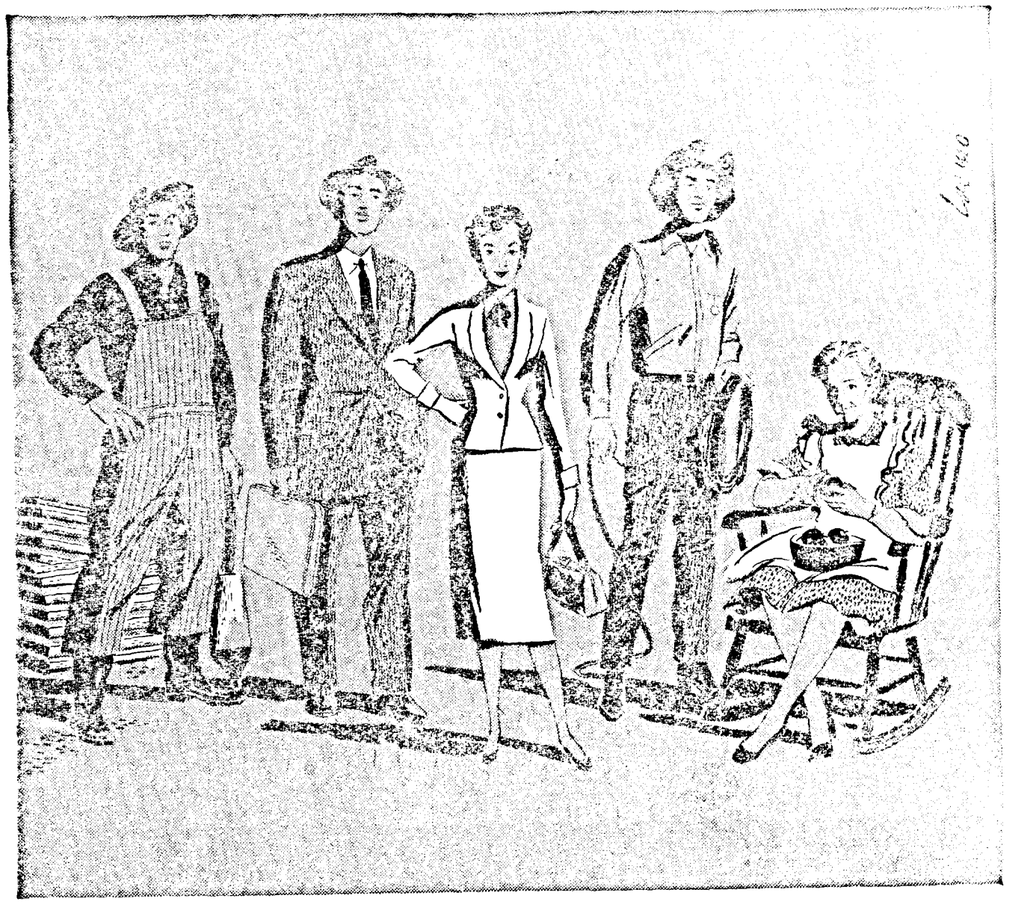
THE news that the automobile companies are beginning to lay off workers, just as the 1960 models are beginning to come off the production lines, shows how close the steel strike has come to creating a national emergency. By the end of next week the Chevrolet division of the General Motors Corporation may have to close, and if the strike is not called off within four weeks, its other divisions will have to shut too. Fortunately, though not for General Motors, the other automobile companies are not so short of steel. Up to now lay-offs have been few and the effect of the strike has been to prevent unemployment from falling rather than forcing it to rise. But because unemployment usually recedes in August, the percentage of the labour force out of work has risen from 5.1 to 5.5. The steel workers on the picket line are not counted as being out of work, but about 125,000 men in other industries have lost their jobs.

Mr Mitchell, the Secretary of Labour, has reported that about $500 million in wages had been lost because of the strike by the second half of August. This was the chief factor in the $2.6 billion reduction (at seasonally adjusted annual rates) in personal incomes during August, the first full month of the steel strike. Retail sales have fallen slightly from their earlier peaks and industrial production has slipped back—though only to the level reached at the height of the 1957 boom.

That things are not worse is a tribute to the vitality of the economy, as well as to industry's foresight in stocking steel last spring. But although real trouble is now just round the corner, neither the steel companies nor the trade union show any sign of beginning the hard bargaining for which the President appealed once more this week. The industry is plainly counting on the President invoking the Taft-Hartley Act within the next fortnight or so; this would bring the workers back to the mills for 80 days. When the President offered, rather grudgingly, to create a special commission, outside the Act, to seek a settlement if both sides requested it, the steel companies refused. If the union is forced to order a return to work, it seems increasingly possible that the strike may be resumed in the new year; the American Federation of Labour and Congress of Industrial Organisations has just laid a levy on all of its members to support the steel strike; this may bring in as much as $15 million a month.

SHORTER NOTE

From the beginning of the shipping season in April to the end of August, 11 million tons of cargo passed through the St Lawrence canals, 59 per cent more than passed through the old channels in the same period last year. Traffic through the Welland Canal increased by only 23 per cent; the costly delays at this bottleneck are seriously prejudicing the attractions of the waterway to shippers.



WHICH OF THESE AMERICANS
IS A CUSTOMER FOR EUROPE?

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THE WORLD OVERSEAS

Wooing "The Fifth Great Power"

FROM A SPECIAL CORRESPONDENT AT THE UNITED NATIONS

EACH General Assembly of the United Nations, like each newly elected parliament, has a character and theme of its own. In both cases they are formed and set more by the backbenchers than by the leaders, more by the seventy-eight smaller nations than by the Big Four. This year the fourteenth General Assembly is quite clearly determined to discuss disarmament and the diversion of resources from tanks to tractors. It is also very bored by the cold war, and an old-fashioned Dullesian (or Molotovian) cold war speech will empty the chamber as fast as Welsh affairs do at Westminster.

Since the foreign ministers are reasonably well informed about the state of Assembly opinion, they have all turned up with at least decent little tributes to the desirability of disarmament and the need for aid to underdeveloped countries. Even in the middle of an election campaign Britain was able to increase its contributions to aid programmes quite substantially. Mr Selwyn Lloyd's speech was unfortunately buried by Mr Khrushchev's more publicised oration, but it deserved some attention for its painstaking attempt to get somewhere on disarmament.

The British proposals are a technician's solution for technical difficulties in the way of further negotiations about disarming. They look forward to a three stage programme culminating in a general arms reduction, but they concentrate on the central problem of a *balanced* reduction of both conventional and nuclear weapons and on controls.

For those who really understand the technicalities of disarmament (there must be nearly a hundred such in the world, and all except Mr Anthony Nutting are at the United Nations) Mr Lloyd's speech was highly significant, and it may yet be the basis on which further negotiations are carried on at the forthcoming ten-power disarmament talks. But it failed to make any impact on the public or even on the average small-power foreign minister (there are some fifty here).

Next day, Mr Khrushchev came up with a speech designed to tickle the ears of these groundlings. How far did he succeed and how far did he overplay his hand? His suggestions for total disarmament within four years and his somewhat casual references to the problems of inspection and control made all the technicians and all the western leaders gasp with incredulous dismay. The British delegation in particular, who would not like to see the Russo-American talks break down in the middle of the election campaign, hastily reassured the Americans that this terrible lapse did not mean that Mr Khrushchev was unprepared for serious talk and only interested in propaganda.

It was as a result of this first impression that Mr Khrushchev's speech got some extremely critical press notices. Second thoughts are showing that his proposals cannot be so summarily dismissed. On the propaganda front, in spite of their naïvety, they did have an appeal to a large section of the Assembly—not simply because the small powers are against war (at least amongst great powers) but also because there appeared to be some logic in the thesis that if nuclear weapons make war too horrible to contemplate, it is war which must be abolished, not just nuclear weapons. Consequently, the Russian plan will certainly be debated at the Assembly, where it will have the great merit of putting Russia on the side of the angels—idealist, extremist perhaps, but extremist for peace.

Secondly, a more careful reading of the speech has shown that in fact it was not all propaganda. In a brief paragraph or two Mr Khrushchev outlined a second Russian proposal for *partial* disarmament. This proposal, which contains ideas about a nuclear-free zone in Europe as well as the usual demand for abolition of overseas bases, is presumably what Mr Khrushchev intends to raise with President Eisenhower this weekend. For that reason he did not present it in great detail to the Assembly.

The Chinese seat was the one other topic on which Mr Khrushchev spoke at length ; and it has now been debated at length in plenary session. Mr Khrushchev was vitriolic in his denunciation of the "corpse" of the Kuomintang which, he said, held the seat lawfully belonging to the Peoples' Republic of China. After the weekend, his peasant vigour was fully matched by the patrician fulmination of the American representative, Mr Walter Robertson (replacing Mr. Lodge, who was away acting as travelling companion to Mao's ally, Mr Khrushchev) who called the Peking regime a murderous tyranny holding down 600 million people by force.

Inevitably the Indian and Nepalese motions to admit the Peking government, or even discuss it, were lost by votes of 29 to 44. The whole debate left both a sour taste of the cold war and a sense of utter unreality. Many western delegates said privately, as they have done year after year, that this must be the last time this farce is played out. But doubtless it will not be the last time, for the United Nations has a strong sense of ritual.

In the next few weeks the ritual dances of Algeria and South Africa will be staged. They may seem wholly pointless, yet it is a fact that the opinions of the General Assembly have played about an equal part with the opinions of the French army in making up General de Gaulle's mind. In its own way, the Assembly remains a fifth great power, wooed by the other four.

Green Dragons and Gorillas

FROM A CORRESPONDENT IN ARGENTINA

THE significance of the democratic revolution that has swept through Latin America in the past five years has been somewhat obscured because it has occurred in fragments instead of in one massive wave. Argentina's Juan D. Perón was thrown out of power in 1955, and one dictator has disappeared every year since then —Peru's Manuel Odria in 1956, Colombia's Rojas Pinilla in 1957, Venezuela's Pérez Jiménez in 1958, and Cuba's Fulgencio Batista early this year. General Stroessner, the last South American *caudillo*, is visibly tottering on his precarious Paraguayan pedestal. Put together, this steady swing away from authoritarian rule adds up to a continent-wide movement.

The Argentine uprising that touched off these explosions took a peculiar course. Elsewhere, the armed forces were usually the

dictatorship's chief support, and the successful revolutions left the professional soldier with little prestige or power. In Cuba, for example, the long battle of the regular army against Fidel Castro's forces disgusted the population of the island ; few of the officers who remained after Batista fled escaped demotion, dismissal, or the firing squad. In Argentina, however, it was a small group of generals within the army itself who thrust the revolution upon a nation where Perón was still quite popular. The army thus retained its traditional role as the ultimate arbiter in Argentine politics.

The handful of senior officers who successfully conspired against the dictatorship were organised in a secret lodge known to its members as "*los Gorilas*." Such organisations are common in Argentine history ; the first "logia" was founded in London in 1808 to promote the independence of Spanish America, and Perón himself came to power with the aid of a secret lodge in 1943. It was Gorilla officers who suddenly sent waves of bombers against the presidential palace in June, 1955, and who headed the uprising of the Córdoba garrison that overthrew the regime in September of the same year. From 1955 to 1958 they ran Argentina by decree.

Although many of the Gorillas were disturbed by newly-elected President Arturo Frondizi's political dealings with Perónists, they permitted him to take office, as scheduled, in May, 1958. The army by this time had been thoroughly purged of Peronist influence, and a new officer's lodge, "*los Dragones Verdes*," was forming. Headed by an obscure colonel, Manuel Raimundez, the Green Dragons favoured unconditional obedience to civil authority and the withdrawal of the army from all participation in politics. Last May, the secretary of war, Hector Solanas Pacheco, a Green Dragon, transferred or dismissed numerous rebellious officers, and arrested the entire command at Córdoba, the stronghold of the Gorillas. The result was a wave of insubordination and mutiny in the upper ranks. In midsummer President Frondizi was forced, much against his will, to dismiss Pacheco, Raimundez, the secretary of the navy, and four quasi-Peronist members of the cabinet. The new secretary of war, seventy-one year old General Elbio Anaya, was brought out of retirement with the promise that the army would continue its war against Peronism in the government.

EARLY in September, it became apparent that the neo-Gorillas were not satisfied with General Anaya's performance. Their policy was one of "conditional legalism" ; they would obey orders, but reserved the right to intervene in civilian affairs if necessary. The secretary of war, exasperated by such insubordination, thereupon dismissed the head Gorilla, the chief of staff, General Carlos Severo Toranzo Montero ; when fourteen generals telegraphed the news to their Gorilla lodges, General Anaya had them arrested and threatened a widespread crackdown.

His plan backfired. Commanders of garrisons throughout the country wired back that they "would not accept the unjustified dismissal" of the chief of staff. Early on September 5th, General Toranzo "reassumed command," and barricaded himself in the Army Mechanics' School in Buenos Aires. When summoned to meet the president he was able to produce such strong evidence of military support that Sr Frondizi had no alternative but to submit; General Anaya was dismissed and General Toranzo reinstated.

It is still too early to be sure what use General Toranzo means to make of the power he has so visibly demonstrated. He comes of an old liberal family (his father, also a general, was an intimate friend of the Radical president Irrigoyen, and was tortured and exiled by the military dictatorship of 1930). He has none of Perón's lust for personal power and glorification, and no wish at all to become a dictator. His only immediate moves after his triumph were to put a personal friend into office as secretary of war and to transfer or dismiss the nine generals (out of Argentina's total of one hundred and ten) who had failed to support him. The Green Dragons, with their doctrine of military abstinence from politics, were completely routed. With the neo-Gorillas in complete control, the army, for good or ill, will continue to have the last word in its country's politics.

Japan's New Capitalism

FROM OUR CORRESPONDENT IN TOKYO

ABOUT a third of Japan's 10 million shareholders are housewives, shopkeepers and clerks. Very few of them own more than about £100 worth of stock. Most of them do their share-buying through investment trusts. The assets of the twelve leading investment trusts have bounded from £100 million to well over £300 million in the past two years. These enterprising concerns have built their fortunes on the widow's mite and the shopkeeper's savings. They have opened consultation offices in such unlikely places as department stores and railway stations, and their small clients are urged to feel free to drop in at any time—the workers' lunch-hour is the most usual—for the latest stock exchange tips. They do not even have to wait to catch an investment clerk's eye, if they are in a hurry: large boards, electrically controlled, tell the state of the market at a glance. The information thus conveyed has recently been almost uniformly encouraging, with electrical, oil and motor-car shares bounding up between thirty and fifty per cent. On the Tokyo Stock Exchange, the average price of 225 selected share issues now hovers near 900 yen, compared with 650 yen a year ago, and 450 yen two years ago.

Before the war, there were only about a million and a half shareholders in Japan, and most of these were not individual speculators, but represented the big corporations, or *zaibatsu*. Not that the *zaibatsu* bothered to raise much capital through the stock exchange. They did so from their own reserves, and by borrowing from the banks they themselves controlled. The stock exchange was merely a useful but hardly indispensable adjunct, whereby the *zaibatsu* fought battles among themselves for greater or lesser control of subsidiaries and affiliates. The ordinary Japanese would no more have dreamed of entering the stock market than of strolling into the Imperial Palace.

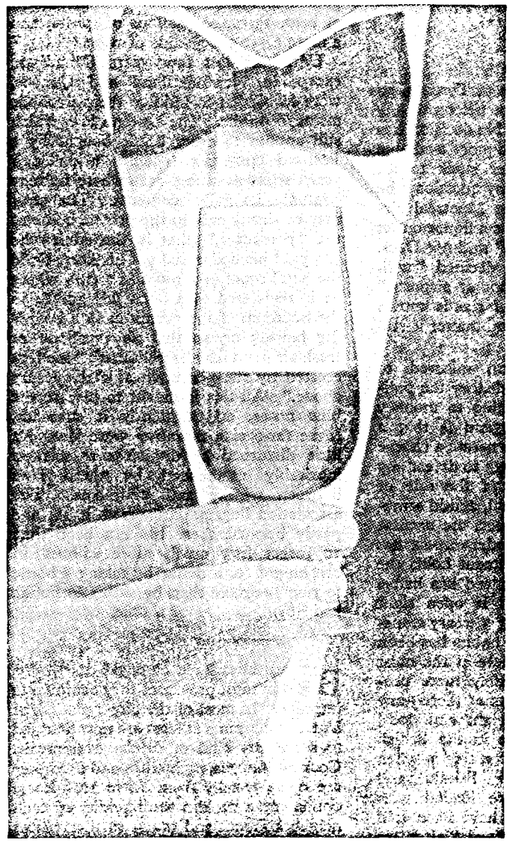
Today, the investment trusts, with understandable enthusiasm, praise the American Occupation's liquidation of the *zaibatsu*, and the consequent participation by the general public in shareholding, as "the most wonderful thing that ever happened in Japan." In fact, Japanese companies still raise only about ten per cent of their capital needs through issuing shares, getting the remainder either out of retained profits or by borrowing from the banks. Also, the *zaibatsu* have reappeared, and have re-established at least partial control over the banks.

What the "democratisation of the stock exchange" has apparently succeeded in doing is to vest virtual control over the stock exchange in the ebullient investment trusts. For instance, the largest of these, Nomura Securities, alone is said to handle about 26 per cent of the total turnover of shares on the Tokyo Stock Exchange (whose daily turnover of shares averages between 100 million and 140 million). This year, Nomura was reported to have "beared" the market single-handed, by unloading about 10 million shares in one day. The investment trusts, in their alternate role of securities companies, appear to buy and sell on margin with considerable frequency. They are helped to do so by the Japan Securities Finance Company, which under the benevolent umbrella of the Bank of Japan is reported to supply some £22 million on loan for marginal share-dealing.

Nevertheless the investment trusts could scarcely continue to exist if they were not so singularly successful in attracting the

Continued on page 1035.

A MAN IS KNOWN BY THE COMPANY HE KEEPS



A host is known by the brandy he serves

To serve your guests an indifferent brandy is more insult than compliment. The correct thing to serve after meals is a cognac of liqueur quality. This is why the perfect host gladly pays that little bit more for a really fine liqueur brandy like Remy Martin. A genuine Fine Champagne V.S.O.P. Cognac. A brandy defined by French law as *Fine Champagne* because it is made exclusively from grapes grown in the two finest districts of Cognac. And it is reassuring to remember that Remy Martin make *nothing* less good.

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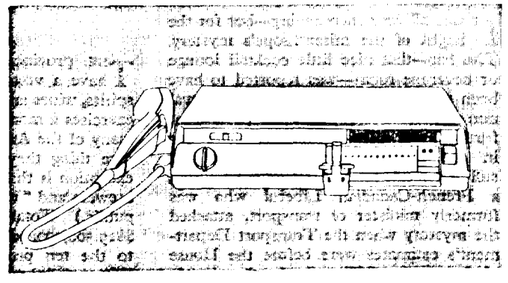

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Whisky for Johnny Canuck

FROM OUR OTTAWA CORRESPONDENT

TWO new and overdue passenger terminals are nearing completion at Uplands Airport, Ottawa, and at Dorval, the airport of Montreal. They are part of a major Transport Department plan to renew all Canada's major airports: the first new building to be opened was Gander, Newfoundland. The opening of the Ottawa building was set back recently when a Lockheed Starfighter showed off its paces over the Uplands runway with such enthusiasm that it blew in all the windows in the structure.

This incidental mishap, however, was trifling beside the maddening mystery that embitters public expectations about the new building. In the original design of the Ottawa, as of the Dorval, terminal, space was provided for a dining room, and next door to it for a "cocktail lounge" or "beverage room." These are the periphrastic appellations given by the genteel to the homely and comforting facilities known more generally as "bar." The Uplands bar has actually had its picture in the local newspaper, and a cosy place it looks with seven well padded stools before the proper kind of counter and suitable shelves, suitably stocked, behind it. The only serious criticism was that it looked a bit small; but perhaps the photograph did not do it full justice. What is worrying is that we may never know. Early this summer a go-ahead restaurateur was given a concession for the dining room. He promptly sent his Swiss chef to tour all the best airport restaurants in the United States, started planning menus to be printed in English, French and Spanish, designed his room with great care, and resolved that Ottawa was going to have an airport dining room second to none.

IT was all very encouraging—but for the blight of the misanthrope's mystery. The bar—that nice little cocktail lounge or beverage room—was reported to have been walled up, just like some mediæval nun discovered in revel. The reports went further, and alleged that her sister bar in the Dorval terminal building had suffered a like fate. Mr Lionel Chevrier, a French-Canadian Liberal who was formerly minister of transport, attacked the mystery when the Transport Department's estimates were before the House of Commons. "What is the situation in the airport at Montreal?" he asked. "Provision was made for a liquor and beverage area." (Of course it was: he was minister when the plans were drawn up, the sensible fellow.) The new minister, Mr George Hees of Toronto, an ex-footballer who does not belong to any Band of Hope, replied: "No decision has been taken to make liquor available there." But Mr Chevrier stuck to it: "That has not answered my question," he said. "Is the area in the Montreal airport which was provided as a liquor outlet still in existence?" "Yes," said Mr Hees. But no policy has been decided "with regard to the sale of liquor at airports." That was in June, and so far as is known policy on this grave political matter is still "under consideration."

"Temperance," a term misused to mean abstinence, is regarded by the politicians as a dangerous thing to monkey with. The prevailing legend is that a great mass of voters will generate a charge of indignation strong enough to defeat any candidate who approves of the sale of liquor. Only Newfoundland, and in somewhat smaller degree Quebec, are exempt from this. The new Gander airport has a bar; the federal government holds the license for it. Gander indeed has had a bar for twenty years; it is open right round the clock, and many a weary trans-Atlantic traveller of sober habits has been glad to restore himself there at the most improbable hours. Probably more pre-breakfast drinking is done there—any time between four and eight a.m. local time—than anywhere else in the British Isles or North America, for this is when westbound planes from Britain and Europe are apt to arrive loaded with sleepless passengers who have been told that breakfast will be served "after we leave Gander." Such wicked habits were fortunately not allowed to stand in the way of Newfoundland's union with Canada, any more than the famous "Newfie screech," a particularly ferocious brand of rum. Liquor control is, after all, a provincial matter.

THE provincial governments, indeed, have a vested interest in the sale of spirits, wines and beer. Everyone of them exercises a monopoly of these sales, as do many of the American states; and a very nice thing they make of it. (The only exception is that some provinces let local brewers and "wineries" sell direct to the public.) Total sales in 1958 came to $819,500,000, out of which the net revenue to the ten provincial governments, the Yukon and the Northwest Territories was $208,363,000. Most of this is straight profit, but an item of $40,500,000 for licenses and permits will not be overlooked by provincial treasurers. Sales of liquor destined to pass down Canadian gullets amounted to 225 million gallons of beer, 13,500,000 gallons of spirits, and a mere 6,750,000 gallons of wine.

Until the last few years Canadians, except in Newfoundland and Quebec, were forbidden to indulge their alcoholic tastes in public. The Ontario law, which still applies to every bottle bought by a licensed consumer (license: a dollar a year), stipulates the places where he may consume its guilty contents. The stuff may be drunk only in the private home of the "permittee," (that is, the adult who has paid his dollar and got his license); in the hotel room or a room in a club where he is registered as a *bona fide* guest; in the bedroom of the permittee in a boarding house; or, so that no vagabond or fresh air fiend may be penalised, "the tent erected by the permittee as a temporary abode." All this is meant to placate the blue noses, and evidently it succeeds. More far-seeing moralists were always a little disturbed by the close association inevitably established by these laws between whisky and bedrooms. The association lingers, partly from habit, and partly because there has not been time to forget how much more stimulation can be got for a dollar by taking a bottle to your bedroom than by sitting in public and buying a glass at a time.

BUT attitudes have changed drastically, and in most provinces they continue to improve. In most of the larger places the better restaurants at least are now licensed to serve any kind of drinks with meals. Cocktail lounges, nightclubs and even bars are open, usually from 12 to 12. Local option often decides the liquidity of each neighbourhood, and many smaller places still insist on purchase by the bottle at government stores. But the association with beds is fading, to be succeeded by an equally silly insistence on the posture of sitting. In many places it is very difficult to get a drink standing up; but then, you cannot do that in Washington, DC, either. Sabbatarianism also remains a serious hazard. Sundays will be dry in most places for the man who forgets to take a bottle overnight to his bedroom—or tent. Sundays at least come regularly. But elections do not. No traveller can reasonably be expected to foresee every local election. But if he stumbles on one of these he will find that no one may buy a drink lest the electors excite themselves or impair their judgment with alcohol. If he be optimistic enough to expect refreshment after the polls have closed, he will soon learn that these public duties are not to be dismissed so casually. After a day of unrelenting austerity, the citizens shall remain abstinent, says the law, until every man, woman and child has taken himself, herself or itself uncontaminated to a pure couch of temperance.

Continued from page 1032

spare funds of the small investors, nearly all of whom declare with the utmost solemnity, when asked, that they abhor all forms of speculation and regard the stock exchange as a legitimate and reliable means of saving (with of course the enhanced attraction that capital gains are not taxable). For most of them, it has so far proved to be just that. They stay with their investments, leaving the chasing of short-term profits to the professional speculators, and displaying a strong preference (advised to do so by the investment trusts) for companies with good growth potential. And their confidence in the investment trusts and in the stock exchange would seem to reflect quite accurately the sound condition of Japan's economy as a whole.

Japan has come through the "shallow depression" with flying colours. Consumption, both urban and rural, remained high, and the country's innumerable small businesses have recovered very rapidly from what proved to be only a slight setback. Last year, real wages gained six per cent, slightly less than the year before; but the average Japanese food-bill is now 48 per cent of the household budget compared with 53 per cent three years ago, and the higher consumption of other articles reflects the difference. (The other articles include share-buying.) The government has cut taxes—a £100 million income tax cut was the Ishibashi cabinet's parting gift to its successor, the present Kishi regime—but still has a comfortable revenue surplus as big as the tax cut. In the first six months of this year, Japan actually sold more goods to the United States than it imported, thus making the $370 million spent by the American forces in Japan a clear gain. Sales to the United States this year are expected to exceed $800 million; and Japan has over one billion dollars of foreign exchange already in its kitty. Continued economic growth, estimated at eight per cent this year, is not expected to lead to over-importation, because, as an example, Japan's own steel production is now regarded as "adequate." Indeed, fears are now being expressed that other countries, especially the United States, will regard Japan's import controls as no longer necessary, and powerful objections are being raised in Japan itself to what is called "nurturing industries forever in a hothouse of exchange controls and import quotas."

Scanning the picture in quest of blemishes that will justify their own moans, the professional pessimists, of whom Japan has at least as many as other countries, have been pointing out that Japan's admittedly "astounding headway" is all very well, but that meanwhile "social capital" is being neglected, in the form of deteriorating roads, poor harbours, insufficient housing, and overcrowded public transport. But these strictures are unlikely to damp the confidence of the fast-growing army of small investors in the virtues of the new capitalism.

IRISH NOTEBOOK—II

Realism at Home?

BY OUR SPECIAL CORRESPONDENT

MR SEAN LEMASS, the new Taoiseach (Prime Minister), is described as "a realist" so often that one might suppose he was the sole exemplar of an otherwise extinct species. He certainly talks both publicly and privately in a refreshingly candid manner, and he has admitted the essential truth in the devastatingly frank analysis of the Irish economy that Mr John Cahan, the deputy secretary-general of the Organisation for European Economic Co-operation, gave in Dublin in July. Declaring that "Ireland needs a jolt," Mr Cahan administered it by telling his audience: "You have two possibilities. The first is to raise protection of your industries to astronomical heights, or get rid of protection and make your industries fully efficient. You have no terribly bright picture in front of you." Subsequently the Taoiseach told the Dail: "It is better that badly run industry should fail. . . . I know probably better than most deputies that in practice it is hard for any minister to be as ruthless as all that, but it may be well to state the right policy even if we cannot always apply it."

It is clear that Mr Lemass is thoroughly disillusioned with Irish private enterprise. Although Eire is a country in which socialism is an exceptionally bad word, the only industries that are normally mentioned with pride are those which are state run; sugar, electricity, the airline, and Bord na Mona, which is a method of turning old Irish bog into new electric energy. Dr Noel Browne, who is back in the Dail as one of two self-proclaimed socialists, concludes from this that it is only necessary for Eire to nationalise all its inefficient industries to be able to afford to double all the social services. Mr Lemass has decided rather more sensibly to let inefficient industries stew and devote the state's resources to starting fresh ones, which, if they prosper, can subsequently sell stock on the market.

This new approach will of course be just as good and no better than its two premises—the Taoiseach's repeated assertion that Eire is not short of capital but only of ideas of how to use it, and his assumption that the government has got good ideas. One overriding test of Mr Lemass's realism is whether he will devote more of the country's investment to improving the efficiency of its agriculture. The relative neglect of the country's basic industry has always been the strongest point in the Fine Gael's case. It is just as well that Eire should scale its economic ambitions down to size, but there is no earthly reason beyond poor planning and poorer execution why the Irish should not be able to compete effectively with the Danes in preparing and marketing their agricultural produce abroad, especially as they are so near to the British market.

THIS has been a particularly bad year for selling cattle on the hoof to Britain, partly because the hot weather has cut down on British farmers' grazing, partly because the Irish have fallen behind in their tubercular testing programme. But even in a normal year the Irish are none too confident of being able to match the Danish effort now that Denmark has secured a tariff reduction on bacon as its price for joining the Outer Seven. Following Mr Lemass's visit to London, an Anglo-Irish trade committee has been set up at civil service level. There is no question what the Irish would like: the economic equivalent of rejoining the United Kingdom, combined with the emotional satisfaction of remaining politically independent. In other words, they are angling for the same farm subsidies from the British Treasury as the British farmer.

At the same time, Mr Lemass has made an approach to Northern Ireland to seek co-operation on economic issues. He has picked on a small legitimate grievance that the Northern Irish have against their Southern neighbours—that a few sticks of Southern Irish furniture now take advantage of Eire's right of duty-free entry into the United Kingdom's markets to seek an easy market north of the border, while because of Eire's high tariffs Ulstermen have no reciprocal privilege—and has held out the prospect of a remedy as a bait for all-Irish economic talks. But the northerners are not biting. They suspect that Mr Lemass's motive is to get in on Northern Ireland's farm subsidies by establishing an all-Irish line-up against the British Treasury. Probably the Taoiseach, seeing that economic rather than political union is becoming fashionable in the world, is seeking to cover by economic talks his practical abandonment of any hope of ending political partition.

The absence of any serious expectation that the border can be abolished is, indeed, one of the most remarkable features of the Republic's present mood. Of course, the *United Irishman* and other nationalist organs still resort to the vocabulary of the Civil War. But with Mr De Valera's evaporation to the Presidency,

the verbal currency of his generation is seeming unreal even to Irishmen. There is even an occasional article, as in the August issue of *Hibernia*, suggesting that the Catholic minority should take a full and loyal part in the public life of Northern Ireland. The word "failure" is ubiquitous: failure to stem emigration, failure to achieve self-sufficiency, failure in industry, failure in agriculture, failure in education, the failure of Mr Patrick Kavanagh, said to be the best conversationalist in Ireland and therefore in the world, to find anyone worth talking to, failure to make the Irish language universal. The last fiasco permeates the whole. In the Gaeltacht, where Irish really is a live language, the people cannot shed it soon enough because it is a handicap to getting employment in Boston or Birmingham, and recruitment to the Irish army is particularly high as this is the only feasible way of becoming proficient in English. Dublin never was Irish-speaking and, to judge from the shop signs, the books and newspapers (even the *United Irishman* is almost all printed in English) and the overwhelming impact of British and American newspapers, paperbacks and television, it never will be. Even many Gaelic enthusiasts now admit that the two languages perform separate functions. Irish is for patriotism, English is for communication.

For a nation traditionally given over to fantasy, Eire is remarkably full of ruthless self-criticism. The question is whether this is only penitential self-indulgence or whether it constitutes the kind of clarity that leads to sensible action. Mr Lemass has repeatedly warned his fellow-countrymen against their inveterate habit of looking for an Anglo-Irish trade agreement or something else as a panacea which will enable them to sit back and lead easier lives. But Mr Lemass himself has made these realistic speeches before. It will be interesting to see whether he can achieve the detachment as prime minister to pass an uncompromising judgment on his own record as minister of trade and commerce.

(Concluded)

A VISIT TO BRNO—II

The Conformists

FROM OUR SPECIAL CORRESPONDENT

ECONOMICALLY advancing ; politically conservative. That is the usual western verdict on the Czechoslovak scene. The shops in Prague are full. Versions of new consumer goods appear not so very long after their appearance in the west. But the statue of Stalin still towers above the Vltava, impossible to hide. In a way the mixture works. The Czechs do not go in for the free speech of the Poles ; there is no uneasy feeling of suppressed revolt, as in eastern Germany. Instead there is conformity, and a certain stability. The visitor will meet plenty of critics of the present regime, but few who believe that there is any future in trying to overthrow it. The practical alternative—to take things as they are but hope for a gradual improvement—is widely accepted.

Perhaps three hundred years of alien rule have helped to mould these attitudes. But they have their origin in more recent events, too. Except on the land, the most painful economic features of revolution are past. The Czechs, it seems, have no wish to return to the unpleasantness of the early fifties. Both government and critics appear to avoid being too irksome to each other and to acquiesce in a sort of truce.

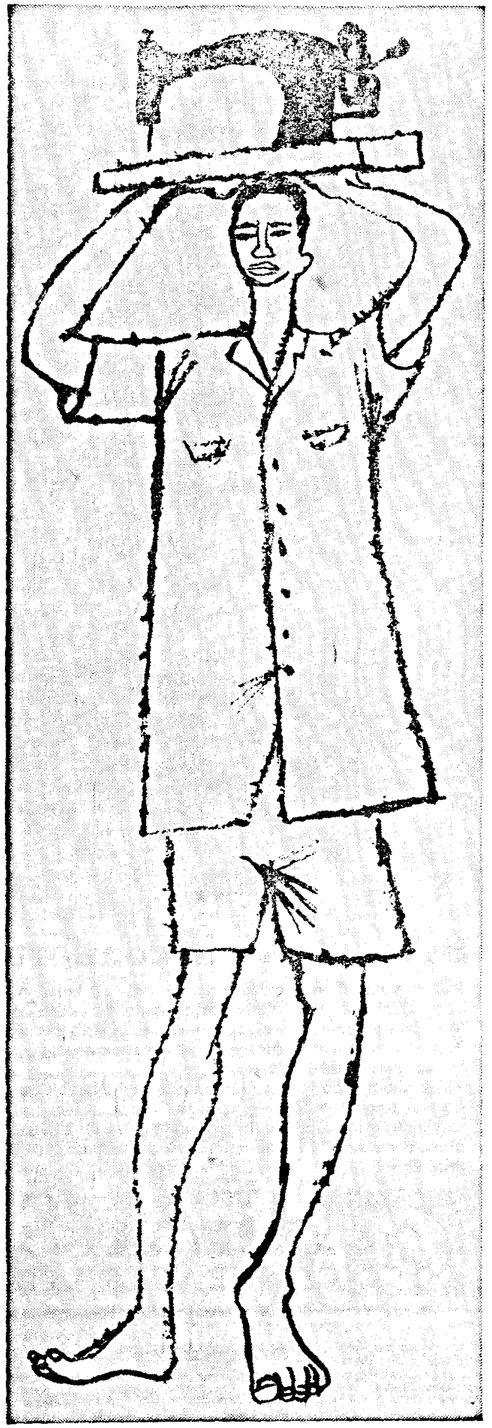
Behind Czechoslovakia's stable conformity, there lies a simple political fact—the proximity of Germany. Munich stands in the background of Czech life, a reproach to the western powers, a well-used advertisement for Russia. The Russians, too, can claim with more justice than in many other places that they came as liberators in 1945. No bitter experiences, like the Warsaw rising or the sack of eastern Germany, embitter the unobtrusive relationship with the Soviet protector. Many Czechs talk with disquieting exaggeration of the *revanchistes* in western Germany. The loose talk and the claims of the refugees there give the government the opportunity to rub the sentiment in. Anti-German feelings as such do not seem widespread. Many of the few remaining Germans in the country have high positions. Close ties with eastern Germany have official support. But it is difficult to answer the oft-repeated theme: no German unity until the frontiers and military status of Germany are settled by a peace treaty. The reliance on Russia provides the basis for the Czech *status quo*.

Germany is not the only subject that is clouded by misconceptions, and where certain western policies give the government opportunities to muster support. The Czech press is as sternly conformist as the press in eastern Germany. The western radio is more effectively jammed and westward travel is far rarer. The room for a gradual growth of misconceptions about the west is large ; even the leaven of influence from the less conformist east European countries has been considerably curtailed. As a result distorted Marxist views about the capitalist world subsist side by side with unreal images of a golden west. Western colonial misbehaviour—in Algeria or Central Africa—still provides the main focus for plausible attacks upon the western powers.

DESPITE the outward signs of orthodoxy, there has been a real, if very cautious internal change in climate since the early 1950's. Talk with foreigners is still discreet. The rules and limits are there. But in the law and practice of justice there has been a slight increase in safeguards for personal liberty, perhaps a waning of fear. By English standards all this is no great shakes, and political control—over press and education, jobs and housing—still quite obviously goes on. But on the surface of life, at any rate, the watchword seems to be to relax carefully—enough to make life more bearable, though not to blow the system up. In the arts the Brno fairground can follow the conventions of western abstract art. But in literature—where politics make it difficult to write with conviction—by all reports little worthwhile stuff appears. There is a good deal more travel into communist countries than there was a few years back, but travel to the west is a very different cup of tea. Excellent bands play western hit tunes ; yet in the small towns the police still break up a party, on occasion, if rock 'n roll gets out of hand. In economic management, a real measure of liberty has been given to factory management, so that small shifts in plant planning can at least go forward without central approval; but the overriding financial control of the planners remains intact.

Today, therefore, Czechoslovakia presents a picture of considerable calm. A good many features of the present regime are evidently here to stay. Yet major questions about the future have still to be answered. Will the process of change in Russia, together with a relaxation of tension between east and west, in time edge Czechoslovakia off its careful course ? Internally the system has its own inherent weaknesses, apart from the obvious lack of personal liberties. A general political apathy, a retreat into the sanctuary of private life—these are common reactions to the pressures from the state. A new generation of young technicians and managers has been produced. Only too evidently the result has sometimes been to throw people of poor quality into responsible posts. The system, with its emphasis on conformity and the premium it sometimes places on indecision and keeping out of trouble, does not always provide the remedy. Further ahead, no one knows the answer to the crucial question—how much these weaknesses, and the curtailment of liberty, are inherent in the system. But both past history and the present climate suggest that the Czechs will meet these problems through evolution, rather than upheaval.

(Concluded. The first article appeared on September 12th)



LIFE contrasts

A Nigerian carrying Singer Sewing Machine—illustration in an article on the sewing machine war. *Drawing by Ben Shahn*

Nikita Khrushchev speaking at a Moscow party—key picture in a revealing report on the U.S.S.R. *Photo by David Douglas Duncan*

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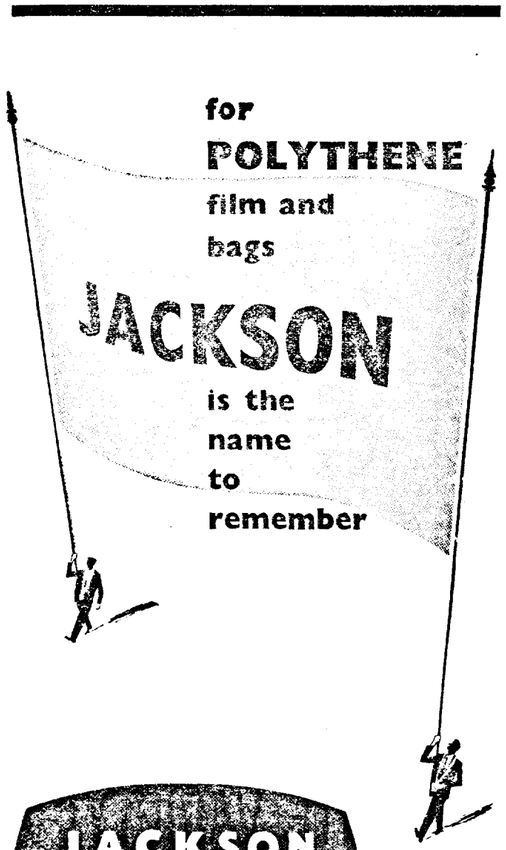

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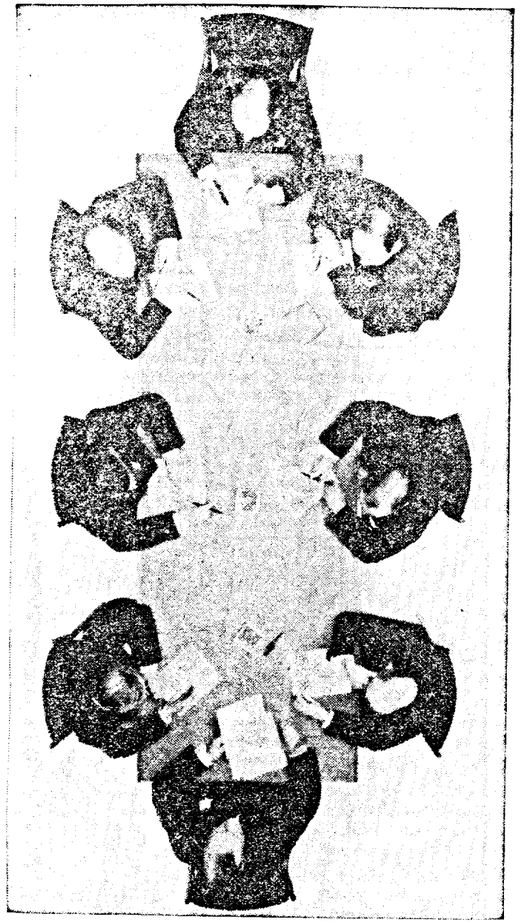

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THE BUSINESS WORLD

Whose Enterprise?

WHICHEVER party is returned on October 8th, the next government with which British industry will have to deal with will be one committed to more interference in its affairs. Labour's formula frankly horrifies most industrialists: the interference that the Conservatives propose, however, is of a kind that some industrialists would like very much, providing they themselves can manage to get interfered with (as they sing in the City, "When does the ravishing begin?"). One may cite as witness that staunchest defender of business against the socialists, the Institute of Directors:

> . . . If the Cunard Steam-Ship Company succeeds in obtaining from the Government a big subsidy—possibly of £40 million—which it wants towards the replacement of the ageing Queens, such a decision ought not to be politically contentious. On the North Atlantic 'prestige' run, it is Government finance that matters. . . .
>
> (*The Director, June* 1959)

> Even the United States has found that the aircraft industry requires a merger between the flexibility of private enterprise and the support of large Government orders. There is no way of avoiding it here.
>
> (*Ibid, July* 1959)

Any government of whatever political colour, in the institute's view, has its part to play. That part, in deserving cases, is to hand over the (public) money.

It is one that the Conservative party, by example as well as precept, has affirmed that it is ready to fulfil. Its undertaking, in its election manifesto, to give whatever financial assistance may be necessary to have two new Cunarders may be compared with its promise, a year ago, to lend up to £50 million to Colvilles Ltd. to build a new steel strip mill on the outskirts of Glasgow. That loan, certainly, was at the time explained partly in terms of the "social" location of industry, about which the Government put through a new Act last year. In their manifesto, the Conservatives return to that legislation, promising a new consolidating Act that will tidy up and at odd points extend government powers to persuade industry to locate itself partly on social rather than purely on commercial grounds. They undertake "to assist the aircraft industry to increase its sales," though without promising as much as the Society of British Aircraft Constructors appears to want.

There is nothing in the manifesto resembling the "focus of authority empowered to formulate positive, forward-looking national policies and programmes and provided with the means of securing their execution" that the SBAC would like for aircraft. But it does pledge the Conservatives to create a Ministry of Science with responsibility for the Department of Scientific and Industrial Research, medical and agricultural research, "the atomic energy programme" (does that mean the Atomic Energy Authority and the Central Electricity Generating Board, too?) and any space research Britain decides to engage in. The party has committed itself also to pressing forward nuclear power development for peaceful purposes; to calling a conference on automation; and to encouraging new inventions and the development of new techniques. Not all of this need involve any significant Government intervention in private business decisions: but much of it may.

THERE is nothing new about this penumbra of selective public assistance between full state ownership in the public sector and full commercial independence in the private sector. The total of public money involved is not immense, though in some sectors of industrial activity it is strategically important; but the extent to which this Government assistance-cum-influence is distributed is perhaps wider than is generally recognised. Subsidies to build and perhaps to operate new Cunarders would be no more than an extension of the special subsidy for building new ships represented by the discriminatorily high investment allowance that has been allowed to the British shipping industry since 1956. All private business, certainly, has received from time to time, and does now, a smaller subsidy to new fixed investment from the general investment allowance, but shipping, fuel-saving equipment and capital facilities for research and development have been receiving this as a special favour for some years.

The steel industry, again, has enjoyed various peculiar special relationships with British Governments since the thirties; during the last few years its development has been subject to final veto or interference by the Government, its equity ownership and its power to raise new capital subject to threat from the Opposition, its prices subject to control by a public board. The lending of public money to finance steel development, in these circumstances, was not surprising; what was significant was how the loan to Colvilles was used to impose a largely political decision about industrial location.

This loan was eventually offered under powers in the Iron and Steel Act, not the Distribution of Industry (Industrial Finance) Act of 1958. The Conservative party is now not satisfied with the powers that the Government obtained under that Act; but the Treasury has already used those powers to

step up its rate of lending to businessmen to settle in "unemployment places" where they would not otherwise have chosen to locate their enterprise. In the twelve years from the passing of the original Distribution of Industry Act of 1945 to the second reading debate on last year's Act, just under £7 million had been lent to 79 companies, generally at much lower than current commercial rates of interest. Since then, the Treasury has lent a further £3 million to five more companies in development areas under the 1945 Act; and in the first thirteen months after the 1958 Act was passed, the Treasury arranged to lend just over £5 million to 83 companies elsewhere. That Act made it possible to lend to companies in services and distribution as well as in industry, which was logical enough given the principle of taking employment to the workers; but it did retain the condition that the Treasury must not lend when companies could have obtained the money from ordinary commercial sources.

That condition is one that the Conservatives, according to Sir David Eccles, now find irksome and would like removed. This direct assistance to companies is not, however, the only or even the main inducement that the Government offers industry to move to where unemployment is high. Since the war the Board of Trade, under Labour as well as Conservative governments, has built factories costing some £70 million (up to 1957) to be let to companies at low rents. It obtained geographically wider powers to do this in last year's Act. Whether it has in fact built more remains to be seen; both parties would probably argue that during a period of relatively higher general unemployment it should have done.

Assistance to the aircraft industry to expand its markets, again, would be offered to an industry which if not nationalised can hardly be classed as fully private enterprise. Throughout most of its history the Government has been the main customer and support of the aircraft industry, because its main business has been defence; state corporations are its biggest single customers for civil aircraft; and Coalition, Labour and Conservative governments have accepted financial responsibility, until very recently, for the development of most of its civil aircraft as well as of the weapons it makes. The aircraft industry makes no attempt to conceal its anxiety that public money, rather than its own, should continue to be risked on the development of its more advanced civil projects.

Aircraft, moreover, brings us to the centre of the sphere in which Government money plays the most significant and perhaps the most strategic role in industrial affairs: research. The Government, according to the only fairly comprehensive accounting of research and development expenditure ever carried out in this country, was in 1955-56 paying about £120 million a year for roughly 60 per cent of all the research and development work done inside private industry in Britain, as well as about £100 million for all the research done elsewhere. In all, it was financing some 70 per cent of Britain's research, and about the same proportion of scientists in research were employed on its affairs. There is nothing surprising about this: defence makes perhaps the most exacting demands of all upon industrial technique, almost without regard to cost, and it is perhaps "natural" that it should engender the most research and development (half of all that done in British industry, in 1955-56, was in aircraft). But it remains the point at which public money exerts perhaps its strongest influence upon private industry; for it did not so much pre-empt existing research resources within industry as bring the resources into being, and a great deal of "by-product know-how" flowed into industrial technique from this defence work.

Defence demand upon those research resources is in principle now being reduced; certainly it is altering in pattern, leaving some of the resources that it created free (or idle). It is no secret that there has been anxiety within the Government, and in the Conservative party, whether private enterprise will be anxious to make full use of all these resources if it has to pay for them (and to make them pay). The Conservatives' Minister of Science, as so far outlined, would merely collect together some existing powers over Government research; for the future, his writ might run wider.

THESE are the main spheres of private industry (if one deliberately excludes agriculture and counts cotton as a single *ad hoc* arrangement) in which a new Conservative government would be committed to exert more selective financial influence. Most people, of any party or none, would approve of some of the ends it seeks. Politically, there is not the least likelihood that Labour would do less in any of these directions, as well as in its own less industrially palatable ones; nor are the Liberals, in all these matters, particularly liberal. One can distinguish various social motives at work in this general political readiness to accede to special pleas or to exert special pressures in the name of the national interest or security. Britain's prestige in the world may be the main reason for financing new Cunarders (as it is for financing exports of cheap pocket books and the production, among others, of horror films). Genuine anxiety to ease the loss of the less lucky in this richening society, and to maintain community values that cannot be measured as readily as the individual advantages of factory location, underlie distribution of industry policy. Fears which few people can quite banish (*pace* Professor Jewkes) about whether Britain is taking enough advantage of the technical progress that organised research may help to bring about, mingled again, with feelings about prestige, partly cause the accent on science. But this last is also a reaction to a real dilemma. Nobody, in government or in business, yet knows how to reckon the return on research and development, which has been defined as "investment in the creation of opportunities for further investment." Government may be as able to judge as industry, or at least no less so, how much science an economy can afford and may find worth while.

Britain's is a mixed economy, getting more so every day; if the facts do not suit what the doctrinaires profess, that is no reason for other people to lose their realism. If these widening areas of mixture involve distortions and waste in the British economy, some would argue that it is affluent enough to afford a few more fringes of economic inefficiency. But that is not the prescription upon which we are being offered the mixture. Upon the Conservatives' plans for private industry—as how much more upon their opponents'—one might quote some words of the wisest of students of British industries and their organisation: "But the execution of a policy of this sort calls for great wisdom on the part of politicians and officials, whose decisions, it has to be recognised, are liable to be determined by considerations other than those of economic efficiency."

The Jasper Affair

RUMOUR always speaks with malicious tongues. What makes the Jasper affair different is that each statement of fact has substantiated the rumours. What began as talk of a hitch in the arrangements for completing the bid for Ely Brewery has grown to the proportions of a sizeable scandal. The Stock Exchange Council has taken the drastic step of suspending dealings in the shares of sixteen companies associated with H. Jasper and Company. It is now certain (again confirming an earlier rumour) that the State Building Society is heavily implicated in the affair. The Registrar of Building Societies has ordered the society to stop advertising for subscriptions and has advised the directors to limit withdrawals by shareholders to a nominal shilling a month. To catch the City bending gives the Opposition an opportunity to ply the birch more vigorously on its favourite whipping boy.

But whatever political capital lies in this affair, the débris cannot be swept under the carpet. A firm of accountants, Messrs W. H. Cork Gully and Company, has been asked by Mr Jasper to investigate the affairs of the Jasper group of companies. It may be that this investigation will not be the only one. The Registrar of Building Societies is inspecting the books, accounts and documents of the State Building Society. It may well be that his conclusions will point towards the radical reform of building society practice and law that many people independent of this movement have long thought desirable. The story is still unfolding and it sounds no better with each instalment.

The Jasper group of companies is analysed in detail in a separate section of this article. It is a creation of less than three years. Acting as a kind of merchant bank, H. Jasper and Company has made a series of bids in cash for a number of public companies. Out of this an empire concerned largely but not exclusively with residential property has been created. On paper it looks impressive; in fact it threatens to be a pyramid with a weak base. The ramifications and cross-shareholdings of these companies and the extent to which the properties they own have been pledged have yet to be established. But the story is of rapid acquisition of properties soon after the companies were bought by the Jasper group. From 1958, at any rate, these acquisitions of freehold and leasehold properties were financed in considerable part from mortgages granted by the State Building Society. And more often than not these mortgages were given to accommodation companies with nominal issued capitals; there are several hundred of such companies, of which Snowfleck (see page 1043) is an example. All the evidence shows that this great number of "toy" companies has been created solely to raise money from the State Building Society in such a way that it would not be necessary to disclose the facts to the shareholders and depositors.

The practice in bids by the Jasper group has been to leave enough shares in the hands of minority shareholders to maintain a market and a stock exchange quotation. With the market practically, though not completely, swept clear, these shares were capable of galloping ahead after the bids had been made unconditional. The winning bids by the Jasper group came sometimes after a lengthy tussle with other bidders; the price often looked high, even given the fever of the property share market; sometimes it was an overbid. The Temperance Billiard Halls case is instructive. Having had the properties of that company expertly and carefully valued, Peachey Property were prepared to offer 48s. a share. Then in competition with Alliance Property, H. Jasper and Company finally secured control at 60s. a share. At this sort of price some shrewd judges were not prepared to compete. Where did the money to complete this bid and the others come from? Was it from the private fortunes of Mr. Grunwald and Mr Jasper? There has been talk of the vaguest kind about Continental backing. The only clear fact is that the

DIARY OF EVENTS

SEPTEMBER 16

Rumours of a hitch in the completion of the Lintang and Ely Brewery deals; falls in shares associated with H. Jasper and Co.

SEPTEMBER 17

Mr H. Jasper admits problem about payment to shareholders who had accepted the bid made to Ely Brewery by H. Jasper and Co.; all shares in the Jasper group marked down sharply.

SEPTEMBER 18

Statement from Mr Jasper refers to "certain difficulties which have arisen due to the absence of the managing director of the companies in funding the purchase of shares in the Ely Brewery Company."

SEPTEMBER 20

Mr Jasper states:

(a) The offers for Lintang Investments and Ely Brewery were not made on behalf of the Jasper Group of companies but by H. Jasper and Co. (a private firm of merchant bankers) "on behalf of a private client, Mr F. Grunwald."

(b) Mr Grunwald had made funds available for the completion of the purchase of Lintang Investments (approximately £7 million) except for just under £250,000.

(c) "No moneys were forthcoming from Mr Grunwald" to complete the Ely Brewery purchase; negotiations still in progress "to endeavour to implement the completion of this purchase."

SEPTEMBER 21

The Stock Exchange Council suspend dealings in the securities of the Jasper group of fifteen companies, "pending clarification of the position of each company."

After a board meeting of Ely Brewery, Mr Jasper announces that Mr Grunwald had been removed from his position of managing director.

The State Building Society says that the board are consulting their legal advisers and that a statement would be issued on September 22nd.

SEPTEMBER 22

Messrs. W. H. Cork Gully and Co., accountants, appointed by Mr Jasper to report on the affairs of the companies of which he is chairman or director.

The State Building Society's directors disclose that of sums lent to the Jasper group and secured by first mortgages on freehold and leasehold properties £3,900,000 is outstanding. Capital and interest payments on certain of these mortgages is over two months in arrears. Sums amounting to £3,250,000 had been forwarded to Messrs. Harewood and Co. on July 28th pending completion of various mortgages to be secured on properties of various subsidiaries of Lintang Investments, but it did not appear to the State Building Society's board that this money had been used for that purpose.

The Registrar of Building Societies issues a "stop order" on the State Building Society and the board accepts his advice to restrict withdrawals by shareholders to the nominal sum of 1s. per share per month; this limitation not to apply to depositors.

The Jasper Group

Mr H. O. Jasper and Mr F. Grunwald were or are on the boards of all the companies mentioned below; Messrs W. Brueckmann, J. Waller, E. A. Rhodes and P. Rose were or are directors of many of them, with the latter usually acting as secretary. Many of these companies have acquired freehold and leasehold properties, mainly flats and houses, and sell them to sitting tenants. Acquisitions financed largely by mortgages to numerous subsidiary companies to which the properties have been transferred.

C.O.P. INVESTMENTS

Capital: £249,675 in 2s. ordinary

A bid by H. Jasper and Co. of 5s. per share in Cotton Plantations Ltd. made in December, 1956. The company owned land in Swaziland which was sold. Properties acquired in London and southern England of approximately £250,000. October, 1958, name of the company changed and 10s. shares divided into 2s. shares.

CAPITAL AND PROVINCIAL NEWS THEATRES

Capital: £234,000 in 5s. ordinary

An 85 per cent interest acquired in March, 1957, on basis of 6s. per share. Owns news theatres at Victoria and Waterloo stations and various cinemas including the Classic circuit in London and the South. Flats and houses to the value of over £500,000 acquired in 1957/58; most of the cinemas and properties were transferred to subsidiaries to facilitate the raising of mortgages.

NATIONAL MODEL DWELLINGS

Capital: £6,000 in 4½ per cent £1 cum. pref.
£89,155 in 2s. ordinary

After take over in April, 1957, the whole of the company's estate (Queens Buildings, Southwark) was transferred to 12 subsidiary companies and numerous other properties acquired. Altogether 22 subsidiaries control properties which are almost all residential.

S. GIBSON AND SONS

Capital: £20,000 in 7 per cent £1 cum. pref.
£150,000 in 2s. 6d. ordinary

In October, 1957, H. Jasper and Co. obtained an 80 per cent holding at 7s. 6d. per share. The company are tanners and leather manufacturers, but a number of property subsidiaries were formed, financed by mortgages; land and buildings have also been sold and leased back. Final dividend of 20 per cent (making 50 per cent for the year) is payable on September 30th.

VICTORY REAL ESTATE

Capital: £188,574 in 1s. ordinary

A bid of 3s. per share was made in September, 1957, equivalent to 2s. on the present capital.

The accounts to September 30, 1958, published last month, show properties at book values of almost £1 million and mortgages of £900,000. Quoted investments at that date in associated companies exceeded £300,000.

TEMPERANCE BILLIARD HALLS

Capital: £225,000 in 2s. ordinary

In a counter-bid to offers by Peachey Property and Alliance Property a controlling interest was acquired in December, 1958, at 6os. per share equivalent to 6s. after share split. After the take over Mr Jasper said that the board intended to extend business in the billiard halls. In July two blocks of 150 luxury flats were bought in Brixton at a price understood to be around £250,000.

BIGNELLS

Capital: £75,000 in 6 per cent. 10s. cum. pref.
£103,750 in 2s. ordinary

An offer of 3s. per share was made by H. Jasper and Co. in November, 1958, for the shares in this company of boot and shoe distributors and manufacturers. Company has poor trading record; before take over paid out only one dividend (of 2½ per cent) in the previous four years. Interim of 5 per cent has been paid in the current year.

BLINDELLS

Capital: £200,000 in 5 per cent Unsecured Notes
£200,000 in 5½ per cent £1 cum. pref.
£243,500 in £1 ordinary

Manufacturers and distributors of footwear; sold almost all factories in 1958 and ceased manufacturing. In January of this year H. Jasper and Co. contracted to acquire the ordinary capital of the company, privately held.

PALMERSTON INVESTMENT

Capital: £136,009 6s. 8d. in 13s. 4d. ordinary

Bid of 25s. per share by H. Jasper and Co. in March countered by one of 26s. by Lintang Investments, whose offer subsequently became unconditional. In May, however, a controlling interest in Palmerston acquired by H. Jasper and Co. by private treaty. In June flats in St. John's Wood and Herne Hill purchased for around £500,000.

RUBENS-REMBRANDT ASSOCIATED HOTELS

Capital: £180,000 in 8s. ordinary

After months of negotiations a bid of 22s. 6d. for the 8s. ordinary units and at par for the £250,000 of bonds and debentures made on behalf of H. Jasper and Co. and declared unconditional in June.

HONYWOOD HOTELS

Capital: £125,000 in 5s. ordinary

In June the directors recommended acceptance of a bid of 20s. per share from H. Jasper and Co. During 1958 a substantial part of the company's funds was invested in ordinary shares of Hotel York Ltd. which has operated the Berners Hotel for many years and in June, 1958, acquired the Welbeck Palace Hotel. Honywood holds a 50 per cent interest in Hotel York, the remaining 50 per cent being held by Great Universal Stores. In 1958, freehold and leasehold properties acquired by subsidiary companies amounted to over £400,000.

RELIABLE PROPERTIES

Capital: £600,000 in 5s. ordinary

Formerly Anglo French Phosphate Company in which Unilever had a 55.9 per cent holding. In August, 1958, Robert Benson and Lonsdale secured control of the company by offering 15s. 3d. per share and in the following April the shares were sold to H. Jasper and Co. at 18s. 9d. Following this the name of the company was changed, an 11 for 5 scrip issue was made and a fresh Stock Exchange quotation was sought. In July 480,000 shares were offered to the public at 7s. 6d. per share. The company owns over 500 flats in the London area.

R. E. JONES

Capital: £772,994 in 10s. ordinary

Contanglo Banking made a first offer of 27s. 6d. per share in June and this was soon followed by other bids from Mr Maxwell Joseph and H. Jasper and Co. with, finally, Tildit Investments, a subsidiary of Lintang Investments, making the highest offer of 38s. 6d. per share. Before this offer became unconditional, a controlling interest in Lintang had been purchased by H. Jasper and Co. which thus took over R. E. Jones. Owns hotels mainly in Wales and also the Piccadilly Hotel in London.

LINTANG INVESTMENTS

Capital: £1,575,000 in 5s. ordinary

Formerly Bukit Lintang Rubber Estates. The estates were sold and the proceeds used to buy properties. In May, 1958, the company changed its name and in October purchased for £500,001 Hyde Park North Estate, comprising 680 properties in area between Lancaster Gate and Paddington Station. The deeds of this estate were deposited with the company's bankers as security for advances totalling nearly £350,000 at the end of February, when the property was valued at £1,200,000.

In March Dolphin Square (comprising 1,200 flats) was acquired from Mr Maxwell Joseph for 3,500,000 shares in Lintang. The £1,000,000 3¾ per cent first mortgage debenture issued by Dolphin Square is secured by a first charge on the property, valued in the prospectus at £3,100,000.

The placing of 1,575,000 shares received a good deal of publicity in March; when dealings began they shot up from 16s. to 22s., almost double the price of 11s. 9d. at which they had been placed privately.

In July it was announced that H. Jasper and Co. had bought a 51 per cent holding in Lintang from the directors and would offer 24s. per share to other shareholders conditional upon an 80 per cent acceptance.

ELY BREWERY

Capital: £431,852 in 4 per cent first Debenture
£524,271 in 5 per cent 10s. cum. pref.
£346,501 in 7 per cent 5s. cum. second pref.
£1,236,500 in 3s. 6d. ordinary (including partly paid shares resulting from rights issue)

On August 6th H. Jasper and Co. offered to pay 5s. for each 3s. 6d. stock unit and 2s. for each partly paid share. The offer was recommended by the chairman, Mr. L. Nidditch, who with his family held about 16 per cent of the capital. The offer was conditional upon an 80 per cent acceptance but on August 18th it was announced that acceptances totalled about 70 per cent and that the time would not be extended. Besides owning about 250 public houses, Ely Brewery has a 34 per cent interest in Cardiff Malting Company. The bid has now been withdrawn.

State Building Society was lending money on mortgage to the Jasper group last year. It is impossible from this society's balance sheet on December 31st last to discover how much. Its Part IV schedule, which sets out particulars in respect of any *one* borrower where there is *more than one* mortgage *and* the total debt exceeds £25,000, contained only four entries on which total advances came to £131,000. By a lavish use of accommodation companies, borrowing less than £25,000 and mortgaging for less than £5,000 in every case, the reality of these deals has been completely obscured.

It seems that the State Building Society stepped up its loans to the Jasper group of companies to a very high rate at the very moment when the group was making its biggest bids. In the four weeks ended August 7th, the State Building Society completed loans of over £700,000 to 54 palpable accommodation companies, with such synthetic names as Pansel and Snowfleck. These had been all registered by Harewood and Company, the firm of solicitors which has on occasions acted both for the State Building Society and also for the Jasper group, and of which Mr F. Grunwald is a partner. He is also managing director of many of the companies and their accommodation companies that form the Jasper group. His position in this affair, and as revealed by the statements of Mr H. Jasper, is equivocal.

But these loans make up only a small sample of the money that the State Building Society has lent, as its directors reveal:

> Over a period considerable sums have been lent and are secured on first mortgages on freehold and leasehold properties owned by companies in the group associated with H. Jasper and Company and of the amounts loaned approximately £3.9 million is outstanding. Instalments of capital and interest payable in respect of certain of these mortgages are over two months in arrears.

This is not enough. What is this period? What has been the role of the society in the Jasper transactions? Who decided to make these loans and were they at arm's length? What are the arrears?

To what purpose was this money put? On July 9th H. Jasper and Company acquired a 51 per cent of the equity of Lintang Investments by a private deal with Mr Maxwell Joseph and his associates, at a price still not made explicit. On July 21st the solicitors, Harewood and Company, acting "on behalf of H. Jasper and Company," made an offer of 24s. per 5s. ordinary share to other shareholders in Lintang, open until August 4th and conditional upon a 80 per cent acceptance, or such later date or such smaller percentage as H. Jasper and Company might agree. In fact the bid was declared unconditional upon July 31st.

But three days earlier, on July 28th, as the statement by the directors of the State Building Society reveals:

> Sums totalling approximately £3,250,000 were forwarded by the society to its solicitors, Messrs Harewood and Company, pending completion in the normal course of business of various mortgages to be secured on properties owned by subsidiary companies of Lintang Investments to whom the society had agreed in principle and subject to certain conditions to lend these sums. The money does not, however, appear to have been applied for this purpose.

Who, then, got this money and to what purpose was it applied? Was it used in an attempt to complete the Lintang purchase? Mr Jasper has stated that the sum required to complete the Lintang purchase in the offer made by H. Jasper and Company (which he describes as being "on behalf of a client, Mr F. Grunwald, in his personal capacity") was about £7 million. It may be noted that 80 per cent of the ordinary capital of Lintang if valued at 24s. a share would involve about £6 million. His statement went on:

> Mr Grunwald has made available the funds for the completion of this matter with the exception of an amount of just less than £250,000.

FAILURE to complete the Lintang bid is the central point of this affair. This is where the arch began to crumble. Yet it was not the last of the bids. On August 6th, an offer was made for the ordinary shares of Ely Brewery and it was declared unconditional on August 18th. The offer, Mr Jasper has again said, was made by H. Jasper and Company on behalf

THE STATE BUILDING SOCIETY

The Society was incorporated in 1931 and its directors are:

	End 1957	ASSETS	End 1958
	£	Mortgages	£
Noel Cow (Chairman)	659,491	Under £500	1,018,008
Herbert Hugh Murray (Managing director and secretary)	1,045,289	£500—£1000	1,887,408
	3,278,705	£1,000—£3,000	4,308,616
Arthur Wyatt	422,581	£3,000—£5,000	527,261
Percy Frederick Collins	50,977	Over £5,000	53,848
Eric Howard Page			
William Goodfellow.	**5,457,043**	**Total mortgages.**	**7,795,141**
Recently, the society has been borrowing money at 5 per cent net on fixed term investments (with a minimum of 3 years) and on subscription shares, at 4½ per cent net on investment shares and at 4 per cent net on deposits. To cover these outgoings it must have been charging between 8 and 9 per cent on house purchase mortgages.	825,864	Liquid assets	2,496,314
	92,727	Other assets	154,209
	6,375,634	**Total assets.....**	**10,445,664**
		LIABILITIES	
	5,752,906	Shareholdings	9,482,965
	42,092	Deposits	109,675
	221,207	Collateral deposits.	270,534
	151,108	Other liabilities ...	256,187
	208,321	Reserves and c.f....	326,303
	6,375,634	**Total liabilities ..**	**10,445,664**
	3·3%	*Reserve ratio.....*	3·1%
	13·0%	*Liquidity ratio.....*	23·9%

The growth in total assets has been rapid:

1945	£221,213
1952	£560,176
1953	£1,077,494
1954	£1,928,246
1955	£3,156,663
1956	£4,548,587
1957	£6,375,634
1958	£10,445,663

SNOWFLECK INVESTMENT COMPANY

This company is one of many subsidiaries linking the finance provided by the State Building Society to the Jasper group. The file at Bush House shows that it was registered on March 3rd this year with a capital of £100 in £1 shares. These were allotted on June 12, 1959, to Mrs C. Jacobs (99 shares) and Mrs R. Duffy (1 share).

New directors were appointed on June 24th:

Friedrich Grunwald
Wolf Brueckmann
Harry Oscar Jasper
Joseph Waller
Edward Emanuel Sander

The file of Snowfleck shows that Messrs. Grunwald and Brueckmann are directors of over 400 companies and Mr Jasper is a director of over 600 companies.

On June 24, 1959, a mortgage of £20,000 was registered charged on properties in Green Lanes, Alexander Grove, Gloucester Drive, Seven Sisters Road and various other parts of North London.

This mortgage is registered in favour of the State Building Society.

of Mr Grunwald in his personal capacity. Mr Jasper's statement continued:

> No moneys were forthcoming from Mr. Grunwald to enable this matter to be completed.

The question of who controls Ely Brewery for which the bid has now been withdrawn is doubtless intriguing, but it must give way to more important questions about Lintang. First, what security has the State Building Society upon the £3¼ million it says it forwarded to Harewood and Company? That sum is over and above the £3.9 million already lent on mortgage. The State Building Society, whose total assets amounted to £10.4 million at the end of last year, has thus lent over £7 million to a single group of companies. Secondly, did the directors of Lintang and Ely Brewery seek from H. Jasper and Company or from Mr Grunwald a banker's guarantee, as is the responsible practice in any take-over, that the money was available to complete the purchase? If a guarantee was given, was it later withdrawn? If Mr Joseph and his associates were at all remiss in this respect, then Mr Joseph's promise to purchase any Lintang shares which assented to but which were not covered by the bid was the least he could do.

Mr Grunwald, it is reported, is in Israel. Mr Jasper is in London. In all the statements he has made so far he has carefully disassociated himself (and H. Jasper and Company, except in so far as it was acting as an agent) from Mr Grunwald. Yet Mr Jasper and Mr Grunwald appear to have worked closely together for a number of years with Mr Grunwald often as managing director of the companies of which Mr Jasper is the chairman. Mr Jasper's account of the affair is that Mr Grunwald acting in the capacity as a solicitor in the firm of Harewood and Company made the Lintang and Ely bids on behalf of H. Jasper and Company, which in turn as merchant bankers were acting on behalf of Mr Grunwald as a private client. This is just conceivable, but it would be remarkably convoluted for the diverse interests of principals and agents to get as mixed up as this. And gyrations do not even end there, for Harewood and Company were also acting as solicitors for the State Building Society in respect of the loans that the society was making on the security of properties owned by Lintang.

IN due time all will doubtless be made clear. But even before the questions are answered, so serious an aspect has this affair already assumed that the City and the investing public must consider some of its possible repercussions. This affair ought to make investors wary of all property shares except the best. Speculators and stags have had a fine time in that market and they can be thankful that so far the suspension of dealings in the Jasper group of companies has not led to big falls in other property shares. But now the property prospectus where assets are valued at the full price at which they have recently been purchased and the bait is a vague promise of further property developments surely will not continue to attract investors. Investors must distinguish between these "toppy" shares and the shares of the office property developers (where the sites and the quality of management have to be judged with the utmost care) and the shares of established companies which administer large blocks of residential property. The property share market has received a slap that ought to cure its hysterical fit.

The Jasper affair, however, does not come to the point of crisis solely because of property speculation but also because the technique of take-over bidding has here been stretched to the limit—and beyond. Arguments justifying take-over bids have been arrayed many times in these columns and they stand quite as firm as ever. But there is, in finance as in poetry, a distinction to be plainly drawn between use and abuse: this affair must drive home to directors who agree to recommend a bid their responsibilities and duties to their shareholders. If money is offered, it must be there. If shares are offered, they must be of sound, worthwhile paper. From now on, directors and shareholders alike will be mad if they do not scrutinise with the utmost diligence the quality of those making bids.

LAST, and perhaps most important, the transactions in the Jasper business have pointed to the close tie that can exist between certain kinds of building societies and property companies. How close these ties were between the Jasper group, Harewood and Company and the State Building Society has yet to be revealed. The hard fact is that while depositors in that society can still withdraw their money, the shareholders can for the time being get only 1s. each month. That is bound to shake the confidence of investors across the whole building society field and particularly for societies that have concerned themselves not so much with house purchase as with property speculation. There are a number of these and they are well known. Warnings about them have come from the Building Societies Association (of which they are not and never would be members) and from the Registrar of Friendly Societies. These warnings have been ignored by these investors who have fallen for promises of an "over the odds" return on their money. "Building society" implies to many investors a gilt-edged security and some of them do not discriminate between those societies (which make up the great bulk of the movement) where the security is strong and those where it is not. It must be hoped that the good ones will not suffer from this affair. But they ought to lose their inhibitions over a reform of building society law. Why "building society" any more? Why not "house purchase society" with strict limits on investments for any other purpose? Why should the protection of the Friendly Societies Acts be extended any longer to dubious enterprises that dare not expose themselves to the rigours of the Companies Act and the Sharepushing Act? The building society movement must realise its peril and reform its own house.

The final lesson of this imbroglio is that it is just too easy to get money from the gullible. They put their money into the Mias group; the directors of that group now stand arraigned on charges of fraud. They were attracted by offers of high rates and put their money into the shares of the State Building Society; they now have been confronted with admissions of dubious management and their savings are now effectively out of their reach. They have unthinkingly stagged property issues giving no indication whatsoever of future income and dividends. Serious investors must look to their own interests. But they are entitled to demand that the Jasper affair must lead to tighter regulations on prospectuses and on the designations and activities of institutions that borrow from the public.

Back view of big business man coming back with big business

Sensible fellow. He had travelled *out* to the Cape the hard way: now he's coming *back*: Union-Castle! Re-charging his batteries, making up for lost time. Sunshine and smooth seas, four swims on deck a day most days, cinema shows and dances most evenings and meals that remind him (but pleasantly) of City banquets. His office radio-telephoned him yesterday from London, and he took the call dressed in a towel, slippers and sun-glasses. He was pretty short with them for interrupting his conference at the swimming pool.

TO SOUTH AFRICA, TO EAST AFRICA AND ROUND AFRICA

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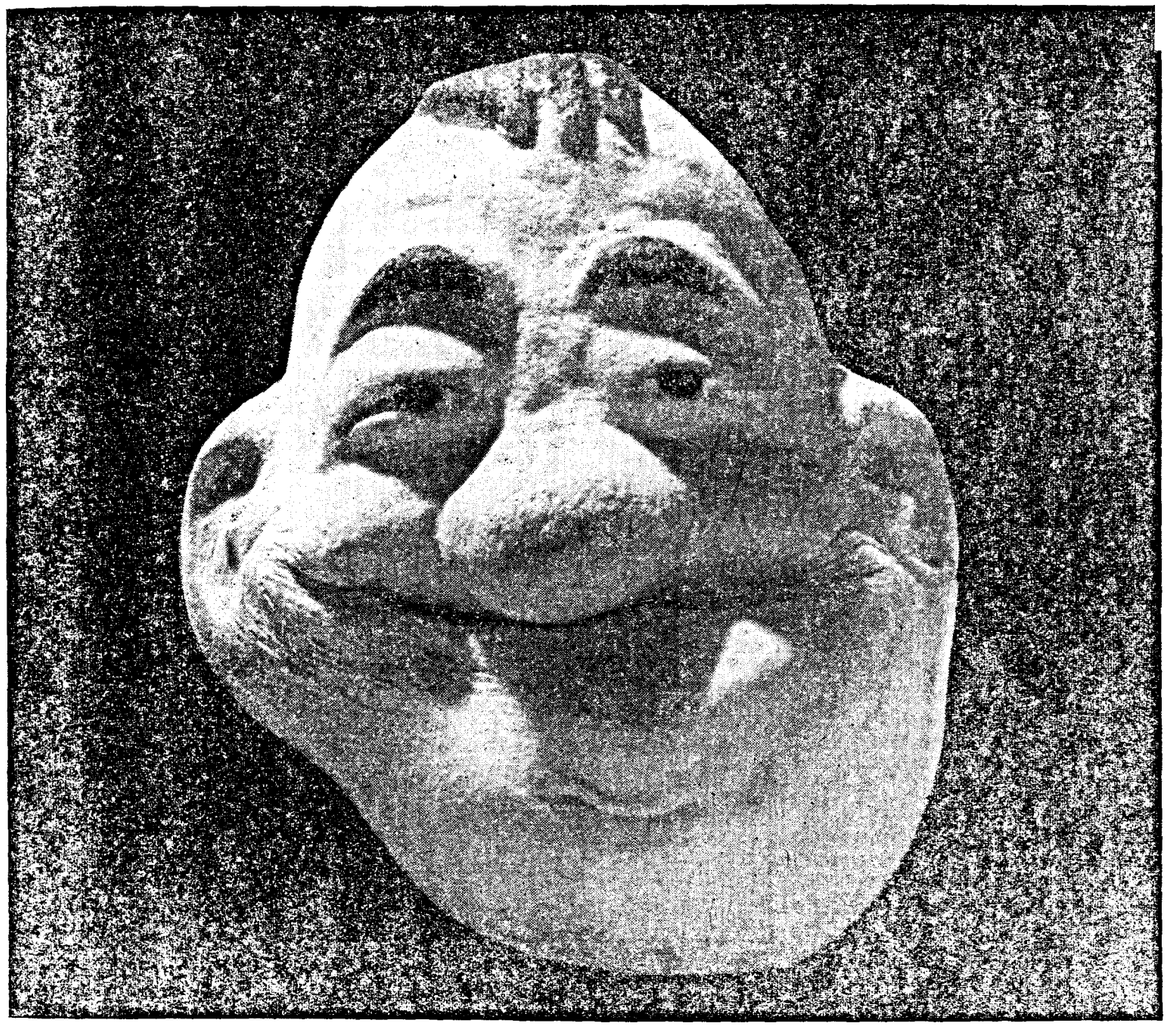

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BUSINESS NOTES

COMMONWEALTH MEETING

Financing India

No major decisions appear to have been reached at this week's meeting of Commonwealth finance ministers in London on the eve of the world financial conferences that take place in Washington next week. The Commonwealth discussions revealed a generally bright picture of the sterling area's external payments at present.

Discussions on the International Development Association that will be proposed at Washington next week produced much criticism about certain details, notably the provisions for use of "counterpart funds." Last year's proposal for a new Commonwealth Bank is, happily, being kept in cold storage. The other main issues discussed in London were familiar ones. Britain informed overseas ministers of the progress of the negotiations on free trade in Europe; Canada urged Britain to end dollar discrimination in trade; and India stressed its coming need for further external aid on a grand scale. Financing India is likely to dominate Commonwealth finance and world finance still more in the 'sixties than it has done in the past few years—though because India has now spent all its surplus sterling balances, Britain itself may now have somewhat more choice in the matter.

Mr Morarji Desai, the Indian Finance Minister, broke his journey to London for talks with Swiss bankers on the possibility of a long-term export credit. The proposal is that a syndicated credit shall be opened by a group of Swiss banks, covered by partial guarantee from the Federal Government. Some differences of view remain on the size and the term of the credit. The Swiss bankers envisage 9 or 10 years; the Indians have asked for 12 years. It seems that the credit has been agreed in principle; India's negotiators may regard this as no mean achievement. Through its representative, Mr B. K. Nehru, India has also recently signed an agreement with Russia for a loan of 1,500 million roubles (£135 million at the official rate of exchange) to finance the export of capital goods to India during the third five-year plan—including among other items plant and equipment for an oil refinery in Bihar.

In the London talks there have been no further detailed discussions on borrowing operations for India. Plans for meeting India's requirements up to March, 1961, have been completed and now await implementation. When the Governors of the World Bank meet in Washington next week, and in particular when more detailed consideration is given to the establishment of an International Development Association, more is likely to be heard of India's capital requirements in the third five-year plan period beginning on April 1, 1961.

India has decided on a "bold" approach to the plan, with a prospective investment expenditure equivalent to £7,550 million, of which £4,900 million will be in the public sector. Of the total capital needs it has been conservatively estimated that about half will have to be met in foreign currency; allowing for normal earnings, this may involve a shortfall of some £1,500 million—a figure much the same as the shortfall in the second five-year plan. But almost one-third of that was covered by the drawing down of sterling balances; in the coming period, India starts with a bare minimum of sterling and faces an accelerating burden of repayment of debt. Making no allowance for that, the annual requirements of external aid over the five years will be ambitious.

THE ECONOMY

Manufacturers Still Cautious

In spite of this year's rapid recovery from recession, manufacturing businessmen still apparently expect that their fixed capital expenditure this year will turn out to have been 10 per cent lower than in 1958; moreover, they now tell the Board of Trade that they expect a further dip of 5 per cent next year. With the change in the economic climate, there has been a tendency among analysts to assume that the forecasts of the 10 per cent drop, which were made about a year ago, would turn out to have been too pessimistic; engineering orders, for example, have been improving in the capital goods industries. However, estimates of actual spending on fixed investment in manufacturing this year have suggested that it was down 12 per cent in the first quarter of 1959 and 10 per cent in the second quarter. One precondition of recovery, after all, was sufficient slack in manufacturing capacity to enable a rapid increase in output; the slack plainly existed, and it is perhaps only in cars and consumer goods that industry is now back to full capacity. Another surge of manufacturing investment comparable to that of 1954-58 will take time to generate.

Forecasts of expenditure on fixed investment in other industries and services, however, now look to have been insufficiently optimistic; the increase of 7½ per cent between 1958 and 1959 expected in these industries at the beginning of the year now seems likely to be more like 16 per cent, because new building seems likely to have risen by as much as a fifth. The Board of Trade has now, for the first time, begun asking its sample of informants in these service trades how much fixed investment they expect to do next year. Its first answers are incomplete and none too easy to interpret: for what they are worth, they suggest that there may be a levelling off or possibly a slight decline in this kind of investment in 1960, in place of the sizeable increases of the last two years.

The Balance of Investment

Against these businessmen's pessimism, however, one has to set the evidence of the building contractors, who are about as busy as they have ever been on private construction for business, other than factory building, and whose orders for this kind of work in the first half of the year looked healthy enough. Building and works make up a larger proportion of fixed investment by these service trades than they do of manufacturing investment, but orders for industrial building, too, have begun to rise. Another major slice of private investment—new housing—has been rising rapidly since it dropped off late in 1957: in the first half of this year about 45 per cent more private houses were begun than in the same months of 1958.

These increases in private business investment outside manufacturing were mainly what continued to bolster up the rate of private investment as the manufacturing investment boom began to subside during the last two years. To some extent, no doubt, the latter represented arrears of rebuilding in commerce and trade that had been delayed throughout the post-war decade; and though continued change in the pattern of retailing seems likely to prolong the period of heavy investment in new stores and supermarkets, one might fairly soon expect some slackening in the construction of, for example, new London office blocks and petrol stations throughout the country.

One cannot expect cycles of investment in manufacturing and in commerce always to succeed each other as neatly as these seem to have done, without ever going in the same direction at the same time. Public investment, however, can deliberately be used as a contra-cyclical influence in the

economy, despite the inconvenience to some of the individual industries and services in the public sector ; and this year the Government is committed so to use it. The process is not necessarily quick ; in the first quarter of the year public investment had hardly regained the level of early 1958, though there has been a sharp increase in the number of council houses started. Other elements of public investment are no doubt now beginning to build up.

IN THE MARKETS

Reasons for Restraint

PRE-ELECTION exuberance is no longer in evidence on the London Stock Exchange. Investors are still plainly reckoning on a Tory win, but they are not inclined to anticipate it any further. A narrowing in the Tory lead showed by one public opinion poll early this week had its impact, especially on steel shares ; and investors no longer feel able to ignore the weakness of Wall Street. These are likely to remain the two main influences in coming weeks, though the Jasper affair could assume growing importance. So far, its influence has been general rather than concentrated on other property shares.

On Wall Street, the Dow Jones average dipped on Tuesday to 616, nearly 60 points below its peak in early August. Certainly, New York looks more vulnerable than London, the political factor apart. The rise in ordinary shares in London has not carried them extravagantly beyond earlier peaks ; dividend yields have not been pushed unduly low, and London does not at present have to contend with America's peculiar difficulties of government financing. These grounds for confidence are reflected in the fact that equity prices are still well above their level on the eve of the election announcement. But investors are wise to recognise that London cannot remain unaffected by trends across the Atlantic.

Sterling continues to display a remarkable performance in this election September. This week the rate against the US dollar touched $2.80½ ; in the forward market, the

premium on sterling against dollars continues to reflect and roughly offset the interest differential in favour of New York. This week the rate on US Treasury bills fell back a little, to a shade under 4 per cent for three months' maturities.

BANK ADVANCES

A Year's Leap

THE pace and pattern of the rise in bank advances continues pretty much unchanged. The latest classified analysis, for the three months to mid-August, shows a rise of £180 million for all banks in the quarter, bringing the rise in the twelve months since the lifting of the credit squeeze to £767 million, or 36½ per cent. Statements of the individual clearing banks for mid-September show an aggregate further increase, in gross advances, of £42 million.

BRITISH BANKERS' ASSOCIATION

Advances to :	At mid-August, 1959 £ mn.	Increase since May, 1959 £ mn.	Increase since August, 1958 £ mn.	Increase since August, 1958 %
Personal and professional..	543·6	+ 56·2	+207·8	61·9
HP Finance Cos.	100·5	+ 17·7	+ 73·1	266·8
Retail trade....	268·6	+ 13·5	+ 93·1	53·0
Agriculture....	301·7	+ 22·6	+ 71·9	31·3
Indus. borrowers	1,150·2	+ 30·5	+214·8	22·9
Other borrowers	494·7	+ 39·0	+106·5	27·4
Total.....	2,859·3	+179·6	+767·3	36·7

About half of the rise in advances, both in the last year and in the last three months, has gone to three categories of borrowers who previously suffered special restriction. The personal and professional group increased its advances by a further £56 million in the three months, making a rise of £208 million to £544 million on the year. The hire purchase finance houses took another £18 million, carrying their total above £100 million—nearly four times the figure a year ago. And retail trade, against the seasonal trend, borrowed another £14 million, bringing its rise on the year to £93 million ; a good part of this too has been used to finance hire purchase.

Agricultural borrowers took another £23 million in the quarter (a rise of £72 million over the year) and the "other financial group," which includes big City institutions, a further £27 million (£66 million over the year). Among industrial and commercial borrowers, the big engineering group was up another £19 million in the quarter, and there was a substantial repayment, of £25 million, from food, drink and tobacco.

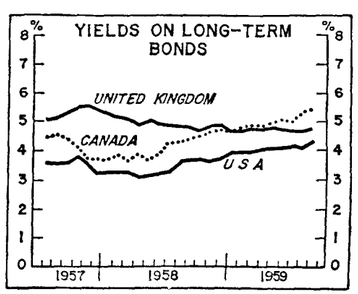
MOTORS

Holidays Cut Output

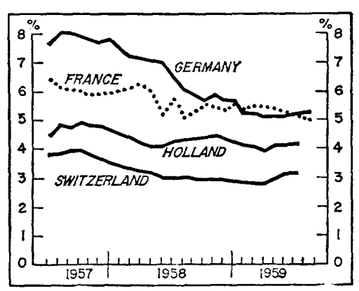
PRODUCTION of passenger cars was affected in August, as it had been in July, by annual holidays and strikes. A total of 66,181 cars was produced, compared with 65,704 in July and 44,612 in August 1958. In addition, several new models were introduced, and it is probable that production of some of these had not reached scheduled levels during the month. Exports of cars totalled 38,147, against 53,561 in July and 34,921 a year earlier ; though exports normally decline in both July and August, the total for the two months this year was about eight per cent higher than in the same period a year earlier. Holidays are now over, and the industry is momentarily free of labour troubles: it is reported that demand for most models is still high and that production is near capacity. There are still waiting lists for some models, and though the prices of used cars have fallen since the beginning of this month, the scarcity of new cars has kept them higher than is usual at this time of year.

Output of commercial vehicles was similarly affected in August: a total of 24,296 goods vehicles, buses and coaches were produced, compared with 22,038 in July and 11,863 in August 1958. Commercial vehicle production and demand are still rising, though less rapidly than is the case for cars ; in the last three months a total of 85,957 commercial vehicles have been produced, against 65,260 in the same period a year earlier.

WORLD INTEREST RATES



The rise in interest rates in the United States and Canada has been less marked in long-dated securities than in bills and short bonds, which now yield significantly more than in Europe. A leading New York firm of brokers this week draws attention to the remarkable bargains in certain sections of the bond market : a 1961 maturity, for example, yields 5 per cent before tax and the equivalent of 6½ per cent to an investor paying Federal tax at 52 per cent. Even in the longer maturities yields in New York are now not far below those in London, and if Congress lifted the interest ceiling of 4¼ per cent and allowed a resumption of long-dated issues, rates would almost certainly rise further. So far this trend has had only a small effect in Europe ; and interest rates in the world's major centres are bunched closely together around 5 per cent.



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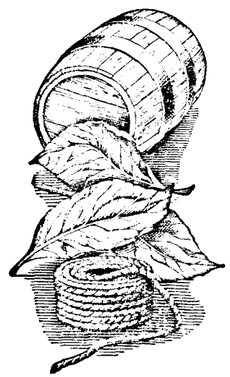

bind the leaves tight with sail cord . . . store in a cool cellar for weeks . . . unbind and cut into thin slices . . . rub a slice between your hands and smell . . . ah, that rich, full-flavoured aroma tells you it is matured . . . ready for your pipe and the most truly satisfying smoke you've ever had.

What's that? You haven't the ingredients handy? Don't worry. You can buy tobacco, made from this 60 year old recipe, in a 1-oz tin, sealed to keep fresh, at any tobacconist for 5/2½d. Just ask for

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Player's *Navy Cut* De LUXE

[NCT 111F]

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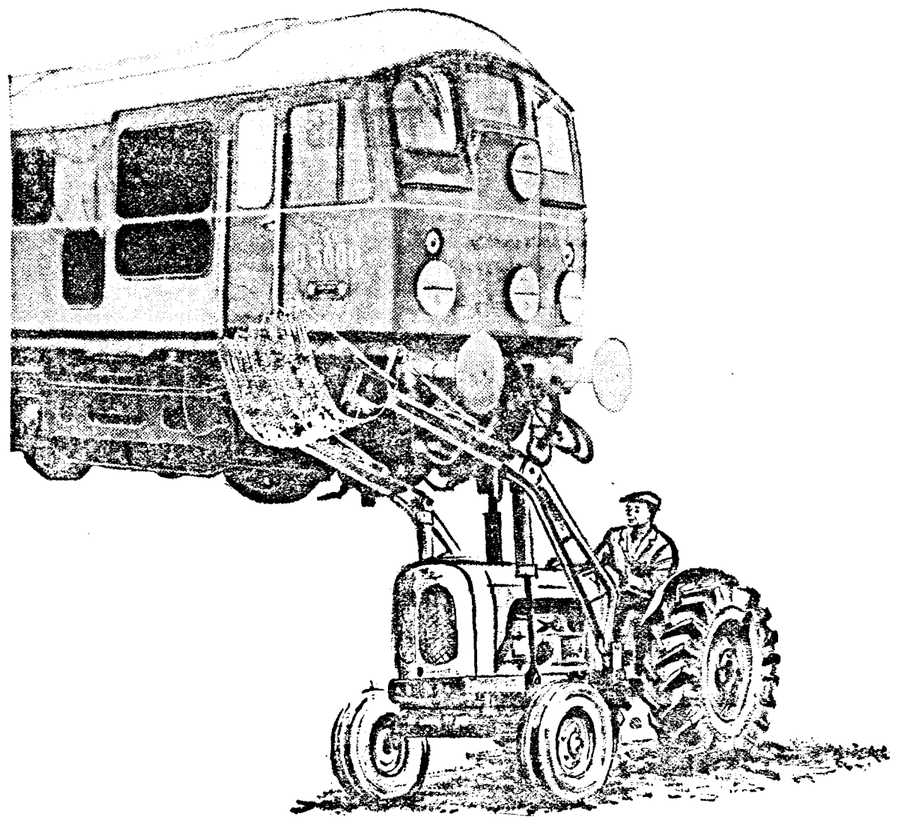

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CANADA

Defending Dear Money

MR DONALD FLEMING, the Canadian Minister of Finance, deemed it his main duty during this week's visit to London to deny the suggestion that his country's finances are in any way disordered or muddled. He reassured his hearers, both in and out of the conference room, with a success story of Canadian recovery. Gross national product has risen by more than 8 per cent over the past year ; employment is at a record level ; so are wage payments and savings ; the price index has kept within a 1 per cent range of fluctuations and there is no evidence of inflation in the economy. The surge of recovery has been accompanied by an increase in the demand for bank loans, which have risen by about $1,000 million over the year. The Bank of Canada, which is independent, has not been prepared to allow an increase in the total supply of credit ; as a result, the increase in bank loans has had to be financed by reductions of the banks' portfolios of securities.

The Treasury bill rate has risen to 6 per cent, despite a temporary dramatic resistance from the Treasury at one tender when it rejected bids it considered too expensive. The Treasury now seems to have reconciled itself to dear money. Last week it met great success with an issue of one, two and three year bonds with a gross yield of up to 6.6 per cent ; investors are also given an option of conversion before maturity into 16-year bonds at a yield of over 5½ per cent.

Since there is no inflation and since the Canadian dollar is at a premium of more than 5 per cent over the US dollar it is difficult to see the logic of dear money at present. Canadian officials disagree. They point out that the current balance of payments is still running at a deficit, that the premium on the Canadian dollar is due wholly to an inflow of capital from the United States and that inflation, although held back, is potentially "just round the corner." This answer does not strike home with complete conviction. The high level of interest rates may not have checked Canadian recovery but it has certainly encouraged the inflow of capital and borrowing in the New York market. Dear money may look less appropriate when the coming winter brings its customary check to Canadian industrial business expansion and employment. But the main need is for monetary and economic policy in Canada to be co-ordinated.

NEW CARS

A Challenge to Unorthodoxy

AS it did in 1953, Ford has turned its Anglia into a new Popular, marking the initial step in a change of its range of smaller cars. As the Anglia, it has produced some 350,000 of this two-door version of its 100E model, using the same 1,172 cc side-valve engine as the former Popular and the Prefect, selling until this week at £539 including purchase tax. The company is now offering the same vehicle with a few minor modifications, mainly interior, for £494 including tax. This is £3 cheaper than the price of BMC's Austin Seven and Morris Mini-Minor, so that the Popular can still be advertised as the cheapest new car in the British market ; but it is £75 more than the old Popular cost, so that entry to new car ownership in Britain, in spite of new cheap cars from Britain's two biggest manufacturers, must be said to have become rather more costly this summer—though with markedly more modern cars.

Ford made only 155,000 of the former Popular, in six years, following production of 420,000 of the original 1,172 cc models ; suggestions that the company is thinking of 1,000 a week of the new Popular imply that it thinks this one will sell more quickly. The company is offering it as "a full-sized family saloon combining big car performance with modern standards of styling and comfort," no doubt as a deliberate contrast to the small external dimensions and unorthodox engineering layout of the new BMC models. This is a coolly thought-out appeal to reliance upon conventional engineering in a well-established design of good and not noticeably outdated looks, strong on most aspects of performance if relatively heavy on fuel, against the appeal of adventurous design, high performance and economy, and rather controversial appearance. It will be interesting to see how the votes go at this election—though only fair to add that Ford has some other candidates to bring to the hustings in the next few weeks.

Sportive Daimler

DAIMLER, whom one traditionally associates with sedate, luxurious—even Majestic—saloon cars, announced this week that their 2½-litre sports car, of which the prototype first appeared last April, is now in production. Originally called the Dart, the car is now known as the SP250 ; it is powered by a compact V-8 engine, reportedly derived from the Triumph Thunderbird sports motorcycle engine, which develops 140 horsepower at 5,800 rpm. Chassis and suspension design are strictly conventional, with coil springs being used at the front and leaf springs at the rear. Unladen kerb weight is 19¼ cwt ; disc brakes are fitted to all four wheels, as is the case with the company's Majestic saloon. The two-seater body is made of glass fibre reinforced plastic, a fact which would seem to limit production to a level not much higher than the 5,000 a year the company eventually intends to make.

No road tests have yet been published, but a top speed of 120 miles per hour is claimed. The SP250 is priced at £1,395 including purchase tax, which is roughly £350 more than the Triumph TR-3, MGA, and Austin-Healey, and about the same amount less than the Jaguar XK-150 and the AC Ace. Whether it will take any sales away from either of these groups in Britain is another matter ; it seems likely that the greater part of the output is destined for the United States.

MERCHANT BANKS

Schroders Come to Market

MOST of London's merchant banks are still private companies, and investors may be expected to show an enthusiastic response to opportunities for participation. In an offer for sale of 750,000 ordinary shares in Schroders Limited at a price of 32s. 6d. each, investors have the opportunity to obtain an interest not only in one of London's oldest merchant banks but also in its American banking subsidiary. Schroders Limited is a holding company which has recently been formed to acquire the shares of J. Henry Schroder, London, and J. Henry Schroder Banking Corporation, New York. It has a share capital of £5 million in ordinary shares of £1 each, all of which are issued and fully paid.

The London company was formed in 1804 and began as a merchanting firm, gradually moving into financing merchant trade and thence to banking. The United States subsidiary was established in 1923 and is now active in the acceptance field in the United States. It has accumulated resources of $137 million. In the United Kingdom, Schroders has a large business in acceptance credits, foreign exchange and new issues, having been pre-eminent in the old days in overseas issues.

The prospectus shows in commendable detail figures of operations hitherto concealed from the public eye. The combined profit of the London and New York companies, before taxation and transfers to reserves for contingencies, amounted to £1,116,685 in the calendar year 1958. Profits for 1959 are expected to be higher. The directors forecast a dividend for the period September 16th-December 31st at an annual rate of 6 per cent ; they intend to pursue a conservative dividend policy, but in the event of increased profits they envisage "suitable increases" in dividend. In recent years about three-fifths of the combined profits have been earned by the New York companies ; but at end-1958 these accounted for £8½ million of net assets, compared with just under £3 million in London. The group was then very liquid, holding £19 million of cash in the two centres. Deposits and other items totalled £16.3 million in London and £63.7 million in New York.

The brokers to the issue are Cazenove and Company ; dealings are expected to begin on October 5th. The former holding

in the United States companies of Baring Bros. has been converted into a holding of approximately 6 per cent of Schroders Limited's equity.

A Zurich Acquisition

SAMUEL MONTAGU AND COMPANY, the London merchant bankers and dealers of world renown in foreign exchange and bullion, has consolidated its position in Zurich. Its subsidiary, Zurmont A.G., was established two years ago. An evident advantage then was ability to deal in the market in transferable sterling. But Samuel Montagu was anxious too to develop investment banking business in Switzerland. Operating from quiet offices in a residential street, the new bank quickly made its mark; but it experienced the usual difficulties of the newcomer. Some Swiss bankers convinced themselves that they had in their midst the secret agent of the Bank of England.

Now, after a fashion not unknown in the London market, the foreign subsidiary has been merged with a native institution, the Neue Guyerzeller Bank, which is linked with an old-established Zurich banking family. The merged bank will be called the Guyerzeller Zurmont Bank; Samuel Montagu will have a controlling interest and will be represented on the board by Mr Paul Jeanty. The capital will be 7,500,000 Swiss francs, and total resources, on the basis of recent balance sheets, around 45 million Swiss francs. It will thus be among the bigger of the Swiss private banks.

COMMERCIAL TELEVISION

The Golden Goose

THE chairman of Associated-Rediffusion told the company's annual general meeting that while profits to next April are likely to be just as big as the £7 million recorded in the financial year that ended April 30th this year, the company's lucrative agreement with Granada would expire soon afterwards and he would not like to say what would happen beyond that. The company's advertisers have no doubt ruefully noted that it is next autumn that Associated-Rediffusion proposes to make the second promised increase in its advertising rates, raising its charge for a minute of peak time to more than £1,800. Some advertisers now face an 80 per cent increase in the cost of their campaigns.

In thus increasing their rates, the television contractors are trying not to kill the golden goose, but to herd it in directions that it does not want to follow. Commercial television has a rush of customers for peak hours, and too many of those want to book too long a time. This is why Associated Television, Associated-Rediffusion's week-end partner in London, where the television patterns seem to be set, has just increased its charges for a minute and for 45 seconds of peak time advertising by 20 per cent but has left the price of shorter bookings at peak times unchanged. It may need a bigger disincentive than this to prevent a handful of big advertisers from hogging the limited amount of peak time to the exclusion of others. Originally the programme companies themselves encouraged bookings for as long as a minute by offering them at what amounted to a discount.

Chances of increasing the available "advertising space" are few: there are rumours in the industry that the Independent Television Authority has sharply rebuked at least one contractor for allowing too much advertising in its peak time programmes. Associated-Rediffusion is now extending its definition of peak time later into the night. While if the companies cannot find enough peak time to satisfy those who want to advertise in it, they cannot find enough advertisers to take time when audiences are smaller if, according to the companies, more highly specialised. It has proved useless to woo them with cheap rates, useless to cite tales of American companies that have made their fortune by steady cheap, off-peak television advertising. And the provisions of the Television Act have the unforeseen effect of preventing contractors from offering job lots of unsold advertising time cheap—as American broadcasting companies do—by requiring that the published rates shall be charged in all cases.

NEW ENGINES

Rolls' Aluminium V-8

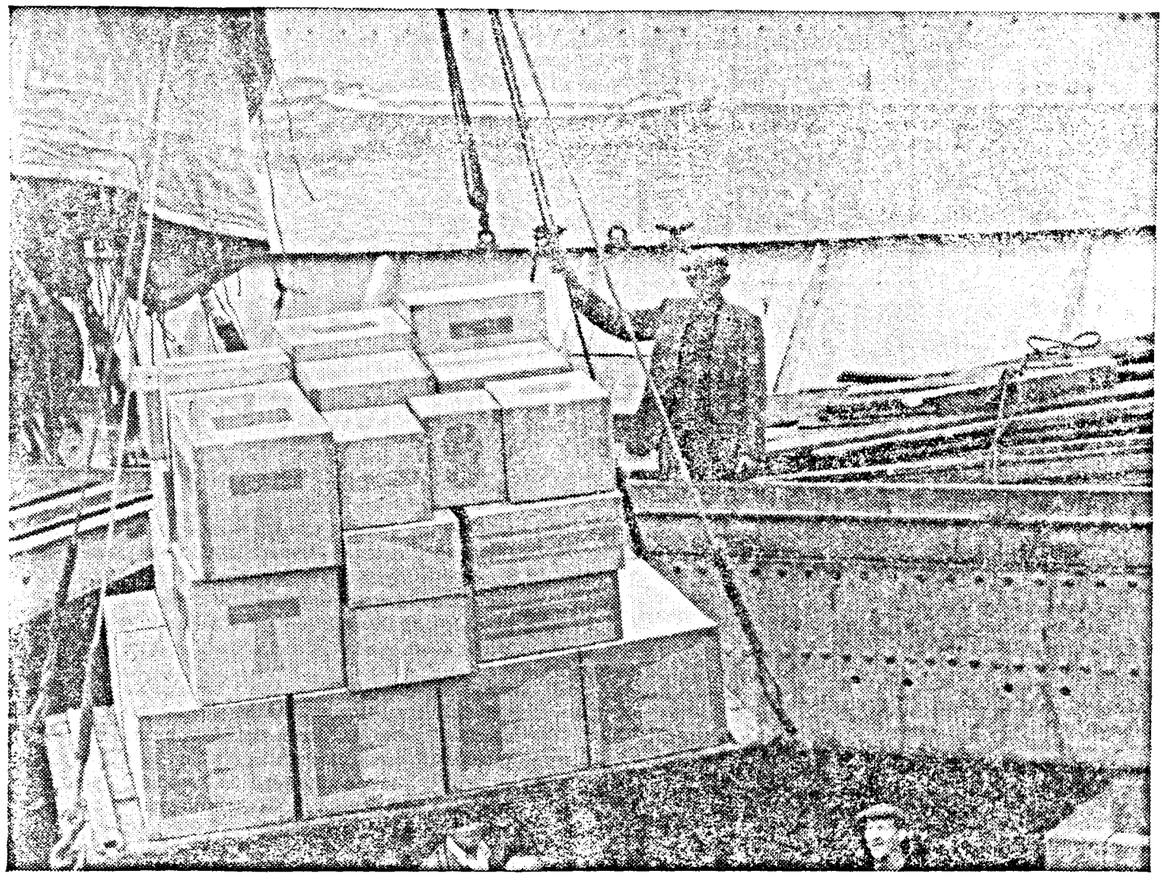
ROLLS-ROYCE and Bentley models for 1960 which will make their first appearance at the Paris Salon next week, will be powered by a new aluminium V-8 engine of higher power—and price—than the six-cylinder engine used in both cars since 1947. The new engine has a bore of 4.1 inches and a stroke of 3.6 inches, these "over-square" dimensions giving a displacement of 6.2 litres, compared with the 4.9 litres of the six. The cylinder block and heads are cast in high silicon content aluminium alloy, and overhead valves are used, operated by hydraulic tappets; the cylinders, placed at an angle of 90 degrees, use cast-iron wet liners. By contrast the six-cylinder engine had a cast-iron block, an aluminium head, and a side exhaust valve. Compression remains a conservative 8 to 1, and it is reported that the new engine reaches its peak horsepower at around 4,000 rpm, somewhat lower than its predecessor. Rolls-Royce have never given horsepower figures for their engines, but it is estimated by one source that the output of the V-8 must be comfortably in excess of 200 bhp.

The company states that the new engine is no heavier than the straight six, owing to the use of aluminium and the compactness of the V-8 design. A considerable improvement in acceleration—especially in the 60-90 mph range—and all-round performance is claimed (though fuel consumption would seem almost certain to be higher). The performance of these two luxurious behemoths was already impressive: despite an all-up weight of some two tons, both were able to accelerate from a standstill to fifty miles per hour in ten seconds or under. Their top speed is now claimed to be in the vicinity of 110 mph. The company is continuing to make its four, six and eight cylinder in-line engines, which have a wide range of both civilian and military uses; though the V-8 was developed for use in the company's passenger cars, it may also receive some subsequent military application. Basic prices of both Rolls-Royce and Bentley have been increased by about £300, though this includes power-assisted steering, formerly an optional extra. The new engine, the first V-8 ever to appear in a Rolls-Royce or Bentley production car, took five years to develop: with all due respect to an undoubtedly fine piece of engineering, might not some of that time and effort have been better spent in producing a quieter clock?

Running Diesels on Petrol

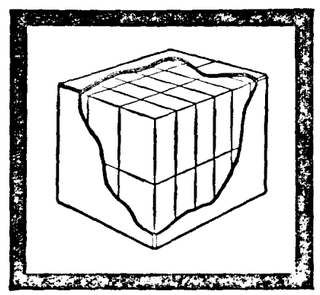
MULTI-FUEL engines—designed to run on petrol, kerosene or fuel oil—are not a new idea; German manufacturers have been experimenting in this field for several years, and one or two reportedly now offer production versions. In Britain, the Ministry of Supply has been experimenting with this type of engine for over three years, at the Fighting Vehicles Research and Development Establishment at Chobham. Now Rootes have announced that the 105 bhp diesel engine which now powers their Commer forward control vehicles is to be made available in the future as a multi-fuel engine, should anyone want it that way. The company state that in its multi-fuel form the three-cylinder, two-stroke engine is intended primarily for military applications, "for installation in vehicles not necessarily of Rootes manufacture"; though Rootes' development was not carried out under the auspices of the Ministry of Supply (and apparently with no specific Government contract in mind), a Commer vehicle running on petrol was tested by the FVRDE earlier this year.

Conversion of a diesel engine to multi-fuel operation is a comparatively simple and inexpensive process: in fact, several models, including the Rootes engine, have been run by FVRDE on lighter petroleum fractions with no modifications whatever. Rootes have added an electric fuel boost pump to raise the pressure to the injection pump and overcome the possibility of vapour lock which might result from more volatile fuels. Normally the injection pump is lubricated by diesel oil, and when running on petrol it is necessary to provide for pump lubrica-



DOCKSIDE STORY

First produced fifty years ago, but as modern as modern methods can make them, "Fiberite" cases show that only by attention to detail can fibreboard packing become "Fiberite" packing.



Goods on the ground, goods in the air, goods in ships. Familiar sight at the docks. Goods off to all parts of the globe. *Your* goods, perhaps, but *not your worry* when they're safely stowed away in "Fiberite" packing cases.
The success story of "Fiberites" can be judged by the millions in use all over the world. All produced and designed by pioneers of modern packaging—Thames Board Mills. Designed with your particular product in mind, constructed to give strength just where it's needed, "Fiberite" packing cases are the economic answer to today's packaging needs.

Quality · Economy · Service · Strength · Design

REGISTERED FIBERITE TRADE MARK PACKING CASES

'FIBERITE' PACKING CASES

Are made only by THAMES BOARD MILLS LIMITED, *Purfleet, Essex & Warrington, Lancs*

The word "FIBERITE" is a registered trade mark

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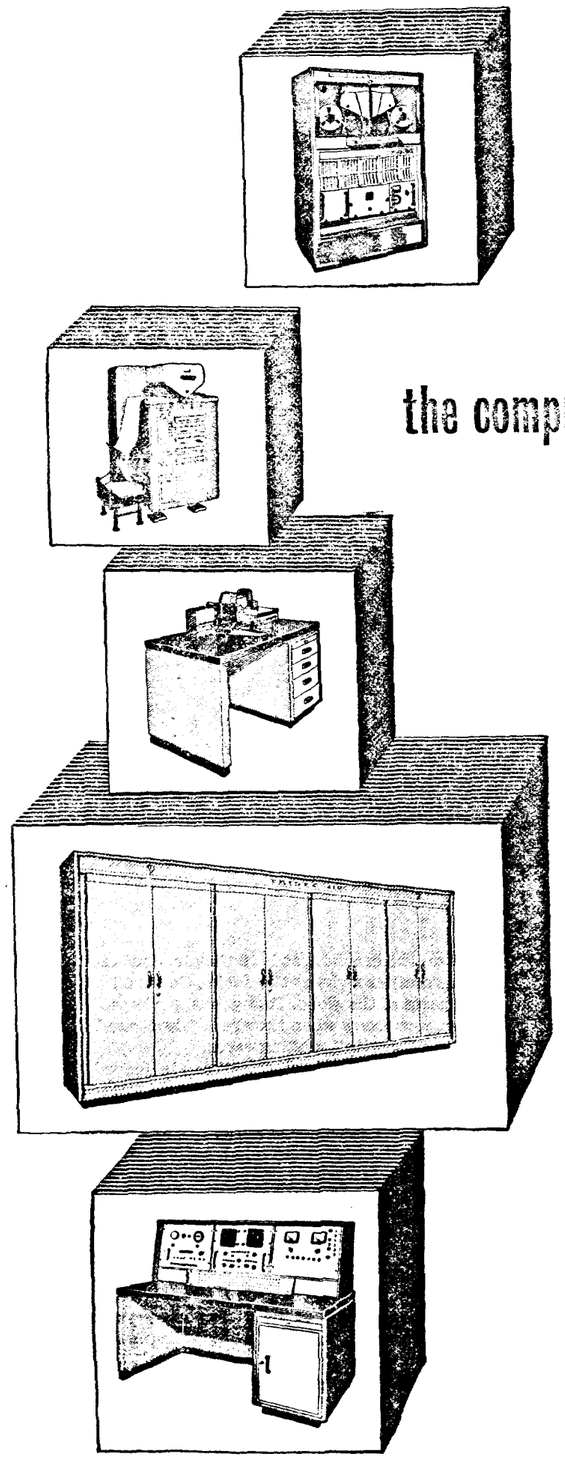

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tion from the engine lubrication system. These slight modifications can easily be incorporated into existing production lines, or carried out on engines already in service. The thermal efficiency of the engine is about the same on either type of fuel; if a very rich petrol mixture is used, a slight increase in bhp is obtained, at a slight loss in fuel economy. Fuel economy is nonetheless as much as 50 per cent greater than that of a conventional petrol engine, in terms of miles per gallon. The horsepower and torque of diesel engines are normally limited by design to a certain exhaust smoke level, and at the same horsepower output, petrol produces less smoke; while any fuel from JP 3 (kerosene-based jet fuel) upwards can be used, the engine runs more smoothly on low grade petrol than on high octane.

The FVRDE is also testing diesel engines made by Rolls-Royce, Leyland, and Coventry Climax, with other fuels; progress with these three engines was to have been demonstrated at Chobham at the end of this month, but this has been postponed owing to the General Election. It is not known whether any specific commitment has been made by the Ministry for a multi-fuel engine; representatives from Nato countries were to have attended the FVRDE demonstration, however. Rootes state that there is some civilian demand from territories where certain fuels are scarce or intermittent in supply, but admit that multi-fuel operation will have no relevance in the British market, barring some radical change in the relative prices of petrol and diesel fuel.

LUNIK II

Cold Moon

RUSSIA'S announcement that Lunik II found no magnetic field on the moon, nor any radiation belt around it (the one follows on the other) is the weightiest piece of evidence yet produced to support the theory that the moon is a cold dead lump of rock. A magnetic field would have indicated a metallic core; a metallic core would in turn have pointed to the presence of heat; and this would have supported the belief that the craters on the moon were caused by volcanoes. A minority of astronomers have always believed that they were, feeling that the size, shape and distribution of those craters was inconsistent with the alternative theory—that they were hollowed out by meteors. But if the moon has no magnetic field, and no volcanoes, this tips the evidence strongly in favour of the meteors.

These results are much what astronomers have been predicting; the moon looked much too small to most of them to be capable of getting hot in the middle in the same way as the earth does. But the controversy has been so sharp, and the difficulty of making observations through the blanketing atmosphere so great, that they are grateful for any scrap of factual evidence. The Russian data, obtained in the last few moments of flight, is bound to be scanty and the possibility that its instruments may have been faulty cannot not be discounted until the results are confirmed by other moon rockets, preferably ones that stay longer around the moon than Lunik II was able to. The American rocket due to be launched next week-end is planned to orbit the moon, and so give a longer reading, but since this is even more difficult than making a direct hit, too much should not be expected of it. An indirect consequence of Lunik II's flight may be the cancellation of some research programmes. Birmingham University, for example, was attempting to discover whether the moon had a magnetic field by other methods; presumably this may now become unnecessary.

TANKERS

How Long to Equilibrium?

DELIVERIES of new tankers and the volume of idle tanker tonnage both continue to rise. According to the latest six-monthly survey of Messrs. John I. Jacobs and Company, the London tanker brokers, tanker completions totalled 3.6 million deadweight tons during the first half of this year, compared with 3.4 million tons in the preceding six months and 3.2 million tons in the first half of 1958. After deducting 700,000 tons for scrapping, conversion and losses, the net increase in the world fleet was 2.9 million deadweight tons—an increase of over seven per cent, in terms of carrying capacity. On June 30th the world tanker fleet comprised 3,296 ships of 58.6 million deadweight tons; oil companies accounted for well over a third of this total. Freight rates show no sign of improving, and it has been estimated that over eight million tons are now laid up.

Liberia continues to be the leading flag of registry, with 11.2 million deadweight tons, or over 19 per cent; Britain is second and Norway third. But there was a sharp increase in the tonnage registered under the Greek flag during the period: while its total tonnage is still small—541,000 tons—the Greek government is trying to attract owners away from flags of convenience. Tonnage controlled by Greek nationals now amounts to 8.5 million tons, with another two million tons on order.

How long will the present surplus last? Construction and orders have both declined in every quarter since the last quarter of 1957, but are not falling fast enough to stem the flow of launchings: unless there is a massive revival of demand, an increase in scrapping and in cancellations, some authorities believe that the surplus will continue to grow during the next three years. A large part of the fleet consists of new vessels, larger and faster than those built before, during and just after the war, and consequently more efficient. But about seven per cent of existing tonnage is 20 years old or older, and many of these vessels, whose capital cost has by now been completely written off, are still finding employment. In addition, out of the 481 T-2 tankers built during the war, 280 are still in service, though many of the newer and larger vessels cannot find work.

The Sun Oil Company has made a study of the scrappage of tankers during the past 37 years, in its latest annual analysis of the world tank ship fleet, relating the rate of scrappage to the factors influencing tanker demand. The factors it considered were inactive tankers, steel scrap prices, the size of the world fleet, deliveries of new tankers, and charter rates. The present state of these five influences would indicate that a high rate of scrappage is now due, and in fact there was a substantial increase during the first half of the year—41 ships, against 47 in the whole of 1958.

Some Success for Sausages

DRACONES, the flexible sausage containers for liquids that can be towed behind vessels at sea, have had a modest but fairly encouraging first year in business. Following successful demonstrations in the late summer of 1958 of the prototype, 100 ft long by 5 ft in diameter, several others of the same size have been made, with detailed improvements; this size can carry about 10,000 gallons of liquid cargo. Dracone Developments, the company formed to exploit this invention of a group of academic scientists at Cambridge, has now obtained a contract from Esso to deliver petroleum products daily from Fawley across the Solent to the Isle of Wight and Portsmouth, and in August this year, towed behind a small Esso tanker, one took a cargo of aviation kerosene from Southampton to the Channel Islands. Shell-Mex has had a trial delivery of gas oil from Hamble to Newport; earlier this year ICI's Heavy Organic Chemicals division co-operated with the new company in a trial tow from Billingham on Tees-side to Flushing on the Dutch coast. Other Dracones, owned by the Shell-BP Development Company of Nigeria and by Holt's Transport Ltd., have been at work in Africa; one ordered recently is to be used for oil transport in the East Indies.

These containers, which are made of nylon fabric coated with synthetic rubber, weigh far less than their liquid cargo and can therefore be taken out of the water and rolled up for storage or transport; they are kept afloat by the buoyancy of their cargo, and therefore have no air space and no explosion risk. Thin as their skin is (about a sixth of an inch for a 40-tonner and a quarter of an inch for a 350-ton Dracone), it seems to be able to stand a good deal of abrasion, chafing and snagging on rocks or against jetties; the company thinks that in many instances a steel tank barge might be more vulnerable. "We have, as yet," com-

ments the company, "had no opportunity of studying the behaviour of sharks and swordfish when confronted with a Dracone. From the experience gained with inflatable life rafts it seems unlikely that there should be any danger of damage."

More practically, the inventors have been experimenting with various ways of filling the container (at present a hose connection at the stern is used) and have developed a ring stabiliser for the stern of the Dracone to prevent snaking when the long sausage is under tow. They recognise that the emergency conditions after Suez, when this kind of container was first thought of in 10,000-ton sizes to be towed by tankers round the Cape as a way of increasing the capacity of existing tank vessels, are things of the past; but they insist stoutly that "since 1956 no new facts have come to light which show that these larger vessels are either impossible or impracticable."

STEEL EXPORTS

Windfall to USA

THANKS to the steel strike, the United States has become one of Britain's best customers for steel this year. In the first eight months Britain sent 114,630 tons (worth £7.4 million) to that market, more than twice the quantity shipped in the same period of last year. This windfall gain made the United States our fourth largest buyer, ranking after Argentina, Canada and India. Shipments first rose sharply in April, when they amounted to 15,370 tons, twice as much as the average for the first quarter, and in both July and August shipments exceeded 23,000 tons. British exports to all countries in the first eight months amounted to 1,910,000 tons, which was 53,000 tons—or nearly three per cent—higher than a year ago. American steel merchants and consumers treated the strike as a near-certainty a full six months before the labour contracts expired at the end of June. Americans started buying more heavily in Western Europe in January, when export prices were weak and appreciably below British quotations. The big increase in their buying helped to push prices up, and in August reinforcing rods, for example, were quoted at about $102 a ton, $25 higher than in January and February. Belgium-Luxembourg, as usual, has been the biggest single exporter to the United States, followed by Japan, with France and Germany sharing third place. American imports of steel in June alone were a record at 410,000 short tons, and imports for the first half of this year, at over 1.9 million tons, were three times larger than in the first half of 1958, and larger than in any full year except the Korean boom year of 1951. Each month this year the United States has been a net importer of steel. However, the strike threat merely accelerated a trend that started in 1958, when imports of steel into the United States rose by 40 per cent to over 1.8 million tons. Some foreign products, an official report stated recently, were brought in at prices $20 to $40 a ton below American prices. The fear of foreign competition may be one reason why American steel firms are making such a firm stand against the unions' wage claims.

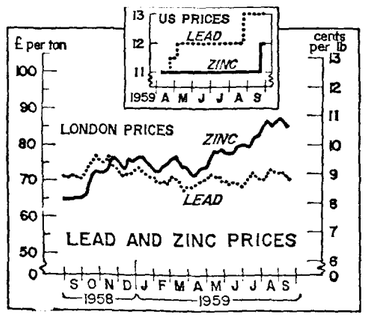
British Steel Exports to USA

	tons
Jan./Mar. average	7,290
April	15,370
May	17,290
June	12,390
July	23,160
August	24,140
Jan./Aug. total	114,630
Jan./Aug., 1958	*52,100*

LEAD AND ZINC

Two Markets

WHEN the United States imposed quotas on imports of lead and zinc late last year it created two markets for these metals. Comparison of the prices fixed by American producers with those quoted daily on the London Metal Exchange shows how remotely connected these two markets are. In the United States lead is still the dearer of the two metals; in London zinc became dearer than lead last January, and has remained so. The American producers' price for lead is now 13 cents a lb, 2¼ cents above the lowest point reached during the recession, and zinc, which was raised by one cent to 12 cents a lb this week, is now two cents above its 1958 trough. In London forward zinc has recently held steady at about £85 a ton, which is £20 more than



a year ago, and prompt metal still commands a premium. Forward lead, in contrast, has weakened this month by over £2 to about £71 a ton, and is only a trifle higher than a year ago. Another sign of weakness is that prompt lead stands at a discount to forward.

The strong recovery in zinc and the comparative stability of lead are due mainly to the restriction of supplies introduced by producers earlier this year. It was estimated that these restrictions would cut the surplus of zinc to an annual rate of only 16,000 tons in the second half of this year, and that the surplus of lead would fall to about 60,000 tons a year. The excess of zinc has turned out to be more apparent than real, as the premium on prompt zinc shows. Lead clearly has remained in surplus, though the open market price in London has been helped appreciably by the decline in offerings of Spanish metal. Many traders think that zinc could go higher after the American steel strike ends, but they are not bullish about lead. Consumption of zinc in die-casting, galvanising and other uses is growing steadily whereas lead is struggling to hold on to its markets in the face of substitutes.

SHORTER NOTES

The London discount market has undertaken a second overseas venture, again in Rhodesia where the authorities are building up an organised money market. The Anglo-American Corporation of South Africa and Smith St Aubyn are together sponsoring British and Rhodesian Discount House, with an initial paid-up capital of £125,000. This follows the participation earlier this year of Gillett Brothers in Discount Company of Rhodesia. It appears however that as a general rule the Bank of England is still anxious that the resources of the discount houses should be kept in the London market.

★

Hambros Bank is offering a new comprehensive service to exporters to Scandinavia to include survey of the market and provision of export credit and credit insurance. The bank is prepared to advance credits up to 100 per cent of the cost of the goods in suitable cases. This is not necessarily a precedent for export credits in general, since risks in Scandinavia are very low.

★

The Swiss Bank Corporation and the Credit Suisse are to sponsor a new unit trust known as Anglo-Valor to invest in shares and fixed interest securities in Britain and the Commonwealth. This is described as the first Continental trust formed to invest exclusively in British stocks.

★

A 100 per cent scrip issue is proposed by the board of Times Furnishing (Holdings) and a total dividend of the equivalent at least 25 per cent is forecast for the current year, against 22½ per cent last year.

COMPANY AFFAIRS
Comments on pages 1061 and 1064 on
Canadian & English Stores — Vickers
Investment Trust Mergers — A. C. Cossor
South African Druggists — Scribbans Kemp
Associated Electrical Industries

LONDON AND NEW YORK
Stocks, prices, yields and security indices on pages 1062 and 1063

LONDON STOCK EXCHANGE
The week's movements reported on page 1064

MONEY AND EXCHANGES
Money market report, exchange rates and public finance on page 1065

COMPANY MEETINGS

GEORGE NEWNES LIMITED

RECORD SALES AND ADVERTISEMENT REVENUE

STATEMENT BY THE CHAIRMAN, MR C. S. MORRIS

The Sixty-second Annual General Meeting of George Newnes Limited, was held on Wednesday, September 23rd, at the head office, Mr C. S. Morris, the Chairman, presiding.

The following is his statement circulated with the report and accounts:

In view of the fact that all the Ordinary Capital of the Company is in the course of being acquired by Odhams Press Limited I do not think the usual type of Chairman's statement is necessary.

However, I feel you would like to have an account of the activities of the Company since the end of the financial year March, 1958, as several important happenings have taken place since that date.

MR H. C. TINGAY

I should first of all like to refer to the retirement of Mr H. C. Tingay on March 31st last after 57 years' service with the Company including 30 years as a Director and the last five years as Chairman. Mr Tingay's service was unique in the Company's history and the Directors wish to take this opportunity of paying tribute to his wonderful record which has been such an important factor in the development of the Company, especially during the last 20 years.

THE ACCOUNTS

The results for the year ended March 31st last are practically the same as the estimate made when the Directors' statement was issued in connection with the offer made for the Ordinary Shares of the Company by The "News of the World" Limited, the acceptance of which we were unable to recommend. It does not seem necessary, therefore, to go into the accounts in any great detail except to point out that the Gross Profit, before Taxation, of the Group after bringing back the £200,000 provision, created last year for use towards the establishment of *Woman's Day*, is £1,545,761 as against £1,631,059. Excluding the £200,000 provision brought back, the Group Profit after Taxation, and after adjusting additional tax recovered on the increased Ordinary Dividend, is £4,500 up on the previous year. In addition a Capital Profit of £142,099 made on the realisation of certain Trade Investments has been transferred to Capital Reserve.

A second interim dividend of 20 per cent, less tax, on the increased capital was announced at the end of July and paid on August 14th.

As previously stated, it was the intention of the Directors to recommend the payment of a final dividend on this basis but as a consequence of the second interim payment it is not now proposed to recommend a final dividend for the year ended March 31, 1959.

ODHAMS PRESS LIMITED

With regard to the merger with Odhams Press Limited the best way of expressing our views upon this is to repeat what was said when we recommended you to accept the Odhams offer.

"The businesses of Odhams and Newnes are to a large extent complementary and the Directors of both Companies expect that considerable economies will result from the proposed merger of the Newnes and Odhams Groups. It is not intended that the merger should prejudice the positions of the staff and employees of the Companies involved.

The Directors of Newnes consider acceptance to be in the best interests of the Newnes Ordinary Shareholders in that they will, in addition to receiving a substantial sum in cash in respect of their shares, be able to participate in the future prosperity of the combined businesses."

As already announced, I am to continue as Chairman and Managing Director of George Newnes Limited and have also joined the board of Odhams Press Limited. Mr H. L. Gibson, ACA, and Mr C. L. Shard, Joint Managing Directors of Odhams Press Limited, have been appointed to the board of George Newnes Limited.

THE PUBLICATIONS

Whilst in common with many other publishers the Group has, during recent years, ceased publication of certain journals which had reached the stage where rising costs, heavy competition and changing trends had eliminated any prospect of a satisfactory economic future, nevertheless, the Group has taken advantage of new opportunities which have arisen, particularly in the more specialised fields, and during the last ten years has successfully launched sixteen new publications and acquired nine others. Of these twenty-five publications many are devoted to technical subjects connected with the most modern developments in industry.

Woman's Own has continued to hold an outstanding position in the women's field. With a sale of over 2,400,000 and read by over 7 million women every week, a record number of advertisers have chosen *Woman's Own* for their campaigns to the women's mass market. So great has been the demand for advertisement space that a large number of 80-page issues has been published, and special arrangements were necessary to accommodate many additional advertisement pages in full colour.

Woman's Day. We have been able to further consolidate the position of this new mass-sale weekly though the competition in this field is still intense. Apart from the £200,000 allocated in last year's accounts for the development of this publication, and which was spent in the year under review, all the additional expenditure has been charged to the year's accounts. Here again production arrangements were made during the year to give increased full colour facilities to advertisers.

Our PRACTICAL publications have continued to do well in spite of increased competition and *Practical Householder*, *Practical Motorist*, *Practical Wireless* and *Practical Television* are all still outstanding in their respective fields and advertising support has been a record.

Amateur Gardening maintains its supreme position among gardening publications, leading both as regards sale and advertising support.

The Smallholder sales show an increase over the previous year and also an increase in advertising, both as regards volume and revenue.

RECORD ADVERTISEMENT AND SALES REVENUE

During the year under review the advertisement revenue of the Group again reached a new record figure; evidence of the very great confidence in which our many publications are held both by advertiser and advertising agent.

The sales revenue also created a record; proof of the growing appeal of periodicals and magazines.

COUNTRY LIFE LIMITED

Mr Frank Whitaker, the Editorial Director of Country Life Limited, retired in May, 1959, after over 30 years of invaluable service to the Group.

He was appointed Editor of *Country Life* in 1940, and joined the board in 1942.

The Country Life Group of publications has had a successful year. *Country Life* has fully held its position as the outstanding periodical in its field. The circulation has been well maintained, and special issues covering Antiques, Farming, Motoring and other relevant interests have proved popular. The advertisement revenue shows a satisfactory increase, thus reflecting not only the confidence of the advertiser but also the influence of *Country Life* on the buying habits of a large and distinguished readership.

Various books covering appropriate subjects have been published during the year. The great interest shown by the public in the increasing number of country houses now open to view augurs well for books of special appeal which are planned for the future.

Our monthly publication *Riding* has prospered, and the circulation has now reached the highest level for many years.

Homes & Gardens has again done well. Both sales and advertisement revenue indicate a healthy state of affairs. The furnishing and household features have aroused considerable interest, and the special colour schemes and services available at the Furniture Exhibition were an outstanding success.

TEMPLE PRESS LIMITED

The leading weekly journals of Temple Press, *The Motor*, *The Commercial Motor* and *Motor Cycling*, have enjoyed increasing advertising support during the year, largely owing to the higher production in the motor and motor cycle industries. The monthly journals have again had a successful year, in particular the specialised journal *The Motor Boat and Yachting* and the Technical journals *The Motor Ship* and *Plastics*, while *Nuclear Engineering*, successfully launched

in 1956, has still further strengthened its international standing in this new and important branch of engineering. Temple Press has recently acquired the entire share capital of The St Bride's Press Limited, which is the proprietor and publisher of *The Surveyor & Municipal & County Engineer*, a long established weekly journal in its sixty-eighth year of publication and a leader in its particular field. The Book and Directory Division of Temple Press continues to expand its publishing activities and is now housed in separate premises; its current list numbers some 150 titles in the technical, scientific and specialist fields and includes trade directories which are established sources of reference to five of the major industries in this country.

THE NATIONAL TRADE PRESS LIMITED

The 22 specialised trade and technical journals of The National Trade Press Limited have had another successful year, and advertisement revenue reached a new record figure. The Company continues to pursue its policy of expansion and during the year launched *Engineering Materials & Design*. This technical journal deals with the applications of established, as well as the many new, materials available to engineers today and has been well received by readers and advertisers.

Another new publication launched during the year was *Drapery & Fashion Weekly*. This, as its title implies, covers the distribution of women's wear, children's wear and household textiles, and is produced in newspaper format, giving important advantages in presentation and speed of publication. It first appeared in January and has made a most promising start.

British Communications & Electronics now in its sixth year, continues its successful progress, and during the year published a buyer's guide to the British electronics and associated industries. This was given a very favourable reception, and its world-wide distribution should play its part in the continuing expansion of the export trade of these industries.

EXHIBITIONS

The international and specialised Exhibitions organised by TRADE FAIRS & PROMOTIONS LIMITED have had another year of steady progress. One of the most successful exhibitions organised by the Company is The Textile Show, held at Earls Court, which this year was honoured by a visit from Her Majesty The Queen; a gratifying tribute to the importance of this exhibition to the British textile industry.

The new Associated Company, Industrial and Trade Fairs Limited, formed jointly towards the end of 1957, by George Newnes Limited, Temple Press Limited and Financial Times Limited has already held its first Exhibition; the Industrial Photographic and Television Exhibition. This proved to be very successful and a similar exhibition is planned for next year. There are also several other exhibitions planned by the new Company.

BOOK INTERESTS

The book publishing interests of the various companies again contribute substantially to the total earnings. In particular, the Subscription Books Division, marketing *Chambers's Encyclopaedia*, *Pictorial Knowledge* and other important volume works has maintained the progress of recent years. The Australian Company, whose activities are devoted solely to Subscription Books, has passed the first ten-year milestone in its history. Its progress has been continuous and the Australian edition of *Pictorial Knowledge*, launched in 1957 and now in its second edition, continues to be praised by scholastic institutions and parents throughout the widespread territory of this important member of the Commonwealth.

DIRECTORS

I am anxious to take this opportunity of placing on record my personal thanks to all my colleagues on the board for the understanding and constructive way they have supported me during the last few months when vital decisions in connection with both shareholders and staff had to be taken.

STAFF

The Directors, and I am sure shareholders also, wish to thank all Executives and staff of the various Companies in the Group who have rendered such loyal and efficient service and have contributed so much to the success of the business.

The acceptance of the Odhams offer has been of considerable benefit to the Group Pension Fund, as the Trustees now hold, on behalf of the Fund, 315,000 Odhams shares, which on 17½ per cent dividend would yield £27,562 10s. annually. In addition this Fund has received payment of £354,375 which will be invested and bring in approximately £20,000 in annual income. As explained previously, the whole of the capital of the Pension Fund is in trust and can only be administered by the Trustees in accordance with the Rules.

The report and accounts were adopted.

COAST LINES LIMITED

The forty-sixth annual general meeting of Coast Lines Limited was held in London on September 22nd. The Chairman, Captain A. R. S. Nutting, OBE, MC, in the course of his speech, said:

The consolidated profit and loss account shows that after providing for depreciation, future surveys and deferred repairs, the trading profit for the year 1958 amounted to £885,603, a fall of £260,205 from the level attained in 1957. Twelve months ago, the worldwide shipping slump was already with us and these adverse conditions continued throughout the year. Fortunately, in spite of the scarcity of cargoes and tonnage available exceeding requirements, our vessels have been fairly constantly employed and only a small number, mainly from those engaged in tramping, were laid up. The shortage of cargo on our trades, together with increased operating costs, made material inroads into gross earnings and voyage profits, and we were obliged to suspend certain services which were uneconomic or for which we could see little future prospect. Our earnings from the carriage of livestock also fell considerably.

The taxation charge for the year fell by £232,134 to £308,693. The investment allowance has relieved the taxation charge against profits by £96,862 as compared with £155,497 in 1957. The net profit of the company and subsidiaries amounts to £662,794, against £742,226 in the previous year, and after deducting amounts retained by subsidiaries to finance their affairs, Coast Lines Limited is left with a net profit for the year of £470,021.

The report and accounts were adopted.

ROMAC INDUSTRIES

The thirty-fourth annual general meeting of Romac Industries Limited was held on September 18th in London, Mr R. D. Boyce (the chairman) presiding.

The following is an extract from his circulated statement:

The net profits which have been attained and the dividend which has been recommended by your directors are the highest since the incorporation of the Company in the year 1924.

If the first four months of the current fiscal year may be taken as a criterion I have every confidence that the results will not be unsatisfactory when I next appear before you.

In the Home market our sales increased in both our General Sales Division and our Contracts Division and this year we look for further Sales expansion from both of them.

In 1958 we introduced several new lines, all of which were well received, and orders are coming in at a most encouraging rate.

In the current year new products and regular lines alike are being supported by a national advertising campaign on a bigger scale than in former years.

In the year under review our Export Trade has suffered setbacks due to the imposition of artificial restrictions in certain markets and generally from increased severity of competition abroad. However, we have dealt energetically with these problems and in the opening months of the present year there are signs of improvement.

The report was adopted and the dividend of 17½ per cent approved.

ASSAM FRONTIER TEA

The seventy-first annual general meeting of The Assam Frontier Tea Company Limited was held on September 16th in London, Sir Charles Miles, OBE (the chairman), presiding.

The following is an extract from his circulated statement:

The profit for the year ended December 31, 1958, after charging Depreciation of £65,500, is £302,896, which compares with £303,711 for the previous year. Our crop showed a substantial increase and although the average price obtained in London was below the 1957 level, the value of sales proceeds rose by some £66,000. This increase, however, was largely offset by the rise in upkeep expenditure resulting mainly from the extra crop produced.

Quality from Northern India was not outstanding in 1958, but our teas have met with a good reception, selling readily and well.

World consumption is rising and if in 1959 producers concentrate on the improvement of their product by maintaining a high plucking standard, the bogey of over-production should be laid for some time.

In the case of this Company great care is being exercised over plucking and manufacture, and satisfactory reports have been received on our early teas. It is in the disposal of its mid-season teas, however, that a Company scores if the standard of its production is above average and since our factories are well found and the estates are in good order, I hope that we shall continue to sell these teas profitably. Our crop to the middle of July is 2,123,760 lb, a decrease of 356,080 lb when compared with the same period last year.

The report was adopted.

EDGAR ALLEN & COMPANY

EFFECT OF TRADE RECESSION

The sixtieth annual general meeting of Edgar Allen & Company Limited was held on September 24th at Sheffield, Mr W. H. Higginbotham, ACA, FSS, chairman, presiding.

The following is an extract from his circulated statement:

The year which ended on March 28th last had as background a trade recession of some severity, widespread in extent, very unequal in its incidence as between one industry and another (and even within those industries chiefly affected) and evidenced by most of the conditions characteristic of trade depression—slackened demand, depleted order books, unemployment (both of men and equipment) or under-employment, reduction of material and work-in-progress stocks, with some measure of financial stringency here and there.

The diversity of products and the variety of interests of the constituent companies of the Edgar Allen group probably minimised the impact of the recession on their activities; nevertheless it has been severe enough to reduce the value of Sales turnover of the group by roughly 13 per cent below that of the previous year (1957-58), and to cause a quite disproportionate fall (of £271,756, or 37 per cent) in the group's untaxed trading profits.

BACKGROUND OF THE YEAR

This setback, though unwelcome, was not unexpected. The Parent and Subsidiary Companies make and supply to both home and foreign markets, directly and indirectly, plant and equipment of specialised character, and also component parts and materials—later embodied into their products by other makers of equipment of various kinds; they are also makers on a large scale of engineers' production tools.

Since the war, re-equipment and fixed asset investment plans have been carried through on a massive scale, both at home and abroad; others were (and still are) in prospect in the so-called under-developed countries overseas. In this country, the development of the motor industry and the activity arising from the national defence programme have also contributed substantially to what has been described as a "boom" in the supply of capital and consumer-durable goods. But in 1955 progress on these lines was halted; foreign re-equipment and capital expansion led to more intense competition in world markets; and increased prices and costs made export business more and more difficult to get.

In export markets there has been a combination of trade recession and severe competition—particularly in the European market. In the Common Market countries of Europe there is already a tendency to organise for inter-trading, to the exclusion of our products.

The Parent Company, contributing some 68 per cent of the total sales output of the group, has naturally suffered most during the year—not merely from reduction in sales, but still more from under-employment of its manufacturing capacity, and the impossibility of reducing overhead expenses to correspond.

NATIONALISATION

I make no apology for mentioning this subject again, because it is so important to the industries in which the group is engaged. So many conflicting statements have been made, and such impredise policy proposals put forward, by its protagonists, that it is almost impossible to know exactly what is proposed—except that, either by open or covert means, there is a determination to subject industry to hampering controls and interference in the name of "the public interest." Your directors still feel it to be their duty, in your interests, to oppose this policy by every legal and practicable means.

Last year there was a spate of industrial disputes, involving over 400,000 workers, and the loss of 3½ million working days—greater than in any year (except 1955) since the war. Many of these disputes and strikes rise from inter-union rivalries and lines of demarcation, rather than from any real conflict with employers; others, being "sympathetic," "token," or unofficial, extend the area of trouble unnecessarily from a mistaken sense of loyalty.

It is surely time—since trade union leaders seem to prefer to "lead from behind"—to bring this state of affairs, harmful to the workers themselves as well as to the nation, to an end.

FUTURE PROSPECTS

These at the moment are almost impossible to forecast. Makers of "capital" and "consumer-durable" goods (including the steel and engineering industries) have had a severe setback. There have recently been signs of improvement, however, in trading conditions generally. The lowered bank rate, the tax reductions of this year, the ending of the recession in the USA and the beginning of trade recovery in Europe are all favourable pointers—as likewise are the improvement in our gold and currency reserves, the low unemployment rate (confounding the professional prophets of woe) the stability of the retail price index, the resumed (though small) improvement in the industrial production rate.

Foreign confidence in the stability of sterling—one of the two great international trading currencies—has also been largely restored. The great danger is a resumption of the inflationary trend of recent years; this must by some means be prevented.

We are still a "nation of shopkeepers" dependent on our export trade for our prosperity and even for our survival. Prices (and profits) of goods and services are not fixed merely by adding something to ascertained cost of production, but by compromise between the needs of buyers and sellers in the face of competition and the availability of alternatives or substitutes.

Since the war we have been trying to reconcile certain incompatible demands—for lower prices, lower profits, for higher wages and salaries, for public expenditure on defence, social services and amenities, and taxation to cover this; for rehabilitation and improvement of industrial equipment, and for reduction of the remuneration of capital investment.

It is surely time to face up to the facts of our situation. What is urgently needed now is a radical change in public opinion, however, rather than the imposition of restrictions and controls (which were not conspicuously successful).

The general picture is one of recovery and progress; and, given determination to make headway, we can look to the future with sober confidence. There is no place, however, for careless optimism; and still less for internal strife.

The report and accounts were adopted.

THE BUDLA BETA TEA COMPANY

The sixty-fourth annual general meeting of The Budla Beta Tea Company, Limited, was held on September 16th in London, Sir Charles Miles, OBE (the chairman), presiding.

The following is an extract from his circulated review: The profit for the year ended December 31, 1958, after charging Depreciation of £25,500, is £118,372, which compares with £94,063 for 1957.

Over-all, the value of our sales proceeds, including the amount received in respect of hail damage, rose by some £40,000, but against this, upkeep expenditure showed an increase of nearly £11,000.

We declared an interim dividend of 20 per cent on August 7, 1959. No further dividend will be paid for the year ended December 31, 1958.

The Company has a programme for the uprooting and replanting of the older tea and during the year a further 44 acres was replanted. This makes a total of approximately 350 acres replanted in the past five years.

During the past cold weather a major operation has been undertaken in the amalgamation of Kanjikoah Estate of 505 acres with Kharjan Estate of 790 acres, making a total of 1,295 acres under tea with a potential crop of well over 1½ million lb. I am confident that we shall benefit considerably in the future as a result of this amalgamation.

Our crop to the middle of July is 1,136,400 lb, an increase of 26,320 lb, when compared with the same period last year.

The report was adopted.

WILLIAMS & WILLIAMS LIMITED

PERIOD OF INTENSIFIED COMPETITION

The Annual General Meeting of Williams & Williams Limited was held on September 17th at Chester. Mr B. A. Williams, CBE, Chairman and a Managing Director, presided and, in the course of his remarks, said:

Since we met a year ago a period followed of serious under-employment of the capacity of the Building and Contracting Industries. This considerably intensified competition in our industry. The period under review has been the most difficult we have experienced for many years not only in the United Kingdom, but also in America where we have large and important interests.

It was, we all regret, a period of disappointment, but we wish to stress our continued confidence in the future, and it is to the future that we must look to reap the fruits of our recently planned programmes and developments, the setback which our present figures register being an episode in our long and continued progress.

In South Africa, Rhodesia and Belgium we have fared better, and I again have pleasure to report that we had satisfactory results, although in these countries competition is now keen and is increasing, and in those countries as indeed in the United Kingdom and America our efforts are constantly directed to the problem of improving our designs and techniques in order to ensure we keep ahead of this competition.

Your Board has for some time past been mindful of the desirability of ensuring continuity of management in the Group and

consequently the Managing Directors have decided and your Board have agreed that the time is appropriate for younger Executive Directors to accept greater responsibilities. This will have the added advantage of enabling the Managing Directors to give effect to plans for their making visits to your extensive overseas interests and other world markets. Your Board is of the opinion that the developments and the re-organisation effected will provide facilities to meet more expeditiously the requirements of our customers throughout the world.

The Report and Accounts were adopted and a dividend of 5 per cent was approved.

KENTAN GOLD AREAS LIMITED

MR C. J. HOLLAND-MARTIN'S REVIEW

The Annual General Meeting of Kentan Gold Areas Limited was held on September 16, 1959, at The Chartered Insurance Institute, EC2. Mr C. J. Holland-Martin, MP (Chairman), presided.

In his printed review, the Chairman recalled the reduction in capital sanctioned in November, 1958, followed by the amalgamation of the company with The Zambesia Exploring Company Limited as a result of the acceptance by more than 90 per cent of the stockholders of the latter company of an offer to acquire their holdings by exchange of shares. He pointed out that in these days the very great risks inherent in developing Central African mining enterprises could not be justified unless means could be found of setting off the losses of the less profitable against the profits of the more successful, and for these reasons the Boards of the two companies had decided that the time had come for a merger of their interests.

The consolidated accounts for the nine months ended March 31, 1959, which included the results of the Zambesia company for the year to that date, showed a profit of £145,793. After bringing forward the previous year's balance, making various adjustments and transferring to Capital Reserve the pre-acquisition profits amounting to £28,097, a balance of £175,930 remained available for distribution. An interim dividend of 1s. 6d. per share (7½ per cent) had been paid on June 19, 1959, and it was proposed to recommend a final dividend of 2s. per share (10 per cent), making a total dividend of 3s. 6d. per share (17½ per cent) for the period. For the years ended March 31, 1957 and March 31, 1958, The Zambesia Exploring Company Limited had paid dividends of 20 per cent per annum out of consolidated profits before taxation of £243,595 and £264,305 respectively. The decrease was due to the reduced dividend from Tanganyika Concessions Limited, which had been forecast last year, and to the fact that the Board had, in the market conditions prevailing, been reluctant to realise profits on sales of investments.

The Chairman emphasised that the company's main interest was now its stake in Tanganyika Concessions Limited, and gave details of this and the other principal holdings, including the subsidiary, Geita Gold Mining Company Limited, and Tanganyika Holdings Limited, in which a 50 per cent participation was held.

The Report and Accounts were adopted, and Special Resolutions providing for amendment of the Company's Articles of Association as regards the Directors' Borrowing Powers and the remuneration of directors were passed.

APPOINTMENTS

NATIONAL COAL BOARD
DURHAM DIVISION

AREA CENTRAL WORKSHOPS MANAGER

Applications are invited for the above post in No. 2 (Mid-East Durham) Area of the Division. The Workshops are situated near Houghton-le-Spring. The appointment will carry a salary within the range £1,250 to £1,850. The starting salary will be in accordance with the qualifications and experience of the successful candidates. The number of men employed is about 600. The Works are engaged mainly on the overhaul and repair of electrical and mechanical coal mining plant and machinery. The post requires a person capable of supervising the overall working and administration of the Shops to achieve and sustain the maximum throughput of planned overhaul and jobbing work and of maintaining the required standards of workmanship and good personnel relationships. Candidates should have a general engineering background and preferably have some knowledge with the repair of wagons to mainline standard. Experience in the heavy repair of steam and diesel locomotives is essential and candidates must have a knowledge of iron and brass foundry technique. The possession of a Higher National Certificate in Mechanical and/or Electrical Engineering or equivalent is essential.—Applicants should reply within seven days, quoting SG/250/8646, and giving full details of age, education, qualifications and experience, to N.C.B., 7 Side, Newcastle upon Tyne.

ECONOMIST. Vacancy for an assistant occurs on the staff of the Cotton Board Economics and Statistics Department. The possession of a good degree in economics or statistics is an essential qualification and some post-graduate experience either in industry or in research would be an advantage. Commencing salary within the scale of £700-£900. Contributory pension scheme.—Replies, stating age, details of education and experience, should be addressed to Director of Statistics, 3 Alberton Street, Manchester, 3.

KODAK LIMITED

wish to employ in the

CENTRAL PLANNING DEPARTMENT

at their Harrow factory, a

YOUNG MAN

of 25-30 years of age, who will assist in co-ordinating the output of the factory departments by compiling production schedules and placing orders.

He must have the necessary intelligence, personality and initiative to modify these programmes with changing circumstances and to ensure their execution. He will be engaged as assistant to a Section Leader embracing similar but broader activities.

Please write to:
Men's Personnel Department,
Kodak Limited (Factories),
Wealdstone, Harrow, Middlesex,
quoting DGD/5.

UNIVERSITY COLLEGE OF RHODESIA AND NYASALAND

Applications are invited for Lectureship in Economics. Salary scales: Assistant Lecturer, £1,200 x £50 — £1,350 per annum; Lecturer Grade II, £1,350 x £50 — £1,500 per annum; Grade I, £1,600 x £50 — £1,900 per annum. Passages to Salisbury for appointee, wife and dependent children on appointment with allowance for transport of effects. Superannuation and Medical Aid Schemes. Unfurnished accommodation at rent of 15 per cent of salary. Assistance given for triennial visits overseas. Detailed applications (six copies), naming three referees, by October 31, 1959, to Secretary, Inter-University Council for Higher Education Overseas, 29 Woburn Square, London, W.C.1, from whom further particulars may be obtained.

THE INSTITUTE OF CHARTERED ACCOUNTANTS IN ENGLAND AND WALES

TAXATION AND RESEARCH COMMITTEE

A member of the Institute is required for appointment as Assistant Secretary to the Taxation and Research Committee. Age preferably between 28 and 35. A good draftsman is essential. He will be required to undertake, under the supervision of the Secretary to the Committee, research on and drafting of technical memoranda and to assist with the secretarial work and correspondence of the committee and its sub-committees. Commencing salary between £1,250 and £1,750 per annum; non-contributory pension scheme.—Apply, by letter, giving age and details of education, qualifications and experience, to the Secretary of the Institute, Moorgate Place, London, E.C.2. Envelopes should be marked "Personal—T. & R."

UNIVERSITY OF QUEENSLAND

LECTURER IN ECONOMICS

Applications are invited for the above position. Applicants should possess a degree with honours in Economics. The appointee will be required to lecture in the theory of value and distribution, and industrial organisation.
Salary £A1,540-£A2,040 per annum.
Further particulars and application forms are obtainable from the Secretary, Association of Universities of the British Commonwealth, 36 Gordon Square, London, W.C.1.
Applications close, in Australia and London, on November 14, 1959.

BBC requires Language Supervisor (British subject) for East and Central European Services. Duties consist mainly in checking accuracy, and where possible style, of translations of news bulletins and talks from English into at least two of the languages concerned (Albanian, Bulgarian, Czech and Slovak, Hungarian, Polish, Rumanian, Russian, Serbo-croat and Slovene) and following broadcasts in the studio. Besides first-class knowledge of their foreign languages candidates must possess a command of English of native standard and good general knowledge of European life and affairs. Previous residence in the countries concerned an advantage. Work on shift basis including night duty. Salary £1,230 (possibly higher if qualifications exceptional), rising by five annual increments to £1,583 maximum per annum. Candidates offering exceptional knowledge of one of these languages could be considered for part-time employment on shift basis including night duty.—Requests for application forms (enclosing addressed envelope and quoting reference G/1303/Ec) should reach Appointments Officer, Broadcasting House, London, W.1, within five days.

QUALIFIED ACCOUNTANT

Old-established STOCKBROKERS, about to move into new and larger premises, require a Qualified Accountant to take over the management of the office and staff and to advise the Partners on general accountancy matters. Previous experience of stockbrokers office, either actual employment or audit work, essential. The ability to work a detailed knowledge of Stock Exchange procedure is not necessarily required. Applicants must have at least 10 years' experience in accountancy and preference will be given to a sound knowledge of modern office procedure and office machinery.—Please write, in confidence, giving full details, to Box C.783, c/o Streets, 110 Old Broad Street, E.C.2.

INDUSTRIAL AND COMMERCIAL FINANCE CORPORATION LIMITED

ECONOMIST required for position with prospects in the Economic Section.
A good degree in economics is necessary, plus several years' business experience. The work involves watching and reporting on developments and trends in industry, as well as on economic and financial matters. The ability to cope with detailed work and some skill in using statistics will be distinct advantages. Salary according to age and experience.
Apply to the Chairman's Assistant, Industrial & Commercial Finance Corporation Limited, 7 Drapers' Gardens, London, E.C.2, for an application form.

YOUNG ECONOMIST

required for Economic Research Section with main emphasis on commodities. Applicants should be able to express themselves well, to carry out and develop independent studies but should enjoy working in a closely integrated team. A sound knowledge of statistics would be helpful. Salary according to age, experience and qualifications.—For further particulars apply:

Personnel Officer,
Materials Supply Division,
Dunlop Rubber Co. Ltd.,
St. James's House,
23-24 King Street,
St. James's,
London, S.W.1.

For further appointments and other classified advertisements see page 1071

Large Oil Company centred in London requires a

RESEARCH MATHEMATICIAN

for the study of flow of compressible, viscous fluids through porous media. Familiarity with heat transfer theory and boundary value problems desirable. Interest in pure mathematics helpful. Qualifications: preferably Ph.D. but First Class Honours degree might be considered. This is intellectually challenging work with attractive financial prospects.—Write in detail, quoting No. 855, to Box No. 2869, c/o Charles Barker & Sons Ltd., Gateway House, London, E.C.4.

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China	£10 6s.	—
East Africa	£9 0s.	£7 10s.
Egypt	£7 15s.	—
Europe	£6 0s.	—
Ghana	£9 0s.	£6 10s.
Gibraltar, Malta	£5 0s.	—
Hongkong	—	£8 15s.
India	£9 0s.	£7 10s.
Indonesia	£9 0s.	—
Iran, Iraq, Israel	£7 15s.	—
Japan	£10 6s.	—
Jordan and Lebanon	£7 15s.	—
Malaya	£9 0s.	—
Nigeria	£9 0s.	£6 10s.
Pakistan	£9 0s.	—
Philippines	£10 6s.	—
Rhodesia (N. and S.)	£9 0s.	—
South Africa	£9 0s.	£7 10s.
South America	£9 0s.	—
Sudan	£7 15s.	£6 15s.
USA	—	$25 or £9
West Indies	£9 0s.	—

* Approx. 24 hours slower than airmail.

22 RYDER STREET, LONDON, S.W.1

COMPANY AFFAIRS

ASSOCIATED ELECTRICAL INDUSTRIES

At 60s. and on a 15 per cent dividend the £1 ordinary units of AEI yield 5 per cent, about a quarter of a point more than the average return on leading blue-chips. The group's interim statement for the first half of this year does not suggest that the time has come as yet to revise the judgment implied by this yield margin. Sales, profits and orders were all higher than in the first half of 1958, but the latest figures include the results of the Henley Group and the London Electric Wire Company and Smiths Ltd. which were not in last year. A maintained dividend of 15 per cent on the capital as enlarged by the share issues made in connection with these acquisitions seems to be absolutely assured. But an increase in that payment does not seem to be in prospect this year. AEI's results have in the past shown a seasonal pattern and trading results in the second half of this year are likely to be better than those just published (where

SALES AND PROFITS
(£ million)

	1958* 1st half	1958 2nd half	1959 1st half
Orders	80·2	87·8	84·9
Turnover	77·3	104·3	95·6
Trading profits	6·99	8·87	7·75
Depreciation	2·15	2·64	2·74
Profit before tax	4·84	6·23	5·01

* Excludes the Henley Group and the London Electric Wire Company and Smiths, both of which were acquired subsequently.

the boom in consumer durables has presumably made its mark). Indeed, in April, Lord Chandos was looking forward to an improvement in trade in the latter months of this year.

The AEI-John Thompson contract for the Berkeley nuclear power station is, however, being completed at a loss and though its net effect on consolidated profits in the future will be small, as much has already been written off, it must have some dampening effect on earnings. Moreover, AEI (partly in response to the advent of the Restrictive Trade Practices Court) has been in the throes of a big internal reorganisation and any benefits derived from this reorganisation can be expected to emerge only slowly. AEI will have turned the corner only when it has arrested and reversed the decline in profit margins which is still apparent in the latest results.

VICKERS

Vickers £1 ordinary stock units have been weak for some months—in fact, since Lord Knollys told shareholders at the beginning of June that "considerably reduced profits" had to be expected this year. Even so, the group's half yearly report came as a shock and the stock lost another 2s. 7½d. to 27s. 6d. Sales, profits, orders and stocks have all fallen. The setback in net profits is especially marked as £2 million has been written off against aircraft development, compared with £1½ million in the first half and £1 million in the second half of 1958. This must reflect prudent but necessary accounting for the Vanguard (for which as yet orders have not been as big as had been hoped for) and, possibly, for the VC 10 as well.

The fall in profits is due, the directors say, to declining sales of aircraft, continued slackness in certain sections of the English Steel Corporation, lack of recovery in Canadian heavy engineering and shipbuilding as well as the bigger provision for development costs on new aircraft. The group's engineering business and shipyards are still active and there are signs of "some gradual improvement" in its steel and Canadian interests. But the directors say that profits in the second half of the year will be about at the same level as they were in the first half. In that case a 10 per cent dividend, as paid for the last four years, will be only just covered by earnings. The interim dividend has been left unchanged at 2½ per cent, so that on the assumption of a final of 7½ per cent, the £1 units at 27s. 6d. yield just over 7½ per cent. That yield recognises the present slackness in profits. It will require a big increase in orders and production in the group's other divisions to make good any loss of earning power in the aircraft and shipbuilding divisions.

SALES AND PROFITS
(£ million)

Six months ended	June 30, 1958	Dec. 31, 1958	June 30, 1959
External sales	89·48	87·37	73·03
Trading profit*	8·11	7·04	5·17
Net profit	2·87	3·72	1·78
Stocks (less prepayments)	55·52	49·60	44·00
Net assets	110·71	111·35	112·99
Orders on hand	343·0	312·0	295·0

*Before provision for aircraft development expenditure.

A. C. COSSOR

The sale of A. C. Cossor's radio and television subsidiary to Philips Electrical was described in April by the Marquess of Exeter, Chairman of the Cossor group, as "a surgical operation which will have a very good effect on the health of the group." The latest report and accounts show that while the operation was costly the patient is well on the way to recovery. The estimated loss on the sale is £364,681; it has been met from capital reserves. Part of this has been made good by selling freehold properties and by the capitalisation of profits and redemption fund provisions. The net loss of £52,594 was transformed into a net group profit after tax of £101,545 in the year ended on March 31, 1959. The 1958-59 accounts exclude the trading results of the former radio and television subsidiary, and the change from a loss to a profit has been achieved on a turnover reduced by £1 million to £6.6 million. The chairman reports that "there is . . . still scope for further progress, both in our trading results and in our financial position." Although the bank overdraft had risen from £1,683,498 to £1,944,084 by the end of March it has since been reduced by payments received from Philips. The introduction of fresh capital by EMI into Cossor (Canada) Ltd. will transfer control to EMI and the effect of this will be reflected in next year's accounts. Ordinary dividends have been resumed, with a payment of 5 per cent on the 5s. ordinary shares, which at 8s. yield 3 per cent.

SCRIBBANS-KEMP

Ordinary shareholders in Scribbans-Kemp, the biscuit and cake manufacturers, have seen net equity earnings declining steadily since 1954-55. Once again, for the year to last March, the directors report a further sharp decline in profits and the net profit of £158,239 is now little more than one quarter of the previous record level. This time, however, special circumstances seem to have accounted for much of the decline and it is clearly the biscuit section which has been the weak factor in the business throughout. This section has now been reorganised and manufacture in future will in the main be limited to company's "specialities" which are selling well. The whole cost of this reorganisation has been charged against profits in the year under review. Apart from biscuits, the other products of the group did well and sales rose to the record level of £20 million. The overseas subsidiaries are flourishing and the sales of the export company went up. On the retail side a slight recession in the grocery business was more than offset by an expansion in the trade of retail sweet stores. With these factors in mind, the directors have decided to pay a 10 per cent dividend, in comparison with 11 per cent in 1957-58. This payment is not fully covered by earnings and the decision not to cut the dividend more severely must obviously owe something to the prospect of a good recovery in the current year and to the strength of the group's liquid resources, with net "quick" assets of £524,890.

The £1 ordinary shares fell sharply on these results, but later recovered to 30s. 9d. so that they yield 6½ per cent. The difficult period for Scribbans-Kemp may now be coming to an end and though the fall in profits has been sharp, Mr H. Oliver-King, the chairman, expects the recovery to be "equally sharp."

CANADIAN AND ENGLISH STORES

Canadian and English Stores has been given a new look. The serious troubles of the past now seem to be over; the company's interest in Canada has been sold for a figure little short of £1 million; the company's share capital has been completely

Company Affairs *continued on page 1064.*
London and New York Stocks *on next two pages.*

LONDON AND NEW YORK STOCKS

Prices, 1959 High	Prices, 1959 Low	BRITISH FUNDS AND GUARANTEED STOCKS	Price, Sept. 16, 1959	Price, Sept. 23, 1959	Net Yield, Sept. 23, 1959 §	Gross Yield, Sept. 23, 1959 £ s. d.
100[15/32]	99[29/32]	War Loan 3½ 1955–59	99 19/32	99 19/32	3 6 2	3 6 2
—	—	War Loan 3½ Assented Conv. 4½%	99[7/8]	99[15/32]	2 15 6	4 9 11
—	—	War Loan 3½ Assented Treasury 5½%	97[1/4]	97[3/16]	3 3 7	5 2 10
97[3/4]	95[11/16]	Funding 2½% 1956–61	97[1/16]	97[7/32]	2 19 11	3 18 10
95[3/32]	93[11/32]	Exchequer 2½% 1960	99[13/32]	99[15/32]	2 7 1	3 6 11
100[1/16]	97[7/16]	Exchequer 3½% 1962	99[7/32]	99[9/32]	3 1 6	3 1 6
101[11/32]	100[3/4]	Conversion 4½% 1962	100[15/32]	100[15/32]	4 5 7	4 5 7
96[3/32]	94[1/16]	Exchequer 3½% 1962–63	95[1/4]	95[13/32]	3 0 9	4 6 7
93[3/16]	91[3/8]	Exchequer 2½% 1963–64	92[13/32]	92[1/16]	3 4 3	4 7 3
101[1/2]	100[1/2]	Conversion 4½% 1963	100[11/16]	102[3/32]	2 11 2	4 10 8
100[7/16]	99[1/8]	Conversion 4½% 1964	99[7/8]	99[1/8]	2 12 8	4 10 6
92[13/16]	90[1/2]	Savings Bonds 3% 1955–65	90[1/4]	90[7/16]	3 13 11	4 19 11
85[11/16]	83[1/8]	Funding 3% 1959–69	83[7/16]	83[9/16]	3 19 1	5 4 9
93[1/16]	90[3/16]	Funding 4% 1960–90	91[3/16]	91[5/16]	2 18 7	4 12 8
83[7/16]	80[7/8]	Savings Bonds 3% 1960–70	81[1/4]	81[1/8]	4 0 0	5 6 6
85	83[1/8]	Savings Bonds 2½% 1964–67	84[3/16]	84[1/4]	4 1 6	5 4 4
77[3/16]	75[1/16]	Savings Bonds 3% 1965–75	75[7/16]	75[1/2]	3 18 11	5 6 9
105[11/16]	102[1/2]	Exchequer 5½% 1966	103	103[1/4]	2 17 1	4 19 2
86[3/8]	83[1/4]	Funding 3% 1966–68	84[1/8]	84[1/4]	4 0 1	5 6 4
98[1/2]	95	Victory 4% 1920–76	95[1/8]	95[1/8]	3 1 10	4 14 4
89[3/16]	87[5/8]	Conversion 3½% 1969	87[13/16]	87[13/16]	3 14 1	5 3 7
101[7/16]	93[3/8]	Conversion 5½% 1974	101[1/16]	101[1/8]	3 3 11	5 5 8
79[3/4]	76[5/8]	Treasury 3½% 1977–80	78[3/16]	78[1/8]	3 14 2	5 6 8
77[1/4]	76[1/8]	Treasury 3½% 1979–81	77	76[7/8]	3 14 9	5 7 2
104[1/4]	101[7/8]	Funding 5½% 1982–84	103[15/16]	103[1/16]	3 4 4	5 6 11
68[1/4]	64[5/8]	Redemption 3½% 1986–96	64[3/8]	64[3/8]	3 11 4	5 2 11
98[1/8]	97[1/2]	Treasury 5% 1986–89	97[1/2]	97[3/16]	3 3 7	5 2 10
74[1/16]	70[7/8]	Funding 3½% 1999–2004	71[1/16]	70[3/16]	3 8 9	5 4 6
75[7/8]	72[3/8]	Consols 4% ..... after Feb. 1957	72[3/8]	72[3/8]	3 7 10	5 1 1
64[11/16]	64[1/16]	War Loan 3½% ..... after 1952	65[1/16]	64[1/16]	3 6 9	5 1 8
68[1/16]	63[7/8]	Conv. 3½% ..... after Apr. 1961	63[3/4]	64[1/16]	3 6 11	5 2 1
60	55[3/4]	Treasury 3% ..... after Apr. 1966	55[3/4]	55[3/8]	3 6 6	5 7 8
53[5/8]	50[1/4]	Consols 2½%	51[3/8]	51[3/8]	2 19 7	4 17 2
51[1/8]	47[1/2]	Treasury 2½% ..... after Apr. 1975	47[3/8]	47[1/2]	3 4 5	5 5 2
96[11/16]	94	British Electric 4½% 1957–69	95	95	3 7 11	5 4 6
80[3/16]	77[1/4]	British Electric 3% 1968–73	77[7/8]	78[1/4]	3 19 0	5 5 11
76[7/8]	74[1/8]	British Electric 3% 1974–77	74[1/8]	74[1/2]	3 17 3	5 5 11
90[7/16]	87[3/8]	British Electric 4½% 1974–79	87[7/16]	87[3/8]	3 8 11	5 4 8
80[3/8]	77[3/16]	British Electric 3½% 1976–79	79[1/16]	79[3/16]	3 13 5	5 5 11
90[7/16]	87[1/8]	British Gas 4% 1969–72	88[1/4]	88[15/16]	3 11 2	5 4 11
87[3/8]	84[1/4]	British Gas 3½% 1969–71	85[1/4]	85[3/8]	3 13 11	5 5 11
69[7/16]	66[7/16]	British Gas 3% 1990–95	66[1/2]	66[7/16]	3 10 10	5 2 9
80[3/16]	77[1/4]	British Transport 3% 1968–73	77[7/8]	78[a]	3 19 0	5 5 11
87[3/16]	84	British Transport 4% 1972–77	86[1/8]	86	3 10 11	5 5 11
69[3/16]	66[1/4]	British Transport 3% 1978–88	66[3/8]	66[7/16]	3 15 9	5 6 11

Prices, 1959 High	Prices, 1959 Low	FIXED INTEREST STOCKS	Price, Sept. 16, 1959	Price, Sept. 23, 1959	Yield, Sept. 23, 1959 £ s. d.
		DOMINION AND COLONIAL			
102[1/16]	99[3/8]	Australia 4½% 1950–62	99[1/2]	99[1/2]	4 11 0
107[1/8]	103[3/4]	Australia 6% 1971–76	104[1/2]*	104[1/2]*	5 9 0e
77	73	Ceylon 4% 1973–75	73[1/4]	73[1/4]	6 15 0†
103[1/2]	99[1/2]	Jamaica 6% 1977–82	102	102	5 17 6e
107[3/8]	104[1/4]	New Zealand 6% 1976–80	104[1/2]	104[1/2]	5 12 0e
101[7/8]	93	Rhodesia and Nyasaland 6% 1976–79	95	95	6 14 0†
74[1/4]	69[1/2]	Southern Rhodesia 2½% 1965–70	71[1/2]	71[1/2]	6 0 0†
		CORPORATION AND PUBLIC BOARDS			
103[1/2]	100[7/16]	Agricultural Mortgage 5½% 1980–85	101[3/4]	101[1/2]	5 9 3e
104[1/4]	102[1/4]	Birmingham 5¾% 1974–76	103	102	5 13 9e
94[1/2]	92[1/8]	Bristol 3% 1968–63	93[1/2]	93[1/2]	5 2 7†
98[1/2]	94[1/2]	Glasgow 4½% 1966–68	95[1/4]	95[1/4]	5 3 0†
101[1/8]	99[1/4]	Corporation of London 3½% 1927	101[1/4]	101	5 5 0e
57	53[1/4]	L.C.C. 3% ..... after 1920	53	53	5 12 0†
64[1/2]	60[1/4]	Metropolitan Water Board 'B' 3% .. 1934–2003	60[3/8]	60	5 7 0†
		FOREIGN BONDS			
113[1/4]	101[1/4]	German 7% 1924 (British Enfaced 5%)	112	113[1/4]	...
198[1/2]	177	German 5½% 1930 (Enfaced 4½%)	196	193[1/2]	...
48	23[1/4]	Greek 7% Refugee 1924	41[1/2]	38[1/4]	Nil
169[1/4]	157	Japan 5% (Enfaced) 1907	157	158[3/4]	...
118[1/4]	112[3/4]	Japan 6% (Enfaced) ..... after 1924	113	113	...
59	55	Uruguay 3½% Bonds (Assented)	56[1/2]	56[1/2]	...

NEW YORK CLOSING PRICES

	Sept. 16 $	Sept. 23 $		Sept. 16 $	Sept. 23 $		Sept. 16 $	Sept. 23 $
Ach. Topeka.....	26[3/4]	26[1/4]	Boeing	31[1/4]	30	Inter. Nickel.....	95[1/4]	91[7/8]
Can. Pacific	26[5/8]	26[1/2]	Celanese	27[1/4]	26	Inter. Paper.....	126[1/2]	124[1/4]
Pennsylvania	16[1/4]	16[1/4]	Chrysler	65[1/8]	62[1/2]	Kennecott.....	95[1/8]	94[5/8]
Union Pacific....	30[5/8]	30[1/4]	Col. Palmolive ...	37	37[1/2]	Monsanto	48[1/4]	48[5/8]
Amer. Electric....	46[1/2]	46[3/8]	Crown Zeller....	54[3/4]	53[1/4]	Nat. Distillers ...	29[3/4]	29[1/4]
Am. Tel. & Tel....	76[1/8]	76[1/4]	Distillers Seag....	32	33[1/8]	Pan-American....	22[3/4]	23[1/8]
Cons. Edison	60[7/8]	61	Douglas	46	42[7/8]	Procter Gamble.	83[1/4]	81[1/4]
Int. Tel. & Tel....	32[1/8]	32[1/4]	Du Pont	249	246	Radio Corpn....	58	56[5/8]
Standard Gas....	9[3/8]	9[5/8]	East. Kodak.....	89[5/8]	85[3/8]	Sears Roebuck ..	49[1/4]	47[3/8]
United Corpn....	8[1/4]	7[7/8]	Ford Motor.....	80	80	Shell Oil	74[3/4]	72[1/2]
Western Union..	37[1/4]	36[7/8]	Gen. Electric	77	76[7/8]	Socony-Mobil	42	40[7/8]
Alcoa	107[1/2]	108[1/4]	General Foods ..	95[1/2]	93[3/8]	Stand. Oil Ind....	44[1/2]	42[1/2]
Aluminium.....	32[1/4]	32[3/8]	General Motors ..	54[1/2]	53[3/8]	Stand. Oil N.J....	50	49[3/8]
Amer. Can.	43	42[5/8]	Goodyear	128[1/2]	126[1/2]	20th Cent. Fox..	31[3/4]	32
Am. Smelting....	42[3/8]	43	Gulf Oil.....	108[5/8]	114[1/2]	Union Carbide..	134[1/4]	134
Am. Viscose	44[1/2]	43[1/2]	Heinz.....	77	77[1/2]	U.S. Steel	103	102
Anaconda.....	60[1/2]	60[1/8]	Int. Bus. Mach....	409[1/2]	401	West. Electric....	89[7/8]	88[3/8]
Beth. Steel	56[1/2]	55[3/8]	Int. Harvester....	48[5/8]	48[7/8]	Woolworth.....	58[1/4]	58[3/8]

* Ex dividend. † Tax free. ‡ Assumed average life 9 years. § Less tax at 7s. 9d. in £. ‖ Ex capitalisation. ‖ Ex rights. ‡‡ Ex all. (a) Interim dividend. (b) Final dividend. (c) Year's dividend. (d) Capital distribution 1s. 6d. per share. (e) To earliest date. (f) Flat yield. (g) Equivalent to 7·2 sterling. (h) After Rhodesian tax. (t) To latest date. (p) Assented stock.

YORK STOCKS

Prices, 1959 High	Prices, 1959 Low	Last Two Dividends (a) (b) (c)		ORDINARY STOCKS	Price, Sept. 16, 1959	Price, Sept. 23, 1959	Yield, Sept. 23, 1959
		%	%	**STEEL AND ENGINEERING**			
55/-	44/6[3/4]	5 b	5 a	Colvilles £1	39/4½	38/7½	7·25
53/7½	40/3	10 c	5 a	Dorman Long £1	53/6	53/6	3·74
72/6	60/11½	13½ c	7½ a	Hadfields £1	67/9	68/-	4·41
72/3	54/-	10 c	5 a	Samuel (H.) £1	33/9	33/9	6·11
59/6	37/9	10 c	5 a	Sheffield Steel £1	48/9	48/9	4·10
69/-	54/3	9½ b	8½ a	Stewarts & Lloyds £1	61/6	62/3	4·50
25/6	17/-	16 c	8 a	Summers 5/-	21/7½	21/10½	3·66
54/6	31/7½	—	—	Thos. Summers 10/-	53/3	53/11½	2·82
84/9	67/6	9 b	8 a	Thos. Summers (New)	81/-	80/6	4·22
44/-	37/9	5 b	4 a	United Steel £1	42/6	42/9	4·21
50/6	43/9	7½ a	7½ b	John Brown £1	48/6	48/6	6·19
£34[3/8]	£27[5/8]	$2·10c	$2·25c	Clarke Chapman 10/-	38/9	39/-	4·87
£23[1/2]	£18[7/16]	$1·60c	$1·65c	Cammell Laird 5/-	7/10½	7/11½	9·02
41	30[1/2]	9 c	9 c	Head Wrightson £1	29/3	30/3	6·61
40/-	32/3	6 b	4 a	Samuel Fox £1	30/6	27/6	7·27
				MOTORS AND AIRCRAFT			
				Associated Portland £1	63/3	62/-	3·10
36/-	28/4½	5 b	2½ a	British Plaster Board 10/-	23/-	22/7½	4·42
47/3	41/3	7 b	6¼ a	Richard Costain 5/-	13/6	13/-	4·00
59/6	49/-	6¼ b	6¼ a	Cristall Manufacturing 5/-	12/3	12/11½	6·18
				London Brick £1	84/6	84/6	4·02
52/6	40/9	18½ a	21¾ b	Wall Paper Defd. £1	91/-	90/-	4·07
170/-	127/6	12½ a	15 b	**CHEMICALS AND PAINT**			
207/6	160/-	†32·35c	†41·17c	Albright & Wilson 5/-	28/10½	28/4½	3·00
300/-	192·6	40 a	60 b	Borax Defd. 5/-	18/6	17/7½	2·43
129/6	112·6	50 b	20 a	Brit. Ind. Plastics 2/-	8/-	8/-	5·00
270/-	210/-	†14½ c	†16½ c	Fisons £1	56/-	55/9	4·30
86/-	59/11½	10 b	8 a	I.C.I. £1	42/6	42·4½	3·78
38/3	16·2¼	8¼ b	7½ a	International Paints 4/-	14·4½	14/6	5·52
39/9	18·7½	8½ b	8½ a	Monsanto 5/-	19·4½	18·4½	3·67
186/-	113/6	4 a	21 b	Pinchin Johnson 10/-	23/9	23/3	7·17
41/9	34/9	10 a	25 b	**ELECTRICAL AND RADIO**			
16/4½	12/6	10 c	10 c	A.E.I. £1	60/3	60/-	5·00
23/9	19/3	2 a	4½ b	B.I.C.C. £1	52/6	51/3	5·27
22/-	14/7½	4¼ a	4¼ b	Decca Record 5/-	42·4½	42/-	4·76
				E.M.I. 10/-	53/9	52/3	3·83
36/7½	22/6	15 c	18 c	English Electric £1	43/6	42/9	4·36
39/6	23/4½	14 a	10 b	General Electric £1	39/9	39/-	5·13
21/3	14/7½	11 b	6 a	Pye Defd. 5/-	14/10½	14/9	4·24
64/9	54/-	18 b	10 a	A. Reyrolle £1	91/-*	92/-*	3·80
17/-	12·7½	10 b	4 a	**MOTORS AND AIRCRAFT**			
77/-	38/9	6¾ b	3¾ a	British Motor 5/-	17/-	16/9¾	4·68
123/9	100/-	17 b	8 a	Ford Motor £1	78·4½	79·7½	2·01
59/7½	51/4½	†17½ c	†10½ a	Leyland Motor £1	58/9	59/3	4·22
52/6	36/6	20 b	5 b	Rootes Motors 5/-	13/-	13/-	2·46
59/-	54/3	12½ b	8½ a	Standard Triumph..... 5/-	7·11¼‡‡	6/10[1/4]‡‡	6·54
				Dunlop Rubber 10/-	24/-	24/-	5·42
25/6	19/3	3½ a	9¾ b	Joseph Lucas £1	53/9	53/6	3·74
55/-	44/3	5 b	2½ a	Pressed Steel 5/-	30/9	31/9	3·94
32/-	23·7½	7½ a	17½ b	Triplex Holdings 10/-	68/6	68/6	4·38
69/-	48/11½	20 c	30 c	Bristol Aeroplane..... 10/-	8/10½	8/6	11·76
				De Havilland £1	13/3	13/-	
20·9	13/-	7½ c	Nil	Dowty Group 10/-	37/3	37/9	4·99
45·0½	34·9	15 a	16½ b	Hawker Siddeley £1	28/10½	27/4½	7·31
34/-	27/-	7 b	3 a	Rolls-Royce £1	43,6	42/-	4·76
53/11½	41/3	21 a	7½ b	**PAPER AND NEWSPAPERS**			
50·11½	44/6	12½ c	5 a	Bowater Paper £1	55/-*	54/-*	4·63
54·9	42·6	5 a	5 b	Albert E. Reed £1	45/-	43/6	6·44
32·9	22/-	3 a	5 b	Spicers £1	24/6	24/-	6·67
25/3	21/-	10 a	15 b	Daily Mirror 'A' 5/-	22/3	22/-	5·68
32/-	24/6	12½ a	12½ b	Odhams Press 10/-	31/6	30/6	5·74
29/-	22/-	2½ a	7½ b	**TEXTILES**			
28·4½	18·3	5 a	5 b	J. & P. Coats £1	28/7½	28/3	7·08
53/6	35/4½	12½ b	5 a	Fine Spinners £1	26/9	26/6	7·55
50/7½	35/4½	2½ a	13½ b	Lancashire Cotton £1	51/-	51/6	6·80
6/9¾	4/3	10 c	8 c	Patons & Baldwins £1	50/11½	50/11½	6·38
63/-	50/-	10 b	5 a	Salts (Saltaire) 5/-	6/3¾	6/3¾	6·34
19/11½	14/7½	Nil c	3 a	Woolcombers £1	63/-	62/3	4·82
50/11½	37/-	22½ c	22½ c	Bradford Dyers £1	17/6	16/11½	...
42/-	31/3	3 a	6¾ b	Calico Printers £1	47/9	46/6	9·68
14/6	10/-	10 b	7½ a	Courtaulds £1	40/3	39·10½	4·85
35/6	24/6	7½ c		Jute Industries 10/-	13·9	13/9	9·45
				Tootal £1	27/-	26/3	5·71
16/3	19·7½	16 c	3 a	**DRAPERY AND STORES**			
35/-	27/9	10 b	5 a	Boots Pure Drug 5/-	24/10½	25/3	3·17
46/3	31/6	7½ a	27½ b	Debenhams 10/-	34/4½	34·3	4·38
149/3	74/6	12½ b	10 a	G.U.S. 'A' 5/-	44/4½	43·4½	4·03
45/9	31/9	40 c	15 a	Harrods £1	147/-p	146/-	3·08
24/6	16/3	16 c	7½ a	House of Fraser 5/-	36·3½	35/9	5·59
52/6	41·4½	10·42a	20·83b	Lewis's Investment 4/-	24/3	23/3	2·75
42/9	32/7½	12½ a	22½ b	Marks & Spencer 'A' 5/-	60/-	61/6	2·54
56/4½	47/3	26¾ b	13½ a	United Drapery 5/-	41·3	41·11½	4·26
				Woolworth 5/-	51/7½	51/11½	3·91

Prices, 1959 High	Prices, 1959 Low	Last Two Dividends (a) (b) (c)		ORDINARY STOCKS	Price, Sept. 16, 1959	Price, Sept. 23, 1959	Yield, Sept. 23, 1959
		%	%	**BANKING**			
55/-	44/6[3/4]	5 b	5 a	Barclays £1	51/-‖	50/9‖	3·94
53/7½	40/3	10 c	5 a	Lloyds £1	53/6	53/6	3·74
72/6	60/11½	13½ c	7½ a	Midland £1	67/9	68/-	4·41
72/3	54/-	10 c	5 a	National Provincial £1	71/-	71/6	3·36
59/6	37/9	10 c	5 a	Westminster 'B' £1	48/9	48/9	4·10
69/-	54/3	9½ b	8½ a	District	61/6	62/3	4·50
25/6	17/-	16 c	8 a	Martins	21/7½	21/10½	3·66
54/6	31/7½	—	—	Nat. Comm. Bk. Scot. 10/-	53/3	53/11½	2·82
84/9	67/6	9 b	8 a	Royal Bank of Scotland £1	81/-	80/6	4·22
44/-	37/9	5 b	4 a	Barclays D.C.O. £1	42/6	42/9	4·21
50/6	43/9	7½ a	7½ b	Chartered Bank £1	48/6*	48/6*	6·19
£34[3/8]	£27[5/8]	$2·10c	$2·25c	Royal Bank of Canada $10	£28[3/4]	£30[1/4]	2·79
£23[1/2]	£18[7/16]	$1·60c	$1·65c	Bank of Montreal $10	£19[7/16]	£20[1/2]	3·02
41	30[1/2]	9 c	9 c	Bank of New South Wales ..£20	38[1/2]	38[1/2]	3·25
40/-	32/3	6 b	4 a	Bank of London & S. Amer..£1	40/-	40/-	5·00
				FINANCIAL			
36/-	28·4½	5 b	2½ a	Alexanders £1	31/3	31/6	4·76
47/3	41/3	7 b	6¼ a	National Discount 'B' £1	44/9	45/9	5·46
59/6	49/-	6¼ b	6¼ a	Union Discount £1	50/-	51/-	4·90
52/6	40/9	18½ a	21¾ b	Commercial Union 5/-	48/6	47/-	4·26
170/-	127/6	12½ a	15 b	Employers Liability £1	160/-	162·6	3·39
207/6	160/-	†32·35c	†41·17c	Equity & Law 8/6	191/3	189·9	3·03
300/-	192·6	40 a	60 b	Legal & General 5/-	270/-	277·6	1·80
129/6	112·6	50 b	20 a	Pearl 5/-	130/6	123/-	4·66
270/-	210/-	†14½ c	†16½ c	Prudential 'A' 4/-	252/6	255/-	4·17
86/-	59/11½	10 b	8 a	Royal Exchange £1	83/6*	83/6*	3·83
38/3	16·2¼	8¼ b	7½ a	Bowmaker 5/-	36/3	35/-n	3·57
39/9	18·7½	8½ b	8½ a	Lombard Banking 5/-	36/3*	35·1½*	2·42
186/-	113/6	4 a	21 b	U.D.T.	178/-	177/6	2·82
41/9	34/9	10 a	25 b	B.E.T. 'A' Defd. 5/-	37/3	36/9	4·76
16/4½	12/6	10 c	10 c	Cable & Wireless 5/-	15/9	15·9	3·17
23/9	19/3	2 a	4½ b	Land Securities 10/-	23/3	22·7½	2·87
22/-	14/7½	4¼ a	4¼ b	London & County 10/-	20/3	20/-	4·17
				FOOD, DRINK AND TOBACCO			
36/7½	22/6	15 c	18 c	Allied Bakeries 'A' 5/-	30/-	29/6	3·05
39/6	23/4½	14 a	10 b	Beecham Group 5/-	38/-	38/1½	3·15
21/3	14/7½	11 b	6 a	International Tea 5/-	10/9	11/-	4·54
91/-	69/-	5 a	9¼ b	J. Lyons 'A' £1	76/3	76/3	3·72
22/-	18/10½	2½ a	5 a	Ranks 10/-	20/6	19·10½	5·03
27/6	18/11½	12½ b	5 a	Schweppes 5/-	24/6	24/3	3·61
51/-	42/-	13½ b	5 a	Tate & Lyle £1	47/6	46/3	4·54
14/10½	10/10½	...	...	Unigate 5/-	13/9	13/6	3·70
61/-	43/9	36 b	10 a	Bass 5/-	57/6	58/6	3·93
28/9	23·10½	4 a	8½ b	Distillers 10/-	28/6	28/-	4·46
21/3	14/7½	11 b	6 a	Flowers 5/-	20·9¶	20·6¶	4·15
64/9	54/-	18 b	10 a	Guinness 10/-	64/6	63/-	4·44
17/-	12·7½	10 b	4 a	Ind Coope & Allsopp..... 5/-	16/-	15·7½	4·48
77/-	38/9	6¾ b	3¾ a	Watney Mann Defd..... £1	74/3	70/6	4·26
123/9	100/-	17 b	8 a	Whitbread 'A' £1	121/3	123/9	4·04
59/7½	51/4½	†17½ c	†10½ a	British Amer. Tobacco 10/-	56/3	57/-	5·01
52/6	36/6	20 b	5 b	Gallaher 10/-	52/-	51/6	4·85
59/-	54/3	12½ b	8½ a	Imperial Tobacco £1	57/6	58/-	7·24

Prices, 1959 High	Prices, 1959 Low	Last Two Dividends (a) (b) (c)		ORDINARY STOCKS	Price, Sept. 16, 1959	Price, Sept. 23, 1959	Yield, Sept. 23, 1959
		%	%	**MISCELLANEOUS**			
50/9	37/9	20 a	40 b	Assoc. Brit. Picture 5/-	41/10½	41/6	7·23
38/9	28·7½	8½ a	5 b	British Match £1	36/-	35/3	4·73
67/9	49/5	18 b	4 a	British Oxygen £1	66/6	65/3	3·68
9/9	8·3¼	18 c	6 a	British Ropes 2/6	9/6	9/6	4·63
53/3	35/9	7½ b	5 a	Glaxo 10/-	46/6	45/-	2·89
81/3	56·4½	50 b	10 a	Hoover 'A' 5/-	77/9	78/6	3·82
232/6	172/6	6·04d	26·14b	Hudson's Bay £1	206/3	211/3	3·05
14·3	10/-	5 c	10 c	Rank Organisation 5/-	11·2½	11/10½	4·21
19/9	13/-	18 c	20 c	Sears 'A' 5/-	19·6	19/-	5·26
15/11½	11·3¾	6¼ a	7 b	Thomas Tilling 4/-	14·7½	14/9	3·39
84·9	69·4½	10 b	5 a	Turner & Newall £1	81·3	81/3	3·69
118/-	86·7½	8½ b	8½ a	Unilever £1	112·6	111/-	3·03
11/11½	9·9	10·4 c	3¼ a	United Glass 5/-	10·7½	10·7½	4·89
39/3	31/9	14½ a	10½ b	United Molasses 10/-	38/3	36/6	6·36
				OIL			
58/6	49/-	†8¾ c	†3¼ a	British Petroleum £1	51·9*	52/9	5·42
49/-	37·9	†2½ a	14¾ b	Burmah Oil £1	43·3	45/-	4·99
£17[3/4]	£14[5/8]	7½ a	17½ b	Royal Dutch ..... 20 fl.	£15[3/8]	£15	3·15
153/-	131/-	15 a	†139 b	Shell Transport £1	145/-	143/-	4·28
73·6	53·9	...	...	Ultramar 10/-	58·3	58·3	...
50/-	35·6	7½ a	15 b	Wakefield C.C. 10/-	45/-	44·9	5·03
				SHIPPING			
46/6	36/6	6½ a	13½ b	Brit. & Commonwealth 10/-	41/-	40·9	4·91
20/6	17·3	10 c	8 c	Cunard £1	19/-	18·9	8·53
39·6	29·6	10 c	10 c	Furness Withy £1	38·6	38/-	5·26
20·6	14·9	10 a	10 b	London & Overseas 5/-	17·9	17·6	5·71
39/-	31/6	3 a	8 b	P & O Defd. £1	37·9	37·9	5·83
17·9	13/3	5 c	2½ c	Reardon Smith 10/-	15·3	15·6	1·61
25/9	19/-	7½ c	8 c	Royal Mail £1	22/-	21/9	7·36
				MINES			
203/6	165/-	20 a	60 b	Anglo-American 10/-	202/6	198/9	4·03
147/6	113/9	10 a	20 b	General Mining £1	145/-	140/-	4·29
74·9	49·4½	40 a	100 b	Union Corporation 2/6	71/-	69/6	5·04
33·4½	27/-	50 b	45 a	Daggafontein 5/-	27·4½	27·4½	17·35
198/11½	111/10½	70 a	90 b	Free State Geduld 5/-	184·4½	175/-	4·57
71/6	56/9	35 b	35 a	Hartebeestfontein 10/-	63/6	60/6	11·57
75·4½	61/10½	50 a	60 b	President Brand 5

Continued from page 1061

reorganised and the issued capital now totals £575,000—£150,000 in 15 per cent cumulative preference shares now quoted at 14s. and the rest in 2s. 6d. ordinary shares currently standing at 9s. 9d. The loss on trading has been reduced from £931,718 to £24,341 and the loss before tax of £68,317 has arisen almost entirely from the clearing up of the sale of Pooles. A new subsidiary, Walker and Penistans, has been added to Murray Toll and Oxleys department store, all of which are operating satisfactorily. Ordinary shareholders receive no dividend and will not do so until 1961, but the prospects before the group now seem to be brighter. The chairman, Mr S. R. Hogg, is clearly confident of future progress and he remarks that past experience has no bearing on the activities or prospects on the group as it is now constituted.

Following the sale of Pooles the fixed assets of the group have shrunk from £878,545 to £205,585 with trading assets also correspondingly lower. The sale, however, has led to an improvement in liquid resources, which have risen from a little more than £500,000 to £1,425,000; the company is thus well-equipped for expansion. Mr Hogg is convinced that "with patience and care the shareholders can look forward to the building up of a new sound, well-managed and prosperous group."

SOUTH AFRICAN DRUGGISTS

No fewer than ten separate documents are included in a package of papers sent this week to shareholders in the Standard Finance Corporation of South Africa; the South African Druggists Limited; Incorporated Industries Limited; and Banfield Land and Investments Limited. The chairmen of all these companies is Mr Wolf Heller. They refer to offers by Standard Finance to take over Banfield Land and Investments, the cumulative preference shares in S.A. Druggists, and minority holdings of ordinary shares in S.A. Druggists. Standard Finance at present owns 1,021,729 5s. ordinary shares in S.A. Druggists and its bid is for the remaining 959,271. The terms of its offer are interesting: for every ten 5s. ordinary shares in S.A. Druggists Standard Finance will pay 5os. in cash, plus ten "B" ordinary (non-voting) 5s. shares in Standard Finance, plus six Standard Finance 6½ per cent £1 cumulative redeemable preference shares. Shareholders who accept the offer will thus lose their voting rights in the fast-growing Heller group. They will not be paid any dividend declared for S.A. Druggists for the year ending October 31, 1959, nor will they be paid any dividend on their new ordinary shares in Standard Finance for the same period. Giving the proposed new 6½ per cent preference shares a possible market value of 14s., the minority shareholders in S.A. Druggists may realise a capital gain of over £2 on every ten shares under the terms of the offer. After a year they will also be earning higher dividends than they would have earned if they had been paid a dividend this year—which they will not be. The dividend from S.A. Druggists which they will not get is worth, at 22½ per cent, 11s. 3d. on ten shares. This compares with 7s. 9d. from the mooted new preference shares, plus an estimated ten per cent (5s.) on the new non-voting ordinary shares, plus 2s. 9d. on an estimate made in the offer that 5½ per cent would be earned from investing 5os. shareholders will receive in cash. In total that makes 15s. 6d.

INVESTMENT TRUST MERGERS

MERGERS between investment trusts usually take place between members of the same management stable. The benefits to be derived from such mergers are in economies secured by eliminating separate balance sheets and in being able to post single dividend warrants. Where the issued capital of one of the trusts is under £1 million the economies can be particularly marked. Shares in the smaller investment trusts often have very narrow markets and the mergers can help in widening them.

Lake View Investment Trust is to merge with **Northern Stockholders Investment Trust**, both these companies being under the same management. Following the merger Northern Stockholders will be liquidated and its activities absorbed into the Lake View group. Shareholders in Northern Stockholders will be offered 95 5 per cent cumulative preference shares of £1 each for every 100 Northern 4½ per cent cumulative preference shares of £1 each and 225 Lake View 10s. ordinary shares will be offered for every 200 Northern £1 ordinary shares.

As was forecast earlier in the year, **Second Scottish Western Investment Trust** is proposing to acquire all the assets and obligations of **Second Clydesdale Investment Trust** on a share exchange basis. Holders of Second Clydesdale preference shares will receive 21 5 per cent cumulative preference £1 shares in Second Scottish Western for every £20 of preference held. Ordinary shareholders will receive seven Second Scottish 5s. ordinary shares for every six 5s. ordinary units. Debenture holders in Second Clydesdale will receive the same nominal amounts of identical debentures in Second Scottish Western. The newly constituted group will be named the Caledonian Trust.

Imperial Colonial Investment Trust is offering 102 of its 5s. ordinary units for every 100 5s. ordinary units of **Bieckert Investment Trust**. The Biecherts ordinary shares will be purchased ex the dividend of 3¼ per cent if the merger goes through, but the new Imperial shares will not participate in the second interim of 7 per cent which is to be paid by Imperial for the year ending September 30th. If the merger is effective the financial year-end of Imperial will be changed to May 31st. A dividend of 9¼ per cent per annum is forecast, so that for the eight months period to May, 1960, a payment of 6¼ per cent is likely. Existing ordinary shareholders in Imperial are to receive a 25 per cent scrip issue.

London Stock Exchange

FIRST DEALINGS:	Sept. 16	Sept. 30	Oct. 1
LAST DEALINGS:	Sept. 29	Oct. 13	Oct. 27
ACCOUNT DAY:	Oct. 6	Oct. 20	Nov. 3

TRADING has been becoming quieter in the stock market as the date of the general election approaches. Until the end of last week, however, the tone in equity markets was firm, reflecting investors' confidence in the Government's election prospects. This week opened uncertainly, mainly on account of a new election poll which showed that the gap between the two parties was narrowing. The Jasper affair also had its effect and with Wall Street still declining the market became much quieter and the tone more uncertain. On Wednesday, however, with the Wall Street slide halted and with new time dealings beginning for the account which includes the election prices picked up.

The quiet tone of the previous week continued in gilt-edged stocks. At first many small gains were recorded, but on Monday after opening steadily an easier tendency developed, with small selling increasing. Price changes in the week to Wednesday were slight; short-dated stocks tended to fare better than the others and 4½ per cent Conversion 1962, for example, improved ⅞ to 100½. Undated stocks tended to decline slightly, 3½ per cent War Loan slipping from 65 to 64⅞. Corporation and Dominion stocks remained fairly firm. There was increased activity in Canadian dollar stocks, and particularly in Canadian bank shares, Royal Bank of Canada improving from 28⅝ to 30¼.

The Economist Indicator of ordinary shares lost 2.8 points to 289.5 over the week. Steels, not unnaturally, were very active and moved with the forecast fortunes of the Conservative party. Press comment put most leading issues up at the end of last week, but on Monday losses extended to 2s. 6d. Thereafter the individual steel share prices fluctuated widely, though new time buying brought a firmer tone. Over the period United Steel lost 2s. to 40s. 9d. and John Summers 3s. 6d. at 41s. Elsewhere, among industrials, breweries were lower; Watney Mann lost 3s. 9d. to 70s. 6d. Stores shares were quiet with some slight losses. Market leaders generally showed net losses over the period, though ICI managed to score a net rise of 1½d. to 42s. 4½d. in front of the interim dividend. Property shares were subdued under the influence of the Jasper affair, but the better companies stood up remarkably well. Town Investments was a good feature rising from 93s. 6d. to 109s., after touching 112s. on the announcement of the proposals for a share split and scrip issue.

Elsewhere in the market conditions have also been quiet. Oil shares reacted in sympathy with the rest of the market and with the decline on Wall Street, except for Ultramar which once again came under speculative influences and improved from 54s. 3d. to 58s. 3d. With little demand from the Cape, gold shares were dull, FS Geduld, in particular, lost 8s. 9d. to 175s.

Money and Exchanges

EXCHEQUER RETURNS

For the week ended September 19, 1959, there was an "above-line" deficit (after allowing for sinking funds) of £12,744,000 compared with a deficit in the previous week of £18,364,000 and a deficit of £45,322,000 in the corresponding period of last year. There was a net expenditure "below-line" of £20,769,000 leaving a total cumulative deficit to date of £453,929,000 compared with £429,191,000 in 1958–59.

£'000	Estimate 1959-60	April 1, 1958, to Sept. 20, 1958	April 1, 1959, to Sept. 19, 1959	Week ended Sept. 20, 1958	Week ended Sept. 19, 1959
Ord. Revenue					
Income Tax	2147,000	634,746	638,091	18,136	20,390
Surtax	171,000	36,400	37,200	1,000	900
Death Duties	195,000	85,100	10,500	3,800	2,700
Stamps	68,000	25,700	40,500	1,100	1,600
Profits tax, EPT and EPL	274,000	136,600	131,700	6,800	6,000
Other Inland Revenue Duties	1,000	120	50	...	...
Total Inland Revenue	2656,000	918,666	952,541	30,836	31,590
Customs	1285,500	610,981	644,309	24,342	28,930
Excise	861,500	434,520	424,475	3,830	3,845
Total Customs and Excise	2150,000	1045,501	1068,784	28,172	32,775
Motor Duties	104,000	22,040	22,277	115	...
PO (Net Receipts)	...	...	...	Dr. 2,600	...
Broadcast Licences	35,000	9,400	9,700	...	...
Sundry Loans	30,000	22,275	26,779	...	...
Miscellaneous	150,000	32,993	59,690	7,729	3,277
Total	5325,000	2050,876	2139,765	64,252	67,642
Ord. Expenditure					
Debt Interest	600,000	326,975	290,099	22,166	13,169
Payments to Northern Ireland Exchequer	79,000	30,990	33,758	...	...
Other Consolidated Funds	10,000	4,127	3,934	8	127
Supply Services	4523,531	1873,604	1942,831	87,250	66,200
Total	5212,531	2235,696	2270,622	109424	79,496
Sinking Funds	39,000	17,863	17,660	150	890
"Above-line" Surplus or Deficit	...	...	...	...	...
		202,683	148,517	45,322	12,744
"Below-line" Net Expenditure*		226,508	305,412	4,007	20,769
Total Surplus or Deficit		429,191	453,929	49,319	33,513
Net receipts from:					
Tax Reserve Certificates		129,777	82,160	2,089	555
Savings Certificates		55,300	42,000	8,200	600
Defence Bonds		35,219	69,622	3,948	2,712
Premium Savings Bonds		31,665	25,250	1,100	630
Total		251,961	219,032	15,337	4,497

* Net receipts of the Civil Contingencies fund £10 million in 1959/60 compared with £15 million in 1958/59.

FLOATING DEBT

(£ million)

	Treasury Bills: Tender	Treasury Bills: Tap	Ways and Means Advances: Public Dept.	Ways and Means Advances: Bank of England	Total Floating Debt
1958					
Sept. 20	3,270·0	1,704·4	167·5	...	5,141·9
1959					
June 20	3,060·0	2,022·3	288·9	...	5,371·2
,, 30	5,103·8		286·1	...	5,389·9
July 4	3,070·0	2,091·8	290·0	...	5,451·9
,, 11	3,080·0	2,133·9	269·7	0·3	5,483·9
,, 18	3,070·0	2,125·9	257·7	...	5,453·6
,, 25	3,090·0	2,132·3	234·9	...	5,457·2
Aug. 1	3,110·0	2,319·0	221·9	...	5,490·9
,, 8	3,130·0	2,076·1	234·5	...	5,440·6
,, 15	3,160·0	1,928·7	240·9	...	5,329·6
,, 22	3,220·0	1,836·7	247·1	...	5,303·9
,, 29	3,250·0	1,891·2	214·5	3·0	5,358·7
Sept. 5	3,260·0	1,886·4	247·1	1·3	5,394·8
,, 12	3,280·0	1,911·0	227·1	3·8	5,421·9
,, 19	3,310·0	1,911·6	232·0	...	5,453·6

THE MONEY MARKET

THREE separate tenders had to be submitted at last Friday's Treasury bill tender to straddle the Christmas holiday. For 91-day bills the syndicate maintained its bid at £99 2s. 7d. and received a quota of 47 per cent at this price. For 90- and 92-day bills the market got a full allotment; its average allotment was probably about 56 per cent compared with 51 per cent the previous week. The average discount rate on the whole allotment of £290 million was slightly lower at £3 9s. 8.13d.

In New York the discount rate on 91-day bills fell, for the first time in six weeks, from 4.166 per cent to 3.958 per cent: the rate on 182-day bills was also slightly lower at 4.766 per cent.

Some improvement in credit conditions in London took place at the end of last week, but on Monday lack of fresh funds led to difficult credit conditions and the authorities gave a fairly large amount of assistance. Rates for overnight money have ranged up to 3¾ per cent, and bills continue to change hands with the clearing banks at 3 27/64 per cent and elsewhere at 3½ per cent.

MONEY RATES

LONDON

	%		%
Bank rate (from 4th Sept., 20 11/58)	4	**Discount rates:**	
Deposit rates (max.):		Bank bills:	
60 days		60 days	3⅝–3⅝
Banks	2	3 months	3⅝–3⅝
Discount houses	2–2¼	4 months	3⅝–3⅝
Money:		6 months	3⅝–3 11/16
Day-to-Day	2⅜–3¼	Fine trade bills:	
Treasury Bills:		3 months	4⅛–5
2 months	3 15/32	4 months	4⅛–5
3 months	3½	6 months	4⅛–5⅛

NEW YORK

	%		%
Official discount rate: (from 3½%, 10 9 59)	4	**Treasury Bills:**	
		September 14	4·166
		,, 18	3·958

THE BANK OF ENGLAND RETURNS

(£ million)	Sept. 24, 1958	Sept. 16, 1959	Sept. 23, 1959
Issue Department:			
Notes in circulation	2,013·1	2,109 0	2,102 9
Notes in banking dept.	37·2	16·4	22 5
Govt. debt and securities*	2,046·3	2,121 8	2,121 7
Other securities	0·7	0·7	0 8
Gold coin and bullion	0·4	0 4	0 4
Coin other than gold coin	3·0	2·5	2·5
Banking Department:			
Deposits:			
Public accounts	13·7	11·6	13 4
Bankers	241 5	253 4	252 9
Others	73 4	64 3	64 3
Total	328·6	329 3	330 6
Securities:			
Government	270·2	296·7	298 7
Discounts and advances	18·0	11 5	4 6
Other	20·4	22 4	22 5
Total	308·6	330 6	325 8
Banking department reserve	38·6	17·2	23 2
	%	%	%
"Proportion"	11·7	5·2	7 0

* Government debt is £11,015,100, capital £14,553,000. Fiduciary issue reduced by £25 million to £2,025 million on September 16th.

TREASURY BILL TENDERS

Date of Tender	Amount (£ million) Offered	Applied for	Allotted	Three Months Bills Average Rate of Allotment	Allotted at Max. Rate*
				s. d.	%
1958					
Sept. 19	270·0	413·7	270·0	71 9 20	68
1959					
June 19	240·0	410·5	260·0	69 0 40	51
,, 26	260·0	405·7	260·0	69 0 52	53
July 3	260·0	409·5	260·0	69 0 06	49
,, 10	260·0	431·2	260·0	69 0 22	43
,, 17	250·0	409·9	240·0	69 0 16	46
,, 24	230·0	389·2	230·0	69 0 13	43
,, 31	220·0	385·1	210·0	69 8 18	23
Aug. 7	230·0	368·8	230·0	69 7 97	52
,, 14	250·0	407·2	250·0	69 8 13	44
,, 21	260·0	414·3	260·0	69 8 39	49
,, 28	270·0	413·4	270·0	69 9 03	61
Sept. 4	290·0	396·4	290·0	69 9 53	80
,, 11	290·0	423·5	290·0	69 8 47	51
,, 18	290·0	428·5	290·0	69 8 13	56

* On September 18th tenders for 91 day bills at £99 2s. 7d. secured 47 per cent, higher tenders being allotted in full. The offer this week was for £290 million of 91 day bills.

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

	Official Rates: September 23	Market Rates: Spot: September 17	September 18	September 19	September 21	September 22	September 23
United States $	2·78–2·82	2·80⅝–½	2·80½–⅝	2·80½–⅝	2·80⅛–¼	2·80⅛–¼	2·80⅛–¼
Canadian $	...	2·66⅛–¼	2·66 5/16–7/16	2·66 5/16–7/16	2·66⅛–¼	2·66 5/16–7/16	2·66 5/16–7/16
French Fr.	13·622–14·027	13·75–¾	13·76–¼	13·75–76⅛	13·76–¼	13·77⅛–⅜	13·78–¼
Swiss Fr.	11·94–12·54⅛	12·13–¼	12·13–¼	12·12⅝–13⅛	12·13–¼	12·13–⅜	12·14–¼
Belgian Fr.	137·96–142·05	140 32½–37½	140 35–40	140 35–40	140 32½–37½	140 35–40	140 35–40
Dutch Gld.	10·48–10·80	10·59⅜–60	10·59⅜–60	10·59⅜–60	10·59⅜–60	10·59⅜–60	10·59⅜–60
W. Ger. D-Mk.	11·59¼–11·92½	11·73⅛–⅜	11·73⅛–⅜	11·73⅛–⅜	11·73⅛–⅜	11·73⅛–74	11·73⅛–74
Portug. Esc.	79·00–82·50½	80 15–30	80 15–30	80 15–30	80 15–30	80 15–30	80 15–30
Italian Lire	1725–1775	1740½–41¼	1740½–41¼	1740½–41¼	1740½–41¼	1741⅛–⅜	1741⅛–⅜
Swedish Kr.	14·37½–14·59¼	14·51⅛–⅜	14·51⅛–⅜	14·51⅛–⅜	14·51⅛–52	14·51⅛–52	14·51⅛–52
Danish Kr.	19·06½–19·62	19·32½–33	19·32½–33	19·32½–33	19·32½–33	19·32½–⅝	19·32½–⅝
Norwegian Kr.	19·71–20·30½	20·01¼–⅜	20·01⅛–⅜	20·01⅛–⅜	20·01⅛–⅜	20·01⅛–⅜	20·01⅛–⅜
One Month Forward Rates							
United States $		⅛–1/16c. dis	1/16–1/32c. dis	1/16–1/32c. dis	1/16–1/32c. dis	1/16–1/32c. dis	1/16–1/32c. dis
Canadian $		9/32–11/32c. dis	5/32–9/32c. dis	5/32–9/32c. dis	7/32–9/32c. dis	5/32–9/32c. dis	5/32–9/32c. dis
French Fr.		¼–⅜c. dis	¼–⅜c. dis	¼–⅜c. dis	¼–⅜c. dis	¼–⅜c. dis	¼–⅜c. dis
Swiss Fr.		1⅛–⅜c. pm	1⅛–⅜c. pm	1⅛–⅜c. pm	1⅛–1c. pm	1⅛–1c. pm	1⅛–⅜c. pm
Belgian Fr.		5c. pm–par	5c. pm–par	5c. pm–par	5c. pm–par	5c. pm–par	5c. pm–par
Dutch Gld.		⅜–½c. pm	⅜–½c. pm	⅜–½c. pm	⅜–½c. pm	⅜–½c. pm	⅜–½c. pm
W. German D-Mk.		¾–1pf. pm	⅝–¾pf. pm	⅝–¾pf. pm	⅝–¾pf. pm	⅝–¾pf. pm	⅝–¾pf. pm
Three Months Forward Rates							
United States $		⅜–⅛c. dis	5/16–7/32c. dis	5/16–7/32c. dis	5/16–7/32c. dis	5/16–7/32c. dis	5/16–7/32c. dis
Canadian $		13/16–17/16c. dis	13/16–17/16c. dis	13/16–17/16c. dis	11/16–15/16c. dis	11/16–15/16c. dis	11/16–15/16c. dis
Swiss Fr.		3/16–3c. pm	3/16–3c. pm	3/16–3c. pm	3/16–3/8c. pm	3/16–3/8c. pm	3/16–3/8c. pm
W. German D-Mk.		1¾–1¾pf. pm	1⅝–1¾pf. pm	1⅝–1¾pf. pm	1½–1¾pf. pm	1½–1¾pf. pm	1½–1¾pf. pm
Gold Price at Fixing							
Price 1s. d. per fine oz.)		250/6¼	250/5	...	250/4½	250/4¼	250/3

Prices and Wages

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

BRITISH

Prices and Wages.....	This week	External Trade	Sept. 12th
Manpower and Output....	Sept. 19th	Industrial Profits	Sept. 5th

OVERSEAS

Western Europe.....	Aug. 29th	United States.....	Aug. 22nd

	Unit	1956	1957	1958	1958			1959 (*)				
		mid-June			Sept. 9	Sept. 16	Sept. 23	Aug. 25	Sept. 1	Sept. 8	Sept. 15	Sept. 22
WORLD PRICES												
Commodity Price Indicator(a):												
All items	1952=100	92	95	87	87	86	85	89	89	90	89	89
Food	,,	90·8	98·8	94·8	93·6	92·0	89·8	83·9	84·5	87·5	86·1	84·9
Fibres	,,	81·5	95·9	80·1	75·0	74·5	73·5	81·9	81·0	80·9	80·2	79·9
Metals	,,	95·6	79·7	70·8	71·1	71·6	71·0	78·9	80·0	80·2	78·5	78·2
Other items	,,	101·8	107·2	104·3	110·2	110·3	111·9	119·7	119·3	122·0	122·9	126·0
		Monthly averages			1958			1959				
BRITISH WHOLESALE PRICES()		1956	1957	1958	June	July	August	April	May	June	July	August
Materials used in:												
All manufacturing industries	1954=100	106·7	107·4	100·8	101·1	101·4	101·0	101·4	101·4	100·9	101·0	101·9
Mechanical engineering	,,	116·5	121·9	123·5	123·1	123·3	123·5	124·9	124·6	123·7	123·5	124·2
Electrical machinery	,,	114·3	114·9	114·5	114·0	114·1	114·5	116·2	115·7	114·9	114·5	115·1
Building and civil engineering	,,	109·5	113·7	114·2	114·1	114·0	114·0	113·2	113·5	113·3	113·2	113·3
House building	,,	109·4	112·3	111·9	112·0	111·8	111·6	110·6	111·0	111·0	110·9	111·0
Products of:												
All manufacturing industries	,,	107·0	110·4	111·1	111·1	111·1	111·1	111·2	111·3	111·3	111·3	111·4
Chemicals and allied trades	,,	103·1	106·5	105·6	105·8	105·1	105·0	107·0	107·4	107·4	106·3	106·0
Iron and steel	,,	112·8	125·2	129·9	129·6	129·6	129·6	129·7	129·7	128·3	128·3	128·3
Textile industry	,,	97·5	100·9	97·9	98·2	97·9	97·7	94·8	95·5	95·7	95·6	95·9
Food manufacturing	,,	105·8	107·1	104·9	104·9	105·2	105·1	105·9	106·2	106·1	106·3	106·9
Commodities:												
Cotton, raw	,,	95·1	90·7	77·2	77·6	77·3	76·4	65·0	68·5	70·2	69·7	69·2
Wool, raw	,,	90·6	101·1	72·4	74·5	71·8	72·0	78·0	78·8	75·7	78·6	84·8
Rubber, No. 1 RSS, one month future	,,	143·4	131·6	118·2	111·9	117·0	119·1	137·6	149·0	140·9	142·3	156·1
Softwood, imported	,,	109·5	109·7	102·1	103·5	102·1	101·9	94·4	94·6	94·5	94·9	95·1
Copper, ex-warehouse	,,	132·4	88·3	79·4	68·3	80·4	82·8	96·5	95·0	92·5	88·8	93·6
UK RETAIL PRICES	Jan. 17,											
All items(f)	1956=100	102·0	105·8	109·0	110·2	108·5	108·3	109·5	109·1	109·3	109·0	109·3
Food	,,	102·2	104·9	107·1	110·9	106·0	105·2	108·6	108·1	108·4	107·4	...
All items	1938=100	254	263	271	274	270	270	273	272	272	271	272
Food	,,	269	276	282	292	279	277	286	284	295	282	...
Housing	,,	145	155	172	172	173	174	179	179	181	181	...
Clothing	,,	263	267	269	269	268	268	267	267	268	267	...
Fuel and light	,,	251	268	281	274	275	275	290	276	276	276	...
Household durable goods	,,	308	308	307	306	305	305	299	299	299	299	...
Drink	,,	264	272	276	276	276	276	255	255	255	256	...
Tobacco	,,	411	421	428	428	428	428	428	428	428	428	...
Purchasing power of £ (based on all consumer spending)	1938=100	38	37	36	35	36	36	36	36	36	36	36
UK TERMS OF TRADE												
Import prices:												
All items	1954=100	105	107	99	99	98	99	96	97	97	97	98
Food, drink and tobacco	,,	101	101	97	99	98	97	95	96	97	97	97
Basic materials	,,	106	110	96	95	94	94	91	91	92	93	94
Fuels	,,	110	128	112	110	110	112	106	103	102	104	101
Manufactured goods	,,	110	104	101	98	100	102	104	104	103	102	104
Export prices:												
All items	,,	106	111	110	110	110	110	109	109	109	108	108
All manufactures	,,	106	109	111	111	111	112	111	111	111	110	110
Metals	,,	112	115	118	119	119	119	118	116	115	112	113
Engineering products	,,	107	112	115	115	115	116	116	117	116	116	117
Textiles (excluding clothing)	,,	99	101	101	103	102	101	97	97	98	97	95
Terms of trade:												
Ratio of import to export prices	,,	99	96	90	90	89	90	88	89	89	90	91
SHIPPING FREIGHTS												
Tramp shipping freights (fixed in sterling)	1952=100	157·0	112·7	67·1	66·5	66·6	65·0	68·6	64·6	69·2	69·7	69·6
UK WAGES												
Weekly wage rates:	Jan. 31,											
All workers(g)	1956=100	104·7	110·0	114·0	113·4	113·7	114·1	116·7	116·8	116·8	117·0	...
Men	,,	104·8	110·0	113·8	113·3	113·6	113·9	116·7	116·7	116·7	116·8	...
Women	,,	104·2	109·7	114·0	113·6	114·0	114·7	116·6	116·7	116·7	117·0	...
Juveniles(h)	,,	105·5	111·3	115·8	115·3	115·6	116·0	118·7	118·7	118·7	118·9	...
All workers	Sept., 1939=100	272	286	296	295	296	297	303	304	304	304	...
Weekly earnings:(i)												
All workers	s. d.	200 8	212 5	217 4	214 2[s]	...	...	222 6	...	...	...	...
Men	,,	237 11	251 7	256 8	253 2[s]	...	...	262 11	...	...	...	...
Women	,,	123 2	129 6	133 11	131 3[s]	...	...	137 0	...	...	...	...
All workers	Oct., 1938=100	377	399	408	402[s]	...	...	418	...	...	...	...
Men	,,	345	365	372	367[s]	...	...	381	...	...	...	...
Women	,,	379	398	412	404[s]	...	...	422	...	...	...	...

(†) For a rough conversion to basis of June, 1947, multiply throughout by 1·534. (a) The interim index of retail prices has been linked back to 1938 with the aid of calculations made by Professor R. G. D. Allen for the London and Cambridge Economic Service. (b) For a rough conversion to basis of June, 1947, multiply throughout by 1·561. (d) Surveys made twice a year; annual figures relate to October survey. (e) Figures relate to April survey. (g) In general males under 21 and females under 18 years of age. (*) Certain changes have been made in the classification and coverage of the Board of Trade's index numbers in this section. (s) The series for "all items" and "other items" have been revised throughout; quotations for Middle East and Venezuelan crude oil now replace the previous quotation for gasoline. Owing to a change in the tea quotation used, some revisions have also been made in the series for "all items" and "food" from June 2, 1959. (s) Revised figures for August 18th: food, 82·6; fibres, 81·3.

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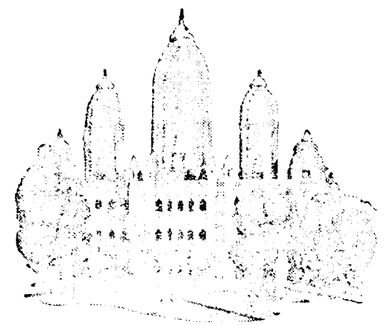

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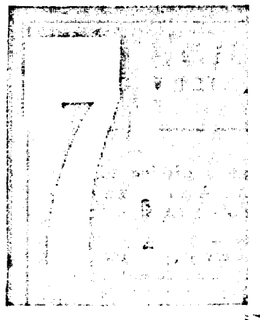

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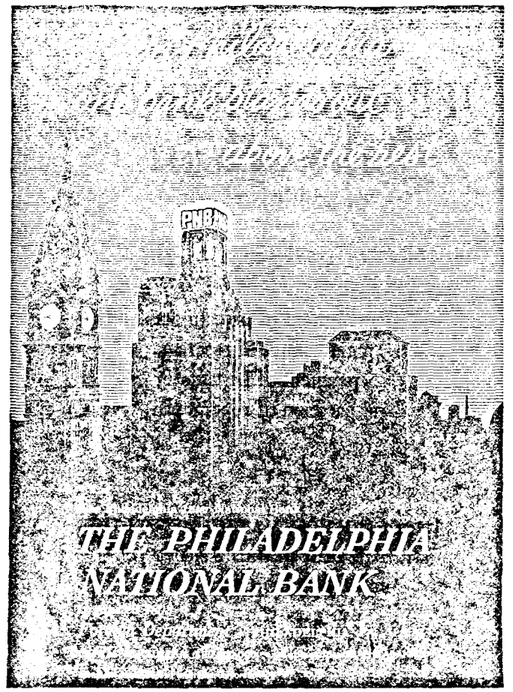

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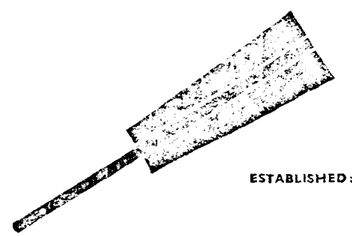

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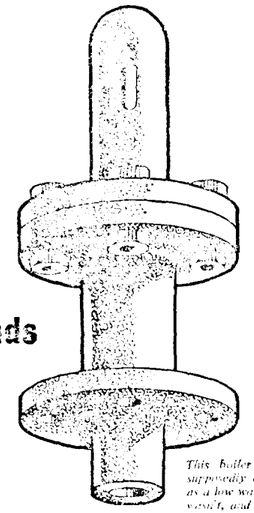

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For other appointments see page 1060

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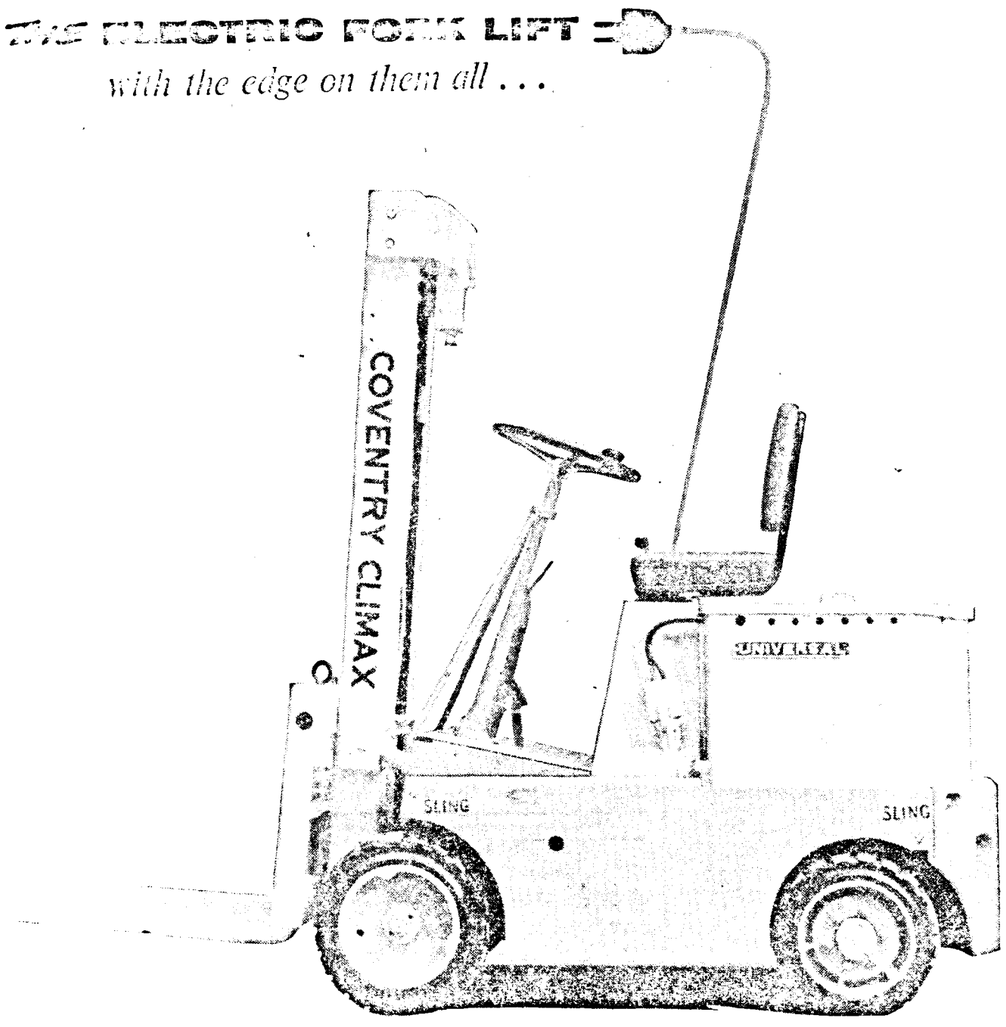

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The Economist

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Thursday's Child

As the gap narrows between the parties, the choice to be made on October 8th becomes plainer (page 17).

Anybody's Election: **A final analysis of the state of the battle and a special scorecard which shows what to look for as Thursday's results come in** (page 22).

Spring Comes Slowly

Mr Khrushchev's visit to America and the Camp David talks have not removed the real obstacles to agreement between the powers (page 19).

The Year Europe Caught Up

America has been telling the World Bank and Fund that as a major deficit country it needs European aid in aiding poorer countries (page 63).

The Jasper Affair
(page 65).

Without Horns or Tail

Americans can no longer pretend that Mr Khrushchev embodies all evil, but this is not an unmixed blessing (page 43).

Dr Verwoerd's Dilemma

The architect of apartheid is loath to forsake the Commonwealth as his policies make the world chillier for South Africa (page 20).

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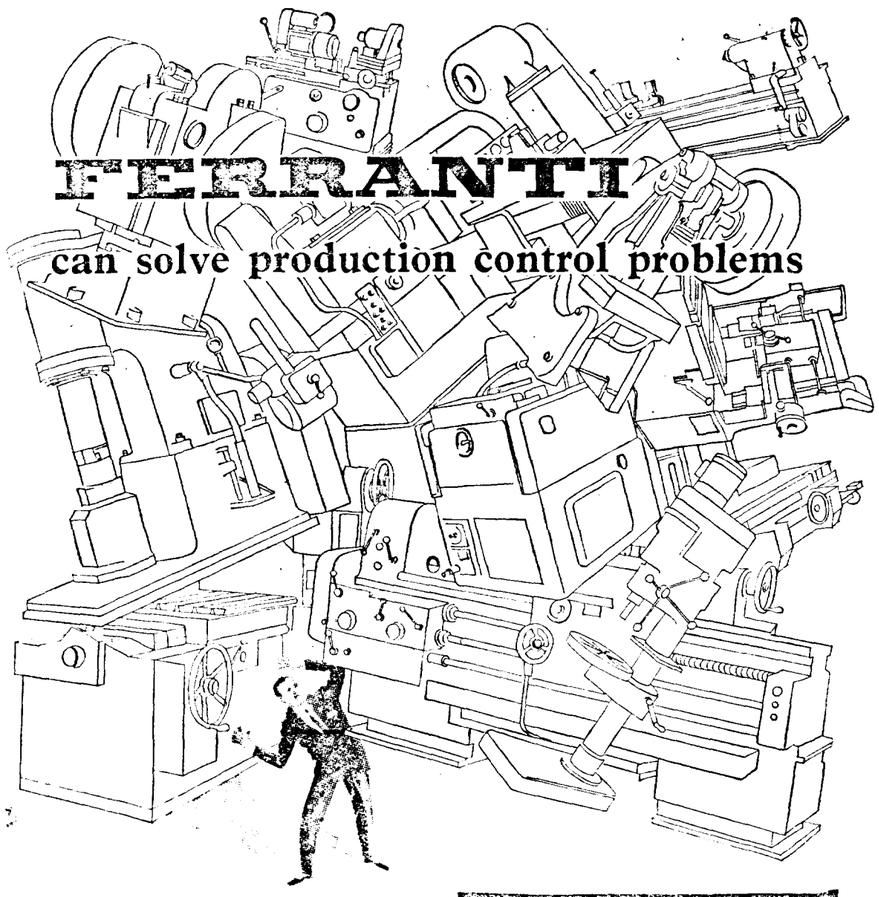

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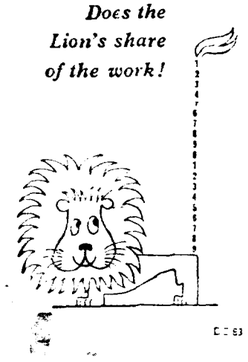

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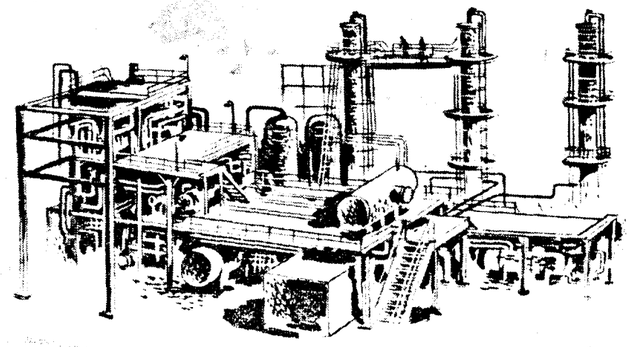

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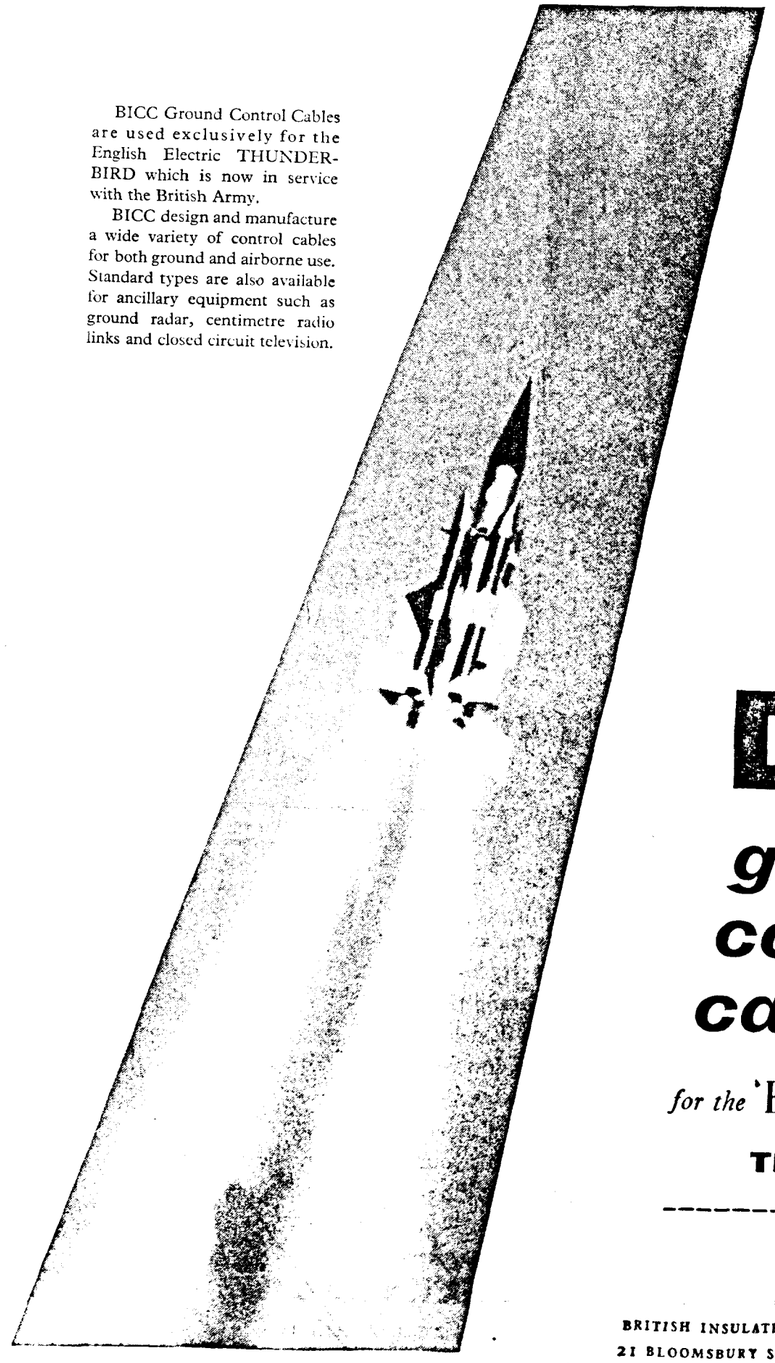

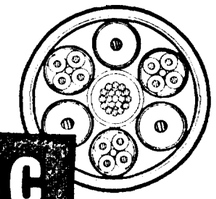

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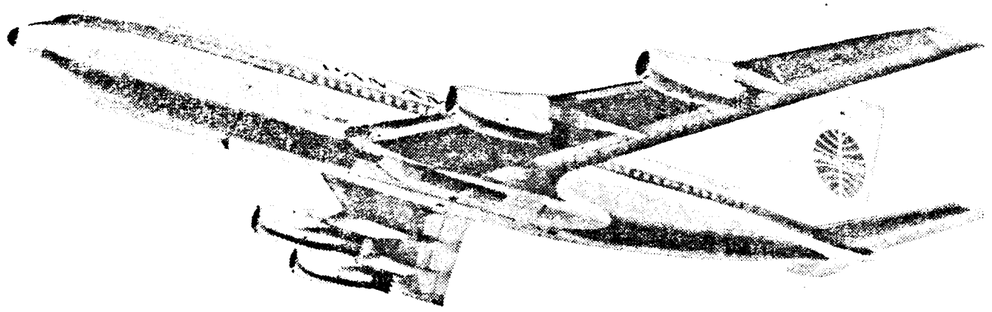

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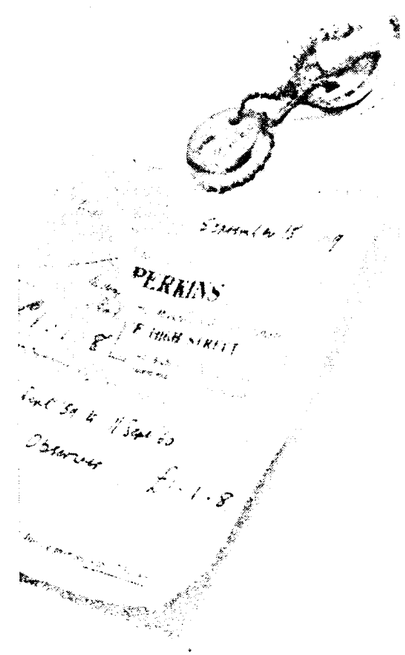
One day last week I ran into Lydia again, parking a miniature bubble-car hard by the Rose & Crown.

You must remember Lyddy. She was the one before the one before Polly and permanent respectability. Years ago. I thought I'd forgotten . . . Ah me. I gave her a mild fizzy drink while she told me how happy she is – i.e. bored and frustrated—with some great muscle-bound reactionary called George Bernard, and their seven young. It was mournful yet compelling, like a T.V. housewife describing a synthetic sandwich-spread.

I'm nothing if not intuitive, as you know. I saw her trouble in a flash. So much going on in the world, so little to talk about . . . sheer idea-starvation, lack of mental enzymes! Up to the axles in small beer. *I had to do something* – so the minute she'd waved goodbye I whipped round the corner to the newsagent and ordered her The Observer, free gratis, for a year. Brilliant. Well, wasn't it? Dam thoughtful, too.



Wallop! She writes back at me in such shocked and how-could-you terms, good lord you'd think I'd tried to break into the house at night! My letter torn up, my motives examined . . . Her George B. suspicious and offended, swearing at breakfast, demanding explanations . . . (Seems *he* always orders their frightful newspapers and fobs *her* off with Sunday comics!) Now I jump whenever the phone rings. These violent, jealous characters, you can never tell what they'll do. And I speak from experience . . .

Is it true, Julian, that you actually know him, this Bernard? Lydia said so. Couldn't you get him on one side and point out (tactfully) that I'm saving his marriage for him? It might help. Where would Polly and I be, every Sunday morning, if there wasn't a ring and a thundering crash and

THE OBSERVER

lying clean and glorious on the mat? Well, where?

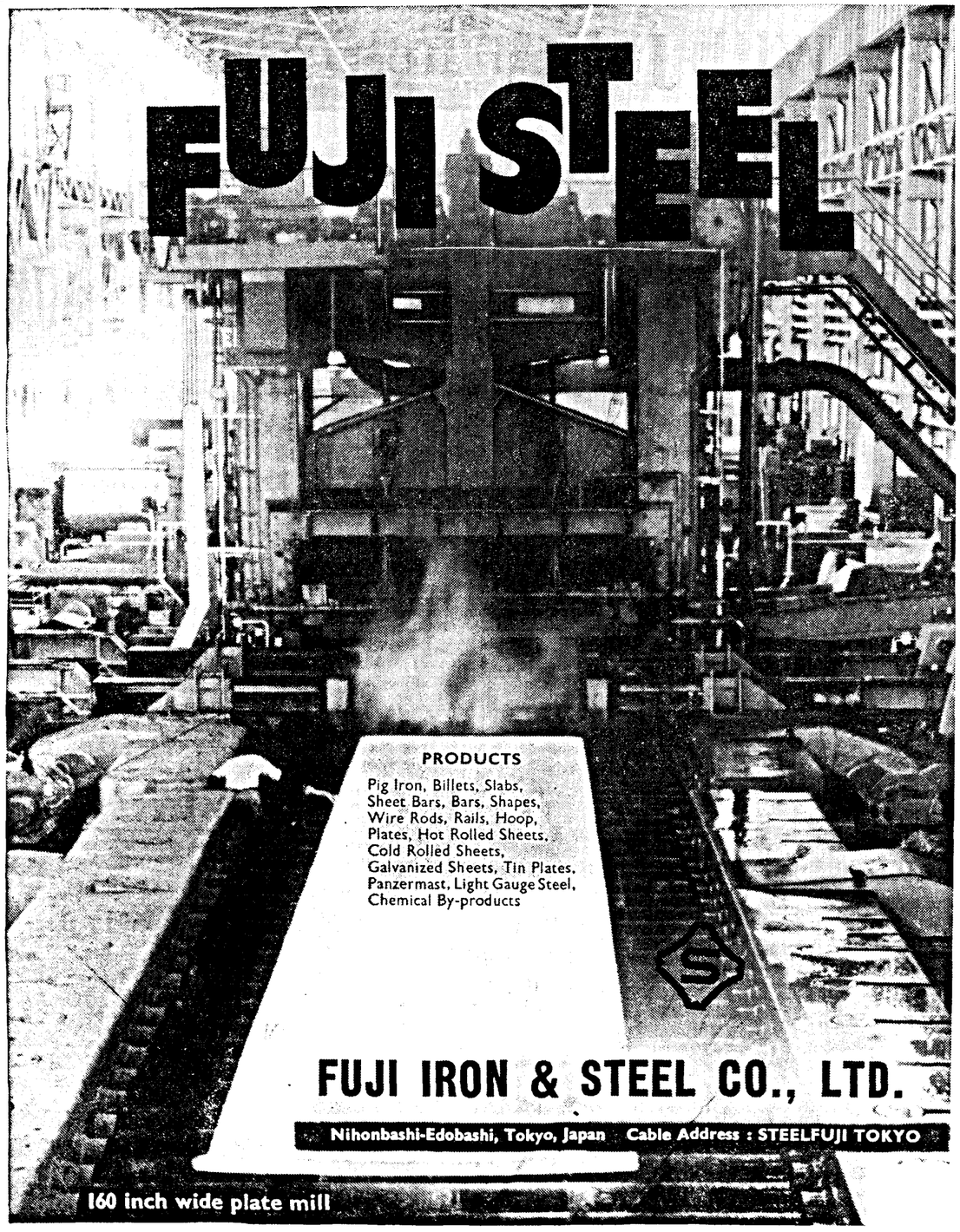
You could develop the theme irresistably – child's play for a Q.C. Say I'm an old family friend of Lyddy's . . . with a weak heart . . . and a wise, generous mind . . . primed by Pendennis, tuned by Tynan, combed by Crankshaw, brushed by Brasher, etc. Tell him it's Independent (the Ob.). Talk about the Election. Say you'll introduce him to the Editor. Tell him Top Thinkers take it. And write to

Your uneasy brother,

James

P.S. *Nearly forgot . . . I did pop a couple of squibs in the Agony (Personal) col. of the Obs. – for good measure. (See last two weeks.) Couldn't be that, could it? The disguise was complete.*

This is No. 3 in "The Observer and Mrs. X", a gripping true-life story. Next week, PISTOLS FOR TWO.



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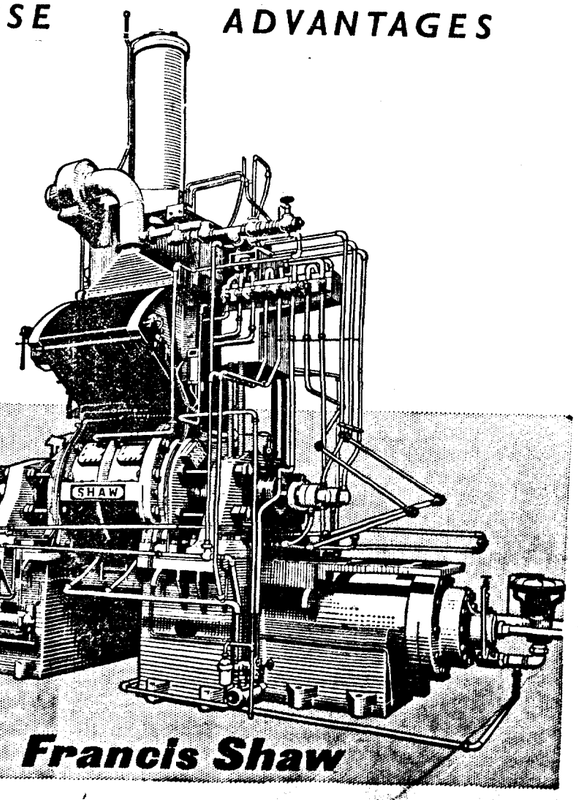

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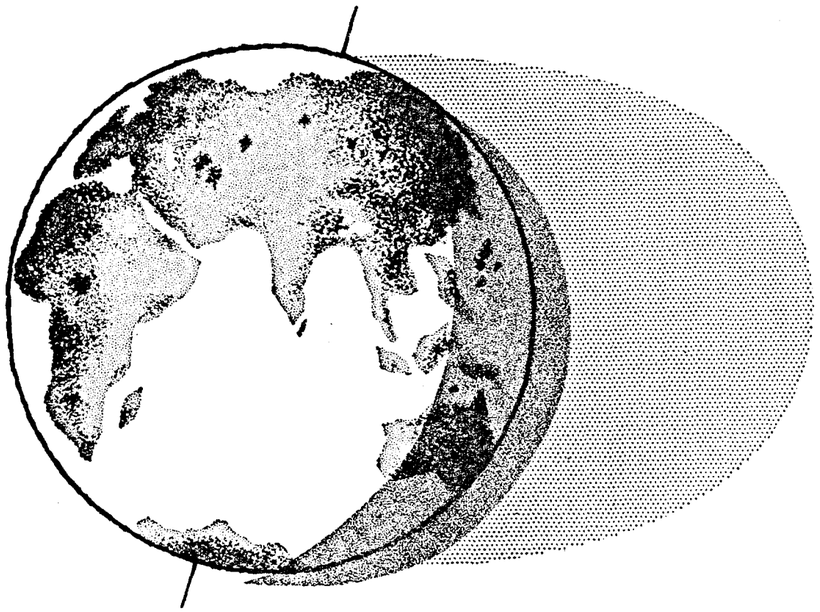

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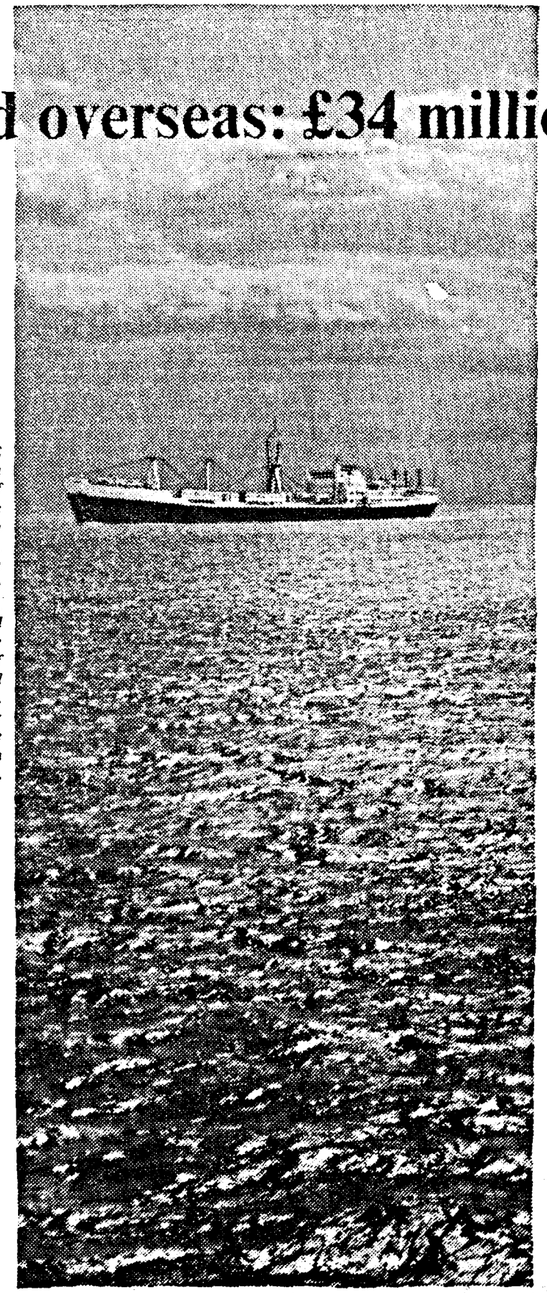

For the City of Steel it is the end of another financial year's trading.

In due course, the accountants will present their report, and the chairman will make his statement. Without anticipating this, one important fact can be released now: that this one company will have sold over £34 millions in direct exports—£6 millions more than last year.

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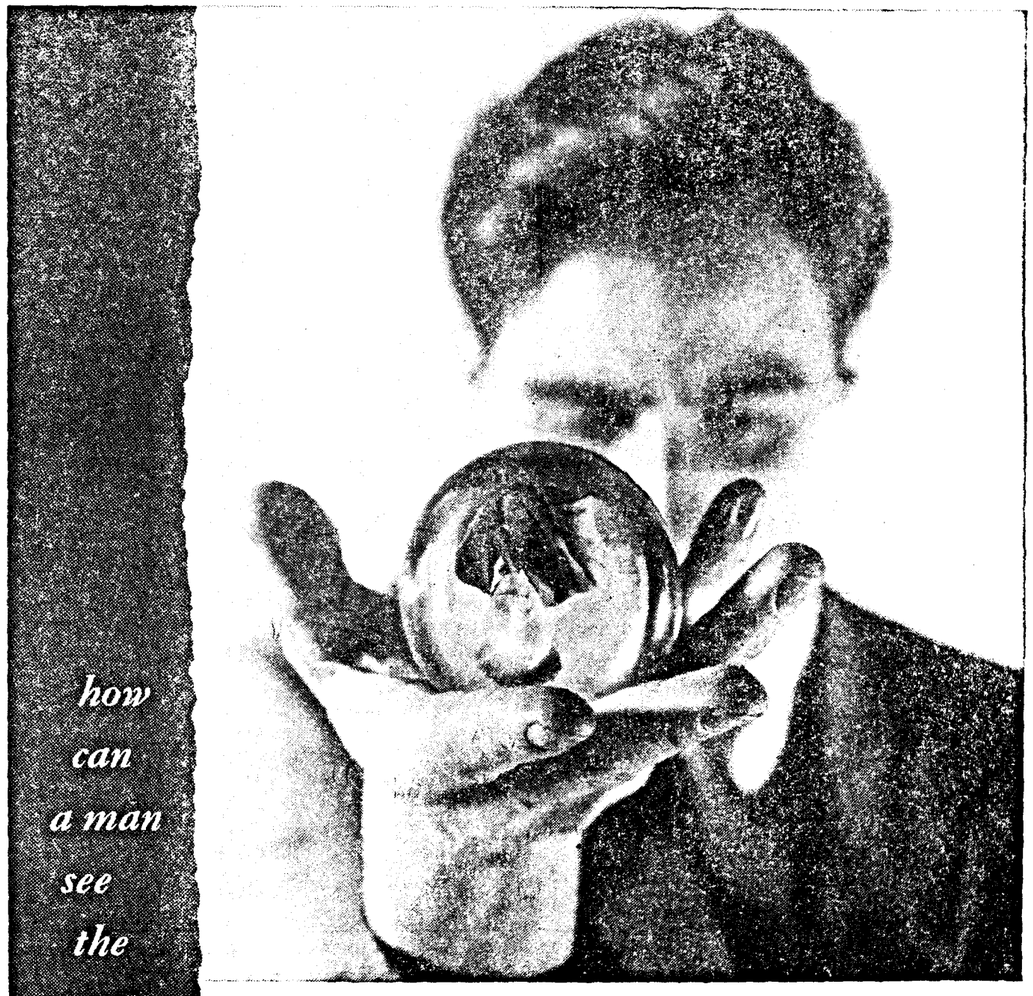

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The Economist

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Thursday's Child

THE only correct poll of electoral opinion will be taken on October 8th, next Thursday. With a bare week to go, the outcome is still open. Three weeks ago, when the election campaign began, *The Economist* expressed two opinions : that the Tories then looked rather the more likely to win again ; and that they were on the whole the better choice. There is no reason now to retract either of these opinions, though the likelihood of a Tory win has to be still more hedged.

The ebb and flow of the campaign are described and analysed on other pages. It is usual for the gap between the two main parties to narrow as an election campaign goes on ; the division of the British electorate into two large and similarly sized blocks is a fact. But Labour's new-found confidence has two particular causes. One, the more important, is the belief that the Labour voters who stayed away in 1955 will turn out to vote this time, because of better organisation and pension promises. The other is the hope that in this election, because of " Suez, Nyasaland and Hola " and because of their wish to see a change after two Tory terms, many uncommitted voters will come down on Labour's side. To these two factors can be added a third. The Tories did badly in the first half of the campaign precisely because they believed that the tide was with them. Both the chronic smugness of their campaigning and the placatory and promissory contents of their lamentable manifesto were designed not to rock Dr Gallup's boat. In fact, the boat was drifting smartly Labour's way.

By now, no doubt, the Conservative leaders have heard the menacing roar of the weir round the final bend. There will be much vigorous back-paddling and many loud cries from the helmsmen before Thursday. What the result will be can be left to the returning officers. More important is what the result ought to be. What substance is there in the honest qualms of those, committed to no party, who shrink from putting the Tories back ?

What, in other words, is Thursday's choice ? Two and a half years ago, in the bleak aftermath of the Suez lunacy, when Mr Macmillan had just been installed, *The Economist* suggested what the choice before the British people seemed to be then. It was between a Conservative party that sought to wield the authority of 1927 long after it had vanished, and a Labour party that promised to spend the wealth of 1987 long before it had been created. That is what British politics has been about ever since. The question all the time has been simply this: which leader would be the more successful in liquidating his party's past—Mr Macmillan in discarding the false premises of Suez and prestige diplomacy, or Mr Gaitskell in cutting back to sense the false promises of inflationary socialism. On the face of it Mr Gaitskell had the advantage : he knew well enough when economic policy was false arithmetic, whereas Mr Macmillan was himself a trail-blazer of the Suez misadventure.

In the event Mr Macmillan now has the better of it. He has, indispensably, repaired the transatlantic alliance, which Suez broke. He has rebuilt those Commonwealth bridges that were then thrown down. He has made his peace with the United Nations, and he began this year's climb towards the " summit." Mr Gaitskell, it is true, has his successes to notch ; it is remarkable how, when the election started, he became the confident, relaxed and effective leader, whether in the flesh or on television. Moreover, since he took over the leadership of the Labour party, nearly four years ago, he has worked painstakingly not only to

acquire command of the traditional and federal motley that makes up the Labour party but also to wean away his party's policies from the siege egalitarianism of a poverty-ridden community to the expansionist aspiration of a society which is coming to be affluent. There was a moment, indeed, when it seemed that Mr Gaitskell might comfortably be winning the race in party refurbishing with Mr Macmillan.

But now, when the chips are down for the choice, Labour is doggedly committing itself again to the inflationary roundabout. The clinching point is that no sensible policy abroad, whether in foreign relations or the colonies, is possible without a firm home base. " Britain's national strength, like the national strength of any other country, is a domestic product, the resultant of its energies, skills and virtues, and of the institutions through which these things are co-ordinated." Verbally, and eagerly, Mr Gaitskell would agree with this. What, he would ask, is Labour's policy but one of domestic expansion which will, painlessly, not only pay for expensive social reforms at home, but also furnish the foundation for missionary deeds in aid of social and economic growth in the Commonwealth and among the underdeveloped millions of the world ? The entire Labour case, at home and abroad, rests upon this premise. But the brutal fact is that, by every reasonable arithmetical test, it is a false bill. Labour is again falling into the familiar bridge-player's error of " double-counting," of reckoning his high cards two or three times over when making his bid. It is again threatening to inflate demand before the resources to meet it are available, even with the expansion in production that should now be possible ; and it is still, on the face of it, lacking any obvious defence from the inflation of costs through the claims of its own trade union partners.

Much is being said, very rightly, in this election about economic expansion. Under the Tories, as the price of protecting the pound and steadying prices, Britain has fallen too far behind. But it would be nonsensical now to leap out of the frying-pan into the fire. If the price of attempted expansion under a Labour Government looks like being a vulnerable pound again and rising prices and costs once more, it is certainly not worth paying. Labour's leaders now know the danger well enough. A Labour Government elected next week would be more aware, and more genuinely convinced, than any Labour Government before of the need to safeguard the pound and to hold the level of prices. But it would already be saddled with incompatible commitments.

The fine formula of increased expenditure out of higher production without any higher taxes (except on profiteers) is directly contradicted by Labour's row of pledges calculated to make the economy uneconomic, uncompetitive and unenterprising. Controlled rents again ; artificially cheap money ; a dear fuel policy ; subsidies to failing industries ; more farm protection ; and wage settlements amicably arranged with the workers : " a feather bed for all " may, or may not, win votes, but it is certainly not the means to swift expansion. Labour has learned a lot but the old Adam is still too strong.

WHAT about the Tories' old Adam ? This is the doubt that really troubles the uncommitted voter—and the independent newspaper. The Tories, too, have shibboleths, financial and other, that may still hold them back from real economic expansion ; their manifesto, too, contains a fruity collection of uneconomic offers to voters. It is only on balance that one is clearly bound to say that the best available next Government will be Tory: to put it at its lowest—but most fundamental—a Labour Treasury would be more likely to follow a ruinous economic policy than a Tory one.

No doubt even this will not settle the choice, or ease the minds, of many of the troubled non-partisans. There is a lot of ruin in a country, some of them will probably retort, and the Tory old Adam though it may be relatively tamed at home still stalks abroad ; these voters are still deeply disinclined to reward the perpetrators of Suez with a vote of confidence and they lump Cyprus, Nyasaland and the outrage at Hola camp with Suez among Tory crimes against the " lesser breeds." They are disturbed, too, on another count. What will be the effects on the two main parties of a third Tory win in succession ? The leading Tory figures give the air now of running out of ideas, progressive drive and good new men. Labour, on the other hand, if it loses again, could degenerate into a collection of spendthrift pacifist cranks : as one perennial opposition leader in another country once put it, " while power corrupts, being out of power corrupts absolutely."

THESE are all understandable qualms ; *The Economist,* which has done a deal of criticism in most of these matters, must share them, especially where the Tories have failed to deal wisely or fairly with other races. But there is one simple point that cannot be escaped. The vote on Thursday has to choose as well as a new Parliament the next Government. A party cannot be outlawed for its past misdeeds without regard to what will take its place ; the election must be a choice and cannot simply be a purge. Moreover, Suez, Cyprus, Nyasaland and Hola cannot just be lumped together. As far as may be, though no open penance has been paid, Suez has been undone. In Cyprus the Tories have at length got out of the cul-de-sac of repression and are giving self-rule. In Nyasaland, it is disturbingly true, they are still in the cul-de-sac of what the Devlin report described as a " police state " ; but even the report, though it threw into doubt both past and future policies there, definitely accepted the need for firm action against disorder. Only the deaths at Hola seem to lack any mitigation at all.

And it is the Government of 1959, not of 1963, that has to be chosen. Fears of what might happen to the Tories in office or to Labour in opposition again, during the life of the new Parliament, cannot reasonably weigh half as heavily in the choice as the sharper immediate fear of what Labour might do in stopping the enrichment of the country now. Because of the need for independent men and fresh ideas in the new Parliament, there is a strong case for voting Liberal where the vote will not be quixotically wasted and will not be cast for some egregious band-waggoner. But where the effective choice in any constituency is between Conservative and Labour—as it is in all but between one and two dozen constituencies in the country—the real choice cannot be burked.

No side wind, however brisk, should be allowed to distract the free voter from this central choice. There are different opinions, for instance, about the effect on voters of the transactions (which are discussed again on other pages) revealed in the Jasper affair; but what has been most revealing of all, politically, has been the old intransigent attitude of the Labour party towards competitive enterprise. Scenting peculation, some of its spokesmen (less prudent than Mr Gaitskell) have gone on, in effect, to denounce all speculation—by which they mean the whole process of risk-bearing and the flow of credit by which the nation lives and grows. All the parties, like the preacher, are against sin. Whoever wins on Thursday will tighten the law, where this may be needed, against breach of trust, false pretence or fraud. But if Labour wins it will return to office with some at least of its guns unmasked again —at the worst possible moment for it and the country—against the City and all its works.

Thursday's child, the jingle runs, has far to go. That will be true of whichever Government is chosen by next Thursday's vote. Tory or Labour, it will have a long way to go to become the progressive, imaginative, creatively realistic Government this country so much needs to face the great tests and high opportunities of this second half of the twentieth century. The heavy liability of a Labour Government now is that, for the sake of outdated ideas, it could well turn the country back upon its tracks. What the Tories lack is a new forward look. It should be less hard for them to lift their face than for Labour, so suddenly, yet to cast its skin. That is why here and now, in October, 1959, the Tories deserve a vote, if not of confidence, then of hope.

Spring Comes Slowly

Wishful—or electoral—thinking should not blind people to the fact that the road from Camp David will be long and hard

FROM Camp David, the climb to a " summit " conference ought to prove an easy one. Mr Eisenhower, in a sensibly cautious phrase, has said that " many " of his previous objections to such a meeting have now been removed. General de Gaulle's attitude to a summit meeting has suddenly become much more positive ; Dr Adenauer's first reactions to Sunday's communique from Maryland were buoyant, and his praise for Mr Eisenhower's essay in personal diplomacy was warm. With Mr Macmillan and Mr Gaitskell both raring to go (and Mr Khrushchev, of course, available anywhere, anytime, as soon as he gets back from China), the ascent of the summit now seems like a gentle stroll.

This is all very nice, as far as it goes ; and, with a general election only a few days ahead, the Government and its supporters are making it go a long way. It was Mr Macmillan, they insist, who did the trick. But just what does the trick mean ? Ministerial speeches on the hustings now proclaim a famous victory ; the Soviet ultimatum on Berlin last November has been withdrawn, and the super-powers have formally adhered to the Prime Minister's version of *panch shila,* agreeing that all disputes must be settled by negotiation, not by force. Yet little Peterkin's irritating question about the precise consequences of the famous victory is not, in fact, at all easy to answer.

A careful analysis is the more important because British minds are now preoccupied with an election full of competitive co-existentialism, in which many of the rival claims boil down to: " My Daddy's seen more of Mr K than *your* Daddy." One has to bear in mind that in five days' time the voting will be over, but the issues in dispute between the powers will still be there. And in five months' time a summit conference may also have come and gone, perhaps leaving the old intractables again unsolved—as in 1955.

Only one fairly definable item has emerged from the talks between Mr Eisenhower and Mr Khrushchev. After a long verbal tussle last Saturday, the Soviet leader agreed to the President's formula for more negotiation on Berlin—that there should be " no fixed time limit," although the negotiations " should not be prolonged indefinitely." Mr Khrushchev refused to have these words put into the joint communique, but he publicly accepted Mr Eisenhower's formula on Tuesday. The President now feels freed from the stigma of negotiating under duress. This surely has more psychological than real significance. Mr Khrushchev had openly abandoned his six-month time limit for Berlin long before it fell due last May. He claims he never delivered an ultimatum at all. He told his " welcome home " rally in Moscow on Monday that those who had described it as an ultimatum were " obviously guided by the desire to prolong the cold war." (Mr Macmillan, who has just referred to it again as an ultimatum, might challenge this.)

The door to negotiation was, however, pretty wide open before the American-Soviet encounter. The four foreign ministers had spent ten weeks at Geneva grappling with the problems of Germany and Berlin. American, British and Soviet delegations had spent the better part of a year in the same city trying to agree on the monitoring of a suspension of nuclear tests. It had been agreed that a new disarmament committee, representing the Soviet block and the major western allies, should get to work, probably at the New Year. Teams representing the same two groups had also tackled the problem of surprise attack. If these various efforts had bogged down, it was not for lack of direct contact.

Before the Camp David talks, there were hopes in some quarters that these talks might at least narrow the gap on the question of policing a suspension of tests. But, on the available evidence, neither this nor any other gap was closed. It would certainly have been wrong to deduce, from Mr Eisenhower's rather confused remarks on Monday, that the American position in regard to Berlin had weakened. And neither in the conversations between the " top two," nor in those that took place between their foreign ministers and advisers, was any serious progress made toward clarifying the Soviet terms for the crucial part of disarmament—international inspection. The Geneva talks on test suspension have shown that Russia can accept international inspection in principle, yet blandly demand self-inspection in practice.

We now stand, it thus seems, close to the summit but a

long way from the goal. A four-power meeting of heads of government seems already in the offing; a foreign ministers' meeting is also mooted; and Mr Eisenhower and his grandchildren will be off to Moscow in the spring—the rather late Muscovite spring, which may mean late May or even June. But the great men are still quite likely to sit down to tables loaded with the same unresolved disputes, and to leave them unresolved when they get up again. Time was when this would have seemed a chilling prospect. These high-level encounters between contending powers used to be classified, frighteningly, as ultimate weapons, too dangerous to be used except in the last resort; failure to agree at the top, after public opinion had been led to expect a conclusion and a climax, meant an ominous order to have the special trains ready to leave, with a hint of general mobilisation in the air. But diplomacy in the nuclear age has become a different matter; and the public has come to understand this.

Mercifully few people now expect a brief personal confrontation between heads of government to lead to a magical dissolution of the world's difficulties. The generally accepted prospect is of a long series of encounters, at various levels. The perils of summitry are that much the less. It has long been feared that the heads of democratic governments, always having to look over their shoulders at a critical press, an ambitious Opposition and an impatient public, must at these meetings be at a disadvantage in relation to totalitarian rulers, and be sorely tempted to pay a high price for something to show on their return. The summit has made Britons think of Munich; Americans, of Yalta. But in these new conditions that gloomy association of ideas need not apply.

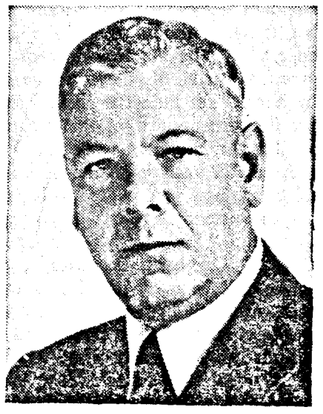
Even inconclusive meetings now serve the purpose of keeping the various balls in the air. And this is not merely a sensible tactic in a world which judges the peaceful intentions of statesmen largely by their relative willingness to forgather; it is also a prudent form of insurance. It seems hardly likely that Mr Khrushchev will precipitate a real crisis over Berlin, for example, while the gardeners at his country seat at Semyonovskoye are making sure of a fine show of spring flowers to please the eyes of the Eisenhower family. Pledges not to resort to force are, unfortunately, disposable; social engagements, fixed on the calendar months in advance, may well prove to have a more inhibiting effect in practice.

One hopes there will not be too much lamentation in the wake of the Khrushchev visit, either by those who may accuse Mr Eisenhower of having "missed the bus" or by other disappointed hopefuls who may have expected the Soviet leader to be converted to understanding of the western way of thought on his first encounter with a supermarket. There will surely be some. Only in a state where the government controls all communications can an inconclusive encounter be convincingly depicted as a triumph. But discussion of the next stages should take account of three things, all of which have their encouraging aspects.

First, Mr Khrushchev has now played his ace of trumps: never again can a Soviet ruler descend upon the stronghold of democracy as a wholly new phenomenon, with the awful mien of a man from (and, incidentally, in occupation of) the moon. Indeed, one of the strongest arguments for letting personal diplomacy have its head is that its returns, in terms of melodramatic impact, diminish so quickly, allowing commonsense to regain its grip. Secondly, the very inconclusiveness of the Camp David talks was one more salutary and needed reminder of the limitations of dramatic confrontations as a substitute for policy. Finally, for all Mr Khrushchev's air of hustling impatience, his actual policies are deeply rooted in the Russian way of life, with its sometimes infuriatingly slow tempo. His objectives are long-term ones; his negotiators are prepared to sweat it out at Geneva by the year if need be; he presides over a system which is slowly, often grudgingly, yet perceptibly evolving in a direction less unfavourable to the survival of liberty in the world. The Russian spring comes slowly; but, for those who have the patience and courage to hold on through the long darkness, it comes all the same.

Dr Verwoerd's Dilemma

The idea of Dr Verwoerd as a champion of the Commonwealth may seem extraordinary—but there are solid political reasons why he does not want to be "kicked out" of it



DR VERWOERD, on the occasion of his unanimous re-election as leader of the National party, again assured English-speaking South Africans that their mother tongue was sacrosanct as well as commercially invaluable, and that the time had not come to cut their link with the British crown. The only proviso was that an incoming Labour government in Britain might force South Africa to rush a process which everyone would prefer to take place naturally and painlessly for English susceptibilities. Dr Verwoerd spoke in English, it was carefully reported—as it is when he does. South Africans know him; it happens that people in Britain, now being subjected to the full force of their own politicians' charm, are primed to look for the calculation behind the mellowness. What is he after?

He stands on a pinnacle of personal power. A few months ago circumstantial stories were circulating about splits in his own party and his cabinet, from which three ministers were said to be on the point of resignation. The Afrikaner intellectuals at Stellenbosch and Pretoria were thinking dangerous thoughts aloud, and Mr Basson in South-West Africa was in schism. Today it is the opposition, the United Party, that has split and humiliated its leader, Sir de Villiers Graaf, while Dr Verwoerd's supporters have unanimously re-elected him, endorsing the rigours of his policy and hugging the discipline of the group of machine politicians who run the party for the leader. The provincial elections are in the offing, in which whites aged 18 to 21 will vote for the first time—and these elections were many months ago scheduled to take the Union's temperature on the republican issue.

Yet Dr Verwoerd has warned everyone, his own Pretorians as well as British Labour politicians, not to rush him on to the republic. His pained reference to British trade unionists who demand that "South Africa should be kicked out of the Commonwealth" is significant. First because it has little to do with a republic; secondly because, as he knows as well as the Labour party, there is no precedent for expelling a member from the Commonwealth (in contrast with the stroke of the pen which would enable the Union to resign). It seems that Dr Verwoerd wants to keep South Africa in the Commonwealth, and does not want to disturb the status quo by declaring a republic now. If he did covet the "mandate" for a republic which he says he must have, what moment could be more propitious to go to the country than this, when the United Party would have to decide whether to fight its dozen Progressive dissidents in their constituencies, or the Progressives would have to jettison both dignity and public life by handing over their seats to right-wing UP candidates?

And there is a further political reason for hitting the opposition when it is down. It could be as much a misfortune for the Nationalists as for the United Party that the Progressives have split off. For, purged of liberalism, professing its faith in unadulterated white supremacy and in social if not economic segregation, and more preponderantly Afrikaner in composition, the UP might become a haven for Nationalists irked beyond bearing by the fanaticism which pursues them in public and private life in Dr Verwoerd's camp. Dr Verwoerd has hurriedly, if improbably, denounced the rump UP as just as liberal as its rebels; this gambit has kept his men in line so far, even though everyone else now regards the UP as more conservative than the Nationalists, since it is just as hidebound on *baasskap* but is unabashedly opportunist on everything else. Nevertheless, the path to apartheid grows thorny, and coalitions are in Afrikaner tradition. The republican issue, if pressed, would open up all the old bitterness between the Nationalists and the men who wore Smuts's mantle in the war. To revive these memories would make assurance doubly sure for Dr Verwoerd.

STILL he insists that the time is not ripe: delicately insisting that it would be inopportune for the republic to coincide with the jubilee of the Union next year. Probably two reasons explain Dr Verwoerd's Hamlet-like hesitations. He sees, more clearly than his extremists, that South Africa is too weak yet to antagonise its English-speaking section. He realises that the real job is not to drive them out, but to Afrikanerise them; and that is taking time. The second reason is that Dr Verwoerd knows that when he has got his republic, and his supporters discover that it has solved nothing, his extremists will cry that the trouble is that true independence has not been won, and can only be won, so that all problems can be solved, by South Africa leaving the Commonwealth.

But Dr Verwoerd does not want it to leave. On the contrary, in the measure that the British have become indifferent to South African threats to quit, the Union has discovered the value of the Commonwealth. This amounts to much more than support by Britain in the United Nations. It is also more than the obvious fact that, once outside the Commonwealth, South Africa will finally lose all hope of absorbing the High Commission territories. It is that South Africa lives isolated in a disapproving world, and almost the only garment to shield it from the chilly wind is membership of the Commonwealth, which provides innumerable unseen bridges to the Asian and to the newly emergent African states, and protects it from many embarrassments.

It is true that the Union may not in practice suffer too much yet from world criticism, trade boycotts or diplomatic isolation. But knowledgeable South African leaders want no more of these than they have got—for, subtly and persistently, they keep the flame of resistance alive among the helots. While the helots feel that South Africa is completely out of tune with world trends, and that they have simply to bide their time, apartheid can never be a solution, but only repression; and repression is only a temporary expedient.

Because apartheid is so little more than mere repression, the force of events drives Dr Verwoerd inexorably towards more totalitarian methods. He will not shrink from these; and he has already begun to try to discipline foreign press representatives. But the process has far to go—and he cannot relish it, whatever handle the press commission report may give him. Meanwhile, the split in the United Party has unleashed a dozen Progressives with seats in parliament, aching to say things which for the party's sake they have bitten back on their tongues for many a long year. They are backed by the economic power represented by Mr Harry Oppenheimer and his companies. Their views will be news, abroad and at home. They are likely to find many common causes with the Liberals, and they have stretched out their hands to the African leaders. Their political programme, it is clear from Mr Harry Lawrence's statement on his resignation from the UP, will be more advanced than Sir Roy Welensky's. Even if this does not go far enough for the African National Congress, it will be a shot in the arm for resistance to apartheid.

This is Dr Verwoerd's dilemma. He cannot sit down under this—but to fight the new surge of protest he must strengthen measures which will make it harder (certainly for internal reasons) to keep South Africa within the Commonwealth. Yet, paradoxically, the only safety for the Afrikaner Republic which is his objective is, in the modern world, to veil itself in Commonwealth membership, to warm its cold thighs with Commonwealth relations. Already Dr Verwoerd is trying to conceal the truth about "Bantustan" by declaring that the African "states" within the Union are being developed just as Britain is developing self-government in Basutoland and Bechuanaland. As a result he has been forced to promise "Bantustan" ultimate independence—a promise (however insincere) which drew a howl of protest from Sir de Villiers Graaf. Thus the man of principle has already become the man of expedients. Great as is his strength, it is less than it appears; the forces which oppose him are stronger than they look.

THE ELECTION OF 1959

Comment upon the course of the election campaign, based mainly upon despatches from correspondents in the constituencies, is presented in this special section of *The Economist*.

Anybody's Election?

WITH a week to go before polling day, there is now a very real possibility that Mr Gaitskell will become Prime Minister of Britain on October 9th. It is not yet a probability. In individual marginal constituencies, at any rate up to the middle of this week, correspondents were still reporting a generally higher degree of optimism on the Labour side than on the Conservatives'; but there is now so much evidence that individual agents and candidates can get so far out of touch with reality that it is more and more necessary to cling to the relative objectivity of the public opinion polls.

Looking at these polls, one's first surface selection at the moment would presumably have to be for the return of a Conservative government with a slightly reduced majority. The *News Chronicle* Gallup poll suggested on Thursday that the Tories were still 1½ points ahead, compared with the Tory lead of 4 points that this poll showed last week and the 2.9 per cent Tory lead in the actual voting in 1955. The *Daily Mail* poll on Monday had shown the Tories with a 2 points lead, while the *Daily Telegraph* poll of marginal constituencies on Wednesday suggested that the Tories now had a lead of 2 per cent in the constituencies it covered, which is exactly the same as they had in those constituencies in the voting in 1955. The most favourable of these polls (from the Conservatives' point of view) therefore points to an election of virtually no change, while the other two point to a swing since 1955 of between ½ and ¾ per cent to Labour. *The Economist's* estimate of the effect of Liberal interventions and of population movements in crucial constituencies (see page 27 below) is that a general swing to Labour of about 1½ per cent compared with 1955 would be liable to bring a situation of deadlock in the Commons, and that Labour would probably need a swing of around or over 2 per cent to achieve a workable overall majority.

But, just below the surface, the underlying trends in the polls are potentially favourable to Labour. The sway towards the left has persisted for two weeks now; if the trend is projected until polling day (allowing for the time lag between interviews and publication) it would be sufficient to bring with it a small Labour majority. A high turnout is indicated. There is some evidence that there may be some surprising regional variations this time (the results of five small but very interesting local council by-elections that took place last week are discussed on page 24 below), but they are not necessarily regional variations that will be unfavourable to Labour. Above all, while polls during previous election campaigns have shown people making up their minds more firmly, and have usually shown Liberals who had no local candidate to vote for veering towards the Conservatives, this time they have shown an unprecedented increase in the don't knows. When the don't knows were pressed by this week's *News Chronicle* Gallup poll to state which party they were inclined to favour, a majority seemed to have a preference for Labour. The standing army of vaguely anti-Conservative doubters could offer a great prize for Labour's more zestful campaigning—provided the party has not over-reached itself.

It is, however, this last proviso that will overhang the last week. It is only during these last few days that the campaign has got into full rhythm. Many agents believe in an effort lasting a mere ten days. Some constituencies did not hold their first meetings until Tuesday or Wednesday. Much therefore remains to happen. If the Labour campaign has got so far in the quiet period, should Tories be speculating gloomily where it may not get when in full thunder? Or should Labour agents be wondering worriedly whether the Conservatives may not have been astute in holding back for the counter-attack which they are now so plainly and belatedly launching?

ONE'S own impression is that there is scope for a sharp Conservative come-back, though it is by no means certain that the central organisation of the party is efficient enough to effect it. Here one must start by stating a controversial view about why Labour has made most of its recovery so far—a view with which nearly all Labour candidates will flatly disagree. Right up to June of this year, it should be remembered, the by-elections in the expiring Parliament were showing a swing to Labour compared with 1955; it was a swing which suggested that Labour might win sufficient seats in a new election to bring the Commons to deadlock, even though the massive potential Labour majority that existed before the bus strike of May, 1958, had plainly evaporated. After June of this year, however, there was a rather illogical reaction against Labour in the public opinion polls; as the realisation sunk home of how great an opportunity the Opposition had thrown away in the preceding eighteen months, people indicated to the pollsters that they rather agreed with the very general newspaper judgment that the party led by Mr Gaitskell was unattractively wet. When the election campaign began, there were therefore many more dissident but traditional Labour voters who had to think again whether they really wanted the Tories to return to power than there were dissident Tories on the other side of the fence. This was a familiar electoral situation, tailor-made for there to be some swing back to the left during the campaign. One thing that might have stopped Labour from winning its waverers back would have been if Mr Gaitskell had made an early impression of irresponsibility; instead, however, his image came over very well.

If this interpretation is correct, its importance lies in the fact that Labour has drawn an entirely different conclusion. Labour propagandists are convinced that they have achieved their "great recovery" because of their pensions offer and other auctioneering; and as their excitement about the recovery has mounted, so has their shouting of their promises—to a point, the Conservatives must hope, of giving too many hostages to fortune. Among the floating voters of Britain there must be a few hundred thousands who do not really believe that Labour can increase spending by the amounts it promises, fulfil Mr Gaitskell's extraordinary pledge that a Labour government would never again increase income tax "under normal peacetime conditions," bring interest rates down, and avoid inflation—all at the same time. It is on this front, with accusations of irresponsibility, that the Conservatives are bound to mount their counter-attack for this last week; perhaps there will be a moral story to tell if they succeed.

Nevertheless, it is far from certain that the Conservatives can carry the hostages away. They are struggling under three disadvantages. First, even if (and it is still an if) Labour has misread the lessons of the last two weeks, the Conservatives certainly misread the lessons of the preceding three months. They believed the public opinion polls, not the by-elections. They decided they were certain to win a quiet campaign, and that a low turn-out would help them most. They found themselves rigidly committed to a dull and vote-shrimping manifesto, and to a low-keyed election. One is irresistibly reminded of the American election of 1948. The difference is that the Conservatives saw their danger this week with ten days to recover in. Governor Dewey never worried until the results began to come in.

Secondly, the Tories have been caught on the hop by the improvements in Labour's organisation. Admittedly the Tories' own canvassing organisations are mostly at least up to 1955 standards and in many cases improved; especially now that the polls suggest there is a danger they may lose, volunteers are beginning to pour in. But the most important of all organisational activities is already over, and it looks as if Labour has stolen a march in it. The last day for registering for postal votes has passed. Lord Poole told a press conference this week that "the detailed returns on the postal votes reaching Conservative Central Office are remarkable, and it would be fair to say that the Conservatives seem to have between 60 and 70 per cent of them." What he did not say was that, in many crucial areas, the Conservatives more usually had between 80 and 90 per cent of postal votes last time.

THIRDLY, even if the volunteers now pour in, it is not at all clear that the Conservatives know what to do with them. They are still wasting a lot of time on indoor evening meetings. One must admire the heroism of those who attend these meetings—sitting on infants' desks or on hard benches without backs, in dark and ill-lit schoolrooms, and listening to rather incompetent chairmen introducing rather dreary speakers. But it is difficult to believe that even the best of schoolroom speeches makes a single convert; the audience is almost entirely composed of party faithfuls and the only effect of these meetings has been to keep them from getting on with the job of canvassing. Labour, of course, has been making some of the same mistakes. But whereas last time the dominating impression of the election campaign was of chaotic incompetence on the Labour side, this time the main impression has been of an amiable muddle remaining on both sides—of failure by the Tories as well as Labour to advance to meet the automation age.

Everywhere in both parties' committee rooms one has found rushed, friendly people consuming innumerable cups of tea, eager to talk about their prospects, massively ill-informed about what the other side is doing and about the scale and impact of television electioneering. Everywhere this week experienced correspondents, talking to agents and candidates, have felt them getting more and more out of touch, increasingly caught up in their own hopes and fears, overworked and talking about the issues to none but their own supporters. More and more the local party organisations clutch at straws. Questions at meetings are taken as representative of a conversion, a snub on a doorstep or an ill-attended meeting is generalised into a broad constituency-wide or nation-wide trend. Agents are particularly prone to idealise their own candidate and to see him as transcending any national tide. Local party organisations are often extraordinarily unaware of what the other side is doing. There are seats which both sides seriously expect to lose, and there are even more seats where both sides are genuinely utterly confident of victory. There are seats where each side claims to have superb organisation itself—and to be honestly bewildered at the almost total inactivity of its opponents. That is why, despite the unprecedented publicity brought to bear upon it, this campaign of 1959 must be called, more than ever, the uncertain election.

Liberals Rise in the West

Our special correspondent who has been enjoying himself on western hustings reports:

FOR the small band of hopeful Liberals, who are the principal aggressors in a strip of Tory territory that runs with a few breaks from the extremities of Cornwall to the fastnesses of Wales, this is a Suez-and-sewage election, with the emphasis on the latter. In many a village hall in Cornwall, Devon and the remoter parts of Hereford, gaslight and Aladdin lamps are still the symbols of Tory prosperity. In Herefordshire, perhaps the hinge of Liberal fate, hard under the Black Mountains, where inbreeding seems excessive and young men seek their fortunes by going east, Radicals are people who look to Liberal Mr Day to bring light (and with it perhaps television) where Tory Mr Watt has failed to deliver electricity.

In a sense, the Celtic fringe has a political pattern as frozen as its ancient amenities. Out of its pre-socialist tradition of politics as a matter to be settled between Tory and Liberal, the Liberals hope to kindle a post-socialist revival. By habit the Tories are inclined to rely on propagating the impression that the south west must rally round its natural leaders to repel the continental nastiness of socialist intrusion. Their candidates represent nicely shaded variations of landed gentility—Mr Watt of Hereford the smoothest, Mr Lindsay of North Devon the simplest and stolidest, Mr Browne of Torrington the most rugged and sporty (he rode Knuckleduster in the Grand National), and Colonel Scott-Hopkins of North Cornwall the most military. They have reacted in different ways to the noisy nuisance of Liberalism. Oddly enough it is Mr Browne, behaving like an incumbent in the face of Mr Bonham Carter's winning margin of 219, and Colonel Scott-Hopkins, with a Liberal breathing down his neck only 1,000 votes behind, who ignore the Liberals totally—and campaign against the last Labour government. North Devonian Tories do go so far as to add a sticker reading "and the Liberals" to the national party's slogan "Don't let the Labour party ruin it," while Mr Watt, a whip, has let himself be drawn into direct battle at Hereford by Liberal reproaches that he is "a mere cog" in a party machine.

But even in the west social patterns change. "In the old days," says the oldest Liberal in a small Devonian village, "you knew which were Tory and which Liberal. But now there are so many foreigners come in, you just can't sum 'em up." Even in the rustic west, such towns as Barnstaple, Bideford and Hereford contain industrial areas which last time turned out solidly to vote for the Labour candidates, who came third. The Liberals' problem, as their realistic candidates understand, is not only to rouse tenantry against squirearchy, but to sell the ironical notion that for progressives of all hues a Labour vote is a wasted vote.

Fundamentally Mr Jeremy Thorpe and Mr Robin Day, the two postwar presidents of the Oxford Union who wear the yellow Liberal rosettes in North Devon and Hereford, are campaigning not against Mr Macmillan and Mr Gaitskell or their local proxies, but against Mr David Butler. The psephologists, with their uniform national swings, are in Mr Day's opinion "the most sinister influence in British politics." Both these Liberal campaigns are exercises in the cult of personality. Mr Day had little option. Despite Mr Frank Owen's achievement in the 1956 by-election in lowering the Tory majority to 2,100, the Liberal organisation in Hereford remained extremely rudimentary until the arrival a fortnight ago of a seasoned agent from London. Indeed, just because Mr Owen's near-miss was attributed entirely to his personal flair the local Liberals expect his successor to show that he is of the same mettle and carry all the burden.

Mr Thorpe, on the other hand, is deliberately conducting an

American style campaign—with "This Time Jeremy" campaign buttons, a blown-up photograph outside the Barnstaple Liberal Club, and huge posters captioned "Jeremy a Thorpe for the Future" (a slogan which has puzzled some unsophisticated Devonians, who point out that Mr Thorpe's middle name does not begin with A). His likeness stares from the hoardings to match every cagey spaniel portrait of Mr Macmillan. But, having nursed the constituency so long that his way with Devonian anecdote now nearly matches his celebrated imitation of Lady Violet Bonham Carter, Mr Thorpe is working to a long thought out plan that gives first priority to thorough organisation. Indeed Liberal organisation in North Cornwall and North Devon—and, since the by-election, in Torrington—resembles more nearly that of at least the Labour party elsewhere than the pitifully improvised arrangements of Liberal interveners in, say, the London boroughs.

Can Mr Bonham Carter hold Torrington? Although his personality contrasts so strikingly with his Liberal neighbours—his increasingly forceful speeches convey the image of scholarship rather than showmanship—his problem is essentially the same. Since he cannot now expect the Tory votes that he received in the by-election, he has to find a way of squeezing the juice out of the Labour orange. He has the advantages of incumbency and of a specially commissioned economic plan for North Devon—and, like Mr Thorpe only more so, the presence of a remarkable mother. If Torrington falls and North Devon falls short, the Liberals might still have a south-western beacon in North Cornwall, where Mr Malindine has statistically the best chance of all Liberal challengers to capture a seat. But his trouble, despite a strong personal following, lengthy nursing and a high state of organisation, is that the Labour orange was squeezed almost dry at the last election.

WHILE Liberal chances can only be described in highly speculative terms, there is absolutely no sign at all in this part of the country of the electoral apathy which is supposed to assist the Tory Ascendancy. Agents are running campaigns in the old-fashioned way with four or five meetings an evening; townsmen and cottagers are deserting the telly to fill the market places and village halls; and questions are being asked about Suez and other aspects of foreign policy.

The most dramatic meetings of all are held every Saturday evening in front of an immaculately restored Jacobean house in High Town, the centre of Hereford. In a town so sleepy and obsessed with petty local personalities that one would expect a parliamentary election to pass it by, a crowd of several hundred collect outside the lorry hustings to hear each of the candidates in turn. Last Saturday a tepid survey after the Macmillan manner by the present young upper crust incumbent dissolved into chaos as the Tories overshot their time and Labour loudspeakers kept up a continuous blare of "Typical Tory Tactics." There followed an awkward proletarian interlude while Labour councillors, looking and sounding rather like Bernard Shaw's idea of the working man, showed by their relentless parochialism why it is that, although usually the strongest group on the city council, the Hereford Labour party never comes near winning a parliamentary election, and a Methodist parson contrasted Suez with the groundnuts scheme to demonstrate that all Labour fiascos were altruistic fiascos.

Finally, as the pubs emptied and the Young Conservatives choir got into voice with its spoiling ditties, a bouncy, duffle-coated Mr Day lashed into everybody in authority, to the huge delight of the mob. His particular targets were party machines as symbolised by his Tory opponent, anybody who alleged (of course, untruthfully) that Liberals would lay a finger on farm subsidies, and the *Hereford Times*, the organ of the local Ascendency, whose editor, Mr Peacock, he linked with the Tory agent, Mr Alcock, in the equation "Alcock plus Peacock equals Poppycock." The meeting concluded at 11.30 p.m. when drunken steel erectors stormed the Liberal lorry shouting "What about the trade unions?"; a sturdy Welshman made as if to strike the Liberal candidate, but seized him instead by the hand to declare that Lloyd George had been born again; and a Tory heckler broke the microphone.

Whether defiance of the psephologist is just a case of biting the thermometer to deny the presence of a fever only election day will tell. But if Liberals go down in the west country, they will certainly go down fighting for . . . well, fighting for something, even if not undiluted Liberalism. As the last word in electioneering enterprise, their shaggy Shetland leader plans next week to descend by helicopter like a prophet out of the clouds to bless the arms of the west country faithful.

The four constituencies discussed in this article are:

(1) **Hereford:** 1956 by-election result: J. D. G. Watt (Con) 12,129; F. Owen (Lib) 9,979; B. C. Stanley (Lab) 5,277. Conservative majority: 2,150.

(2) **North Devon:** 1955 general election result: J. Lindsay (Con) 16,784; J. J. Thorpe (Lib) 11,558; H. Heslop (Lab) 7,272. Conservative majority: 5,226.

(3) **Torrington:** 1958 by-election result: M. Bonham Carter (Lib) 13,408; A. Royle (Nat Lib-Con) 13,189; L. Lamb (Lab) 8,697. Liberal majority: 219.

(4) **North Cornwall:** 1955 general election result: Sir H. Roper (Con) 16,824; E. Malindine (Lib) 15,220; V. E. Cornford (Lab) 3,465. Conservative majority: 1,604.

In the Constituencies

WITH all eyes peeled for straws in the wind that might reveal what is likely to happen to the country next Thursday, some general comment on the course of the national election campaign has this week been switched to Notes of the Week (page 28). On page 27 we publish a scorecard of "sensitive indicators" of the election, listing what seem to be the 63 most marginal Conservative seats and the 59 most marginal Labour seats for next Thursday, judging by the swings required, the pattern of candidacies and housing developments since 1955. In our final notes from the constituencies below the convention is repeated of printing in **bold type** the name of any seat that could change hands as a result of a 3 per cent swing away from the party presently in possession of it.

Straws in the Wind

THERE is some patchy evidence that the general swing across the country may not be as even as usual at this election. Indeed some straws suggest a regional pattern which could give most pre-election analysts quite a shock. Five small but very interesting local council by-elections took place last Thursday. Two of them were in Norwich; they were in wards where direct comparisons could be made with the local election results two weeks before the general election of 1955; and they showed a clear swing to Labour compared with that time. Across the two wards as a whole, with 6,000 people voting, the swing to Labour was about 2 per cent; in one of the wards it was over 3½ per cent. The Tory parliamentary seat of **Norwich South** (2.5 per cent swing needed to overthrow it) is on our table of marginal Tory seats on page 27, and in the same county are at least three other Tory marginals—**Yarmouth** (1.1 per cent swing needed by Labour), **Norfolk South** (2.2 per cent swing needed) and **Kings Lynn** (1.7 per cent swing needed). The Tories' fifth seat in the county is Norfolk Central which Sir Frank Medlicott held by a majority of 5,563 in a straight fight in 1955; but Sir Frank has been disinherited by his local association because he disapproved of the Suez adventure and a Liberal is intervening to fight his would-be successor this time. The results of these Norfolk seats will not come in until Friday morning, and the Tories cannot feel altogether happy about any of the five of them. Their hopes of winning Labour's two marginal seats in **Norfolk North** and **Norfolk South West** must also be wilting.

The other three local council by-elections last Thursday were in Lancashire, and they presented a surprisingly different picture. In Ormskirk, where 6,700 people voted, the Tories marked up a 6 per cent swing towards themselves compared with the local elections in the same ward in May, 1956. In two wards in Preston, they marked up a combined 5 per cent swing compared with May of this year. It should hastily be said that, quite apart from the small samples involved, these results do not indicate an equivalent Tory recovery compared with 1955. Indeed the Tories were doing so badly in the country in May, 1956, that there can be some dispute whether the Ormskirk result represents a net swing compared with the last general election at all; and the Preston results probably do not indicate a swing of more than between 2 and 3 per cent compared with that time. But they have undoubtedly given local Tories a much-needed fillip.

In general, local council by-elections in the last few months seem to have conformed to the pattern of previous parliamentary by-elections rather than of the pre-election campaign Gallup polls. They have suggested that in many parts of the country the Tories are still slightly behind the stage of popularity they had reached in 1955, and are ahead of it only in very few. But perhaps surprisingly, Lancashire has recently been one of the Tories' brighter local government spots. For example, in the local council in the Labour marginal seat of **Accrington** (1.6 per cent swing needed) Labour has recently lost some significant ground.

From Far and Wide

CORRESPONDENCE from north-east England suggests that the campaign there is rather flatter than elsewhere, and there seems to be less bursting Labour enthusiasm. Nevertheless potential Labour gains in order of likelihood are described as: **Darlington, Carlisle, South Sunderland.** If there were a Conservative gain it would probably be for Commander Kerans (of HMS *Amethyst* fame) at **The Hartlepools.**

From Wales a correspondent reports that he does not expect any Welsh seats to change hands. Labour is vulnerable to the Government only in **Swansea West, Cardiff East** and **Pembroke**—and he does not expect a single one of them to go. Merioneth might possibly go from Labour to the Liberals or even to Plaid Cymru. Denbigh might go from the Conservatives to the Liberals—but it is improbable. Labour would have to defeat Mr Thorneycroft to win a new seat—and they won't do that. Plaid Cymru are putting up twenty candidates and look like increasing their vote substantially. Their interventions will not attract Conservative votes at all seriously, but whether they will mainly hurt Labour or the Liberals one cannot make out. The Plaid are a rather charming, highly amateur body of gradualists, who are not anti-English with any bitterness—only anti-anti-Welsh people. They themselves cannot account convincingly for the recent growth in their support—no special *new* grievances have grown up in Wales in recent years.

A special correspondent ending a tour of marginal constituencies in London reports: The Conservatives won **Ealing North** by 246 in 1955, even though there was a Liberal (securing 3,770 votes) in the field. With no Liberal standing now, the Conservatives might be expected to be hopeful, but they are cautious. Since 1955 the electorate has grown by nearly 3,000 at the Labour (Northolt) end of the constituency as the result of steady council building, and has fallen slightly in the Conservative areas of Greenford and Hangar Hill, because of the decline of "doubling up" with in-laws. This, though a tribute to the operation of the Rent Act, will not necessarily ensure a Conservative victory. In 1955 Ealing North was won largely because, at the Northolt end, Labour voters abstained.

Medway Moves

A special correspondent reports:

"THE death knell of Socialism has been sounded in the Medway towns," declared Sir Alfred Bossom after a Conservative dinner at Rochester last month. "We have a master plan." Exactly what this consists of in **Rochester-Chatham** and **Faversham,** two marginal Labour seats in the area, is not at all apparent.

At Rochester, in fact, Labour look safe, even though their agent resigned "for reasons of health" only three weeks ago. A gaggle of bureaucrats from the National Union of Public Employees is running their efficient machine, the traffic chaos in the town (and the slow progress on the by-pass) is on their side, and above all they have the popular Mr Bottomley, who has increased his majority every year since 1945, as their candidate. Threatened redundancies at the Royal dockyard at Chatham have so far made little impact, because private firms and the army have absorbed local unemployment. Conservative hopes are pinned to the handsome Mr Critchley, a public relations expert, sixteen of whose photos grace the outside of the local Conservative headquarters. Perhaps Sir Alfred Bossom merely made a spoonerism at that dinner—and meant plaster man, not master plan?

The campaign at Faversham, the country's most marginal seat which Labour won by only 59 votes in 1955, has started by being almost as colourless as the constituency itself. The Labour slogan "more than 59 in '59" is not an ambitious one and Mrs Olsen, the Conservative challenger, has so far done little better. Sheerness dockyard is in the constituency; two firms described even by Labour as "well-established and with tremendous financial backing," are taking it over next year; but Labour may be able to exploit some uncertainty about redundancies, and to improve the low turnout in Labour strongholds in Sheerness in 1955. Otherwise there are no local issues in a flourishing constituency of large factories (such as Bowaters at Sittingbourne) and good agricultural land. The campaign is on pensions, prosperity, prices, peace but no personalities, *please.*

Actually, only the personalities are of any interest. Mr Wells, the rather stolid Labour incumbent who has held the seat—with a declining majority—every year since 1945, was a Transport and General Workers Union organiser. He has the advantage of being a local man. Mrs Strom-Olsen (she has dropped the Strom for the campaign) is a hard fighter but comes from Essex. She follows Sir Alfred Bossom's son and Lord Woolton's son-in-law in fighting Mr Wells for a seat that should swing with the country as a whole.

Liberals and the Majority

AT the last general election the Conservatives won a majority of 68 seats over Labour and of 60 over all parties combined. The Tories are bound (at least eventually) to gain the two former Sinn Fein seats this time, since the Sinn Feiners opposing the Unionists there again cannot sit because they are convicts currently in prison; on the other hand, Labour won Carmarthen from the Liberals in a by-election in 1957 and almost everybody expects them to retain it. This is the basis for the estimate (see the following page) that Labour will need to win 38 Tory seats to secure an absolute majority, although it will need to win only 35 Tory seats in order to secure a majority over the Tories alone. The latter figure will be reduced if the Liberals gain any seats from the Tories.

The Liberals' best hopes for gains from the Tories seem to be, in probable order: (1) **North Cornwall,** (2) **Torrington,** (3) **Inverness,** (4) **Hereford,** (5) **North Devon,** (6) **Denbigh,** (7) perhaps **Ross and Cromarty.** All these results will not be announced until Friday. A possible earlier pointer to Liberal strength in the west country might be the announcement at Exeter, where the Tories were not absolutely safe last time (6.3 per cent swing needed by Labour to unseat them in a straight fight) and a Liberal is intervening.

Election Scorecard

APPROXIMATELY 116 of the 630 constituencies now being contested could change their allegiance between the two main parties as the result of a 3 per cent swing either way. These seats (57 of them won by the Conservatives in 1955, 59 by Labour) are shown in the table on the opposite page; we have added to them 6 "additional Tory marginals" where correspondents have suggested that local factors give the Conservatives some special reason to be worried. It is in these 122 places that, next Thursday, the course of British history is most likely to be swayed.

On present indications, Labour will need to win 35 of the 63 Tory seats in the table (or of other Tory seats outside it) in order to become the largest party in the House, and it will need to win 38 seats in order to secure an absolute majority over all other parties combined. If the Liberals win some seats from the Tories (see page 25), Labour will have to win less than 35 seats in order to become the largest party, but it will still need 38 seats for an absolute majority.

The names of the seats are set down in the form that the BBC has decided to use in its television and radio announcements of the results, alphabetically in each column. Viewers and listeners who used the equivalent table that we published last time could, we claim, work out what the government's majority was likely to be more quickly than did the programme commentators themselves or than could viewers using any other method.

Most Marginal Tories

THE centre column of the table contains the names of nine seats won by the Tories in 1955 but which we have listed as losable even "without a swing" this time because of a new pattern of candidacies or because of population movements. The notes at the bottom of the table are largely self-explanatory. All seats being contested by Liberals are italicised, and those where no Liberals stood in 1955 carry an asterisk as well. Where there has been a major movement of population since 1955 which is likely to hurt the Tories (e.g. the building of large new council housing estates) the constituency concerned is followed in parentheses by an (A). Where population movements seem likely significantly to hurt the Labour party (e.g. by large slum clearance schemes) the constituency concerned is followed by a (B). The symbol (X) indicates that a constituency has been consigned to a particular column because of special factors affecting the pattern of candidacies. Estimates of the likely effect next Thursday of such changes of population or candidacies are inevitably largely a matter of guesswork, though we have based them on experience in the past.

If, say, Conservative seats that are italicised and marked with an asterisk start falling heavily, while other seats in the same columns are held, that will be a sign that we have underestimated the damage done to the Tories by Liberal interventions; and readers can make allowances for this when looking ahead to whatever other likely Tory losses may be to come. Of the nine very vulnerable Tory seats in the centre column, **Rochdale** (gained by Labour in a by-election in 1958) seems an almost certain Tory loss compared with 1955; and the Tories will also be very hard put to it to hold **Glasgow-Scotstoun, Hitchin** and **Gravesend,** but the other five Tory seats in this column should be savable by relatively small local swings in their favour. We have not marked any Labour seats as being "losable without a swing," but **London-Holborn & St Pancras**—and possibly two of the other Labour seats in the same column which are followed by a (B)—must come very near to this category.

Use of the Table

BY the time that a dozen or so results are in it should be clear whether the country is in fact swinging right or left or nervously standing still. It should thus become clear whether it is on the right hand, left hand or middle columns that the reader should concentrate while awaiting changes in control. A possible method of using the table is to cross off those seats in these columns that do change hands, and to tick those that are held. The advantage of this system is that there are then fewer and fewer names to concentrate on as the night wears on; and that a fair indication should be obtained of the majority towards which the winning party is heading.

In the 1955 election 23 of the 24 seats that changed hands were in the table that we published before the event. That was because there was a fairly even swing of 1½ per cent to the Tories across the country. Obviously, if the swing to either side is greater this time the winning party will start gaining several "less marginal" seats that are not in the table opposite; even if the national swing is again small, there may well be greater local variations which will cause changes in more non-marginal seats than the one outsider that fell last time. It would be a good thing for local democracy if there were.

But it is still overwhelmingly probable that the venues of the majority of the most crucial fights are shown in the table; by the time that a fair number of results are in, and especially if the swing should be carrying the country towards only a small majority for either party, one should be able to pick out from the table which further results one must wait for in order to learn who will form the next government of Britain.

Early Pointers?

THERE are certain boroughs that traditionally try to get their results counted particularly quickly. Seven cases are worth mentioning here, because they may provide the crucial pointers in those first few nervous moments on Thursday night:

(1) **Salford West** and **Salford East** have been among the first dozen results in each of the last three elections. Both are now marginal Labour seats and straight, uncomplicated fights; in Salford West the Tories need almost exactly a 1 per cent swing to overthrow Labour's Mr Royle and in Salford East they need a 2.2 per cent swing to overthrow the very left-wing accountant Mr Allaun. If the Tories fail to capture Salford West it will be a sign that they are unlikely to increase their majority by very much. If they capture both Salfords, Labour will be in a very bad way.

(2) **Watford** was the first constituency to announce its results in 1951, but was held up by a recount last time. It is a very marginal Tory seat, which the Tories gained in a straight fight in 1955 with a majority equivalent to a 2 per cent swing), but which some people think should be marked "losable even without a swing" this time because there is a fairly impressive Liberal intervention. The recent printing strike will be a local issue, but if Labour does not capture Watford it is unlikely to capture the country.

(3) Cheltenham was the first constituency to announce its results last time, and the Tories would need a 9.3 per cent swing to unseat them. There has been industrial development in Cheltenham and a Liberal is intervening, so most people expect the former Tory majority of 7,621 to drop. But if the Tories went so far as to lose this seat it would be a sign of disaster for them.

(4) **Billericay** was won by the Tories last time with a 4.8 per cent swing needed to unseat them. But here again a Liberal is intervening; and the former Tory MP is not standing again. So the seat just qualifies for inclusion in the table opposite, as one of the seats that Labour might win if it is heading for a majority of about 40. But it will be a shock for the Tories if Labour is.

(5) **Accrington** was among the first dozen seats to announce its results last time. It is a marginal Labour seat (1.6 per cent Tory swing needed) and its particular interest is that it is one of the few Labour marginals in which recent local election results give the Tories some cause for optimism.

(6) **London—Barons Court** was won by Labour last time with a majority equal to only 0.3 per cent of the total vote. But an Independent Liberal is intervening, and a Tory victory here might be a sign that the Tories were heading for a majority of between 100 and 150.

SENSITIVE INDICATORS OF THE ELECTION RESULTS

MARGINAL LABOUR SEATS

TO BE WON BY TORIES WOULD REQUIRE RIGHTWARD SWING OF:

Losable without swing cutting Tory majority to about 50	0–1% indicating Tory majority of up to 110	1–2% indicating Tory majority of up to 150	2–3% indicating Tory majority of nearly 200
Epping (A)	Acton	Accrington	Ashton-under-Lyne*
Glasgow Scotstoun (A)	Blackburn	Birmingham All Saints	B'gham.—Northfield
Gravesend (X)	Brierley Hill	Brighouse-Spenbrgh.	*Perry Barr**
*Hitchin** (A)	*Bristol North East* (B)	Bristol North West	"
Hornchurch (A)	Cleveland	Chorley	Bootle
*Kingston-on-Hull Nth.**	Edinburgh Central (B)	Coventry South	Bristol Central (B)
*London—Wandsw'th C.**	Faversham	Dunbartonshire East	*Derbyshire South East**
" *Holbn. & St. Pan(B)*	Glasgow Provan (A)	Dundee West	Dunbartonshire West
*Maldon**	Leek	Hartlepools	Eccles
Manchstr.–Ardwick (B)	Liverpool Edgehill (B)	*London—Barons Ct.**	Edinburgh East (X)
Meriden	London—Clapham	" *Kensington Nth.* (X)	Flintshire East
Norfolk North	" Holbn. & St. Pan(B)	Manchstr.–Ardwick (B)	Huyton
Stirling & Falkirk	Manchester Gorton	Meriden	*Ipswich**
Sunderland North (B)	Newcastle East (B)	Norfolk North	Keighley
Swansea West	Norfolk South West	Stirling & Falkirk	Lowestoft
Wellingborough	Reading	Sunderland North (B)	Nelson & Colne
Widnes	Salford West	Swansea West	Newark
	Stalybridge & Hyde	Wellingborough	Rochester–Chatham
	Willesden East	Widnes	*Romford**
			*Rugby**
	(19 seats)	(19 seats)	Salford East
			*Uxbridge**
(9 seats)			(21 seats)

MARGINAL TORY SEATS

TO BE WON BY LABOUR WOULD REQUIRE LEFTWARD SWING OF:

2–3% indicating Labour majority of 15 to 40	1–2% indicating near deadlock	Under 1% indicating Tory majority of 10 to 20
Bedfordshire (Mid)*	Doncaster	Ayrshire Central
*Billericay**	Ealing North	*Bedfordshire South**
Brentford & Chiswick	Halifax	Bradford North
Chigwell	*Hemel Hempstead** (A)	*Buckingham**
Devizes	*Heywood & Royton**	Carlisle
Dover	Kings Lynn	*Darlington**
Gloucestershire South	*London—Battersea Sth.*	Eastleigh
Grantham	*"Dulwich*	*Eye*
Liverpool–Kirkdale	*"Lewisham North** (X)	Glasgow Craigton
London–Woolwich W.	*"Putney** (A)	Glasgow Kelvgrve. (X)
Norfolk South	Plymouth Devnpt. (B)	Lanark (A)
Norwich South	Plymouth Sutton (A)	Manchester—
Rutherglen	Rushcliffe	Wythenshawe (A)
Walsall South	*Walthamstow East*	Nottingham Cen. (A)
	Yarmouth	*Oldham East*
(14 seats)	(15 seats)	Preston South
ADDITIONAL MARGINALS		Sunderland South (A)
Bolton West		The Wrekin
Chislehurst (A)		*Watford**
Gainsborough		York
Portsmouth West		
Taunton		(19 seats)
*Weston-Super-Mare**		
(6 seats)		

Notes:—Seats where Liberal is standing italicised. * New Liberal intervention, no Liberal in 1955. (A) Housing developments to Tories' disfavour. (B) Housing developments to Labour's disfavour. (X) Special circumstances, due to new pattern of candidacies.

NOTES OF THE WEEK

CHINA AND RUSSIA

Sauce for the Peking Duck

MR KHRUSHCHEV showed on Wednesday that he can be almost as candid in Peking as in Washington. No sooner had he arrived there for the celebrations of the tenth anniversary of the Chinese Communist regime than he set about warning his hosts that there must be no attempt to "test the stability of the capitalist system by force." Without mentioning Tibet, Laos or the McMahon Line—or, one assumes, remembering Hungary—he added:

> Even so noble and progressive a system as socialism cannot be imposed by force or against the will of the people.

The possibility that he might have intended merely to utter platitudes without application to China hardly stands up to examination. For reasons of his own, he is now preaching restraint and tranquillity; in his good world, China's present deeds stand out as naughty ones. The same point emerged last month when Moscow issued its solitary statement on China's border dispute with India, reaffirming Russia's friendship for both parties and calling on them to settle their differences. In Marxist terms, this was a curious lapse into the grievous sin of "objectivism."

True, the Soviet note of September 15th on Laos did meet Chinese requirements in proposing, in effect, a resumption of the Far Eastern conference of 1954 in Geneva, which ended the Indo-China war. This remains the only time that communist China has participated in a conference of the major powers. That Peking should wish to repeat the experience is understandable. But in supporting a standing Chinese demand, Mr Khrushchev must have known that he was making an academic gesture, since the Americans were bound to reject the idea out of hand. It is hard to escape the suspicion that in this matter his support for his Chinese and Vietnamese comrades continues to be lukewarm.

Small wonder, in these circumstances, that the Chinese press neglected to tell the people of Peking of the Soviet leader's time of arrival, so that there were no crowds to greet him. The contrast with Warsaw, whose people so recently turned out *en masse* to greet Mr Nixon although he was similarly unheralded, was striking. But Mr Khrushchev is unlikely to follow the example of the United Arab Republic representatives, who on Sunday withdrew from the Peking celebrations after hearing the Syrian communist, Mr Khalid Bakdash, denounce the UAR as "an American stooge." The Soviet leader is evidently prepared to outface his impassive Chinese hosts as boldly as he confronted franker antagonists in the United States. What is sauce for the American turkey is, to him, sauce for the Peking duck too—and sweet-sour sauce at that.

Marshalling the Generals

FORTUNATELY, perhaps, for Sino-Soviet friendship, the Chinese communists are clearly far more interested, just now, in domestic than in international affairs. Since the party swallowed its pride a few weeks ago and revealed that last year's statistics of economic growth bore little relation to reality, the writers and broadcasters have been working hard to prove that the official economic policy is nevertheless on the right lines. And indeed economic growth, if no longer represented as miraculous, is substantial enough. On the political front, the cabinet has been reshuffled and a partial amnesty for "rightists" has been decreed. Marshal Peng Teh-huai, who fought the UN forces in Korea, has been replaced as defence minister by Marshal Lin Piao, one of the greatest figures in the Chinese civil war. It is difficult to know whether this is a routine change (Lin Piao's long illness had kept him out of public affairs, but he is senior to Peng), or a punishment for Marshal Peng, who is reported to have been one of the advocates of last year's breakneck programme of communisation and industrialisation, now sharply checked.

The other changes suggest harder conclusions. Marshal Lo Jui-ching becomes chief of the general staff after ten years in charge of the political police; and General Hsieh Fu-chih, who takes over from Marshal Lo as minister of public security, is credited with spearheading China's subversive activities in South East Asia during his years as party boss in the southern province of Yunnan. The men displaced are "military" rather than "political" generals, and the changes strongly suggest a strengthening of party and police control over the armed forces. Mr Khrushchev, as the man who fired Marshal Zhukov two years ago, can hardly quarrel with Peking over the principle behind the reshuffle.

ELECTION CAMPAIGN

Mr Gaitskell's Fall from Grace

THE hotting up of the Conservative election campaign at the beginning of this week came none too soon for many worried Conservative candidates and officials in the country. They had been chafing at the muffler which Lord Hailsham's ukase against "mudslinging" put upon their speeches. They were furious at the successful tactics of Mr Morgan Phillips, who waited eagerly to collect any moderately tart Tory campaign statement, and then called a press conference to shout "foul." Above all, they were deeply disturbed at the failure of Mr Macmillan's *persona* to get across, while Mr Gaitskell continued to win golden tributes from Conservatives as well as from the other side. The Opposition leader was probably due to suffer a personal counter-attack this week even if he did nothing to deserve it.

In fact, however, Mr Gaitskell has walked straight into the waiting right hook. Throughout the first furore of the Jasper affair—which, for various delicate reasons, never promised to be nearly such a good Labour campaign issue as the *Daily Herald* thought—he kept his head admirably and himself said nothing that he will later have cause to regret. He did this although his tour was obviously imposing a physical strain upon him; in at least one of his London meetings last week he was already looking very tired, stumbling over words and not showing any special competence in dealing with some rather disagreeable heckling. This strain must presumably be the most charitable explanation, if any charity there can be, for the way in which he then proceeded to devalue himself as a professional economist this week.

There may be some excuse for the ambivalent way in which Mr Gaitskell has exaggerated the likely yield of any capital gains tax, for the hustings are not a lecture room in which one is obliged to enter caveats about periods of capital losses. There can be less excuse for his extraordinary slur upon the inland revenue that "certainly not more than half" of the spending it allows on expense accounts is justifiable. There can be no excuse at all for his resort to the oldest piece of economic nonsense of all, in pretending that the £238 million a year increase in interest payments on the national debt since 1951 would have sufficed "to raise old age pensions by 10s. a week, to have abolished the National Health service charges and to leave the nation something in hand as well." He knows quite well that if one lowers interest rates one does not set free real resources for other forms of spending or for tax reliefs; one lowers one particular guard against inflation, and makes increased spending or tax reductions more difficult. Finally, on Monday, came his extraordinary pledge that a Labour government would never again increase the standard or other rates of income tax "under normal peacetime conditions"; and the country was left with an incompatible balance sheet that the Tories are only too eager to add up.

Next Issue?

THE dominant question of the last week of the election campaign may be whether Mr Gaitskell's fall from a high state of grace has opened the door to the propaganda double that the Tories now urgently need to achieve: to destroy what they call the myth of Mr Gaitskell as a responsible alternative Prime Minister and to spread an image of the whole Labour party as a set of divided and spendthrift cranks. It was into this half-opened door that Mr Macleod leapt on Tuesday, when he atoned for the rest of the Tories' third television programme, another collection of moderately inept film, with the best individual performance yet seen in the contest. It is also in this gap that Mr Macmillan and Lord Hailsham must be expected to thresh about merrily in the next few days. They may be helped by two factors.

The first is that the income tax pledge, which Mr Gaitskell might now like to explain away as a very carefully hedged one, has unfortunately for him been played to the skies two days running by the front-page headlines of his too candid friend the *Daily Herald*. The other is that one has the impression that even the more respectable parts of Labour's expansion doctrine have not in fact got over to the electorate; indeed one of the surprises of the election so far has been the failure of Labour to put across to the country its (partly true) point about the Tories' record of "stagnation" and the equal failure of the Conservatives to put across their (equally true) point about the stability of prices.

Probably, the Tories' chances of a propaganda come-back in this final week will depend on whether Labour can find some new issue on which to set a rival pace. The Tories say happily that Labour has shot its bolt too early, and ask through what medium any new issue could be launched. Labour's television programmes, although technically more and more adept, are probably not well suited to plug any single theme. Mr Morgan Phillips's press conferences have lost their news value. But one potential and powerful source of thunder from the left remains. While the *Daily Herald* has blundered about rather clumsily in the fray, and while the *Daily Mail* and *Daily Express* have been practising their particular propaganda techniques most ruthlessly on the other side, the *Daily Mirror* has in these last ten days returned ominously to the editorial touchlines. This is not because its Labour allegiance is in doubt, but because it is biding its time. Two elections ago it launched the question "Whose Finger on the Trigger?" In 1955 it held off until the last week and then filled its front pages with the very cunning slogan "Vote Labour to keep the Tories Tame." In 1959 . . .? A tremor runs through the whole Conservative party when it remembers that the oracle of Geraldine House, like the people of England, has not spoken yet.

STRIKES

Labour's Tear Gas?

FEW unofficial strikes have ever threatened to snowball, either politically or industrially, quite as fast as that at British Oxygen this week. Only 1,500 tanker drivers and loaders, belonging primarily to Mr Cousins's Transport and General Workers' Union, are directly involved. But British Oxygen supplies almost all the country's oxygen and since many industries—steel, motors and shipbuilding are examples—are completely dependent on oxy-acetylene for welding and keep only minimal stocks of gas on the premises, the impact of the stoppage throughout the economy was sudden and could be severe. This massive vulnerability to unofficial action is an obvious drawback to monopoly. Twenty thousand car workers were sent home almost as soon as the strike started; and, theoretically, a total of 250,000 men could soon be out of work if the strike really does continue.

The stoppage is over a pay claim, to which the management was to have replied in three weeks' time. Therefore, although it has been organised by Mr Green, chairman of the workers' joint committee in the firm and a TGWU official, it is unofficial and conflicts directly with the union rules. For this reason, and because the strike is political dynamite for Labour, both TGWU officials and the TUC have gone out of their way at once to condemn it; "unconstitutional, quite unnecessary, and serving no useful purpose" are only a few of the adjectives already used. On Thursday morning Mr Green still remained unmoved; he even wanted the strike to spread. But the Labour movement as a whole is not unmoved, and it is almost impossible to believe that it will allow itself to be atrophied. A lot of big dogs will presumably move in very quickly to sit down on this little one.

UNITED NATIONS

Sounding Off

AFTER three weeks, the United Nations Assembly is still enduring the introductory speeches of the fifty foreign ministers who turned up this year, and of the other heads of the 82 delegations. Admirable sentiments have been reeled off by the hour, passing unreported into limbo. Familiar claims to disputed territory, and complaints about the treatment of dependent peoples or minorities, have, as usual, had more press coverage, despite their familiarity. Austria made its mark by raising, for the first time in the UN, the old controversy over South Tyrol (further discussed on page 56). Israel's plea for free and fair passage through the Suez Canal had the backing, implicit or explicit, of a dozen other governments which revealed anxiety about arbitrary Egyptian detention of ships and cargo.

On Wednesday the smooth flow of demands for the immediate liberation (or annexation) of dependent territories was abruptly broken. The prime minister and Opposition leader of the southern Cameroons jointly demanded that their people should remain under British tutelage until 1962, instead of sprinting to freedom next year alongside their Nigerian and French Cameroons neighbours. They evidently wish to prolong their deliciously painful uncertainty about which neighbour's sheltering wing is to enfold them.

Walking Out

ON the same day, M. Couve de Murville presented General de Gaulle's plan for Algeria and denied the assembly's right to consider a matter that fell within France's jurisdiction. Earlier, French delegates had walked out of the hall during one of the more violent speeches of Mr Shukairy, the Palestinian who now represents Saudi Arabia in the UN, and who on this occasion claimed to speak for Algeria—though he used very different language about the de Gaulle plan from that of M. Ferhat Abbas.

The Assembly's biggest walk-out yet, however, was staged by the Soviet and satellite delegates, who withdrew, appropriately enough *en bloc*, when the Chinese Nationalist spokesman tackled the question of Tibet. They might have made a more skilful point by taking up the Nationalist argument that Tibet is purely China's business—the one thing on which Taipeh agrees with Peking. More ingenuity has been shown by the Irish and Malayan delegates, who have now dumped Tibet in the assembly's lap and sidestepped the controversy about domestic jurisdiction by presenting Chinese oppression of the Tibetans as a violation of basic human rights—an approach which the assembly has accepted in regard to South Africa and other states.

CEYLON

Local Boy Takes Over

CEYLON'S new prime minister, Mr Wijayananda Dahanayake, is an unusually homespun product among Asia's present leaders. Unlike Mr Bandaranaike (an appreciation of whose policies appears on page 55), unlike Mr Nehru, Mr Chou En-lai, President Ayub Khan, Tengku Abdurrahman, and so many others, he can look back to neither Oxford, Harrow, Paris, Sandhurst nor any other formative western experience. Originally a Buddhist teacher at a Catholic school, he came up through municipal to national politics, passing first through the Bolshevik-Leninist and then the Trotskyist party in his country's really rather mild political spectrum, and emerging, in Mr Bandaranaike's coalition, as a leader of the "rightists" who secured the ejection of the Marxist Gunawardena group last May.

He has expressed his confidence that the minority government can serve out its term of office, continuing (probably with a tilt to the right) the balancing act by which it had kept at bay its opponents on both flanks. This confidence is not widely shared. Mr Dahanayake may have the quite real advantage, in terms of Asian politics today, of being untainted by an upper-class British educational background, unlike most of his antagonists, whether conservative or communist; but he lacks Mr Bandaranaike's stature. Within a few days of his taking office, the closing of ranks that naturally followed the assassination was already beginning to look a little ragged. Mercifully, however, the public responded with disciplined calm to the authorities' appeals for good order, and the formal proclamation of a state of emergency did not have to be followed up with the kind of drastic action taken in last year's fierce communal conflicts.

Under the Robe

LIKE Gandhi and Liaquat Ali Khan, Bandaranaike was murdered by a man of his own faith. The fact that the assassin was a Buddhist was promptly and prudently made known throughout the island, to forestall any rumour-mongers who might have set off communal violence again by suggesting that a Hindu Tamil was the culprit. Inquiry has yet to reveal whether the motive was purely personal, or whether the monkish murderer was in any way influenced by the more fanatical Buddhists' known disappointment with the premier's championship of their demands. But public suspicion was evidently aroused. Buddhist monks found it safer to keep off the streets; a few who ventured out were roughly treated. True devotees of this religion of non-violence were as outraged as anybody by the way the murderer, concealing his gun under his robe, brazenly exploited the premier's respectful reception.

In Ceylon, Burma and elsewhere, Buddhist monks have acquired an unpleasant reputation for a kind of political violence that is in flat contradiction to their nominal creed. They have contributed their share to the generally pernicious effect that religious extremists have had on modern Asian politics. It was a Hindu fanatic who killed Gandhi because the Mahatma had insisted on the brotherhood of all creeds—specifically, between Hindus and Moslems. It was the diehard Moslem mullahs whose demands made it so difficult for Pakistan to devise a constitution, and who have left their retrograde mark firmly stamped on that country's unhappy political record. The murder of Bandaranaike may freshly open Ceylonese and other Asian eyes to this evil. If it makes his fellow countrymen less susceptible to the violent slogans of the fanatic (and this could have its ironic side, in view of his earlier encouragement of Buddhist intransigence) the sacrifice will not have been a vain one.

TRADE UNIONS

Ad Hoc *Agreements*

FOR an employer today to deny the efficacy of joint consultation is to invite branding as a reactionary. Mr Johnson, president of the shipbuilding employers' federation, has nevertheless taken the risk. Last weekend he issued a statement saying that since consultation with the shipbuilding unions—notably Mr Hill's boilermakers' society—tended to go on for ever, "it is essential to get on with the work and deal with the disputes in accordance with a well-defined procedure as they arise." He also reasonably suggested that this well-defined procedure, instead of being (as it tends to be now) a strike, should be arbitration, first at local, then at district, and finally—via the offices of the Ministry of Labour—at national level.

There is something in this, blunt though it sounds. Several recent disputes have shown that no quarter is given by the unions either towards the employers or towards each other. Consultations over innovations just drag on and on. But if when a new process is introduced there is no consultation and a strike follows, the unions do at least have the economic pressures that the strike puts on their members to spur their negotiations forward. The demarcation agreement reached this week between the boilermakers and shipwrights, following the lengthy "chalk-mark" dispute, is a case in point.

Failure to install new machines or use new materials in shipbuilding is not only to be blamed on the intransigence of the unions. But they must take a large share of the blame. In spite of the apparent truce between shipwrights (whose crafts go back largely to the days of wood and sail) and the more advantageously placed boilermakers, several major and damaging demarcation questions remain. The use of stud welding guns and the composition of the labour force in the prefabrication sheds are two instances. The employers would like to give a lead. Now, when demand for shipping is in any case weak, is the moment for them to force the issue and, if necessary, face a stoppage in the short run rather than a restriction of output in the long.

HUNGARY

Mr Kadar and the Writers

FOR Mr Kadar one of the most nagging and irritating failures of his regime must be its apparent inability to come to terms with the great majority of Hungarian writers who have expressed their disapproval simply by refusing to write. After the 1956 revolt, in which the writers, both communist and non-communist, played such an important part, the Writers' Union was banned; its government-sponsored successor fizzled out at the end of 1957. A number of writers, of whom Tibor Dery and Gyula Hay are the best known, were sent to prison for their "counter-revolutionary" activities.

But Mr Kadar seems to realise that to win the writers over to co-operate with the regime would do him far more good than to send them to prison, particularly since most of them belong to the influential "populist" movement. This began before the first world war and is closely associated with Hungarian national independence, social reform, particularly a better deal for the peasants (present-day writers have strongly opposed collectivisation) and a neutral "third road" for Hungary. Throughout last year a strong propaganda campaign was kept up against the writers; it was designed, not only to discredit their beliefs and their staunch advocacy of freedom of expression, but also to provoke them into replies that the regime could then use as a handle against them and thereby force them into submission. But with very few exceptions the writers stuck to their policy of silence.

Last June, however, Mr Gyula Kallai, minister of state, announced that although some writers were still being difficult, the time was ripe to reconstitute the Writers' Union. Last week this was duly done. But it remains doubtful whether the new body will give either regime or writers much satisfaction. Hardly any of the more distinguished populist writers appear on the list of members of the new union's committee; two who do appear, Peter Veres and Pal Szabo, have all along shown an equivocal, or openly favourable, attitude

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BE FIRST ON THE ROAD WITH FORD

towards the Kadar regime. Two well-known patriotic writers, Laszlo Nemeth and Aron Tamasi, who were reported to have joined the preparatory commission, do not appear on the committee of the new union—presumably because they cannot accept its allotted role.

Mr Kallai, in his speech at the inaugural meeting, made it quite clear that this role involved strict conformity to the party line. "We shall continue," he said, "to deny a place to literary and artistic activities aimed against our lawful state order." He also said, rather ominously, that "the idea that certain groups of writers can live an independent organised life must be finally discarded."

WEST AFRICA

Mali and Neighbours

THE *year 1960 is throwing its shadow* across Africa. M. Leopold Senghor, president of the Mali assembly and head of the dominant Mali Federation party, referred to the independence of Nigeria, Cameroons and Togoland which will come next year, when he declared last week that Mali, too, would move forward to independence. This is to be achieved by the gradual transfer to Mali of the federal powers over foreign affairs and finance which are now exercised by the French Community, a process equivalent to the last stages of a British-type colonial constitution evolving towards

the status of sovereignty within the Commonwealth. Mali intends to maintain "confederal ties" with Paris—but these will evidently be little more organic in form than those between a Commonwealth country and London. M. Senghor clearly realises, as do M. Mamadou Dia, the premier of Senegal, and M. Modibo Keita, the federal premier, that Mali can no longer afford to lag behind the evolution of independent states in West Africa. What is now at issue is the timetable, the relationship with Europe and the aggregation of former colonial territories into larger or smaller federal states.

Mali's more gradual emancipation would not exclude an eventual rapprochement with its independent neighbour, Guinea (which still maintains unofficially close economic relations with France, is part of the franc zone, and is disappointed with the help it has so far received from the Soviet block). But there is still some illwill between the leaders; what will count in the end is the state of popular feeling. Mali's full independence will also open the way to reconsideration of the relations between the Gambia and Senegal, whose union is one of M. Mamadou Dia's cherished hopes. The new Gambia constitution provides for universal adult suffrage and a clear majority of elected seats in the assembly, so that it will now also become possible to probe the feelings of Gambians on their future and their possible political association with their neighbours. They certainly ought to be probed. It has not proved easy so far to bring British-weaned and French-weaned African states together; but this is partly a matter of time. It is significant that the Gambians have made it clear (with brickbats) to Mr Lennox-Boyd that they wanted this type of constitution; and a week or two ago some violent rioting in Portuguese Guinea suggests that the people of that territory are also not insensible to the prospect of a growing number of independent African states. The rather incongruous map of Mali has not necessarily taken on its final shape. In fact, expansion is probably essential to its viability.

THE PROFESSIONS

Polishing the Brass Plate

THE professions are divided between those that allow their members to advertise their wares and those that do not. Doctors, lawyers, architects and accountants may not; bankers, taxation consultants, engineers (except consultants) advertising and estate agents can and do. Generally the newer professions, often practising in corporate entities, tend to be those that advertise their services, which are not of such direct consequence to life and health as the skills of the learned professions. There is of course a growing amount of surreptitious advertising even by members of the learned professions: architects have their names prominently displayed on hoardings outside the buildings they are supervising, and other professions are not averse to publicity media ranging from articles in the learned press to television appearances. But none of this competes with the commercial advertising undertaken by the "commercial professions."

On the other hand, commercial advertising by bodies that lay claim to professional status may injure the learned professions. It was to this kind of competitive copy that Sir Sydney Littlewood was undoubtedly referring when, in his presidential address to the Law Society a fortnight ago, he raised the question whether the society should not embark on a campaign to remind the public of the services that the legal profession offers them. Banks and insurance companies advertise their trustee and executor services—and indeed aggressively go out to get the work—which are traditionally part of the services offered by solicitors. One measure of the success of this campaign to identify banks with probate and trustee services is the decline in the use being made of the public trustee. The Scottish banks have agreed not to tout for such clients. Institutional advertising by the Law Society (or, say, the Royal Institute of British Architects, or even an organisation representing the remaining private medical practitioners) would be ethically quite different from advertising by individuals—it would presumably inform the public what services could be had, at what cost, and where. The difficulty is that the professional institutions are quite unable to match the resources of big firms. Yet with rising living standards they may reasonably expect to serve many more clients than in the days when they mainly looked after the middle classes. Professional advertising—both institutional and individual—is due for a careful reappraisal.

EDUCATION

The Future of Self-Improvement

THE annual conference of the National Institute of Adult Education this year very sensibly asked itself who are the adults who try to educate themselves, and what should be offered to them. The conference, under the guidance of Mr Richard Hoggart and of Mr Sanderson of the Gulbenkian foundation, quickly had to face the fact that those who have more leisure as the result of the social changes of the last twenty years—the semi-skilled workers—on the whole do not try to improve themselves; those who have on the whole less leisure—the professional classes—are still the principal customers. This is something that

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all adult education lecturers know, but it was worth while to clinch it with figures. Some day Part IV of Mr Butler's 1944 Education Act—which prescribes compulsory part-time post-school education up to the age of 18 or 19 at "County Colleges"—may be implemented; and the politicians ought to know that everything points to its being unpopular. The type of working-class person who in the past improved himself in his leisure, by taking courses, now usually stays on to get some variety of subsidised higher education. The experience of adult education suggests that compulsion will be needed if pub time is to be spent studying Shakespearean tragedy or pond life.

The question is: should one try to rope more of them in? Voices were raised at the conference to suggest that adult education should be trimmed to suit its real customers—the five to ten per cent of people who are genuinely interested, who have the educational stamina to benefit, and for whom standards can be kept reasonably high. If the customers for such a service exist it should not be necessary to subsidise it so heavily: at present public money is spent to the tune of £4 per head per year on about 160,000 "students" who themselves pay a shilling or so. A more economic price would quickly show the real, and educable, audience.

Far more dubious is the other proposition: that the adult education establishment, starting with lowish prestige, should put on courses aimed at diverting the tastes of those attuned to commercial entertainment. Such courses, to get recruits, would have to be semi-vocational, and these are available elsewhere. Adult education presupposes a clientele of adults in an intellectual sense: it would seem to be the job of formal education to increase the size of this clientele by getting more young people to believe that education is a process that continues after school and even after university.

THE TUC

Rate for the Job

EIGHTEEN months ago Mr Woodcock, the assistant general secretary of the TUC, gave a broadcast on the BBC in which he pointed out the dangers of underpaying trade union officials. Their job has lost much of its spice as the initiative in local bargaining has passed from the branch to the shop floor; meanwhile, as Mr Woodcock said, "on any reasonable comparison with salaries outside the trade union movement, full-time trade union officials are admittedly overworked and poorly paid." This situation, and the bias against employing professionals in the unions that causes it, remains the same today. Some of the staff at Congress House, the TUC's new headquarters, are getting increasingly restive.

Unions are, in fact, seldom good employers. Whereas in Britain they expect their officers to work for the cause rather than for the money, in America their hire-and-fire tactics have often come close to those of the more reactionary employers whom the unions so vehemently condemn. When the AFL and CIO merged, a hundred or so employees were summarily declared redundant; while even such progressive leaders as Mr Reuther, president of the automobile workers, has consistently opposed—on the grounds that the union machine must be a monolithic one—the right of collective bargaining being given to AFL-CIO headquarters' staff. In Britain, where the unions are notoriously understaffed anyway, the low salaries, as well as being unfair, actually weaken the movement as a whole.

The latest trouble at the TUC is of two sorts. On the one hand, the turnover of staff has reached alarming proportions; two-thirds of the permanent staff serving the economic committee are said to have gone elsewhere in the last eighteen months alone. On the other hand, some of those who have stayed have become increasingly dissatisfied with their position. The strike weapon will not be used here. But there is a real grievance just the same.

THE ARABS

Cairo v Baghdad

THE Middle East has begun to stir once again. In Cairo, Damascus and Beirut the demonstrators were out in the streets last week. After their quietest summer in many a year, the Arabs were taking up their old quarrels with renewed vigour. The demonstrations were whipped up by the Egyptian press and radio as a protest against the execution of thirteen Iraqi officers accused of complicity in the Mosul revolt last May. Four civilian ex-officials of the pre-revolutionary government in Baghdad were also executed; but they were not mourned in Cairo.

Cairo claimed that General Qasim had sold his country's birthright for a mess of communist pottage, and that the Egyptians were only out to save their Iraqi brothers from their own mistakes. President Nasser was probably expending more missionary zeal than was wise. His extravagant propaganda, whatever its effect in Egypt, Syria, Jordan and Saudi Arabia, was not likely to win over many Iraqis. Perhaps he has forgotten that his more virulent attacks against Nuri es-Said in fact increased Nuri's prestige in his own country.

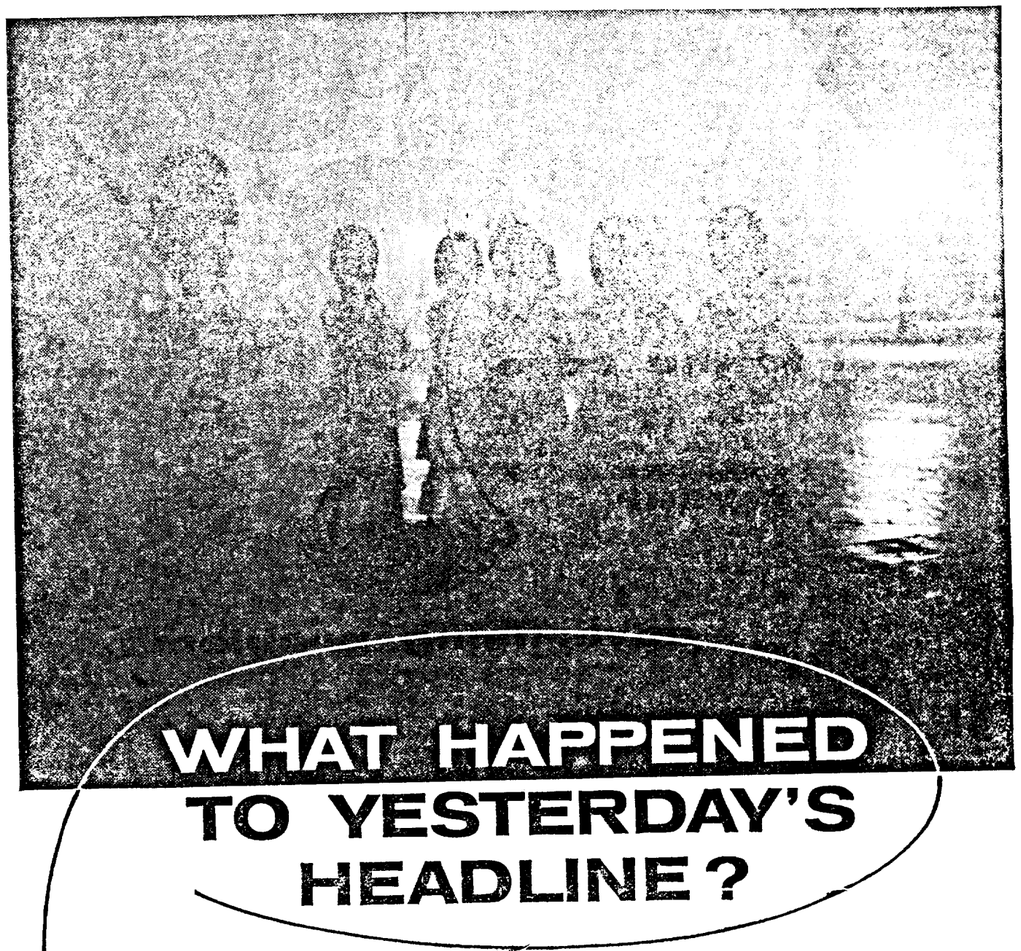
In the eyes of the Iraqi government it is merely a case of everybody being out of step but themselves. The anti-Nasser Lebanese factions and the Tunisians, because of their refusal to let Cairo tell them what to do, are the only Arabs for whom Baghdad has a good word. Colonel Mahdawi has shut up his court and gone for a holiday in Peking, but the Baghdad press is keeping up his running attack against President Nasser. There are certainly many Iraqis who do not approve of their present regime; but the tone of the United Arab Republic's attack against General Qasim is such that they cannot help suspecting it of being more angry because the general rejected its brand of Arab nationalism than because he sought the communists' help. After all, President Nasser himself was the first Middle Eastern ruler to turn in that direction.

The Economist

OCTOBER 1, 1859

HOW TO TREAT THE CHINESE

We have much reason to hope that a new war with China is not the inevitable necessity which some of our contemporaries represent it. The more we hear of the circumstances which led to the disaster at the Peiho, the more likely it seems that unjustifiable imprudence and impatience on the part of our own Ambassador are chargeable with at least as much of the disastrous result as any disloyalty on the part of the Chinese. . . . And we think it possible, moreover, that we may gain a permanently useful lesson, as to our treatment of China, from the failure of what, on present appearances, we must call the high-handed and arrogant method of diplomacy which Mr Bruce has adopted. We have no wish to exaggerate the error, if it be, as we believe, an error, which our envoy has made. . . . But we do maintain that the habit of treating the Chinese exceptionally, as a barbarous nation, which ought to be forced into a more gentle demeanour by a little wholesome pressure, is quite inconsistent with the expectation that they will treat us with all the courtesy and candour of Europeans. What we sow, that we must reap. If we think it necessary to provide means of overawing a Government that is at peace with us into a fulfilment of their engagements, we must not complain if they provide means of overawing us into acquiescence in the strict letter of their engagements. If we have so little confidence in them, that we enforce a treaty with a train of gun-boats that were not in the covenant, we must not be surprised if they provide against the uncovenanted gun-boats by well-armed forts that are also not in the covenant. It may be true that we have many excuses for a display of force on such an occasion, which we should not have as against any European nation; but if so, it is to just the same extent true that the Chinese have excuses for military precaution against our display of force, which they would not have against any nation that treated them by a European code of etiquette.



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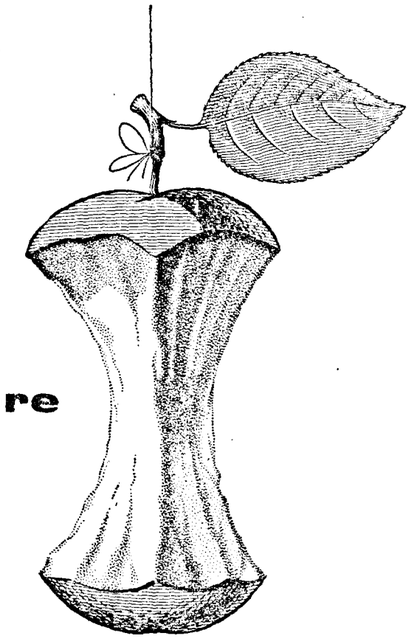

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LETTERS

A Liberal Vote

SIR—In your article entitled "Third Force Needed?" you discuss "whether and where there is a good case for voting Liberal on October 8th" without any reference to Liberal policy ; this in spite of a favourable reference to the party's manifesto in the preceding article. It seems to me that to do so is as pointless as to discuss the value of a Liberal vote in South Africa without reference to that party's racial policy, for you would agree that a liberal vote in South Africa may be both realistic and right whatever the chances of a candidate being returned. I suggest that the British Liberal party's policy, for instance on defence or industry, may reasonably lead one to vote Liberal whatever the candidate and in whatever electoral circumstances.

Moreover, taking the case on your own terms, were the electorate to take your advice and only vote for Liberals with a good chance of winning a seat, the strength of the party throughout the country would quickly disappear, the remaining MPs would be isolated and eventually vanish as the Independent Member has done.—Yours faithfully, H. L. J. BRUNNER
London, SW1

Australian Fruit

SIR—Your business note of September 5th, called "Sweet Taste of Excess" and surveying prospects in the canned fruit industry—with emphasis on the Commonwealth aspect—sets out clearly what the future may hold if dollar imports are to be further increased. In any average year American fruit canners have a guaranteed home market for over 90 per cent of their production, which is in the region of 60 million cases annually. Commonwealth canners, however, earn their living on the British market. Australia's total production, for example, is about 6 million cases annually—of which 75 per cent is exported, the bulk of it coming to Britain. At present two out of three cans of pears sold in the United Kingdom are Australian.

The big postwar expansion of fruit canning throughout the Commonwealth was, in great measure, due to the encouragement given by the British Ministry of Food at the time when dollar import restrictions made it impossible to obtain supplies from America. Commonwealth countries made a tremendous response to Britain's need. If the United Kingdom is now to buy unlimited amounts of canned fruit from America the threat to the Commonwealth producer is obvious.

In Australia it is a matter of pride that the industry is 100 per cent British ; Britishers on both sides of the world profit by its success. Australian exports of canned fruit are carried in British merchant ships and insured with British underwriters. This alone means about a million pounds' worth of business to the United Kingdom every year.

There is a point in your article which we must contest: you say, "the British housewife is firmly convinced that American fruit is best," and you add that this "is a conviction born before the war." Our trade and consumer research shows that the housewife here has come to regard Australian canned fruits as equal to the best that are produced anywhere in the world—a position directly due to those same high export standards which, as you point out, are so rigidly enforced. Let it be remembered that there is a new generation of housewives now. Like the "conviction" you mention, they too were born before the war—but only just! Hence their memory of the American product is less clear.—Yours faithfully, ROBERT HEANLEY
Australian Canned Fruits Board,
London, EC3

Twelves and Tens

SIR—I have just noticed in *The Economist* for September 5th the extract from a hundred years before concerning decimal coinage and wish to note how valid the point made then is still today and its wider application in counting and measuring.

It is no coincidence that the two most important of our units in common daily use, the foot and the shilling, are split into twelve parts. This is based on a natural and ancient mathematical principle, which is underlined by the extract—the principle—that twelve can be divided by twice as many lower numbers as ten.

As a result calculation, mental or mechanical, for technicians or non-technicians, is easier: fractionals are generally shorter (a third of a foot is four inches, of a metre, 3·333 . . . decimetres); the new multiplication tables more memorable ; divisions simpler. Therefore mathematicians are agreed that twelve is the ideal practical base for counting and measuring systems. Some hesitate to change from base ten as four hundred years ago some hesitated to use the new-fangled Arabic number-signs.

In this age of critical reappraising, we must objectively consider the third R. We would then build on and extend our traditional English dozen principle, unwittingly wise perhaps in its logic, rather than destroy it and rebuild on an inferior alien decimal system.—Yours faithfully, B. R. BISHOP
The Duodecimal Society
of Great Britain, Leigh-on-Sea

The Helpless Majority

SIR—I quite realise, of course, that your leader on this subject was written in lighter vein, but nevertheless it carried a core of some substance. How did the rulers get there ? One of the principal means is by keeping jobs within the family. The average English employer when recruiting staff rarely pays much attention to whether the candidate's name is Jones, MacDonald, O'Brien, or Ramsbottom, but tends to give the job to the best man. If, however, one of the ruling nationals is recruiting, Ramsbottom will have to be astonishingly brilliant to be selected and if the selector is kin to O'Brien poor Ramsbottom would not get a look in anyway.

A couple of typical examples readily come to mind. Trevelyan in his "History of England," writing about the men sent out to govern India in the earlier days of the British connection, states, "many of them were Scottish, for Pitt's friend, Henry Dundas, cannily combined his political jobbery beyond the Border with sending out excellent young Scots to India." In more recent years Lord Reith in his autobiography rather ingenuously mentions drawing attention to his Scots origin when applying for a post at an important stage in his career.

It might not be a bad thing after all if we tried a period of England for the English.—Yours faithfully, H. HOLDEN
Manchester

Votes for Babies?

SIR—If we believe in full democracy (which I am not sure that I do), why should not the right to vote begin at birth ? With proxy voting by parents until the youngest electors reach their mid or late teens, of course ; that would cause politicians to pay more attention to the larger families who have the bigger human stake in the land. It would at last mean one vote per head.

The arguments against allowing young people the vote seem to be (a) that they are less fitted to make judgments, and (b) that the young should be regarded as wards of the state, not arbiters of its destiny. If we accept argument (a)—again I don't say that I do—should we not believe in retiring dotards as well as baring colts? Anybody over 70 on October 8th will be voting about the management of the future of this country, by which he is statistically unlikely to be affected for long. If we accept argument (b)—which brings a real gleam to my own eye—does it not provide a case for the disenfranchisement of all others who accept status as in some sense wards of the state ? Of all old age pensioners who are drawing more out of the insurance fund than they actually contributed to it, most farmers, most council house tenants, and soon (I have just been reading the Conservative manifesto) all shareholders of Cunard ? Yours faithfully, ALASTAIR DUNCAN
London, SW20

BOOKS

Case Histories of Polls

Elections and Party Management:
Politics in the Time of Disraeli and Gladstone
By H. J. Hanham.
Longmans. 485 pages. 50s.

WAS a friendly whisper from the old firm in Downing Street passed down the publishers' grapevine? Or was it merely delay caused by the printing strike? Whatever the explanation, here is a piece of perfect timing. Dr Hanham's good luck is obvious; his feelings, however, are likely to be mixed. For this is a serious work, long prepared, and not something got up for the occasion. If sales are to soar for the wrong reasons, it could be distressing. The frivolous are sternly warned: "nineteenth-century elections bore only a superficial resemblance to their twentieth-century counterparts, with the result that comparisons become not so much odious as meaningless." In the circumstances, this is academic abnegation of a high order, as well as dubious doctrine.

Half the pleasure of elections consists in making comparisons, bogus or real. Scholarly restraint will scarcely prevent people looking for the remains of Eatanswill somewhere near North Kensington, or rummaging here for last-minute tips on how to turn out the vote. Like the old, half-irrelevant ritualism kept alive by the politicians, electoral myths die hard. Dr. Hanham will have to be patient, as he can afford to be. Until the excitement is over and the psephologists return to their caves, this massive case-book will be fair (or unfair) game for anyone capable of making his mark. In Smith Square it should be compulsory bedside reading, as a mixture of entertainment with many horrid warnings.

For those more permanently interested in late Victorian politics, Dr Hanham's study is indispensable. Based on tireless research and divided into three parts, it is an exhaustive examination of the electoral process as seen from the Town Hall and Quarter Sessions rather than from Westminster. The first section describes the various types of constituency, and elaborates the contrast between the old world of the rural counties and smaller boroughs, still deep in Namier country, and the new world of the big cities "with their masses of working-class electors and their penchant for Birmingham Radicalism." The next deals with electioneering and elections, emphasising the emergence of a two-party system and the development of new techniques, notably by Joseph Chamberlain and his friends. Here corruption receives due attention; something is said about the multiplicity of pressure groups, and "the slowness with which working-class politicians grasped their new opportunities." Finally, Dr Hanham looks at the party headquarters, outlines the problems of finance and communication, and assesses "their modest efforts to move with the times."

For this period nothing comparable has been done for over fifty years, and Dr Hanham is better informed and less obviously opinionated than Ostrogorski, first of the stasiologists. So considerable is his achievement, and so invaluable, that it seems churlish to complain; yet in a sense this is a disappointing book. Part of the blame must go to Professor Gash, whose "Politics in the Age of Peel" provides an instructive analogy. Professor Gash's material was slighter, both in quality and quantity, and his modest aims more restricted than Dr Hanham's. He offered what was essentially a series of linked essays, leaving plenty of gaps but always perceptive and adorned by an elegant clarity. This account is more systematic and more comprehensive; but it lacks the illumination and conviction of its predecessor, for all its vigour and learning. Something of the difference lies in style and structure, something more in a blurring of Dr Hanham's intentions, which is due partly at least to the difficulties arising from a wealth of sources.

Dr Hanham, at his best, commands a lively narrative; his analysis can be crisp and clear. But his book is hard reading. Too often there is evidence of hurried compilation from what must be the biggest card-index even in Manchester. Battered by the avalanche of facts, one's vision becomes as opaque as the writing. Dr Hanham makes matters worse by being chary of interpretative generalisation, while remaining ready enough to attack old assumptions and to be assertive over detail. In his haste, he sometimes seems blind to the implications of his survey. For example there is an excellent description of the National Liberal Federation, normally regarded as the prototype of the modern party, which properly throws doubt on that body's scope and efficiency. What also appears, and is not discussed, is the difficulty of explaining the emergence of the monolithic party primarily in organisational terms, then and later.

Dr Hanham's original intention was apparently to produce a "structure of politics" for his period; and he began work when the analysis of what lay behind men's actions and utterances was expected to provide an exclusive key to a reinterpretation of political history. The balance has been swinging back again, and party leaders as well as party managers are beginning to matter once more. The concept of "the image" now so fashionable emphasises this point. Dr Hanham has not ignored the change; but there hangs over this book something of the atmosphere of Hamlet without the Prince of Denmark. The great men of his sub-title put in only a fleeting appearance; parish-pump squabbles dwarf the great parliamentary battles. No doubt to a large extent "general elections were not general"; but national leaders and national issues were assuming a new significance. However, Dr Hanham promises another volume on the politicians themselves, which should help to round out the picture. With all its faults, this is an impressive start.

Penguin Island Politics

The Conservative Case
By Viscount Hailsham.
Penguin. 176 pages. 2s. 6d.

The Labour Case
By Roy Jenkins.
Penguin. 151 pages. 2s. 6d.

The Liberal Case
By Roger Fulford.
Penguin. 176 pages. 2s. 6d.

LORD HAILSHAM is at once the most erudite and the most extravagant of party spokesmen, the philosopher clown of British politics. His book is basically not a new one, but the "Case for Conservatism," which he published in 1946, brought up to date. At that time he was unable to express himself in less than twice the length the publishers had offered to backbenchers of the two main parties, and his offering was therefore published at twice the price of its rival. Mr Peter Goldman of the Conservative Political Centre has now cut Lord Hailsham down in size and price, much to his advantage, and added on chapters mainly derived from the rumbustious speeches despatched during the last two years to an astonished House of Lords. The result is a stimulating and at times far-fetched and over-rhetorical contribution to political thought. Its supreme merit, as must be that of all major writers on politics, is its ability to find suitable imaginative language in which to describe the usually inarticulate premises of a functioning society.

The two liberals, one supposedly in socialist's clothing, who contribute the companion volumes, are historians and biographers who have fallen into the company of politicians. Their aims are at once less ambitious and more pragmatic than Lord Hailsham's. Although Mr Fulford often gives the impression that he would much rather have written a book in the Hailsham category, he struggles gamely on through the minutiae of Liberal party policies. One fact that he does bring out clearly is that Liberals have proposals on European federation and trade union law, two subjects otherwise neglected on the hustings. Mr Fulford's only eccentricity, which reveals him to be of an older generation than Mr Grimond, is his nineteenth century emphasis on constitutional reform. Proportional representation gets first place in the Liberal book and Mr Fulford makes the extraordinarily unscrupulous suggestion for so obviously high-principled a writer that if the Liberals hold the balance of power they should offer to sell their permanent support to whichever party will promise PR, and that only if there are no bidders at this auction will they lay down other conditions about policies. Fortunately this is a course of action which Mr Grimond has explicitly repudiated.

That Mr Jenkins has strong liberal convictions was apparent from his successful advocacy of the Obscene Publications Act, and the emphasis in his book is on such civilised and libertarian objectives as Home Office reform, subsidies for the arts, and general anti-uglyism all round. The word socialism is never mentioned. The disarming admission is made that "the postwar Labour government tilted the balance too much towards the austerity of fair shares and too little towards the incentive of free consumer choice."

There is a certain amount, in a mild, undogmatic tone of voice, about economic planning; but the object apparently is to achieve by planning in Britain the same economic progress which West Germany has achieved without it. Controls are not a universal solution, but a pragmatic cure for British delinquency.

All this sounds very reasonable and, even on Lord Hailsham's own showing, it would seem that, if a Labour government were entirely made up of people like Mr Jenkins, the time to elect it is now.

Of course it would not be made up of people like Mr Jenkins. But then the present Conservative party does contain people like Lord Hailsham, whose superb definition of the moral law as applied to international affairs leads him directly into a defence of British aggression at Suez. The merit of Mr Jenkins's book is that it charts the direction in which the Labour party, if it is ever to be really acceptable to the British public, must go. The merit of Lord Hailsham's is that, although his talent for invective makes him claim an exclusive patent for Conservatism, he has restated principles of universal application. But an additional merit of both is that they reveal more than they intend—Lord Hailsham's that there are no principles so elevated that they cannot be made to serve the most disreputable action, Mr Jenkins's that the stratified remains of socialism are an uneasy legacy for an undogmatically radical man.

Proust Regained

Marcel Proust; *Volume I*
By George D. Painter.
Chatto and Windus. 367 pages. 30s.

THE first thing to be said about this biography is that it can be read and relished, as a fascinating and delightfully written narrative, a vivid picture of an epoch, and a delicate analysis of a fantastically odd character, even by a reader unfamiliar with the "Recherche du Temps Perdu"—though needless to say it is those who know the "Recherche" best who will enjoy it most. This comment is less frivolous than it might seem. The usual course followed by writers on Proust is to work from the "Recherche" to the facts, from Marcel the Narrator to Marcel Proust his creator. Mr Painter works the other way round. What Proust did with his own life-history in creating Marcel and his world is a fact of that life-history, on the same footing, for his biographer, as the other facts revealed in his letters, in the memoirs of his contemporaries, and in those only recently explored mines of information "Jean Santeuil" and "Contre Sainte-Beuve"; overwhelmingly the most important fact, but the consequence, not the substance, of the history itself. Here is that history, or rather its first half, ending before the great creative effort begins: the ingredients later to be selected, fused, transmitted and made significant, described as they presented themselves not to Marcel the Narrator but to Marcel Proust.

There are, of course, few of the one-for-one correspondences of the *roman à clé*. The nearest identification revealed—perhaps significantly—is that of Dr Adrien Proust and the Narrator's father. No one hostess is an Oriane de Guermantes or a Mme. Verdurin, no one notable cocotte is an Odette, no one charming young aristocrat is a St. Loup, no one eccentric tyrant of the Faubourg—not even that Daliesque figure Robert de Montesquiou—is the Baron de Charlus; and the places—Combray, Doncières, Balbec—are as composite as the people. But Mr Painter, moving among them like a surveyor with a Geiger counter registering radioactivity, detects in each the vital element that Proust was to turn to creative use: a profile, a pedigree, a tic, a ruling passion, a temperament, a conversational quirk, a virtue or vice, an association with landscape or décor. Sensibility without industry, industry without sensibility, would not have been enough. Here, both are abundantly present.

Of Proust himself Mr Painter writes with a sympathy always profound and all the more convincing for being salted with detachment and a sense of the absurd. It is not easy to combine the reverence due to a very great artist and the curiosity inspired by a freak. Proust's freakishness was something more than his sexual aberration (Mr Painter adduces evidence that he had much more first-hand experience of normal emotional attachments than he is generally given credit for) or the peculiar rituals by which he propitiated his asthma. In adult life he preserved—not only preserved, but also developed to their own paradoxically adult flowering—the traits that in the normal human life-cycle are shed as infancy and adolescence are left behind. The small child's terrors and passions and sense of magic, beneficent or hostile, inherent in things and places and names and people; the adolescent's unformulated yearnings, obsessive curiosities, propensity for "crushes" and sudden tyrannous crystallisations of emotion around an individual or an aim; these were at once Proust's tragic-ridiculous burden and his equipment for creative triumph. The story of that triumph remains to be told in Mr Painter's second volume. If Mr Painter finishes as he has begun, it is not too much to say that he will be able to claim a rank among literary biographers comparable with Proust's own among novelists.

Satura

I Forgot to Tell You
By L. E. Jones.
Hart-Davis. 234 pages. 21s.

SIR LAWRENCE JONES has rounded off his autobiographical trilogy by a mixed dish of thoughts, stories and experiences, with a strong moral tone. The morality is not didactic: it is directed to himself, as a man who has been happy but not self-satisfied, contented with the society in which he lives, but never with secondhand values or beliefs. The book starts with a series of chapters about his friends, animals he has watched or shot, experiences of war and sport and a dash of parapsychology—in short all those things which make the bones of many dull books, but in Sir Lawrence's hands they are delightful. Everything is seen in an odd and personal way, and usually points an unexpected moral. In its latter half, the book gradually turns into an explicit statement of belief on religion and art, which is a little less enjoyable than picking at his ideas through his

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comments on experiences; not that it is uninteresting or unintelligent, but it is so personal a viewpoint that few can hope to share it. Sir Lawrence is a humanist. He neither seeks nor accepts any values beyond the best that man can offer. Therefore he finds revealed religion, based as it is on superhuman values, incongruous and repulsive. But he has so religious a regard for the best human ideals that he finds it hard to do without some extra-human sanction for them.

Whether or not one accepts his morality, it is a delight, as always, to become acquainted with his personality. As in his other books, his stories are very funny and his style perfect. This book naturally has less shape and continuity than its predecessors. New readers should not start here, but those who have read his trilogy should certainly go on to its coda.

The New Shape of Trade

Forty Years of Foreign Trade

By P. Lamartine Yates.
Allen and Unwin. 255 pages. 40s.

THIS book, best described by its subtitle: "A statistical handbook with special reference to primary products and under-developed countries," is not what the author intended. He set out to examine the main changes in the direction and composition of world trade during the last few decades; to assess their implications; and in particular to see whether the current policies of the principal underdeveloped countries might significantly influence the character of world trade.

Amid the plethora of official statistics he found a lack of the data he needed, notably of the value of world trade by individual commodities and commodity groups, especially for the early part of his period. So with admirable patience and industry he set about collecting some more serviceable statistical tools. Unfortunately this meant that he had to postpone, in the main, his interpretation of the figures and analysis of current developments and policies, and he hopes that the present handbook will help and encourage other economists to plunge into what is, in his view, a sadly and strangely neglected field of research.

He takes as his two datum points the years 1913 and 1953, and uses 1929 and 1937 as intermediate control points. Between 1913 and 1953 the volume of world trade increased by nearly two-thirds. Almost all of that increase has occurred since the second world war; in these years the rate of growth has been as fast as at any time during the forty years before the first world war, when the volume of world trade trebled. Trade in manufactures has grown faster than trade in primary products and, within those two groups, trade in machinery and petroleum has grown fastest of all, thus helping to make good the decline in textiles and coal. While the primary producing countries are almost as dependent as they were before on a narrow range of exports, their demand for imports—particularly in the Latin American countries—has shifted from consumer to capital goods.

One cannot jib because Mr Yates has had to lower his sights, though in doing so he has inevitably restricted the interest of his present offering—essential stepping-stone though it is. And it is a pity that when he does permit himself to peer into the future his answer is sometimes superficial (an example is the prospect for natural rubber). Admittedly a body with the resources of the Paley Commission is really needed to cope with the questions that his figures raise, though the secretariat of the General Agreement on Tariffs and Trade, with fewer resources, recently made a bold stab in this direction when it estimated the United States' and Western Europe's demand for primary products in 1975. It remains to add that Mr Yates has worked skilfully to make his largely "up and down" writing (exports of *x* have gone up while *y* has gone down) readable.

A Meeting of Minds

Meeting With Japan

By Fosco Maraini.
Hutchinson. 467 pages. 50s.

WE are clearly reaching a high water-mark of *Japonaiserie*. From Japan itself, from the United States, from Switzerland, bigger, better and glossier books on Japan and the Japanese are reaching reviewers' desks. Between the high-class photographic albums come the more sedate and scholarly offerings of British post-graduate research. How refreshing, then, to handle a book that can be read for enlightenment as well as looked at and handled for delight. Signor Maraini has the delicacy to communicate his erudition through the senses, so that the reader realises only slowly that he is becoming wiser as well as happier.

A travel book? Yes, but much more. The author makes Tokyo throb with sound and shimmer with light, strewing its monstrous architecture before the reader's eye, then beckoning him to silent scenes where, in the Japanese tradition, he may savour the beauty that has to be worked for and is the reward of effort. These things other guides have done as well, or almost as well, as Signor Maraini. But he does far more, clarifying the complexities of the Japanese character, throwing light on the more obscure areas where Chinese thought and creative genius merge into forms and modes peculiarly Japanese, crossing the tenuous boundary between religion in the universal sense and emperor-worship in the restricted national sense.

At the lowest evaluation, this book would, roughly, double a layman's enjoyment of, say, a Japanese film like *The Gates of Hell*; at a higher level, it will explain, without condoning, the wartime behaviour of the Japanese. It remains only to add that the author's photographs are of exceptional quality, that the printing is of matching standard and that Eric Mosbacher's translation from the Italian is always easy to read and usually felicitous.

OTHER BOOKS

THE STATE AND ECONOMIC GROWTH. Edited by Hugh G. H. Aitken. *Social Science Research Council, New York.* 382 pages. $3.75.

The papers included in this book are those emerging, after revision, from the seventh conference of the Social Science Research Council. They are linked and unified by an ingenious tripartite classification of natural economies, according to (*a*) the degree to which they could at the beginning of the period under study, draw on unexploited natural resources or were, on the contrary forced to intensify exploitation, (*b*) their degree of dependence on external markets and supplies, (*c*) the degree to which their political and economic decision-making agencies coincided or were separate. Within this framework, the role of the state as a growth inducing force is studied in the history of the United States, Australia, Canada, Russia, Manchuria, Germany, Switzerland, Turkey, and Eastern Europe, over whichever periods seem most relevant; while three more general essays draw together the evidence and present conclusions. It is doubtful whether the triple framework really provides more than a handy common vocabulary for the contributors, and the conclusions (e.g., that a strong sense of common purpose, described as a "goal-achievement situation," elicits governmental activity, while an emphasis on adaptation to consumer needs encourages private enterprise) are neither verifiable nor much of an advance on what common-sense speculation would suggest. Still, there is plenty of factual meat in this book, and, despite a horribly low standard of English style, considerable stimulus to thought.

THE AMERICAN FEDERAL GOVERNMENT. By Max Beloff. *Oxford University Press.* 247 pages. 7s. 6d.

Professor Beloff's contribution to the Home University Library deals only with the institutions of the federal government in the United States that are of paramount importance to non-Americans because they govern the formation of foreign and economic policies. The book is both erudite and up-to-date, though even Professor Beloff, for all his knowledge, could not foresee that President Eisenhower's political power would increase, not diminish, as he reached the last two years of his presidency. The formidable amount of information, theory and good sense compressed into a relatively brief compass makes Mr Beloff's conclusion all the more discouraging. It is that the intense conservatism of Americans, where their political institutions are concerned, is a serious threat to the ability of the United States to solve its own problems and give adequate leadership to the West.

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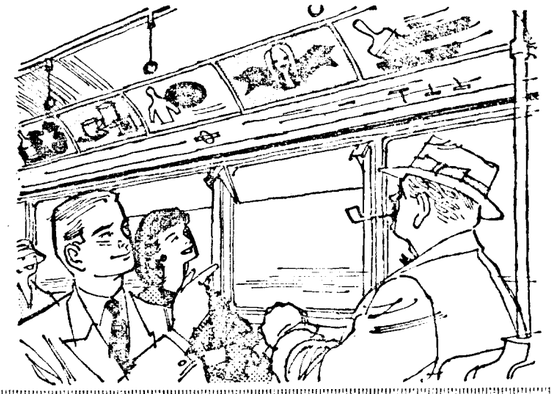

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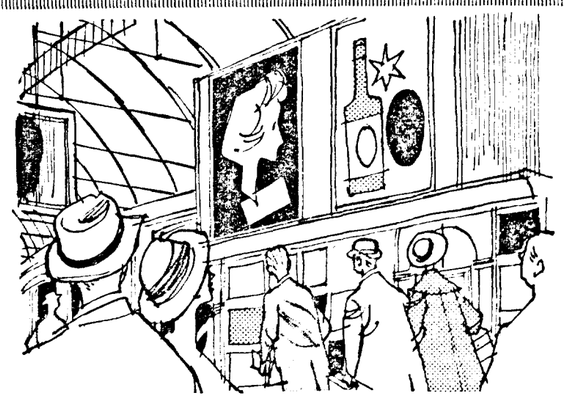

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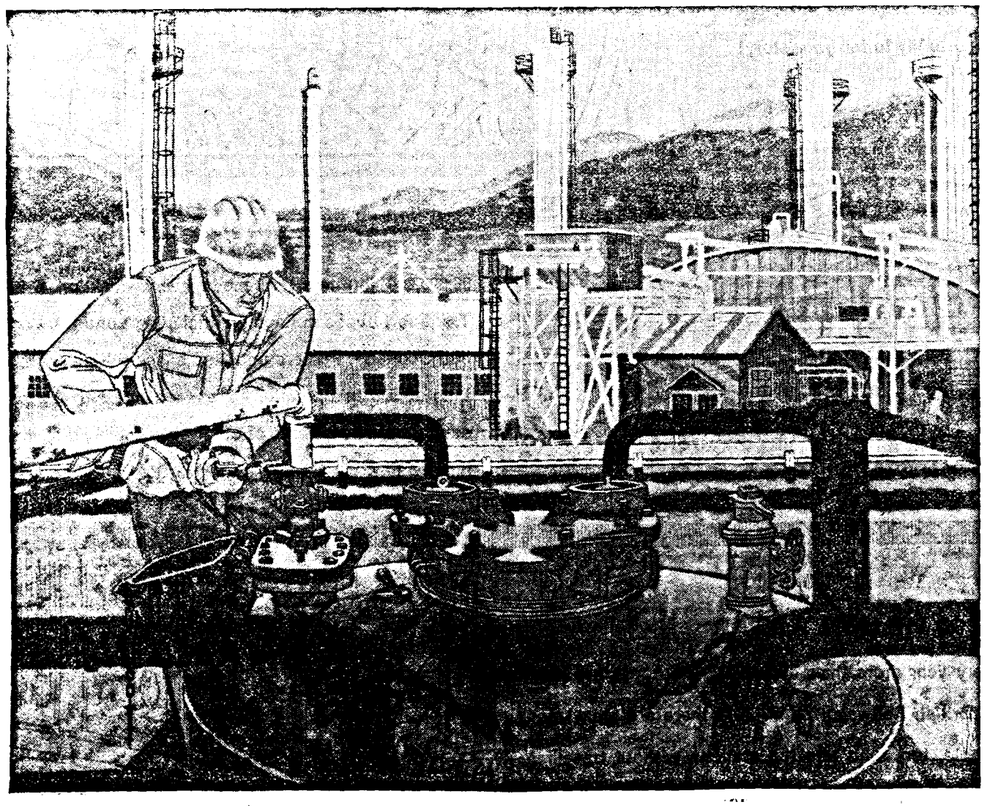

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Without Horns or Tail

WASHINGTON, DC

AN almost irresistible Mr Khrushchev has met a nearly immovable America, and the force of the impact cannot conceal the fact that neither is likely to be quite the same again. Several hundred journalists, having accompanied Mr Khrushchev on his tour in much the way a good scrum accompanies a rugger ball, are now explaining to their readers what it all meant. Meanwhile, Mr Hagerty, the President's press secretary, is explaining to the journalists what President Eisenhower did not mean at his press conference on Monday. If the President's remarks about Berlin, even as qualified by Mr Hagerty, are taken at their face value, they seem to suggest that the United States is willing to consider a negotiated settlement—as distinct from "unilateral action"—under which some substitute for the West's present rights to keep troops in west Berlin might be devised to continue to protect its freedom. But those experienced in Washington press conferences know that words are slithery things from which to deduce the Administration's policy. This may be just another of the slips that occur between Mr Eisenhower's mind and his lips. If so, the most immediately interesting results of Mr Khrushchev's visit spring not from his talks with the President, but from his confrontation with the American people.

It is almost certain that Mr Khrushchev has changed the ideas that many, if not all, Americans held about him; it is also possible that his ideas about America may have been altered. These changes began half way through his tour. This was not entirely a matter of chance. Mr Khrushchev spent most of the first half of his visit in two cities, New York and Los Angeles, which foreigners often think of as typically American but which are, in fact, only places where certain aspects of American life are found in undiluted (and therefore untypical) form. The frenzied scurry with which the police hustled him through New York, and Hollywood's bizarre notion that he would be beguiled by actresses' posteriors, were a caricature of the United States.

In these shrilly artificial surroundings it is not surprising that Mr Khrushchev reacted with an artificial shrillness of his own whenever his hosts stuck an occasional dialectical pin in him. But things began to change at Santa Barbara, on the Californian coast between Los Angeles and San Francisco, where two developments took place: the security arrangements were relaxed, and the crowds who were thus able to see Mr Khrushchev in the flesh decided that they rather liked what they saw. From then on the mellowing was mutual; the uncanny silence which had greeted him earlier in the tour dissolved into the expected mixture of applause and boos, roughly in dry Martini proportions, five to one.

This growing friendliness was not, of course, unanimous. If one simply added up the list of organisations which have shown that they dislike having Mr Khrushchev in America, it might seem that their members included half the American population. The refugee groups, together with a substantial number of Republicans and a smaller, but militant, group of Democrats, have never made any bones about what they feel; Cardinal Spellman, declaring that America had looked too long on the face of the enemy, gave his blessing to Roman Catholic critics of the visit lower down the hierarchy; the trade union leaders have decided that Mr Khrushchev is worse than Stalin. But a Gallup public opinion poll published on Monday showed that three Americans approve of his visit for every one who disapproves of it. When Mr Khrushchev was touring the Mesta steel works in Pittsburgh towards the end of his stay it was impossible to avoid the conclusion that the faces of the workers he met—relaxed, unmistakably American and neither fulsomely effusive nor frigidly suspicious—represented the way in which most people, on consideration, wanted to treat him.

Under this change of face there lies, perhaps, a deeper change. For most Americans, before his visit, Mr Khrushchev was not merely a dangerous opponent representing a way of life whose beliefs and interests conflicted with those of the United States. As many people have pointed out, Americans like to apply a layer of moral varnish to their political opinions. Thus many of them were tempted to think of him as embodied evil, in the sense that they suspected him of both ill will and chronic insincerity. Now, after his visit, there are a number of not entirely flattering adjectives they would happily apply to him—"pugnacious," "self-assured," "ruthless"—but the number of those who think he is malevolent or hypocritical has been sharply reduced.

Mr Khrushchev has contributed to this change by his conduct. His smile is winning, and even Mr Joseph Alsop finds his manner oddly likeable. He has carefully avoided flattery, and every courtesy has been sandwiched between blunt reminders of the ideological gap that separates the two countries. On the face of it, he has seemed to be the sort of person towards whom Americans instinctively warm: tough-spoken but probably good-hearted, a stranger to diplomatic niceties, a decisive leader who obviously springs from the people he leads. He possesses many of the qualities which the American voters thought they detected in Mr Eisenhower in 1952. The result has been to peel off some of the opprobrium with which Mr Khrushchev was regarded, while leaving the recognition that he is a formidable adversary. He came to the United States as an abstract concept; he leaves as flesh and blood.

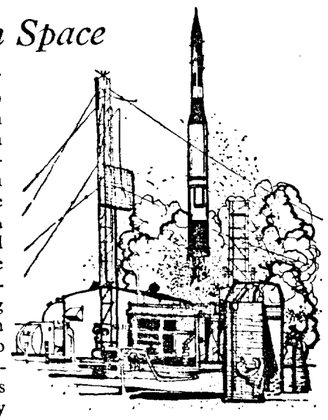
THERE is evidence that Mr Khrushchev, in his turn, has been affected. This is shown not merely by his un-Marxist admission that the American government represents the people and his un-Russian approval, on television on Sunday, of the "strictest comprehensive controls" on disarmament. The way his behaviour changed half way through his visit strongly suggests that he was suspicious of his hosts' intentions when he arrived but that he had been reassured by the time he left. This would explain several things: his tiresome boasting about moon rockets and atomic icebreakers in the first few days, a kind of whistling in the dark which he quickly dropped later on; the nervous tenseness with which he faced his first questioning by journalists, compared with the easy camaraderie of his parting press conference; the way in which, as the tour progressed, his skin grew gradually less sensitive to verbal pin-pricks by local worthies. It is possible, of course, that he was deliberately bullying at the start and deliberately cajoling at the end. An eye-witness can only report that the other explanation seems

the more plausible: that he arrived genuinely worried about the Americans' sincerity and good will, and left relieved of his worries.

Thus the first result of Mr Khrushchev's journey may be to strip the horns and tail from each side's image of the other. This can be both beneficial and dangerous. A study of the cartoons and leading articles in many American newspapers—as well as in most Russian ones—shows the peril of assuming that one's opponent is the devil in thin disguise. It produces too much jumping to conclusions (the conclusion, for instance, that the trouble-makers in the Laotian jungles come straight from the Kremlin). It also means that to the normal and natural dislike of what the other side is doing there is added what the Romans called *saeva indignatio,* that moral wrath which makes the settling of international differences even more complicated than it would otherwise be. If this element could be removed, even partly, diplomacy might become less emotion-laden and more detachedly pragmatic.

But in Washington it is feared that there are at least equal dangers in removing the encrustation of moral bitterness from the problems which keep East and West apart. Even if this is done all the specific conflicts of interest will still exist. So far, there is no sort of assurance that the Berlin quarrel will be resolved, let alone all the other points at issue along the periphery of the Communist world. If the West is to hold its own, it will have to go on providing substantial and sufficient funds for defence and for aid to the poorer nations. Unfortunately, the same moral feelings which sometimes make life difficult for western foreign ministers are often a blessing to those whose job it is to extract such funds from reluctant legislators. This is what the more perceptive sceptics mean when they ask whether the democracies can afford a "relaxation of tensions." Mr Khrushchev has not lulled the Americans into thinking that Russia is no longer a challenge to them; to his credit, he has not even tried to do this. Time alone will tell whether he has blunted their zeal for meeting the challenge.

Take-over in Space



THE visit of Mr Khrushchev, who rode into Washington on the successful Russian rocket to the moon, coincided with a bad patch for American space scientists. In less than a fortnight, they suffered the indignity of three failures, including the explosion, on its launching pad, of the Atlas which had been expected to propel an American satellite round the moon this week. They scored only one success, the final satellite launched by the once ridiculed Vanguard project. The Russian moonshot surprised and impressed American scientists with its proof of a sophisticated guidance system, but it only confirmed that the chief reason why the United States lags in the exploration of space is its lack of powerful first-stage rockets capable of lifting large loads.

For space enthusiasts, the bright side of the Russian moon is that it may revive interest in space and induce Congress to realise that success requires both money and time. At its last session Congress cut $68 million from the budget of the civilian space agency, the National Aeronautics and Space Administration. Last week the Department of Defence reorganised its own military space programme to meet—or at least begin to meet—criticisms that duplication, inter-service rivalry and layer after layer of administration have held back American progress. The Advanced Projects Research Agency which, like NASA, was created in the wake of the first sputnik, is to hand back most of its projects to the services; the lion's share is to go to the Air Force, whose claims to be the "space service" have now been recognised. It is to have sole responsibility for "space transport," that is, for all the rockets that boost satellites or other vehicles into space. This apparently includes control, when it comes into operation, of the Saturn, a rocket with a thrust of 1.5 million pounds, which is being developed by the Army Ballistic Missile Agency.

ARPA will be restricted to projects so advanced that they are not likely to excite envy elsewhere. One of the calculations behind this reshuffle seems to be that the Air Force will be more successful than the unpopular ARPA in winkling out of Congress the rocketing sums which full-scale space exploration will demand. But if the Administration keeps a tight hold on the total which each service may spend, the effect may be instead to force the services themselves to make the painful choices. The President would not find this great cause for regret. Recently he delivered a sharp little homily on the follies of being "obsessed with space" when there is so much left to do on earth.

Puerto Ricans Not Guilty

NEW YORK.

A JUDGE in New York City annoyed all good liberals last week when he suggested to the Senate sub-committee investigating juvenile delinquency that the city's officials should discourage the flow of Puerto Ricans to New York. This suggestion was part of a general call to clean up the slums and included a broadside against slum landlords. But the statistics upon which Judge Leibowitz based his case were much less than fair to the Spanish-speaking community and this gave his remarks an overwhelming flavour of colour prejudice which has been roundly condemned in pulpits and leading articles alike. In claiming that Puerto Ricans account for only 7 per cent of the city's population but 20 per cent (in the first 8 months of this year) of the youths brought before the courts on charges of delinquency, he overlooked the fact that teenagers are unusually numerous among this group. The judge's critics claim that while Puerto Ricans make up 30 per cent of the school children of Manhattan, the island centre of New York City, they commit slightly less than this proportion of juvenile crime; a recent study by the Board of Education came to the same conclusion.

Unlike earlier immigrant groups, Puerto Ricans are American citizens by birth; they can come and go as easily as a New Yorker can cross the state line into New Jersey. Moreover, many of those who immigrate intend neither to settle permanently in the United States nor to abandon their culture and language in favour of the American way of life. But at the heart of the Puerto Rican "problem" is the fact that three quarters of the 850,000 Puerto Ricans now in the country live within the boundaries of New York City. In the borough of Manhattan today one in every six residents is a Puerto Rican. Until a few years ago New York received about 95 per cent of this migration, mainly because it was for several years the only city with a direct and cheap air service to the island. But increasing numbers of Puerto Ricans are finding jobs in Chicago, Philadelphia and other eastern cities and the proportion coming to New York has now dropped to 60 per cent. In the nineteen fifties the number of Puerto Ricans arriving in the United States has exceeded the number going home by an average rate of

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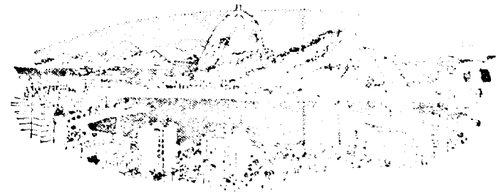

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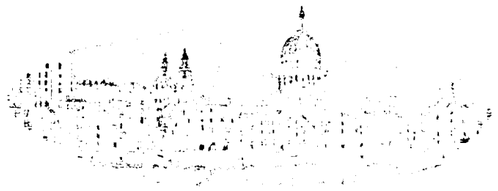

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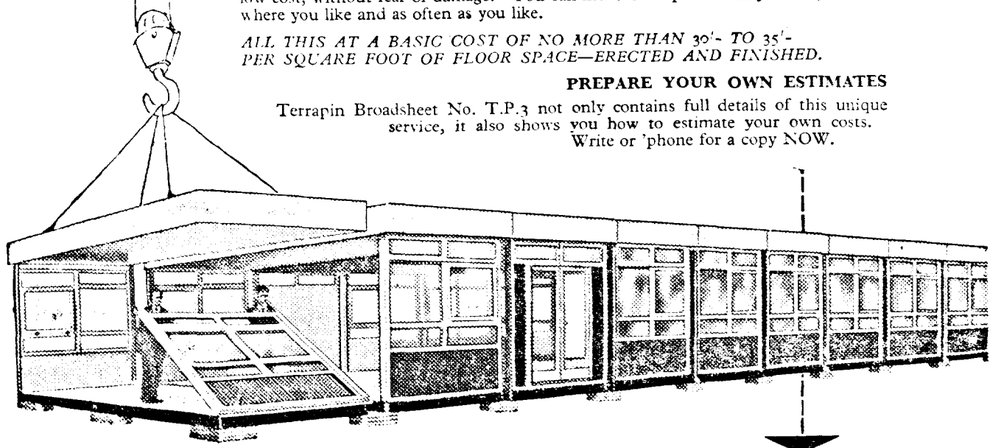

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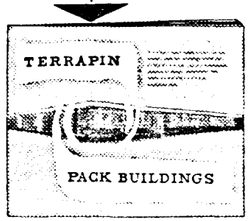

46,000 a year ; this net figure reached a peak of 69,000 in 1953 and fell as low as 17,000 last year because of the recession.

As with all new immigrant groups, most Puerto Ricans earn the relatively low wages on which many of the city's industries have traditionally depended ; the New York garment trade employs 45,000 Puerto Ricans. In its average wage rates New York comes well below most other large cities and recently there has been growing support for the view that higher minimum wages—of $1.50 an hour—might prove in the long run the most effective defence against juvenile crime. Whatever steps New York should take to combat its slums, the controversy over Judge Leibowitz's pronouncement has shown that the Puerto Rican is as law abiding as his neighbour and that, in view of the wages he receives and the housing he endures, he does rather better than could reasonably be expected.

Labour Closes its Ranks

FROM A CORRESPONDENT IN SAN FRANCISCO

THE first convention of the reunited American Federation of Labour and Congress of Industrial Organisations, in 1955, marked the healing of a long-standing split in the labour movement. The second, in 1957, was notable for the expulsion of the powerful but corrupt Brotherhood of Teamsters (or lorry-drivers). The third, which took place in San Francisco last week, will be remembered chiefly, if unfairly, for the unexpectedly angry exchanges between Mr Meany, the president of the AFL-CIO, and Mr Randolph, the Negro head of the sleeping car porters, over racial segregation in trade unions. Such quarrels were the exception, not the rule, at a meeting of trade unionists who had become suddenly unsure of themselves. They were shaken by their political failure to prevent the passage of a labour law which they dislike intensely, and on the economic front they face a bitterly contested steel strike. Most of the leaders of the AFL-CIO were determined to close the ranks in order to defeat what they describe as a conspiracy of certain corporate interests and co-operative legislators against organised labour.

Except over race relations Mr Meany and his colleagues were successful in keeping internal conflict to a minimum. Even though the old tensions still exist between the craft unions that made up the AFL and the industry-wide unions of the CIO, these disputes came to the surface seldom. The antagonism between Mr Meany and Mr Walter Reuther, the president of the automobile workers, emerged only at small meetings and the public was given no open proof of its existence. Moreover, the 25 maritime unions which have been organised in their old warring AFL and CIO camps decided to bury the hatchet and form a united front. Finally, the convention approved the outlines of a plan to submit all jurisdictional disputes—over who shall organise whom—to binding arbitration. Feuds between the craft and the industrial unions have been a constant danger to the AFL-CIO but a real sacrifice of trade union autonomy was required to reach this settlement.

Nevertheless, the failures of the AFL-CIO were clearly apparent during the convention. Politically, the passage of restrictive labour legislation by a Congress which included so many members considered to be " friends of labour " has caused some soul-searching among the union leaders. It is unlikely that any real change will be made in the general policy of supporting the Democratic party, but there are obviously some serious doubts about it. In winning new recruits to the ranks of organised labour, the federation has been only moderately successful since it last met. The drive to unionise the South has failed and no real inroads have been made into the growing group of white collar workers. The new members enrolled by trade unions belonging to the AFL-CIO have only just offset those lost when the teamsters were expelled.

The drive to end corruption and gangsterism in the trade unions has also slowed down considerably and may come almost to a halt. A good many union leaders feel that from now on the government, with its new powers, can assume the responsibility. The readmission of the International Longshoremen's Association, the dockers' union which was expelled from the old AFL in 1953, will take place very shortly now that the convention has authorised it. There is no doubt that the ILA is now much less corrupt than it was, but the major share of the credit for this must go to the Tri-State Waterfront Commission, a governmental agency, not the AFL-CIO.

The steel strike poses a most perplexing and expensive problem for the federation. Attempts are being made to secure voluntary contributions for the strike fund of one hour's pay each month from every one of the 14 million members of the AFL-CIO. Individual unions have already made very substahtial contributions. There is a great deal of bitterness over the failure of the Eisenhower Administration to take steps to end the strike ; when Mr Mitchell, the Secretary of Labour, defended the Administration's policy of non-intervention, the convention heard him in cold silence, punctuated only by a few boos.

Over race relations Mr Meany engaged in two acrimonious and ugly disputes with Mr Randolph, long an articulate and steadfast foe of segregated or discriminatory unions, who introduced a number of resolutions dealing with these problems in general and with two offending railway unions in particular. Mr Meany at once condemned Mr Randolph bitterly for not bringing this issue to the executive council before raising it on the floor of the convention. He accused Mr Randolph of not being " on the team " and of being unduly influenced by outside organisations—a reference to two Negro organisations, the Urban League and the National Association for the Advancement of Coloured People.

FOR the past year, the NAACP has been attacking racial discrimination practised by unions affiliated to the AFL-CIO, which itself preaches racial equality. Few trade union constitutions exclude Negroes, but many unions find other ways of keeping them out, or else allow them to undertake only unskilled jobs. No Negro mechanic was allowed to work on the new AFL-CIO building in Washington because of the discriminatory rules of the building trades unions. The AFL-CIO has a Civil Rights Committee, which is to be strengthened, but its powers are limited, partly because of the tradition that each affiliated union conducts its own affairs (this is strongest in the former AFL unions where much of the discrimination exists) and partly because the only way for the federation to force unions to comply is to threaten them with expulsion. Faced as it may be with a shrinking membership, the AFL-CIO is not likely to apply this costly sanction.

On the final day of the convention Mr Meany made another intemperate verbal attack upon Mr Randolph demanding " Who in hell appointed you the guardian of Negro members in America ? " No white union leader of any importance, not even Mr Reuther, came to Mr Randolph's defence. He was left to stand alone, partly because of the desire for unity, partly because there are numerous white leaders who favour racial segregation in union branches and, in Mr Reuther's case, probably because he did not wish to antagonise Mr Meany any further. There are no Negro leaders of importance in the AFL-CIO except for Mr Randolph, whose prestige is based on his long history of fighting discrimination rather than on the size of his union.

The truth is that the present difficulties of the trade unions arise at least in part because they have so few effective leaders, either white or Negro. This lack of leadership, coupled with the chasm that seems to separate the top officials from the rank and file, may mean that the AFL-CIO will face even graver problems at its next convention in 1961.

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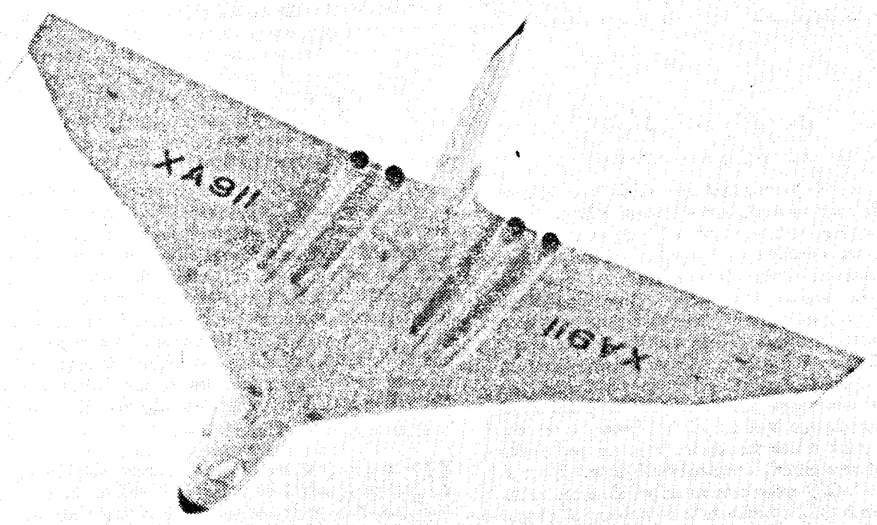

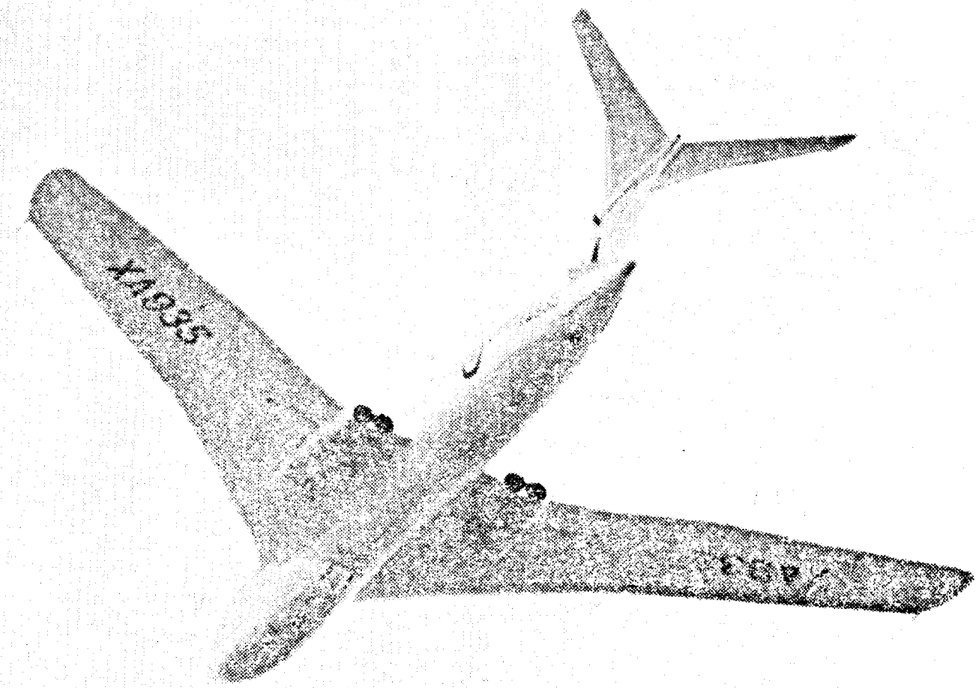

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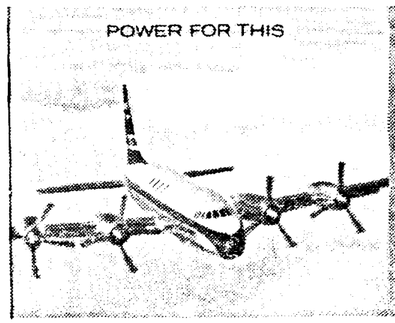

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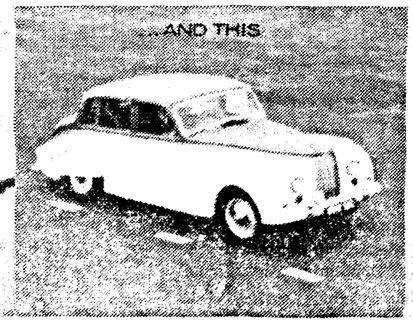

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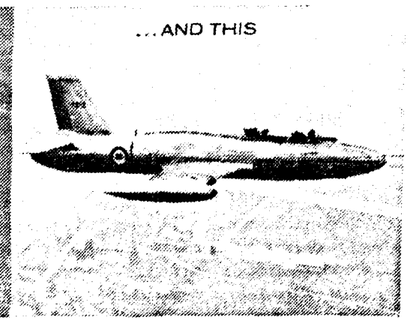

Bristol Siddeley Viper turbojets range from 1,640-3,000-lb thrust. Various Viper versions power the Australian Jindivik, the Hunting Jet Provost, the Italian Macchi MB 326 (illustrated), and have proved their supersonic capabilities in mixed powerplant fighters.

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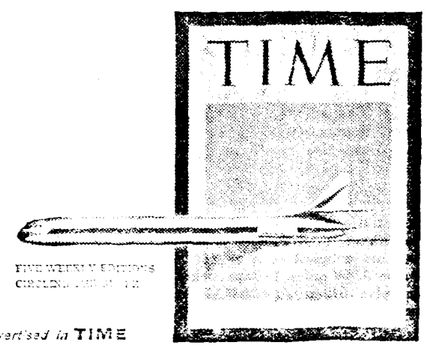

FIVE WEEKLY EDITIONS CIRCULATION OVER 1½ MILLION

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Vanity Fair

EVER since the fashion for international exhibitions was started by Prince Albert in 1851, they have proved troublesome affairs, and the proposed World's Fair to be held in the United States in 1964 is no exception. It has already touched off a fierce struggle between Washington and New York, with Los Angeles as a possible third contender for the honour of sponsoring it. New York got in first with an announcement by Mayor Wagner early in August that a committee to promote the project had been formed with full backing from city authorities. It would be likely to cost about $500 million, three times as much as the New York World's Fair in 1939, but the site would probably be the same, Flushing Meadows in Queens. The theme of the fair would be "Peace Through Understanding," and it would conveniently coincide with the three hundredth anniversary of the city being renamed New York after it was taken from the Dutch.

Mayor Wagner's bombshell was swiftly countered in Washington where, within a few hours, Mr McLaughlin, the president of the District Commissioners, revealed that plans for a Washington Fair had been laid eighteen months earlier and that fifteen firms, including International Business Machines, Standard Oil of New Jersey, and Sears-Roebuck, had pledged their support. The theme of the Washington fair would be "New Horizons in Human Dignity"; its cost $250 to $300 million. The struggle then shifted to Congress. The Senate Foreign Relations Committee succeeded in shelving a resolution naming New York and instead passed one which asked the President to appoint an impartial committee to award this apple of discord. In its turn, this resolution was blocked in Congress's last hours by the two Senators from New York. However, since Congress adjourned it has become known that 51 Senators—a bare majority—favour the claims of the capital as the centre of the free world.

The initiative now rests with the President and the State Department, who are thought to favour both the fair and Washington. They must act soon, because the International Bureau of Expositions meets in Paris in November to approve a site; unless the bureau approves an American application, the twenty-two countries which belong to it will refuse to take part. The United States is not a member, although New York held out the hope that it would join in order to secure the 1939 fair. This price may now have to be paid. At present no other countries are competing. Indeed, past experience with international exhibitions makes the rivalry of the American cities a little perplexing. The World's Fair in 1939 lost nearly $19 million. The "fringe" benefits offer an answer. The fair in 1939 brought New York an extra $1 billion worth of money spent on hotels, restaurants, taxis and other adjuncts to tourism and the hopeful estimate for 1964 is $6 billion for the lucky city.

Competition in Tuna

FROM A CORRESPONDENT IN SAN DIEGO

IN the course of a recent week a tuna clipper, the *Far Famed*, which cost $500,000 to build 14 years ago, was sold at auction for $2,060. Another similar vessel, the *United Victory*, sank off Costa Rica, after springing a leak. These two incidents dramatise, in different ways, the present plight of the tuna fishing industry in southern California. The *Far Famed* was sold by the San Diego County authorities to cover a tax deficiency of $1,700. This, however, was a minor liability. Other unsatisfied obliga-

Balanced on the Boom

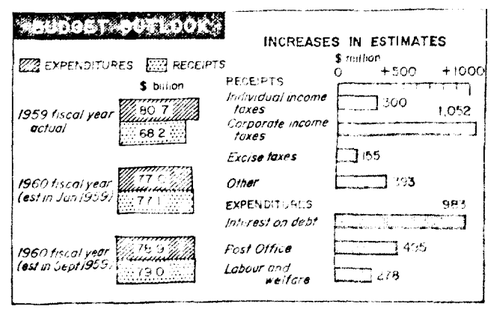
THE Bureau of the Budget traditionally produces its mid-year review after Congress has finished its work and gone home. The estimates made last January for the fiscal year to begin in July (the 1960 fiscal year) could not take account of the great overspending battle between Congress and the President and the bureau's assumptions about the course of business activity have, before now, gone widely astray. The astonishing thing this year is that the Budget surplus, which was estimated last January at $70 million, is still put at almost the same figure: $95 million out of receipts expected to total $79 billion.

But for a return to boom conditions which has been much more rapid than was expected in January, the President could hardly look forward to a balanced Budget in his last full fiscal year of office. Spending is put $1.9 billion higher than it was in January and only corporate profits and personal incomes running at record levels provide the tax revenue to offset this. Even now, if the steel strike is not settled within two or three weeks, falling profits may dislodge the Budget from its precarious balance. The estimate of an increase of over $1 billion in corporate taxes, compared with the estimate in January, is based on the assumption that profits will themselves be $11.5 billion higher in the calendar year 1959 than they were in the calendar year 1958: $48.5 billion compared with $37 billion.

The return of boom times is also partly responsible for the chief increase in spending, that in interest on the national debt. Interest cost the Treasury $7.6 billion in the 1959 fiscal year and in January was expected to total $8 billion in fiscal 1960. But the estimate is now $9 billion; this reflects the rise in interest rates caused by the competition for money between the government and flourishing private business.

Although there is a bitter dispute between Congress, which boasts that it cut £2.5 billion from the President's requests, and the Bureau of the Budget, which charges that Congress increased spending in the present fiscal year by about $600 million, the chief sin of the legislators was to refuse to raise postal rates as the President asked. This accounts for $350 million of the increase in the estimate for the postal deficit, from $109 million to $604 million.

The President's vetoes saved $110 million in the present fiscal year. But the Bureau of the Budget estimates that they prevented authorisations which would have cost $5 billion in years to come. Even so the bureau finds that Congress authorised increases in spending for the years after 1960 of $11.5 billion. This is part of the reason why, even though revenues are expected to rise further in fiscal 1961, no large surplus is likely to be achieved, and no tax relief is likely, even in the election year of 1960.



tions included $78,100 still due on a loan granted to the owner by the Department of the Interior two years ago, in order to help him to stay in business, and a repair bill for $19,000 from the San Diego Marine Construction Company. The owner had no money to pay off these debts, so he lost his boat. So did the owner of the *United Victory*, for a different, but probably related, reason. This 250-ton vessel was abandoned after water flooded the engine room and it looks as if the owner had been trying to cut corners on maintenance for the sake of economy. Both vessels were, in fact, lost because at present tuna fishing is uneconomic for the predominantly Portuguese-speaking masters and crews based on San Diego.

The local explanation is a simple one: Japanese competition. This view is supported by telling statistics from the employers' organisation, the American Tunaboat Association. In the ten years from 1949 to 1958 imports of fresh and frozen tuna fish into the United States have risen from 9.9 million pounds, round weight, to some 234.7 million pounds, an increase of 2,362 per cent. As a result, the contribution made by imports to the total amount of tuna tinned rose from 6.4 per cent to 53.8 per cent; about 80 per cent of these imports came from Japan. This year there has been a further increase, both in total imports and in the Japanese share of them. During the first four months imports went up by more than 80 per cent over the same period of last year, with about 47 million pounds, over two-thirds, coming from Japan. And the Japanese are aiming at exports of 421.8 million pounds, round weight, for the fiscal year ending next March. If this figure is even approached American supplies, set at some 336 million pounds for the calendar year 1959, will be left far behind. Further disquiet is caused by the rise in trans-shipments of tuna fish caught by the Japanese Atlantic fleet, which reach the market through Central American channels.

Well over half of all imported tuna comes into the country through the ports of southern California, the bulk through San Diego. Under the pressure of this competition, the local fleet shrank from 214 to 125 tunaboats between 1952 and the first half of this year. Moreover, the vessels which go on fishing off Central and South America find that the tuna which they bring back is offered a depressed market, or no market at all. The owners of the boats face bankruptcy or the sale of their vessels at a fraction of the price they paid for them. Some have been glad to sell for a song, in order to escape from the burden of taxes. Others, as the foundering of the *United Victory* seems to indicate, have let their clippers deteriorate to the danger point.

THE American Tunaboat Association is trying to induce Congress and the Administration to impose quota restrictions on Japanese imports. So far, little enough encouragement has come from Washington and outright import restriction is not the sole source of relief, although for many San Diego owners it might now be the only salvation. Nearby competitors, based on San Pedro, are using purse seins, or nets, instead of the traditional long-baited poles. This is a more economical way of fishing and some San Diego owners are changing, or considering changing, over to it. They could also follow the example of some of their compatriots and hire foreign crews, from Puerto Rico, Peru and Ecuador, at a fraction of the rates paid to American fishermen. Together the purse seiners and the vessels with foreign crews are expected to land about two-thirds as much as the bait fishermen this year.

The San Diego situation might look rather less hopeless were it not for labour conditions there. Tuna fishermen, like their counterparts all over the world, are paid a share of the catch—on the average, 52 per cent of the net proceeds of each trip. But in 1957 the local trade unions demanded that owners agree to pay their crews $270 a ton for yellowfin and $230 a ton for skipjack, two varieties of tuna, whether or not such minimum prices were fetched by the catch when it was auctioned. Otherwise, crews would not sail. Until May this year prices were still close to these minimum, but in the past few months the market has fallen well below them. Owners will not put to sea if they might have to make up the difference from their own pockets, on top of their other financial problems, and the unions have been unwilling to reduce their terms. Meanwhile the Japanese reap the harvest of the sea.

Priority for Mr Hoffa

MR JAMES HOFFA, the president of the teamsters, America's largest and most powerful trade union, is the first labour leader to feel the teeth of the new labour law which was provoked, in large part, by his own misdeeds. It had been on the statute books for only four days when the Secretary of Labour, Mr Mitchell, ordered Mr Hoffa to report within ten days whether any official of his union fell under the law's ban on union office for men convicted within the past five years of certain major crimes. Any union official knowingly permitting a violation of this section risks a year's imprisonment and a fine of $10,000. Mr Hoffa has now ordered his union to oust ex-convicts whose continuation in office would break the law. But few, if any, of his top officials are likely to be affected, since most of those with criminal records have been convicted of no new offences since 1954.

Mr Hoffa is running into legal difficulties from another quarter. A board of monitors was set up by the courts in 1957 to supervise the teamsters' affairs after dissident members of the union brought a suit to oust Mr Hoffa from his office. Now the monitors have applied to the courts to remove him, on the grounds that he has violated the terms of the settlement by misusing union funds, including those of his own branch, Local 299. The chief charge is that he deposited union funds in interest-free bank accounts and used them as collateral for deals in which he had a personal interest.

It should not, however, be assumed that Mr Hoffa's removal is inevitable. The transactions go back to 1954-56, and the monitors will have to establish that mere inaction in remedying past abuses breached the court settlement. The monitors themselves are under attack in a suit brought by a third party, and the court's power to appoint such officials is to be challenged by Mr Hoffa himself. These legal complications, combined with the resilience which Mr Hoffa has consistently shown when he is attacked, encourage scepticism about the likelihood of his extraordinary career being brought to a close in the near future.

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THE WORLD OVERSEAS

Algerian Counterpoint

FROM OUR PARIS CORRESPONDENT

THE proof of a plan is in its application. General de Gaulle's plan for Algeria has now been put to its first *major* test by this week's reply from the rebel FLN. The French president outlined his programme in a declaration which specifically excluded any political negotiations with the rebels. Undaunted, however, the Algerian "government-in-exile," after twelve days of reflection, solemnly issued its carefully-worded counter-proposals.

The twelve days of suspense were not merely designed to secure the international limelight for the Algerian "ministers" gathered in Tunis. The FLN is essentially a resistance movement, and its leaders had to decide how much they could tone down their demands without sapping the morale of their troops. If the fighting guerrilla leaders counselled firmness, the King of Morocco and President Bourguiba pleaded for caution and compromise. They did so with particular emphasis since they had been asked by the Americans to do so. Washington, having given some sort of a blessing to the general's plan, is now very interested in its success. It would, therefore, have been unwise for the FLN to reject the French offer outright, as it did last October. Its declaration had to convince both Moslem opinion in Algeria and international opinion in the UN Assembly that the main obstacle to peace lay in Paris.

M. Ferhat Abbas, the leader of the FLN, who read out the official reply in a Tunisian hotel last Tuesday, welcomed the principle of self-determination. The right of the Algerian people to shape their own fate, he argued, was one of the first demands of the insurgents, and it would not have been granted by the French without five years of fighting. M. Abbas, however, went on to criticise some other aspects of the French proposals. Firstly, the right to independence could not be applied in such a way that it involved the partition of the country; nor did the exploitation of the oil resources of the Sahara give the French any property rights there (but the reply foresees "a large and fruitful co-operation"). Secondly, to insist that the verdict of the Algerian people must have the approval of the French electorate was contrary to the spirit of self-determination. Last, but not least, a free vote could not take place under pressure from half a million French soldiers, as many police, and an administrative machine "whose traditions of electoral fraud are known."

But in spite of its strongly expressed reservations, the FLN's reply cannot fairly be described as intransigent. Those French newspapers which describe it as such must have expected a simple surrender. In fact, the insurgents do make some concessions. The French having, in theory, admitted the right to secession, the FLN no longer makes the recognition of Algeria's independence a condition that must be fulfilled before any negotiations. Moreover, the government-in-exile entrusts its fate to the verdict of the people and describes itself, in a vocabulary borrowed from wartime Gaullism, as the "keeper and guardian of the interests of the Algerian people" until the people can express itself freely. To speed up this process, the FLN leaders offer to start talks with the French government on both the political and military conditions for a cease fire and on the terms as well as the guarantees for a referendum. Peace, the statement emphasises, can be restored immediately.

This mutual faith in self-determination may seem to offer wide scope for compromise and agreement. If the French president's pledge to reject any political negotiations were the only obstacle, it could be overcome by all sorts of good offices. But deeper differences are hidden beneath the visible elements of "face" and prestige. General de Gaulle's statement of policy was carefully phrased so as not to clash with the interests and convictions of the army. It is generally assumed that the army officers agreed to swallow the distasteful dish of self-determination only because the date was distant and political talks with the FLN were excluded. For the time being, they could get on with "pacification." But if the offer from Tunis were to be accepted, a completely different perspective would be opened up.

GENERAL DE GAULLE'S reluctance to outrage his army supporters is only one of the major obstacles. The outcome of a poll must depend on the framework within which it is held. In the general's programme, the dice were heavily loaded against independence. The French authorities and the army would have plenty of time in which to guide Algerian opinion so that such a choice would indeed be "most unlikely." They would have ample opportunity to explain to the voters that secession would really be "disastrous": it would mean not only the end of French aid but also the loss of the Sahara oil and of the richer coastal regions. The bogy of partition could thus be used to influence Algerian nationalists in favour of the middle solution of home rule. But the result might be quite different if a referendum were to be held soon, under international supervision, and with the French army no longer in control. The FLN sees self-determination as a sure way to independence; the president probably sees it as a fairly safe route to home rule and association.

So far, he has advanced carefully by stages. It is not thought in Paris that he will now change his tactics and run into an open clash with the army or take the risk of real independence for Algeria. Indeed, most commentators here suggest that he has no need to answer the FLN. The dialogue was unsolicited. The rebels had been simply asked to lay down their arms and ask for the conditions of an amnesty. The terms of the plan were not for discussion.

The government, however, can hardly preserve complete silence. In his statement of September 16th, General de Gaulle put the FLN leaders on the defensive, and suggested that if they do not lay down their arms they will be branded as aspiring dictators, trying to establish their rule by terror. The FLN has now replied with the slogan of immediate peace, which might prove catchy both in Algeria and in the United Nations. By its diplomatic skill, the government-in-exile has partly recovered the initiative. It now remains to be seen whether General de Gaulle is willing to accept alterations to his original proposals and to talk with the FLN leaders either directly or by proxy.

Whose Arab Refugees?

FROM OUR MIDDLE EAST CORRESPONDENT

MR HAMMARSKJÖLD'S "proposals for the continuation of United Nations' assistance to Palestine refugees" will be the main theme for debate when the General Assembly turns its attention to the refugee problem next week. The proposals were put forward in June. Since then, no Arab state has officially defined its attitude; but enough is known of the proceedings of the experts' conference in Sofar, Lebanon, and of the subsequent meeting of foreign ministers in Casablanca, to suggest that the Arabs are looking at the secretary-general's views with jaundiced eyes. Mr Hammarskjöld explains that his report is "limited to the question of UN assistance to the refugees." He disclaims any intention of proposing solutions for "the Palestine problem as a whole" or for "the refugee problem as such." But where Palestine is concerned, the Arabs are as sensitive as Geiger counters, and Mr Hammarskjöld's own remark that "a development along the lines herein discussed might facilitate steps toward a resolution of such problems with justice and equity" suggests that he may have stretched, if not exceeded, his brief.

The secretary-general's report contains a detailed economic analysis of the possibility of integrating the refugees in the countries where they are now living, or in other Arab states. This has aroused deep suspicions. The Arabs have always argued that Palestine and the refugees are two facets of the same problem, and that one cannot be tackled separately from the other. Integration of the refugees outside Palestine would relieve the pressure for solution of the Palestine problem, and is therefore unacceptable. It is likely that the Arab states agree that they shall press for a continuation of the United Nations Relief and Works Agency, with the proviso that it refrains from interfering in the politics of the area. It is extremely unlikely that they are yet prepared to entertain Mr Hammarskjöld's more constructive proposals.

An increasing number of western well-wishers of the Arabs are coming to regard this Arab attitude as unnecessarily sterile. The Palestine problem and the refugee problem, they argue, are in fact separate. The Palestine problem exists because the Arabs resent, and will never accept, the establishment of the state of Israel on what they regard as a part of the "Arab homeland." They regard the creation of Israel as both unjust and illegal, and its future development as a threat to their security. The existence of the refugees is a contributory factor, but only a contributory one. If the refugees disappeared overnight, the Palestine problem would remain in all its intensity.

The argument goes further. The existence of the refugees is a source of weakness, not of strength, to the Arab nation. The psychological effects of keeping nearly 400,000 able-bodied men in a state of quasi-permanent unemployment need not be emphasised. The number is being swollen every year. By the same token, the economic loss embodied in this growing army of unemployed is considerable. Man-hours lost are lost for ever.

The political effects are even worse. The refugees are divided

Ceylon's Murdered Premier

FROM OUR CORRESPONDENT IN COLOMBO

CEYLON has not yet recovered from the sense of numbed shock and disbelief with which it heard the news of the assassination of Mr Bandaranaike. Nobody could accept the fact for what it was; it just could not happen, in a country where it was once said by a governor-general that "nothing happens. The sun shines in the morning, and sometimes it rains in the evening."

It took an assassin's bullet to dramatise the instability of Ceylonese politics today. The semblance of stability which had been restored after the break-up in May of the coalition which Mr Bandaranaike led to power in April, 1956, and the defection of his Marxist ministers, has now been shown as unreal.

Mr Bandaranaike was a personal and political contradiction. The son of enormously wealthy parents, he became a popular champion of the dispossessed; the gifted student of western classics rose to power as the advocate of Sinhalese as the country's official language; the man who cut his oratorical teeth in the Oxford Union became the most fiery of Sinhalese demagogues; the scion of an aristocratic family which consorted with royalty as highly respected local agents of the colonial administration, he severed Ceylon's last colonial ties with Britain by taking over the British air and naval bases.

He was both past and future, a product of what he was fond of calling "a period of transition." As early as the thirties, he saw that the extension of the franchise, the spread of literacy and free education were propelling new classes into the positions of political power. Even as he was shrewd enough to don the simple cloth and banian and reject his Christian faith for Buddhism, he was sufficiently far-sighted to leave the conservative United National party in 1951, and form his own Sri Lanka Freedom party.

But the middle-class Sinhalese-Buddhist intelligentsia which backed him was not strong enough to defeat the well entrenched UNP and, without a genuine socialist movement in the country to depend on, he was compelled to ally himself with Marxist groupings. This alliance just could not work. The internal contradictions were too fundamental, the ideological diversity too large and the personal antagonisms too sharp. Militant communal-religious opinion pushed him further than his well-bred liberalism could stand, and the powerful, though small, Marxist group in his coalition government set too fast a pace on the economic front.

The Bandaranaike government produced many radical measures: the agrarian reforms of the Paddy Lands Act, the nationalisation of transport and the port of Colombo, a far-reaching national provident fund scheme, the enthronement of Sinhalese in the place of English as Ceylon's official language, and several badly needed constitutional reforms. In foreign affairs, modelling himself on Mr Nehru, he followed a neutralist policy. But, though he continued to strengthen his economic and trade ties with communist countries, he had been moving away from the Left, politically, since he broke with his Marxist coalition partners in May.

His successor, the education minister, Mr Dahanayake, is an individualist, the traditional baby-kisser with a few gimmicks of his own. Theatrical, impetuous, he was originally active in left-wing parties, but today talks anti-communism. Ideologies really do not bother him. At the moment, he would make any alliance which would help him keep a job that he has got as a result of a chance combination of events. Mr Bandaranaike's first deputy, Mr C. P. de Silva, was in a London hospital when the premier was shot.

among themselves, and with nothing to do except talk politics, their tempers are apt to flare. Hajj Amin Husseini, the former Grand Mufti and chairman of the Arab higher committee for Palestine, probably still commands the biggest single body of adherents among the refugees. But he has recently fallen out with the inter-ministerial committee for Palestine in Cairo, and faces formidable opposition from that quarter, backed as it is by the prestige of President Nasser. In addition, he is being challenged by the Baath-Socialists and the Communists, as well as by certain newly formed organisations, such as the Palestine Arab Youth which has appeared in Lebanon, financed, so it is said, by the Syrian *Deuxième Bureau*.

Divided among themselves, the refugees also act as a divisive factor among the Arab states. Hajj Amin and the Cairo government are both considering the formation of a provisional government for Palestine, though with different faces. The Jordanian government is resolutely opposed to any such venture. It argues that King Hussein is already in control of half Palestine, and numbers a million Palestinians (including the refugees who have Jordanian citizenship) among his 1½ million subjects. Therefore there is no room, according to Amman, for another government. In such ways the refugees are a drag on the march towards Arab unity at a time when there are too many drags already.

Supposing the Arab states accepted such arguments, what practical possibility is there for absorbing the refugees? It is generally conceded that Jordan could scarcely integrate more than a third of its refugees; the same is probably true of Lebanon. The eye therefore wanders to the more spacious Arab lands such as Syria and Iraq, both of which could support much larger populations than at present. The present trouble is that there is unemployment in both Syria and Iraq, and it is unreasonable to suppose that the authorities in Damascus and Baghdad would facilitate the integration of refugees before they had taken up their own slack. The rate of development should therefore be accelerated fast enough to match the natural increase of population and create conditions of full employment. If the Syrians and Iraqis were confronted with a labour shortage, would their objections to employing Palestinians stand?

It is clearly desirable, both politically and economically, that a proportion of the capital for development should come from the oil-rich Arab lands, several of which should accumulate substantial surpluses in the next decade, if they have not already done so. Unhappily, these states have shown little interest in investment in other Arab countries, preferring either conspicuous consumption or the safer, richer yields to be gained elsewhere. The initial impulse to a quicker rate of capital formation would therefore have to come from another quarter, either from the West or from the Communist block or both.

Mr Hammarskjöld's report considers in detail the capital requirements of the area, and the present rate of capital formation from both domestic savings and capital imports. He concludes that if the aim is to keep pace with the natural increase of population and to provide employment for the Palestinian refugees, the additional capital needed between now and 1965 would be $3,000 million (the corresponding figure for 1970 is $5,100 million). The secretary-general suggests, rather optimistically perhaps, that from one-third to one-half of this need might be met by the oil-rich Arab states, leaving a shortfall, to be covered from elsewhere between now and 1965, of $1,500 million to $2,000 million. It is hoped that the accelerated rate of development would itself make investment in have-not Arab lands more attractive to the oil-rich states, increase the rate of domestic saving, and thus, ultimately, free the area from dependence on capital imports. Meanwhile, both Mr Hammarskjöld and the Arabs agree that Unrwa should continue.

Unrest in the South Tyrol

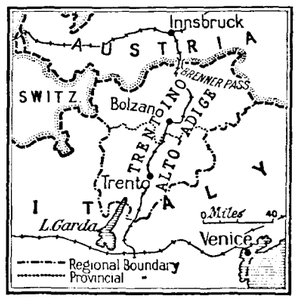
BY A SPECIAL CORRESPONDENT

Conditions for the German-speaking South Tyrolese population in the Italian province of Alto Adige have sensibly, though not sensationally, improved in the last year or so. There seem to be more German-speaking local officials and the South Tyrolese are admittedly playing a larger part in commerce. The Italian authorities, moreover, have recently made several concessions over the use of German: these culminated in the over-riding of a police order on instructions from the prime minister's office in Rome in the middle of last month; in consequence it was announced in Merano that shops, inns or any other concerns, should not be required to describe themselves in Italian. This summer the Italian ministry of instruction has sanctioned three new German secondary schools in smaller towns or country districts.

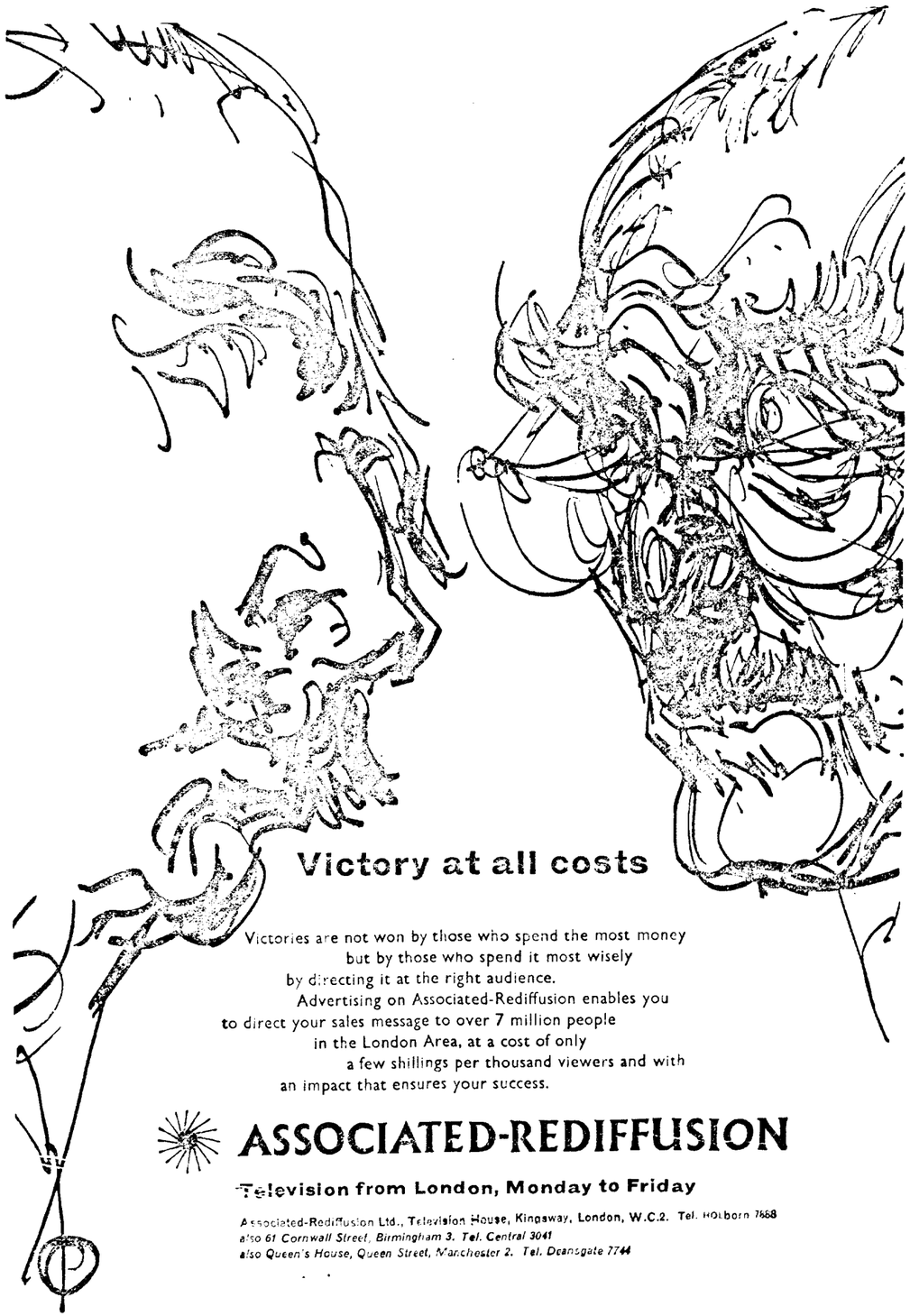
Any observer is bound to ask himself whether these changes are the effect or the cause of the agitation which has been carried on all this year in Austria on behalf of the South Tyrolese. In 1809 the Tyrolese rebelled against the French and their Bavarian allies; the insurgents were led by a South Tyrolese called Andreas Hofer who was later executed by the French. Since the beginning of 1959, the 150th anniversary of Hofer's rising has been celebrated upon every possible occasion. The subject, with its many implications, has penetrated into every national or international conference held in Austria, and demonstrations in Innsbruck on Sunday, September 13th, included the parading of a gigantic crown of thorns as a symbol of the suffering of South Tyrol.

There has been much confused talk this year, both north and south of the Brenner, of "If Cyprus, why not we?" and "If Africans can govern themselves then so should the South Tyrolese." Desperate youths are hiding explosives and dreaming of guerrilla war. While it is true that the South Tyrolese are subjected to constant vexation and certain injustices, particularly in the courts of law, the injustices are probably diminishing; thus it is difficult not to attribute the "desperation" of 1959 at least as much to the Hofer celebrations and the demonstrations in Innsbruck.

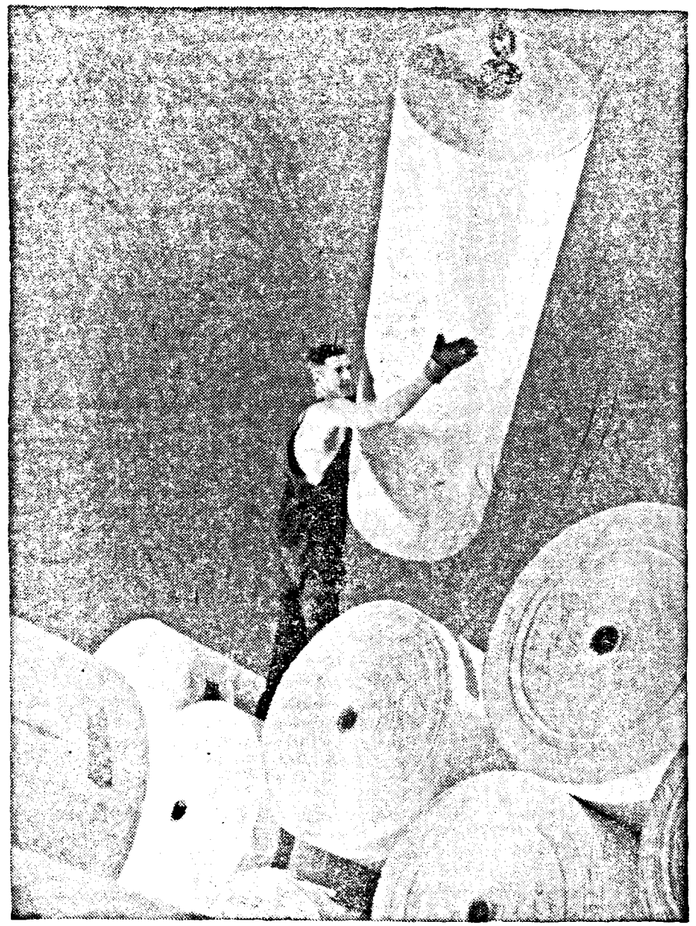
The year 1959 has also, as it happened, seen a general election in Austria, and the unrest among the South Tyrolese has been exploited for their own purposes by the Austrian politicians. The electorate's impatience or boredom with the coalition parties raised the hopes of the opposition *Freiheitliche Partei*, the heir to *grossdeutsch* and even *alldeutsch* notions: this party's vocabulary is rich in ethnic phrases about *deutsche Volksgruppen*. In Innsbruck the *Freiheitliche Partei* is generally described as merely "liberal" in the German sense of anti-clerical, but in Vienna one is more likely to hear it described as neo or near-Nazi. In order to prevent the *Freiheitliche Partei* from gaining votes at their expense, both the conservative *Volkspartei* and the Socialists found it essential to champion the cause of the South Tyrolese against the Italian government. It was particularly important for the Socialists to do this since they were suspected of indifference towards nationalist cries, and they were this year making a point of their national respectability in order to gain votes among the peasants and middle class.



The Socialists' campaign was on the whole successful, and one of the results of the election was the establishment of a separate Foreign Office (which until then had been merely a department in



AUSTRALIA country, continent . . . a world of opportunity

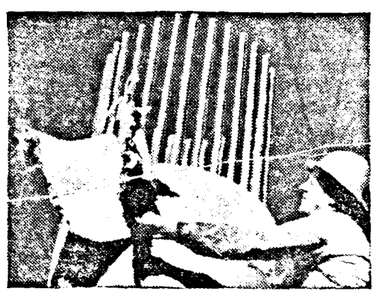


For Melbourne's new £3 million bridge, paperboard moulds 24 feet long are being used to cast the 60 massive steel and concrete columns. Foundations for these columns go as deep as 180 feet. The picture below shows a mould being stripped away.

AUSTRALIA PUTS PROGRESS TO PAPER

Paper production in Australia has almost doubled in less than 7 years. It is a vigorous industry—as is testified by the £A20 million shareholders' funds which have been invested since 1945. Such large-scale expansion is evident throughout the country. Current projects will incur £A14 million expenditure on new mills and plants, and a new £A5 million paperboard mill commenced production last year. Australia is confident of a continuing expansion in her industries. In such ventures she values her long-established partnership with Britain. During the last decade, Australians have attracted £A800 million from British, American and European investors. Australia is devoting 25% of her gross national product to investment in fixed capital.

Representatives of the Australian Government in the United Kingdom will be glad to provide information about opportunities in trade, investment and migration. Further information can be obtained at Australia House and at the Offices of Agents General for the Australian States.



the Chancellor's Office) under the most brilliant of the Socialist leaders, Bruno Kreisky. Herr Kreisky obviously could not let the matter of the South Tyrol drop after becoming the successor of Kaunitz and Metternich. It was probably the most skilful thing he could have done to take Friedl Volgger, a popular South Tyrolese journalist with socialist leanings, with the Austrian delegation to the United Nations, and on September 21st to state the case for the South Tyrolese before the General Assembly. Immediately beforehand it had been suggested in Strasbourg that the dispute might be referred to the International Court at the Hague, a procedure which might be welcome to both Austria and Italy.

The South Tyrolese demand a clear administrative frontier between Bolzano and Trent, which involves a revision of the De Gasperi-Gruber agreement of 1946. Bolzano, with three-quarters of its population now Italian, is the crux of the matter. The industrial zone outside the town was made by Fascists with colonizing designs, but it can scarcely be unmade—certainly no Italian government could contemplate such a thing. And since the management of the industrial zone is Italian, South Tyrolese youths who are willing to leave their fathers' farms are always likely to prefer jobs in the Ruhr, where the management is German and wages good. It seems unjust to put all the blame upon present-day Italy for this exodus, which is stimulated by the very high birthrate of the South Tyrolese.

Scandinavia and the Seven

BY A CORRESPONDENT LATELY IN SCANDINAVIA

"WE do not look on the British as foreigners; we regard them as Norwegians, but a little mad." That, more or less, was the sentiment expressed by the Norwegian foreign minister, Hr Lange, last year, and it must be remembered today when considering Scandinavian thoughts on the seven-nation "little free trade area." By and large, Norwegians, Danes, and (with certain qualifications) Swedes do not think of the British as foreigners; but in the attitudes of both Britain and France towards free trade in Europe they perceive certain hints of madness, certain illusions of a grandeur that is past.

Only in Denmark can the question of the "Outer Seven" be said to be a rousing political issue; no great single interest in Norway or Sweden is touched as the Danish farmers are. But in all three countries a great deal of work has been done by officials and industrial organisations. This work has been largely based on the labours of those who strove for ten years to produce a Nordic common market. It is thus not surprising that thinking on free trade in Scandinavia, particularly in Sweden, seems in some ways more mature than in Britain.

There are certain common strands among the diverse views of the three countries. One, which seems very important, is that if the Seven fail in their role as bridge builders to the common market's Six, then their rules and organisation will have to be made much tighter to allow them to compete with an exclusive and hard-bargaining European Economic Community. The British insistence on reproducing in the organisation of the Seven many of the objectives of the original broad free trade area negotiations, looks to the Scandinavians like a desire to prove that Britain was right after all. This, they feel, has produced in the seven-power Stockholm agreement two sets of concepts which are to a large extent self-cancelling. One aims at demonstrating the infallibility of the British, and the other at making agreement with the Six possible. This attitude was elaborated, by more than one authority, on these lines; the fact that an outline free trade area organisation has been defined in Gatt does not mean that it is graven on tablets of stone, nor even that it is workable. On the contrary, the French were probably right—even if for the wrong reasons—in saying it was unworkable. The Scandinavians supported the British free trade area proposals because they felt that exclusion from the European Economic Community was dangerous, while membership was for them—for a variety of political and economic reasons—impossible, and because they could not find any better solution which Britain was then likely to accept. But they do not see why they should now be bound to concepts which they believe in the long term to be unworkable. Harmonisation of duties, they seem to feel, is the very least that must sooner or later be agreed, and the sooner the better.

On the subject of Finland's membership, too, there was more unanimity than might have been expected. The old Swedish feeling of responsibility for a hard-pressed neighbour now seems to be shared by both Norwegians and Danes. This is perhaps partly a reflection of east-west politics, but it stems also from the sharper focus on Scandinavian co-operation and fellowship which the negotiations for a Nordic customs union, although unsuccessful, have produced. The need for Iceland to join finds chief expression in Norway. The Norwegians feel fellowship with the Icelanders not only for historical reasons but also because of the cod war. They point out firmly that their present government could not afford to present to the Storting an Outer Seven agreement which did not include satisfactory arrangements with Britain about fish.

Apart from the basic matter of fish, Norway's chief worries seem to be the effect of the clauses concerning freedom of establishment, and the problem of organising its scattered small industries for export. Norwegians are impressed with the cost of entering the international market for consumer goods. The little factories scattered in the valleys have neither experience nor resources enough, and in the past it has been difficult to organise them into co-operatives. They expect, of course, their established export industries to do even better than before. As regards governmental interference with industry, things seem to be easier than they were, but Norway still has one of the most regulated economies in Europe today. Even in official circles it is agreed that further relaxations may be necessary to permit industry to compete in a wider market; the purchase of cars, for example, is still subject to licence.

Sweden, with low duties and almost no import licensing, already enjoys many of the conditions of free trade, and has much greater experience in the international market than its neighbours. It therefore looks forward with a general and well-founded optimism to the results of the Outer Seven proposals. Low duties and fierce competition have given the Swede the cheapest motor cars in Europe. Next summer, he thinks, a real dog fight in the Swedish car market will begin, with the Germans bringing down prices to compete with the British preference arising from the first reduction of 20 per cent of tariffs among the Seven. Volvo and Saab, the Swedish car manufacturers, may feel the draught, but Volvo at least is making satisfactory distribution arrangements in Britain. There is, of course, one cloud in the Swedish sky. The new state pension arrangements may quite possibly produce a general increase in costs. If they do, Swedish industrialists may have to think again about their ability to compete.

THE Danes say that they simply do not know what will happen to their industry. The decision about the Outer Seven has been a very painful one for the Danish government, and was not made easier by its initial criticism of the plan. Since the early thirties imports have been regulated by quotas rather than by duties in Denmark. Thus, many Danish industries have, in effect, been without any competitive cost control for a long time, and have little idea of how they stand. The government now intends to replace quotas by tariffs (as permitted by Gatt) and the Danish Federation of Industries are said to be asking for between 22½ per cent and 25 per cent protection on consumer goods. It is clear that the sudden replacement (at the end of this year) of strict quotas by duties of this size will tend to cause some upset both of commercial life and prices.

The picture on the other side of the Scandinavian coin is equally unclear. Some importers and agents, particularly in Sweden, who have German sources of supply, are beginning to look for parallel British suppliers. Some British firms already selling successfully through local agents are said to be considering the establishment of local companies. One very large British chain store specialising in textiles has registered a company in Norway. The likely effect on British car sales in Sweden has already been discussed, and the same principles hold good in Norway and Denmark. Car sales to Scandinavia are extremely important to the west German industry, and it is very unlikely that the German manufacturers will let themselves be squeezed out until the Outer Seven preference has reached considerable dimensions—in Sweden it will take five years to reach 7½ per cent—and hope of a bridge has disappeared. It is, in fact, a cause both of hope and of concern that the Germans will not let their markets in Scandinavia easily slip from their hands.

An Egghead in Russia

FROM A CORRESPONDENT LATELY IN THE SOVIET UNION

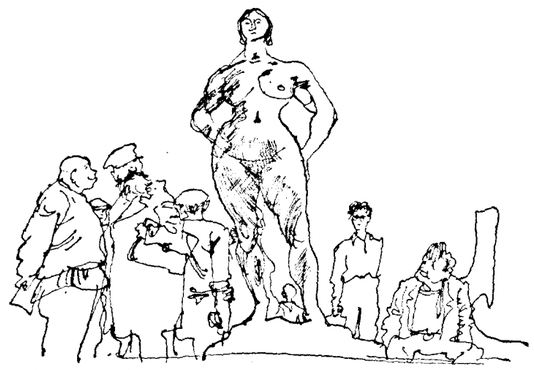
A RUSSIAN crowd surrounding an American tourist in passionate argument is no longer an unfamiliar sight in the streets of Kiev, Leningrad or Moscow. Intourist reports that it issued some 20,000 visas to Americans for the summer months alone and a small stream of hardy souls from across the Atlantic can be found on Gorky Street or in the Hermitage even in the dead of Russian winter. In fact, there are indications that, so far as touristmanship goes, the Soviet Union is somewhat *passé*; the way to bring dinner conversations to a respectful halt in Manhattan, is to remark casually that one has been among the very small group of Americans who spent the past summer in Bulgarian holiday resorts.

Has this increasing measure of personal contact with the West had any influence whatever on the tenor of discussion among Soviet intellectuals or artists? The important point to note is the extraordinary freedom of dialogue, the extent to which long-forbidden and wildly controversial topics can now be debated. Your correspondent discussed with university students in Kiev the entire problem of censorship and control over the arts. In the course of the argument, such delicate matters as the fate of Maiakovsky and other artists who perished under Stalinism were openly and frankly evoked. A similar discussion took place on the steps of a theatre in Leningrad after a performance of Shakespeare's *Anthony and Cleopatra*. As the playbill clearly stated, the translation was by Boris Pasternak.

Recognising a foreigner in the audience, a number of spectators came up to him and proudly claimed that the eminent black sheep was being allowed to continue his literary work. Would this have been possible, they asked, under the czars or under Stalin? In any event, was it not true that *Zhivago* had been much overrated as a novel? Your correspondent allowed that it might have been, but inquired who else among contemporary Soviet writers was producing anything worth reading? He asked this question repeatedly and the answer was usually the same: a moment of silence and a sudden chorus to the effect that "there are important young writers on the way. Just you wait. We have had to rebuild our lives from the rubble of war."

And although public emphasis lies heavily in the direction of science and technology, there can be no doubt that the practice and study of literature are benefiting from the general upsurge in Soviet prosperity. The Lenin Library in Moscow claims a collection of some twenty million volumes. A spot-check of certain authors, subjects and periodicals in the immense card-catalogue suggests that little of value published abroad is being missed. Obviously, there are gaps—for example, in the field of non-orthodox Marxist criticism and philosophy. Here, the Library of Warsaw University seemed more adventurous. But so far as philology, literary history and general *belles lettres* goes, the Lenin collection is probably among the finest in the world.

How far the post-Stalinist revolution has gone in the actual teaching of literature and philosophy is difficult to judge. Foreign books and journals are now more accessible than ever before and such names as Graham Greene, Kingsley Amis and Colin Wilson appear to mean something to a good many Russian students and professors. But on closer scrutiny it turns out that a certain Mr Aldridge is firmly regarded by the majority of Soviet critical and academic opinion as the foremost living English writer. Your



Perplexed visitors at the American Exhibition in Moscow.

correspondent's mild surprise on hearing this assertion was readily accounted for by the fact that "progressive writers still are suppressed in England and the United States." Such assertions mark the inevitable frontier in the process of discussion. One can push just so far before coming up against one of the Big Lies tenaciously rooted in the Russian consciousness. These pass-words to ignorance range from literature to politics—from the firm belief that numerous American radicals are languishing in FBI cells to the ever-repeated statement that the Royal Air Force and the Americans carefully destroyed workers' quarters in German cities while leaving the factories of cartels and "friendly trusts" intact.

To hear nonsense of this kind, from the convinced lips of highly intelligent and educated Russians is obviously distressing. But the effort of encounter is worth making, all the same; the next instant may bring a question about Trotsky's last years, or a covert admission that the "great Chinese allies" are not altogether the most reassuring of neighbours. Indeed, it was in this context that your correspondent heard notes of regret for the passing of Stalin and Molotov. "Here we have been investing years, money and hard work to persuade India of our friendship. It took the Chinese just a few weeks in Tibet to undo it all. Maybe the *Kitai* (Chinese) don't really like the idea of Soviet influence in India. Anyway, neither Stalin nor Molotov would have let them barge in."

The remark was made outside the gates of the American Fair. Inside, some 65,000 Russians went each day to examine American motorcars, file through the "model house," deplore the relative absence of heavy machinery, and laugh at abstract art. Many things struck them as remote or unfamiliar. But other exhibits must have rung a familiar note. The pictures of Nebraska could have been taken in the Ukraine. The account of the westward pioneers was very nearly that of the present Soviet exodus to the virgin lands. And one thing is certain: for all the great differences, the American whom the Russian saw at the Fair and met in the lounge of the Metropole was nearer to his own life than the Chinese delegation advancing down the airplane ramp in its inevitable blue tunics.

Electrical Aids in Industry *Data Sheet* **No.7**

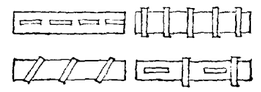
Lighting—2

The general principles of factory lighting have been dealt with in the previous data sheet (No. 6). This one considers briefly certain factors — not always fully appreciated — that influence the lighting for some particular factory applications. The next data sheet will carry the subject further.

Work benches

The most universal application of lighting is to bench work, for there is no branch of manufacturing that does not have its work benches which, of necessity, are used for a great variety of occupations. No single lighting method is suitable for all cases.

The introduction of fluorescent lighting has gone a long way to solving one of the main problems here; for while the high degree of brightness of filament lamps tends to preclude their use for individual lighting owing to the glare, the fluorescent tube with its greater expanse of light source has made localised lighting with a low mounting height more practicable. Moreover, the length of the fluorescent tube makes it possible to control shadows.



With narrow individual benches (not more than 4 ft. wide), there are four basic methods of localised lighting: longitudinal, transverse, diagonal or a combination of longitudinal and transverse. With wider benches it is not advisable to use fittings directly over benches, and fittings should be behind the workers at each edge of the bench. Where particularly high illumination is required, fluorescent fittings may be mounted as local lights — low enough for the skirt of the reflector to conceal the lamps from the eye of the operator.

High-bay shops

Probably the most difficult of all factory lighting problems is that of high-bay lighting. In lofty, long and sometimes necessarily dirty shops such as those which house really large machine tools and overhead cranes, it requires great ingenuity, coupled frequently with high lamp wattage, to provide adequate illumination. From the planer operator to the slinger, the workman is dependent on good lighting if he is to avoid an over-cut or a serious crane mishap.

The major problems associated with the lighting of high and relatively narrow shops, such as heavy machine shops and foundries, are:—

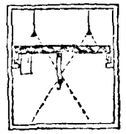
(a) Poor light utilisation caused by excessive light absorption by the large and often dark wall area.

(b) Preponderance of light flux downwards and poor cross lighting causing poor illumination on vertical surfaces, and heavy shadows.

(c) Possibility of heavy light absorption in the atmosphere.

(d) Difficulty of access to high fittings for maintenance.

In high-bay workshops there is a tendency to use concentrating fittings so that the maximum proportion of the light output reaches the working area without spread to the walls, but the saving in wall absorption is obtained only by accepting a depressing environment, poor cross lighting and heavy shadows.



In many cases it is good practice to accept the inevitable reduction in light utilisation by wall absorption and to reduce this by applying light colours to interior surfaces where possible throughout. This approach results in more cheerful conditions and provides equally good illumination values and better cross lighting. Even better is to add angled lighting from the sides below crane level.

In the conditions obtaining in this type of shop, rapid deterioration in light source intensity due to dust must be expected. Facilities should always be provided for easy access to fittings for cleaning and maintenance.

For further information, get in touch with your Electricity Board or write direct to the Electrical Development Association, 2 Savoy Hill, London, W.C.2. Telephone: TEMple Bar 9434.

Excellent reference books on electricity and productivity, 8/6 each, or 9/- post free) are available — "Lighting in Industry" is an example.

E.D.A. also have available on free loan in the United Kingdom a series of films on the industrial uses of electricity, including one on industrial lighting. Ask for a catalogue.

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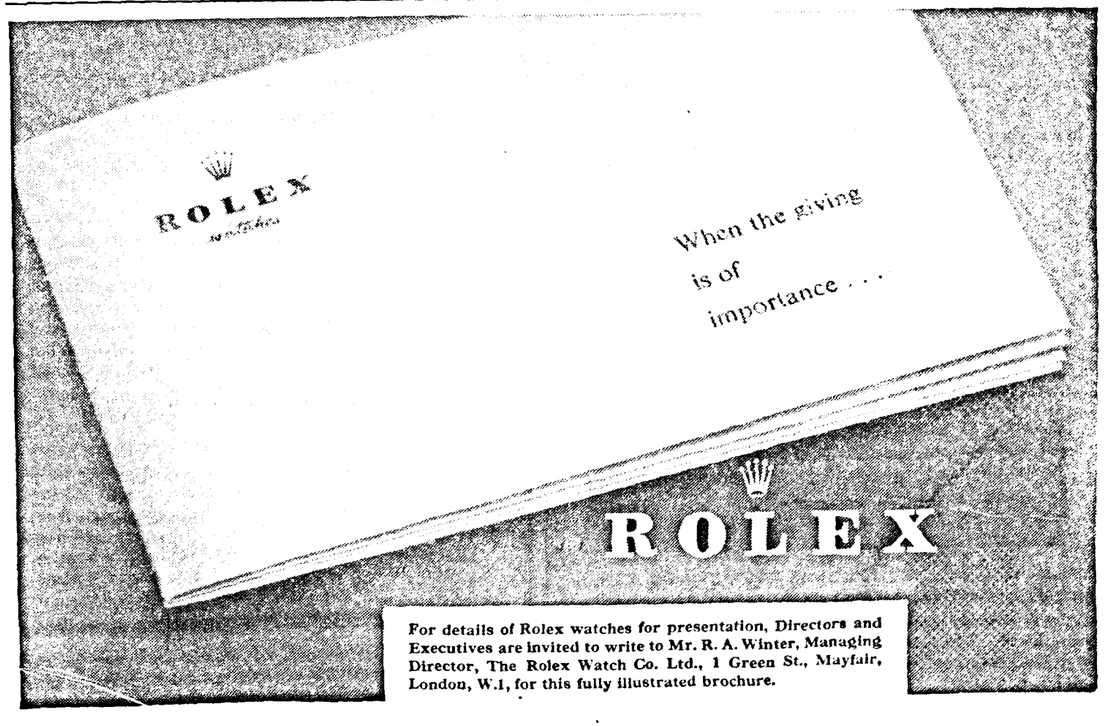

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THE BUSINESS WORLD

The Year Europe Caught up

BY OUR SPECIAL CORRESPONDENT VISITING WASHINGTON

TEN years ago the meetings of the international financial institutions in Washington were a prelude to the devaluation of the pound. This year it looks like nothing worse than the Uruguayan peso. Those misguided pundits who earlier in the year were declaring their intention of being eye witnesses of the devaluation of the dollar are now wondering where they went wrong. They have found no echo in this august assembly of the administrators of high finance. Except for Zurich, which sends few representatives to Washington, European observers now seem generally impressed with the financial efforts of the United States Authorities, and they sensibly see that the "problem" of the dollar is as much a problem for them as for the United States.

These Washington meetings have assumed a quiet and sober tone; but there is a feeling that in many important ways the international economy may have reached or passed a major turning point. "In all likelihood," Mr Per Jacobsson told the governors in presenting his annual report of the International Monetary Fund, "world inflation is over." This assertion was widely queried in the corridors. It was not quite clear how far Mr Jacobsson was stating his view of what has happened or of what should happen. To a press conference on the eve of the meetings, after all, he had expressed in a forthright manner his approval of the firm financial policy now adopted by the US Administration and his anxiety that the price of steel should not be increased, citing the importance of the British Government's resistance to the demands of the London bus workers last year. But if there are different views about whether inflation is beaten or no, there is a wider concurrence in Mr Jacobsson's view of a "new situation" in the world economy and one that calls for new ways in world finance.

Financially the starting point of this new situation is that, measured in terms of the movement of gold assets and short-term dollar liabilities, though still not in terms of the current balance of commercial payments, the United States is today a major deficit country. Its transfers of gold and other assets to the rest of the world are running at an annual rate of about $4\frac{1}{2}$ billion, following last year's transfer of $3 billion. America's surplus on commercial account has run down from its quite abnormal level in the years before Europe had fully recovered, while at the same time America's special Government payments have not diminished in total. As aid to industrial Europe tapered off, new commitments were conceded in Asia, from India to Korea. The rich uncle can still compete with the grown-up nephews he has put on their feet, but he is burdened with a new generation of claimants. Not surprisingly, the earlier beneficiaries are now expected to do their stuff.

In practical terms, the European delegates at Washington have been realising, this means two things. It calls for an end of European discrimination against dollar imports and dollar payments in general. And it means, fairly and practically enough, that Europe must take up a bigger share of aid for the poorer countries. Mr Anderson, the secretary of the Treasury, hoped that America's external balance would be corrected by an increase in exports, but he made it clear that if that does not happen, other measures will have to be considered.

Foreign aid is not easy to reduce without major adjustments of military and foreign policy; but more aid could be tied, unsatisfactorily no doubt, to the purchase of United States goods. Alternatively, and more constructively, certain projects could be financed by a new international authority which Europe could help to finance. This is the germ of America's resolution, submitted to the governors this week, that the executive directors of the World Bank should formulate, as a basis for consideration by member countries, articles of agreement for a new International Development Association.

No one takes this proposal as any reflection on the performance of the World Bank. Under the wise and vigorous leadership of Mr Eugene Black, the Bank has been an unqualified success. It has stepped up its own loans to the high annual rate of $700 million, now achieved in two successive years; and its example has done much to bring private bankers and institutional investors back into international investment. Under its own ægis it brought in $148 million of private money in its past year of participation in its loans. And in a number of cases it has linked its loans with issues of the recipient country's own bonds in the market. It has few difficulties in financing itself in the World's capital markets: a recent issue found buyers in thirty-five different countries. In total, about half of its funded debt of some $2 billion or so is held outside the United States—though mainly in dollar bonds.

The World Bank is already supplemented on one flank (should one say the right ?) by the International Finance Corporation, which works together with private industry to deal with small and medium-sized projects. But this type of organisation necessarily starts with a handicap: that it will be offered only the duds. As a result, although the Corporation's activities have quickened in recent months, they are still on a modest scale; its investments since mid-year have amounted to just over $5 million, compared with $9 million in each of the two last full fiscal years.

PRIVATE investment should certainly play a larger part internationally, and in some cases IFC may be able to help. But most people agree that a gap remains on the World Bank's other flank. Some countries that have adopted an ambitious pace of development are approaching a new problem in meeting existing debt commitments. Commercially, however remunerative individual schemes may be, these countries may be "loaned up." Mr Jacobsson pointed to the danger of countries financing development through short-term export credits which merely postpone the reckoning; and United States officials are also worried about some recent transactions in which European sources extended short-term credit and America duly "picked up the check."

The International Monetary Fund itself provides short-term credit, repayable in three to five years. But in the past year, drawings on the fund, mainly by primary producing countries, have totalled no more than $140 million, while repayments, mainly from industrial countries, have reached a record sum of $435 million. In coming months further big repayments will be made, notably by France; and the fund has received big new amounts from the increase in contributions, mostly by 50 per cent. Mr Jacobsson feels that, now the postwar difficulties of European countries are largely over, the facilities of the fund will be more freely available to help to promote general growth.

But these contributions will obviously be limited. To a substantial extent what is needed is straight aid; and since it is unreasonable to expect the United States alone to carry almost the whole burden, with Britain carrying the rest, the time may be ripe for a co-operative venture under the International Development Association. But the project has always had some real dangers, and these have been much in the minds of the Washington delegates. If finance is available on easy terms, borrowing countries have less incentive to meet the requirements for obtaining loans at commercial rates.

There are also some familiar pitfalls in proposals that have been mooted for repayments in local currencies and using IDA money twice over, through manipulation of local currency counterpart funds, which in practice can simply add to inflationary pressures. For these reasons Britain and other countries will look critically at the detailed scheme when it is submitted in the course of the next year. Probably it would be better to accept the fact that certain types of aid take the form of a straight grant. Certainly aid must meet the condition set by Mr Black—that it is given as a "support for the recipients' own efforts rather than a palliative for mismanagement." The proposal that the scheme should be manned by the experienced staff of the World Bank is itself some safeguard against abuse. And the beginnings are to be modest—an initial capital of $1 billion, with one-half paid up, has been proposed by the United States.

Europe's response to this proposal for sharing contributions to international aid has been positive if not enthusiastic. It has reacted a little more warmly, if still not with alacrity, to demands that it should end its discriminatory trade and payments restrictions. "It is my personal conviction," Mr Jacobsson declaimed in his opening speech, "that for the vast majority of countries there are no longer any balance of payments reasons for the maintenance of discrimination." These restrictions are now more clearly seen as protective devices. Mr Jacobsson therefore presses, and naturally he was strongly supported by the United States and Canada, for serious consideration of a move by European countries to implement Article VIII of the IMF agreement—which bans discriminatory restrictions on current payments as well as making new restrictions subject to approval of the Fund. Germany, as was to be expected, is warmly sympathetic; in practice it has established full convertibility already. France sees "no serious difficulty" in ending discrimination, having made a move in this direction on the eve of the meeting. But it and other countries of the common market see a possible conflict of Article VIII with obligations under the common market treaty.

No such difficulties appear in prospect for the proposed outer free trade area, including Britain. Sir Roger Makins accepted the argument for non-discrimination and full convertibility in principle; pointed out the importance of timing; and argued that when the move is made, the provisions of Article VIII should be rigorously followed with the minimum of exceptions. He said nothing of the doubts expressed by the Radcliffe Committee about the adequacy of Article VII, which allows discriminatory restrictions when a currency is declared technically scarce (as the dollar never has been). Presumably, a move to full convertibility will be a joint one, as that to external convertibility was. October 8th may be the critical element in the timing here.

THE past year, as the proceedings at Washington forcefully bring out, has been characterised financially by the growing strength of Europe, at the expense both of the United States and of the primary producing countries. These countries expressed their usual protests against their vulnerability to adverse movements of the terms of trade, but more of them seem now to accept the hard fact that they are more likely to secure aid from outside if they make the necessary adjustments domestically. Countries may feel that Mr Jacobsson's terms are stiff, but most have found that they get more development done by accepting these terms. Europe must now take a hand in financing that development. The wheel has indeed moved far round when we hear the Secretary of the United States' Treasury protesting with indignation that the payments surpluses of other industrial countries have substantially exceeded their long-term financing, and that the resulting addition to their exchange holdings upsets the pattern of world payments. Many people, including high officials in European delegations, are sure that the dollar is still basically the strongest currency; but temporarily it no longer stands pre-eminent.

THE JASPER AFFAIR

Principals and Agents

As the official investigations begin, more evidence has emerged—much of it conflicting

MR NEVILLE FAULKS, QC, who was appointed on the initiative of the Board of Trade to investigate the affairs of H. Jasper and Company, has begun his inquiries. The Registrar of Building Societies, following his normal procedure after the issue of a "stop order," is examining the books and accounts of the State Building Society. The fraud squad of the police has begun its own investigation. Although these investigations are going on, the Jasper affair is still not technically *sub judice*. But, obviously, as any new evidence is introduced it has to be treated with the greatest caution, coming as some of it does in statements from men who are deeply interested in this unpleasant business. As further statements have appeared, the contradictions between certain of them have become more apparent.

No doubt these contradictions will be resolved by Mr Faulks. In particular, his report may throw light where it is most needed—on the question of who at any one moment of time in this affair were the principals and who the agents. But it may be that finally a higher authority than his will have to pronounce upon that tangled question. It is not the purpose of this article to cut that Gordian knot, but to point to the strands which are so entwined. Mr Jasper, speaking in London, said that the bids were made by Harewood and Company (in which Mr Grunwald is a partner) on behalf of H. Jasper and Company, which in turn was acting on behalf of Mr Grunwald in his capacity as a private client. Mr Grunwald, speaking in Israel, has had this to say of the Lintang bid:

> This deal was done by me together with a number of associates, of whom Mr Jasper is one. It is true that the offers to purchase the shares were made in the name of H. Jasper and Company, but they were in fact acting for all the associates, of whom Mr Jasper is one.

In another statement made to reporters Mr Grunwald also brought in the name of Mr Herbert Hugh Murray, the managing director and secretary of the State Building Society. He, said Mr Grunwald, was

> one of my associates long before Lintang. He has been my associate from the very inception of Jasper Investments Ltd.

Later, in another statement, Mr Grunwald said that Mr Murray had said to him:

> Do a deal. The funds coming into the State Building Society are choking us. We must get mortgages.

In London, Mr Murray's comment was:

> Grunwald is trying to implicate me. I am just the associate he tried to borrow money from.

In New York, Mr Noel Cow, the chairman of the State Building Society, added his own comment:

> Some people are saying that Mr Murray was a business associate of Mr Grunwald. They imply that he was in a fifty-fifty deal in the affair. That is absolutely untrue.

In a later statement, Mr Noel Cow also said:

> Well, maybe I am an old fool, but I have not been dishonest. I have just been a little too trusting.

Both Mr Cow and Mr Murray have expressed some hope that part, if not all, of the £3½ million lent by the State Building Society, even though it does not appear to be secured on a property mortgage, may be recovered. The maximum loss that the State Building Society may suffer, it has been suggested, is equivalent to about 20 per cent of its total assets, which are now in the region of £15½ million. This loan by the State Building Society is the hub of the whole affair. On the face of all the statements made so far, there can be only the tiniest sliver of doubt left that this money was in fact used to help to pay the £3½ million to Mr Maxwell Joseph and his associates for their controlling interest of 51 per cent in the Lintang equity at 23s. a share. The principal question is now therefore: upon whose initiative was the money so used ?

The statement from the State Building Society, it will be recalled, said that on July 28th:

> Sums totalling approximately £3,250,000 were forwarded by the society to its solicitors, Messrs. Harewood and Company, pending completion in the normal course of business of various mortgages to be secured on properties owned by subsidiary companies of Lintang Investments, to whom the society had agreed in principle and subject to certain conditions to lend these sums. The money does not, however, appear to have been applied for this purpose.

If the implied contention of this statement, that the money lent was misapplied by Mr Grunwald, can be proved, then the State Building Society may perhaps have some recourse to Mr Grunwald for the return of the money. Even so, it is difficult to see where that money would come from, especially as Mr Grunwald has said that he is now "broke." After all, the Lintang shares were later pledged by Mr Grunwald as collateral against further loans from Mr Joseph and Lloyds Bank.

In Israel, Mr Grunwald gave his views on the course of events. Having said that he had not taken any money with him to Israel or elsewhere out of the Jasper companies, he said of the Lintang bid:

> I will not mention any names, but will only say that some of my associates have not contributed the amounts which they were promised to contribute and we, namely all the associates, were left with the difficult task of finding a large sum of money at very short notice. . . .
>
> The associates, however, were left short of the necessary amount and had to get by way of security, holdings in shares which by far exceeded the loans they obtained. . . .
>
> You have read in the press that the State Building Society contributed £3,250,000 to this deal. This money was used, as it was meant to be used, to effect the purchase.

In view of this statement, it is difficult to see how Mr Grunwald and his associates could possibly mortgage any properties owned by Lintang until control of that company had been obtained by paying cash on the nail to the vendors. Does his statement, in fact, imply that Mr Murray, acting on behalf of the State Building Society, knew to what purpose the £3½ million was going to be put ? If that were to be the case it would be hard to see what recourse the society would have to Mr Grunwald in asking for the return of the money.

Mr Maxwell Joseph and his associates had made it a condition of the sale of the controlling interest in Lintang at the good price of 23s. a share that, subject to a 80 per cent acceptance, an offer should be made at 24s. a share to the minority shareholders in the company. Money to implement that offer had thus to be found. At the same time, money had to be obtained to meet the £1,200,000 bid for Ely Brewery. Neither Martins Bank nor Lloyds Bank seem to have been willing, on the security that Mr Grunwald had to offer, to lend money for the completion of the Ely deal; but, according to Mr Grunwald, Mr Jasper was able to obtain a loan of £600,000, "supported by the delivery of some securities," from Williams Deacon's Bank. That still left £600,000 of the Ely bid uncovered.

To cover the bid for the minority shares in Lintang, Mr Grunwald seems first to have approached Lloyds Bank with some, but far from complete, success. He then turned to Mr Maxwell Joseph from whom he had originally purchased the controlling interest). Mr Joseph was obviously anxious that the Lintang deal should be completed to the satisfaction of all the shareholders, and after some negotiation he lent on August 28th and September 4th the sum of £1½ million. In return he received as collateral 3,300,000 shares in Lintang and 500,000 shares in Reliable Properties. This, it must be emphasised, is Mr Joseph's collateral: the Lintang shares were not again pledged by him in securing a loan from Lloyds Bank. The bank, however, did lend £500,000 to Mr Grunwald. On what collateral it did so is not yet clear; but it would not be surprising if Lloyds now were to hold not less than 750,000 Lintang shares against the loan it made.

If so, more than 4 million shares in Lintang would be accounted for. Another 200,000-odd Lintang shares are held by minority shareholders who accepted the offer but did not receive the cash for it, and another 700,000-odd shares belong to holders of about 12 per cent of the Lintang equity who did not assent to the offer. So there would thus remain about 1,300,000 Lintang shares still to be accounted for. Have these shares, in two or more blocks, also been pledged as collateral securities for other loans? Certainly, the search for cash sounds to have been a desperate one, and substantial security had to be offered to obtain it. Even so, at the end, about £250,000 of the Lintang bid remained uncovered.

Mr Maxwell Joseph possibly feeling remiss that he did not make absolutely sure that the cash was there to meet the bid made to other shareholders after he sold his own interest has said that he will himself pay 24s. a share to those shareholders who accepted the original Lintang bid from the Jasper group but who did not receive their money. (If Mr Joseph has been less than strict in respect of the bankers' guarantee, it may also be noted that Martins Bank let its name appear on the documents making the offer.) In making his loan of £1½ million, Mr Joseph regained the right to vote on the 3,300,000 Lintang shares (amounting in all to a controlling interest of 52 per cent), but he has now waived this right. What Mr Joseph would do, if on default he had to take up his security, is not at the moment a relevant question. It will not be so until this affair has been completely disentangled. Nor is it really pertinent to question what his collateral is worth, for who at the moment can say what the true market value of the Lintang shares is? And who, in circumstances like these, would not have demanded a cast iron security for such a loan?

SOME of the questions posed in these columns a week ago about the Jasper affair now seem to have been answered. Others still remain unanswered. How far are there cross-shareholdings in the Jasper group? The revelation at this week's general meeting of S. Gibson and Sons that it had holdings in Capital and Provincial News Theatres and in Victory Real Estates suggests that these may be substantial. Have, in addition, any cash balances been shifted around? How much in the individual companies is now outstanding on property mortgages? Have any other shares than those of Lintang and Reliable Properties been pledged as collateral on other loans? That must appear unlikely, for the Jasper group of companies was able to obtain ready finance from the State Building Society on property mortgages. In 1958, for instance, the outstanding mortgages of the society rose by £2,330,000; in that year it lent on mortgage about £1,500,000 to accommodation companies. Many, if not all, of these "toy" companies seem to have been subsidiaries of the Jasper group. By the time of the Lintang bid, the State Building Society had £3.9 million outstanding on mortgages in properties belonging to the Jasper group; instalments of capital and interest on certain of these mortgages are now at least two months in arrears. It still remains unclear how central a part the State Building Society played. Whatever it was, it was based on money attracted from the public by high rates of interest publicised in an extensive and expensive advertising campaign.

Whose ambition prompted the growth of the Jasper group is not yet clear. All that can be inferred at the moment is that ambition does seem to have over-reached itself. Throughout the history of the affair, bids were made at high prices. A bridge had been built and, however much its builders tinkered with its construction, it seems to have lacked a keystone. Lintang could have been the keystone which would have held the structure together. It could have become, for instance, a holding company for the property subsidiaries of the group. Its own properties, including Dolphin Square, formed a strong foundation. Its shares—and some of them were left on the market—would, no doubt, have continued to prove popular. But the keystone was not cemented into place, and the safety of the whole fabric seems to have been placed in jeopardy.

The Hotel York

It is now known that the ordinary shares of the Hotel York, which has operated the Berners Hotel for some years and which acquired the Wellcock Palace Hotel in June, 1958, were purchased as to 50 per cent by Honywood Hotels and as to 50 per cent by Great Universal Stores in March, 1957. In December, 1958, both Honywood Hotels and GUS sold their interests in the Hotel York to Associated Union Hotels. The sale was thus completed six months before the Jasper group made its bid for Honywood Hotels.

BUSINESS NOTES

THE ECONOMY

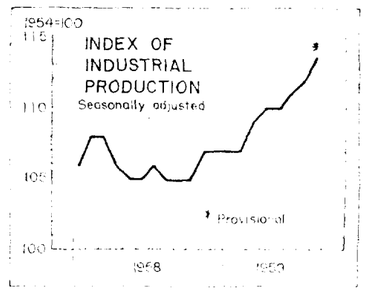
From Recovery towards Boom?

NOT only the record level of output (allowing for seasonal factors) that British industry seems likely to have reached in August, but upward revisions to the production index over the whole summer, as far back as April, made this week's account of recovery from the Central Statistical Office unequivocally impressive. The CSO thinks that industrial production in August will turn out to have been 113-114 (1954 = 100), which compares with peaks of 108 in December, 1955, at the end of the last boom, and of 109 in the short-lived upturn of summer 1957.

For August, this level of output appears likely to have been 7-8 per cent higher than a year ago (August, 1958, recorded an index, seasonally corrected, of 105). The provisional figure of 112 for July, which is rather firmer though on recent experience still liable to considerable revision, was 6 per cent up on July, 1958. Revisions to the earlier summer figures show now an uninterrupted increase in production, at first gradual but now probably accelerating, since October-November last year. The record level of output in August, according to the Treasury, seems to have been fairly generally spread throughout industry. Manufacturing output in July appears to have been about 5-6 per cent above the level of a year before, and at much the same level as during the previous two months; but gathering recovery in steel may have tipped it upward. One substantial but ironical contribution to August's high output appears to have come from a less happy heavy industry, coal; all the efforts of mining management were unable to prevent this industry's production in August from rising 8 per cent above the level of a year before (which alone can add more than half a point to the "all industries" index).

A drop of 22,000, to 405,000, in the number of people unemployed during the four weeks to mid-September, meanwhile, had for the first time brought the number wholly unemployed below the corresponding month of 1958, although the reduction in the total figure denoted mainly industry's digestion of the exceptionally high number of young people leaving school this summer and getting jobs for the first time. There were still in mid-September, the Ministry of Labour says, about 19,000 of these adolescents still looking for their first jobs, which may be (nobody really knows) rather more than is usual at this time of year. There has not been much change during the summer in the number of adults wholly unemployed; but the unemployment percentage for the country is now down to 1.9 per cent, against 2.2 per cent in September, 1958.

A still comparatively soft labour market (three men on the unemployment register for every two vacancies, apart from reserves of married women behind the register); a high level of consumer spending (though the total hire-purchase credit outstanding is no longer growing as fast); and still, probably, substantial margins of capacity in most industries apart from the most booming suppliers of consumer equipment—all these offer the basis for further acceleration of output without much immediate danger of inflation, as the National Institute of Economic and Social Research pointed out in its *Economic Review* this week. Prices have remained



stable; the increase in output is sufficient, if not more, to offset the increase in wages *and profits*; as yet the prices of imports arriving here have not risen. But the institute, like other observers, still sees little likelihood of any rapid revival in manufacturing investment, and notes that investment in other private trades may level off.

IN THE MARKETS

The Sway of Opinion

FOR the first time since the date of the election was announced the London stock market has shown signs of nervousness that the Conservative party might not win. These nerves first unsettled the market on Monday after the publication of a public opinion poll. When another, showing a more favourable trend for the Conservatives, was published the market recovered some of its confidence, and prices began to move ahead again, with the result that *The Economist* indicator rose from 289.5 to 291.9. But on Thursday the market became nervous again on the publication of yet another poll which showed that the Conservative lead had narrowed significantly. Selling was not particularly heavy but it was sufficient to lead to widespread losses in almost all sectors of the industrial market.

There has been little business in the gilt-edged market but on Monday there was some selling of Government bonds by overseas investors, just as there was some selling of sterling. There was, moreover, some buying of American and foreign securities and the dollar premium went up on Monday to 2¼. Until the election is over, investors are unlikely to commit themselves in dealing in Government stock. But, at the same time, it must be noted that their appetite for high coupon industrial loan stocks is still keen. The £3½ million issue of a 6 per cent stock at par by Thorn Electrical attracted applications of £18 million and dealings began at 1¼ premium while the £7½ million issue by Ranks of a 5¼ per cent stock at 98½ attracted applications of £24½ million and dealings began at ¾ premium.

There have been signs of selling of sterling in the foreign exchange market this week. The rate against the US dollar, which stood at $2.80¾ a week ago, has dipped to $2.80⅜. The selling, some of it of Continental origin, has been induced by the recent shortening of the odds on a Conservative victory. But sales have been modest and do not appear to have been offset by official intervention. The Exchange Equalisation Account came to the support of sterling for two days following the announcement of the election date, but it recouped its losses in the following week.

In spite of the coincidence of pre-election tension and the height of the seasonal demand for dollars, sterling has kept remarkably firm through September. Substantial payments have been made to North America for wheat and tobacco and heavy shipments of timber are being paid for. The fact that heavy commercial selling of sterling has had so little effect on the rate is partly due to the interplay of leads and lags. Many commercial purchases of sterling that would normally have been made a few weeks ago were delayed in anticipation of an election. A run on sterling has not occurred and the postponed purchases have now had to be made and these have helped to offset the effects of the seasonal demand for dollars and Continental currencies.

ELECTRICITY

Nationalised Profits

After paying £60 million of interest and setting aside £80 million for depreciation, the nationalised electricity supply industry showed a surplus of £27.3 million for the year ending March 31, 1959, which is the largest surplus that it or any other nationalised industry has ever made. Even so, this represents a return, after depreciation, of no more than 5.4 per cent on capital employed, as against the returns of 15-16 per cent that are common in private industry; and the Electricity Council, Generating Board and Area Boards are not undertaking to reduce the price of electricity, though they do think they can hold it level for a couple of years. for 1958-59 the industry, with this modest margin, has managed to find £119 million from internal resources, or 47.3 per cent, of the £251 million of new capital expenditure that it required, raising the rest by borrowing from the Treasury. It does not expect to be able to manage that percentage again this year, because capital investment is rising to some £304 million —though it is committed to financing from internal resources an average of 48 per cent of its capital requirements over the seven years to March 31, 1965, and reckons that the proportion should rise to rather more than 50 per cent by the end of that period.

This is one of the most heavily capitalised of all industries, nationalised or private, and its present rate of fixed investment represents more than 8 per cent of total fixed investment for the whole country. It is faced with a somewhat perplexing problem of depreciation, in that the price of its conventional power stations, per kilowatt of installed capacity, has recently been coming steadily down, right against the trend of prices for the materials going into them, as bigger and bigger generating sets have been brought into service. There are limits upon the extent to which such a fortunate technical trend can be pursued (often set, oddly enough, by the physical size of major pieces of generating equipment that can be moved around the country as "outsize loads"). Even so, what kind of provision for depreciation ought one to make for equipment when a replacement basis would probably mean providing less than the historical? That conundrum is further befogged by the fact that in spite of this capital-saving trend in the price of this particular conventional station, the one with which such a station may eventually in fact be replaced might (but only might) be a nuclear station, at a capital cost as yet unknown but liable to be of a far higher order.

In the face of these imponderables, the supply industry is playing safe, and trying to provide for as much self-financing as it can without irritating its customers. It is sticking to the historical basis for depreciation; but the Central Electricity Generating Board, with the blessing of the supervisory Council, has been changing the depreciation lives of its assets to a more uniform and generally shorter basis, depreciating the whole of conventional stations over 25 years (instead of different items over different periods) and its nuclear stations over 20 years. It has also effected some economies in forward plant programmes (because it can now reckon on 90 per cent of its plant being available at times of maximum demand, not 88 per cent as before); and it has deferred 250,000 kW of nuclear capacity from 1963 to 1964, making the nuclear buildup in the early sixties rather more gradual.

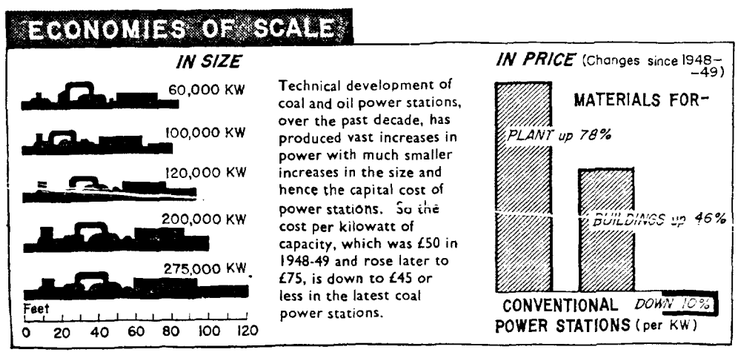
Sir Christopher's Preoccupations

Sir Christopher Hinton, instead of commenting on the first annual report and accounts of the Central Electricity Generating Board, chose to tell the public of the three matters that had been exercising his mind most, as chairman of CEGB, over the past year. His choice of the industry's most demanding problems, and the order in which he put them, are significant. In that order, they were amenity; the "three-fuel economy"; and recruiting the right staff.

Technical and economic students of this industry might be surprised to hear Sir Christopher put the social consideration of amenity before, in particular, the entangled economics of conventional and nuclear power. But it is at public inquiries over siting nuclear stations in remote coastal areas, or stringing transmission lines and pylons across the countryside, that electricity supply as a vast faceless organisation impinges most directly on the public mind; besides, Sir Christopher himself dislikes the ugly business. Nuclear power stations, he feels, are the lesser æsthetic evil; they do not need coal-handling equipment and dumps nor, usually, cooling towers either, so they can be made architecturally, at least, not too offensive. But research so far offers little chance of making overhead power transmission less ugly or less necessary.

Sir Christopher said no more and no less than he has said before about the problem that slight revisions in the forecasts of nuclear power costs, combined with dramatic reductions in the capital cost of conventional power stations (illustrated in "Economies of Scale" below) have set CEGB in planning its generation programmes for the years after 1964 (when work would have to begin on stations to be commissioned after 1966-67, when the 5,000-6,000 MW of nuclear capacity decided on by the Government in 1957 will be complete). He now thinks that nuclear generation costs might break even with those of the best conventional stations by 1970, not by 1965, as he used to think. But the question is whether these could break even, not at the high load factors used in current comparisons, but at the much lower load factors that much of the plant then required may have to work at—simply because the base load may be already filled up by the earlier nuclear stations (which apparently will have to work on base load all their lives, and cannot work shorter hours as they grow older).

The supply industry has belatedly begun a scholarship scheme for boys from grammar and public schools who would join it after taking their degrees, and is paying attention to planning the careers of its younger staff; this was an aspect of its operations sharply criticised by the Herbert Committee three years ago. There are sharp contrasts in this industry, even for technical men of similar quality, between the responsiblity and routine of running a power station mainly in accordance with hour-to-hour central direction, and the less responsible but more imaginative activity of research or development planning; but Sir Christopher says electricity is as rewarding as any industry he has ever encountered.



ATOMIC ENERGY

Then There Were Three

Last week's decision of the General Electric Company to work together on future atomic energy projects with Atomic Power Constructions means that the CEGB will from now on get a maximum of three bids for its new nuclear power stations, instead of the five that it received for its North Wales station. Only a few weeks ago Associated Electrical Industries and the Nuclear Power Plant Company announced that they would in future submit joint tenders, leaving only one of the five original atomic energy consortiums, that headed by English Electric, in its original form.

These companies have been brought together primarily by economic necessity. Sir Christopher Hinton has made it only too plain that he intends to draw out the present atomic programme, concentrating as much new building as possible in the period after 1964 in the hope that atomic energy costs may become more competitive by that date. On his own figures, the five stations now under construction plus those planned at Dungeness, Sizewell and Oldbury-on-Severn will have a capacity of 4 million kilowatts out of the five to six million in the official programme. Since a station of 1 million kilowatts is planned for Oldbury, it is on the cards that the CEGB will place contracts for no more than five more unclear power stations in the next five years, and the most that it is likely to order is seven. With the number of bidders reduced to three, there is a fair chance of securing two orders apiece. If they can then secure one overseas contract every two years, the groups stand some chance of breaking even.

The groups also improve their chances of getting orders by being able to put more men on the job of design and development; the amount of research and development required for each nuclear contract is heavier than anticipated and companies with two contracts apiece already in hand (as the Nuclear Power Plant Company and GEC have) are likely to feel the strain. But submitting joint bids for a station is one thing; deciding who builds the station is another. Each consortia contains its own turbine makers, its own boiler manufacturers and in some cases its own civil engineers. When two consortiums merge, whose boiler blows the steam into whose turbine? If there was some understaffing in the laboratories and drawing offices, there is substantial surplus capacity at the manufacturing end of the atomic energy industry.

COAL

Brave Words

A few weeks ago an increase of 10s. a ton in the price of fuel oil, announced as an increase of a halfpenny a gallon, provoked few lines if any in most newspapers. "Perhaps," sourly commented Mr Thomas of the National Coal Board's marketing department this week, "we ought to announce our price changes in pence per hundredweight." The marketing department, which has been looking coldbloodedly at its prospects for coal sales within general industry, was uttering a few pugnacious if not entirely cheerful words about the chances of really selling its product, an activity quite common in this industry 20 years ago. Mr Thomas had no price changes to announce per ton, per hundredweight, or per pound; he was entitled to recall that coal prices have been stable for something over two years now, and he added somewhat oracularly that it will be possible to hold those prices steady barring any general increase in the level of wages and prices throughout British industry.

The Board is setting up a comprehensive technical and general sales service, to advise professionals such as architects and heating consultants about the latest technical advances in equipment to burn coal (now officially recognised as leaving the air as clean as oil-burning equipment does). It has begun national advertising, and is developing its campaign to combat the idea that coal is a less fashionable fuel than its competitors. These moves are not dramatic, and they lack the edge of price competition; but the board is being sensible in realising that the switch away from its fuel may be going on for other than strictly economic reasons, inside some factories as well as in many homes.

CREDIT EXPANSION

Curve Steepens

The pattern of credit expansion has been changing significantly in recent months. During most of the first half of this year the extraordinary upsurge of bank advances was accommodated without producing any perceptible upward trend in bank deposits. From December to May these showed their normal seasonal contraction, thanks mainly to the fact that the banks were able to run down heavily their portfolios of investments and Treasury bills. Recently, in contrast, the trend of deposits has turned rather sharply upwards, while the expansion of advances has slackened. In the four weeks to the mid-September make-up, the aggregate advances of the clearing banks did, indeed, show a considerably larger increase than in the preceding (five-week) period; this difference now proves, however, to have been more than accounted for by a swing in the nationalised state boards from net repayments to net new borrowings and to changes in the extraneous transit items. If both these elements are excluded, advances to the private sector of the economy are shown to have been rising in the latest period at an average of just under £7½ million a week, compared with £9 million during the preceding five weeks and £18 million in the four weeks to mid-July.

LONDON CLEARING BANKS

£ million

	Sept. 16, 1959	%	Change on Month	Change on Year
Deposits	7,038·5		+114·6	+389·3
"Net" Deposits	6,722·8* (6,617·5†)		+ 85·8 (+ 76·5)	+346·9
Liquid Assets‡	2,339·4	32·2	+ 59·6	+117·8
Cash	572·1	8·1	+ 4·8	+ 34·3
Call Money	479·5	6·8	+ 40·1	+ 67·3
Treasury Bills	1,157·5	16·4	+ 7·0	− 25·7
Other Bills	130·3	1·9	+ 7·7	+ 41·9
"Risk" Assets	4,438·4	64·5	+ 20·9	+299·7
Investments	1,789·5	25·4	− 12·2	− 413·4
Advances‡	2,648·9	39·1	+ 33·1	+713·1
State Boards	73·2	—	+ 3·5	+ 7·5

* Excluding items in course of collection. † Excluding all transit items. ‡ Excluding all transit items except for changes on year and ratio to gross deposits. § Ratios to gross deposits.

Aggregate net deposits, on the other hand, rose by nearly £86 million, in contrast with their decline by £7½ million in the preceding four weeks and their increase by £63 million in the corresponding period last year. This is the sharpest movement since June; it carries the seasonally-corrected index compiled by Lloyds Bank up by a full point, from 116.2 to 117.2, compared with 113.7 last May and 111.1 in September 1958. Part of the month's rise in advances was again financed by sales of investments; the total investment portfolio showed a decline of £12 million, but the decline in holdings of British Government securities was rather more than £16 million (most of this difference was attributable to a switch in the accounts of Lloyds Bank from investments in subsidiaries to "other trade investments" in consequence of the completion of the merger between the Commercial Bank of Scotland and the National Bank of Scotland). Thanks to these further sales of investments, the month's net increase in risk assets was actually some £10 million less than that shown in the corresponding month last year. The banks' liquid assets, on the other hand, expanded by £60 million, almost three times the expansion shown twelve months previously. The average liquidity ratio was thus strengthened a little further, from 32.9 to 33.2 per cent. The only one of the big banks to show a decline in liquidity was Barclays, which again achieved the biggest increase in advances.

INSURANCE

Another Merger

Yet another big merger between two insurance companies has been proposed. Since the beginning of 1958, the American business of the Sun Insurance, Atlas and the Royal Exchange has been under one management. The Atlas and the Royal Exchange have now merged, leaving Sun Insurance somewhat isolated in the American market. It is now proposed by the directors of both companies that the interests of the Sun Insurance (which is a separate entity from Sun Life Assurance) and those of Alliance Assurance should be merged. The separate identity of each company will be preserved and the merger will be accomplished by the creation of a new holding company.

The merger, the directors say, "will result in an organisation of greatly increased size and strength, enabling the leading position of both companies to be maintained and enhanced in the insurance market at home and overseas." As with

all insurance mergers, economies in administration and operation should eventually result though, as it is important to preserve the separate goodwill of the two companies, they may emerge only slowly. The business of the two companies is to some extent complementary: the Sun underwrites no life business but the Alliance does and while the Alliance has not been particularly active in the United States (where last year it made only a tiny loss on a premium income of $5,465,000) the Sun has been (making a loss of $1,735,000 on a premium income of $21,427,000 last year).

The basis of the merger is that two new £1 shares in the holding company will be exchanged for every £1 share in the Alliance and 21 shares of the holding company will be exchanged for every 5 shares of £1 each in the Sun. The terms were fixed independently by Baring Brothers and accepted as being fair and equitable by the merchant banking advisers of both companies, N. M. Rothschild and Morgan Grenfell. What has come as something of a surprise is the forecast dividend of the new holding company. The interim dividends of both the Alliance and the Sun are to be raised so that, in effect, a full year's distribution from the holding company will be the equivalent of 2s. 6d. a share. Thus the income received by Alliance shareholders will be raised from 4s. 3d. to 5s. on the present capital and that received by Sun shareholders from 7s. to 10s. 6d.

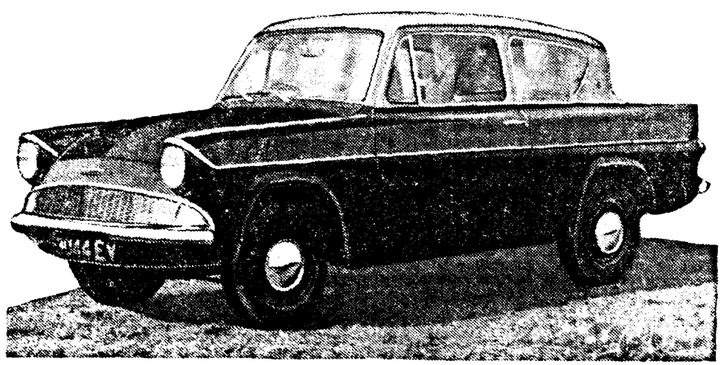
NEW CARS

An Entirely New Anglia

FORD'S newest Anglia, announced this week, is as remarkable a car for what it is not as for what it is. Except for a reversed-sloped rear window, and a bore-stroke ratio well outside the limits hitherto observed in the motor industries of the world, it has no major features that would have been called unorthodox twenty years ago. Most notably, in a car which, if Ford policy follows its usual pattern, will be the basis of the company's most economical car several years hence, the "direct-drive" solution is rejected: the engine is at the front and drives the rear wheels. This is a rejection after the fullest of consideration: Ford has done a great deal of development work on direct-driven cars, both with front-mounted and rear-mounted engines. If all the rumours are to be believed, all sorts of unorthodox solutions, including V4 engines and air cooling, have been explored with quite exceptional thoroughness.

The side-valve engine, fitted until now to all the small Fords, of which the basic design goes back to the early thirties, had all the utilitarian merits except fuel economy. In this matter, Ford's new and exceptionally "over-square" engine seems to be as much ahead of its contemporaries as the old engine fell short. The figures in *The Motor* Road Test published this week show quite remarkably low consumption figures. The light-footed driver should not find it hard to achieve 45 miles to the gallon—though, if he is ever to open the throttle wide, he will not want to use non-premium fuel. The more adventurous driver will find the car a most responsive vehicle—and rejoice that Ford have at last thrown overboard the transatlantic preference for a three speed gear-box. This is a car that will encourage free use of the 4-speed box, in that it is rather high-geared—a factor contributing to good fuel economy, because the engine has a very high compression ratio, with some sacrifice of pulling power at low engine speeds, and also because it is a very easy and pleasant gear-box to use.

Competition between the new Ford and BMC's new small cars will be most interesting to watch. The new BMC small cars constitute a brilliant technical answer to the problem of providing comfortable, and to the enthusiast exciting, transportation for the minimum use of material. Ford gives, in the Anglia, a much more impressive vehicle, with all the real virtues added, but inevitably at higher cost—for the 14½ cwt kerb weight of the Ford makes cost-competition with BMC's 11¾ cwt well-nigh impossible. However the new Popular (practically, the old Anglia renamed) is there to meet the price of BMC.



THE SIX AND THE SEVEN

Free Trade Through the Back Door?

WHILE officials of the Outer Seven* countries are drafting in Stockholm a treaty for their little free trade area, the Commission of the European Economic Community (the Inner Six) has submitted to its member governments proposals to reduce trade barriers against other countries. Speaking to the Community's parliament in Strasbourg last week Professor Hallstein, president of the Commission, said these proposals should materially ease the problem of association between the Six and the Seven, "without compromising the positions of principle" of the Six towards a large European free trade area. The main points are:

1. Quantitative restrictions on imports of manufactures from all countries should gradually be removed. When the Six increase import quotas among themselves by a further 20 per cent on January 1, 1960, members should individually negotiate reciprocal increases with other countries, including the nil or negligible quotas. (Such quotas, among the Six, were opened at, or increased to, a level equivalent to 3 per cent of domestic production of the particular article on January 1st this year, and are to be raised to 4 per cent next January 1st.)

2. The second reduction of 10 per cent in tariffs on July 1st next year should be extended to all Gatt countries, except where this would bring the actual tariff below the eventual common external tariff of the Six (this repeats the procedure adopted on January 1st this year). After the next tariff negotiations within Gatt, which should have the maximum effect, the Six should propose a further substantial round of tariff reductions.

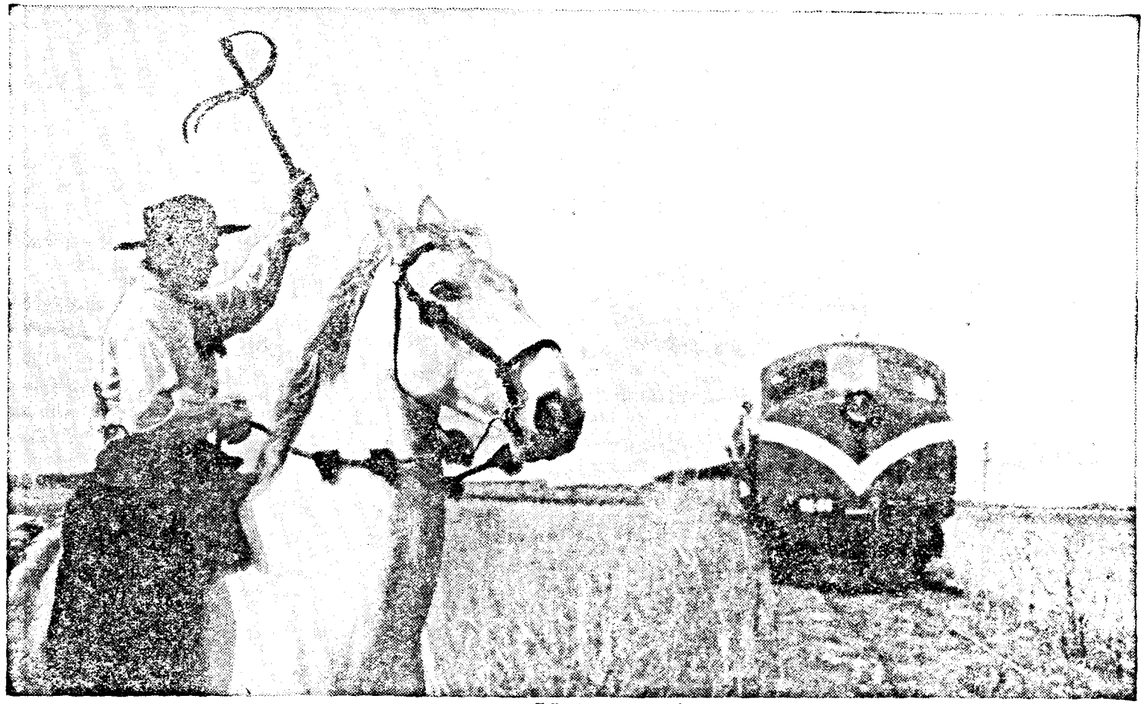
3. Members should co-operate with the United States and Britain in aiding under-developed countries (as the Six are now aiding their associated overseas territories).

4. A liaison committee of the Six and other European countries should be set up.

These proposals are indeed liberal; it remains to be seen how governments, especially France, respond to them. If they are accepted, Britain and France will negotiate as they did earlier this year, when Britain fared remarkably well both on the ordinary quotas and on quotas for some "*three per cent*" items. Supporters of the little free trade area would no doubt then claim much of the credit for bringing the big European free trade area one step nearer. They can have the credit, if they wish; what matters is that European free trade could be opening up through the back door.

*Britain, Sweden, Norway, Denmark, Austria, Switzerland and Portugal.

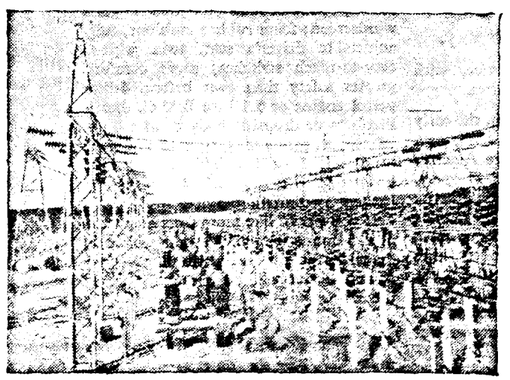
THE WORLD IS CRYING OUT FOR MORE POWER



Following the successful operation of five of these 1,000 h.p. diesel-electric locomotives on the Buenos Aires Provincial Railway, twenty-one similar locomotives are now being delivered for the General Belgrano Railway, Argentina. Thirteen are also in operation in Brazil, where in addition the São Paulo-Jundiaí main line was electrified by English Electric; rolling stock, three sub-stations and overhead lines were supplied.

New British immigrant gets a friendly "¡Bienvenido!"

Why new trains on the pampas can mean more exports from Britain



At Macagua No. 1 power station near the confluence of the Rivers Caroni and Orinoco Venezuela, English Electric installed this 115 kV switching station together with relays, transformers and all the auxiliary switchgear and fusegear for the power station. Equipment was supplied through a member of the English Electric Group—English Electric de Venezuela, C.A.

These days the *gaucho* shares his pampas with some newcomers from Britain—fast, modern diesel-electric locomotives supplied by English Electric to two major Argentine railway systems, and introduced under a big scheme of modernization.

The *gaucho*—and all Argentina—welcomes these "immigrants" because they mean that goods and passengers are going to be transported more quickly and economically. Thus, they will be helping to stimulate the national economy.

The delivery of this new traction equipment is welcome news for us in Britain, too—for three reasons.

FIRST, as it contributes to Argentina's prosperity, so it assists her buying power abroad. And for Britain, as a leading exporter of manufactured goods, Argentina's buying power is of great importance.

SECOND, our own national ability to buy abroad has been considerably assisted by the large sum of overseas currency these locomotives have earned.

THIRD, in supplying these locomotives English Electric has gained further valuable experience. Into Argentina's new locomotives goes English Electric's experience as makers of traction equipment for 30 countries. This fund of experience ensures that English Electric is ready to meet the world's demands for locomotives now and in the future.

Creating the means to *produce*, *distribute* and *use* power is the business of The English Electric Company. Power from coal and oil, power from water, power from the atom. Transformers and switchgear to *distribute* this power. And modern electric trains, industrial motors and domestic appliances to *use* it.

When abundant power is produced, distributed and used throughout the world, everybody will enjoy a richer life. In all of its many activities, English Electric is helping to make that goal a reality.

Power is the business of

ENGLISH ELECTRIC

...bringing you better living

THE ENGLISH ELECTRIC COMPANY LIMITED, MARCONI HOUSE, STRAND, LONDON, W.C.2

Austin and the Atom

THE HEAVY BARRED GATES of the Atomic Energy Research Establishment at Harwell swing open. The policeman on guard steps forward to inspect the driver's pass. All is in order. The Austin can go on its way.

No chances are taken where Britain's atomic secrets are concerned. Twice a day, every day, this Austin is halted at the gates. What has it to do with atomic secrets? It belongs to the Amey Group of Companies and one of their many and varied contracts is to carry gas cylinders to Harwell. The gases, hydrogen, oxygen, nitrogen and others, are used in all kinds of atomic research. The cylinders are delivered daily on a 140-mile round trip from Harwell to Wembley and back.

Many and varied indeed are the jobs done by Ameys of Oxford. Their trucks resurface aerodrome runways, work on new motorways and by-passes, in quarries, on construction sites, pull trailers on long distance haulage. Ameys also operate a storage and distribution service, with 24 hour delivery over 8 counties.

From a horse and cart in the early 1920's, Ameys' transport fleet has grown to about 300 vehicles. 106 are Austins, ranging from ½ ton vans to 7 ton tippers. In 1955 Ameys tried their first Austin. The Chairman, Mr. R. W. Amey, says, "At that time I was searching for a robust oil-engined vehicle, combining high quality and low price, to suit the needs of my 8 Companies. Austins fitted all our various requirements and I decided to standardise on them. I have never regretted that decision."

A word about the new Austin 5 tonner The truck leaving Harwell is the new forward control 5 tonner with the new luxury cab—lined, dust and draught sealed; wrap-around toughened glass windscreen; foam rubber cushions, fully adjustable driver's seat, twin wipers, easy-to-reach switches; more comfort, greater safety than ever before. 4-litre petrol engine or 5.1 litre B.M.C. diesel. Platform or dropside body or as a 4 cu. yd. tipper, prime mover for 15 ton gross train weight, or chassis unit for special bodywork. 12 months' warranty and backed by B.M.C. Service.

If you would like more facts about the new 5 tonner—or any other vehicle in the widest-in-Britain Austin range—your Austin dealer will be happy to supply them.

AUSTIN

THE AUSTIN MOTOR COMPANY LIMITED
LONGBRIDGE · BIRMINGHAM

EXCHEQUER ACCOUNTS

Above-line Deficit Reduced

ALTHOUGH half the fiscal year has now elapsed, the big release of resources projected in the budget—by tax reliefs on the one hand and increases in expenditure on the other—has yet to exert its full impact on the Exchequer accounts. Over the full year the "above-line" surplus was expected to run down from £377 million to £102 million and the "overall" deficit (including capital outgoings) to rise from £182 million to £721 million. The quarterly return made up to last Wednesday shows, however, that over the first six months of the year the above-line account was actually rather stronger than in the corresponding period of 1958-59. To some extent this disparity arises from the fact that a large part of the effect of the income tax concession, estimated to cost £192 million in the year, will not be felt until the last quarter; but it is clear that the yield of revenue as a whole, including income tax, has been very buoyant. Income tax has in fact yielded almost the same amount as in the first half of 1958-59; customs revenue, expected to rise by only £24 million in the year, has already risen by £44 million; excise, expected to fall by £65 million, has so far fallen by only £14 million; death duties, expected to rise by £8 million, have risen by £21 million; stamp duties, expected to rise by £2½ million, have risen by six times as much.

These gains have more than offset the rising trend of expenditure. The cost of interest on the national debt is down by £41 million—already two-thirds of the decline expected in the full year—but supply services have expanded by £107 million, so that total ordinary expenditure has risen at fully the rate envisaged over the full year. Even so, the above-line deficit, at £230 million, is actually £26 million smaller than that for the first half of 1958-59. Capital outgoings "below-line," at £350 million net, show an increase of £80 million, a much smaller movement than was implied in the estimated rise of £264 million over the year.

SIX-MONTHS' OUT-TURN
(£ million)

	April 1, to Sept. 30, 1959	Change on April 1, to Sept. 30, 1958	Expected change in full year on 1958-59 out-turn
Revenue:			
Income tax	666·0	− 0·2	−174·8
Surtax	38·5	+ 1·0	+ 4·4
Death duties	109·6	+ 21·2	+ 8·1
Stamps	42·6	+ 15·7	+ 2·6
Profits tax†	138·3	− 3·0	− 0·8
Other inland revenue	0·1	...	+ 0·5
Customs	684·2	+ 43·7	+ 24·0
Excise	439·1	− 14·3	− 65·3
Post office (net)			− 0·2
Other revenue	121·6	+ 30·4	+ 46·8
Total ordinary revenue	2,240·0	+ 94·5	−154·7
Expenditure:			
Debt service	292·2	− 41·3	− 62·7
Sinking funds	18·1	− 0·2	+ 0·9
Other consolidated funds	40·9	+ 2·7	+ 4·3
Supply services	2,118·8	+107·2	+178·0
Total ordinary expenditure	2,470·1	+ 66·5	+120·5
Above-line balance*	−230·1	+ 26·0	−275·2
Net below-line outlays*	350·4	− 79·8	−264·0
of which:			
Local authorities*	Cr. 26·9	+ 5·0	+ 3·0
Nationalised industries*	292·6	− 47·0	− 116·0
Total deficit*	580·5	− 53·8	−539·2

* In second and third columns (−) indicates increased deficit or reduced surplus, (+) indicates reduced deficit.
† Comprises profits tax, excess profits tax and levy.

MANAGEMENT

Salvation through Surgery

WHEN a company calls in a management consultant it does not expect to be advised to cut its sales staff by 25 per cent, cut out 25 to 30 per cent of its retail outlets, reduce its advertising outlay, narrow the range of its products and accept a fall in its turnover. Yet this is the advice that Lloyd Attree and Smith received when it consulted a firm of marketing consultants, Sales Audits, two years ago. Lloyd Attree has been established for over a century in men's clothing, specialising in shirts, dressing gowns and ties; in the increasingly competitive state of the clothing industry, with new companies like Rael-Brook and other established companies expanding their sales by advertising nationally and adopting modern methods of display and presentation of their products, the firm felt that it ought to be able to improve its sales too. It first approached an advertising agent about starting a national advertising campaign; but his advice was to consult Sales Audits instead.

The consultants' study of Lloyds' operations revealed that some of its activities were unprofitable, that stocks were unnecessarily large—as is often the case with private companies—and that the selling methods were in need of improvement. The company had been selling under a number of trade marks, and seemed to have been dissipating its efforts by selling in too many fields and through too many retailers. Its "brand image" was old-fashioned, and needed modernising.

The recommendations were that Lloyd Attree should concentrate on its most profitable products and drop the rest, because it lacked the resources to exploit them all fully; it should cut out all those retail outlets that sold less than £100 of their products in a year, because they were not worth the cost of the salesmen's time, so allowing the sales force to be cut from 24 to 18; less should be spent on advertising, but more on product design and presentation, because in the circumstances of the firm and the nature of its market these would provide a higher return on outlay. These recommendations were put into effect at the end of 1958; the effect, as expected, was a fall in turnover that reached over 40 per cent by April, 1959, before beginning to rise again until it showed a fall of only 7 per cent by 31st August. Meanwhile the company feels confident that its profit margin in the first eight months of this year was substantially above the 1958 level.

Sales Audits, founded in 1955, is one of the companies that are extending marketing consultancy into the management field, and which claim to have obtained good results in their work. Sales Audits claim that it is able to measure the efficiency of a company's selling methods quantitatively, against yardsticks that it has evolved; its studies even go so far as to evaluate the efficiency of the individual salesman under 50 heads or more, by studying him in action in the field.

BOAC

Middle East Mix-up

SHEIKH NAJIB ALMUDDIN, chairman and managing director of Middle East Airlines, came to London five weeks ago to tell his controlling shareholder, the British Overseas Airways Corporation, that he would no longer be made the whipping boy for the corporation's massive losses; he was prepared to buy out BOAC's 49 per cent interest in his airline for £5 million which he had raised privately in the Lebanon. The corporation has turned down the cash for reasons that had little to do with the terms attached to the offer and a great deal to do with the fact that Middle East Airlines, small though it is, has an abundance of the one commodity that big airlines go to endless lengths to acquire—traffic rights. The importance of Beirut as an aerial cross-roads means that other countries give concessions to MEA that they would not give to other airlines. The Sheikh knew well that having bought out BOAC, he would be totally unable to carry the cost of running the airline by himself. But he also knew that a number of airlines would almost immediately offer to help him out; Pan American had suspended its negotiations to buy a share in another small Lebanese airline, waiting for the outcome of the London meetings; Air Union was watching in the wings. BOAC knew this too.

If the corporation genuinely wishes to

retain its interest in Middle East Airlines, it could have trod more delicately during the past year while MEA was losing more than £100,000 a month during the Lebanese revolution and BOAC was advancing funds to keep the airline going. During 1958-59, BOAC probably advanced about £1 million in this way, on which it is charging 6 per cent in interest. But in the corporation's own accounts, which will be published towards the end of this month, this loan appears to be treated as a dead loss. Hence sharp criticisms in *The Economist* and elsewhere of the cost of MEA operations and the brusque directive from the Minister of Transport to BOAC to stop the rot or else. . . .

This doublethink has infuriated Middle East Airlines, in whose accounts (published in the Lebanon but not in this country) the sums appear, properly audited by BOAC's own auditors, as loans carrying an irksome rate of interest—nearly twice as high, Sheikh Alamuddin says, as he would have had to pay on the money he intended to raise privately. MEA is quite aware of its commercial value to a big airline: its price is the provision of working capital and technical help. There is no other way in which small operators can raise cash, for no ordinary investor would provide it. With BOAC's encouragement —and cash—MEA has expanded since 1954, when it broke with Pan-American, from three Dakotas to seven Viscounts, and hopes to replace these soon with secondhand Britannias from BOAC. All this the airline regards as a tangible investment from which BOAC draws tangible advantages in the form of interest, and less tangible ones in the form of traffic rights. Why BOAC should choose for its own accounting purposes to regard this as a dead loss will no doubt be explained when its 1958-59 accounts are presented. But since the quarrel is over a form of words and book entries, a little tact and foresight might have prevented it altogether and saved a considerable amount of dirty linen from public washing.

MOTOR BUSINESS

The current issue of this quarterly research bulletin contains the following articles:

A FINANCIAL AND ECONOMIC ANALYSIS OF THE BRITISH MOTOR INDUSTRY:
THE SPECIALIST CAR MANUFACTURERS
THE SPANISH MOTOR INDUSTRY
THE ESTATE CAR

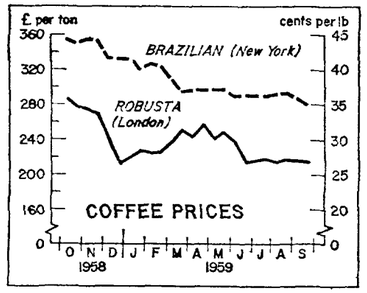
The regular graphical section has been expanded to include a new section analysing world vehicle export markets.

Further information from:
THE ECONOMIST INTELLIGENCE UNIT LTD.,
22 Ryder Street, St. James's, London, S.W.1.
Whitehall 1511, Ext. 42

COFFEE MARKETING

Latin America Agrees

A NEW international marketing agreement for coffee was signed in Washington last week, to run for one year from October 1st. As expected, it has not obtained full support from the African countries. Producers in French and Portuguese Africa agreed merely to restrict exports other than to the metropolitan country, their main market, while Kenya, Uganda and Tanganyika said they would restrict exports to 2,262,000 bags (of 132 lb); though this represents a cut of less than 2½ per cent of their exportable production, it compares favourably with the effective reductions in the French and Portuguese territories. The total export quotas for the Latin American producers and French and Portuguese Africa are 32,650,000 bags, of which Brazil's share is 17,431,000 bags and Colombia's is 5,969,000 bags. Exports to



countries that normally buy little coffee are excluded from control. The Latin American signatories agreed to raise a levy of 25 US cents a bag, and the Africans of 15 cents, to finance a campaign to promote coffee consumption. African members of the study group, and some of the Latin Americans too, opposed the proposal for a two-year agreement. They argued that this would accentuate the problem of overproduction, and that any corrective action that might be decided upon next year could more easily be introduced when the present agreement ends, rather than half-way through a two-year agreement.

These negotiations left little time for discussion of the real problem of curbing production. But it seems that preparations may shortly be made for a full meeting of the study group in the spring, when governments will have had time to consider the special report on coffee by the Food and Agricultural Organisation, and to make their own observations on the long-term problems. Some people claimed to detect a more realistic air in Washington on this occasion; a number of producers spoke of the need for "sacrifices"—without, naturally, committing themselves in advance. *The Economist*, incidentally, in a note of September 12th, was guilty of making the world surplus of coffee twice as burdensome as it is, by stating that a bag of coffee weighs 132 kilos (instead of lbs).

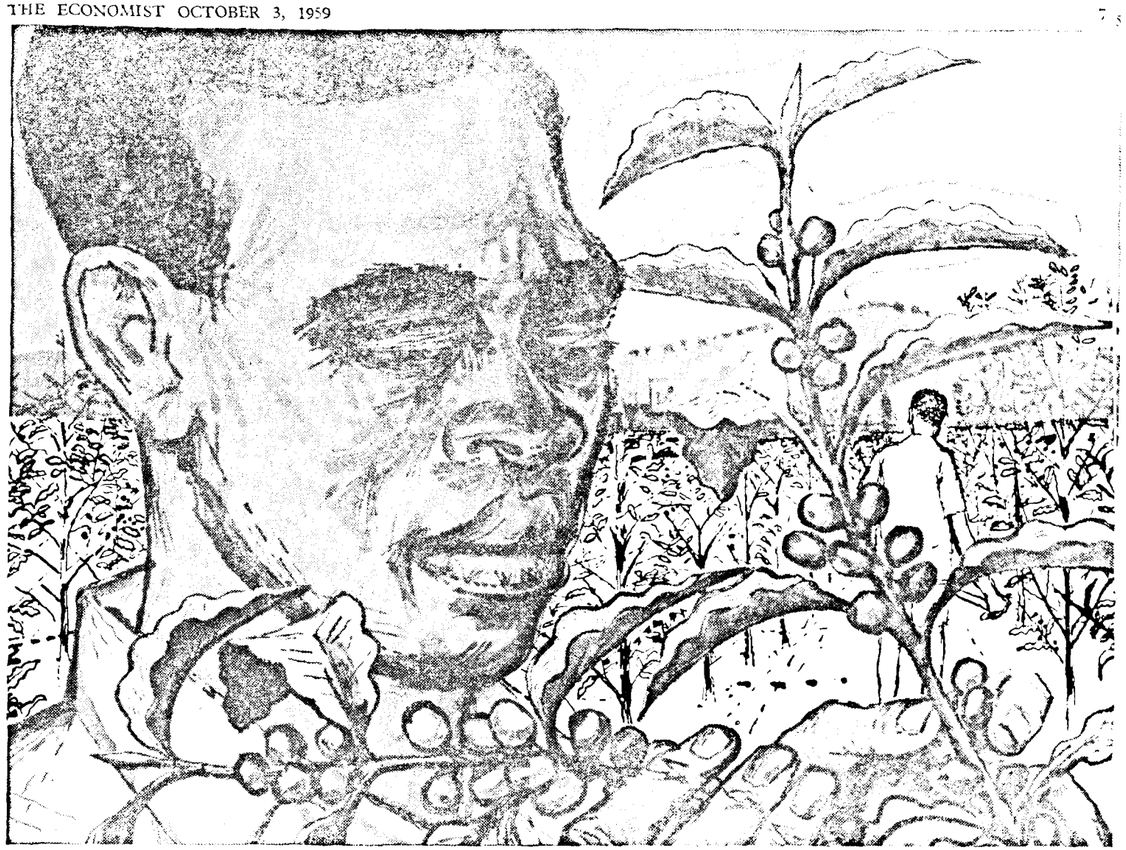
RETAILING

More Food from the Chains

TWO of the biggest retail chains in the country announced last week divergent plans to expand their trade in food. Marks and Spencers is beginning to sell cooked meats, bacon and chickens; Woolworth is cutting the prices of some 25 items of branded goods that they already sell. In the former case sales are being sought by concentration on quality rather than low price; in the latter by matching the temporary price cuts that have become so common in the grocery trade recently by cuts that are comparable in size but permanent. This quality and price competition from such large and powerful sellers will make the position of the independent grocer still weaker, and provide more competition for the supermarkets and other chain stores.

Marks and Spencers sold provisions before the war, but stopped selling those that were rationed at the beginning of the war; others it continued to sell until 1950. Difficulty in controlling the standards of manufacture of generally foreign produce, and the possibility of expanding textile sales with the end of the utility scheme and clothes rationing, were the two factors that decided the group to stop (though it went on selling cakes and confectionery). Now the stores have more space available and the chance of getting food prepared to the standards they desire it becomes possible to re-enter this field. Daily deliveries to the stores of fresh, not frozen, foods pre-packed by English producers are the basis of the group's new food selling scheme. Apart from its obvious sales appeal this means that only chilling cabinets, and not the more expensive deep freezers need be installed in the shops; but it does require a local supplier. Cooked meats and bacon can come from over 100 miles away—all are supplied by one large firm with nation-wide factories—but chickens should come from nearer at hand. So far six stores are selling these foods; about a dozen should be doing so by the end of the year, and 50 by the end of 1960. Expansion thereafter will depend on the success of the venture.

Woolworth's price cuts on branded goods bring the end of resale price maintenance on branded foods one step nearer in this country. Now that so large a company is selling such goods at prices of its own choosing all over the country and on a permanent basis, it will be more difficult than ever to sell them at the manufacturer's price anywhere, and those few companies that insist on the maintenance of their prices will be under stronger pressure to abandon their stand. Some manufacturers who have had the prices of their goods cut by Woolworth's contribute to the cost of



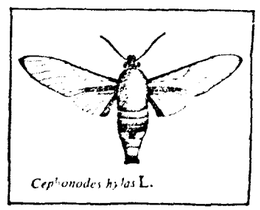
Coffee line

From Bonabéri, on the wide estuary of the Wouri river, the Chemin de Fer du Nord runs just 160 kilometres to its terminus at N'Kongsamba. A short line, in the immensity of Africa, but a picturesque one. Winding first through evergreen rain forest and the humid zone of oil palm and banana, it then climbs steadily into a land of black volcanic earth where, in March, the air is sweetly scented and every tree a foam of blossom. Here, in the Mungo district of Cameroun, is grown the country's biggest tonnage of *Robusta* coffee. And here, an insect pest struck recently with unexpectedly vicious force.

Normally, damage by the coffee clear wing moth (*Cephonodes hylas* L.), known in most of the coffee-growing areas of Africa, is reasonably easy to control, and hand destruction of the big green and white caterpillars is sufficient. In May 1957 however, very heavy infestations caught the planters by surprise; hand picking failed to check the pests, and in some plantations trees were quickly stripped of two-thirds of their foliage. An immediate appeal for aid was made to the N'Kolbisson Entomology Laboratory near Yaoundé.

The answer was swift, effective and based on Shell endrin. A formulation of 19.5% endrin applied at a rate of 3 litres per hectare in 500-1,000 litres of water was recommended, and results were spectacular. Even the largest caterpillars were rapidly killed, and 100% control was achieved within 12 hours—yet another example of the killing-power of this important foliage insecticide developed by Shell. With the aid of endrin the coffee line to Bonabéri carried full loads in 1957; with the aid of endrin many other crops come safely to harvest year by year in many parts of the world.

Shell **endrin**



Cephonodes hylas L.

Endrin is one of six Shell pesticides for world-wide use. Between them, endrin, aldrin, dieldrin, Phosdrin, D-D and Nemagon offer control of virtually every significant pest, both above and below the soil. In addition, dieldrin has important uses in public health. Have you a pest problem in your area? Your Shell Company will gladly advise you on methods of control or eradication.

IN AGRICULTURE...YOU CAN BE SURE OF SHELL CHEMICALS

Issued by Shell International Chemical Company Limited and Botanische Internationale Chemie Mij. N.V.
For further information consult your Shell Company (in the U.K., apply to Shell Chemical Company Limited).

Bright beginnings

Cars without engines need a smooth run to the finishing line. The smoother the flow, the finer the finish. And not only for 'soap-box fliers', but for every car on the production line. Car-proud owners today look for higher-gloss finishes—and more colours to choose from—than ever before, and an answer to this (as any manufacturer of paint will tell you) lies in the quality of the aromatic solvents used. With their evaporation rate chosen for the purpose, together with the highest standard of purity, you get the best 'flow' and gloss on the paint when using these solvents.

By the Shell range of aromatics—benzene, toluene, xylene and the higher boiling-point products—the requirements of many industries are covered. Materials as diverse as synthetic rubber, detergents, plastics, textile fibres and dye stuffs all find a call for aromatics—just as do many surface coatings including paints, lacquers, enamels and printing inks.

Have you a problem concerning finer finishes? If your process includes stoving, 'Shellsol' A is probably the aromatic you need. With an evaporation rate adjusted to the requirements of stoving finishes and brushing paints, and an aromatic content of almost 100%, 'Shellsol' A ensures exceptional 'flow' and gloss and is a product of great potential.

Solvents, resins, intermediates, plastics, base chemicals, additives, detergents, glycols, synthetic rubber . . . Shell chemical production serves every industry. Ask your Shell Company for details.

Shell Aromatic solvents

High aromatic solvents are also necessary to produce agricultural sprays containing high concentrations of chlorinated insecticides. Shell aromatic solvents are frequently employed to produce high quality formulations containing the Shell insecticides aldrin, dieldrin and endrin. Ask your Shell Company also about the range of aliphatic as well as aromatic hydrocarbons. The Shell solvent range covers many industrial and agricultural needs.

IN INDUSTRY . . . YOU CAN BE SURE OF SHELL CHEMICALS

Issued by Shell International Chemical Company Limited and Bataafse Internationale Chemie Mij. N.V. For further information consult your Shell Company (in the U.K., apply to Shell Chemical Company Limited)

Industrial Countries Rely Less on Primary Producers

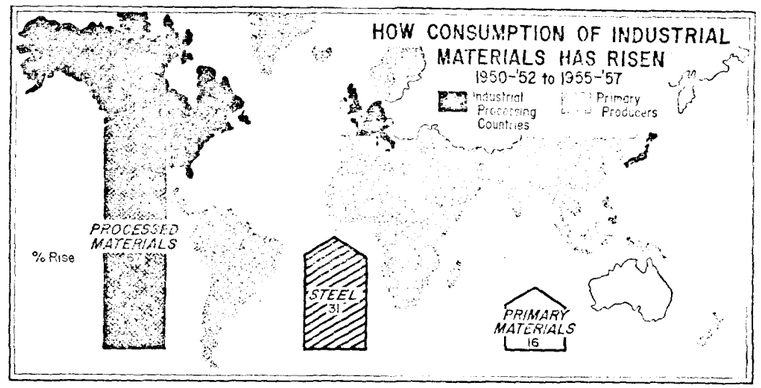
ACCORDING to an expert analysis in the current issue of the National Institute's *Economic Review*, industrial countries are becoming less dependent on materials from primary producing countries. The fears that were expressed some eight or nine years ago of a continued world shortage of many primary products have not been realised, nor have these exporting countries enjoyed the improvement in their terms of trade which was then anticipated. The purchasing power, in terms of manufactured goods, of their total exports (excluding oil) was only 3 per cent higher in 1955-57 than in 1950, although world industrial output had been rising throughout this period at a rate of some 5½ per cent a year.

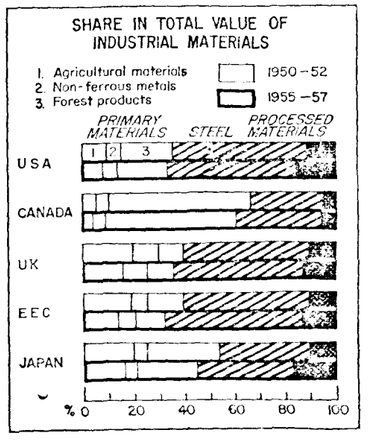
This decline in reliance on imported basic materials throughout western industrialised economies stems partly from the changing pattern of industrial output and the larger share of processing applied to them, and partly from the substitution of processed materials for these traditional ones. This is no new postwar development; indeed the divergence between industrial output and imports of primary products was even more marked before 1948. At that time the major rise in industrial output was occurring in the United States, which depends less on imports than Europe does. Since 1948, the faster economic growth has occurred outside the United States; but nevertheless the same general tendency has developed.

The National Institute has made a detailed study of consumption trends between 1950-52 and 1955-57 in sixteen major materials (excluding fuel) in the principal industrial areas of the west (the United States, Canada, the United Kingdom, Japan, and the European Economic Community countries of Western Germany, France, Italy, Netherlands, and Belgium-Luxemburg; Scandinavia is excluded as a "semi-industrial" area). Over this period the rise in manufacturing output in these areas ranged from 14 per cent in Canada to 93 per cent in Japan, and averaged 28 per cent for the total "industrial area." Consumption of the sixteen industrial materials, taken together, rose by just about the same amount—by 29 per cent—but at very different rates for the different kinds of materials:

	% change 1950-52 to 1955-57
Processed materials (aluminium, rayon, new synthetic fibres, synthetic rubber, plastics) ...	+ 67
Steel	+ 31
Forest products (woodpulp, softwood)	+ 21
Non-ferrous metals (copper, lead, zinc, tin)	+ 16
Agricultural materials (cotton, wool, jute, natural rubber) ...	+ 10

In all five areas, output grew faster than the demand for natural products—with the exception of the consumption of forest products in Britain, which rose by 35 per cent. The EEC countries and Japan were largely responsible for what expansion did occur in the demand for natural products. In America, consumption of these materials hardly rose at all; it remained static for non-ferrous metals, fell for agricultural materials and softwood, and rose only for woodpulp. In Canada and the United Kingdom the demand for agricultural materials also fell.





THE big change in the industrial pattern, which influenced demand in all areas, was the reduced importance of the textile industry; even in Japan, where there was a 78 per cent rise in the output of textiles, the output of metal products rose even faster—by 99 per cent. But there were many further changes in the production pattern within the large industrial groups; for instance, in this period in the United States, production in the electrical engineering and aircraft industries, which use comparatively little steel, grew faster than production of cars, which have a high steel content.

Throughout this period, there was a substantial substitution of processed materials for traditional ones—aluminium for copper and, to a lesser extent, for steel; man-made fibres for cotton and wool; synthetic rubber for natural; and plastic materials for textiles, paper, softwood and metals. Substitution has gone much the furthest in the United States with Japan next on the list; although, if rayon is excluded, Japan ranks below the EEC countries and the United Kingdom. Demand for new materials is not only on a substitution level—they tend to be used in industries that are expanding the most. For instance, an appreciable part of the 68 per cent rise in the consumption of aluminium in the United States in this period can be attributed to the boom in the aircraft industry.

THE important question for primary producers is how far the 1950-57 trends are likely to continue. The period covered by the survey was exceptional in certain respects; it began with the Korean boom in primary products and it ended just before a world recession. As the writers of this survey point out, the Korean price boom may well have encouraged the development of substitute materials; now the prices of traditional materials are more competitive.

Nevertheless few would dispute the Institute's opinion that the process of substitution will continue, although more slowly. Traditional materials must certainly be expected to lose more ground in Europe, since production there is likely to develop on American lines. But it is less certain that the growth in western Europe and Japan will continue to be faster than in the United States; if it does not, then primary producers may have more cause for concern, for the share of primary producers' exports in the input of industrial materials is still three to four times larger in the other industrial areas than it is in the United States. If the rate of growth of industrial areas together remains about the same as in 1950-57, but slows down in Europe and Japan and quickens in the United States, the primary producers will stand to lose.

its advertising of them, showing that they think that they gain from the exercise, as do those who give discounts to the supermarkets or voluntary chains that make special offers of their goods at cut prices for limited periods.

RESEARCH IN INDUSTRY

Getting Down to Fundamentals

FIVE years ago Tube Investments took a step that is still rare in British industry by setting up a laboratory for fundamental research—into solid state physics. A year ago new laboratory buildings for the work were completed; it is now employing 150 people and costing £250,000 a year to run. These are large sums for a company to spend on academic investigations, but where industries are working to increasing exacting specifications, blanks in fundamental knowledge can—to put the matter at its lowest level—lead to an embarrassingly and expensively high rate of scrap. Development of new technology requires a considerable amount of study of the fundamental properties of the little-known materials it intends to use.

This type of work can no longer be done on a shoe-string by dedicated enthusiasts working with a test tube and a bunsen burner. And if industry, which is the main consumer of experimental investigations such as these, is not prepared to pay the bill, it is difficult to see who else can afford to do so.

COTTON INDUSTRY

Tally on Scrapping

AT the final tally last Wednesday the cotton industry had offered to scrap —for a sizeable consideration—12.5 million of its 25.5 million spindles, 573,000 of the 1.5 million doubling spindles and 105,000 of the 248,000 looms. By March 31st, when all this machinery is due to be scrapped, capacity in spinning will have been cut by 49 per cent, in doubling by 38 per cent and in weaving by 42 per cent. The special committee of the Cotton Board, in a somewhat defensive statement made this week, points out that the reduction this will effect in working capacity is much less smaller. Measured by the amount of machinery in use last April, when the government first announced its proposals for subsidising scrapping and re-equipment, capacity in spinning and weaving will fall by roughly one-fifth.

After discussions with all sections the committee is satisfied that there should be no undue interference with supplies during the next six months. The remaining firms should have time enough to prepare for increases in demand by extending shift-working. The committee points out that in June only 7,000 of the 45,500 automatic looms were working three shifts; 20,000 were working two shifts and at least 2,500 were idle; only about 1 million spindles were working more than one shift.

The committee is at pains to answer the charge that the reorganisation scheme is putting up prices of yarn and cloth. It estimates that the levies to finance compensation to redundant mills and displaced workers will cost, on average, less than a farthing per pound of yarn or yard of cloth, without allowing for the reduction in costs brought about by more efficient operation. The committee admits that profit margins have been uneconomic for some time, but fails to admit that one of the objects of the scheme is to make margins economic. The final test of the scrapping and re-equipment schemes is whether they will eventually make Lancashire into an industry that works modern machinery intensively, and is fully competitive with European industries (at least).

By a fortunate coincidence the Cotton Board was able to announce this week a happy outcome to its interminable negotiations with the cotton industries of India and Pakistan. These industries, which have the right of duty-free entry into Britain, have agreed to restrict their shipments of cloth for retention in the British market to 175 million and 38 million square yards respectively each year. Agreement in principle was reached long ago, but when Lancashire was forced to grant Hongkong a much higher quota than it first offered, India claimed that it should have more too—and has now settled for 35 million yards more. In the first eight months of 1959 imports from India and Pakistan were running at the rate of 144 million and 14 million square yards respectively; Hongkong, with cries of pain, has had to refuse British orders in order to keep shipments within its quota of 164 million yards.

COCOA MARKET

In Official Hands

TRADERS in rubber who resent the influence of the American and British officials when they start to sell rubber from strategic stocks (overlooking the much greater influence that official Russian and Chinese buyers have exerted on rubber prices for several years), might spare a thought for their colleagues in cocoa. British West Africa and Brazil, which together

USED CAR PRICES

Lull Before the Show

PRICES obtainable for used cars have been substantially higher throughout this summer than last. Demand for motoring, already freed by the removal of hire purchase restrictions, shot up after purchase tax was reduced in this year's Budget; insufficient supplies of new cars—despite generally high production—produced long waiting lists for new cars and high prices in the second-hand market.

Only within the last month have used car prices fallen appreciably, and they are still well above their usual level for this time of the year. Deliveries of new cars are still delayed for many models and prolonged midsummer weather may have delayed the usual seasonal fall in demand. The Used Car Show which opened last week at Olympia is the first of its kind held since before the war.

The introduction of the Morris Mini-Minor and Austin Seven undoubtedly helped to cut the resale values of the lowest-priced British cars. Ford's decision to reintroduce the former Anglia, however, as the Popular, prior to introducing a completely new Anglia this week, seems likely to have more complex effects. The present owners of Anglias—now become Populars—found their cars marked down in value almost overnight, and may see them fall even further when the market impact of the new Anglia is completely felt; on the other hand, since Ford's name-changing effectively raised the price of the cheapest new conventional car in Britain by some £75, the price of the old-style Populars has risen slightly.

The table, based on figures supplied by Wm. Glass, Ltd., shows the average price obtainable for a year-old car during the past 12 months, expressed as a percentage of its original cost, including purchase tax.

	1958		1959			Latest list price
	Sept.	Dec.	Mar.	June	Sept.	
	%	%	%	%	%	£
Austin A 35	86·7	81·	87·4	91·5	89·0	553
Austin A 55	81·3	81·0	90·0	87·6	85·3	801
Ford Popular (old model).....	76·6	77·7	0·3	87·1	85·0	419
„ Prefect	80·1	81·7	85·9	90·0	80·3	539
„ Consul II.....	80·6	81·2	91·0	94·4	88·4	773
„ Zephyr II	74·8	75·3	83·5	89·6	83·6	865
Hillman Minx.....	80·5	80·5	88·7	93·2	85·5	751
Morris Minor 1000 .	81·4	81·4	87·9	91·8	84·9	659
„ Oxford III .	79·1	80·2	89·3	91·8	87·7	844
Standard Vanguard .	74·4	73·9	77·9	78·6	74·4	995
„ 8	76·9	77·8	80·5	82·8	76·0	610
Vauxhall Victor	80·7	79·9	85·8	85·8	80·5	752
„ Velox	72·9	73·5	85·6	89·7	82·3	929

Gunnar Ericson, President of the Facit Group — one of the world's leading business machine manufacturers and exporters.

Why are so many world-known business machines built **by Swedes?**

"I believe the answer to that is — Swedish technique and tradition.

You see, Swedes are mechanically gifted and have an almost reverent respect for quality, precision and craftsmanship.

And as inventors, builders and designers, Swedes — also descendants of Swedes abroad — have made pioneering contributions to quality production of modern business machines.

In relation to her population, Sweden today produces more business machines than any other country in the world.

And Facit, Sweden's leading manufacturer and exporter, which to date has produced more than 2 million business machines, has played a substantial role in this development."

If you would like to read the story of this achievement, your local Facit agent will gladly send you a free copy of our brochure "Why are so many..." — or you may write directly to Aktiebolaget Industrier, Stockholm 7, Sweden.

FACIT TI typewriter · FACIT Portable typewriter · FACIT manual calculator · FACIT adding machine · FACIT spirit duplicator

FACIT

Factories in Sweden and West Germany. Sales and service offices in 102 countries.

Esso chemicals help you both ways

For car-owning house-painters, yesterday is a thing of the past. Dedicated and fearless investigators of the Esso Chemicals Division have produced new chemicals from oil — products which encourage the car-owner and give new heart to the house-painter.

Take cars. Working from down upwards, we start with the tyres, which contain hard-wearing synthetic rubber, made from Esso's butadiene, and made even more hard-wearing with a dash of carbon black, produced from aromatic tar (major suppliers: Esso). Esso solvents contribute to the glossy bodywork; Esso make the raw material for the plasticiser which softens the PVC which upholsters the car. Then there are the sundry bits of rubber: sealing-strip, axle-bumpers, gaskets, V-belts — made from Esso's butyl rubber.

Still with us? Take a deep breath as we plunge into the paint world. That cobalt naphthenate you can smell is an additive which shortens the drying time; Esso make the naphthenic acid. They also make some di-cyclo-marmalade (or something) which, briefly, improves the quality of the paint. *All* paints, not to mention varnishes and lacquers, are a lot better for the Esso solvents in them. Moving rapidly on to the fillings in the gentleman's teeth . . . but no, Esso Chemicals haven't got that far. Yet.

Note to Manufacturers

The cheers of house-painting car-owners from far and wide have encouraged us, at Esso Chemicals, to make many other chemicals from oil; they are listed below. If YOUR *business uses chemicals, ask your secretary to contact the Esso Chemicals Department, 50 Stratton Street, London, W1 Telephone: Hyde Park 7030*

BUTYL RUBBER / AROMATIC SOLVENTS (SOLVESSO 100 AND 150) ETHYLENE / BUTADIENE PROPYLENE / NAPHTHENIC ACIDS 'C' OIL / POLYISOBUTYLENE OXO ALCHOHOLS / HIGHER OLEFINS DICYCLOPENTADIENE / SULPHUR HEPTENE / AROMATIC TAR

Esso MEANS BUSINESS IN CHEMICALS

account for over half the world production, market all their cocoa through official hands —the West African marketing boards in London and the cocoa marketing agency in Brazil. Unlike his competitor in London Dr Tosta Filho, head of the Brazilian agency, follows an adventurous policy. He decides what his cocoa is worth, and only sells to buyers who will pay that minimum or more. Hence the future of cocoa prices can often turn, as it does now, on the dramatic, if rather familiar, question: "Can Tosta hold out?"

A few months ago Dr Tosta, taking a view from his lofty perch of world production and consumption in the 1959-60 season, declared that he would hold on to his minimum export price "through thick and thin." This price is 32½ cents a lb fob. equivalent to 277s. 6d. cif London. Market prices, after holding steady for most of this year, have now weakened; in London cocoa for current delivery has dropped in the past month by about 19s. to 26ls. a cwt. Brazil therefore is not selling.

Dr Tosta recognised that the new crops in West Africa should be larger this season, but claimed that this would be needed to make up for the fall of 40,000 tons that he expected in the total Brazilian crop. The new crops in West Africa seem generally to be good. The official preliminary estimate of the main crop in Ghana is 247,000 tons, which is over 20,000 tons higher than last season's crop. Some traders believe the crop could exceed 260,000 tons, and they are not so sure that the Brazilian crop will be as low as Brazilian officials expect. But even the most bearish-minded traders cannot entirely dismiss the nagging thought that Dr Tosta has often been right in the past.

AIR CONDITIONING

A Cool Merger

AMERICA'S Carrier Corporation, claimed to be the largest manufacturer of air conditioning plant in the world, and Stone-Platt Ltd have announced their plans for the production of Carrier air-conditioning equipment in Britain. Last March they together formed a marketing company, Carlyle Air Conditioning and Refrigeration, in which Carrier has the controlling interest; and they later jointly purchased a Glasgow firm, Winsor Engineering, that specialised in ship air conditioning and ventilating plant, Stone-Platt in this case taking the controlling interest. One existing subsidiary of Stone-Platt, J. Stone of Deptford, has been making railway carriage air conditioning plant under licence from Carrier for 25 years.

Now Winsor will make the trunking and J. Stone the compressors, as they already do, while a part of the Tweedales and Smalley textile machinery works in Lancashire will make the evaporators and compressors. The objective of Carrier in securing British manufacture for its products is to aid its sales in the sterling area and other countries that do much trade with Britain, and to secure its place in the British market, which it expects will expand considerably. Production will probably be concentrated at first on air conditioning plant for ships, but all Carrier designs, covering all types and sizes of plant, will be available for manufacture in Britain.

TANKER TERMINALS

Oil in the Haven

MILFORD HAVEN is not only one of the finest natural deep water harbours in Britain; it is an outstandingly pretty piece of Pembrokeshire. For the past three years British industries supplied by sea have been making and to some extent fulfilling plans to take advantage of the Haven's economic possibilities: they have been conscious, at least, of the need to preserve its aesthetic amenities. Two of the four major developments originally planned for the area are now well under way, and the calm beauty of the countryside remains relatively unspoilt. There seems some chance that it may stay that way.

The biggest of these projects is the refinery and terminal being built by Esso near the town of Milford Haven, on the north side of the bay. This refinery, work on which was begun in July 1958, will go on stream in November 1960; costing £8 million, it will have an initial throughput of 4½ million tons of crude oil a year. Esso's Fawley refinery—originally the same size - has now grown to a capacity of 10 million tons a year; moreover, Southampton Water cannot accommodate the super-tankers that are now being built. Work on the 350 acre site at Milford Haven is now about half completed. When it is finished it will refine Middle East crude into products that will be shipped out mainly by coastal tankers to Esso distribution points throughout Britain.

Esso has taken great pains to make this about as unobtrusive as an oil refinery can be. The "T" shaped jetty which extends 3,500 feet out into the bay can scarcely be hidden; but the refinery itself is in a valley that will afford some concealment: and trees will be planted to screen some items of plant and storage tanks. These will also be painted sky-blue, which for some reason the company believes will render them virtually invisible. At the suggestion of the National Parks Commission, to whom the original designs were shown, Esso has employed a landscape architect to advise on the layout of the plant. A good deal of costly equipment has been installed to reduce pollution of both air and sea.

Across the water, at Popton Point on the Pembrokeshire side of the Haven, another highly similar jetty is now over half completed; it belongs to the tanker terminal being built at a cost of £5 million by British Petroleum. Scheduled to be completed by next summer, the terminal will be connected by a 59-mile pipeline to British Petroleum's Llandarcy refinery near Swansea. This also will be capable of berthing 100,000-ton tankers and will have an initial capacity of 5 million tons of crude oil a year.

But of the other two projects at one time announced as under way for Milford Haven no trace is yet visible. The first of these is an iron ore unloading terminal planned by Ar/c Ore and Transport, a subsidiary of the Steel Company of South Wales and Guest Keen and Nettlefolds. Planning consent was given over a year ago and authority to purchase a 41½ acre site located at Angle, a little way down the bay from Popton Point, was obtained by a parliamentary private bill though local opposition to the ore terminal on the grounds of amenity was somewhat greater than in the case of either oil industries. But so far the ground has not been broken. The Milford Dock Company proposed to build a new dry dock, five wet repair berths and a new discharging pier at Milford Haven at a cost of £9 million. This sum was later amended to £5-6 million and at the moment the scheme seems to have gone no further. Presumably it would be dependent to some degree on tanker maintenance contracts from BP and Esso, and these have not yet been forthcoming.

SHORTER NOTES

Kaiser Aluminum, the third largest aluminium producer in the United States, is setting up a private company in Britain with a capital of £100 in £1 shares. The Aluminum Company of America is already linked with Imperial Chemical Industries in Britain and Reynolds Metals is in partnership with Tube Investments.

*

S. G. Warburg, the merchant bankers, are to be represented on the board of a new French investment trust to be called France-Investissements. Its portfolio will consist only of French investments and all its capital of some two milliards of francs has already been taken up privately. A quotation is to be sought on the French bourse but there will be no quotation on the London stock exchange.

*

Tootal and William Hollins are not going ahead with the proposed merger between the two groups. The two companies hope, however, to be able to co-operate in directions leading to the maximum utilisation of their plant and machinery and in certain export fields.

COMPANY AFFAIRS
Comments on pages 86 and 87 on
ICI — Carreras
EMI — Calico Printers
TWW — Tanganyika Concessions
P/e — William Dorlend
Fitch Lovell

LONDON AND NEW YORK
Stocks, prices, yields and security indexes on pages 88 and 89

LONDON STOCK EXCHANGE
The week's movements reported on page 87

MONEY AND EXCHANGES
Money market report, exchange rates and points of finance on page 90

COMPANY MEETINGS

ANGLO-CEYLON & GENERAL ESTATES

SECOND HIGHEST NET PROFIT

The Seventy-third annual ordinary general meeting of The Anglo-Ceylon and General Estates Company Limited was held on September 23rd in London.

Mr Francis W. Douse (Chairman and Managing Director), in the course of his speech, said: The directors recommend a final dividend of 1s. 6d. per Unit, less tax, making a total of 2s. less tax for the year out of earnings of 2s. 2.94d. per Unit, less tax. This would appear to savour of distributing profits up to the hilt, but in view of the particular circumstances surrounding operations for the year and considering the strength of the financial position of the company, it was decided that the results well merited the maintenance of the dividend. On the face of it, it would appear that the profits suffered a rather heavy setback, but this fall should not be taken very seriously as the resultant net profit is still the second highest in the history of the company.

PROFIT PERCENTAGES

For our trading year ended March, 1956, I gave the percentages profits of Mauritius and Ceylon and in that year, as well as for 1957, the proportion was Mauritius 64 per cent, Ceylon 36 per cent. In 1958 the percentages altered, due to bad prices from Ceylon teas and the division was then Mauritius 80 per cent, Ceylon 20 per cent and for the past year the proportion is Mauritius 76.4 per cent and Ceylon 23.6 per cent. These figures show that, at any rate for the time being, Mauritius contributes a much bigger part of our earnings than does Ceylon. This, of course, is as it should be in that the value of the estates in Mauritius and the money employed therein is much greater than that invested in Ceylon.

For the past few years I have commented in some detail on the position in Ceylon, both economically and politically, so much so that I feel there is need for me to say no more on the subject except that conditions in Ceylon seem to be getting worse and worse, almost resulting in a situation of chaos.

To sum up, without comment, the following are points which have come to the forefront during last year:

1. The threat of nationalisation, as such, of foreign-owned estates seems to have receded, but other ideas are in mind for creating a situation akin to nationalisation, which might well be just as bad and, in the long run, equally disastrous.

2. There have been political crises all through the year resulting in a state of emergency by Government decree, which did not contribute to a happy atmosphere.

3. There were inter-communal riots following the passage of the Bill proclaiming Sinhalese as the national language, resulting in a large number of deaths and damage to property. In this connection it is much to the credit of the Indian population on estates that they took no part in these disturbances.

4. Operation of the Port of Colombo was again paralysed by frequent strikes of the Port workers.

5. The Ports of Trincomalee and Galle, operating under private, as opposed to public, enterprise, have done splendid work in keeping cargoes of tea on the move.

The Mauritius sugar crop for the 1958/59 season was lower than the two previous years, due to the near passage of cyclones and only amounted to some 525,650 tons as against 561,602 for the previous year. The Company's crop, including Mon Tresor and Mon Desert Limited, reached a figure of 62,710 tons as against 68,074 tons for last year, a reduction of 5,364 tons. The net price realised both for free sugar and that sold under the Commonwealth Sugar Agreement was approximately £34 2s. 6d. per ton as against £35 8s. in the previous year.

CURRENT YEAR'S PROSPECTS

As regards the current year's prospects, the forecast of the sugar crop for Mauritius is brighter than I mentioned last year. Weather conditions have been fairly favourable and there is every prospect that the final outturn should be in excess of that achieved last season. In Ceylon, how tea prices and net receipts will turn out I would prefer not to estimate, but so far the crop at least would appear to be likely to be more or less the same as the previous year, provided weather conditions are suitable.

The report and accounts were adopted.

BRAITHWAITE & COMPANY ENGINEERS LIMITED

ANNUAL GENERAL MEETING

The Thirty-eighth Annual General Meeting of Shareholders of Braithwaite & Company Engineers Limited was held on September 24th at Dorland House, 14-16 Regent Street, London, S.W.1. Mr J. Harvey Humphryes, AssocICE, MIStructE, the Chairman, presided. Copies of his statement had previously been circulated to the Shareholders with the annual Report and Accounts.

The profit on trading of the Group before taxation was £104,922. After charging taxation for the year and crediting £24,000 provision for taxation no longer required, the resulting net profit was £76,222.

Resolutions were unanimously passed for the adoption of the Report and Accounts, the confirmation of preference dividend already paid in respect of the year ended March 31, 1959, the payment of a final dividend of 4 per cent, less tax, making a total of 8 per cent, less tax, for the year on the Ordinary Shares and a capital distribution of 2 per cent on the Ordinary Shares out of the surplus arising on the sale of shares in Braithwaite & Company (India) Limited.

Mr S. J. Harper, LLB, the Director retiring by rotation, was re-elected.

The Directors were authorised to agree the remuneration of the Auditors, Messrs Whitehill Marsh Jackson & Company, and the proceedings terminated with votes of thanks to the Chairman, staff and workpeople.

WM. CORY & SON LIMITED

THE HON. F. A. LEATHERS'S REVIEW

The Honourable F. A. Leathers, the Chairman of the Company, presided on September 24th at the sixty-third Annual General Meeting of Wm. Cory & Son Limited, held at Cory Buildings, Fenchurch Street, London, EC3.

The following is an extract from his circulated statement: The twelve months have been influenced by trading conditions as difficult as in any period since the end of the war.

Industry has required, overall, less fuel. Many manufacturers were feeling the effects of recession which caused these consumers to ask for less new coal in the vital months when normally our coal distribution period would be at its peak. An ever increasing number of important coal users decided to convert from coal to oil. Whenever possible, your company continues to supply the fuel required.

A lower demand for coal has had an effect on the tonnage shipped by your company's vessels, discharged at the wharves on the Thames and lightered in our own craft. Even supplementary tonnage was reduced.

The Oil Bunkering department produced a similar profit compared with last year, which is remarkable with more ships laid up.

On the Inland Oil Distribution side, new road tank wagons and other equipment required more of our cash resources. Happily the quantity of oil distributed for Shell-Mex and BP Limited has also increased. This has resulted in an overall modest improvement in our profit return.

The collier *Corfirth* has been sold. The diesel ships *Corstar* and *Corsea* have been trading regularly to the Mediterranean.

The first tanker, the *Corhaven*, is on charter. The second should be in service in January, 1960. The third, and last, will be trading in about a year's time.

The *Queensgarth* of the St Denis Shipping Company Limited, the first of a quartet of sisters, will be trading under charter to BISC (Ore) Limited towards the end of this year.

Two of the powerful tugs designed for dealing with the largest ships to use Milford Haven have been launched. These tugs, with two more to follow, will be in service during 1960.

A company has been formed to integrate the common activities of James W. Cook & Company Limited, J. Palmer Limited, and Weber, Smith & Hoare Limited, together with their subsidiary concerns. A recent acquisition is Robertson, Buckley & Company Limited, a company having extensive warehousing as well as forwarding and clearing interests. The Bulk Oil Steamship Company Limited's coastal tankers *Pass of Dalveen* and *Pass of Kildrummy* have been successfully trading for some months. As a result it has been possible to sell two of the older tankers.

Cory Sand and Ballast Company Limited, had a not unsatisfactory year. New discharging and ready-mixed concrete plants are in use at Portsmouth, and this Company has extended to Plymouth.

In France and Italy the results have been satisfactory; trade in Southern Africa has not shown any sign of improvement; in South America, the ultimate position has been distorted by the depreciation in the rate of exchange.

The report was adopted.

ALLIANCE ASSURANCE COMPANY, LIMITED AND SUN INSURANCE OFFICE LIMITED

The Boards of Alliance Assurance Company, Limited ("Alliance") and Sun Insurance Office Limited ("Sun") jointly announce that they have agreed upon the terms for a merger of the interests of the two Companies, in a form which preserves the identity of each but which will result in an organisation of greatly increased size and strength, enabling the leading position of both Companies to be maintained and enhanced in the Insurance Market at home and overseas.

The merger is to be effected by means of a new holding Company offering to acquire the issued Share Capital of the two Companies in exchange for its own Shares, on the following basis:—

In exchange for	The new Company will allot
1 Share of £1 of Alliance	2 Shares of £1
5 Shares of £1 of Sun	21 Shares of £1

The formal offer documents are being prepared and will be despatched to Shareholders as soon as possible.

The merger is unanimously recommended by the Boards of Alliance and Sun as being in the best interests of their Shareholders. The terms proposed are those put forward by Baring Brothers & Co., Limited as being fair and equitable to the Shareholders of both Companies whose Boards were independently advised by N. M. Rothschild & Sons and Morgan Grenfell & Co. Limited respectively.

If the offer becomes unconditional, the following dividends would be declared on the existing capital of Alliance and Sun and be paid in January, 1960, in lieu of the usual interim dividends normally payable in that month:—

Alliance	2s. 0d. per share
Sun	4s. 2d. per share

It is anticipated that the new Company should be in a position to pay in July, 1960, a final dividend of 1s. 6d. per share on its issued Share Capital, which, when added to the dividends mentioned above, would represent a distribution in respect of a full year by the Holding Company of 2s. 6d. per share.

30th September, 1959.

SUN LIFE ASSURANCE SOCIETY

TO THE SHAREHOLDERS OF SUN LIFE ASSURANCE SOCIETY:

The Board of Sun Life Assurance Society wish it to be known that that Company is not included in the proposed merger between Alliance Assurance Company, Limited and Sun Insurance Office Limited. Sun Life Assurance Society will remain a separate company without change in its status or the constitution of its Board and Management. Should the merger become effective, it is intended and has been agreed between the Boards concerned that the close co-operation between Sun Life Assurance Society and Sun Insurance Office Limited, extending over a period of 150 years, should be maintained.

30th September, 1959.

THE CALICO PRINTERS' ASSOCIATION LIMITED

SIGNS OF RETURNING CONFIDENCE

MR R. M. LEE'S STATEMENT

The Sixtieth Annual General Meeting of The Calico Printers' Association Limited will be held on October 21st at Manchester.

The following are extracts from the circulated statement by Mr R. M. Lee, the chairman:

ACCOUNTS

The trading profit of the Group, after the provision of £1,342,000 for depreciation, repairs, renewals and upkeep was only £157,000, a decrease of £462,000 compared with the previous year. This decrease was partly offset by an increase of £119,000 in royalty income which produced a total before tax of £816,000. The result of the foregoing changes was that the net profit for the year attributable to Association Stockholders declined by £420,000 to £223,000. Profits of Subsidiary Companies retained by them in earlier years were, however, drawn in dividends to the extent of £287,000 and, after excluding profits of the current year retained by Subsidiary Companies, the net profit available to the Association was £500,000 against £592,000 for the preceding year.

The Association's total stocks fell during the year by £1,183,000 and the release of capital previously held in the form of stocks enabled the Association to complete the purchase of H. & J. Wilson Limited with a reduction of only £374,000 in Investments in Government and other Securities.

COMMISSION PRINTING

The first six months of the year under review saw a very serious decline in the amount of commission printing done by the Association compared with the first half of 1957-58. There was, for example, a fall of almost one-third in the amount of business sent to us by our principal customers and I understand there was a general decline throughout the printing trade. It reflects mainly a continued loss of the cheaper bulk export lines in the traditional shipping markets, the increased incidence of Japanese competition in Australia and the considerable curtailment of activity by Home Trade customers following the disastrous summer of 1958. During the second half of the year there was some recovery and our bookings compared favourably with the corresponding period of 1958, which was, however, by no means a good year in commission printing.

MERCHANTING

Orders booked by the Merchant Group during the year were some 7½ per cent lower than in 1957-58, but until the last few months the shortfall had been double this figure. A lack of buying confidence of a severity unusual even in the textile trade prevailed throughout 1958 and affected virtually all overseas markets as well as the Home Trade. The emergence of Communist China as a major competitor in an already overcrowded textile world, the fall in price of most primary products, tight credit conditions and import restrictions, the uncertain future of raw cotton prices, all these general factors were aggravated at home by uncertainties regarding the outcome of the Restrictive Practices Tribunal inquiry into the Yarn Spinners' arrangements and the prolonged negotiations to secure a voluntary restriction of duty free imports into the United Kingdom from Hong Kong, India and Pakistan while, particularly affecting the print trade, there was yet another cold and even wetter summer than in 1957.

The first signs of returning confidence appeared in March this year with an upturn in export bookings, and recovery has proceeded steadily since then, new orders substantially exceeding last year's figures. Invoicings up to the end of June, however, could only reflect the beginning of this improvement and were, on the year, well down on the high levels achieved in previous years.

ROYALTIES

Revenue derived from the "Terylene" patents has again made a major contribution to the results for the year. The increase in royalties received from sub-licensees producing polyester fibres was more than sufficient to compensate for a decline in royalties on the Association's special finishing processes and sales of "Terylene" by Imperial Chemical Industries Limited from production in this country were nearly as high as last year in spite of the difficult trading conditions recently experienced in the textile industry.

It is satisfactory to know that the Association will continue to derive benefit from ICI's expanding sales during the extended life of the British patents.

PRANG BESAR RUBBER ESTATE LIMITED

MR R. O. JENKINS'S STATEMENT

The thirty-third annual general meeting of Prang Besar Rubber Estate Limited, will be held on October 20th at 1-4 Great Tower Street, London, E.C.

The following is an extract from the statement by the chairman, Mr R. O. Jenkins, MC, circulated with the report and accounts for the year ended March 31, 1959:

After providing £37,138 for taxation in Malaya and the UK—Malaya tax having been increased from 30 per cent to 40 per cent—the net profit at £60,806 was £884 less than in the previous year. From the balance available the directors have transferred £14,697 to Capital General Reserve and £15,258, representing the year's replanting expenditure, to Replacement of Planted Areas Reserve, and propose the payment of a final dividend of 25 per cent, less tax, making 30 per cent for the year.

Our wholly-owned subsidiary Company, Bukit Prang Estate Limited, was placed into voluntary liquidation on December 31, 1958, and its assets and undertaking transferred to Prang Besar on January 1, 1959. For the nine months to December 31, 1958, it earned a profit after taxation of £9,230. The profit from working the estate as a division of Prang Besar for the three months to March 31, 1959, is included in the accounts before you.

In response to our application to Government for 1,000 acres of additional land we have recently been granted 300 acres. It is adjacent to Bukit Prang.

OUTLOOK FOR NATURAL RUBBER

The present strength of the natural rubber market is impressive. One does not look a gift horse in the mouth too critically but any sharp rise in prices tends to generate its own corrective and a selling price of natural in the USA at 50 per cent above that ruling for general purpose styrene-butadiene rubber (SBR) must prove a potent "shot in the arm" to synthetic rubber developments. It is often said that the synthetics are complementary materials to the natural product. This may be true of the special purpose synthetics, such as polychloroprene, butadiene-acrylonitrile and silicone rubbers, but it would be mere wishful thinking to suppose that the general purpose rubbers are anything but ruthlessly competitive. The rapidity with which the synthetic industry is advancing, the variety of its products, the stability if its prices and the emphasis it lays on the provision of technical services conclusively point to the nature of the challenge our industry has to meet. The natural product is still being used over a wide range of conditions with advantage over any synthetic, but it is just this which gives the stimulus for the production of cispolyisoprene—"synthetic natural"—and for the further intensification of synthetic research.

A spectre has long loomed over commodity markets in the shape of the United States' strategic stocks—they include, it is believed, about 1¼ million tons of natural rubber. To them must be added the 100,000 tons in the Board of Trade stockpile. Producers of natural rubber have no control over the rubber market; the prices realised come by way of impersonal

market movements. A continuing very high price for natural in relation to the price of synthetic would not be in the long-term interests of the producer. It is good news therefore that the American and British stockpile Authorities have decided upon a policy under which their accumulations of natural rubber may be run down by stages. With a view to avoiding disruption of the markets the Board of Trade intends to disperse shortly its stock and the United States proposes to release some 470,000 tons over a period of 9 years. A disposal rate of this order may not be of sufficient magnitude to cause the supply of natural to exceed the demand, but it may be expected at least to give pause to the recent steady creep up in the price of natural.

LOYDS RETAILERS

GROUP PROFIT MORE THAN DOUBLED

The twenty-third annual general meeting of Loyds Retailers, Limited, was held on September 30th at Droylsden, Manchester, Mr H. Amelan, chairman and managing director, presiding.

The following is an extract from the chairman's statement circulated with the report and accounts for the twelve months ended March 31, 1959:

The consolidated profit and loss account for the twelve months included in the Directors' Report shows a trading profit for the whole Group of £519,722 compared with £243,559 for the previous twelve months. There is a net balance of £232,604 against £53,194. Your Directors propose to transfer to General Capital Reserve £13,116 and to General Reserve £56,884 and recommend a final dividend of 13¼ per cent less tax plus a capital distribution of 5 per cent free of tax out of the surplus on sale of subsidiary, leaving £313,359 to be carried forward.

Turning to the consolidated balance sheet you will note that our paid up capital and accumulated reserves, including future tax, are now £2,062,472. Current assets are £5,036,476 and current liabilities £2,400,275.

POLICY OF EXPANSION

The easing of restrictions on hire purchase trading which took place during the middle of the year under review enabled your Company to carry out a policy of expansion which is reflected in the increase in hire purchase and instalment accounts, and the reserve for unmatured profit on these accounts. This reserve for unmatured profit amounting to £1,466,956 will fall into profits as the accounts are collected. The development of your Company's other activities in credit and mail order trading continue to expand.

We are constantly on the lookout for additional businesses and at the moment we are examining several propositions and since the end of the financial year we have acquired a retail hire purchase group established over 70 years which is proving a remunerative addition to the Company.

The turnover figures for the first part of this year show a substantial increase over the same period last year. Your Directors intend to pay an interim dividend of 10 per cent less tax in January, 1960.

The report and accounts were adopted.

SIR LINDSAY PARKINSON & COMPANY

WORK IN HAND EXCEEDS £17 MILLION

MR A. E. PARKINSON'S REVIEW

The twenty-second Annual Ordinary General Meeting of Sir Lindsay Parkinson & Co., Ltd., was held on September 29th at the Piccadilly Hotel, London, W.

The following is an extract from the circulated statement of Mr A. E. Parkinson, Chairman:

ACCOUNTS

The Group Profit for 1958 applicable to the Members of the Parent Company before Taxation amounts to £270,500 as compared with £218,428 for 1957. Taxation amounts to £134,997 against the charge of £121,798 for 1957. The Group Profit and Loss Account Balance carried forward amounts to £398,375 compared with £304,235 brought in. The Consolidated Balance Sheet shows a surplus of Current Assets over Current Liabilities and Provisions amounting to £333,300 compared with £401,851 last year.

CONTRACTS

Home: Our work continues to include a wide variety of Building and Civil Engineering contracts. The Building Department has obtained a number of contracts for the Ministry of Works *including Telephone Exchanges*, Post Offices and other public buildings. The War Office have in recent months awarded us a contract for the erection of new Permanent Barracks at Catterick Camp, Yorkshire, the value of which is in excess of one million pounds. During 1958 there was a significant increase in our Speculative Building Department, and that part of our business continues to expand. On the Lancaster Motorway contract, after the deplorable weather throughout 1958, the fine Summer of 1959 has enabled us to make good progress and to recover some of the lost time.

Canada: Our Montreal Subsidiary Company continues to operate profitably.

Cyprus: Apart from the extension works on the Dhekelia Power Station, all our contracts in the Island have now been completed.

British Guiana: This contract is now approaching completion, and is scheduled to be finished before the end of this year.

Nigeria: We have recently been entrusted with a contract for the construction of Television Studios and Transmitter Stations in Western Nigeria for the Government of Western Nigeria in association with Overseas Rediffusion Ltd.

Ghana: Considerable progress has been made on the Tema Harbour contract, which is being carried out by Parkinson Howard Ltd. The main contract is nearing completion, and the final value will exceed £12 million. During the current year the associated Company has secured a contract for a new road in connection with the preliminary part of the Volta River Scheme, at a value of some £400,000.

DIVIDENDS

The final dividend to be recomended on the Ordinary Stock is 12½ per cent (less tax), making a total for the year 1958 of 15 per cent (less tax). It has been decided, to declare a special interim

dividend for 1959 of 6 per cent (less tax), payable together with the final dividend for 1958. The amount of this special interim dividend will not be taken into account when deciding the further distributions to be made or recommended for the year 1959.

CONCLUSION

Subject only to the contraction taking place in opencast coal production, there would now seem to be every prospect of the Company maintaining its present turnover. At the present time the value of the work in hand of our Group amounts to some £17 million.

The report and accounts were adopted.

HECHT, LEVIS & KAHN

(Merchants in Raw Rubber and other Commodities)

SCRIP ISSUE APPROVED

The thirty-fourth annual general meeting of Hecht, Levis & Kahn Ltd., was held on September 25th in London, Sir James Helmore, KCB, KCMG (the chairman) presiding.

The following is an extract from his circulated statement:

The consolidated total profit of the Group for the year ended March 31, 1959, was £422,370, an apparently disappointing result when compared with £696,297 for the previous year. However, the profit, after tax, attributable to members of the Company was £161,246, a drop of only £39,985, while the net assets of the Group rose by £132,104 as compared with a rise of only half that amount in the previous year, after appropriations of approximately the same amount.

Profits were affected mainly by events in France; as I forecast in my statement a year ago, the special restraints which the French Government found it necessary to impose on imports, especially during the second half of 1958, had a considerable impact on SAFIC Alcan & Cie and on SEPPIC.

OPERATING COMPANIES

Once again a substantial contribution to the earnings of SAFIC came from the distribution of synthetic rubber. 1958 ended with the institution by the French Government of far-reaching economic reforms and the substantial recovery of the French economy in 1959 gives us considerable hope (justified by results so far) of increased profits in the current year.

During the year SEPPIC's important investment in manufacturing facilities for irrigation equipment began to come into full production and we have great hopes for a noticeable contribution to SEPPIC's activity from this new development.

As regards the Far East, the rubber dealing and packaging companies continued to experience increased competition and we are gradually reducing emphasis on this activity.

Of our other subsidiaries in Europe, I need only mention Freudenberg & Co., GmbH. Its earnings have increased and are on a satisfactory scale in relation to our investment.

In general, all our operating companies during the year under review (which ended either in December, 1958, or in March, 1959) experienced highly competitive conditions in a somewhat unfavourable economic—and in some cases political—climate.

The outlook for the current year is not unfavourable. The rapid improvement in the French economic situation has brought a corresponding benefit to the French group of companies and, unless some unforeseen development takes place, their profits should be substantially higher than those of last year. The outlook in Malaya is fair and the economic situation less difficult than that which faces the new Government in Singapore. Our subsidiaries in Belgium and Germany should continue to make their usual modest, but welcome, addition to our total profits.

Part of the business of the Annual General Meeting will be to consider resolutions authorising a bonus issue of one new share for each stock unit at present held, thus doubling the ordinary capital. Your Board have for some time been conscious that the issued capital is considerably out of line with the capital invested in the business.

We have recommended a dividend of 25 per cent, but it is no longer necessary to describe part of this as a bonus. We expect that it will be possible at least to maintain the same effective distribution in the future, i.e. at the rate of 12½ per cent on the capital doubled by the proposed bonus issue.

The report was adopted and the proposed scrip issue approved.

C. H. BAILEY LIMITED

(Dry Dock Owners and Ship Repairers)

The thirty-sixth annual general meeting of C. H. Bailey Limited was held on September 25th at Newport, Mon., Group Captain G. B. Bailey, OBE, DFC, DL (chairman and managing director), presiding.

The following is an extract from his circulated address:

No improvement in shipping freights took place during the year, and, as I envisaged in my address last year, profits were reduced, but in the circumstances I feel the result is a satisfactory one.

The Trading Profits fell by £66,767 to £234,866, but after providing £88,500 for taxation (as against £143,000 in the previous year) and making a very slightly increased provision for depreciation, the net profit for the year was down by only £12,620 to £91,340.

The new dry dock at Newport has not yet been started as our discussions with the Development Area Treasury Advisory Committee for a long-term loan at a low interest rate have not yet been completed.

Meantime, we have been progressing the project in Malta. At the beginning of March, a new Maltese company, Bailey (Malta) Limited, was formed. I am satisfied that with willing co-operation there is a tremendous future for this new venture.

The shipping industry continues to be very depressed but, with the very large expansion of your Company, it is to be hoped that we will at least maintain our present trading position, and if all goes well, we should over the years substantially improve the position. There are indeed very great possibilities ahead.

The report was adopted and a total dividend of 12½ per cent approved.

APPOINTMENTS VACANCIES AS

ECONOMIST

IN THE IRISH CIVIL SERVICE

Salary £1,020 (A) Women, and unmarried men under 30 years of age, rising by annual increments to £1,452. (B) Men, and women over 30 years of age, rising by annual increments to £1,926. Higher initial salary depending on qualifications and/or experience. Maximum age limit 45 years.

Essential: Candidates must hold a recognised first or second class honours University degree in the final examination for which Economics or Mathematics or Statistics was taken as a major subject and first or second class honours obtained in that subject, or

Candidates must have a first or second class honours University degree in any faculty and have pursued a recognised post-graduate course in which Economics or Mathematics or Statistics was included or hold a recognised first or second class honours University degree in Commerce, or

hold an equivalent qualification.

Desirable: Experience may be attended to candidates resident outside Ireland. Application forms, obtainable from Secretary, Civil Service Commissioners, 45 Upper Grenville Street, Dublin. *Latest date for receiving completed application forms: October 15, 1959.*

YOUNG ECONOMIST

required for Economic Research Section with main emphasis on commodities. Applicants should be able to express themselves well in survey and desk-top work on short studies but should enjoy working in a closely integrated team. A sound knowledge of statistics would be helpful. Salary according to age, experience and qualifications. For further particulars apply:

Personnel Officer,
Metal Box Co. Ltd.,
Head Office,
Queen's House,
Kingsway,
London, W.C.2.

OXFORD REGIONAL HOSPITAL BOARD

Applications are invited from qualified accountants or university graduates with a degree in Economics or Commerce, with preference to those of hospital training, for the post of SENIOR ACCOUNTANCY ASSISTANT in the Treasurer's Department. Salary scale £1,000 x £50 - £1,250 p.a. Applications, stating age, qualifications and experience, together with names and addresses of two referees, should be forwarded to the Secretary, 45 Banbury Road, Oxford, not later than October 10, 1959.

For further appointments and other classified advertisements see page 95

UNIVERSITY OF DURHAM

KING'S COLLEGE, NEWCASTLE UPON TYNE

The Council of King's College invite applications for the post of ASSISTANT AGRICULTURAL ECONOMIST in the Provincial Agricultural Economics Service.

The appointment will be determined at an appropriate point on the scale £700 x £25 - £900 then £900 x £30 - £1,050, and the post ranks for superannuation under the F.S.S.U.

Candidates must have a degree in Economics or in Agriculture with Economics. They should be familiar with statistical and other analytical techniques used in farm economic investigations. Direct field experience in such work will be an advantage.

The appointment will be a temporary one in the first instance for a period of twelve months, with prospects of a permanency thereafter.

Twelve copies of application, which should include the names and addresses of three referees, should be submitted not later than October 31, 1959, to the Registrar of King's College, from whom further particulars may be obtained.

EDUCATION AND COURSES

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1st Course	2nd Course	3rd Course
Oct. 30 - Nov. 2	Jan. 8 - Jan. 11	Feb. 19 - Feb. 22
Nov. 20 - Nov. 23	Jan. 22 - Jan. 25	Mar. 4 - Mar. 7
Dec. 11 - Dec. 14	Feb. 5 - Feb. 8	Mar. 18 - Mar. 21

Further details from Head of Department of Management Studies, Broadstairs County Technical College, Broom Road, Westgate-on-Sea.

DAVIES'S Training Course (evening) for prospective TEACHERS OF ENGLISH TO FOREIGNERS. October 12th to December 9th. Particulars from DAVIES, 55 Baker Street, W.1. (WELbeck 6883.)

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B.SC.(ECON.) LONDON UNIVERSITY

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successfully prepares students for this degree. Guide (post-free) with full particulars, which is a valuable qualification for those seeking executive appointments in commerce or industry, government or municipal posts. Prospectus gives private details of LL.B., Economics for other Degrees, Law Degrees, C.T., Law Exams., etc., from Registrar, 66 Burlington House, Cambridge.

SUCCESSFUL TUITION FOR THE B.SC.(ECON.) DEGREE

Wolsey Hall (est. 1894) provides Postal Courses in a wide range of subjects for the London Degrees, for London Univ. B.Sc. (Econ.) Preliminary is included at moderate fees. 1,119 Wolsey Hall students passed Lond. Univ. B.Sc.(Econ.) exams. 1959. Tuition also for G.C.E., L.A., Solicitors' and other exams. Prospectus (mention exam) from D. W. Stagg, M.A.(Oxon), C.B.E., LL.B., Director of Studies, David Pike, WOLSEY HALL, OXFORD.

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METROPOLITAN COLLEGE, ST. ALBANS

or call at 30 Queen Victoria Street, London, E.C.4.

COMPANY AFFAIRS

IMPERIAL CHEMICAL INDUSTRIES

FROM every point of view the half-yearly results of Imperial Chemical Industries are excellent. Profits had been expected to rise, but the magnitude of the improvement and the increase in the interim dividend from 2¾ per cent to 3¾ per cent came as a surprise to the stock market. The price of the ordinary shares was immediately marked up from 42s. to 45s. The second half of 1958 was a disappointing one for ICI, but even when compared with the first half of 1958, the improvement in profits in the first half of this year was most striking. Sales have risen to £250 million, an improvement of about 8 per cent on both halves of 1958, and the net profit for the six months to June 30th last has risen by more than 50 per cent to £18,966,000 when it is compared with the first six months of 1958, and is more than double the figure for the latter half of last year. It was lower costs as

SALES AND PROFITS

(£'000s)

Six months ended:	June, 30, 1958	Dec., 31, 1958	June, 30, 1959
Sales	232,000	231,000	250,000
Gross income	24,401	20,113	34,847
Taxation	10,810	9,839	14,620
Net income	12,429	9,276	18,966
Gross income/sales %	*10·5*	*8·6*	*13·9*
Net income/sales %	*5·4*	*4·0*	*7·6*

much as the higher sales that brought about bigger profits. Sales rose more by volume than by value, because prices over a wide range of products had been reduced. The capital investment programme of recent years now seems to be paying off. The directors say that sales and net profits are now "more satisfactory in relation to the capital invested."

For shareholders in ICI the immediate question is: what will the final dividend be? If the practice of the past two years is followed once again—the final dividend being double the interim payment—it could be 7½ per cent, bringing the total for the year up to 11¼ per cent. On that dividend the £1 ordinary shares would yield 5 per cent at the current price of 45s. The past, however, cannot be taken as an absolutely sure guide. But the total dividend can hardly be less than 10 per cent.

EMI

As was forecast when Electric and Musical Industries made a 33⅓ per cent scrip issue, the total dividend for the year to June 30th last, is 20 per cent. This payment compares with the equivalent of 11¼ per cent. This dividend is covered about 3⅓ times by earnings. A year ago the directors said that adequate provisions had been made to cover major items of the reorganisation programme and that they would thus in future be able to pursue a more liberal dividend policy. Since then there has been a one for five rights issue (the new shares do not rank for the latest dividend) at 30s. a share, which brought more than £3 million into the group.

Trading profits have, however, risen only slightly—from £6,772,000 to £6,800,000. Depreciation has risen sharply, but after a slightly lower tax charge and smaller payments to minority interests, the net profit has risen from £2,156,000 to £2,232,000. A year ago the chairman of the group, Mr J. F. Lockwood, said that trading conditions might become more difficult for the company. Following the very sharp increase in the sale of gramophone records it was not surprising that competition within the industry grew keener as new firms were attracted into the market. Nevertheless, "Emmies" seems to have at least held its own within the gramophone record market, though it is possible that a larger proportion of profits in the year came from the sale of durable consumer goods. At 52s. 6d. the 10s ordinary shares, which have attracted American investors, yield just under 3⅞ per cent.

CARRERAS

SINCE the Rembrandt Tobacco group of South Africa acquired control of Carreras in November, 1958, the emphasis has been on reorganisation and re-equipment. The benefits of this were not reflected in the preliminary results for the eight months to June 30, 1959. The consolidated trading profit for the period was £856,498, compared with £1,455,347 for the previous twelve months. The net profit after tax, but before deducting exceptional items, was £436,594 for the eight-month period, against £700,148 for the preceding year. The prospective profit on the sale of the Arcadia works property is not reflected in the preliminary figures, which show that £567,493 was credited to capital reserves, compared with £650,001 in the previous twelve months. This represents a surplus on sales of investments less amounts written off and after making a provision for reorganisation expenses. A dividend of 4 per cent on the ordinary and "B" ordinary shares will be paid for the eight months period, which is equivalent to the 6 per cent rate paid in the two preceding years.

TWW

THE profit forecast by the directors of TWW, the independent television contractors for South Wales and the West of England, is—perhaps understandably—on the conservative side. In the year ended December 31, 1957, TWW recorded a loss of £77,314; the following year the profit before tax was £831,025. With 1959 two-thirds over, the directors "in the absence of unforeseen circumstances" expect a profit that will "not be less than for the year ended December 31, 1958."

The dividend forecast of "not less than 60 per cent," divided into an interim in November and a final payment next April, is equally cautious. It compares with the equivalent of 58.6 per cent paid last year. The forecasts have come at the time of an application for an official quotation on the London Stock Exchange. Earlier dealings took place under Rule 163 (2). The fall of 2s. 3d. to 42s. early this week seems to indicate that some investors had expected rather more stirring tidings than last Friday's prospectus actually gave. But the company's advertising revenue is up this year, rates are to be raised, and profits for 1960 will for the first time be affected by broadcasting from Bristol (which, however, is regarded by the directors primarily as a long-term investment). At 42s. 6d. the yield on a 60 per cent dividend is 7 per cent.

TANGANYIKA CONCESSIONS

A YEAR ago the chairman of Tanganyika Concessions warned shareholders that they must "allow caution to qualify optimism." Since then the group has received a dividend of Frs.1,500 per share from its holding in Union Minière du Haut Katanga—the same rate as in the previous year—and with another subsidiary, Benguela Railway, operating on lower profit margins the decline of only 4½ per cent, from £3,446,103 to £3,293,993, in net profits must be regarded as satisfactory. The total dividend has been raised from 3s. 3d. to 3s. 9d. per share, though last year's payment was supplemented by a once for all tax-free payment of 6d. a share from revenue reserves.

The 10s. ordinary stock units of "Tanks" at 45s. 6d. yield 8⅛ per cent. With prospects for its chief source of revenue, Union Minière, better than for some time the yield is not ungenerous. Union Minière's results for the first half of the year are said to have been very satisfactory, and with copper prices substantially higher than a year ago, next year could see a sharp improvement in profits.

CALICO PRINTERS

THE 1958-59 report of Calico Printers Association makes dismal reading. Only in the overseas subsidiaries was trading at all satisfactory and even there profits have still a long way to rise before they produce a really worthwhile return on the capital invested. In the commission printing section of the business, the first half of the year witnessed a serious decline in the amount of business done in comparison with the first half of 1957-58. Though there was some recovery in the second half of the year, with bookings comparing favourably with the same period of the previous year, the chairman recognises that there is "little likelihood of a return to the volume of demand experienced a few years ago" in this side of the business. On the merchanting side, business was very poor in the first half of the year, but since March there has been a steady recovery.

CPA had already started its own reorganisation and re-equipment programme before the Government's redundancy scheme came into operation. The need to do so is all the more pressing in view of the fact that CPA's "Terylene" patents have only a few more years to run. Recently income from these patents has been rising and has helped to keep net earnings up. The life of the patents has recently been extended for a further five years but thereafter the company will have to rely on trading operations alone. The £1 ordinary shares at 45s. yield 10 per cent on the 22½ per cent dividend, which is not fully covered by earnings.

PYE

SINCE 1954-55 when, with the advent of commercial television, Pye's trading profits doubled from £1.4 million to £2.5 million, the group has appeared to be marking time. The sluggishness of profits seems to have been due in part to the directors' pre-occupation with capital investment designed to broaden the group's activities at a time when credit was being squeezed.

Mr C. O. Stanley, the chairman, is well aware that the television side of the business can all too easily be made a shuttlecock by successive governments "as they put purchase tax up or down or impose this or that restriction on hire purchase." The directors have therefore embarked on a policy of diversification in three main fields: by increasing investment in the Commonwealth; by heavy capital expenditure on new forms of electronic development; and by extending the group's interests still further into the instrument field. Mr Stanley now says that the seeds have been sown and the coming years should reap the harvest "unless there is some change in the trading climate during the current financial year."

He adds that the increase in trading profits for 1958-59 from £2.5 million to £2.8 million would have been "substantially greater" if the group had not been forced to curtail production through lack of funds: this meant that the group were unable to increase production sufficiently to take full advantage of the bigger demand for televisions sets which followed the ending of the credit squeeze. The group's overdraft of £3,858,310 will be repaid largely from the proceeds of the £3.75 million "rights" issue made last July. With this burden jettisoned, and with sales of television sets still high, profits will no doubt continue to improve. Announcing a one-for-ten scrip issue at the annual meeting, Mr Stanley said that current profits are "well in advance of last year." Moreover, next year's accounts will include the final dividend of 60 per cent from ATV of £99,000 gross. The 5s. ordinary units now standing at 16s. offer a yield of 3.8 per cent.

WILLIAM DOXFORD

THE advance in trading profits achieved by William Doxford and Sons, the Sunderland shipbuilders, from £1,154,808 to £1,217,005, and the increase in the ordinary dividend from 20 per cent to 25 per cent sent the price of the £1 ordinary units up by 5s. to 82s. 6d. These results from a firm faced with the difficulties which beset all shipbuilders must be judged as satisfactory. But in marking the shares down to 78s. 9d. the market seems to have taken heed of the directors' warning that the present level of profits "is unlikely to be maintained." The group's profit after tax is up from £551,808 to £667,005 thanks to a lower tax charge of £550,000 (against £603,000) which reflects the benefit of increased investment allowances.

Last year the chairman, Mr J. Ramsey Gebbie, said that the group's order book would provide sufficient work for the next two years. Clearly, unless freight rates pick up quite sharply, Doxford like other shipbuilders will not have many orders left on hand. That prospect is discounted to some extent in the yield of 7½ per cent offered by the £1 ordinary units.

FITCH LOVELL

IT is fourteen months since the process of amalgamation which finally resulted in the Fitch Lovell group of food companies began with the merging of Fitch & Son with Lovell & Christmas. This was followed by the absorption of the companies of I. Beer & Sons, West (Butchers), Liptons Catering Services and minority interests in the group's provision companies. The result was that turnover exceeded £80 million in the year to April 25, 1959, and trading profits advanced from £804,747 to £1,449,600.

The annual report of the chairman, Sir Ambrose Keevil, indicates good prospects over a wide range of interests. Higher profits and record sales were recorded in cake-making division; Lovell & Christmas (dairy products, canned foods) had a record year; the wholesale and retail sections did as well. The reduction of the pig subsidy in 1958 led to a fall in pig production and a rise in prices, with a consequent drop in bacon profits. But higher sales by the group's bacon subsidiaries offset this to some extent and this year sales have "advanced considerably."

"Shareholders will be pleased to learn that our first quarter shows an increase both in sales and in profits over last year, but they should remember that the food trade is highly competitive and often affected by changes in Government policy," Sir Ambrose reports. A final dividend of 14 per cent, plus a tax-free 1 per cent capital distribution, will be paid, so that the 2s. 6d. ordinary shares at 9s. 10½d. yield 3.6 per cent and the "B" ordinary shares at 8s. yield 4.5 per cent.

London Stock Exchange

FIRST DEALINGS:	Sept. 16	Sept. 30	Oct. 14
LAST DEALINGS:	Sept. 29	Oct. 13	Oct. 27
ACCOUNT DAY:	Oct. 6	Oct. 20	Nov. 3

MARKETS remained dull under election influences until Tuesday when the outcome of the Eisenhower-Khrushchev talks seem to encourage some optimism; a small amount of investment buying, and a good volume of new-time business combined to give industrial equities a firmer tone. On Wednesday with the opening of the "election account" most industrials moved up on a fairly wide front but business was on a small scale; a fair amount of speculative demand, especially in steels, and some investment buying against only a slight volume of selling led to firmer prices all round. Over the week to Wednesday's close *The Economist* indicator rose 2.4 points to 291.9. But on Thursday with the latest public opinion poll showing a sharp setback in the Conservative lead, markets became distinctly unsettled. Gilt-edged stocks have not shared in the general rally and have continued to drift lower. Among irredeemables 3½ per cent War Loan fell ⅜ to 64¼ and in medium dated stocks 4 per cent Gas (1969-72) also closed ⅞ lower at 88¾. Canadian bank shares recovered from their recent setback and over the period Royal Bank of Canada improved £2⅞ to £32⅛ and Bank of Montreal closed £1⅛ at £21⅞.

In industrial equities steel shares were the main centre of attraction. Until Tuesday most steel prices were slipping, but on that day there was a fair amount of bear covering before the end of the account and this, reinforced by some investment demand, helped most steel shares to close above their worst. United Steel rose from 40s. 9d. to 41s., John Summers closed 9d. better at 41s. 9d. and Colvilles improved 7½d. at 39s. 3d. Dorman, Long closed unchanged over the period at 36s., after touching 35s. 3d. at one time. Among the industrial leaders Philips Lamp and Unilever both made good gains partly as a result of American demand. Philips Lamp put on 5s. 3d. to 123s. 6d. and Unilever improved 1s. to 112s. Unilever NV closed 6d. better at 149s. 9d. In the property market some of the better shares made small gains. Capital and Counties closed 6d. better at 21s. and Land Securities put on 7½d. to 23s. 3d. But City of London fell 6d. to 66s. 9d. and Eron Investments lost 1s. 3d. at 17s. 6d. In electricals Vactric were active and improved 3d. at 42s. 9d. Stores were an active section with Marks and Spencer "A" touching a new peak at 62s. 10½d., a rise of 1s. 4½d. on the week.

Oils have been quiet and were unaffected by the short-lived rally on Wall Street. Shell lost 9d. at 142s. 3d., Burmah closed 1s. down at 44s. and BP fell 1s. 3d. to 51s. 6d. Until Wednesday most gold shares were dull but the downward drift was then partly arrested by renewed buying from the Cape. President Brand gained 3s. 3d. to 78s. 4½d. in front of the monthly returns.

LONDON AND NEW YORK STOCKS

Prices, 1959 High	Prices, 1959 Low	BRITISH FUNDS AND GUARANTEED STOCKS	Price, Sept. 23, 1959	Price, Sept. 30, 1959	Net Yield, Sept. 30, 1959 §	Gross Yield, Sept. 30, 1959
			£ s. d.	£ s. d.		
100[15/16]	99[29/32]	War Loan 3% 1955–59	99 19/8	99 19/8	3 7 1	3 7 1
—	—	War Loan 3½% Australia Conv. 4½%	99[15/16]	99[15/16]	4 10 1	
—	—	War Loan 3½% Ascension Treasury 5%	97[29/32]	97[1/2]*	3 3 9	5 3 11
97[3/4]	96[1/16]	Funding 2½% 1956–61	97[23/32]	97[15/32]	3 0 10	4 0 11
99[1/2]	98[1/32]	Exchequer 2½% 1960	99[5/32]	99[1/4]	2 5 8	3 6 7
100[1/16]	99[1/4]	Exchequer 3½% 1960	99[31/32]	99[29/32]	3 4 7	3 4 7
101[11/32]	100[1/8]	Conversion 4½% 1962	100[15/32]	100[13/32]	2 9 5	4 6 1
96[3/32]	91[7/16]	Exchequer 3½% 1962–63	93[15/32]	93[7/16]	3 1 0	4 11
93[5/8]	91[3/8]	Exchequer 2½% 1963–64	92[7/16]	92[5/16]	3 4 11	4 7 0
101[3/32]	100[1/2]	Conversion 4½% 1963	100[25/32]	100[3/8]	2 11 5	4 11 2
100[7/16]	99[1/8]	Conversion 4½% 1964	99[7/32]	99[13/16]	2 12 10	4 10 9
92[15/16]	90[1/8]	Savings Bonds 3% 1955–65	90[7/16]	90[3/8]	3 14 5	4 19 8
83[13/16]	83[1/4]	Funding 3½% 1959–69	83[7/16]	83[3/8]*	3 19 5	5 5 2
91[1/4]	89[3/16]	Funding 4% 1960–90	91[5/16]	89[11/16]*	2 19 1	4 12 3
81[7/16]	80[1/8]	Savings Bonds 3½% 1960–70	81[1/8]	80[7/8]	4 0 10	5 7 5
86[1/16]	83[7/8]	Savings Bonds 2½% 1964–67	84[1/16]	83[1/16]*	4 2 9	5 4 0
77[1/16]	75[1/16]	Savings Bonds 3½% 1965–75	75[1/2]	75[5/16]	3 19 4	5 7 4
105[15/16]	102[1/16]	Exchequer 5½% 1966	103	103	2 17 8	4 19 11
84[1/2]	83[1/4]	Funding 3% 1966–68	84[1/8]	84[3/16]	4 0 5	5 6 9
95[1/4]	95	Victory 4% 1920–76	95[1/8]	95[1/16]	3 2 2	4 14 9
89[3/4]	87[3/4]	Conversion 3½% 1969	87[13/16]	87[11/16]	3 14 7	5 4 3
99[1/16]	98[5/8]	Conversion 5½% 1974	101[1/4]	101[1/16]	3 4 3	5 6 1
78[1/4]	76[1/16]	Treasury 3½% 1977–80	78[1/8]	77[7/8]	3 14 8	5 7 4
79[1/8]	76[1/16]	Treasury 3½% 1979–81	78[5/8]	78[3/8]	3 15 3	5 7 10
103[1/2]	102[1/16]	Funding 5½% 1982–84	103[1/16]	102[15/16]	3 4 9	5 7 4
64[1/2]	64[1/4]	Redemption 3½% 1986–96	64[5/8]	64[1/4]	3 11 10	5 3 8
98[1/2]	97[1/16]	Treasury 5% 1986–89	97[3/16]	97[1/2]*	3 3 9	5 3 1
71[1/16]	70[7/16]	Funding 3½% 1999–2004	70[7/16]	70[7/16]	3 9 3	5 5 2
73[5/8]	72[1/4]	Consols 4% ..... after Feb. 1957	72[5/8]	72[5/16]	3 8 2	5 5 11
64[13/16]	64[11/16]	War Loan 3½% ..... after 1952	64[13/16]	64[3/4]	3 7 0	5 10 1
63[15/16]	63[11/16]	Conv. 3½% ..... after Apr. 1961	64[1/16]	63[13/16]	3 7 2	5 10 9
56[1/2]	55[1/4]	Treasury 3½% ..... after Apr. 1966	55[5/8]	55[3/8]	3 6 5	5 8 7
50[3/8]	50[1/2]	Consols 2½%	50[1/2]	50[1/2]	3 9 6	4 18 9
48[1/8]	47[1/8]	Treasury 2½% ..... after Apr. 1975	47[1/4]	47[1/8]	3 5 0	5 6 11
94	91	British Electric 4½% 1947–69	95	95	3 8 1	5 4 9
77[1/4]	77[1/4]	British Electric 3% 1968–73	78	77[15/16]	3 19 3	5 5 3
74[1/8]	74[1/8]	British Electric 3% 1974–77	74[1/4]	74[1/4]	3 17 10	5 5 10
68[1/8]	67[3/8]	British Electric 4½% 1974–79	67[7/8]	67[3/4]	3 9 3	5 5 11
78[1/8]	77[5/16]	British Electric 3½% 1976–79	79[1/16]	78[7/8]	3 14 0	5 6 8
87[1/16]	87[1/16]	British Gas 4% 1969–72	89[1/16]	88[15/16]	3 11 10	5 5 9
84[3/8]	84[3/8]	British Gas 3½% 1969–71	85[1/16]	85[1/16]	3 14 4	5 4 5
65[7/16]	65	British Gas 3% 1990–95	66[1/4]	65*	3 11 7	5 2 9
78[1/4]	77[1/4]	British Transport 3% 1968–73	78*	77[15/16]	3 19 3	5 6 3
69[7/16]	68[1/4]	British Transport 4½% 1972–77	68	68[3/16]	3 11 4	5 6 6
67[1/8]	66[1/8]	British Transport 5½% 1978–83	66[7/16]	66[1/8]	3 16 3	5 7 7

Prices, 1959 High	Prices, 1959 Low	FIXED INTEREST STOCKS	Price, Sept. 23, 1959	Price, Sept. 30, 1959	Yield, Sept. 30 1959
		DOMINION AND COLONIAL			£ s. d.
100[15/16]	99[1/8]	Australia 4½% 1956–62	99[1/2]	99[1/2]	4 11 0
103[1/2]	103[1/2]	Australia 6% 1970–75	104[1/2]*	104[1/2]	5 9 6
77	73	Ceylon 4% 1973–75	73[1/4]	73	6 16 0
103[1/2]	99[1/2]	Jamaica 6% 1977–82	102	102	5 17 6
104[7/8]	104[1/4]	New Zealand 6% 1976–80	104[1/2]	104[1/2]	5 11 6
100[7/8]	93	Rhodesia and Nyasaland 6% 1976–79	95	96	6 12 3
70	69[1/2]	Southern Rhodesia 5½% 1956–61	71[1/2]	71[3/4]	5 19 6
		CORPORATION AND PUBLIC BOARDS			
102[1/16]	100[7/16]	Agricultural Mortgage Corp. 4% 1960–85	101[1/2]	101[1/2]	5 9 3
102[3/4]	102[1/4]	Birmingham 5½% 1974–76	102	102	5 13 9
94	92[1/8]	Bristol 3% 1968–88	93[1/2]	93[1/2]	5 2 7
98	94[1/2]	Glasgow 4% 1960–90	96[1/4]	96	5 4 0
100[1/8]	99[1/4]	Corporation of London 5½% 1976–79	101	101	5 5 6
57	55[1/2]	L.C.C. 3½% 1961–65	53	53[1/4]	5 13 0
61	60[1/2]	Metropolitan Water Board 'B' 3% ..... 1934–[illegible]	60	59[3/4]	5 8 0
		FOREIGN BONDS			
193[1/4]	191[1/2]	German 7% 1924 (Dawes Enfaced 5%)	113[1/4]	112[1/2]	...
193[1/2]	177	German 5½% 1930 (Enfaced 4½%)	199[1/2]	198	...
24	23[1/4]	Greek 7% Refugee 1924	38[3/4]	39[1/4]	Nil
159[1/2]	157	Japan 5% (Enfaced) 1907	159[3/4]	158[3/4]	...
114[1/2]	112[3/4]	Japan 6% (Enfaced) 1924	113	112[3/8]	...
58	55	Queensland 3½% Bonds (Assented)	56[1/4]	56[1/4]	...

Prices, 1959 High	Prices, 1959 Low		Last Two Dividends (a) (b) (c)		ORDINARY STOCKS	Price, Sept. 23, 1959	Price, Sept. 30, 1959	Yield, Sept. 30 1959
			%	%				
					STEEL AND ENGINEERING			
41/9	33/[11]/2		8 b	6 a	Colvilles £1	38/[7]/2	39/3	7·13
39/–	26/6		4 a	8 b	Dorman Long £1	36/–	36/–	6·67
32/6	20/7		9 c	[3]3/4 a	Steel Co. of Wales £1	32/9	33/[4]/2	5·93*
39/6	25/–		3 a	8 b	Stewarts & Lloyds £1	37/–	36/6	6·03
45/–	23/[4]1/2		6[3]/4 b	4 a	John Summers £1	41/–	41/9	5·11
44/9	24/9		8[1]/2 b	4 a	United Steel £1	40·9	41/–	6·10
39/6	30/8[1]/2		6 b	4 a	John Brown £1	38·3	38/–	5·26
10/–	7/[11]/2		11 b	3 a	Cammell Laird 5/–	7/[1]1/2	7/3	9·66
31/9	25/6		7[1]/2 b	2[1]/2 a	Samuel Hunter £1	30/3	30/[7]1/2*	6·64
36/6	29/4[1]/2		7[1]/2 a	2[1]/4 a	Vickers £1	27/6	27/9	7·34
83/–	60/6		5 a	10 b	Avery £1	81·9	82/9	3·63
23/6	16/–		†4[1]/2 b	†[1]7/8 a	Coventry Gauge 10/–	22·9	22/6	4·55
47/9	36/6		12 a	14 b	Alfred Herbert £1	44·9	44/9	4·39
23/6	16/5		10 b	5 a	Ransome & Marles 5/–	23·6	23/6	3·19
49/3	39/9		3 a	9[1]/2 b	Reyrolle Parsons £1	44·9	45/–	5·56
47/6	37/–		13[3]/4 a	8[3]/4 b	Allied Ironfounders £1	45·9	45/6	5·49
55/–	44/–		6 a	7 b	Babcock & Wilcox £1	47/6	47/–	5·53
75/–	63/6		4 a	13[1]/2 b	British Aluminium £1	73/–	73/–	4·79
69/–	43/[11]/2		10 c	15 c	Davy-United £1	83/–	89/–	3·37
70/6	51/3		4 a	9 b	Guest Keen £1	68·3	69/3	3·75
63/3	44/[7]1/2		3[1]/2 a	5[1]/2 b	Metal Box £1	61/–	60/–	2·89
55/–	47/[11]/2		4[3]/4 a	4[3]/4 a	C. A. Parsons £1	50/–	49/6*	3·54
25·9	19·9		15 b	10 b	John Thompson 5/–	22·3	19/6	5·70
95/–	72/–		6 a	7 a	Tube Investments £1	92[1]/2	95/–	3·68
					BUILDING, etc.			
64/9	39/9		2[3]/4 a	7[1]/2 b	Associated Portland £1	62/–	64/3	2·99
34/–	15/–		6[3]/4 b	6[3]/4 b	British Plaster Board 10/–	22·7[1]/2	22/7[1]/2	4·42
10·3	5·9		10 b	5 a	Richard Costain £1	75/–	78/6	3·82
12·3	9/7[1]/2		10 b	5 a	Crittall Manufacturing 5/–	12·[1]1/2	12/[1]1/2	6·18
86/–	61/3		6 a	11 b	London Brick £1	84·6	84/–	4·05
93/9	79/9		13[1]/2 b	5 a	Wall Paper Defd. £1	90/–	90/6	4·05
					CHEMICALS AND PAINT			
24/[11]/2	16/–		13·6c	4·8d	Albright & Wilson 5/–	22·9	23/9[1]/2	2·86
56/6	41/[10]1/2		2[11]/2 a	6[1]/2 a	Borax Defd. 5/–	17·7[1]/2	17/6	2·50
8/3	6/10[1]/2		12[1]/2 b	7·4d a	Brit. Ind. Plastics 2/–	8/–	8/–	5·00
51/–	43/10[1]/2		10 c	4 a	Fisons £1	55·9	57/6	4·17
53/6	33/3		5[1]/2 b	3[1]/2 a	I.C.I. £1	42/[4]1/2	45/–*	4·04
14/7[1]/2	12/7[1]/2		6 a	6 b	International Paints 4/–	14/6	14/7[1]/2	5·47
19/7[1]/2	15/11[1]/2		5 a	8[1]/2 b	Monsanto 5/–	18·4[1]/2	19/7[1]/2	3·44
24/9	18/6		5 a	11[1]/2 b	Pinchin Johnson 10/–	23/3	24/–	6·94
					ELECTRICAL AND RADIO			
64/9	54/–		15 c	5 a	A.E.I. £1	60/–	59/9*	5·02
57/–	46/3		4 a	9[1]/2 b	B.I.C.C. £1	51/3	52/3	5·17
43·3	37/[4]1/2		20 c	5[3]/4 a	Decca Record 10/–	42/–	42/–	4·76
57·3	47/[4]1/2		5 a	15 b	E.M.I. 10/–	52/3	52/6	3·81
45·9	38/–		9[1]/2 c	3 a	English Electric £1	42·9	42/6	4·39
40·6	30/–		3 a	7 b	General Electric £1	39/–	38/9	5·16
16·6	13/9		12[1]/2 c	11 b	Pye Defd. 5/–	14·9	16/–	3·91
97	84/6		6[1]/2 a	11 b	A. Reyrolle £1	92/–	92/–	3·80
					MOTORS AND AIRCRAFT			
17/3	10/–		13[1]/2 c	5[3]/4 a	British Motor 5/–	16/9[2]/4	17/3	4·57
66 19/3	53/3		3[1]/2 a	9[3]/4 b	Ford Motor £1	79/7½	80/9	2·97
60 4/6	44/–		12[1]/2 c	12[1]/2 c	Leyland Motor £1	59/3	59/3	4·22
13 –	7/3		8 c	4 a	Rootes Motors 4/–	13/–	13/–	2·46
8 c	5/[11]1/2		8 c	12 c	Standard Triumph 5/–	6·10[1]2·6	7·–‡‡	6·43
3[1]/2 a	18/3		9[3]/4 b	24/–	Dunlop Rubber 10/–	24/–	24/–	5·42
55/–	44/3		5 b	12·6 a	Joseph Lucas £1	53/6	53/3	3·76
7[1]/2 a	23·7[1]/2		17[1]/2 b	7[1]/2 a	Pressed Steel 5/–	31·9	31/9	3·94
69 –	48/[11]1/2		20 c	20 c	Triplex Holdings 10/–	68·6	68/6	4·38
6/7	4/7		6[1]/2 b	6[1]/2 b	Bristol Aeroplane 10/–	8/6	8/10[1]/2	11·27
20·9	12·7[1]/4		7[1]/2 c	Nil	De Havilland £1	13/–	13/[1]1/2	...
36 33/–	24·9		15 a	16[1]/2 b	Dowty Group 10/–	32·9	37/9	4·99
31 –	27 –		7 b	3 a	Hawker Siddeley £1	27·1[3]/4	28/9	6·96
48 [illegible]	41/3		2[1]/2 a	7[1]/2 b	Rolls-Royce £1	42/–	45/–	4·44
					PAPER AND NEWSPAPERS			
44/6	12[1]/2 c		5 a	5 a	Bowater Paper £1	54/–*	54·9	4·57
42/6	5 a		9 b	9 b	Albert E. Reed £1	43/6	44/–	6·36
22/–	3 a		5 b	5 b	Spicers £1	24/–	27/6	5·82
21/–	10 a		15 b	15 b	Daily Mirror 'A' 5/–	22/–	22·[4]1/2	5·59
24/6	12[1]/2 b		12[1]/2 b	12[1]/2 b	Odhams Press 10/–	30/6	30/–	5·83
					TEXTILES			
22/–	2[1]/2 a		7[1]/2 b	7[1]/2 b	J. & P. Coats £1	28/3	28/3	7·08
18/3	5 a		5 b	5 b	Fine Spinners £1	26/6	27/6	7·27
35/4[1]/2	12[1]/2 b		5 a	5 a	Lancashire Cotton £1	51/6	52/11[1]/2	6·71
35/4[1]/2	2[1]/2 a		13[1]/2 b	13[1]/2 b	Patons & Baldwins £1	50/11[1]/2	49/11[1]/2	6·51
4/3	10 c		8 c	8 c	Salts (Saltaire) 5/–	6/3[3]/4	6/6[3]/4	6·10
50/–	10 b		5 a	5 a	Woolcombers £1	62/3	61/3	4·90
14/7[1]/2	Nil		3 a	3 a	Bradford Dyers £1	16/11[1]/2	16/–	...
22[1]/2 c	22[1]/2 c		5 a	5 a	Calico Printers £1	46/6	45/–*	10·00
31/3	3 a		6[1]/2 b	6[1]/2 b	Courtaulds £1	39/10[1]/2	40/7[1]/2	4·76
10/–	10 b		4 a	4 a	Jute Industries 10/–	13/9	13/9	9·45
24/6	7[1]/2 c		7[1]/2 c	7[1]/2 c	Tootal £1	26/3	24/6*	6·12
					DRAPERY AND STORES			
19/7[1]/2	16 c		3 a	5 a	Boots Pure Drug 5/–	25/3	26/–	3·08
27/9	10 b		5 a	5 a	Debenhams 10/–	34/3	35/–	4·29
31/6	7[1]/2 a		27[1]/2 b	27[1]/2 b	G.U.S. 'A' 5/–	43/4[1]/2	44/–	3·98
74/6	12[1]/2 b		10 a	10 a	Harrods £1	146/–	146/9	3·07
31/9	10 c		15 a	15 a	Home & Fraser 5/–	35/9	36/[11]1/2	5·54
16/3	16 c		7[1]/2 a	7[1]/2 a	Lewis's Investment 4/–	23/3	23/3	2·75
41/4[1]/2	10·42a		20·835	20·835	Marks & Spencer 'A' 5/–	61/6	62/10[1]/2	2·49
32/7[1]/2	12[1]/2 c		22[1]/2 b	12[1]/2 c	United Drapery 5/–	41/[11]1/2	41/–	4·27
47/3	26[2]/2 b		15[1]/2 a	15[1]/2 a	Woolworth 5/–	51/[11]1/2	51/7[1]/2	3·87

NEW YORK CLOSING PRICES

Sept. 23 $	Sept. 30 $		Sept. 23 $	Sept. 30 $		Sept. 23 $	Sept. 30 $
26[1]/4	26[7]/8	Boeing	30	30[1]/4	Inter. Nickel	94[3]/8	93
26[1]/2	27	Celanese	26	29	Inter. Paper	124[1]/4	126[3]/8
16[1]/4	17	Chrysler	62[1]/2	63	Kennecott	94[1]/2	92[1]/2
30[3]/8	31[1]/4	Col. Pal'olive	37[3]/4	37[1]/4	Monsanto	48[5]/8	50[1]/2
46[3]/8	47[1]/2	Crown Zeller	53[3]/4	55[1]/4	Nat. Distillers	29[1]/4	29[1]/4
76[1]/4	79	Distillers Seag.	53[3]/4	53[3]/4	Pan-American	23[3]/4	23[3]/4
61	62[1]/4	Douglas	42[7]/8	44[1]/8	Procter Gamble	81[1]/4	83
32[1]/4	33[1]/2	Du Pont	246	252	Radio Corpn.	56[5]/8	56[7]/8
45/8	43/4	East. Kodak	85[5]/8	86[7]/8	Sears Roebuck	47[5]/8	48[1]/8
7[7]/8	8	Ford Motor	80	82[1]/8	Shell Oil	72[1]/4	75[3]/8
36[7]/8	38	Gen. Electric	76[7]/8	78[1]/8	Socony-Mobil	40[3]/8	41[3]/4
108[1]/4	108	General Foods	93[3]/8	95[1]/2	Stand. Oil Ind.	42[1]/4	43
32[3]/8	33[7]/8	General Motors	53[3]/4	54[7]/8	Stand. Oil N.J.	49[1]/2	48[1]/2
42[5]/8	43[1]/2	Goodrear	126[1]/2	127	20th Cent. Fox	32	31[1]/4
43	44[3]/4	Gulf Oil	114[1]/2	111[3]/4	Union Carbide	134	139
43[1]/2	43[7]/8	Heinz	77[1]/2	76[1]/2	U.S. Steel	102	100[1]/2
60[1]/8	59[3]/8	Int. Bus. Mach.	401	411[1]/2	West. Electric	88[3]/8	89[1]/8
55[3]/8	56[1]/4	Int. Harvester	48[7]/8	50[1]/4	Woolworth	58[3]/8	59[1]/2

* Ex dividend. † Tax free. ‡ Assumed average life 9 years. § Less tax at 7s. 9d. in £. ‖ Ex capitalisation. ¶ Ex rights. ‡‡ Ex all. (a) Interim dividend. (b) Final dividend. (c) Year's dividend. (d) Capital distribution 1s. 6d. per share. (e) To earliest date. (f) Flat yield. (g) Equivalent to 7·2 sterling. (h) After Rhodesian tax. (i) To latest date. (j) Assented stock.

Prices, 1959 High	Prices, 1959 Low		Last Two Dividends (a) (b) (c)		ORDINARY STOCKS	Price, Sept. 23 1959	Yield Sept. 30, 1959	Price, Sept. 30, 1959
			%	%				
					BANKING			
55/–	44/6[3]/4		5 b	5 a	Barclays £1	50·9[1]1	50·9	3·94
53/7[1]/2	40/3		10 c	5 a	Lloyds £1	53/6	53/6	3·74
72/6	60/11[1]/2		13[1]/2 c	7[1]/2 a	Midland £1	68/–	68/3	4·40
72/3	54/–		10 c	5 a	National Provincial £1	71/6	71/6	3·36
50/6	37/9		10 c	5 a	Westminster 'B' £1	48/9	48/6	4·12
69/–	54/3		9[1]/2 b	8[1]/2 a	District £1	62/3	61/9	4·52
25/6	17/–		16 c	8 a	Martins 5/–	21/10[1]/2	21/4[1]/2	3·74
54/6	31/7[1]/2		—	—	Nat. Comm. Bk. Scot. 10/–	53/11[1]/2	52/6	2·86
84/9	67/6		9 b	8 a	Royal Bank of Scotland £1	80/6	80/3	4·24
44/–	37/9		5 b	4 a	Barclays D.C.O. £1	42/9	42/3	4·26
50/6	43/9		7[1]/2 a	7[1]/2 b	Chartered Bank £1	48/6*	48/3	6·22
£34[1]/8	£27[1]/8	$2·10c	$2·25c	$2·25c	Royal Bank of Canada $10	£30[1]/4	£32[1]/16	2·59
£23[1]/2	£18[7]/16	$1·60c	$1·65c	$1·65c	Bank of Montreal $10	£20[1]/2	£21[9]/16	2·88
41	30[1]/2	9 c	9 c	9 c	Bank of New South Wales £20	38[1]/2	38[1]/2	3·74[2]
40/–	32/3	6 b	4 a	4 a	Bank of London & S. Amer. £1	40/–	40/6	4·94
					FINANCIAL			
36/–	28/4[1]/2	5 b	2[1]/2 a	2[1]/2 a	Alexanders £1	31/6	32/–	4·69
47/3	41/3	7 b	6[1]/4 a	6[1]/4 a	National Discount 'B' £1	45/9	45/6	5·49
59/6	49/–	6[1]/4 b	6[1]/4 a	6[1]/4 a	Union Discount £1	51/–	50·9	4·93
52/6	40/9	18[1]/2 a	21[1]/2 b	21[1]/2 b	Commercial Union 5/–	47/–	47/–	4·26
170/–	127/6	12[1]/2 a	15 b	15 b	Employers Liability £1	162/6	162/6	3·39
207/6	160/–	132·35c	†41·17c	†41·17c	Equity & Law 8/6	188·9	181/3	3·16
300/–	192·6	40 a	60 b	60 b	Legal & General 5/–	277·6	272·6	1·83
129/6	112/6	50 b	20 a	20 a	Pearl 5/–	123/–	120/6	4·75
270/–	210/–	†147[1]/2 c	†162[1]/2 c	†162[1]/2 c	Prudential 'A' 4/–	235/–	251·3	4·23
86/–	59/[11]1/2	10 b	8 a	8 a	Royal Exchange £1	83·6*	82/6	3·88
38·3	16/2[1]/4	8[3]/4 b	7[1]/2 a	7[1]/2 a	Bowmaker 5/–	35/–*	35·9*	3·50
39/9	18/7[1]/2	8[1]/2 b	8[1]/2 a	8[1]/2 a	Lombard Banking 5/–	35·1[1]/2	34/–	2·50
186/–	113/6	4 a	21 b	21 b	U.D.T. £1	177/6	178/–	2·81
41/9	34/9	10 a	25 b	25 b	B.E.T. 'A' Defd. 5/–	36/9	37·6	4·67
16/4[1]/2	12·6	10 c	10 c	10 c	Cable & Wireless 5/–	15/9	16/–	3·13
23/9	19/3	2 a	4[1]/2 b	4[1]/2 b	Land Securities 10/–	22·7[1]/2	23·3	2·80
22/–	14/7[1]/2	4[1]/2 a	4[1]/2 b	4[1]/2 b	London & County 10/–	20/–	20/4[1]/2	4·09
					FOOD, DRINK AND TOBACCO			
36/7[1]/2	22/6	15 c	18 c	18 c	Allied Bakeries 'A' 5/–	29/6	30/–	3·00
39/6	23/4[1]/2	14 a	10 b	10 b	Beecham Group 5/–	38/[11]1/2	37·3	3·22
12/[11]1/4	10/6	2[1]/2 a	7[1]/2 b	7[1]/2 b	International Tea 5/–	11/–	11/–	4·55
91/–	69/–	5 a	9[1]/4 b	9[1]/4 b	J. Lyons 'A' £1	75/6	73/[11]1/2	3·75
22/–	18/10[1]/2	5 b	5 a	5 a	Ranks 10/–	19/10[1]/2	19·9	5·06
27/6	18/[11]2	12[1]/2 b	5 a	5 a	Schweppes 5/–	24/3	24/6	3·57
51/–	42/–	7[1]/2 a	23 a b	23 a b	Tate & Lyle £1	46·3	46/–	4·57
14/3D[1]/2	10/10D[1]/2	...	...	...	Unigate 5/–	13/6	13/6	3·70
61/–	43/9	36 b	10 a	10 a	Bass 5/–	58/6	60/6	3·80
28/9	23/10[1]/2	4 a	8[1]/2 b	8[1]/2 b	Distillers 10/–	28/–	28/9	4·35
21/3	14/7[1]/2	11 b	6 a	6 a	Flowers 5/–	20/6¶	20·3	4·20
64/9	54/–	18 b	10 a	10 a	Guinness 10/–	63/–	63·6	4·41
17/–	12/7[1]/2	10 b	4 a	4 a	Ind Coope & Allsopp 5/–	15/7[1]/2	15·9	4·44
77/–	38/9	6[3]/4 b	3[3]/4 a	3[3]/4 a	Watney Mann Defd. £1	70·6	72/9	4·12
125/–	100/–	17 b	8 a	8 a	Whitbread 'A' £1	123/9	125/–	4·00
59/7[1]/2	51/4[1]/2	†17[1]/2 c	†10[5]/8 a	†10[5]/8 a	British Amer. Tobacco 10/–	57/–	57/6	4·97
35/11[1]/2	26/8[1]/4	13[1]/2 b	3[1]/2 a	3[1]/2 a	Gallaher 10/–	34/4[1]/2	35/11[1]/2*	4·74
59/–	54/3	12[1]/2 b	8[1]/2 a	8[1]/2 a	Imperial Tobacco £1	58/–	58/9	7·15

Prices, 1959 High	Prices, 1959 Low		Last Two Dividends (a) (b) (c)		ORDINARY STOCKS	Price, Sept. 23 1959	Price, Sept. 30 1959	Yield Sept. 30 1959
			%	%				
					MISCELLANEOUS			
50/9	37/9		20 a	40 b	Assoc. Brit. Picture 5/–	41/6	41·6	7·23
38/9	28/7[1]/2		3[1]/2 a	5 b	British Match £1	35/3	35·6	4·69
67/9	49/6		8 b	4 a	British Oxygen £1	65/3	65·6	3·66
9/9	8/8[1]/4		18 c	6 a	British Ropes ..... 2·6	9·6	9·6*	4·63
53/3	35/9		7[1]/2 b	5 a	Glaxo ..... 10 –	45 –	47/9	2·72
81/3	56/4[1]/2		50 b	10 a	Hoover 'A' 5/–	78·6	77/–	3·90
232/6	172/6	

Money and Exchanges

EXCHEQUER RETURNS

For the 10 days ended September 30, 1959, there was an "above-line" deficit (after allowing for sinking funds) of £81,627,000 compared with a deficit in the previous week of £12,744,000 and a deficit of £53,433,000 in the corresponding period of last year. There was a net expenditure "below-line" of £44,969,000 leaving a total cumulative deficit to date of £580,545,000 compared with £526,683,000 in 1958–59.

£'000	Estimates 1959–60	April 1, 1958 to Sept. 30, 1958	April 1, 1959 to Sept. 30, 1959	10 days ended Sept. 30, 1958	11 days ended Sept. 30, 1959
Ord. Revenue					
Income Tax	2147,000	666,156	665,956	31,410	27,867
Surtax	171,000	77,500	38,500	1,100	1,300
Death Duties	195,000	88,400	109,600	3,200	4,600
Stamps	68,000	26,900	42,600	1,200	2,100
Profits tax, EPT and EPL	274,000	141,300	138,300	4,700	6,600
Other Inland Revenue: Duties	1,000	120	110	...	60
Total Inland Revenue	2856,300	760,376	995,068	41,710	42,527
Customs	1285,500	640,462	684,217	29,501	39,398
Excise	864,500	453,365	439,079	18,845	14,600
Total Customs and Excise	2150,000	1093,947	1123,292	48,346	54,508
Motor Duties	104,000	22,214	22,277	174	...
PO (Net Receipts)	65,000	11,400	13,500	2,000	2,800
Broadcast Licences	16,000	22,276	26,772	...	...
Sundry Loans	150,950	35,358	60,047	2,365	357
Total	5,325,000	2145,471	2239,957	94,595	100,192
Ord. Expenditure					
Debt Interest	600,000	333,484	292,228	6,509	2,129
Payments to Northern Ireland Exchequer	79,000	34,041	36,937	3,051	3,179
Other Consolidated Funds	10,000	4,167	3,981	40	47
Supply Services	4523,531	2011,595	2116,833	137,991	176,002
Total	5212,531	2383,287	2451,979	147,591	181,357
Sinking Funds	39,000	18,300	18,122	437	462
"Above-line" Surplus or Deficit		256,116	230,144	53,433	81,627
"Below-line" Net Expenditure		270,567	350,401	44,059	44,989
Total Surplus or Deficit		526,683	580,545	97,492	126,616
Net receipts from:					
Tax Reserve Certificates		142,784	92,909	13,007	10,749
Savings Certificates		61,900	41,800	6,600	Dr. 200
Defence Bonds		36,728	71,101	1,509	1,479
Premium Savings Bonds		33,515	26,180	1,850	930
Total		274,927	231,990	22,966	12,958

Net receipts of the Civil Contingencies fund £10 million in 1959–60 compared with £15 million in 1958–59.

FLOATING DEBT

(£ million)

	Treasury Bills: Tender	Treasury Bills: Tap	Ways and Means Advances: Public Dept.	Ways and Means Advances: Bank of England	Total Floating Debt
1958					
Sept. 30	5,016·4		202·4	...	5,218·8
1959					
June 30	5,103·9		286·1	...	5,339·9
July 4	3,070·0	2,091·8	290·0	...	5,451·8
,, 11	3,080·0	2,133·9	269·7	0·3	5,483·9
,, 18	3,070·0	2,125·9	257·7	...	5,453·6
,, 25	3,090·0	2,132·3	234·9	...	5,457·2
Aug. 1	3,110·0	2,319·0	221·9	...	5,450·9
,, 8	3,130·0	2,076·1	234·5	...	5,440·6
,, 15	3,160·0	1,928·7	240·9	...	5,329·6
,, 22	3,220·0	1,886·7	247·1	...	5,353·9
,, 29	3,250·0	1,891·2	214·5	3·0	5,358·7
Sept. 5	3,260·0	1,886·4	247·1	1·3	5,394·8
,, 12	3,280·0	1,911·0	227·1	3·8	5,421·9
,, 19	3,310·0	1,911·6	232·0	...	5,453·6
,, 30	5,298·3		270·1	1·8	5,570·1

THE MONEY MARKET

At last Friday's Treasury bill tender the syndicate raised its bid by 1d. to £99 2s. 8d., the first change for seven weeks, and its allotment at this price rose from the overall figure of 56 per cent to 64 per cent. The average discount rate on the whole allotment of £290 million was £3 9s. 5.24d., the lowest rate for two months and nearly 3d. below the previous week's rate of £3 9s. 8.13d.

In New York the discount rate on 91 day bills rose from 3.958 per cent to 4.194 per cent, and the rate on 182 day bills was also higher at 4.895 per cent. Both these rates are new peaks for the year.

Official disbursements led to a surplus of funds at the end of last week and the authorities intervened to sell a large amount of bills on Friday and a small amount on Thursday and Saturday. On Monday calling increased and a small amount of official help was given both then and on Wednesday, when there was a keen demand for money. Rates for overnight money have ranged from 3¼ per cent to 1½ per cent and December maturities and "hot" bills have changed hands at 3⅜ per cent.

MONEY RATES

LONDON

	%		%
Bank rate (from 4½% 20/11/58)	4	**Discount rates:**	
Deposit rates (max.):		Bank bills:	
Banks	2	60 days	$3^{9}/_{16}$–$3^{5}/_{8}$
Discount houses	2–2¼	3 months	$3^{9}/_{16}$–$3^{5}/_{8}$
Money:		4 months	$3^{9}/_{16}$–$3^{5}/_{8}$
Day-to-Day	$2^{3}/_{8}$–$3^{1}/_{4}$	6 months	$3^{9}/_{16}$–$3^{11}/_{16}$
Treasury Bills:		Fine trade bills:	
2 months	$3^{15}/_{32}$	3 months	$4^{1}/_{4}$–5
3 months	$3^{1}/_{2}$	4 months	$4^{1}/_{4}$–5
		6 months	$4^{1}/_{4}$–$5^{1}/_{4}$

NEW YORK

	%		%
Official discount rate: (from 3½% 10/9/59)	4	**Treasury Bills:**	
		September 21st	3·958
		,, 28th	4·194

BANK OF ENGLAND RETURNS

(£ million)	Oct. 1, 1958	Sept. 23, 1959	Sept. 30, 1959
Issue Department:			
Notes in circulation	2,017·5	2,102·9	2,104·0
Notes in banking dept.	32·8	23·5	21·4
Govt. debt and securities*	2,046·2	2,121·7	2,121·8
Other securities	0·8	0·8	0·7
Gold coin and bullion	0·4	0·4	0·4
Coin other than gold coin	3·0	2·5	2·5
Banking Department:			
Deposits:			
Public accounts	12·8	13·4	12·5
Bankers	239·7	252·9	260·3
Others	69·5	64·3	65·7
Total	322·0	330·6	338·5
Securities:			
Government	261·2	298·7	304·3
Discounts and advances	24·0	4·6	8·2
Other	21·3	22·5	22·3
Total	306·5	325·8	334·8
Banking department reserve	34·0	23·2	22·2
"Proportion"	10·5	7·0	6·5

* Government debt is £11,015,100, capital £14,553,000. Fiduciary issue reduced by £25 million to £2,125 million on Sept. 16th.

TREASURY BILL TENDERS

Date of Tender	Amount (£ million) Offered	Applied for	Allotted	Three Months' Bills: Average Rate of Allotment	Allotted at Minimum Rate
1958				s. d.	%
Sept. 26	260·0	381·4	260·0	72 6·10	55
1959					
June 26	260·0	405·7	260·0	69 0·52	53
July 3	260·0	409·5	260·0	69 0·06	49
,, 10	260·0	431·2	250·0	69 0·22	43
,, 17	250·0	409·9	250·0	69 0·16	46
,, 24	230·0	389·2	230·0	69 0·13	43
,, 31	220·0	385·1	210·0	69 8·18	23
Aug. 7	230·0	368·8	230·0	69 7·97	52
,, 14	250·0	407·2	250·0	69 8·13	44
,, 21	260·0	414·3	260·0	69 8·39	49
,, 28	270·0	413·4	270·0	69 9·03	61
Sept. 4	290·0	396·4	290·0	69 9·53	80
,, 11	290·0	453·5	290·0	69 8·47	51
,, 18	290·0	428·5	290·0	69 8·13	56
,, 25	290·0	430·0	290·0	69 5·24	64

* On September 25th tenders for 91 day bills at £99 2s. 8d. secured 64 per cent, higher tenders being allotted in full. The offer this week was for £280 million of 91 day bills.

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

	Official Rates: September 30	Market Rates: Spot: September 24	September 25	September 26	September 28	September 29	September 30
United States $	2·78–2·82	$2·80^{9}/_{16}$–$^{11}/_{16}$	$2·80^{9}/_{16}$–$^{11}/_{16}$	$2·80^{5}/_{8}$–$^{7}/_{8}$	$2·80^{5}/_{8}$–$^{7}/_{8}$	$2·80^{5}/_{8}$–$^{3}/_{4}$	$2·80^{3}/_{4}$–$^{7}/_{8}$
Canadian $	...	$2·66^{3}/_{32}$–$^{5}/_{8}$	$2·66^{1}/_{8}$–$^{1}/_{2}$	$2·66^{1}/_{16}$–$^{3}/_{16}$	$2·65^{3}/_{32}$–$^{7}/_{8}$	$2·65^{7}/_{32}$–$^{3}/_{4}$	$2·65^{3}/_{32}$–$^{7}/_{8}$
French Fr.	13·622–14·027	$13·76^{3}/_{8}$–$^{7}/_{8}$	$13·76^{3}/_{8}$–$^{7}/_{8}$	$13·76^{1}/_{4}$–$^{1}/_{2}$	$13·75^{3}/_{8}$–$^{5}/_{8}$	$13·75^{1}/_{2}$–$^{3}/_{4}$	$13·76^{1}/_{4}$–77
Swiss Fr.	11·94–12·54⅞	$12·13^{1}/_{4}$–14	$12·14$–$^{1}/_{4}$	$12·14^{1}/_{16}$–$^{5}/_{16}$	$12·13^{7}/_{8}$–14	$12·13^{1}/_{16}$–$^{3}/_{16}$	$12·13^{5}/_{8}$–14·$^{3}/_{8}$
Belgian Fr.	137·96–142·05	$140·37^{1}/_{2}$–$42^{1}/_{2}$	$140·37^{1}/_{2}$–$42^{1}/_{2}$	$140·37^{1}/_{2}$–$42^{1}/_{2}$	140·36–35	$140·22^{1}/_{2}$–27	$140·27^{1}/_{2}$–32
Dutch Gld.	10·48–10·80	$10·59^{3}/_{8}$–$^{7}/_{8}$	$10·59^{3}/_{8}$–$^{7}/_{8}$	$10·59^{3}/_{8}$–$^{7}/_{8}$	$10·58^{1}/_{16}$–$^{3}/_{16}$	$10·57^{5}/_{8}$–$^{7}/_{8}$	$10·58^{1}/_{16}$–$^{5}/_{8}$
W. Ger. D-Mk.	$11·59^{1}/_{16}$–$11·92^{3}/_{8}$	$11·73^{1}/_{16}$–$^{5}/_{8}$	$11·73^{1}/_{16}$–$^{5}/_{8}$	$11·73^{1}/_{16}$–$^{5}/_{8}$	$11·72^{5}/_{8}$–$^{7}/_{8}$	$11·72^{1}/_{16}$–$^{3}/_{8}$	$11·72^{1}/_{16}$–$^{5}/_{8}$
Portug. Esc.	79·00$^{3}/_{32}$–82·00	80·15–30	80·15–30	80·15–30	80·15–30	80·15–30	80·15–30
Italian Lire	1725–1775	$1741^{1}/_{2}$–$^{3}/_{4}$	1741–$^{1}/_{4}$	1741–$^{1}/_{4}$	$1739^{1}/_{2}$–$40^{1}/_{2}$	1739 $^{1}/_{2}$–$^{3}/_{4}$	1740 $^{1}/_{2}$–$^{3}/_{4}$
Swedish Kr.	$14·37^{1}/_{4}$–$14·59^{1}/_{4}$	$14·51^{3}/_{4}$–$^{7}/_{8}$	$14·51^{3}/_{4}$–$^{7}/_{8}$	$14·51^{3}/_{4}$–$^{7}/_{8}$	$14·49^{1}/_{2}$–$50^{1}/_{2}$	$14·49^{1}/_{2}$–$^{3}/_{4}$	$14·49^{1}/_{2}$–$50^{1}/_{2}$
Danish Kr.	19·06$^{1}/_{2}$–19·62	$19·32^{1}/_{4}$–$^{1}/_{2}$	$19·32^{1}/_{4}$–$^{1}/_{2}$	$19·32^{1}/_{4}$–$^{1}/_{2}$	$19·31^{1}/_{4}$–32	$19·32$–$32^{1}/_{2}$	$19·32^{1}/_{4}$–$33^{1}/_{2}$
Norwegian Kr.	19·71–20·30⅛	$20·00^{7}/_{8}$–$01^{1}/_{8}$	$20·00^{3}/_{4}$–$^{7}/_{8}$	$20·00^{3}/_{4}$–$^{7}/_{8}$	20·00–00	20·00–00	20·00 $^{1}/_{2}$–$^{3}/_{4}$
One Month Forward Rates							
United States $		$^{1}/_{16}$–$^{3}/_{16}$c. dis	$^{1}/_{16}$–$^{3}/_{16}$c. dis	$^{1}/_{16}$–$^{3}/_{16}$c. dis	$^{1}/_{16}$–$^{3}/_{16}$c. dis	$^{1}/_{16}$–$^{3}/_{16}$c. dis	$^{1}/_{16}$–$^{3}/_{16}$c. dis
Canadian $		$^{1}/_{16}$–$^{3}/_{16}$c. dis	$^{1}/_{16}$–$^{3}/_{16}$c. dis	$^{7}/_{16}$–$^{9}/_{16}$c. dis	$^{1}/_{2}$–$^{5}/_{8}$c. dis	$^{1}/_{2}$–$^{5}/_{8}$c. dis	$^{1}/_{2}$–$^{5}/_{8}$c. dis
French Fr.		$^{1}/_{8}$–$^{3}/_{8}$c. dis	$^{1}/_{8}$–$^{3}/_{8}$c. dis	1–$1^{1}/_{16}$c. dis	$^{3}/_{4}$–$1^{1}/_{16}$c. dis	$^{3}/_{4}$–$1^{1}/_{16}$c. dis	$^{3}/_{4}$–$1^{1}/_{16}$c. dis
Swiss Fr.		$1^{1}/_{8}$–$1^{3}/_{8}$c. dis	$1^{1}/_{8}$–$1^{3}/_{8}$c. pm	$1^{1}/_{16}$–$1^{5}/_{16}$c. pm	$1^{1}/_{16}$–$1^{5}/_{16}$c. pm	$1^{1}/_{16}$–$1^{5}/_{16}$c. pm	$1^{1}/_{16}$–$1^{5}/_{16}$c. pm
Belgian Fr.		7–22c. pm	7–22c. pm	7–22c. pm	7–22c. pm	6–18c. pm	Sc. e—par
Dutch Gld.		$^{3}/_{4}$–$^{5}/_{8}$pf. pm	$^{3}/_{4}$–$^{5}/_{8}$c. pm	$^{3}/_{4}$–$^{5}/_{8}$c. pm	$^{3}/_{4}$–$^{5}/_{8}$c. pm	$^{3}/_{4}$–$^{5}/_{8}$c. pm	$^{3}/_{4}$–$^{5}/_{8}$c. pm
W. German D-Mk.		$^{3}/_{8}$–$^{1}/_{2}$apf. pm	$^{3}/_{8}$–$^{1}/_{2}$apf. pm	$^{3}/_{8}$–$^{1}/_{2}$pf. pm	$^{3}/_{8}$–$^{1}/_{2}$pf. pm	$^{3}/_{8}$–$^{1}/_{2}$pf. pm	$^{3}/_{8}$–$^{1}/_{2}$apf. pm
Three Months Forward Rates							
United States $		$^{5}/_{16}$–$^{7}/_{16}$c. dis	$^{5}/_{16}$–$^{7}/_{16}$c. dis	$^{5}/_{16}$–$^{7}/_{16}$c. dis	$^{1}/_{2}$–$^{5}/_{8}$c. dis	$^{1}/_{2}$–$^{5}/_{8}$c. dis	$^{1}/_{2}$–$^{5}/_{8}$c. dis
Canadian $		$1^{3}/_{16}$–$1^{5}/_{16}$c. dis	$1^{3}/_{16}$–$1^{5}/_{16}$c. dis	$1^{3}/_{16}$–$1^{5}/_{16}$c. dis	$1^{5}/_{8}$–$1^{3}/_{4}$c. dis	$1^{5}/_{8}$–$1^{3}/_{4}$c. dis	$1^{5}/_{8}$–$1^{3}/_{4}$c. dis
Swiss Fr.		$3^{3}/_{8}$–$3^{1}/_{2}$c. pm	$3^{3}/_{8}$–$3^{1}/_{2}$c. pm	$3^{1}/_{2}$–$3^{5}/_{8}$c. pm	$3^{1}/_{2}$–$3^{5}/_{8}$c. pm	$3^{1}/_{2}$–$3^{5}/_{8}$c. pm	$3^{1}/_{2}$–$3^{5}/_{8}$c. pm
W. German D-Mk.		$1^{1}/_{16}$–$1^{1}/_{8}$pf. pm	$1^{1}/_{16}$–$1^{1}/_{8}$pf. pm	$1^{1}/_{16}$–$1^{1}/_{8}$pf. pm	$1^{1}/_{16}$–$1^{1}/_{8}$pf. pm	$1^{1}/_{16}$–$1^{1}/_{8}$pf. pm	$1^{1}/_{16}$–$1^{1}/_{8}$pf. pm
Gold Price at Fixing							
Price (s. d. per fine oz.)		250 $3^{1}/_{2}$	250 43	...	250 5$^{1}/_{2}$	250 8$^{1}/_{2}$	250 7$^{1}/_{2}$

UK External Trade

Imports are valued cif: exports fob.
Total trade unless otherwise stated.

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

BRITISH			
Prices and Wages	Sept. 19th	External Trade	This week
Manpower and Output	Sept. 19th	Industrial Profits	Sept. 5th
OVERSEAS			
Western Europe	Aug. 29th	United States	Aug. 22nd

	Unit	Monthly averages 1956	1957	1958	1958 June	July	August	1959 April	May	June	July	August
VALUE												
Imports:												
Total	£ million	321·7	336·8	312·5	294·5	334·0	303·0	345·8	310·9	331·6	352·9	305·2
Food, drink and tobacco	,,	119·6	123·3	124·4	118·1	133·9	120·8	134·9	114·7	120·6	128·2	106·8
Basic materials	,,	91·2	96·7	75·0	74·5	78·6	73·9	75·7	72·6	79·4	85·6	79·6
Fuels	,,	34·5	38·8	36·7	33·1	39·6	37·3	45·9	43·0	38·6	40·7	35·3
Manufactures	,,	75·2	76·9	75·1	67·2	80·4	69·6	88·2	79·7	91·6	97·0	82·4
Exports of UK produce:												
Total	,,	261·5	274·2	264·3	221·1	283·2	255·2	295·6	299·2	251·6	287·8	255·5
Manufactures—Total	,,	216·6	227·8	222·0	185·0	242·4	213·3	254·4	254·8	214·0	247·3	213·9
,, Metals	,,	36·7	39·7	35·9	29·3	36·5	32·2	38·7	38·1	31·9	39·7	34·3
,, Engineering products	,,	104·7	111·8	115·2	98·7	131·2	110·1	141·4	138·2	114·4	130·9	107·6
,, Textiles[3]	,,	24·5	25·0	21·2	17·9	21·5	20·2	21·2	22·4	18·3	21·8	20·0
Re-exports	,,	11·9	10·8	11·7	8·2	11·8	12·7	11·3	10·2	10·0	9·3	9·3
Balance of trade (exports less imports):	,,	−48·2	−51·8	−36·5	−65·2	−38·9	−35·0	−39·0	− 1·5	−70·0	−55·8	−40·8
VOLUME[4]												
Imports:												
Total	1954=100	110	114	114	110[3]	...	113[3]	...	123[3]	...	131	112
Food, drink and tobacco	,,	109	113	119	116[3]	...	118[3]	...	117[3]	...	...	...
Basic materials	,,	102	106	94	93[3]	...	90[3]	...	100[3]	...	...	...
Fuels	,,	115	114	124	116[3]	...	128[3]	...	154[3]	...	...	...
Manufactures	,,	125	130	132	125[3]	...	131[3]	...	150[3]	...	...	...
Exports:												
Total	,,	113	116	111	108[3]	...	109[3]	...	118[3]	...	121	106
Manufactures	,,	115	118	113	110[3]	...	111[3]	...	120[3]	...	...	...
BY AREA												
Imports:												
Dollar area—Total	£ million	70·9	80·3	65·5	64·1	68·9	62·1	65·4	60·8	69·0	70·8	60·0
,, ,, USA	,,	33·9	40·1	29·2	21·1	27·5	23·7	27·0	24·7	29·0	28·2	23·8
,, ,, Canada	,,	29·0	26·7	25·7	32·9	30·4	26·9	25·0	23·7	28·5	28·8	25·8
Non-sterling OEEC countries	,,	79·4	80·6	80·1	80·5	86·9	75·0	86·6	82·6	89·9	96·0	79·6
Sterling area	,,	124·5	127·0	117·2	113·8	127·7	115·3	133·2	117·4	121·1	128·2	112·8
Exports:[5]												
Dollar area—Total	,,	45·1	47·7	48·9	45·0	51·2	44·5	67·4	64·2	56·5	60·8	54·5
,, ,, USA	,,	21·5	21·5	24·4	22·5	23·9	22·4	37·5	35·0	31·9	33·0	31·0
,, ,, Canada	,,	15·2	16·6	16·1	16·4	19·7	14·4	21·7	21·4	15·7	20·5	15·1
Non-sterling OEEC countries	,,	74·8	78·0	72·7	62·6	75·2	73·5	86·6	81·0	69·4	80·1	69·7
Sterling area	,,	119·9	124·5	120·5	97·7	135·4	119·6	118·4	125·5	104·5	120·9	110·3
Balance of trade (exports less imports):												
Dollar area	,,	−25·8	−32·6	−16·6	−19·1	−17·7	−17·6	+ 2·0	+ 3·4	−12·5	−10·0	− 5·5
Non-sterling OEEC countries	,,	− 4·6	− 2·6	− 7·4	−17·9	−11·7	− 1·5	Nil	− 1·6	−20·5	−15·9	− 9·9
Sterling area	,,	− 4·6	− 2·5	+ 3·3	−16·1	+ 7·7	+ 4·3	−14·7	+ 8·1	−16·6	− 7·3	− 2·5
TRADE IN SELECTED COMMODITIES												
Imports:												
Wheat	'000 tons	398·4	377·5	376·8	440·1	518·9	368·7	459·8	349·4	352·9	407·4	307·7
Meat	,,	72·4	74·2	69·5	64·0	72·1	81·0	76·2	60·4	50·7	78·8	61·4
Sugar, unrefined	,,	194·3	235·0	220·1	170·8	181·2	197·9	245·8	203·2	203·3	193·1	145·9
Raw cotton[1]	mn. lb.	27·0	30·6	21·5	23·4	23·0	21·5	19·3	18·2	29·2	31·9	23·3
Raw wool, sheep's and lambs'[1]	,,	53·2	51·6	51·2	45·8	28·5	34·9	77·3	61·3	58·9	63·6	33·5
Rubber, natural and synthetic[1]	'000 tons	18·2	22·7	17·0	21·5	22·9	9·9	17·0	14·5	13·5	16·5	21·4
Softwood[2]	'000 stds.	104·8	119·8	106·4	131·4	188·8	145·1	78·5	92·7	162·9	197·9	160·5
Woodpulp	'000 tons	183·3	178·2	175·2	190·5	177·2	177·9	171·5	189·5	177·0	151·4	176·2
Crude petroleum	mn. galls.	618	604	732	684	772	802	968	981	845	862	800
Exports of UK produce:												
Coal, including bunkers	'000 tons	312	666	403	410	475	363	274	279	295	368	310
Woven piece-goods—cotton[3]	mn. sq. yds.	40	38	32	26	31	30	29	33	25	28	30
,, ,, ,, wool[2]	'000 sq. yds.	9,107	9,029	7,887	6,937	7,938	7,843	8,658	9,677	7,157	9,305	8,755
Passenger cars and chassis	number	27,848	35,360	40,336	31,975	49,945	34,921	55,358	60,349	47,586	53,561	38,147
Commercial vehicles and chassis	,,	10,506	10,216	9,306	6,116	11,360	8,747	10,791	12,995	9,953	11,903	8,795
Agricultural tractors	,,	7,482	9,411	8,711	8,665	11,734	7,549	11,441	11,350	9,609	9,657	9,045
Machinery—electrical	£'000	5,314	5,612	5,836	4,861	6,655	5,948	5,909	6,323	5,573	6,091	5,303
,, other	,,	38,657	42,214	42,784	37,218	45,103	39,870	50,164	51,840	42,629	49,456	45,442
Chemicals, elements and compounds	,,	4,948	5,219	5,025	4,552	5,165	5,716	6,272	6,257	5,337	6,409	6,026

(1) Retained imports. (2) Owing to changes in classification, 1959 figures are not strictly comparable with those for earlier years. (3) Average for second quarter. (4) Average for third quarter. (5) Annual figures include re-exports of second-hand aircraft and exposed cinematograph film. (6) In 1959, indices for total imports and exports, but not for the classes, are adjusted to include trade with the Channel Islands.

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APPOINTMENTS

MALAYAN INDUSTRIAL DEVELOPMENT FINANCE LIMITED

Appointment of a General Manager

Negotiations are now in an advanced stage for the establishment of the above Company, the function of which will be to assist in the establishment and development of private industrial enterprises in the Federation of Malaya. The Company will have an initial capital of Malayan $15,000,000. The principal shareholders in the Company will be the Government of the Federation of Malaya and the leading Banks and Insurance Companies operating in the Federation. It will be registered as a public company under the Companies Ordinance of the Federation of Malaya and will be conducted as a commercial undertaking.

A GENERAL MANAGER is required to undertake the organisation and management of the Company, subject to the directions of the Board. One of his most important functions will be the detailed examination of all applications made to the Company for financial assistance, and the assessment of their soundness. Practical experience in this field would be an advantage, but the essential qualifications are energy, integrity, business ability and sound judgment. In addition to the administrative responsibilities of his post he should be prepared to travel extensively. Remuneration will be fully commensurate with qualifications, experience and responsibilities.

Applications, which should include full career particulars and the names of three referees, should be sent to Dato O. A. Spencer, P.M.N., C.M.G., Chairman Designate of the Company, c/o *The Prime Minister's Department, Kuala Lumpur.*

STATISTICIAN/ECONOMIST, not over age 27, required for Investment Department of an important financial Institution at its Head Office in the City of London. Previous Investment experience is not necessary but academic or professional qualifications are desirable, though not essential. Excellent prospects.—Replies, which will be treated in strict confidence, should be sent to The Personnel Officer, Box No. 2844, c/o Charles Barker & Sons Ltd., Gateway House, London, E.C.4.

APPRAISAL OF NEW PROJECTS

The National Coal Board's recently formed Process Development Department is responsible for the development of new processes for treating coal, particularly those for making smokeless fuels from small coal.

A vacancy arises for the Head of the Assessment Section who will be responsible for the economic and technical appraisal of projects. Besides examining new projects, he will keep development projects under critical review to determine the effects of changes in circumstances or design.

The successful candidate will have had comparable experience in industry and will possess a good degree in mathematics, including mathematical statistics, or in pure or applied science.

There are attractive conditions of service, including superannuation. The salary will fall between £1,900 and £2,850, and will be reviewed annually.

Applications should reach the Headquarters Staff Manager, N.C.B., Hobart House, London, S.W.1, not later than October 14, 1959, and should be marked (X.1529/2D).

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For other appointments see page 85

EXECUTIVE

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Further particulars and form of application from the Registrar, College of Advanced Technology, Gosta Green, Birmingham, 4. Applications to be received within 18 days of this advertisement.

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A work study organisation is being set up by each of the Scottish Regional Hospital Boards. Initially a total of eleven new superannuable posts are to be filled.

Region	Base	Chief Work Study Officer	Salary Scale	Work Study Officers	Salary Scale
Western	Glasgow	1	£1,450 — £1,750	2	£1,000 — £1,270
South Eastern	Edinburgh	1		2	
Eastern	Dundee	1	£1,150 — £1,400	1	
North Eastern	Aberdeen	1		1	
Northern	Inverness	1	£1,050 — £1,300		

CHIEF WORK STUDY OFFICERS

Applicants should be over 30 years of age, have substantial practical experience in work study or other appropriate management efficiency technique, and have the personal qualities necessary for introducing work study in this new field. They will be responsible for assignments in particular hospitals and the development of work study in their Region.

WORK STUDY OFFICERS

Previous experience is not essential. Training will be given as necessary. A University degree, or experience of hospital administration, would be an advantage. Some posts are likely to be filled from outside but preference will be given to those engaged in hospital administration who wish to gain experience in work study.

Apply to Hospital Work Study, 64 West Regent Street, Glasgow, C.2, within 14 days, giving full details and the names of two referees. State post(s) applied for and order of preference.

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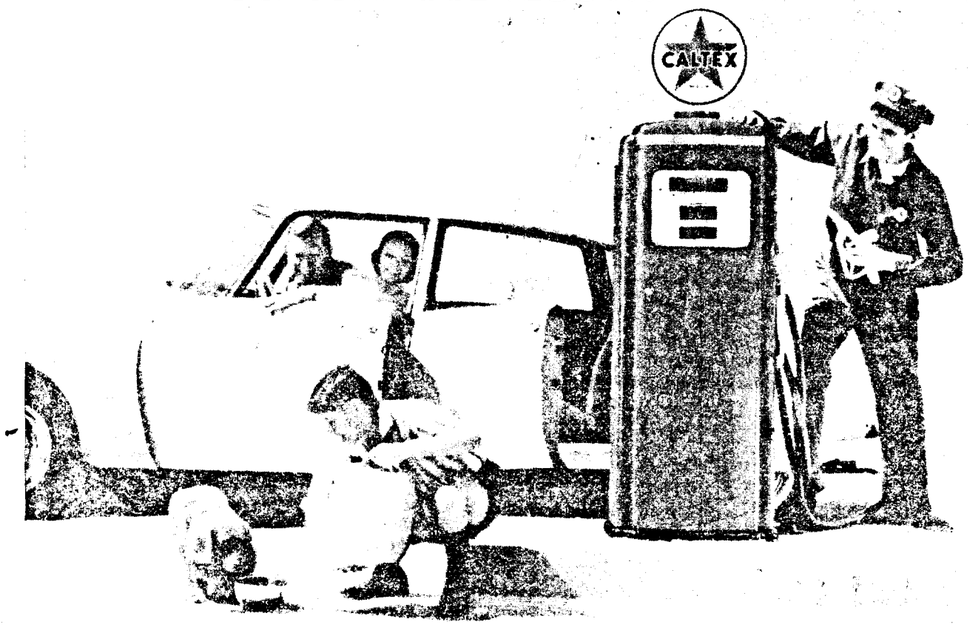

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HER MAJESTY'S GOVERNMENT

(Page 115)

Inquest on the Election

The campaign of 1959 will have a marked effect on the way in which future elections are conducted (page 117)

America at 5 Per Cent

(page 159)

Reluctant Dragon

Mr Khrushchev is having a hard job getting China to toe his present line (page 119)

Autumn Thoughts for Democrats

The elector is now invited to consider how democracy is doing in the wider world (page 121)

Slowly into Space

The Americans recognise that they are unlikely to overtake the Russians soon (page 137)

World Politics and Business

"My boss is very understanding!"

"I'm his secretary. He's found the ideal desk for my job—plenty of desk space, with a delightful glare-free working surface.
"And when I want to type, my machine comes up from its cupboard at the touch of a finger—even when using an electric model. It is stowed away just as easily.
"The drawers simply glide; three small, or one small and one large, with suspended filing in the latter if desired, and trays for pins and things in the centre drawer.
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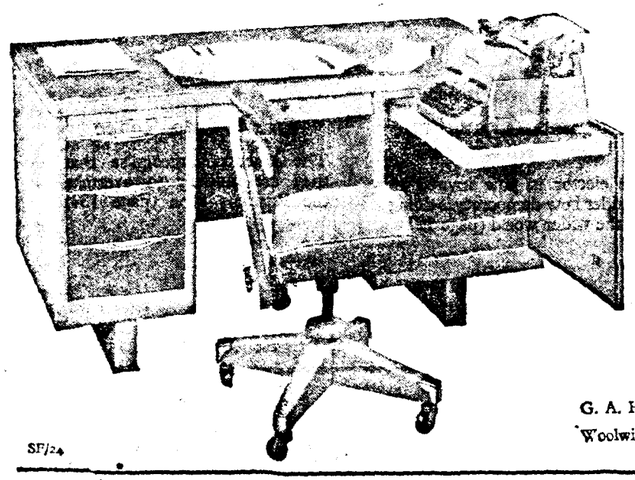
To get the best out of your secretary, you really should get her a



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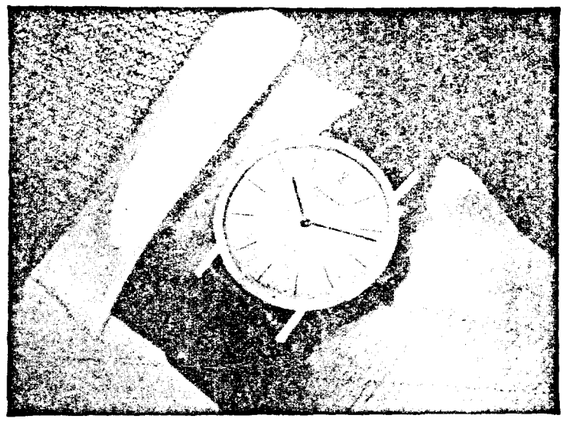

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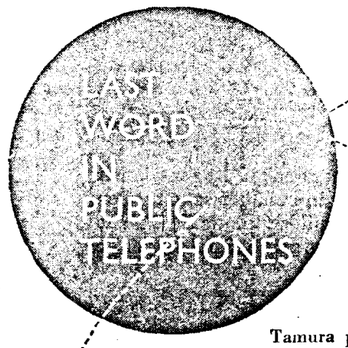

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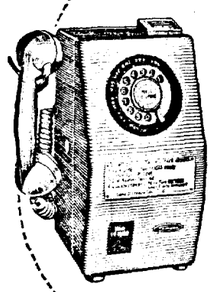

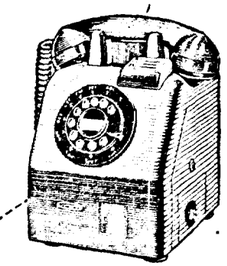

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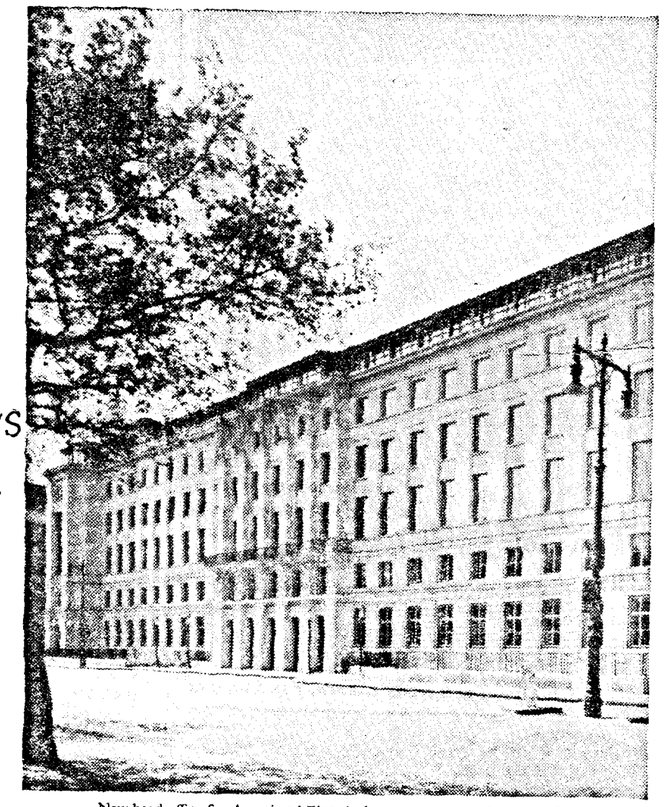
THE GUARDIAN

Aluminium windows are my favourite because I don't like painting and they don't need any



New head office for Associated Electrical Industries Ltd., Grosvenor Place, S.W.1.
Architects: Wimperis, Simpson & Fyffe. Consulting Architect: Sir Albert Richardson K.C.V.O., P.P.R.A.

"*The child doesn't like painting?*"

"She's trying to explain that Williams & Williams aluminium windows don't need painting."

"*Williams & Williams?*"

"Come, come, you must have heard of Williams & Williams. No?"

"*No.*"

"I suppose you've heard of Gilbert & Sullivan? Laurel & Hardy? Oxford & Cambridge?"

"*Yes. But they don't make aluminium windows do they?*"

"Forget I ever mentioned them. I'm trying to tell you about Williams & Williams. They make practically everything."

"*Do they make aeroplanes?*"

"All right. You win. They don't make aeroplanes. But they're so well known in building construction that every architect, every builder, knows their name as well as his own. Now you're going to tell me you're not an architect or a builder."

"*Yes.*"

"To resume. These aluminium windows don't need painting. Builders like them because they're light to handle and because plastic strips can be used instead of putty. Customers because they don't rattle. Incidentally, Williams & Williams make most of the aluminium windows used in this country. Clear?"

"*I suppose so.*"

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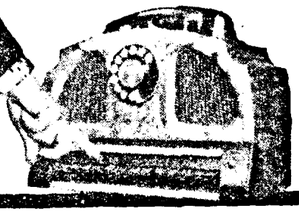

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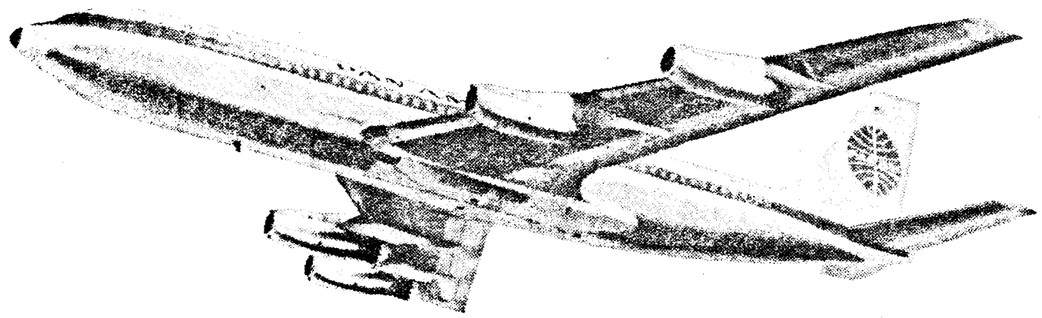

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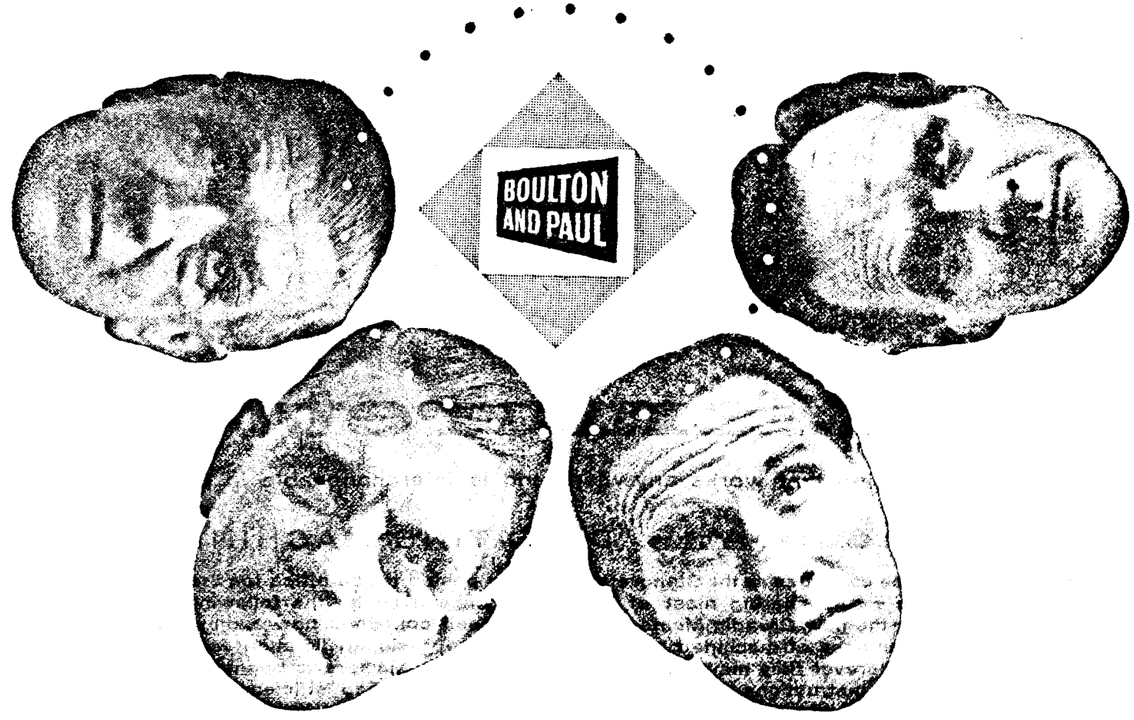

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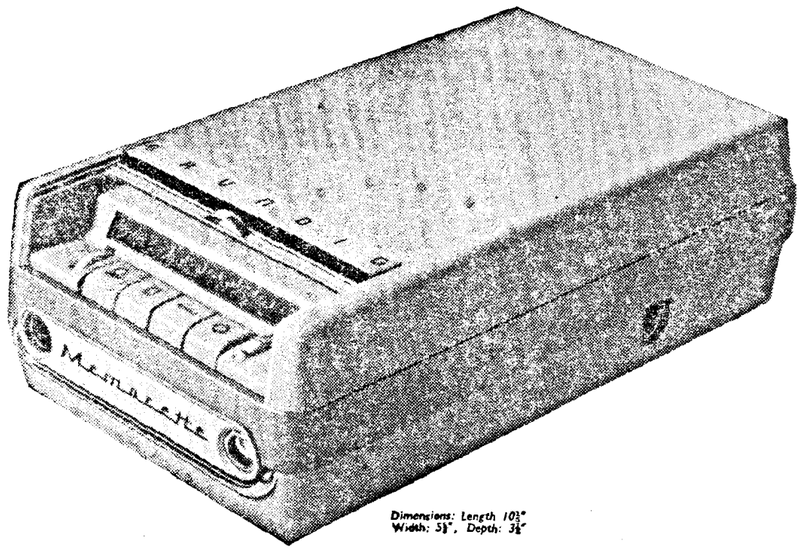

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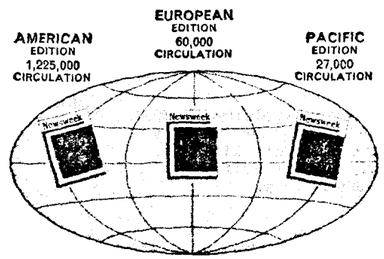

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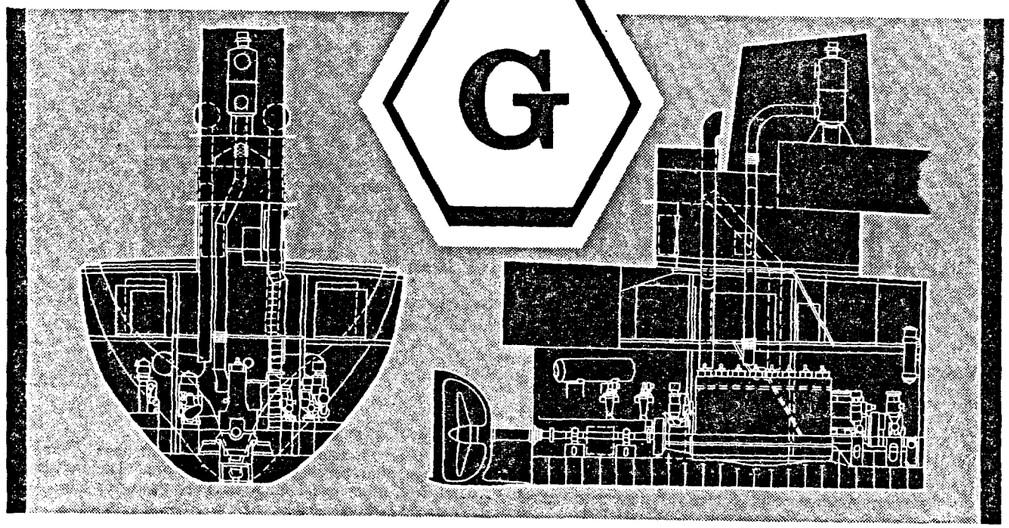

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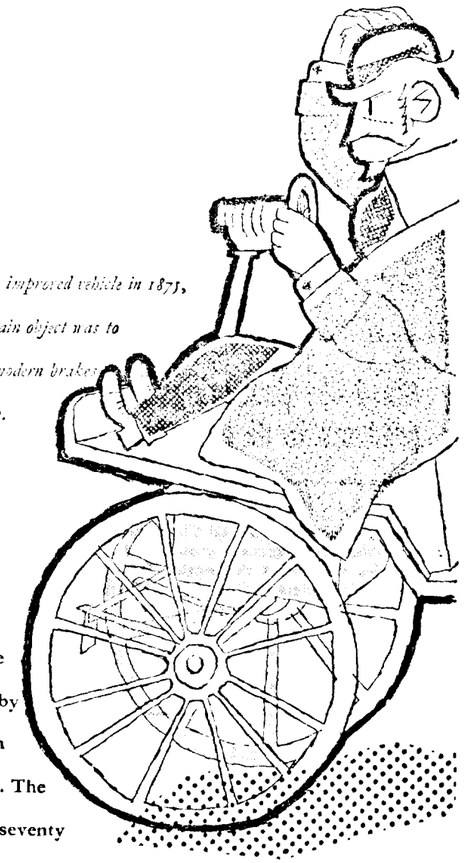
ANNUS MIRABILIS

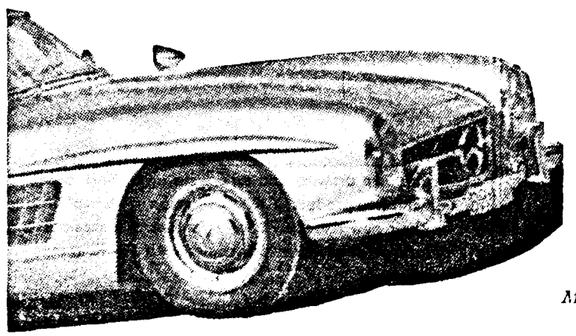
start....

Siegfried Marcus took the first motor ride in 1865. He built a much improved vehicle in 1875, which is preserved in the Vienna Technical Museum. In those days, the main object was to make the car go. Nowadays it is equally important to make it stop, and modern brakes must be capable of dealing with increased loads, higher speeds, frequent use.



and stop....

Some of the world's most advanced motor vehicle designs use brakes in which the linings or pads are attached to the shoes by Redux adhesives. Longer life, greater efficiency, freedom from chatter and from scoring are a few of the resulting advantages. The same method is used for bonding the structures of more than seventy types of aircraft. Redux, developed by CIBA (A.R.L.) LTD., is one of a range of structural adhesives used throughout industry for bonding metals, glass, ceramics, plastics, wood, rubber and many other materials.



Mercedes-Benz 300SL in which Redux is used for bonding brake linings to shoes. Photograph by courtesy of Daimler-Benz A.G.

May we send you further information?

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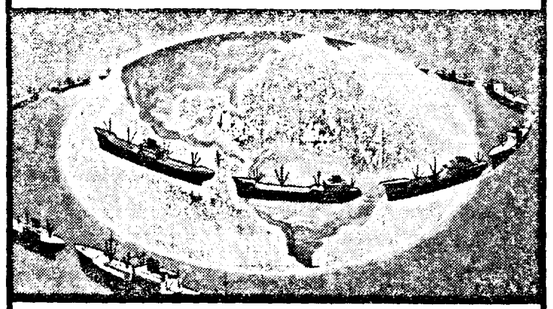

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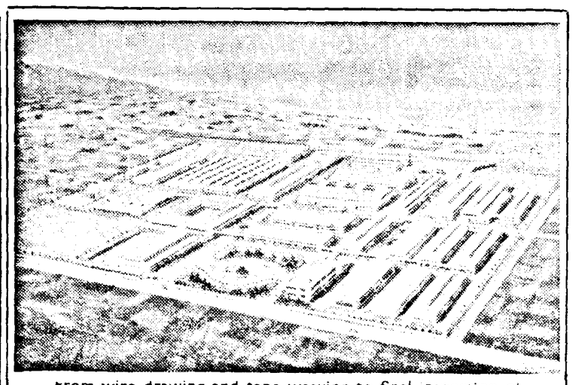

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Pistols for two

Dear Sir Julian,

Father brought you to school last Open Day so I expect you know who I am. I think I ought to inform you of certain activities on the part of a Certain Person which have simply got to be Stopped. (Actually it's your brother J*m*s but one can't be too careful.) I only found out by accident and a good thing I did because we don't want the Yard snooping about, anyway they'd be baffled, and if Father knew he'd blow his top. Fortunately I have made some deductions.

It began about a month ago when *The Observer came to us at home* (Sunday it must have been). This may sound nothing special but it is because we never used to have it. So Father said "They've sent us the wrong paper again." And Mother said "Oh no dear it's for me" or some stuff like that but the point is the way she said it. I knew she was covering up like mad for something because she isn't all that struck on newspapers not as a rule.

So I said nothing just hummed a merry bar or two. Mother laughing and talking in a most unnecessary way and Father looking huffed and hipped. So I picked up this Observer and read a bit (this was at breakfast) and Father said "Very good paper" in a voice simply choking with curiosity and things. Then Mother hid it! (That afternoon.) Then next Sunday it came again—and I found the 64,000 dollar answer . . .

*Your brother J*m*s is carrying on a Secret correspondence with my mother in the Personal Column of the Observer!* It seems incredible, because she's well over thirty-three, but there it is (and I'm sure it's him, from certain chance remarks and other subtle clues). Weird stuff, terrifically passionate—well if you look at last week's copy you'll see what I mean. And Mother sending him answers now, simply chronic! But that one from "A Friend," *that's me!* I couldn't afford more than two lines so either he didn't understand or he lost his nerve, because he never turned up. I waited ages.

I thought if I slapped his face he'd have to fight—somewhere private, *obviously we must keep it out of the papers.* We could have a secret rendezvous at dawn and a password . . .

THE OBSERVER

wouldn't be a bad one. Afterwards the winner would have to leave the country, but I wouldn't mind that. You could be his second if you like so please will you tell him as a man of Honour he can't refuse, if he *is* one. I'd better not sign my full name.

Yours sincerely,

Stephen X.

By the way, is it true what Father says you sometimes write for the Observer? The rugger reports are 1st class, also the athletics.

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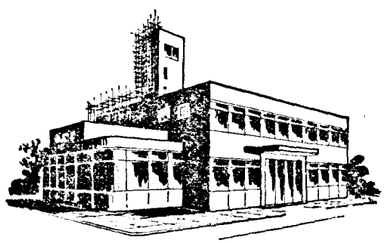

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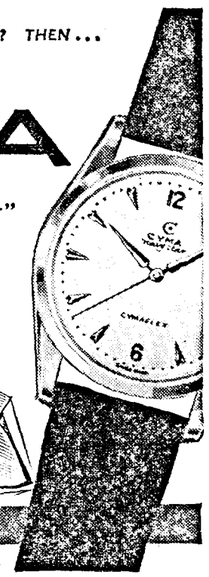

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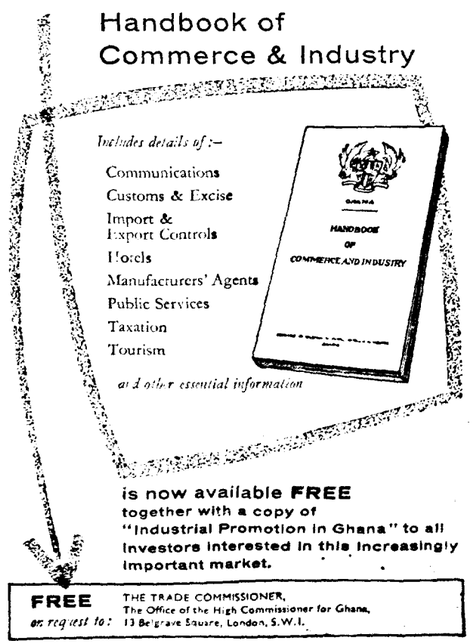

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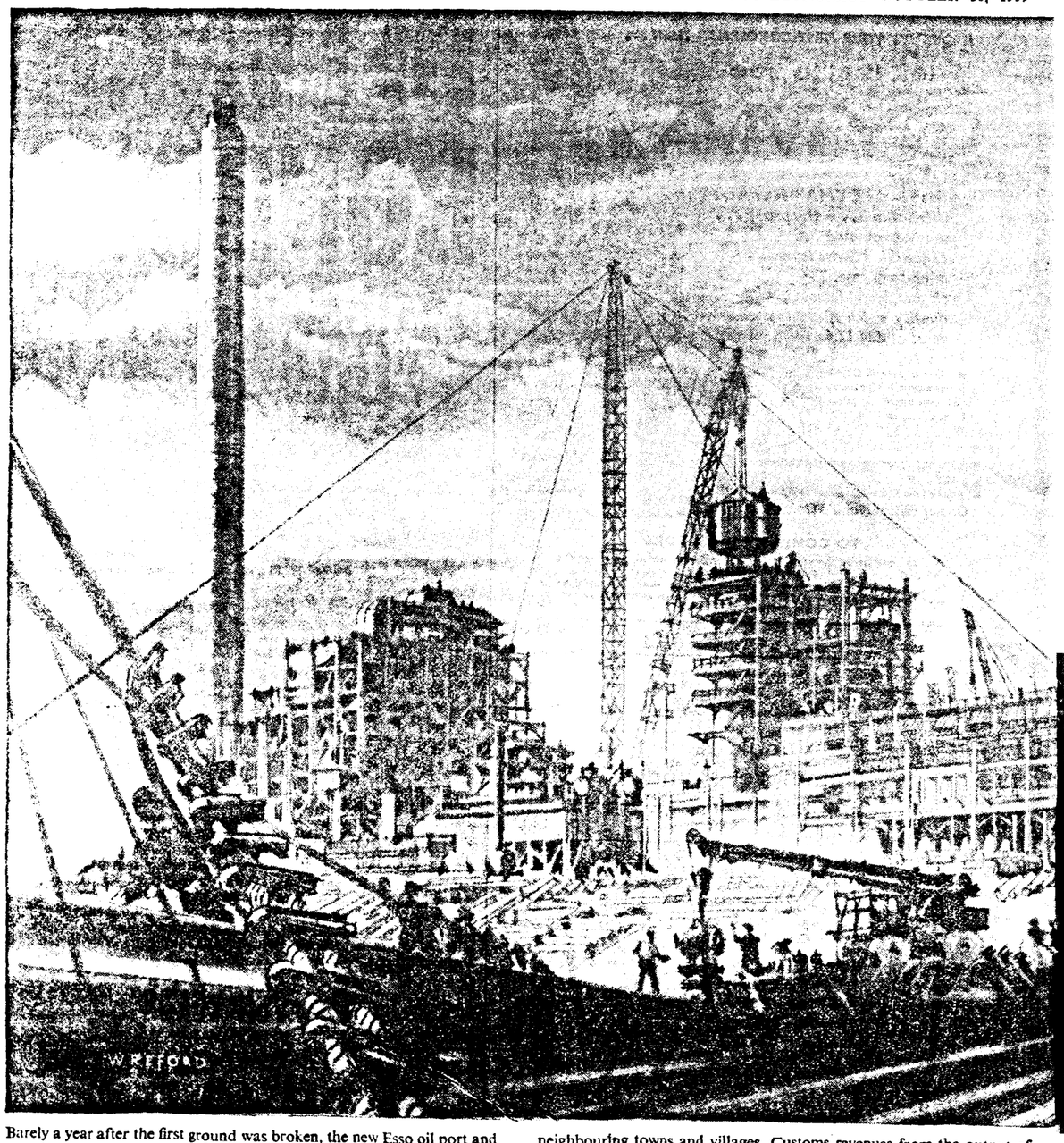

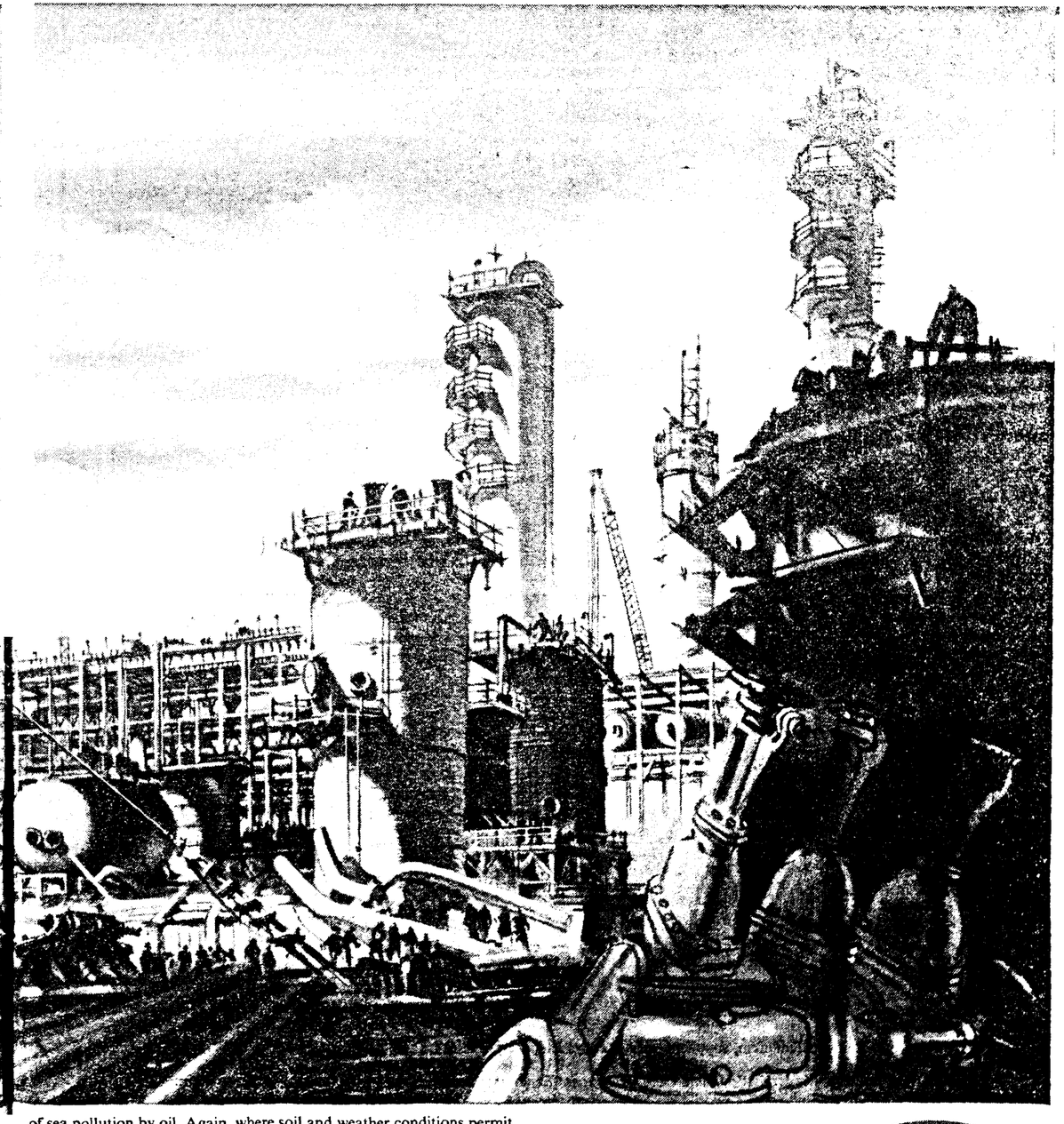

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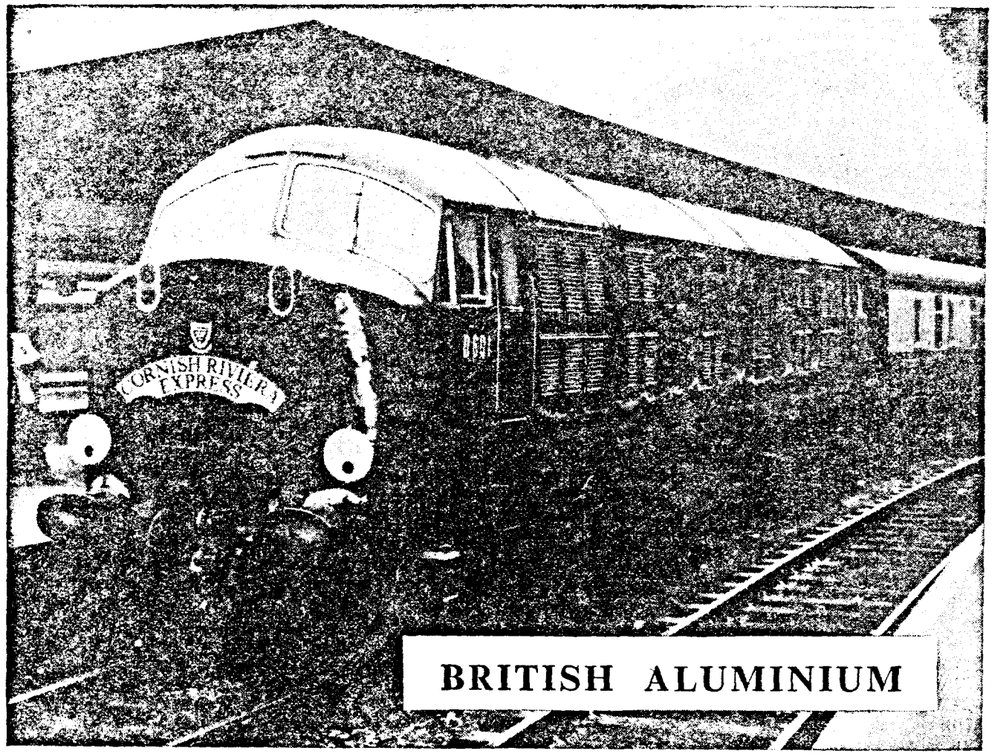

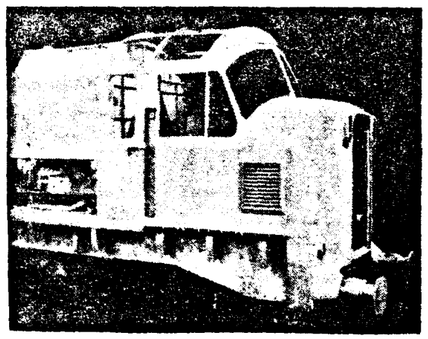

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VOLUME CXCIII . NUMBER 6059

Her Majesty's Government

THE first results on Thursday suggested that the Conservative Government is returning to power. Never mind the changed majority, or the implications of the campaign and of the voting; those can be discussed next week. That the Tories should return for this third time running with any majority is a sufficiently remarkable achievement. It is one that few people envisaged as remotely probable eighteen months ago. But it is also an achievement which carries some dangers for the future management of this country. If Mr Macmillan is to take up the Queen's commission again, there are certain very specific things that independent well-wishers ought to say.

The first thing that Mr Macmillan ought to do is to shuffle the members of his team about. If we are not, after eight years, to have a new Government in political colour, we need a new Government in personal complexion. This is not because the old team was a failure. It is because most individual senior ministers have been in their departments long enough both to accomplish the things that they most urgently wanted to do, and to think up all sorts of reasons why the things that they have not yet dared to do would be politically or administratively impossible. Only a Prime Minister can know all the complexities involved in cabinet-making, and it would be absurd for an outsider to be importunate in his recommendations. But, for preference (though this may be an unlikely forecast), one would now like to see Mr Amory move to the Foreign Office, Mr Macleod to the Chancellorship, and the Ministry of Labour taken over by a man who should have five qualities: he should be sufficiently outspoken in his oratory and able in his administration to make an impression upon the country, but not sufficiently young or ambitious or prominent to be able to look forward to possible future Prime Ministership, and thus perennially anxious to save himself from becoming "too controversial" in the eyes of one half of the electorate. Among several possible candidates, perhaps Mr Boyd-Carpenter's is the sort of name that most readily comes to mind.

Whoever the incumbent, it is at the Ministry of Labour that the key to the success or failure of this new Tory Government will lie. The country has just passed through an extraordinary election campaign in which almost the sole subject shouted on the hustings was how the parties would spend—in Labour's case greatly overspend—the 3 or 4 per cent increase in annual production which everybody now apparently assumes to be Britain's birthright. What nobody liked to mention, however, was that Britain will not get this 3 or 4 per cent annual increase—and certainly will not be able to spend it on social reforms—if, in the conditions of very full employment which such a sustained rate of expansion would require, trade unions are going to get 5 or 6 per cent annual increases in wages. Everybody knows in his heart that wage inflation on the scale of 1956 or 1957 would compel any British Government to put a check to expansion at least as sharply as the last Macmillan administration then had to do.

The change of policy that is required at the Ministry of Labour does not involve anything so undemocratic as compulsion of the trade unions or anything so simple as mere discussions with them (though by all means let the Minister hold these). The change required is more subtle. For the larger part of the last Parliament the Minister of Labour leapt in with his conciliatory powers whenever he saw a chink of light in an industrial dispute—on the assumption

that his principal concern should be to avoid the continuation of strikes. From the start of the new Parliament he should leap in with his propagandist influence whenever he sees a warning signal in impending industrial settlements—with the recognition that his principal concern should be to avert wage inflation.

If the second Macmillan government would grasp this nettle—of accepting that the Ministry of Labour should have a responsibility to try to keep down costs—it could and should increase industrial production much more rapidly and steadily than did its predecessor; the sights for expansion could be raised up to the same sort of level as Dr Erhard's Germany has attained, and the real resources would become available for great and desirable social reforms. In these, the main concentration during this Parliament should be on large increases in national assistance rates.

One powerful if subsidiary means of keeping costs and prices down, and thus of allowing production and demand to rise, would be by a bold advance towards freer international trade. One of the first acts of the new Government ought to be to lift bodily the remaining import controls on dollar consumer goods, and another should be to make a new trading initiative in Europe. To facilitate this, Mr Maudling should be moved on (and up?) from his present office, and be succeeded by a known European enthusiast; this might be an excellent place at which to bring Mr Thorneycroft back into the Government.

ANOTHER department where a change at the top could make a new start possible is the Colonial Office. For Mr Lennox-Boyd to leave after electoral success (though at the moment of writing it is not known whether he has achieved personal victory in his marginal seat in Mid-Bedfordshire) would not be quitting under fire. He has been personally anxious to go for some time, and there would be a special advantage in his going now; just as his arrival made way for the return of the Kabaka, so his departure ought to lead up to the release of Dr Banda. If the constitutional conference on the Central African Federation is still to be held as early as October, 1960—and that would appear to follow from Conservative victory—not a moment can be lost in starting to make the preparations.

Now that it is known which Prime Minister will make the appointments to Lord Monckton's commission, these should be promptly announced. In making them it is important that the Tories should not misuse their new position of advantage. The Opposition should be given every chance to participate. Sir Roy Welensky must not be allowed to cherish the illusion that, now his "enemies" on the left are defeated, he can relax in his efforts to make Federation (with its declared aim of partnership) properly palatable to British or African opinion. The best outcome would be for the Nyasas to get regional autonomy, under any leaders whom they themselves choose, within a federal framework; and Dr Banda should be given a chance—perhaps, after the Makarios precedent, in the Dorchester Hotel—to show whether he will co-operate in drawing such a constitution up.

In most other colonial areas, a new Tory Colonial Secretary's policy will necessarily and rightly be "more of the same." Mr Lennox Boyd has, on the whole, a good and creditable inheritance to pass on. The important proviso is that there must be no loss of momentum anywhere in the movement towards self-government. In Kenya, it should be accelerated.

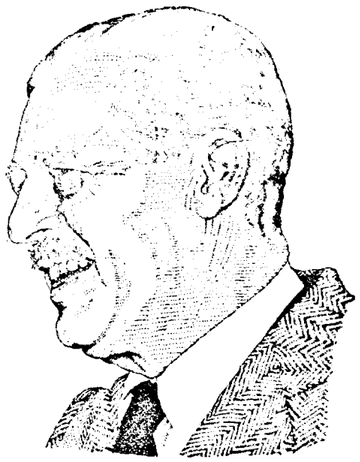
Over at the Defence Ministry, a change is equally desirable—and generally regarded as much more likely. Mr Sandys has fulfilled his function and should now be transferred (perhaps to take care, probably admirably, of science?). It is not necessarily a reproach to him that his successor's problems will seem as formidable as (and not dissimilar from) those which he himself confronted on taking office. The investment in the British contribution to the deterrent, which initially seemed to offer a financial saving or at least a means of stopping defence costs from rising, now looks like getting out of hand. Either the defence budget must go up, or still further drastic pruning of the present vestigial and inadequate conventional forces must be made, or the orders for the Blue-streak missile will have to be cancelled; and, to add to the difficulties, the recruiting rate for the regular forces, which appeared to be vindicating Mr Sandys so remarkably, is now once more heading downwards. Clearly, one of the new Government's first priorities is to make yet one more determined attempt to get a more drastic rationalisation of Britain's defence effort within the framework of the transatlantic alliance and of Nato.

ON the diplomatic front, though one's preference in a new-model administration must be for the simply prudential and firmly diplomatic Mr Amory, a change is in fact less likely. Mr Selwyn Lloyd is generally expected to soldier tenaciously on. To do Mr Lloyd justice, disarmament is the subject he handles most confidently and this looks like being much the most important content of any summit talks. Now that the election is out of the way such talks will no doubt take place very shortly. They are welcome, always provided nobody considers them to be more than they are: they should be recognised as the first preliminaries to an almost indefinitely extended process of negotiation, in which the only hope of arriving at any outcome is to keep a sense of proportion about the part Britain itself is playing and a firm grip on the principle that the real summit is wherever two and not three or more big powers are gathered together.

Domestically, in the light of the promises made by all parties in the desire to appear civilised, up to date and responsive to youth, the next session ought to be a great one for Home Office reforms—and presumably, and deservedly, for Mr Butler. The new Government should be urged to give facilities to—and allow free votes on—an unusually large quota of private members' bills. And, in contriving how we can live more freely ourselves, a Tory Britain should not forget its good manners and its duty to foreigners. Radical revision, if not wholesale repeal, of the aliens laws should rank as high as making it less frustrating to gamble or drink.

Here, then, is the outline of a policy with which the new Conservative Government could begin to set the Thames on fire. Last week *The Economist* said that the Tories deserved a vote, if not of confidence, then of hope. The early results on Thursday suggest that a majority of the electorate has shared the same opinion. The first few months of the new Government will show whether the hope is to be fulfilled by Tory reform or confounded by Tory inertia.

Inquest on the Election



When the general election campaign ended on Thursday, it was already clear that its impact on the way in which the next election is conducted will be far greater than the influence of the 1951 or 1955 contests on their successors. To begin with, nobody will ever believe again that the public opinion polls can show that a contest is an open-and-shut affair before the battle is started. The campaign should also have thrown a new light on the use of modern propaganda media and of local party organisations, and on the need for changes in election law.

THE first casualty of this campaign was complacency among those, especially on the Conservative side, who had thought that the public opinion polls showed a settled state of political alignment in the British people. Hardly any commentators had foreseen that there would be the large increase in "don't knows" during the campaign; but perhaps, looking back, they should have done. It is fairly clear who the "don't knows" who instilled uncertainty into the election were. After eight years of Conservative rule it was inevitable that a large number of people should have accumulated a load of minor or major complaints against the government; in all previous decades they would have swung firmly over to the Opposition party before the campaign started. But the Labour party has had some unusually unattractive albatrosses to haunt it during most of the 1950s—one called nationalisation, another called Mr Cousins, and a third composed of memories of immediate postwar austerity. So Labour was not an automatically attractive magnet for the dissidents against the Government; unusually for an Opposition, Labour even tended to repel some of the former fairly-faithful from its own ranks.

At times during the last Parliament the outward tide of dissidents was stronger away from one party, at times from the other; between June and September of this year the public opinion polls reported that the tide was stronger away from Labour. But it is now clear that the circumstances that evoke unfavourable responses for one party in the public opinion polls are not necessarily the same as the circumstances that evoke deep-seated and settled conversions. When Mr Macmillan announced that the moment for choosing a new Government was at hand, the dissidents from both parties thought again: they revealed themselves, to both canvassers and pollsters, as "don't knows."

The result was that campaigners in the election itself had an opportunity to sway far more votes than in previous contests. This was a development that caught the Conservatives completely unawares, and they have learned a lesson from it that they will never forget. It is unlikely that a major party will ever again go into a contest with as rigid a strategy as the Conservatives started with this time, or that either side will let the other make the news and decide the issues as unimpededly as Labour was allowed to do in the early stages of this campaign. As the campaign wore on, both sides began to realise that media of communication with the public were, after all, important.

THE most discussed—although not necessarily the most crucial—of these media was the party political telecast. Here again the Tories were caught at a disadvantage. The quality of the early Conservative television broadcasts was, from a technical point of view, almost unbelievably bad. The Tories had tied themselves down to an extravagant film effort, using outworn documentary techniques which professional television producers have long since discarded. This film, moreover, was planned too far in advance of the election and helped to contribute to the static and irrelevant feeling about the early part of the Tory campaign. The relative success of the Labour broadcasts was due to their making full use of television experience. A successful television programme can be produced only when there is full contact throughout between the producer and the principal performers. It is a question of men rather than money. The Conservatives took a long time to wake up to this.

But two other media of communication have provided surprises as well. First, the press: one of Labour's major triumphs in this election has been the way in which it secured disproportionate coverage even in Conservative newspapers by providing good, easily written news stories day after day. The Conservatives' belated copying of the Transport House technique of a really newsworthy daily conference shows how important this is. The credit for Labour's good start lies partly with Mr Morgan Phillips for the slick way in which he handled his party's conferences, but even more with the members of Labour's continuously sitting central campaign committee. This committee, an electoral innovation, was composed of Mr Crossman, Mr Driberg and some other

members of Labour's executive who could spare time for tactical planning, mainly because they themselves were candidates in rock-safe parliamentary seats.

The other surprise about media of communication caught Labour, rather than the Tories, on the hop. From the beginning, Labour cut down far more drastically than the Conservatives in the number of speeches its candidates made; the party assumed that television had killed meetings. Not until fairly late in the compaign did everybody discover that instead the so-called idiot box had increased attendances at them enormously. There are, of course, meetings and meetings. One still has doubts about the value of small schoolroom orations in the evening, which are listened to mainly by the party faithful who might be more profitably employed in canvassing. But there is no doubt that this election has shown that mass assemblies addressed by party leaders and open-air meetings are well worth while.

IT is said that this is a sign of greater public involvement in the election. Only when the figures of the turn-out are complete will it be seen whether there really has been less or greater apathy among the one-quarter of the electorate which did not bother to vote in 1955; but what can already be said is that, among the three-quarters who regularly do vote, the small number who are genuinely interested in politics has definitely gone up. Four years of mass television have done for politics what they have done for other televised sports like show jumping; they have increased the number of people who are willing to turn out to watch the most publicised figures in the flesh. Another result of this television-cum-meetings election has been to change the public images of Mr Macmillan and Mr Gaitskell; on the whole, the latter came over more favourably on the television screen, while the former had rather the better of it at most of his addresses on the hustings.

What, next, of this election's lessons about the use of local party organisations? Both major parties have been much more ruthless than ever before in concentrating their efforts in constituencies where the issue was really in doubt; indeed Labour has carried this policy to extreme limits, so that in some safe London seats it has had virtually no party workers on the streets at all, while in neighbouring marginal seats it has deployed an imported army of them. The final results will be closely scrutinised to see what effect this has had; if there is no significant variation between the swing in the marginal seats and that in safe seats, it will suggest that, save in one respect, organisational activity has a virtually nil effect. The exception is the garnering of the postal vote. The Labour party has recovered a bit from its former neglect of this, but the scope for more work on tracing removals and sick people, and securing postal votes for them, remains a continuous challenge to party organisations; during this election the Conservatives have still been administratively equipped to respond to it better. But the difference in the figures for the postal vote between one constituency and another shows how much room for improvement there still is in both parties here. It is a dreary business chasing absent friends, but no government is likely ever to abolish the postal vote or pass the burden of looking for it on to the local authorities.

OTHER changes in election law, however, are obviously necessary; and now is the time to start campaigning for them. In the first place, it is obvious that broadcasting and television are in an absurd position in relation to the Representation of the People Act; the time must come when the different broadcasting services are given the same immunities as the press. Secondly—a delicate point, but one that needs to be brought into the open—there is no doubt that the limit on expenses has been evaded during this election on quite a large scale, legally and illegally. This has happened even down at constituency level, especially in marginal seats—and both sides have been offenders. Moreover, as more and more campaign activity is centralised through regional and national headquarters, more and more money is spent outside the control of the law.

From time to time, some Labour people have hinted darkly that they might have scope after the election for stirring up a massive row about some items of Conservative expenditure. But they are in a singularly bad position to do so. An intriguing question that could always be asked by the other side is for what purpose Labour originally said it wanted a central fund of £750,000. If Transport House had financed every local contest up to the maximum that the law permits, this would still have left it with more than £200,000 to spare for preparing television broadcasts and other centralised expenses. In fact, however, Transport House always finances only a small proportion of constituency expenses, most of which are covered by money raised locally. Most Conservative agents, and some Labour ones, feel that the time is near for some increase in the legal limit, which was set in 1948 before printing costs soared. Now that the election is over, everybody who cares for the repute of British democracy should support this view. Indeed, rather than run into a repetition of some of the sleights of hand that were practised by both sides during this campaign, might it not be a better advertisement for free speech to make the change a radical one? Would it really be so retrograde to abolish the idea of a legal ceiling on expenses in individual constituencies altogether?

MOTOR BUSINESS

The current issue of this quarterly research bulletin contains the following articles:

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Reluctant Dragon

China shows little readiness to make Mr Khrushchev's diplomatic efforts easier. Can he induce it to moderate its attitudes towards the West—and towards its Asian neighbours?

"REVOLUTIONARY struggles in the western capitalist countries are developing with each passing day." One can imagine readers of last Thursday's *Izvestia* stopping to scratch their heads over these words. Some, perhaps, looked hastily at the date on the newspaper, to see if they had somehow got hold of a very old back number by mistake. It is a long time since the Soviet press depicted the starving masses of the United States and western Europe as just about to rise against their oppressors. Had not Mr Khrushchev himself, after seeing Iowa's rich farmland, allowed that "the slaves of capitalism live very well"? Was not *Pravda* reporting the British election campaign in terms which implicitly admitted that the people of these islands are free to choose, and to dismiss, their governments? So what was all this old-fashioned revolutionary talk about?

A glance at the signature below the article must, however, have cleared the puzzled reader's brow. The writer was Marshal Chen Yi, the Chinese foreign minister. That explained it. Odd though the Peking government's notions about the world might be, *Izvestia* could hardly refuse to print his piece about its tenth anniversary. The Soviet authorities did the next best thing: they severely censored foreign correspondents' quotations from the article. It may be embarrassing for a government to have to show that it regards what its own official press prints as piffle; but such embarrassments are now inherent in Moscow's relationship with Peking.

All last week, as the lavish celebration of the Chinese anniversary rolled on, speeches at both ends of the Moscow-Peking axis placed the usual emphasis on its solidarity and smooth operation. Madame Sun Yat-sen spoke of "the greatest friendship, the greatest unity, in history." The Chinese leaders praised Mr Khrushchev's expedition to America. He, in turn, assured his allies that Russia was their "faithful friend and brother." And yet the creaking of the axis was too loud to be completely drowned even by this thunder of fraternity.

Any open breach would be too catastrophic for either the Soviet or the Chinese leaders even to contemplate. One may take at full face value their fervent insistence that Sino-Soviet unity is the "chief guarantee," the "invincible stronghold," the "strong core" of the communist cause. A breach could be economically as well as politically and militarily disastrous. Peking has announced that in the first half of 1959 very nearly half of all its foreign trade was done with Russia. About 40,000 Chinese trainees have been sent to work in Soviet factories and other enterprises since 1949; 7,000 Soviet technicians have worked on projects in China. The scanty figures available indicate that Peking pays a stiff price for Russia's "selfless aid"—indeed, India seems to get Soviet credit on easier terms than China—and, at times of food scarcity, the Peking rulers have had to lecture an evidently peeved populace about the historical necessity of exporting eggs and pork in order to buy Soviet steel and machinery (and munitions). Nevertheless, as long as the Chinese communists, fearful of external influences, hug their present insulation from the world at large, they cannot free their country from an economic dependence on Russia which sometimes drives even them to muted expressions of humiliation.

But purse-strings are not apron-strings. Mr Khrushchev can bargain with the Peking leaders, but he cannot make them tamely toe his line. The Chinese communists, like the Jugoslavs, have the self-confidence of men who fought their own way to power, instead of being installed and kept there by the Russian army. They have always paid lip service to Russia's leadership and gone their own way. In the summer of 1956 they added to Mr Khrushchev's troubles by leading a restive Poland to believe that they were siding with it. Then, suddenly alarmed both by the Hungarian revolution and by an outburst of dangerously democratic thought in China itself, they veered sharply round to become the "ultras" of the communist world. Through all of last week's celebrations there still ran a strong vein of violent denunciation of "right-wing opportunists" within their own party's ranks, and of the even more heretical "Jugoslav modern revisionism."

THE Soviet leader may not greatly mind the continuing verbal bombardment of Belgrade by his oddly matched allies, China and Albania. He is visibly more embarrassed by Peking's new series of bull-headed collisions with key nations in the mainly "uncommitted" Asian and African world. Its repression of the Tibetan rising earlier this year made southern Asia uneasy; Malaya has now co-sponsored a condemnatory resolution in the United Nations Assembly. The trouble in Laos caused more unease; Japan and Tunisia have sent representatives there to take part in the Security Council's fact-finding inquiry. China's sudden revival of old claims, about which it had previously been quietly evasive, to huge tracts of Indian and Bhutanese territory, has now apparently been extended to embrace some Pakistani territory, too. Mr Nehru has been goaded into a series of outspoken rebuttals, the latest of which has just reached Peking.

The growing rift between China and the United Arab Republic also came to a head during the Peking celebrations, when the Syrian communist, Khalid Bakdash, delivered a speech in the presence of outraged UAR diplomats, in which he castigated their "dictatorial anarchist regime" (*sic*). (Our correspondent in the Middle East reports on this dispute on page 149.) The Cairo press and radio have accused China of violating the principles of the 1955 Bandung conference of

Asian and African states: warning it that this conduct must lead the Arabs to reconsider their support for Peking's claim to the Chinese seat in the UN; and calling for "Afro-Asian solidarity against Chinese expansionism in Asia."

It is ironic to recall that only last year a permanent Afro-Asian Solidarity organisation was set up in Cairo, with the Chinese and UAR governments as its two most prominent backers. The swift collapse of China's reputation in uncommitted Asia since then is shown by an anxious comment which appeared a week ago in the press of neutralist Indonesia, whose foreign minister was just setting off to China:

> Foreign Minister Subandrio . . . can do much for peace in Asia if he can get it across to his host how perturbed Indonesia has been by Peking's behaviour. . . . How apprehensive we all are at the split between her and India, how anxious we are that China should stop blustering. . . . Subandrio should make this his top priority. . . .

Celestially unaware of the outer barbarians' complaints and fears, Marshal Chen Yi dwelt at length, in his *Izvestia* article, on Peking's success in wooing the uncommitted "new nations." The principles of Bandung and of *panch shila* had, he said, "provided good rules for friendly co-operation." As if to wipe out any lingering trace of Mao's 1949 dictum that "Neutrality is a hoax; the third road does not exist," the marshal went on to give an assurance that:

> China greatly treasures its friendship with the nationalist countries in Asia and Africa, and firmly supports their policy of peace and neutrality.

To be simultaneously at loggerheads with all the leading proponents of neutralism—Mr Nehru, President Nasser and Marshal Tito—seems an odd way of treasuring friendship. But China's friendships are frank ones. (Cairo, noting this, is accusing Peking of waging "a cold war against the neutrals.") Its ambassadors in the east European satellite countries, when invited to broadcast or to write in the local press on the occasion of this anniversary, seized the chance to hammer home their gospel of people's communes—about which Moscow remains unhappily reserved. Teng Hsiao-ping, the Chinese party's general secretary, even broke into the sacred pages of *Pravda* with a long justification of the communes, punctuated with swipes at unidentified doubters "within our own ranks."

WHILE Mr Khrushchev remains firmly in the saddle in Russia, and while China remains so economically dependent on Russia, he need not fear any open criticism of his own policies from Peking. Yet, to the Chinese, his ideas must often sound shamelessly unorthodox. His faith in a quick and easy victory for communism through peaceful competition may not amount to "revisionism"; but in Peking it may seem suspiciously akin to the optimistic heresy of the "economists" whom Lenin fought and vanquished sixty years ago. The Chinese are not likely to carry their slogan, "Let rival schools contend," to the point of publicly challenging his views. They have, however, made their point clearly enough by withholding their endorsement, and by continuing to stress, for instance, the "menace of American imperialism," which the Soviet leader is now playing down even to the extent of omitting it altogether from the newly published slogans for Russia's own revolutionary celebrations. He left Peking without the expected joint communiqué, and there was an almost pleading note in his parting messages.

It might be argued that China's stubbornness could really suit his tactics quite well, by pointing up his relative reasonableness, and by giving him a fulcrum on which to pivot. But the divergence of interest seems too real for that explanation to hold water. China's present plans necessitate rigid internal discipline, and to maintain an atmosphere of external peril is the best way of securing this. Mr Khrushchev, on the other hand, wants a degree—a carefully controlled degree—of relaxation, for two good reasons. First, as long as anything up to a quarter of Russia's whole economic effort has to go into armaments, his aim of catching up with western living standards is imperilled. Second, he relies heavily on his belief that the Afro-Asian world must swing into the communist camp; and here, too, China's aggressive postures make his task more difficult.

The divergence may be easily interpreted in terms of the "stages of growth" analysis which Professor Rostow published in *The Economist* of August 15 and 22. Mr Khrushchev's Russia is mature—with, indeed, many of the symptoms of middle age. Communist China, just passing its tenth anniversary, looks like being a troublesome teenager for some time to come. The relationship between them is now an inherently uneasy one. The fact that a break is out of the question now is not much consolation to Mr Khrushchev, as he vainly struggles to draw his reluctant dragon along the path he now wants to pursue.

The Economist

OCTOBER 8, 1859

WHO SHOULD VOTE?

Q Lord John Russell could not have used an illustration which would have told more against his scheme of a gradual and uniform extension of the franchise according to the growing intelligence of the lower classes, than his appeal to the English "machine" for the administration of justice,—the judge and jury machine. . . . Well, here are two interests represented, the educated intelligence of the legal intellect,—the sturdy judgment on facts of ordinary practical sense. Neither of them is allowed to encroach on the other. The jury are not allowed to encroach on the province of the judge, however acute they may be in law,—nor the judge to decide on the matter of fact, however conversant he may be with practical life. Now, let us apply this analogy. The House of Commons is the assembly which practically rules England. . . . If the House of Commons once becomes the representative of a single class, the nation will be practically ruled by that class. To adopt the plan of gradually extending the franchise to all the "respectable" classes, would be, in reference to the analogy suggested, like constantly increasing the proportionate influence of the jury to the judge,—like allowing the jury an increasing jurisdiction over the whole case in deciding the law as well as the facts of the case, until at length the judge should disappear altogether, submerged beneath the popular element. To keep distinct the boundary between the various interests which properly claim an influence in the Legislature, it is absolutely needful that the new classes admitted to the franchise should be admitted as classes, and so as not to swamp the great interests at present represented in the Legislature. We are tired of repeating and enforcing these very obvious and just principles,—and astonished that Whig statesmen should have no better insight into the true grounds of the distinction between Democracy and Constitutionalism than they appear to evince. . . . The Legislature can never be a "machine" for getting good government, unless it be something more than a machine,—the true organic representative of the whole mind of the nation.

Autumn Thoughts for Democrats

As the afterglow of polling day fades, one may well reflect on what the modern world is doing with the ballot box—and its label

IF these islands are visible from Elysium, the Athenians of 450 BC must have been gratified to observe their pupils dutifully casting their votes this week. Surveying the world, they must likewise be pleased to see democracy, their political invention, held in almost universal esteem—while few people will nowadays speak up for those other Hellenic heirlooms, oligarchy, autocracy, despotism and tyranny. The Athenians would, of course, disown some of the systems that today call themselves democratic; but, as their own *demos* rested unashamedly on the backs of slaves, one cannot be too sure which modern system they would most readily recognise. One thing, however, is certain. Democracy is now the favourite label—whatever brew the bottle may contain—for parties and governments throughout the world; and to have one's democratic character challenged is an intolerable insult.

In party politics, we are familiar by now with Christian Democrats and Social Democrats ("a hell of a name" wrote Engels to Marx when the latter title was adopted in the 1860s); Liberal Democrats, as in Japan, may range to the far right, People's Democrats to the totalitarian left; Democratic Fronts cast their nets widely; a party of Democratic Democrats may yet be formed. Governments—particularly in states where party politics are banned—may use the label less profusely, but their attachment to it is also strong.

Thus the Democratic Republic of (north) Vietnam and the (east) German Democratic Republic, both communist states, share this attachment with President Sukarno, who, having destroyed what was left of democratic government in Indonesia, calls his new system "guided democracy." Neither General Abboud of the Sudan nor General Ayub Khan of Pakistan boasts of having done away with democracy; the latter, indeed, has launched a programme for creating "basic democracies" from the village level upwards, though he has set no date for them to reach the top. General Ne Win may postpone elections to the Burmese kalends, but he insists that they are to be held some time. General Qasim has actually named the date—next January—when Iraqi parties may resume activity. The French Fifth Republic, largely created by men disgusted with party politics, nevertheless permits itself to be "slightly" parliamentary, as *Le Monde* has put it. Guinea, perhaps, provides the most striking example of devotion to the democratic principle. M. Sekou Touré is president, premier and, for good measure, secretary-general of its only legal party—the Democratic Party.

AT present, the shrinkage of Western democracy is both absolute and relative: absolute, because fewer nations practise it now than two years ago; relative, because more and more new nations are achieving independence in conditions that make it unlikely that they will swell the ranks of democracy. This leaves the accepted "hard core" of democratic countries looking more and more outnumbered. True, there are also notable gains to register. In recent years Latin America has shed dictators with gusto. Democracy has got off to a fresh start in Colombia and Venezuela (not, unfortunately, in Cuba); it has struck firmer roots in Brazil, and is struggling vigorously in Argentina. Going back a little further, to the wave of postwar emancipation, India and Ceylon may be numbered among the countries where a new democratic system is still, however precariously, in being. And the prewar authoritarian regimes of Germany, Italy and Japan have been replaced by systems based (except in east Germany) on multi-party elections and personal liberty. But these are cases to be approached with caution. How deep do the roots go?

In west Germany, Italy and Japan, roughly continuous political combinations have held power ever since the ballot box came into use again after the war. These are, indeed, free countries, but even so the real testing time will come only when the electorate calls for a change, and the present holders of power are required to surrender it. And a somewhat similar argument applies, in very different circumstances, to the underdeveloped new nations of Asia and Africa. In most of these, one overwhelmingly strong party emerged at the time of independence, with all the prestige of having won that independence. But each such party was really a coalition, and, from the moment freedom was gained, its unity and prestige were subject to erosion. Pakistan's Muslim League soon foundered. Burma's Anti-Fascist People's Freedom League finally split last year into two factions, the "clean" and the "stable." The internal strains in India's Congress party are evident enough; one symptom was the recent formation of Mr Rajagopalachari's conservative Freedom party. The Chinese wing of Malaya's Alliance party was lately revealing its restiveness; Tungku Abdul Rahman's return to active politics restored a unity which is not, however, likely to prove lasting.

THE dilemma of aspiring democrats in underdeveloped countries is a very real one. The people may well have basically sound instincts, but what if most of them cannot read, and lack any experience in distinguishing between alternative programmes? (Alternatively, what if literacy has outrun economic opportunity, as in Kerala?) What if there is no permanent civil service capable of keeping the wheels of administration turning whatever the shifts of politics? What if a reassuringly stable father figure suddenly vanishes? When Prince Sihanouk's Popular Socialist Community won every seat in independent Cambodia's first elections, he apologised, with royal modesty, for his "too complete success." Everything suggests that at present he has, indeed, his people's solid support; but what would be the outlook if the people changed its mind?

It is of course painfully clear that a country can hardly afford to import democracy if it lacks the social and economic equip-

ment needed to work it—any more than it can afford to buy electric refrigerators for use in areas where there is no electricity. It has also been persuasively argued that the soldiers who have taken over effective power in some Asian countries represent their people's most progressive forces. It is certainly true that political soldiers have not always stood for tyranny, nor even (*pace* Lord Montgomery) for conservatism; many a time they have helped to oust a dictator, or held the ring through times of trouble and then, perhaps with relief, handed responsibility back to the civilians.

But our concern here is with classification. In the rather superficial terms of semantics, should countries like Dr Nkrumah's Ghana or President Diem's south Vietnam be called democracies, or should they not? Should "democracy" be redefined—or should four-fifths of the countries claiming the title be formally disqualified? (and by whom?). And, in more substantial terms, are we really sure what democracy is? Is the title really deserved by the accepted "hard core" of democracies in North America, north-west Europe, southern Asia and Australasia? Finally—the aftermath of polling day being a good moment for heart-searching—how pure is British democracy, and ought we to be striving to make it purer, or, alternatively, thanking our stars for its imperfections?

It may, after all, be argued that France's Fourth Republic, having almost reduced democracy to the ultimate absurdity of each man his own party, collapsed under the weight of its own perfection; or that Australia has gone a bit too far in evolving a system in which, to borrow a phrase from the former editor of one of its newspapers, Jack is not merely as good as his master, but a good deal better. If, on the other hand, we accept the complaint that the British electoral system, with its millions of wasted votes, is not really democratic, do we lament its deficiencies, or do we pride ourselves on a system that works the better because of its theoretical faults?

At this point, fantasy may be allowed to supervene. Perhaps, after all, we have never been democrats. Perhaps, like Andersen's emperor, we have been long and unwittingly naked to others' eyes. In that case, it is high time we acquired suitable raiment. We could start by stopping the salary paid to the Leader of Her Majesty's Opposition; follow up by withdrawing the Opposition's right to contest any more elections; and go on to provide more modern accommodation for the present inmates of Dartmoor, which could then be reserved for "politicals." Editors could be made liable to imprisonment for criticism of foreign heads of state (as in Indonesia), of their own head of state (as in France) or for more various offences (as in Turkey). If we then dismantled our industry and applied for Soviet and American aid, we might even qualify to join the Afro-Asian block.

But, before doing anything so drastic, we might be wise to call for an international commission to define democracy. Such a commission—including, naturally, delegates from the communist states—would, as in the case of the luckless United Nations committee that tried to define aggression, produce a rich variety of minority reports. Each country could then pick the minority report it liked best. That, at least, would be thoroughly democratic.

NOTES OF THE WEEK

THE SUMMIT

Still Cloudy

In the bracing air of East Kilbride, in a marginal Conservative seat, Mr Macmillan made a highly marginal prophecy last week that "within a few days the actual date of the summit talks will be fixed." If Mr Macmillan's vision was clear from where he stood, his words set off a sudden electric storm over Washington (the readings being gratefully recorded in Transport House) which dimmed visibility all round. Mr Hagerty, who can throw a pretty thunderbolt when he chooses, sternly let it be known that, far from the date being imminent, there was no agreement yet to hold a summit at all. Mr Herter, at his press conference on Tuesday, was suitably tactful, but no more helpful to the immediate Conservative cause. The clouds were still down over the peak. The question, Mr Herter said, was still under consultation with other countries. He did not add that one clear cause of his uncertainty was that after Thursday it might have to be taken up with another British government. It was Mr Khrushchev, in the bracing (but not marginal) air of Vladivostock, who was slightly more forthcoming: a summit "this autumn or winter" was his guess.

None of this stubbornly "don't know" caution dampened the general belief that Mr Macmillan was basically right in thinking that the summit was pretty close. Nor did Mr Chou En-lai's habitual bid for Chinese representation at the top, repeated on Tuesday, seem a serious difficulty for Mr Khrushchev or anyone else. The Chinese, although associated with the Warsaw Pact, have never insisted on sitting in on Germany's future; the conference they usually have in mind has a different agenda. But it is clear that China will have to be directly concerned in any global disarmament plans, including a monitoring system for nuclear tests. When the subject is eventually removed from the United Nations political committee, Mr Khrushchev will plainly have to go through the motions on his allies' behalf. The West should take him up. There is everything to be said for taking this chance to show Peking that peaceful coexistence can have something in it for China too.

ELECTION CAMPAIGN

The Final Shots

In a doggedly industrious way, Labour managed to dictate the course of the election campaign nearly up to its end. In the second half of last week it had seemed that the party's leaders had stumbled for the first time. Mr Gaitskell's pledge that he would never raise income tax "under normal peacetime conditions," and Labour's subsequent promise to abolish purchase tax on all essential goods, were widely admitted to be mistakes in propaganda; the central campaign committee at Transport House was caught by surprise by the first statement, and it seems to have made a last minute effort to smother the second. The door was opened to a Tory attack upon Labour's irresponsibility; the new pledges, declared Lord Hailsham, had "turned what had previously been tragedy into farce."

By the beginning of this week, however, Labour's leaders had managed to convert the stumble into a mere change of step. Labour has made some further irresponsible statements in the last week (*vide* Mr Harold Wilson's extraordinary pledge to an audience of miners that a Labour government would lay down a figure for the amount of British coal that was to be produced and used, and arrange imports of oil so that they did not interfere with this); but these have been local irresponsibilities which did not hit the newspaper headlines. By Monday Mr Gaitskell was winding up Labour's television campaign with ably rounded generalities about his party's stand for the traditional British virtues of kindness, tolerance, decency and a sense of fair play; and next night Mr Macmillan felt bound to couch his own final appeal, not in terms of bitter and specific attack, but in high flying phrases about the "trust which you hold for yourselves, your children and your grandchildren."

The *Daily Mirror* launched its expected delayed missile last Friday. After an agonising period of pretending to make up their minds, the verdict of the men who, after all, had drafted much of Labour's manifesto was "The Time has come for the Tories to Go." In sharp contrast to 1955 when their slogan was devised merely to stop a Tory tide ("Vote Labour to keep the Tories Tame"), these able tacticians decided this time to trumpet the advance. On Tuesday the headline was "Labour Now Expects to Win," on Wednesday "Don't Know's Swinging to Labour." Labour leaders went to the voting booths on Thursday with this joyous accompaniment surging in their ears, and determined not to heed the nasty last minute suggestion of the public opinion polls that their tax exaggerations of the week before had after all turned some waverers away from them. They could justly claim that they had had the field in the techniques of propaganda; their only concern by then was lest the electorate might reject their policies.

OXYGEN STRIKE

Silent Pipeline

Perhaps the most significant thing about last week's unofficial strike at British Oxygen was not the disruption that it caused—though a stoppage that put sixty thousand men out of work in less than a week is remarkable by any standard. It was rather the way in which it was prevented from causing more disruption still. There was a quiet and unpublicised agreement between some employers and union officials to allow oxygen to be imported by air from abroad in order to break the strike.

This was a very interesting development—an exceedingly effective way of stopping a strike which union leaders did not like. But it is surprising that there was not more press comment and debate on the device; in usual union terminology, after all, this oxygen was "black." The reason for the muffled conspiracy of silence was that the daily newspapers have a guilty conscience about the circumstances in which the device was first used. During this year's printing strike, there was a period when the stoppage of printing ink workers threatened to stop the daily newspapers' presses too. But after discussions with Natsopa, to quote the deputy-editor of one newspaper:

> the national dailies were able to go on appearing in limited size because ink was being imported from abroad. It was agreed with the union that this solution of a temporary difficulty would be acceptable and the arrangement should be given no publicity in case mischief-making elements tried to interfere with the handling of the ink.

To avoid difficulties and embarrassments, no word was published about the ink imports at the time and letters to editors from knowing outsiders were refused or not even acknowledged.

One can have differing opinions about whether this incident last summer means that Britain has a free press only when freedom is not too awkward. But no service will be done to public understanding of the course of industrial relations if this second incident is passed over in silence. For union officials to have agreed to this type of strike breaking twice in a year is highly significant. Among other things, it is a new way of dealing with an unofficial strike.

DOCKS

Loud Warning

Another way of staving off unofficial action has been tried this week by Mr O'Leary, national secretary of the dockers' section of the Transport and General Workers Union. He deserves every credit for the blunt warning he has issued that "disruptive elements" are planning a dock strike. Mr O'Leary's position is a difficult one. He has been frequently harassed by wildcat strikes in the past, some of them carefully organised by the tough communist and near-communist cliques which are a special feature of dockland political life. These cliques form themselves from time to time into "port-workers' liaison committees"—another way of describing bands of unofficial leaders—and ever since 1954, when the trouble between the TGWU and the National Amalgamated Stevedores and Dockers first flared up, these committees have had especially explosive issues to play on. This inter-union trouble is still simmering and since the revolutionary Socialist Labour League—a much more active group than the communists inside the NASD—has penetrated the docks in force, more trouble almost certainly lies ahead.

The immediate cause of the present agitation has been the "revelation" in the league's *Newsletter* that several amendments are proposed to the Dock Labour scheme. In the main, these amendments follow the recommendations made by the ubiquitous Mr Justice Devlin when he headed a committee of inquiry into the docks just over three years ago; most of them are relatively unimportant. But one, which would allow employers to bring in "black" labour to handle perishable cargoes during a strike, certainly is controversial; it was in fact the very issue that lay behind much of the long dock strike in 1958.

The Socialist Labour League feel that the TGWU has not opposed this amendment strongly enough, and it has been seeking support for a prospective strike in London. Its agents have also been sounding out the ground in the northern ports. But, unlike Mr Kealey at British Oxygen, Mr O'Leary has not been caught napping. He has sent a strongly worded circular about the league to his 400 officials and branches, warning them against being used as "pawns in a political game." Considering the general election and his uncertain influence in the docks, this public statement was a brave and resolute move.

INDO-CHINA

The Fate of Opposition

On the score of tidiness, the new National Assembly in Saigon will be able to give points to the new House at Westminster, for it seems unlikely to be cluttered up with anything resembling an opposition. The new assembly was opened this week by President Ngo Dinh Diem. Of its 123 members, 78 belong to the president's Party of the National Revolution; only two of the remainder oppose his policies, and neither was allowed to take his seat. The more important of the two, Dr Phan Quang Dan, was in fact detained as he attempted to enter the assembly building.

Until then, the surprise of the recent elections had been not only that Dr Dan was allowed to stand, but that he polled 10,000 more votes than the next highest vote-getter in Saigon. The dice had been heavily loaded against him: official permission to register his proposed Free Democrat Party had been withheld, so he was forced to campaign as an independent, under the handicap of being denied the right to address "assemblies" of more than five persons. Since the election, he has been convicted and fined, on charges of having used illegal means of propaganda and bribing voters with offers of free medical attention, on evidence which independent observers have called in question. A fortnight ago, his exiled supporters in Paris correctly forecast that he would not be allowed to take his seat.

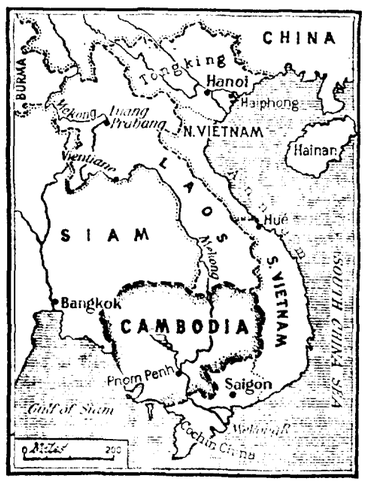
If history had been nudged in his direction instead of Mr Diem's, Dr Dan might well have become south Vietnam's head of state. In 1948, the two men were

jointly agitating for a Vietnamese congress that would be independent of French control. After their joint failure, both went into exile, both spent much of it in the United States, and both acquired the support of American politicians. In 1954, however, Mr Diem's supporters proved more influential than Dr Dan's.

It should be remembered that south Vietnam remains under threat from the communist north, and that communist terrorism in southern towns and villages has increased in recent months. But the suppression of all dissenting opinion, even when it is anti-communist, can do nothing but harm to the republic's standing and long-term stability. It may be hoped that the president will at least stop short of the extreme measures that have marred the record of another half of a divided country, the Republic of Korea.

Supervision in a Vacuum

THE controversy over the fate of the three-nation supervisory commissions set up in Indo-China after the Geneva conference of 1954 has now spread to Cambodia. The commission for Laos was adjourned, though not wound up, last year. The British Government has now suggested to the Cambodians that the commission charged with supervising the



armistice in their country should at least be reduced in numbers, and eventually suspended. This suggestion has aroused suspicion in Moscow which, in a note to London, darkly hinted at a western plot to disband the commissions throughout Indo-China. The truth is, however, more prosaic; Britain contributes £100,000 a year to the commission for Cambodia; there is, on the commission's own evidence, remarkably little for it to supervise; and if its presence retains a symbolic value, a skeleton staff would be as useful a symbol as the multitude of officials and army officers now crowding Pnom Penh's scarce hotel space.

Prince Sihanouk, the Cambodian premier, is, however, among those who find comfort in the commission's presence, although he was crossing swords with it four years ago. Now he has proposed that it should supervise a referendum in which the people will be asked whether they approve his government's neutralist policy. This would certainly provide an occupation for the commission's Canadian, Indian and Polish members. But the referendum itself seems superfluous; and referenda are not what the commission was sent to Cambodia to supervise in the first place.

FRANCE AND ALGERIA

Knocking on the Door

RUMOURS of talks hang heavily in the Paris air. From Tunis, M. Bourguiba has offered his services in bringing France and the Algerian rebels closer together. Although this has not been taken up by either side, M. Habib Bourguiba, junior, who is his father's ambassador in Paris, flew home on Tuesday with the Tunisian foreign minister, Dr Sadok Mokkadem, who was returning after a long discussion with Mr Dillon and Mr Murphy in Washington. At the same time Prince Moulay Hassan was arriving in Paris from Morocco. He denied any mission ("I have come to see my uncle and the motor show"), but the word promptly went out of another attempt to arrange a meeting between General de Gaulle and King Mohammed. This hectic diplomatic round began to look hopeful, but it was still not clear what the general's next move would be or, indeed, whether he would make one at all.

Although General de Gaulle's self-determination pledge and the FLN's cautious reply from Tunis had given the impression that a useful dialogue was going on in public, it was evident that any further progress would depend on more secret and subtle exchanges. M. Bourguiba, whose enthusiastic welcome for the general's offer ("I would have cabled: 'I'm coming to Orly . . .'") was a major French success, plainly believed that the rebels should have seized the main chance and got talks of some kind under way in the belief that, once begun, they could not be stopped short of political questions. Now that this chance has passed, the intermediaries must keep on knocking at the door of the Elysée. General de Gaulle's eventual readiness, or ability, to answer will depend on the development of positive political backing inside France and in the army in Algeria.

All in Line

FIRST reactions have not been unpromising. The anguished appeals for metropolitan sympathy coming from the extremist settler groups in Algiers have fallen on largely deaf ears. The polls show over two-thirds of French opinion favourable to General de Gaulle's Algerian policy so far, but this includes a large section that still believes full integration to be the only desirable, and officially desired, goal. Within the political parties, the non-communist Left has immediately ranged itself on the general's side, while the Independents and the neo-Gaullist UNR, although plainly restless, have not dared to come out in revolt. An extreme right-wing motion, tabled by MM. Lagaillarde and Le Pen, has had to be withdrawn for lack of support. As if to emphasise this seemingly permanent unanimity, the Assembly has abandoned its old voting methods and has now installed a push-button system.

While this political debate has been going on, the social and economic assault on Algeria's problems has got under way in keeping with the Constantine plan. M. Delouvrier, General de Gaulle's representative in Algiers, reported this week that house building had been stepped up and new industrial enterprises introduced. It is apparent, however, that a large proportion of these manufacturers were already operating in Algeria. M. Delouvrier's statistics merely showed that France is at the beginning of a long and costly haul. Perhaps his most promising news was that 100,000 more Moslem children were able to enter school this year.

PRIVATE BILLS

Two-Tier Promotion

LORD READING'S Joint Committee on Promotion of Private Bills has cut a sensible path through a technical parliamentary thicket. Last year the Kent County Council bill, whose 442 clauses and six schedules would have conferred only 98 powers on the council directly and the rest on the other units of local government within the county, practically sank the private bill machinery under its weight; it was finally ditched by the Lord Chairman of Committees and the Chairman of Ways and Means on the grounds that to all intents and purposes it "amounted to a public bill for the government of the county of Kent." Lord Merthyr, the Lord Chairman, whose ruling was upheld by a resolution of the Lords, went so far as to suggest that private bills had got so much out of hand that the precedents of the last fifty-three years should be abandoned and Parliament should go back to the old principle that no council could promote anything that was not of primary interest to itself.

The Reading Committee has rejected this contention. Now there is a two-tier system in local government a certain amount of incipient federalism is unavoidable. It is unfair to expect smaller authorities to bear all the burden of promoting their own bills, while a joint effort at Westminster will be much more economical provided commonsense is

"... the very poor penetrative power of a motor-horn"

Extracts from a 1907 Motoring Guide Book
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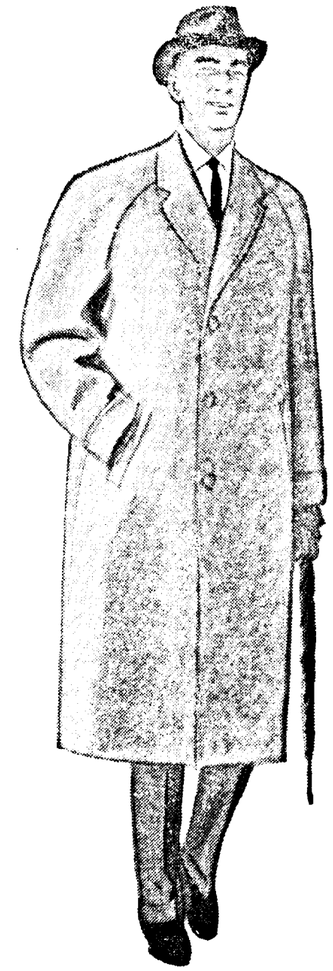

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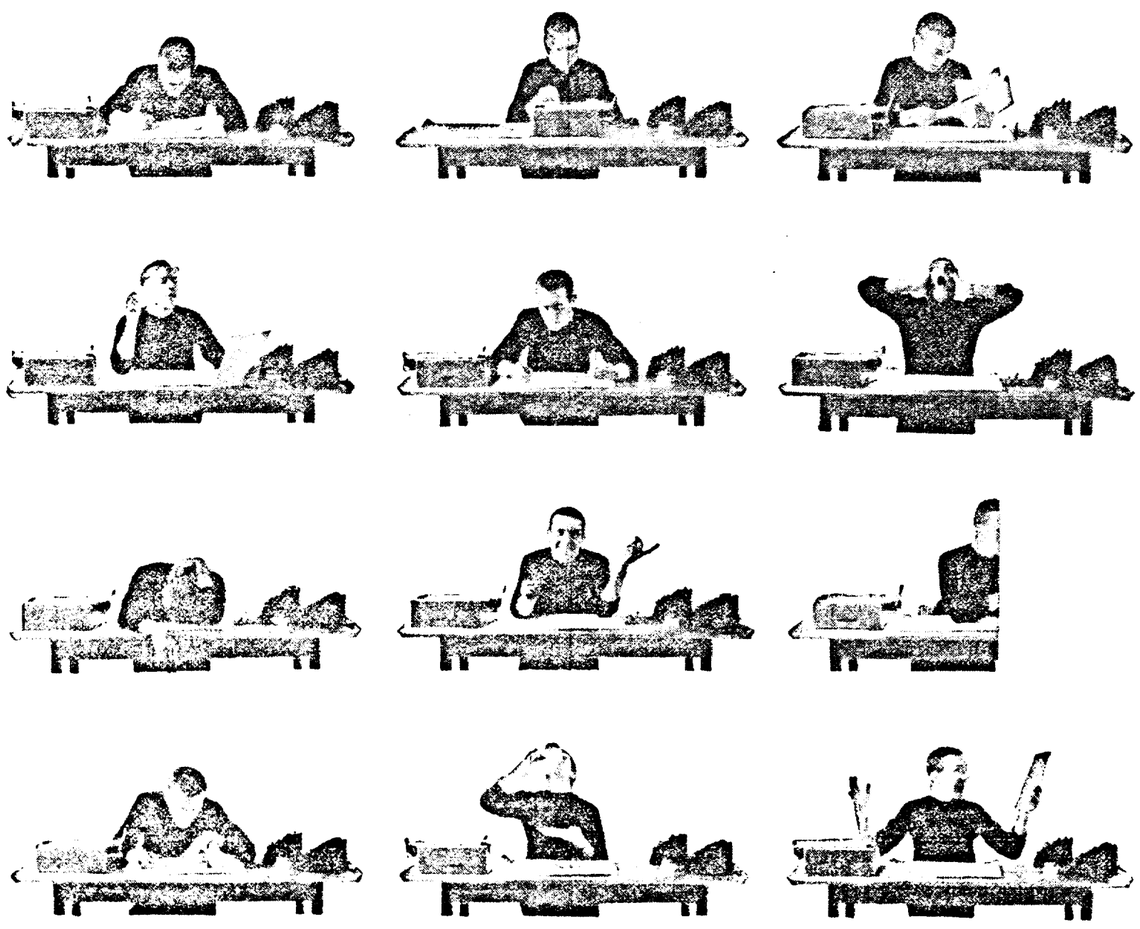

11.6 new ideas

45 cups of coffee, 76 cigarettes, 4 aspirins and 0.3 sleepless nights are used up by Graphis Publicity on average per advertisement to make sure that the idea finally submitted is a *good* idea. Here are some more vital statistics: Graphis service is second to none; all the designers put head to toe look quite horrible (they look horrible in any position); every fifth director is a psychologist; over 50% of the agency's work is on highly technical products; Graphis actually *likes* looking after medium and smaller accounts.

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employed and the system is not overloaded.

The load should be reduced at two ends. There should be more public legislation, enacting for the whole country provisions about, for example, weights and measures which become wastefully repetitive if they are the same in one county bill after another—and frustratingly inconsistent for retailers and salesmen if they are different. At the same time counties should be discouraged from just looking up the list of powers their neighbours have acquired over the years and asking for "the lot." The same safeguarding procedures (with the exception of the useless town polls) should be obeyed within the local districts which are going to use the powers the county is obtaining for them as if they had been promoting separate bills themselves. Otherwise a two-tier promotion becomes a device for avoiding a local airing of the issues, with pointed reference to the likely future burden on the rates and on the interests that may be damaged.

MENTAL HEALTH ACT

Informally to Hospital

THE provisions of the Mental Health Act are coming into force by stages, and a start has been made with the making of an order repealing a dozen or so words of the Lunacy Act of 1890. The words repealed prevented mental hospitals from admitting patients except under the procedures laid down in the Lunacy and Mental Treatment Acts. These procedures meant that even "voluntary" patients, who make up the great majority of new admissions to mental hospitals, have had to sign a form expressing their willingness to enter hospital for treatment.

From last Tuesday, however, this procedure will no longer be necessary. So long as they are not actually unwilling, mental hospital patients can be admitted as informally as if they were entering general hospitals. The old procedures themselves have not yet been repealed, and the two forms of admission—formal and informal—will exist side by side, with most patients entering informally and the old procedure of certification being used for the few that have to be admitted and detained against their will. Existing patients are being reviewed to see which cases can remain in hospital on an informal basis.

The complete abolition of the old procedures, and the substitution of compulsion for certification, have to wait, among other things, for the setting up of mental health review tribunals to hear appeals from "compelled" patients against their enforced detention; this will apparently not happen for some months. In the meantime, until the new compulsory procedure comes into force, a small gap exists in the new arrangements for informal patients—though it will not affect more than a tiny number. The Mental Health Act provides that where such a patient wishes to discharge himself against medical advice, the hospital authorities can detain him for three days on the strength of a report from the doctor in charge of his case. A similar period of grace is provided in the present procedure for voluntary patients, who are supposed to give three days' notice of their intention to leave hospital. This notice is very rarely enforced, but in a few cases it does enable a doctor to try to persuade a patient to stay on voluntarily or at least to get in touch with the relatives and make some arrangements for continuing care and treatment. Until Part IV of the new Act comes into force, however, there is no such provision for informal patients.

PERSIA

Balancing Act

A SOFT answer from Persia has, for the moment, turned away Soviet wrath. The Russian ambassador is returning to Teheran, and Moscow radio has stopped urging Persians to revolt against the Shah. The radio station in East Germany that calls itself the "National Voice of Iran" continues, nevertheless, to exploit the weaknesses of the Persian government. Word of the thaw in relations between Russia and Persia may not, of course, have penetrated the further reaches of the Soviet empire; but it is more likely that the insults are deliberate and designed as an effort to keep the Persians slightly off balance.

When the Shah led his country into the Baghdad Pact (now the Central Treaty Organisation) in 1955, he appeared to have abandoned the age-old policy of neutrality that sought to keep Persia unencumbered by responsibilities to other nations. The Russians and other enemies of the pact were anxious to get Persia out of it and, for a brief period early this year, it looked as if they might succeed. The Shah invited the Russians to Teheran to discuss a non-aggression treaty, but when they discovered that he was not willing to go back on any of his promises to his allies they left town in a huff and a hurry. Since then he has refused to take up arms in the battle of the air waves started by Moscow.

Mr Nehru's visit to Teheran last month led to suggestions that the Shah was once more exploring the advantages of neutrality, but the Shah vigorously denied this. The visit was part of the Persian attempt to be friendly with everybody. The Shah is allied to Pakistan, but he intends to keep on good terms with India as well. He is allied to Britain and the United States, but he said that he would now welcome any Soviet offer of economic aid. If the state of world politics permits him to consolidate the diplomatic achievements of the past year, he will be able to devote more of his energies to the problem of bringing Persia up to date. It is to be hoped that he is as successful in his domestic projects as he has been in his foreign ones.

IRAQ

Whose Finger?

THE tan Chevrolet station wagon was a familiar sight in the main streets of Baghdad—too familiar, as it has turned out, for the safety of General Qasim. Last Wednesday afternoon someone fired three shots into the general's shoulder as he passed through the adoring crowds of Rashid Street on his way home to the modest villa he occupies a few blocks away.

During his fifteen months of dictatorship, General Qasim has made plenty of enemies both at home and abroad. Any group of them might be responsible for trying to kill him. The dispossessed landowners have seen their property disappear as the economy crumbles. The once-powerful religious leaders have lost their influence over masses newly inspired by the promises of communists. The families of imprisoned or executed opponents of the regime might be expected to seek revenge. And there are those who, fifteen months ago, believed that the purpose of the revolution was to allow their country to join the mainstream of Arab nationalism. Outside Iraq, he has incurred the wrath of the Arab world and made his Persian and Turkish neighbours anxious about his intentions. There is, however, another suggestion as to the identity of those who sought to do away with him.

By the time General Qasim had thirteen officers and four civilians executed last month, he had run the gamut of communist demands upon him. Is it possible that they felt he had served his purpose, and that it was time for a change? Because the attempt on his life failed, we shall probably never know the real reason for it. The communists will doubtless find evidence that the shots were fired by a thug, preferably mentally deficient, paid with money provided by the "imperialists" to President Nasser of the United Arab Republic.

It is hard to see how any group except the communists could have hoped to gain by removing General Qasim from the scene. The recrimination that will result from his being wounded will merely weaken the forces opposed to him; his death would have brought the country to civil war.

SUDAN

Nile Valley Neighbours

DURING the past year the Arab capitals from Tunisia to Iraq have probably seen more treason trials than camels. The enthusiasm for trials has, however, abated, and the grisly proceedings of Colonel Mahdawi's court in Baghdad have had a sobering effect on the course of military justice elsewhere. In Khartoum, two former ministers and members of the ruling supreme council were among the six army officers recently sentenced to death for their part in an abortive uprising last May. Their sentences were

promptly commuted to life imprisonment by General Abboud, the president of the supreme council. The Sudanese government, having got through its treason trials without causing any major upheavals, is now prepared to take in hand the important matters which were held in abeyance during the past three months.

This Saturday, a Sudanese delegation of ten, including the minister of information and labour, the minister of commerce, industry and supply, the minister of agriculture and communications, and the minister of finance, will arrive in Cairo to discuss the problems shared by the Sudan and Egypt. Foremost among these is that of the Nile waters.

Last year, when the Sudanese wanted to take a modest sampling of Nile water to test the efficiency of the Managil extension of their Gezira irrigation project, Cairo claimed that thousands of Egyptians would starve because of Sudanese greed. It then looked as if the Egyptian army was looking for an excuse to bring about the unity of the Nile valley that was blocked when, in 1952, the Sudanese chose independence rather than union with Egypt. Recently, however, there has been a change of climate in the Nile valley. Trade between the two countries has been revived, after a short period during which the Egyptians refused to accept Sudanese produce and livestock. The Managil extension has been put into operation; the Sudanese have been using more water than they are allowed by existing agreements; and not a word of complaint has been heard from Cairo.

The Sudanese delegation will arrive in Cairo full of confidence and good will. Their visit may determine whether the waters of the Nile, from its sources to the Mediterranean, are ever to be harnessed for the benefit of all the Africans through whose territory it passes. It is to be hoped that they will be able to leave Cairo as cheerfully as they arrived.

NYASALAND

Malawi Waking Up?

NYASALAND is beginning to stir politically after the stupor which followed the suppression of disorders last March, and the imprisonment of Dr Banda and his supporters. Some of these, wearing the proud cap of prison graduate (at any rate figuratively) are beginning to return, and are already showing that they have made good use of the intensive course in applied political science which internment on political charges in one of Her Majesty's colonial prisons always provides. Mr Orton Chirwa is reported to have been made president of the new Malawi Congress party, which is, of course, the successor to the Nyasaland Congress party, of which Dr Banda was the semi-divine leader. Malawi is Nyasaland—and no doubt in its time was as great an empire as Ghana or Mali. The new party is dedicated to taking Malawi out of the Federation of Rhodesia and Nyasaland, no doubt by strictly legal means. Mr Orton Chirwa is an LIB, as well as a PG. It will be interesting to see if Mr Wellington Chirwa, who, perhaps to his embarrassment, was not "picked up" last March, but who has consistently put forward the Banda line in Dr Banda's unavoidable absence, will join—or be allowed to join—the new party. He is an experienced politician, and would be useful.

It now remains to be seen how the other two parties which have been campaigning for members in Nyasaland will fare—Sir Roy Welensky's United Federal Party and Mr Todd's Central Africa Party, both of which stand for federation, but the latter for a very rapid advance to African territorial autonomy in Nyasaland within it. The UFP has been claiming that not only has it enrolled 2,000 African card-carrying members since the Devlin report appeared, but these are demanding to be given lapel badges to enable them to flaunt their belief that federation is best for Malawi. The CAP is making only vague claims as yet. Meanwhile, four Africans have been newly appointed to the Legislative Council (two in place of Messrs Chipembere and Chiume and two additional ones to raise the total of African unofficial representation to seven in a House of 29.) The new Colonial Secretary—whether he is Conservative or Labour—will have to decide whether Nyasaland is to be represented in London in 1960 by African representatives of all, or only some, of these parties and government unofficial nominees; or whether he will talk to Banda first. In any event Lord Monckton and his colleagues will undoubtedly have to talk to them all.

TELEVISION

Africans Look In

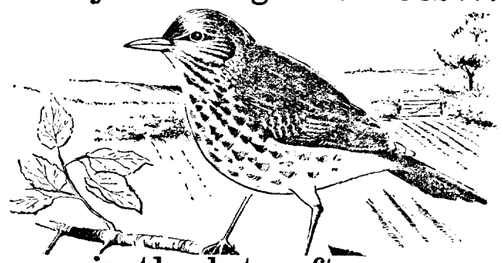
Chief the Hon. Obafemi Awolowo

A FULL public television service will be inaugurated in Western Nigeria on October 31st; transmissions started this week. Thus Western Nigeria will be able to claim that it is the first African state to have not only a sound but also a television service; both are commercial and the profits on radio will have to balance the initial losses to be expected on the screen. It is, however, a landmark when an African government decides that television is practicable, desirable and economic in African conditions. Premier Awolowo has so decided, partly on the grounds of educational expediency, and has brought into existence the Western Nigerian Radiovision Company, owned fifty-fifty by the government and Overseas Rediffusion, Ltd. The government is itself installing 1,000 receivers, and licences have been given to importers who are ready to set up servicing units; they forecast that 15,000 sets will be installed in the next two or three months.

Considering that in many African territories sound broadcasting to the local African audience is still in its infancy—and newspapers are often equally immature—this is a grasshopper jump forward. Western Nigeria is, however, in a favourable position to pioneer television in Africa, for it can serve two large towns, Ibadan and Lagos, with a combined population of 750,000. These conditions are not repeated except in South Africa. Yet a large number of African states are actively investigating the prospect of following Western Nigeria's example. Dr Azikiwe has promised the Eastern Region a television service "soon"; Northern Nigeria feels it cannot be outdone. Liberia, which is only introducing sound commercial broadcasting at the end of this year, is to have an educational television service in 1960. Ghana is making enquiries in America. Kenya has sagely appointed a commission to report. In Central Africa, a British company and the Argus Press group are said to be preparing plans for a service. The economics of African television are based on sharing advertising revenue with sound broadcasting, and on the fact that imported film programmes can be hired at a cost of £20 an hour. The far higher cost of studios and local programmes will require government subventions, to be set against the heads of education and prestige.

TELEVISION has caught the imagination in Africa much as local airlines became the rage in Middle Eastern states. But it may be more significant, because African TV involves the import of culture. It is now a very relevant question whose culture and whose image will be put over to Africans in the years ahead. This, of course, is the key to South Africa's continued abjuration of the goggle-box: television in the Union would have to transmit hours of Western TV film which would not only give the Bantu some wrong non-tribal ideas, but might also develop a taste among the Afrikaner Volk for Anglo-American amusements—and a greater interest in the English language. Yet it may be embarrassing for South Africa to lag behind where black states are so determined to look ahead on the little screen.

Early morning freshness...



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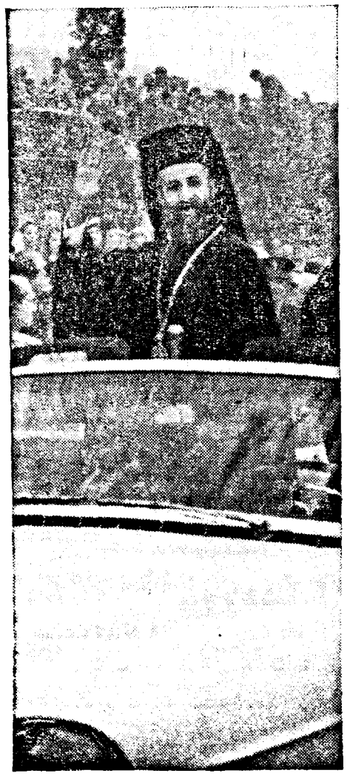
Above—Dr. Ludwig Erhard, reported on his tour through Asia.

Left—Paul-Henri Spaak described progress made by NATO during its first ten years.

Below—Archbishop Makarios stated his views on settlement in Cyprus.



Photographed by Michael Rougier

BOOKS

From Myth to Reality

Unity 1942-44 : *Volume II of the War Memoirs of General de Gaulle*

Companion volume of documents.
Weidenfeld and Nicolson. 340 pages, 30s. and 424 pages, 42s., respectively.

GENERAL DE GAULLE'S literary gifts are known. They had to guide him in the first volume of these memoirs through the dangerous territory near the frontier between the sublime and the ridiculous. The greatness was in the determination with which this junior general, stripped of almost all power, went on proclaiming from 1940 onwards that France was still at war with Germany. The danger of the ridiculous lay in the contradiction between the claims and postures of the general and the limited means at his disposal. Yet, in this initial position, claims to greatness were probably the only way of hiding the military and political nakedness. In the second volume of his memoirs, the gap between ends and means progressively narrows as first the French empire and then France itself are wrested from Vichy and German control. The crowning is the liberation of Paris. The dream has become reality. The man who was a symbol is turned into a statesman and politician; he must be judged as such.

Throughout this volume General de Gaulle continues to play the part of the self-appointed (or fate-appointed ?) guardian of French prestige and a suspicious keeper of French independence and territorial integrity. He had grounds for suspicion. The bulk of this story is taken up with the period when allied troops occupied North Africa. The Americans, who directed the landing, tried to by-pass the Gaullists and deal directly with the authorities on the spot, first through Admiral Darlan, then through General Giraud. General de Gaulle stuck to his principles, refused to compromise, proved a most awkward and stubborn partner and, finally, won his battle for exclusive representation. But his suspicion sounds sometimes exaggerated. At moments, the entranced reader loses sight of the real purpose of the war and begins to think that America's chief aim was to establish a puppet government in Paris, while the British were mainly concerned with getting rid of the French from the Middle East. Anyone who questioned the identity between de Gaulle and France, who suspected the general's prewar political leanings and wartime *entourage*, looks a knave. And the role of France, actual and potential, is shown through a magnifying glass. At one stage the author suggests that the fate of eastern Europe would have been different had he sat with the Big Three ; at another he consoles the Vatican with the reflection that Soviet influence in Europe will be counter-balanced by a French revival. Modesty was never among the general's vices.

In his squabbles with the allies, General de Gaulle could rely on the support of the resistance movement, which was gathering momentum with the prospect of German defeat. All underground groups agreed with his provisional leadership. They were the more determined to back him since efforts to by-pass him were really aimed at compromise with Vichy, the regime of their torturers. But the unity of the Resistance was temporary and superficial. Even the moment of triumph—the liberation of Paris—was preceded and accompanied by a clash between the hierarchy imposed by the General and predominantly communist underground leaders on the spot (a more detailed description is to be found in Robert Aron's " Histoire de la Libération "). The forthcoming third volume of the memoirs will probably tell the story of the struggle for power with the communists and of the way in which General de Gaulle was set aside once the communist danger had subsided. With the return to real life politics reasserted its rights.

For all the haughty elegance of the style (which does not quite come off in the accurate translation), the memoirs cannot be compared with Churchill's own as a history of the war. They do not deal with the heart of the matter. Only occasionally does the general glance at the main course of the conflict. Much place is taken by questions of protocol and prestige, the reassertion of gaullist authority over, say, Madagascar or the Pacific islands. Rather than a history of the war, it is a story of the French effort, the restatement of the Gaullist legend, which some Frenchmen needed to restore their national pride. It is significant that in the general's version more emphasis seems to be put on the exploits of French army units than on the popular movement of the Resistance.

This book will be read not only because of the light it throws, together with its documents, on important side-issues of the war. Its author has now returned to power, and readers will also seek in these pages clues to his policies and personality. In foreign affairs, General de Gaulle's chief resentment was against the United States and Roosevelt's alleged bid to dominate western Europe through an American peace. His main grudge against the British—besides the Middle East—was their subservience to the United States. Churchill's reported outburst: " . . . each time we have to choose between Europe and the open sea, we shall always choose the open sea. Each time I have to choose between you and Roosevelt, I shall always choose Roosevelt " has left its mark as a statement of policy not a personal slight. Diplomacy, the General admits, recognises only realities.

As to the personality, it is revealed throughout the book. Some will be impressed, others jarred, by that third person singular in which the author writes about General de Gaulle. He undoubtedly considers himself an instrument of destiny. Ever since 1940 he could echo undisturbed, whatever the circumstances, the famous motto *L'Etat c'est Moi*. All collaborators are paid a compliment. But politicians, parliaments and elections are seen as a nuisance hindering the unity between " the people and the leader." Having reduced these " nuisances " to a minimum, General de Gaulle is still trying to perpetuate his legend. But politics, too, recognises only realities.

Land's End to Margate

The English Channel

By J. A. Williamson.
Collins. 381 pages. 25s.

THE English Channel has been generally more valued than loved. We know that it has saved us from Hitler and his less horrible forerunners, but personal memories of seasickness and herded formalities in customs sheds are apt to dim the glow of historical consciousness. The yachtsman and the sailor, of course, view the matter differently. They know, as Dr Williamson knows, that the Channel does not consist of three or four ports served by boat trains but extends from Land's End to the mouth of the Thames. To write the history of so wide and various a stretch of coast from prehistoric times to the present day, to watch the passing ships with the eye of a seaman and the curiosity of an economic historian, to evoke vanished landscapes and to observe existing ones with hard, unsentimental realism are tasks which perhaps no one except Dr Williamson would have undertaken. That he succeeds at every point, that he is always interesting and often brilliant, will come as no surprise to those who know his books. He masters the unwieldiness of his subject by the wholeness of his learning, the force of his intellect and, above all, the sharpness of his vision. What could have easily amounted to no more than the garrulity of an antiquary with a taste for walking and sailing becomes an original insight into the history of England.

To select from a book in which the geological changes of prehistory are handled with the same ease and lucidity as the religious fashions of Victorian seaside resorts takes some thought. Of all the chapters that on the invasion of 1066 perhaps displays at its highest the author's power of reducing obscure and diverse evidence to

an elegantly simple conclusion. William chose to land at Hastings, argues Dr Williamson, because the eleventh-century coastline offered him an easily defensible peninsula, a kind of Torres Vedras, from which he could undermine Harold Godwinson by a combination of political intrigue and destructive raiding in the Viking tradition. The case is so convincingly put, and the alternatives are so fairly examined, that one can hardly doubt the soundness of the verdict.

If this chapter is the most original and powerful piece of historical criticism in the book, it is the chapters on the Elizabethan scene and the war with Spain that show the author's evocative and descriptive powers at their most compelling. Dr Williamson has studied the Tudor seamen so intensively that he has half become one himself. Their way of looking at things has left its mark on his own mind. He scorns to conceal his likes and dislikes beneath an insipid impartiality. The sympathy that animates his picture of Plymouth in the years before the Armada is no mere antiquarian emotion. The later chapters describing the wars and the smuggling of the eighteenth century, the development of the holiday resorts and the coming of the railway are full of good things. Brighton, it seems, specialised in the liverish while Hastings catered for those with weak chests. The present and probable future of the coast is viewed with philosophic distaste. The book is admirably illustrated and handsomely produced and the maps are abundant and clear.

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Consciousness and Society: *The Reorientation of European Social Thought, 1890-1930*

By H. Stuart Hughes.
MacGibbon & Kee. 460 pages. 30s.

MINDS were dangerously confused between the two wars by explanations of the growth of anti-democratic movements in terms of the peacemakers' mistakes and of events after 1918. During the second war it became more fashionable to blame the economic consequences of the war, rather than of the peace. The time has come for historians to show that even this was too foreshortened a view, and that already by the end of the nineteenth century European civilisation had reached a condition of endemic crisis. So much was violence a feature of the twenty years before 1914 that the war itself may be seen as but an extreme manifestation of a nihilistic, destructive trend already apparent in the social and political order that science and technology, industrialism and nationalism, had created during the previous century.

The deeper roots of this crisis can be found in the realm of culture and ideas, and it is the outstanding merit and importance of Professor Hughes's book that it unearths and exposes to analysis these deeper roots. Intellectual innovators in the 1890s attacked "positivism," by which they meant that often arid intellectualism and scientific rationalism of the mid-nineteenth century which had led, whether through dogmatic anti-clericalism (as in France), through Marxism, or through "social Darwinism," to a bleak and dehumanised determinism. While Bernstein and Sorel launched against Marxism critiques of contrary purport, Nietzsche and Freud laid the foundations for a completely new attitude to the role of human nature in society. In philosophy the clash between positivism and idealism was superseded by the ideas of Bergson, of Croce, and of the new sociologists—Durkheim and Max Weber. This remarkable ferment of ideas was taking place before men experienced the upheaval of war; and the thought and culture of the 1920s can be understood only as the impact of this experience upon a culture already in the throes of total reorientation.

Such, in brief, is Professor Hughes's thesis. He illustrates it mainly by studies of Sorel, Croce, Bergson, Weber, and of writers like Proust, Benda and Spengler. He confines himself to France, Germany and Italy, where he finds this "cluster" of genius, with only side-glances at trends of thought in Britain and the United States. The book is avowedly less a history of thought than a study of selected aspects of one theme—the theme of how men strove to reconcile the rationalist traditions of western thought with the discovery that intuition and the unconscious played so large a part in human behaviour. The impulse to displace thought by action, intellect by "inner drives," and civilised behaviour by "direct action" found its theorists before 1914, if it found some of its main practitioners after 1918. This admirable, reflective, provocative book deserves close study by all who would understand the mid-twentieth century.

Prehistoric Art

The Search for the Tassili Frescoes

By Henri Lhote.
Hutchinson. 236 pages. 35s.

HOW savage, after all, were the savages? How simple-minded were they? And what, applied to the art they made and considering the art that we make, can "primitive" be thought to mean?

When all the obvious things are said in answer there will be left, for those who look at this remarkable book, a residue of healthy wonder. Henri Lhote has claimed with good reason that the Central Sahara is the greatest and grandest of all the known galleries of prehistoric art—not only for quantity but for quality as well. Anyone who may still doubt the profound æsthetic virtue of the best of the ancient wall painting and engraving should look at the seated couple of Séfar, in the Tassili, as copied by M. Lhote and his colleagues and presented here for the first time to a wide audience. What is surprising, even breathtaking, is not the skilful naturalism of so much of this prehistoric art—one knows about that from Lascaux and Altamira. Here, for the first time in prehistoric achievement, is the sensitive and realistic portraiture of human beings. And yet this painting is several thousand years old. Those savages were oddly un-savage, curiously sophisticated.

Henri Lhote is something of a French Doughty of modern times. For years he has followed the long Saharan trails, pursuing anthropological inquiries and coming out, from time to time, with essays of scholarly distinction. His copies of wall art from the Tassili mountains were the result of his own individual enterprise together with the financial and other backing that made it possible for him to take a team of copyists to the Central Sahara, maintain them there through sixteen grilling months of work, supply them by parachute, and carry off triumphantly, at the end of it all, a superb collection of copies of ancient masterpieces that were little known before, or not known at all. Here are indications of the oldest negro art, far older than any that was known to exist before (and a good deal farther to the north than many had thought probable); here are fine sketches of the old Cretan-style chariots that crossed the Sahara in pre-Roman times; here are the echoes of Ancient Egypt, gods, spirits, even boats: and all of these moulded and transformed by strong styles native to this desert land that once was green and fertile, teeming with game and cattle. M. Lhote is greatly to be congratulated.

But he is not to be congratulated, greatly, on the kind of book he has chosen to write. He differs from Doughty in point of writing skill. He is not a good narrative writer—nothing to hold against him, indeed, were it not for the fact that he attempts here a kind of book that must stand or fall by its skill in narrative description. Except for the photographs—in monochrome and polychrome—the book is unworthy of its subject. One cannot help wishing that the author had forgone the temptations of a "quickie"—however well translated by Alan Houghton Brodrick—and concentrated on making as readable as possible the serious and discursive work which he will presumably publish later on. As it is, he tends to get the worst of both worlds. His jolly trivialities merely interfere with the matter of the book, or else reduce the reader to frustrated boredom. And where he allows himself to trench on interesting speculation he does it less than justice by sheer skimping of the evidence. Can we really accept—from the sketchy case that he makes out—that the Roman legate, Cornelius Balbus, pushed on from the Fezzán in AD 19 and actually reached the River Niger? And if it is worth introducing the general reader to one of the great attested pre-Roman chariot trails across the Sahara, why not introduce him to the other as well—the trail that came down from what is now Morocco to the Niger above what is now Timbuktu? M. Lhote would have done far better to have given us more of his splendid pictures and less of his chatty text—or else a text that did justice to his subject and to himself.

Scepticism on Population

Social Theories of Fertility and the Malthusian Debate

By D. E. C. Eversley.
Oxford University Press. 322 pages. 35s.

THE subject-matter of this book is at once wider and narrower than its title would suggest. Narrower, because the "Malthusian debate," which serves its author as a pivot or central point of analysis and narrative, is literally the controversy in which Malthus engaged, not the still-continuing and similarly labelled argument about the causes and results of demographic explosion; broader, because around this debate there is organised a survey of practically every theory that has ever been held, from the ancient world to the present day, about the determination of fertility. It includes not only economic ideas, but religious, physiological, sociological, and political ideas as well. Dr Eversley's erudition is solid, his organising ability considerable, and his style, after that of many practitioners in this field, a relief; and if the final impression left by his book is of a certain confusion, this is perhaps rather creditable than otherwise. "Population studies," he says in his final chapter,

> stand at the very centre of the social and moral sciences, in the sense that the numbers of mankind are the result of, and influence, all other movements in society. . . . The movements of population . . . cannot be separated from the totality of human institutions and beliefs, or physical manifestations affecting human beings.

Any single "law" of population is in fact bound to be inadequate. Malthus's subsistence theory, its successor and mirror-image the modern standard-of-living theory, the Marxist labour-demand theory, the theories relating to the status of women, to the law of property, to the degree of urbanisation, to dietary habits, all oversimplify to different and sometimes ludicrous degrees the almost infinitely complex reality. The most that Dr Eversley will concede, exchanging the role of chronicler and analyst momentarily for that of umpire, is that the observations that link rising standards and declining fertility "warrant the assumption of continuous interaction." But the precise mechanism of that interaction remains obscure; and it would be rash to extrapolate its results into the future either for those societies in which it has been historically observed, or for others undergoing similar social and economic changes.

This being so, an exhaustive survey of theories of fertility may seem a waste of time both for author and reader; and indeed "Social Theories of Fertility and the Malthusian Debate" is likely to be consulted for reference by twenty readers for every one who reads it through. The counterpart, however, of Dr Eversley's contention that "the movements of population cannot be separated from the totality of human institutions and beliefs" is the conclusion that in any age leading ideas on population must reflect and illuminate, to varying degrees, current changes in institutions and beliefs. They are pointers to social evolution, symptoms of social stress; and Dr Eversley's book has a value for the historian distinct from its interest to the demographic specialist.

Sociology of Colour

White and Coloured

By Michael Banton.
Cape. 223 pages. 21s.

RACE relations in a country like Britain provide the sociologist with a laboratory for the dissection of living tissue that students in other branches of the social sciences may envy. This book therefore arouses high hopes, which are raised the higher by its exordium noting that "the sociology of race relations has suffered considerably from the idea that all could be explained in terms of economics or psychology." But those who expect the explanation in terms of sociology to come as a revelation will be disappointed. Chapter Ten of Mr Banton's study, entitled "Quod Erat Demonstrandum," sets out a series of propositions to which his—very skilled and interesting—study of the subject leads; but they are devastatingly obvious. Thus "C1":

> *That in any society the network of social relations is maintained by common agreement about the behaviour appropriate to particular relationships. Strangers are people who are unaware of these norms. The coloured man is considered the most distant of all strangers.*

We can all accept this, after a little reflection, as we can all accept the theory of marginal utility—except, perhaps, when we consider that a West Indian might fit better into a suburban cricket club, especially if he was a good change bowler as well as a sound bat, than a Czech refugee. Undoubtedly, if it came to the courtship of the secretary's daughter, their roles might be reversed. That is sociology.

However, it is important that we should have our ideas about the relations of our group with outsiders combed out systematically to its essentials, and this Mr Banton does, even if the systematisation from the evidence is less interesting, or even suggestive, than the evidence itself. It may even be objected that the evidence contains rather little that is new, and can hardly be described as exhaustive; it combines some new measurements derived from further attitude testing in universities and elsewhere with some very general descriptive material, much of it derived from other writers. Nevertheless, we should all readily agree, upon a demonstration that requires rather little formal evidence, that (D2) *Despite the tendency to regard "coloured workers" as one category, group relations are structured by the rights claimed and the obligations observed by the immigrants.*

Mr Banton's findings show that while there is relatively little subjective prejudice against coloured people in Britain, there is still a good deal of discrimination (though he does not clearly and accurately set out how much). In the muddle of difficulties, local conditions, historical attitudes, cross currents of class difference, and competition for scarce goods lie the reasons, which are inevitably complex. As he points out, goodwill and moralising do not banish them; and—though this seems hardly a matter for sociology—he sets out a decalogue for improving inter-group relations. The first is that "the more frequently members of the two groups meet one another in everyday situations, the more friendly will relations between them be." The others enjoin tact, generosity, setting a good example, and so on; but, in stating the duty of loving one's coloured neighbour as one's white self, Mr Banton examines ways in which he can be made a neighbour—by deliberate organisation. This is all very useful. The book should help local authorities, the clergy, youth leaders, and all practising Christians besides encouraging more research into this most urgent question by sociologists. It could have been warmly commended to the voters of North Kensington. But, despite its rather formal approach, it presents a challenge to everyone of goodwill to "think through" his ideas on the problem of race relations.

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LETTERS

Take-Over Bids

SIR—Take-over bids have been a cause of growing concern for some time and the Jasper case will presumably lead to some belated action. There are, however, two quite different issues that have to be distinguished: first, the prevention of fraud and improper speculation; secondly, the case for discouraging mergers in order to prevent too much industrial concentration.

Under the first heading comes the promised review of company law. Attention should also be paid to the powers of the stock exchange council. Even as a casual visitor to the city I have heard rumours over the past couple of years about dubious dealings in some property shares. Why did the council not act sooner or recommend action by a government department? If its powers were inadequate, how can they be increased? Is the real answer an official securities and exchanges commission after the American model? Why, too, was nothing effective done by the Registrar of Friendly Societies? Was it lack of adequate powers? Was any increase in powers proposed? What reforms are now needed?

The second issue is quite different. How will mergers affect economic efficiency and social well-being in the wider sense? The new Restrictive Practices Court has so far been remarkably successful in carrying out the objectives of the act of 1956, but it may be asked whether the last part of the act which deals with the attenuated monopolies commission is likely to be as effective. An overburdened commission has been left to work slowly through the cases referred to it and it is far from clear what the Board of Trade hopes ultimately to do. Is there a case for a drastic revision of this part of the act in order to give a clearer indication of where the public interest is deemed to lie? In order to deal with mergers do we now need something like Article 7 of the Clayton Act, as revised in 1950?

Of course mergers sometimes increase efficiency, but there is no presumption that this will always be the outcome. The hackneyed observation that "cartels are more harmful than trusts" probably exaggerates both the extent to which competition is eliminated within cartels and the probability that trusts bring economies of scale. There are, moreover, some special cases where it should be presumed that further mergers are contrary to the public interest even if technical efficiency is likely to be increased: the newspaper industry is the most outstanding example.

These highly controversial matters are likely to be more important in the long run than the more spectacular aspects of take-over bids.—Yours faithfully,

THOMAS WILSON

The University,
Glasgow, W2

Twelves and Tens

SIR—Whether or not Mr Bishop is right in saying that duodecimal multiplication tables are more memorable than decimal ones it would seem that he has in mind a more basic change than have most proponents of a change to decimal coinage. Surely he is proposing the introduction of a new scale of notation under which two-thirds of 10 would equal 8 and one-tenth of 10 would equal 1.1666. . . .

If such a new scale were to take the place of our present scale it would still be possible for students to remember the ratio of the value of *pi* to the number of degrees in two right angles by remembering the date of the second Jacobite rebellion or vice versa—putting the duodecimal in the right place. But the historians would have to revise all their dates with the exception of 9 BC to AD 9 inclusive.—Yours faithfully,

W. J. COURCOUF

Beckenham, Kent

Restrictions on Motorists

SIR—I read with great interest the article "Red Tape on the Bonnet" in your August 15th issue, to which I can add the following example. For the first time this year I took my French wife to the United Kingdom. We crossed by the Cherbourg/Southampton air ferry, having duly secured before taking off the famous triptych. By mistake the French customs took away folio No 2 instead of folio No 1. We were immediately in deep trouble and it took us an hour and a half to get out. Very kindly, the RAC Intendant agreed to issue a new triptych, for which of course, we had to pay. While this was being done, a long queue of cars built up; it was a complicated business and required a lot of assistance. I did timidly suggest that, as the air ferry kept coming and going, it might be possible to ask the air hostess or any of the officials to arrange with the French side to exchange the folios or even for the British to accept page No 1 instead of page No 2, as obviously only the French customs could own page No 1. All my arguing proved inadequate and you can easily imagine the impression of a French lady landing for the first in our country. My wife swears she will never again spend her holidays in England.—Yours faithfully,

Paris E. L.

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State, municipal and public securities	244,774,298
Other securities	13,749,683
Loans	2,024,044,161
Accrued interest, accounts receivable, etc.	81,359,775
Customers' acceptance liability	49,308,799
Stock of Federal Reserve Bank	12,750,000
Investment in subsidiary companies	4,795,495
Bank premises	22,597,213
	$3,823,012,579

LIABILITIES

Deposits		$3,135,975,338
Foreign funds borrowed		300,000
Reserve for expenses and taxes		26,656,489
Liability on acceptances		52,813,060
Dividend payable October 15, 1959		6,032,000
Other liabilities		81,383,880
Capital—7,540,000 shares—$25 par	$188,500,000	
Surplus	236,500,000	
Undivided profits	94,851,812	
Total capital funds		519,851,812
		$3,823,012,579

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AMERICAN SURVEY

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

Slowly into Space

WASHINGTON, DC

AMERICA, like the Soviet Union, has been celebrating a space-age birthday in the past week, but the sounds of revelry have been distinctly more subdued in Washington than in Moscow. While the Russians have been commemorating the second annniversary of their pioneer sputnik by sending a rocket to take a look at the dark side of the moon, the Americans have been taking a look at the dark side of the National Aeronautics and Space Administration. This is the civilian body which was set up a year ago and charged with the chief responsibility for catching up with the Russians. So far it has failed to close the gap to any perceptible degree, and its chances of doing so in the future depend on the rather pious hope that it will get its second wind, in the shape of more powerful rockets, before the Russians do.

A chill caution can be felt in Washington; the mood has changed markedly since last October, when it was popular to think that the battle was half won once the Americans had rolled up their sleeves. Dr Glennan, the head of NASA, recently told his fellow-countrymen that "we are not nearly as advanced in space technology as we had thought or hoped"; on Monday Dr York, who runs research for the Defence Department, said that the United States might have to take second place for the next few years.

It is true that up to now the Americans have hurled twice as many satellites and probes into space as the Russians, although they started four months later. They have put twelve into orbit about the earth, and sent one to toast itself round the fringes of the sun, compared with the Russians' total of three satellites and three shots to the moon or beyond. It is also true that the miniature instruments which the Americans have carefully packed into their smaller vehicles have probably filled the scientists' notebooks more satisfactorily; perhaps the most important discovery in space so far, the finding of the Van Allen radiation belt around the earth, was made by an Explorer satellite weighing less than a hundredth as much as the biggest Soviet monster.

But in space, as in boxing, weight and punch count for most in the long run. The biggest weight the Americans have managed to get into orbit so far, not counting the final stage of the accompanying rocket, is 400 pounds, and the most powerful launching vehicle they have been able to call upon is the Atlas intercontinental missile with an initial thrust of 360,000 pounds. Compared with the Russians, who have been able to get nearly 3,000 pounds of instruments aloft with the aid of rockets which are thought to generate a thrust of anywhere up to 700,000 pounds, this leaves the United States in the unenviable situation of a flyweight squaring up to Joe Louis.

[*A different explanation for the American lag is discussed on page* 164.]

Such improvement as there has been in the last year has been due to the coming into service of bigger military rockets which the scientists have been able to adapt for their own use. The Atlas, which is now available, is powerful enough to launch two spectacular projects which may go part of the way towards restoring the Americans' lost prestige in the next year or so. Oddly enough, it is Russia's latest success which may be imitated first. It is believed that the United States will try to place a satellite in orbit around the moon about the end of November; the 370-pound payload—over half the weight of the one the Russians sent up this week—was ready to fire early this month, but part of the rocket failed in a preliminary test.

The Atlas, that shoulderer of so many of America's problems at the moment, will also provide the vehicle for Project Mercury, the plan to send a man circling around the earth. Most of the difficulties to be resolved before this is done involve, not the launching rocket, but the capsule that will carry the passenger. Although Project Mercury was one of the many schemes about which the experts became less optimistic this summer, progress has been unusually smooth. A test capsule has been fired and recovered, and it has been established that the heat and the acceleration to which the occupant will be subjected are within the range of human tolerance. The unofficial guessers who sprout like mushrooms around NASA's headquarters think that Mercury may possibly be sent winging by the end of 1960.

To overtake the Russians, however, the Americans will have to wait for the new family of launching vehicles which NASA is now preparing. The first two of these, the Vega and the Centaur, will probably be ready for firing in 1961. These will have a comparatively modest thrust—they are both variations on the Atlas theme—but they will overcome the problem of guidance which has so far prevented the United States from hitting the moon. American scientists believe that their guidance systems are basically as good as those of the Russians, but up to now they have had to sacrifice some accuracy in modifying the military rockets which they have been using; with the Vega and Centaur this will no longer be necessary.

It will also be 1961 before the Saturn, a cluster of rockets with a total thrust of up to 1.5 million pounds—the first launching vehicle more powerful than those the Russians have at the moment—is ready for firing. It will probably be 1963 before a single-chamber engine with equal thrust is available. Since the latter will be the first vehicle big enough, when linked in clusters, to carry a man to the moon, American feet are unlikely to disturb the lunar dust for a long time.

THUS the process of catching up with the Russians is likely to take at least two more years; if Soviet rockets do not stay obligingly within the 1.5-million-pound mark in the meantime, it may take a good many more. In this long haul the Americans are liable to encounter three major difficulties. One is financial. This summer's experience with Congress—when the House of Representatives made a sharp cut in NASA's budget, only part of which was subsequently restored—has bruised the faith of those who thought that in this one field at least Congress would keep its purse-strings loose. This year the United States

is spending a little under $1 billion on space, of which NASA accounts for about half and the Department of Defence for most of the rest. Dr Glennan thinks that the total ought to rise to $2 billion a year in the early nineteen-sixties. His experts believe that they detect a close relationship between the frequency of Soviet successes and the enthusiasm of Congress for providing the funds to match them ; thus they find a roundabout consolation in the present machine-gun rattle of Russian shots to the moon. But a runner who puts on a spurt only when the man in front increases his lead is unlikely to find many people betting on him.

The second difficulty lies in the still unresolved relationship between the civilian agency, NASA, and the Defence Department's interest in space. So far there has been relatively little conflict, because anyone who thought he could send something into the void has been welcome to try. But, as the number of projects increases, so will the difficulty of deciding which of them should be controlled by the services. Senator Symington, who conducted an investigation into the problem earlier this year, found that the liaison committee between the two halves of the space programme was not working properly. Although the committee has now been strengthened, it is still confined to making recommendations ; in cases of conflict a final decision can come only from the President, and Mr Eisenhower is notably bad at settling these jurisdictional disputes.

The third difficulty goes deepest. There are signs that America is already running into a shortage of scientists. As Dr Glennan put it recently:

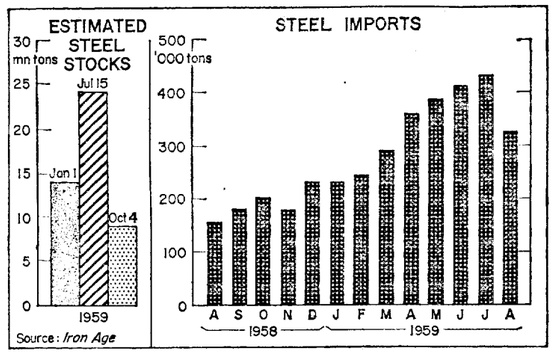
> We have used up much of our missile technology. We have drawn heavily on our capital—the knowledge and experience accumulated . . . over the past ten years or so.

The most pressing need is for more technologists, properly trained in the fundamentals of science, who can convert basic theory into new practices. Already NASA, which is empowered by Congress to pay its scientists more than other government agencies may, has been sucking talent away from other bodies. This is the first field in which the deficiencies of American education have made themselves felt sharply. In the long run the answer may be found in the schemes—on which Congress made a tentative start last year—for giving federal aid to the teaching of science in schools. But this solution is half a generation away ; in the meantime the Russians, pouring out their flood of technologists, may well be able to consolidate their lead.

Strike Suspended

THE dockers' strike which broke out unexpectedly along the Atlantic and Gulf coasts last week, closing ports which handle four-fifths of America's shipping, has been suspended. Mr Eisenhower lost no time in using the machinery provided by the Taft-Hartley Act for such emergencies. Once the fact-finding board which he had appointed made its report, the government applied to the courts for an injunction requiring the 70,000 strikers to return to work for 80 days. If the dispute is not settled after 60 days, the strikers vote to accept or refuse the employers' last offer. At the end of 80 days, whatever they have decided, the injunction is lifted and the men are free to walk out again. In 10 of the 14 cases in which such boards of inquiry have been appointed, a settlement has been reached without any further stoppage of work—though this was not true of the last two dockers' strikes.

Why then has the President been so reluctant to commit himself to the use of the injunction in the 13-week steel strike, giving both sides until last Thursday, October 8th, to reach a voluntary settlement? A dock strike, of course, affects shipments of food and perishables almost at once ; this one also threatened to cut off the imports of foreign steel which have been keeping up a welcome trickle of supplies. But the steel strike has gone on so long that, even if production is resumed next week, many shut-downs are unavoidable. Both strikes hinge, basically, upon the issue of job security ; the employers in both cases want freedom from union rules so that they may cut costs. Both disputes are embittered, the dockers because the New York employers threaten them with a costly damage suit for walking out in sympathy with their southern members in spite of a promise to stay on the job until

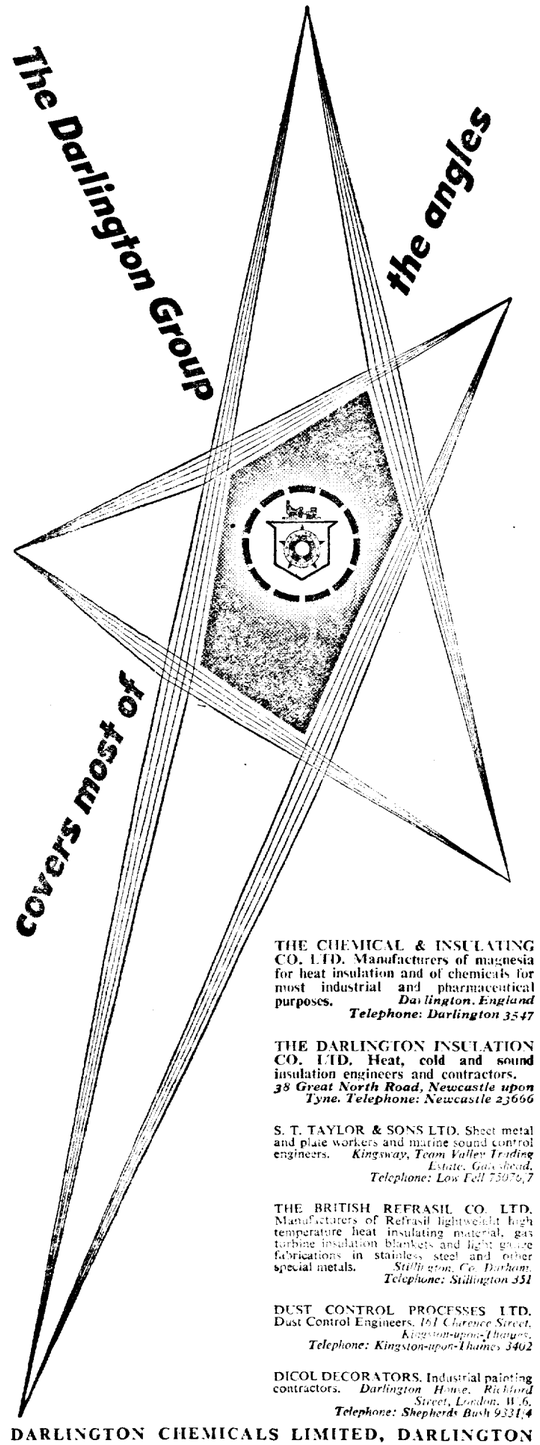


October 15th, the steel workers because they feel their jobs are at stake and because the employers' last offer (which was also their first specific one) actually involved a reduction in take-home pay. Only benefits, such as insurance, would be increased in the first year and the scheme involves contributions from the workers. No trade union, after such a costly strike, could accept such an offer except as a last resort.

Even some of the steel companies are now said to fear that use of the Taft-Hartley Act in their industry would create more problems than it would solve and would leave a legacy of bitterness. What the President wants is a settlement, not a suspension, of the strike. If the steel workers walk out again in January production, employment, the balance of the Budget, and prosperity itself will be jeopardised—and 1960 is election year. Moreover, many other negotiations are being held up for lack of a pattern-setting steel agreement. Finally, once the Taft-Hartley Act is invoked, it cannot be used again. But with the collapse of negotiations this week Mr Eisenhower probably has no choice.

Round to du Pont

VICTORIES in the government's ten-year-old battle to sever the ties between two industrial giants, each first in its own field—the General Motors Corporation, the biggest manufacturer of automobiles, and the E. I. du Pont chemical company—have gone first to one side and then to the other. Last week it was the turn of du Pont. Judge LaBuy, who dismissed the case against the company in 1954, only to be over-ruled by the Supreme Court in 1957, has decided that du Pont can comply with the Supreme Court's decision without selling any of the 63 million shares which it holds in General Motors, provided that it does not exercise the voting rights. Under his settlement these would be transferred to du Pont's shareholders, and those received by two du Pont family holding companies would be "sterilised," that is shorn of their voting rights. No officer or director of the du Pont company would be allowed to serve as an officer or director of General Motors (five do so at present) and any preferential trade agreements between the two companies would be cancelled ; du Pont insists that none exist.



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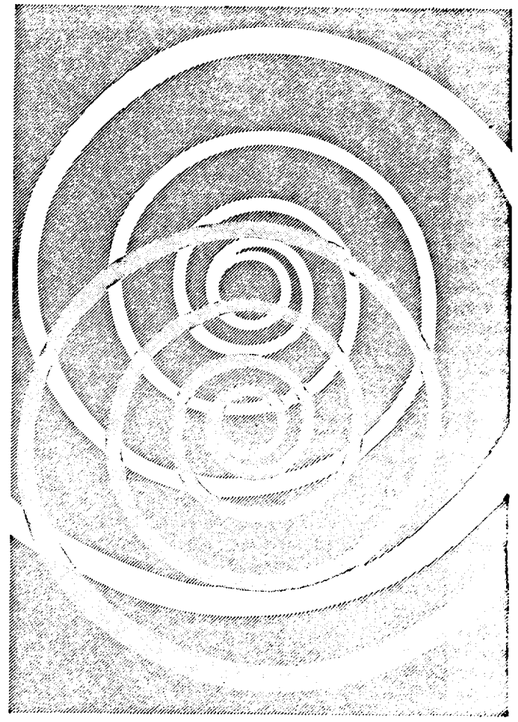

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The Department of Justice's case, which the Supreme Court upheld, though only by a 4 to 2 majority, was that du Pont's ownership of 23 per cent of GM's outstanding shares—the largest single holding, worth $3.5 billion—gave it a privileged position as a supplier of fabrics and finishes to GM and therefore was illegal under the Clayton Act because it "tended to create a monopoly." The remedy proposed by the department was that 43 million of the GM shares should be distributed to du Pont's shareholders and the rest, which otherwise would have gone to du Pont holding companies, should be sold over a ten-year period. Instead, the Judge accepted, almost completely, the company's contention that this would injure many innocent people, partly because the value of both du Pont and GM shares would fall and partly because the authorities would treat the distribution as ordinary income for tax purposes.

Congress began, but failed to finish, work on Bills which would have eased the burden of such divestitures upon shareholders. One reason why the Department of Justice is almost certain to appeal is that unless it does so such Bills may die in the next session; this would mean that in other anti-trust cases the fear of injuring the innocent would prevent the courts from prescribing drastic remedies. Moreover, the Department of Justice cannot afford to see established the view that the transfer of voting rights is a satisfactory substitute for the sale of inter-company holdings. It seems certain to try to persuade the Supreme Court that Judge LaBuy overlooked much of its case against du Pont—the fact, for example, that 90 per cent of the company's sales to the automobile industry are made to GM—and that the transfer of voting rights will not end what it regards as an unholy alliance; it fears that this will be strengthened if plastics replace steel in automobile bodies. With 20 per cent of its resources concentrated on trying to split up General Motors, the anti-trust division is not going to admit defeat in this related case, particularly as all the four justices who ruled against the company in 1957 are still sitting on the Supreme Court.

Republicans' New Clothes

LIKE the British Conservatives after 1945, the Republicans, after their trouncing in the congressional elections last year, have been busy refurbishing their house to make it look less like the mansion of big business and the rich and more like the sanctuary of the middle-of-the-road American. The task was given last April to a forty-man group under the chairmanship of a remarkable young industrialist from Chicago, Mr Charles Percy; it has presented its four reports to the Republican National Committee just as the party's stock is beginning to recover. So far the committee has made public only the reports on science and technology and on national security (which are likely to be less controversial than those on economic opportunity and human rights) and a general introduction entitled "Decisions for a Better America."

These show, however, that the committee's thought has not been radical; it bears, instead, a striking and not altogether accidental resemblance to the empiricism of modern British Conservatives. A declaration of faith in the importance of individual freedom and enterprise is matched by a recognition of the duty of government to regulate economic life, where this is necessary, and to set basic standards below which no member of the community need fall. The science report recommends more spending on basic research, but primarily by private organisations stimulated by tax reliefs; it strongly opposes centralisation of control over science in the federal government. In short, the committee seems to be endorsing the principles of the Eisenhower Administration while recommending that they be practised with greater vigour.

The project met with considerable initial opposition from Republican conservatives in Congress, but it was endorsed by the President and by the Vice President, who has the strongest possible personal reasons for seeking an attractive new image for the party. However, his presidential prospects have soared without benefit of the committee's work. Three months ago the Gallup public opinion polls showed him to be lagging 22 points behind Senator Kennedy, the strongest Democratic contender; now he is two points ahead. If this continues, no one will be able to rob Mr Nixon of the Republican presidential nomination with the deadly argument that destroyed Senator Taft: "He can't win."

Mr Nixon's increased popularity dates from his Russian visit. Most commentators feel, moreover, that the postponement of Mr Eisenhower's trip to Moscow until next June is a lucky turn of events for Mr Nixon. It means that the issue of peace will still be dominant and probably untarnished by any renewal of the cold war when the nominating conventions meet. If all goes well Mr Nixon, after the fashion of Mr Macmillan, will be able to present himself as the preliminary ice-breaker who initiated the whole process and who is the natural man to carry it further. One irritating fly in this ointment is the personal dislike for Mr Nixon shown by Mr Khrushchev. But even this may be turned to the Vice President's advantage. Does it not prove, some ask, that he has the toughness necessary to deal with the Russian dictator?

Unprofitable Euratom?

FROM A SPECIAL CORRESPONDENT

THE international airlines seem, so far, to be the principal economic beneficiaries of the joint US-Euratom programme to produce electricity from atomic energy. All through the summer executives of American companies which are bidding for contracts have shuttled to and fro between their offices and those of electricity companies in the Euratom countries. But these nuclear salesmen have become extremely discouraged, for they have found the European firms to be tough bargainers and doubtful customers. With American help, the Euratom community is sponsoring a programme of building American-designed atomic plants with a capacity of 1 million kilowatts; this is regarded as the corner-stone of Euratom's wider goal of 3-4 million kilowatts of generating capacity by 1967. But these plants are to be built, financed and owned by individual firms in the six countries.

Outside the Italian SENN project, which has already been awarded to the General Electric Company and which is financed largely by the World Bank, not one of the four other European firms that filed letters of intent with Euratom on May 28th is considered certain to sign contracts with any of the American nuclear companies. Yet the deadline for concrete proposals by the Europeans to the Brussels commission, October 20th, is nearly here. The weary salesmen took wry pleasure in press reports of a parliamentary committee's complaint that "unfair commercial competition" from America has made it hard for British companies to sell atomic plants in Europe. Even those sales to Euratom that may be made are no longer regarded as harbingers of a growing market for nuclear equipment.

The Americans' gloom is based on two discoveries. The first is that European electricity companies evidently are no more interested than their American counterparts in building atomic power plants with their own money, no matter what kind of American guarantees and loans are thrown in. The second is that Euratom and European manufacturers are determined to import as little as possible from the United States, even for the first plants.

Before M. Hirsch, the president of the Euratom commission, visited the United States in June, talks with executives of the

European electricity companies had created the impression that Euratom would fall far short even of its scaled-down goal of 3-4 million kilowatts of capacity by 1967. This is partly because the loan of $135 million at 4.5 per cent from the Export-Import Bank is no longer compellingly attractive to many European firms; nor are the Atomic Energy Commission's guarantees on fuel costs, because the American private companies are guaranteeing fuel life for a good deal longer than the AEC. M. Hirsch, however, radiated such confidence when he declared that American pessimism over Euratom was "grossly exaggerated" that he convinced most of his hearers that he was more than a match for any obstacles that may arise. The forcefulness with which he laid down the "facts of life" at a closed meeting in Brussels between representatives of the European electricity companies and manufacturing firms is believed, in the United States, to have been responsible for most of the letters of intent submitted in May.

But if M. Hirsch reassured the officials of American nuclear firms that both the basic Euratom and the joint US-Euratom programme would be carried through, he left no one encouraged about the part likely to be played by the American industry in Euratom's future. At one informal session in New York M. Hirsch is said to have answered a query about the kind of American equipment which Euratom wants to import with two words: "Grey matter." None of the American participants was impressed by the probable profits on such exports of know-how and designs. M. Hirsch later added that imports of equipment which require guarantees or warranties, such as reactor cores or fuel elements, may be needed for the first plants until European manufacturers can step in.

M. Hirsch insisted that there are no "buy American" strings on the Export-Import Bank loan of $135 million to Euratom to help finance the 1,000-megawatt joint programme. Normally a loan from the Export-Import Bank has to be spent in the United States, but as far as can be learned the agreement in this instance is much more loosely drawn than usual. One result is that the American nuclear companies are hastening to set up European subsidiaries, joint companies and licensing arrangements. Almost all of the major firms have done or are doing so.

The whole idea behind the joint programme—that atomic power will be competitive in Europe, where conventional fuels cost more, before it is in the United States, and that Europe will therefore offer an interim market for atomic power plants—has been attacked, as a "myth" and "form of economic and political legerdemain," by Dr Chauncey Starr. He is the general manager of the Atomics International Division of North American Aviation Inc., whose designs for organic-cooled reactors have excited some interest in Europe. North American Aviation has formed Interatom with Demag, the German heavy equipment company, and has an arrangement with the English Electric Company. Dr Starr, who is famous for his outspokenness, feels that the cost of producing electricity from Euratom's atomic plants has been underestimated compared with that from conventional plants.

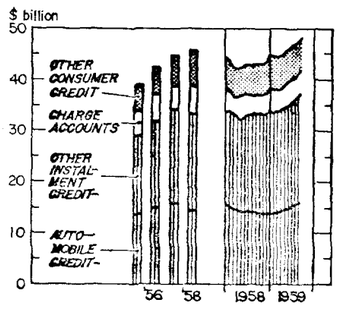
Nevertheless, the winning of Euratom contracts will carry real prestige and all the American firms are doing their best to secure them. For example, three American firms have each made three separate efforts to convince a group of six electricity companies in the Stuttgart area, called AKS, of the superiority of their services and products. "Each time they squeeze a little more information out of us and cut the price a bit," complains one participant in the sessions. Euratom and the Atomic Energy Commission are committing such effort and pressure to the programme that clearly at least three-quarters of the 1 million kilowatt goal should be reached. But the plants may not be completed by 1963 and 1965, the present target dates. There are still some American nuclear experts, however, who will argue that the international airlines will be the only ones, as well as the first ones, to make money on the programme.

Consumers Take the Credit

NEW YORK

While a determined effort is being made to restrict the borrowings of businessmen, American consumers have been accumulating new debt, through their instalment purchases, at a pace unmatched since 1955. After a year of recession in which repayments of old debts exceeded the contraction of new ones, instalment credit started rising sharply in the spring and by the end of August it had reached $37 billion; this is a 9 per cent increase since the begining of the year. At its current rate of expansion it is adding some $5.5 billion a year to the purchasing power of consumers. The Federal Reserve Board recognises that such credit is not responsive to its general curbs, but it is so much under attack already that it is reluctant to ask Congress to revive direct controls over consumer credit—an unpopular step which it would hardly take in an election year.

The prospect, therefore, is that the curve will continue to move sharply upward. The consumer gives little thought to the element of interest charge in his monthly repayments and, in any case, the increasing cost of money is being absorbed, to a great extent, by the lending institutions themselves. It has always been the policy of the banks to keep their charges on personal loans unchanged for years at a stretch, and the finance companies operate at all times at or near the maximum rates allowed under the usury laws. Many New York banks have, it is true, just introduced an increase of ½ per cent in the rates which they charge on personal loans, but this is explained as a permanent move to offset higher operating costs. The direct impact of tight money is being felt only at the margin; in the banks' relaxation of their strenuous efforts to gain new instalment customers; in the slightly higher standards of creditworthiness likely to be required by finance companies; and in the pinch on some of the smaller loan companies, which are being denied fresh funds by the banks and are unable, because of competition, to charge higher rates to their clients.



With automobiles absorbing nearly half of all instalment borrowing, consumer credit and sales of cars move hand in hand. If Detroit sells as many cars over the next twelve months as it hopes to sell, the volume of instalment credit must rise substantially above its present high level. Not all observers are convinced that this further upward surge will happen. Some point out that selling more cars by giving buyers longer to pay—the usual practice—is hardly possible when they are already given three years to discharge the debt. Others have faith that consumers themselves will draw back, now that repayments on all instalment loans are running at 13 per cent of total personal income after tax, a percentage that has never been exceeded in the past. But this argument overlooks the fact that, as a recent survey showed, there are many more instalment buyers today than there were four years ago. Moreover, the somewhat cheaper "compact" car should attract new customers.

Bill of Health—III

Running a Hospital

NEW YORK

To most Americans a hospital means a voluntary hospital. For not only are two-thirds of all admissions to voluntary hospitals, but it is with these institutions that medical research and teaching are mainly associated. In terms of capital assets or numbers of beds the voluntary system is, of course, less dominant; with public authorities carrying the chief responsibility for mental and other long-term patients, less than a third of all hospital beds are in voluntary institutions. In the United States these conform to no standard pattern and bear a strong regional stamp. Some of them were launched long ago by wealthy philanthropists; others were built, and have been supported, by different religious denominations; and in terms of numbers, the majority have come into being through the enterprise of local communities. While there are large hospitals in the metropolitan centres, the emphasis on local initiative has produced a host of small hospitals—many of them too small to operate efficiently. The "average" general voluntary hospital has 124 beds, but 40 per cent of them have fewer than 50 beds. By contrast a state public hospital averages 1,100 beds.

Voluntary hospitals receive no operating subsidies from public funds. They also make no profits and pay no taxes. Their main source of income is the fees paid by patients, either directly or through insurance schemes. For treatment given to the "indigent" (those on public assistance) they are reimbursed by the local authority, though often at rates well below cost. Public collections, private bequests, and in some cases income from endowments, add to their resources.

A voluntary hospital is under the general guidance of a board of trustees, composed of the wealthier and more public-spirited local citizens, and with some medical representation. The trustees concern themselves with general policy, with raising funds and with the appointment of a professional administrator to whom the day-to-day responsibility of running the hospital is delegated. The autocratic matron has long since disappeared, and the days of her successor—the doctor-turned-administrator—are numbered. Only some professional administrators have had a medical training as well. Under the administrator, a Director of Nursing has inherited part of the former powers of the matron.

The American hospital is first and foremost the workshop in which doctors and surgeons, acting as independent agents, carry on their activities. The line of demarcation between the hospital service and the medical profession is drawn with precision. A patient, for instance, will receive separate bills from the hospital and from the physician or surgeon (or both) who has attended him. Apart from the houseman and other resident staff, the voluntary hospital does not (with a few isolated exceptions) employ doctors on either a part or full time basis. Many administrators, disturbed at a situation in which the doctor calls the tune but has not himself any direct financial involvement or responsibility—except to his patient—would like at least a few key posts to become salaried ones.

Also offering private facilities are the proprietary hospitals run to make profits. They provide, in theory at least, the full medical facilities of a hospital. In practice they tend to be a mixed group, with at one extreme the sophisticated hospital offering a high standard of medical care against a rather more luxurious background than can be found in a voluntary hospital, and at the other the small rural hospital operated largely by a single doctor who may live on the premises.

Hospital costs—and charges—have been climbing much faster than have other prices; today a patient costs the average voluntary hospital $27 a day. Unable to replace human beings with machines, the hospitals have felt the full impact of rising wages. Indeed, the ratio of employees to patients has gone up steadily with the greater complexity of medical care and the more rapid turnover of patients. Today the average voluntary general hospital employs between two and three persons for every patient. Wages and salaries account for some two-thirds of all hospital expenditure, and even so an increase in many of these wage scales is long overdue. While there is no doubt room for more efficient administration, the only way to cut costs significantly is to prune the pay-roll. The cost of keeping a mental patient in a state hospital has been kept down to $4 a day, compared with $15 in a voluntary or proprietary hospital, by maintaining a ratio of one employee to three patients and by employing only a handful of trained nurses.

Even so, since the war the voluntary hospitals have delegated much of the work previously done by trained nurses to semi-skilled or unskilled workers. The role of the registered nurse—who is now paid $300 a month for a five-day, forty-hour week—is rapidly becoming that of an administrator in charge of a body of largely unskilled labour. Bed-side care is devolving on to "practical nurses" (with a one-year training) and "nursing aides" who do the more menial tasks for half the wage, or less, of a trained nurse. Student nurses are generally treated strictly as students and they pay for their training. This arrangement is pleasanter for the student, but the patient is certainly the loser. Despite the large and growing army of employees, a frequent complaint in an American hospital is that nursing attention, while efficient, is lacking in tender loving care; this is partly offset by a more free and easy attitude towards visitors. The more affluent patient often engages—through the hospital—a "private duty nurse" at a cost of $18 a shift or $48 a day for round-the-clock attention.

Hospital charges vary between town and country and from one region to another. In a city hospital today's patient may pay a basic charge of $25 to $40 a day for a private room, from $20 to $25 for a semi-private (no more than four in a room) bed, and around $17 for a ward bed. But extra charges—for operating room expenses, laboratory fees, special drugs, anæsthesia, X-rays—add, as a rule, about 50 per cent to the final bill. Private and semi-private patients are expected to pay their respective charges in full. The policy toward ward patients who are not the financial responsibility of the local authority varies enormously. In non-urgent cases an attempt will often be made to divert a patient needing free or subsidised care to a public hospital; where such care is given payment is fixed on the basis of a means test. Most hospital insurance contracts provide for semi-private accommodation and in consequence there has been a major shift away from the wards; today ward beds account for only about a third of the total.

While the hospitals do not always manage to extract from Blue Cross rates of reimbursement that they feel are justified, there is no doubt that these and other insurance schemes have greatly strengthened hospital finances. And with the greater economic prosperity of its patients, the average hospital today is managing to balance its accounts. But this picture of solvency is by no means universal. Last year the 81 New York hospitals ran up a final deficit of $10 million, and many of the hospitals in Boston and Philadelphia are also drawing each year on their capital. Most of the leading hospitals in the east were established and endowed—like their British counterparts—with the express purpose of giving free care to the poor, with teaching and research as a by-product of the good work. Many of them continue to provide a large measure of free care—both for in-patients and through out-patient clinics—but current gifts (which must also finance any capital needs) and income from endowments no longer make up the balance.

Moving westward, the voluntary hospital has always been regarded more as a general public facility than as a charitable institution. Philanthropy plays a part, but it is much less fundamental to the function and finances of the hospitals. In some areas the extension of free care is tailored to fit the budget, and in several western states, including California, the trend has reached its logical conclusion with community hospitals for those who can pay their bills and public facilities for those who cannot. Even in the east the concept of charity is inevitably in retreat, but the voluntary hospitals in the area are clinging hard to their long and worthy tradition.

UPWARDS AND OUTWARDS

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Party Disorganisation

FROM A CORRESPONDENT IN NEW YORK

THE intra-party elections which were expected to decide the control of the Democratic party organisation in New York City and, indirectly, in the entire state were held last month and settled nothing. Mr Carmine DeSapio, the political boss whose prestige was badly shaken last November, when the generally victorious Democrats suffered their only big defeat in New York, won re-election to the county committee and as district leader, but only by the most slender margins. The opposition "reform group" led by Mrs Franklin Roosevelt, former Senator Lehman and Mr Thomas Finletter, once Secretary of the Air Force, has naturally claimed a moral triumph and is forecasting Mr DeSapio's early downfall.

He not only made a weak showing himself in his own district, but he also suffered because a number of his supporters were beaten in other districts, some by the reformers, others by different rebels in Harlem, the Negro neighbourhood. Mr DeSapio had enough votes to ensure his re-election as county leader, but he has been stripped of that aura of success necessary for real political authority. The two minor offices which were at stake in the election are the lowest in the party's complex hierarchy, but they are the indispensable basis of DeSapio's power in the city, the state and in the Democratic party as a whole. There are over 3,000 members of the county committee; their duties are nominal, but the leader is customarily chosen from their ranks. Mr DeSapio was therefore embarrassed because he won election to the committee by only one vote. He won the more important office of district leader by less than 600 votes out of more than 9,000 cast.

The campaign against Mr DeSapio was waged on three issues. He was severely criticised because at last year's state convention he insisted upon the nomination of Mr Frank Hogan, the District Attorney of Manhattan, as the Democratic candidate for the United States Senate over the express opposition of Governor Harriman and Mr Wagner, the Mayor of New York City. This display of arrogant "bossism," it was contended, contributed decisively to the defeat of Mr Harriman by Mr Nelson Rockefeller in the battle for the Governorship. (Mr Hogan also lost, but by a smaller margin.) Secondly, Mr DeSapio has become the symbol of old-fashioned machine politics, with its preoccupation with patronage and contracts rather than with social issues. The third line of attack which the liberal reformers pressed was that he stands for a stodgy, middle-of-the-road orthodoxy rather than for militant liberalism.

If Mr DeSapio had won decisively the revolt would have been quelled. If he had been defeated, a major shake-up in party leadership would have ensued. His narrow victory leaves everything in doubt. The reform group, emboldened by their near-success, intend to continue their efforts, but they will not have another effective opportunity to oust him for two years.

THE man who could resolve the matter if he chose to do so is Mayor Wagner. He has much to lose by leaving his party leaderless and divided, but he is not the kind of politician who believes in mastering events. Patience and caution, along with a stubborn honesty, are his strongest characteristics. Mr DeSapio helped to put him in office in 1953 and the Mayor has co-operated with the party organisation, but he has insisted on preserving his independence. In the past year, relations between the two men have worsened. Indeed the breakdown in communication between them helped to account for the fiasco of last year's state convention.

Mr Wagner has also kept aloof from the Roosevelt-Lehman-Finletter attempt to reform the organisation. He has friends in every faction and covets for himself the role of peacemaker and conciliator. The differences between the two factions appear, however, to be irreconcilable. If he is to win the third term in 1961, which it is expected that he will seek, Mr Wagner may have to cast his lot in with one group or the other, though he will probably defer that decision for as long as possible. The aim of Mr DeSapio, who has survived many setbacks and tight corners in his slow climb to power, is to organise his supporters so tightly that the Mayor will find it impossible to decide against him.

Some time ago the New York Democrats put forward Mr Wagner's name for the vice-presidential nomination next year and pledged the state's delegates to him as a "favourite son." This was a curious manœuvre on two counts. It is somewhat unusual, although not unprecedented, for anyone to admit any ambition for the Vice-Presidency and most unusual to name a favourite son as a candidate for the second rather than the first place. The real purpose was to post a temporary "No Poaching" sign around the big New York delegation to the nominating convention in 1960.

The candidate to suffer from this device is Senator Kennedy of Massachusetts, because he had been hoping to bring the New York delegation under his control. Since he is a Roman Catholic from an eastern state, he obviously cannot purchase New York's support by accepting Mr Wagner, a fellow Catholic and easterner, as his running mate; to widen his appeal, Senator Kennedy must have a Protestant from another region. More likely than not, New York will end up by voting for Mr Kennedy at the convention in the early ballots because he is the heavy favourite of the party's rank-and-file in the state. But by coming out for Mayor Wagner Mr DeSapio and his fellow politicians retain control of the situation for the time being and keep alive the possibility that they will be able to join party bosses in other states in nominating Senator Symington of Missouri. The Mayor, who would not be averse to running for Vice President with Senator Symington, is content to co-operate in this gambit.

SHORTER NOTES

Under a law passed by Congress which the President is thought sure to sign, the United States at last recognises that true works of art may be created from unconventional materials such as glass, nails, or rags. Up to now, a picture by Picasso entered duty-free, but his colleagues' did not. The cost of this concession was only about $10,000 a year, but the nuisance it caused was substantial.

* * *

When the jets wing their way in and out of Washington they will come to rest at Dulles International Airport; by a decision of the President, the new airport, which is in process of construction, will be named in memory of the country's most peripatetic Secretary of State.

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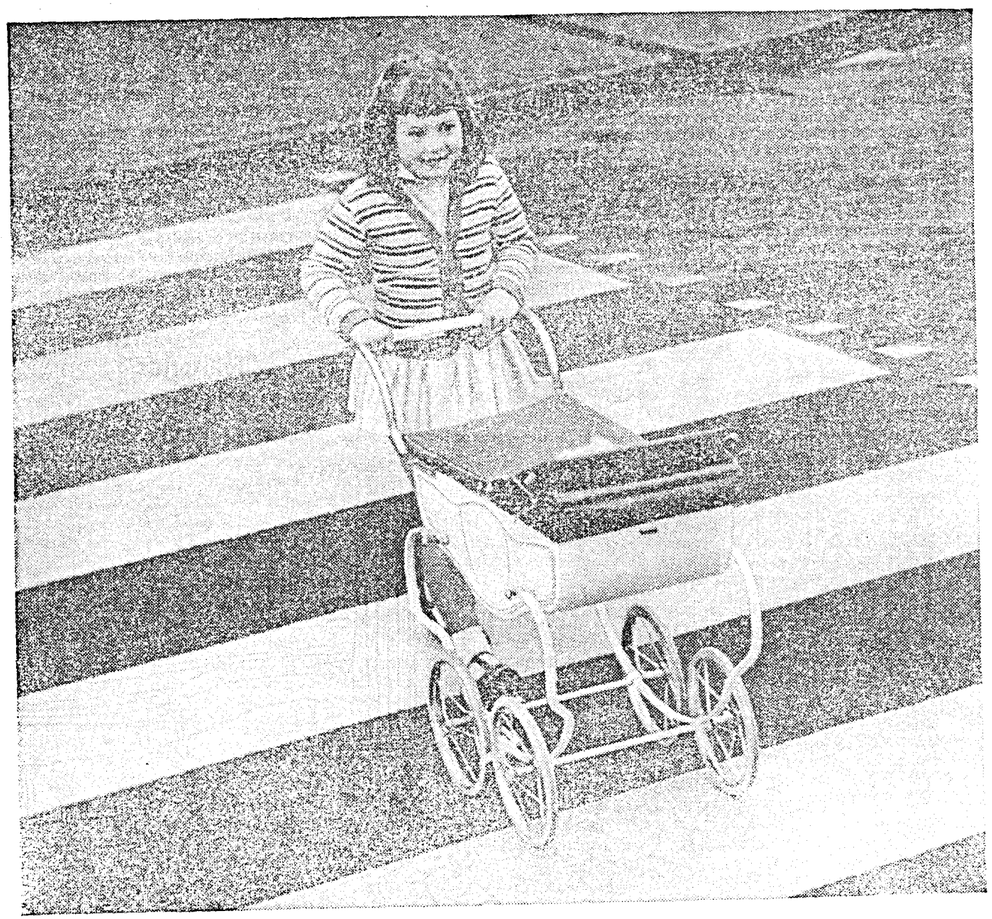

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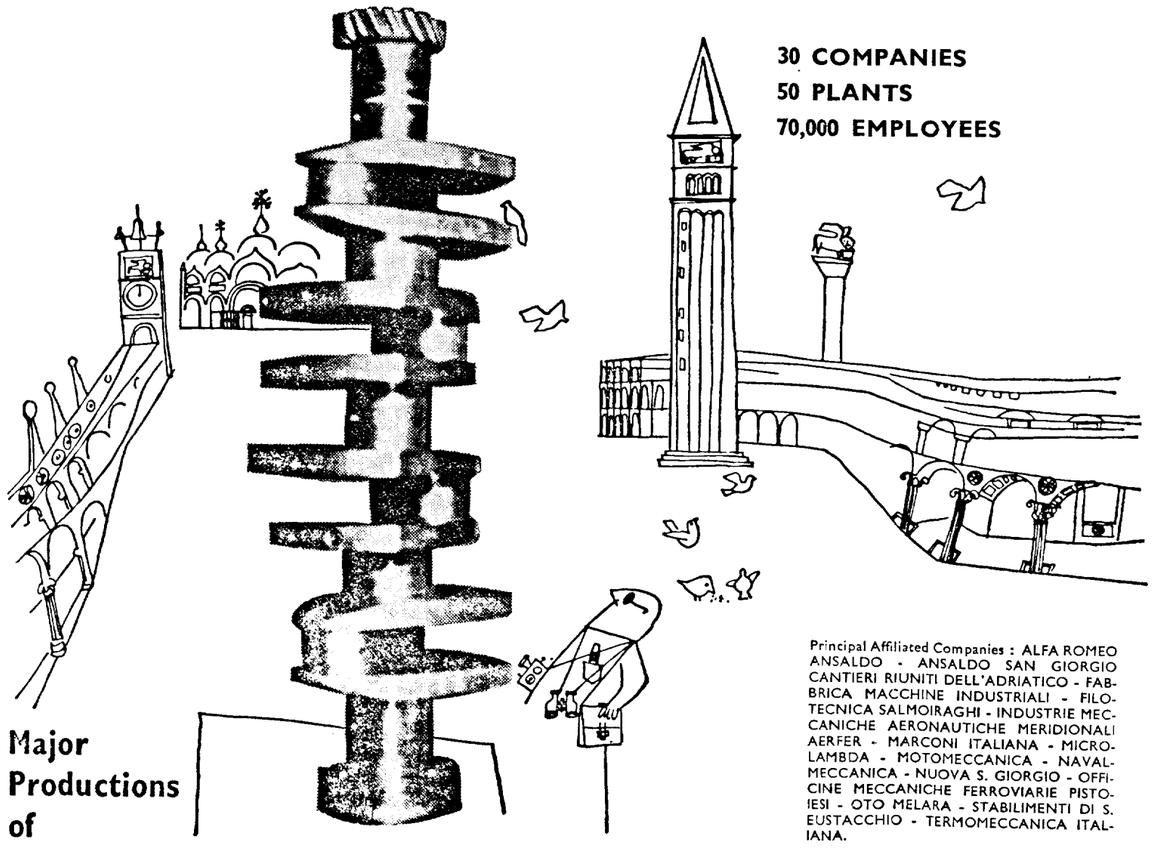

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THE WORLD OVERSEAS

Bleak Outlook for Germans

FROM OUR BONN CORRESPONDENT

THE German Democratic Republic's tenth birthday party, and the accompanying proclamation of ambitious plans for the adolescent years—the coming of age is to be celebrated in 1965—have aggravated the uneasiness with which western Germany has been watching for signs of improved relations between Washington and Moscow. President Eisenhower has been sending Dr Adenauer reassuring messages about Berlin. It is suspected, nevertheless, that the president feels in a position to do so chiefly because he has somehow given Mr Khrushchev to understand that the State Department no longer considers there is any possibility of the Democratic Republic being dismantled this side of Armageddon.

But it is not Dr Adenauer who is most troubled by this surmise. Indeed it looks as though the general western policy which the Chancellor advocates will be broadly followed for the time being—no hasty ascent to the summit, and no concessions without counter-concessions equal in value, particularly in the field of disarmament, where Dr Adenauer argues that the major effort to reduce tension should be made. And it so happens that in the course of the past ten days a German-American conference (on the lines of the annual Anglo-German get-together at Koenigswinter) has brought to Bonn such familiarly reassuring American voices as those of Mr Acheson and Mr McCloy. Dr Adenauer has been listening to them. He himself seems to be reconciled to the idea of an interminable haul.

Much more troubled by recent developments than Dr Adenauer are the younger men who, as far as the attainment of national pretensions is concerned, see the hopelessness of the prospect of any change for the better: that is to say, of reunification at least, and at most the restoration of Germany's 1937 frontiers. This autumn the original accident of partition has taken on an even more irreparable look than before. Mr Khrushchev has not given the slightest ground for allowing anyone to suppose that, in the foreseeable future, Russia would permit the dissolution of the Democratic Republic in return for this or that advantage in some other field. Headed by Mr Kozlov, the Soviet delegation to the birthday junketing was strong, and in choosing their representatives the lesser communist countries followed the Russian cue. The festivities have been an assertion of the unwavering communist purpose, reinforced by the marshalling of irrefutable evidence that the Democratic Republic is holding its own economically, and is to be inseparably knit into the grandiose design of overall communist economic planning.

In their franker moments, the generation of west Germans who are going to have to watch over German interests when Dr Adenauer is gone are understandably distressed. They are also utterly at a loss to know what to do to retrieve the opportunities which many believe are lost through Dr Adenauer's policy of immobility. The president of the Bundestag, Dr Gerstenmaier, gave vent to a lamentation this week in which the only action that could be promised was the flying of the Federal Republic's flag from the old Reichstag building in Berlin as from October 7th. Simultaneously, Christian and Social Democrats solemnly deplored the cruel significance of the east German anniversary. On the Social Democrats' insistence, the Bundestag is to hold a full-dress debate on foreign affairs on November 5th. The impotent discontent is notable particularly among the younger members of the foreign office. One manifestation was the recent retirement from the foreign service of Herr von Kessel, the former minister in Washington, who co-ordinated the preparations for this summer's Geneva conference and had been offered the embassy at Oslo. It was a gesture of despair. The negotiating ground lost by Herr von Brentano in successive yieldings to the Chancellor can hardly be recovered. It is now too late to apply the remedies once recommended and rejected. The long-disputed establishment of diplomatic relations with Prague and Warsaw and the renewal of relations with Belgrade would, for instance, no longer arrest the Sovietisation of eastern Germany, nor non-aggression pacts with these countries, nor yet the Bundeswehr's abnegation of nuclear weapons.

These melancholy reflections are aggravated for realists by their awareness of a substantial body of opinion abroad vocally or tacitly in sympathy with Mr Khrushchev's avowed desire to keep Germany divided. Those who think as much in European as in national terms ask what good can come to the West in the long run through conniving at the injustice of compelling 17 million people to live under a political system they detest. During its ten years' existence the Democratic Republic has lost 2,300,000 citizens through flight. Defeat and occupation and, subsequently, unaccustomed material prosperity, as in the west, or a tyrannical regime, as in the east, have hitherto held the restless German soul in check. Circumstances might again arise in which exploitation of plausible national grievances could spur the nation into fresh mischief. There are few Germans who do not suppose that Mr Khrushchev's real aim is not to keep the Germans divided but to unite them sooner or later in a bigger "democratic" republic. Increasing *de facto* recognition of the east German regime, along with its growing strength and confidence, is consequently driving west Germans to look to their defences. There have been several signs lately that the officials responsible for internal security are intensifying their efforts to counter subversion.

Cairo versus Peking

FROM OUR MIDDLE EAST CORRESPONDENT

PRESIDENT NASSER's reactions to provocation are seldom weak or transient, and the brisk quarrel now raging between Cairo and Peking may well be the prelude to a long estrangement. The speech made by Khalid Bakdash, the exiled Syrian communist leader, may or may not have been approved in advance by the Chinese authorities ; it was certainly approved after the event. It was broadcast in full by Peking radio and the subsequent measures of the authorities to "protect" the embassy of the United Arab Republic show that this was no accident.

It is all rather puzzling to the Arabs, since the Cairo government has been pretty consistent in its diplomatic support for communist

China. The explanation generally accepted here is that the communists are playing the Middle Eastern game both ways. They do not want to lose the Arab nationalists as levers to be thrown against the West whenever necessary. At the same time they still hope to bring about a communist takeover of Arab lands. Thus the Russians maintain their economic aid for the UAR and correct, though occasionally strained, relations with it. The role of the Chinese is to push the communists. It calls to mind the situation between the world wars when the Soviet government secretly approved and publicly disavowed the actions of the Comintern.

The Chinese are certainly making a major effort in Iraq. They sent an impressive delegation to the anniversary celebrations of the July revolution in Baghdad, dancing girls and all. In a less resounding manner they also sent Burhan Shahidi, a Muslim communist from Sinkiang, who is said to be one of the main architects of Chinese Middle Eastern policy. The dancing girls have gone home, but Shahidi is still in Baghdad.

Khalid Bakdash's speech was delivered a few days after demonstrations in Egypt, Syria and Lebanon had protested against the execution of Arab nationalist officers in Baghdad. The reaction to it in Cairo is a measure of President Nasser's determination to prevent the spread of communism from Iraq into Syria and to stifle it if possible in Iraq itself. The question which the more thoughtful Arab nationalists, along with most westerners, are now asking themselves is whether President Nasser is tactically wise in pushing his quarrel with General Qasim to such extreme lengths.

It is conceded that attacks on Qasim may strengthen the determination of his supporters to keep him in power ; also that they may drive him further leftward than he himself wants to go. Nevertheless, it is thought that on balance Nasser's campaign against him is necessary. If it is called off, Arab nationalists in Iraq would feel themselves abandoned and, losing all hope, they would turn to the only alternative. In the present circumstances that alternative could only be communism. The possibility that they might look to any other source for comfort, to Amman or Riyadh for instance, is never considered—probably quite rightly.

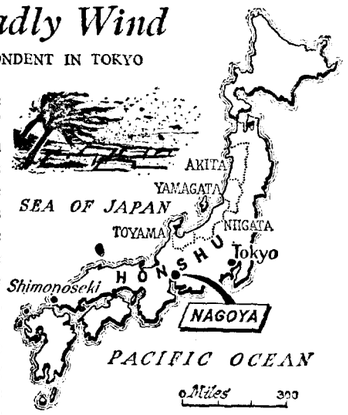
THE two main antagonists on the Arab scene are nationalism and communism. President Nasser's prestige has slipped in recent months. His inability to dent the present regime in Iraq is one reason ; his troubles in Syria are another ; his recent rapprochement with King Hussein and King Saud is yet another. In the words of a serious Arab observer here: "One year he accuses King Saud of plotting his assassination ; the next year he asks him to lunch." The movement away from Nasser has not yet reached significant proportions. The situation here is so fluid that he should have plenty of chances to reassert all his old authority. He is nowhere near desperation.

It would be quite wrong, therefore, to suppose that President Nasser's quarrel with Peking gives the West a chance of winning back its old position in the Middle East. Events have proved, contrary to most western assumptions at the time, that not even the Suez affair nor the Eisenhower doctrine nor the landings of the American Sixth Fleet in Lebanon and the British parachute troops in Jordan drove him into dependence on the communist block. In the same way, disputes with the Soviet Union and China will not drive him into dependence on the West. With due caution, some marginal advantage might be derived from the situation. That is all.

It is now clear beyond reasonable doubt that President Nasser has meant what he said all along. The game of politics in Arab lands must be played according to Arab rules, not according to rules dreamt up in London, Washington, Moscow or Peking. The rules may be unacceptable to some ; they may be changed without warning ; or the referee may cheat. But no other rules are permitted.

Japan's Deadly Wind

FROM OUR CORRESPONDENT IN TOKYO



"WHY didn't someone cry 'Wolf'?" asked a weary American Navy helicopter pilot, as he gulped coffee before climbing back into his "whirlybird" to save some more of the 25,000 people clinging to rooftops in the watery debris of Nagoya, Japan's third largest city. A good many Japanese have been angrily asking the same question, since Nagoya became a shambles after the visit of a typhoon called Vera. But the answer to the question is the same as in the fable. Vera got plenty of advance publicity, from the weathermen and in the newspapers. The weathermen warned five days before the storm struck that it was building into a "super-typhoon" ; and Nagoya received at least twenty-four hours' notice that the city lay directly in Vera's path. But hardly any precautions were taken.

Japan has 15 to 25 typhoons each year, and typhoon warnings are regarded by most of its people as part of an elaborate but stereotyped seasonal ritual. The path of a typhoon is a very difficult thing to predict with accuracy, and the Japanese are accustomed to their typhoons suddenly veering off course and expending themselves harmlessly in the ocean. In the case of the Nagoya tragedy, unfortunately, Vera did not veer.

When disaster struck at them out of the Pacific, the people of Nagoya were busy with preparations for a week of colourful festivities, to celebrate the city's seventieth anniversary. The "twin city" of Los Angeles was to have participated, and there were to have been decorated floats patrolling the streets by day, filled with pretty "flower queens," and impressive fireworks by night. The city's celebrated 350-year-old castle, which was badly damaged by American air raids during the second world war, had been completely restored, and was once again flaunting its golden dolphins on the castle roof. Within a few hours, all this proposed pageantry was submerged in hideous nightmare. Vera struck at Nagoya with 138 mph winds, then went howling across the width of Japan, to the Japan Sea. Lesser winds raged widely on either side of the main blast, as far as Tokyo in one direction and Shimonoseki, at the southern tip of Honshu facing Kyushu, in the other. When Vera reached the Japan Sea she had not yet finished with Japan, for there the storm made a right about turn, and followed the coastline to the northern tip of Honshu, destroying crops and communications throughout the four prefectures of Toyama, Niigata, Yamagata and Akita. But the main area of devastation remained in and around Nagoya.

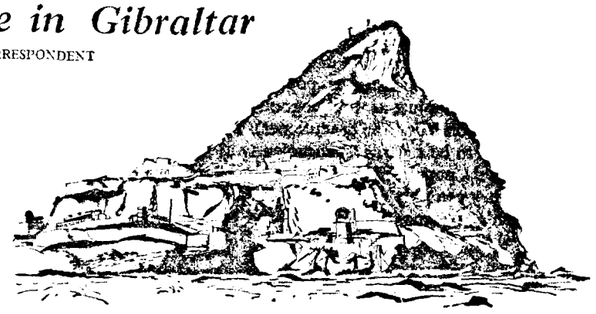
The full extent of this devastation was not fully appreciated in the rest of Japan for two or three days. Once again, the tardy recognition was due to over-familiarity with typhoons. It was apparently assumed that Nagoya would manage to stumble to its feet without too much trouble, and without massive outside aid. There were also great difficulties of communication, for telephone lines were down everywhere, and the Japanese railway system, normally so efficient, had been almost literally cut in pieces. When it became clear than Nagoya and its one and a half million people had suffered almost a knockout blow, the American Navy and the Japanese air force rushed to the scene. What they found there was almost unbelievable.

Much of the city was still under water. Hundreds of thousands were homeless, and there were thousands of dead and missing. Japan this year has had yet another bumper rice crop. But the people of Nagoya had been reduced at one stroke from a fairly high level of prosperity to starvation. Isolated by floods and surrounded by corpses already beginning to decay, the survivors of stricken families were reduced to diving into the filthy water to try to dig out sweet potatoes from the mud. Diseases that included tetanus and gas gangrene as well as dysentery were beginning to take their toll. Thieves were also at work amid the havoc, commandeering rowing-boats and going among the ruined homes in search of loot. Many people, already starving and threatened with drowning as the water continued to rise, actually refused to be rescued by helicopter or boat, because they were afraid to lose sight of their few remaining personal possessions. A special force of eleven hundred police, many of whom had themselves lost homes or families or both, had to be formed to combat the thieves. Meanwhile, the other side of the coin of human nature was also being exhibited: donations of money, clothing, food and medical supplies began to pour in ; the donors included even the wretchedly poor rag-pickers of Tokyo.

Vera has claimed between four and five thousand lives, and has

How They Vote in Gibraltar

FROM A CORRESPONDENT



ONE of the troubles about proportional representation is that it has the reputation of being rather un-British. The recent elections in Gibraltar, which is in some ways more British than the British, are evidence, however, that proportional representation does operate in a British political climate ; and, what's more, that it works.

Gibraltar, with a permanent population of about 25,000 people, has a Legislative Council of twelve members, of which a majority are elected on a basis of universal suffrage. Those who go to the polls are handed a form on which all the candidates for election are listed alphabetically. In the last election there were thirteen names on it. The voter may if he wishes just put "1" against the candidate he favours most: but he is encouraged to mark his other preferences 2, 3, 4, etc., as well. In practice few went right to the bitter end and marked all thirteen candidates; but the majority marked at least four. For the man in the street, therefore, voting is straightforward. Compared with football pools, PR is child's play.

Two parties contested the election with four candidates each, and there were five unrelated independents. The parties naturally encouraged their supporters to vote for their candidates 1, 2, 3, 4 in an order which is determined in advance at party headquarters.

The hard work, and the complications, start when the polling stations are closed. The first thing the returning officer has to do is to work out what is called the quota. This is the number of votes a candidate has to achieve to get elected. He does this by dividing the total number of valid votes by one more than the number of seats to be filled, and by adding one to the answer. If, say 8,000 valid votes have been cast, he divides this by 8, i.e. 7 seats plus 1, and to this figure he adds one. The quota is thus 1,001.

Before he knows the total number of valid votes, the returning officer must go through each paper and decide whether each paper can be accepted or not. If, for example, a paper has a tick or an X against only one name its meaning is clear and it is accepted. But if there are more than one X it has to be rejected. Sometimes, to enliven a tedious task, you get a paper marked "To hell with the lot of them."

The first preferences are then counted up, and any candidate reaching the quota is declared elected. At the recent election three passed on the first count. The quota was actually 1,068. One man got 3,420. The votes of the other candidates ranged from 1,815 to 4.

The next stage, the second count, is to deal with the surplus of the candidate with the largest number of votes, i.e., the amount by which he exceeded the quota. All his votes must of course be scrutinised. If no second choice is shown the votes are called non-transferable, and take no further part in the proceedings. Those which show second choices are then allocated to the candidates concerned and credited to them on a proportional basis, i.e., if the surplus is 2,000 over a quota of 1,000, two-thirds are given to each candidate shown. Mr X, who has 300 of the second choices, therefore has 200 added to his score. If anyone reaches the quota on this count he is declared elected.

The extra votes of each candidate with a surplus are dealt with in turn in this way. In the recent elections six counts were necessary before all the original and consequential surpluses had been disposed of. But still only five of the seven seats had been filled at this stage. The time was 5.45 a.m., and it was clear that neither the returning officer and his staff, nor the other eight candidates and their agents, would get to bed that night.

The next stage is to eliminate those with the least votes; starting at the bottom. These votes are allotted to the remaining candidates in accordance with the second choice shown on them. If the second choice was already in, or had been eliminated, the vote went to the third or fourth choice and so on. It was not until the ninth count, and the dawn, that Gibraltar's first woman candidate found herself elected. She did not actually reach the quota, but she had more votes than anyone else could possibly muster at that stage.

The result was that one party with four candidates and 42 per cent of the first preference votes got three seats. The other party, with 11.5 per cent got one of four nominees in. The other three seats went to various independent candidates, who together took 46.5 per cent of the original votes. Thus the outcome was a very fair representation of what the people wanted. If the British system of voting had been followed and Gibraltar had been divided into wards or constituencies, the odds are that the party which got 42 per cent of the votes would have taken all the seven seats.

A common criticism of proportional representation is that you do not get clear-cut majorities, and that you encourage independent candidates and splinter groups. In Gibraltar, however, it does not matter much, as under current practice all the unofficial members of Legislative Council are given some departmental responsibilities and duties. Thus for their own department they become members of the government; whilst remaining members of the opposition as far as other people's departments or subjects are concerned. This may seem odd, but the small size of Gibraltar merits solutions of its own; and once again this one seems to work.

inflicted about £265 million of damage on Japan's industries, farms, schools, railways, ports and homes. This makes the storm the worst that has struck the country in living memory, and perhaps the worst storm that Japan has ever had in its long history of typhoons.

The point that is now being made by the Japanese themselves is that any other of Japan's great industrial cities would inevitably have suffered in the same way and to the same extent as Nagoya has, had the typhoon struck at them. In the past, the physical damage caused by typhoons was considerably less noticeable. The philosophical farmers simply took to the hills when a storm approached, and returned when it had passed, to rebuild their flimsy wooden homes and to grow another rice crop. This line of least resistance is not open to huge urban populations. There have been times when typhoons were actually hailed as good omens. They twice saved Japan from Mongol invasion, by inflicting on Kublai Khan's fleets the same fate as befell the Spanish Armada; and the Buddhist saint Nichiren is popularly supposed to have been saved by a typhoon just as the Shogun was about to have him beheaded (the typhoon killed the executioner). But future typhoons are highly unlikely to be regarded benevolently as "divine winds." To a small, densely populated, highly industrialised country like modern Japan, they can only come as fearful scourges. Next time, the weather-men's warnings may receive the respectful attention they deserve.

Turtle Bay Talkathon

FROM A SPECIAL CORRESPONDENT AT THE UNITED NATIONS

AFTER three full weeks of unremitting talk, the General Assembly wound up its so-called general debate on Tuesday, after more than fifty foreign ministers had spoken and the press lobby was knee deep in mimeographed versions of their speeches. What had been achieved by this mammoth outpouring of words?

It would be as foolish to underestimate the importance of this "talking shop" as it would be to disregard the one just elected to Westminster. The assembly is not a world parliament, but it is, in Senator Vandenberg's phrase, a town meeting of the world. The mere fact that disputes are brought out into the open (the South Tyrol question between Austria and Italy, the Suez Canal between Arabs and Jews, camel grazing lands between Somalia and Ethiopia) has its value, for once the United Nations are seized of a dispute it becomes more difficult to try and settle it by force. An even greater effect of this prolonged, diffuse and boring debate is that it does give those who care to observe it "the sense of the meeting." No one who has studied this year's outpourings can fail to know that nuclear tests and the cold war are out, disarmament and multilateral economic aid are in. Within the great building at Turtle Bay, the secretariat watch the debate with especial interest because it gives them some indication of the "general will" on which their Secretary-General may have to base his action if another crisis is dumped in his lap.

BUT now the general debate is ended the assembly must get down to detail in its committees. In the first (political) committee disarmament is bound to be not only the first, but the main topic. The small nations wish to make clear that even though the prospects of practical steps towards disarmament may be confined to the Soviet-Nato committee of ten, which is expected to meet in Geneva next January, they are vitally concerned in the outcome. The "big four" are anxious to show that nobody is more sincere than each of them is in achieving real, permanent and general disarmament, so that they may turn their efforts to helping the poorer nations of the world. However, when it comes to practical matters there is rather less sweetness and agreement.

The African nations insist that the most important item on the agenda is to prevent the French from exploding their atom bomb in the Sahara. Undoubtedly they have won a great deal of support, and if France does in fact break the present truce on nuclear tests it will find this world assembly remarkably well organised against it. The rest of the assembly is divided into those who believe that dedication to the ideal of general and complete disarmament is the first step to Utopia, and those who believe that a slow but sure approach by way of controls and inspection is the only road to any real reduction in both tensions and armaments.

WHAT is rather surprising is the extent to which the former position (which means supporting the Khrushchev plan) has gained ground among even the less starry-eyed of the "uncommitted" nations. Mr Selwyn Lloyd's detailed proposals for progress through inspection and controls have received a warmer welcome than seemed likely at first, and the smaller nations are now watching to see which plan will actually result in any move towards disarmament. Neither the western attitude that inspection arrangements must be complete before disarmament begins, nor the Russian idea that disarmament must be virtually complete before inspection goes at all deep, will cut any ice with the assembly, which wants to see a beginning of disarmament, however modest, within the next twelve months.

Simultaneously with the disarmament debate, the economic committee will be discussing how to divert resources to help the underdeveloped countries. Here the non-Soviet world has a decided advantage after last week's meeting of the World Bank governors in Washington, which decided to set up an International Development Association. But inevitably the poor nations are not wholly satisfied. They wish both to increase the amount of aid generally available, and to get more control over its distribution. Voting in the world bank is weighted according to contributions; voting in the UN assembly is on the simple basis of one government, one vote: therefore there is considerable "popular" pressure to get as much aid as possible channelled directly through organs controlled by the assembly. Doubtless this will be supported by the communists, but, unless they are prepared to put up a good deal more money for international aid, they will not succeed in winning much sympathy.

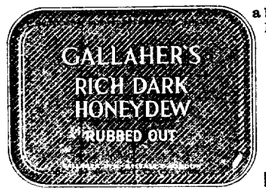
For the UN assembly is not an easy body to fool, even if its actions and resolutions sometimes appear rather naïve. This assembly is unalterably "anti-colonialist," but it seems to have learnt that colonialism is not the prerogative of the West. There has been a notable softening of hostility towards France since President de Gaulle's statement of policy on Algeria. If France plays its hand tactfully and with some signs of "give" in the forthcoming debates, it need not fear an adverse vote, even though most Arab countries wish it to negotiate with the Algerian rebels' "provisional government." On the other hand, if the communist block are not careful they may find their absent big brother, China, severely reprimanded for its actions in Tibet.

Finally, this assembly looks like having one of its old-style knock-down cold war fights over the elections to the Security Council, where Poland and Turkey are competing for a seat. The United States seems determined that on cold war issues the vote in the Security Council shall be 10-1 against Russia and not 9-2: for this they are prepared to ignore the "gentleman's agreement" which gave one seat to eastern Europe, and to alienate the West's closest contact in the Soviet block. To many it seems a poor bargain.

It's time you savoured the deep contentment of

GALLAHER'S

RICH DARK HONEYDEW



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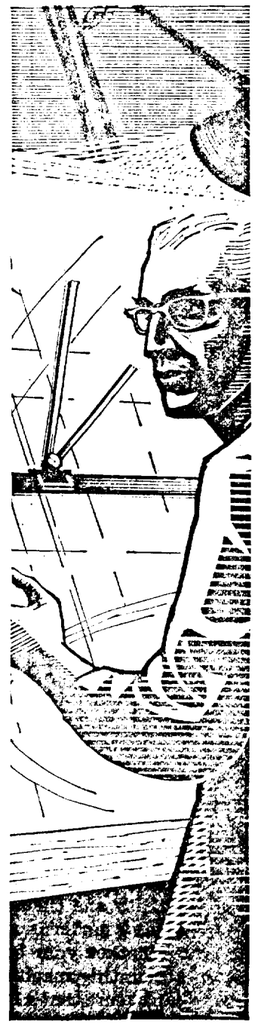
From our Bodegas at Jerez in Southern Spain

Leading Architect says ...

We pick the locks a burglar can't



My partners and I have our offices in a largish block. Since a porter shuts the whole place up at night, we had never bothered much about possible burglaries.

As so often, the impossible went and happened: through some slight slip-up on the porter's part, a burglar got in. After picking our locks he lit a cigarette, had the safe open in seconds, and removed our cash.

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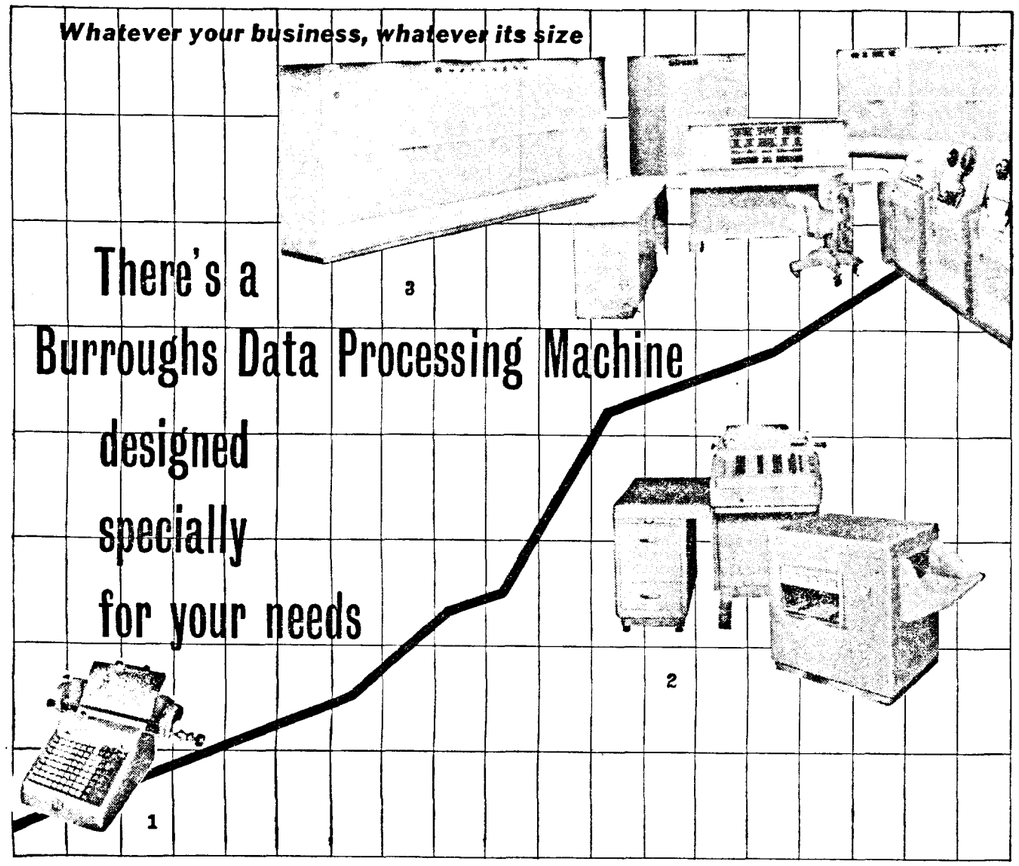

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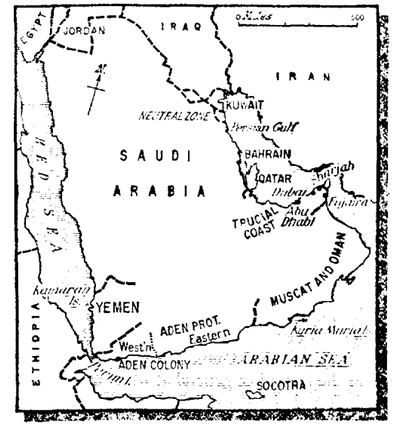
Britain in Arabia

IF the Arabs of the Arabian peninsula ever achieve the unity they bear so much about from their brethren farther north it will solve many problems for the British Government. Britons first became involved in Arabia because it lay across the imperial lifeline. They remained there to suppress piracy, the slave trade and, later the arms traffic. By the time India became independent the pirates had settled down to dream dreams of oil, the slave traffic had come to an end, and Britain had exclusive agreements with all the native rulers along the southern shores and with all but one in the Persian Gulf. In all the years of unfettered imperialism there was never any incentive to add the peninsula to the empire or to give its sparse population the tutelage that made India a great nation. There was never a Government of Arabia, and the British connection there now is what it might be in India if each petty state had been treated individually until, finally, each had gained a precarious independence.

British relations with Arabian Arabs at present range from the broken diplomatic, with Saudi Arabia, to the frankly colonial, with Aden Colony. In between, relations with an imam and assorted shaikhs, sultans and amirs are governed by treaties, letters of understanding, undertakings, engagements, and often, by misconceptions on the part of the Arabs.



Saudi Arabia

Between 1902 and 1934 the late King Abd al-Aziz ibn Saud patched together all the peninsula except the Sultanate of Muscat and Oman, Aden Colony, and the two groups of British protected states which make up the Aden Protectorates and the principalities of the Persian Gulf. In 1934 he even conquered Yemen but wisely gave it back to old Imam Yahya. The king's Saudi ancestors were, during the nineteenth century, largely responsible for the piracy and unrest that first brought British intervention into the affairs of Arabia. In 1915, having thrown in his lot with the British in the war against Turkey, he joined the society of British protected rulers. In return for a subsidy and recognition of his independence he turned over the conduct of his foreign affairs to the British Government and promised that he would not dispose of territories or concessions without its consent. By the time he met British representatives at Jiddah in 1927, however, he was lord of much of Arabia and protector of the Muslim holy places at Mecca and Medina. The arrangements made in 1915 were no longer regarded as being suitable for a king who was obviously able to take care of his own affairs. They were replaced by a treaty which recognised his absolute independence. British relations with Saudi Arabia have for long been strained by a mass of conflicting territorial claims in the hinterlands of the Persian Gulf and the Aden Protectorates. In 1952 the Saudis occupied the Buraimi oasis, claimed in part by the Sultan of Muscat and in part by the Shaikh of Abu Dhabi, and were driven out in 1955 after an international arbitration tribunal broke down. The Saudis complained loudly, but they did not break off diplomatic relations with Britain until nationalist pressure forced the king to do so at the time of the Suez expedition.

Yemen

With the Kingdom of Yemen the course of British relations has hardly ever run smoothly. Until the end of the first world war the country was under the hazy sovereignty of the Turkish sultan in far-off Istanbul. Imam Yahya ruled the highlands from Sana while Turkish troops occupied the coastal regions. By 1919 British troops had briefly replaced the Turks, and a few years later the Saudis arrived for a short stay. The Imam's dreams of expansion led some of his neighbours to ask for British protection, and the treaty of Sana in 1934 was supposed to provide for an Anglo-Yemeni commission to fix the border between the Imam and the protected states. But twenty-five years of the treaty's allotted span of 40 years have passed without bringing a successful conclusion to the border troubles. The Imam contends that the *status quo* provided for in the treaty means that the British should make no changes in any of the protected states, not only along the disputed border area. Diplomatic relations between Britain and Yemen were established in 1951. There has never been a British minister to Yemen, though there is a *chargé d'affaires* at Taiz, and there is a Yemeni *chargé d'affaires* in London who has never been to Yemen.

Muscat and Oman

The Sultan of Muscat and Oman is recognised as being slightly more independent than any of the other protected rulers of Arabia. He has, in the past, signed treaties with France, the Netherlands and the United States. He is bound, however, by exclusive agreements with the British Government for coal and oil concessions, and in 1891 the then sultan bound himself and his heirs never to cede, sell, mortgage or otherwise give up for occupation the dominions of Muscat and Oman except to the British Government. The Sultan's relations with Britain are conducted through a consul-general who is nominally responsible directly to the Foreign Office but who, for practical reasons, more often works through the Persian Gulf Residency at Bahrain. Muscat and Oman is not, like Saudi Arabia and Yemen, a member of the United Nations or the Arab League.

Aden

The governor of Aden is a busy man. He is governor of Aden Colony, commander-in-chief of the armed forces stationed there, governor of Kamaran Island and governor of the Aden Protectorates. In the Western and Eastern Protectorates he is represented by a British agent and resident adviser, at Kamaran by a commissioner and at Perim Island, part of Aden Colony, by the Aden commissioner of police.

There is no one government for the Protectorates. The local rulers were, so long as they kept the peace, left to their own devices until a system of advisory treaties was set up in 1945. Then, in 1956, the Imam of Yemen formally laid claim to Aden and the Protectorates as being parts of his lost patrimony. The Imam's greedy attitude and the encouragement he received from Egypt and elsewhere quickened the desire of the local rulers to form a protective society of their own. The Federation of Arab Amirates of the South was formed in 1959 by six local chiefs who hope, with

British help and advice, to attract more members from among their neighbours. The Sultan of Lahej applied for membership on October 4th. At the laying of the foundation stone of *Ittihad* (Union), the new federal capital city near Aden, on September 29th the president of the federal supreme council said that the object of the federation was to achieve unity and the creation of a democratic sovereign Arab government.

British relations with the Aden rulers began with the occupation of Aden in 1839 as a measure to insure peace on the roads and waters around the colony. As Aden grew in importance strategically and commercially the relations became more complicated. The people of the colony and the protectorates have no longing to exchange British protection for the Imam's harsh rule, but in the colony there is a growing demand for independence.

Persian Gulf

The Political Resident in the Persian Gulf is appointed by the Foreign Office and resides at Bahrain. Political Agencies at Bahrain, Kuwait, Qatar and Dubai are responsible to him and he keeps an eye on the consulate general at Muscat. The British position in the gulf is founded on a series of agreements with the trucial shaikhs which began in 1820 with a general treaty establishing a lasting peace with the Arab tribes and calling for the cessation of plunder and piracy. The slave traffic was forbidden by an agreement signed in 1847. In 1892 the trucial shaikhs promised to deal only through the British Government in matters concerned with foreign affairs and that they would not part with any portion of their territories to other nations; in 1902 they agreed to prohibit the traffic in arms; in 1922 they undertook not to grant any concessions for oil within their territories except with the permission of the British Government.

The rulers of Bahrain, Kuwait and Qatar entered the fold of British protected states long after the system had been set up for their less important neighbours along the southern shores of the Persian Gulf but, one by one, they have made the same agreements with the British Government.

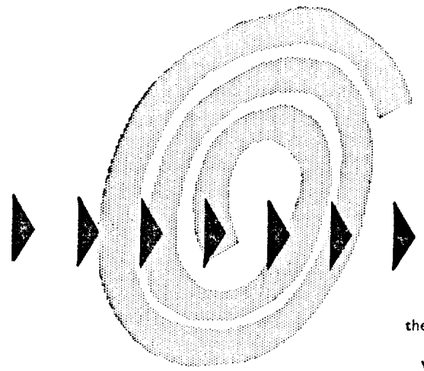
THE loud voices of Arab nationalism outside the Arabian peninsula continually raise the question of why Britain should continue to exercise such power around the coasts of Arabia. There are, occasionally, less strident but equally insistent queries from Americans interested in the area. The answer given by Lord Curzon to the trucial rulers in 1903 was that:

> We found strife and have created order; our commerce as well as your security was threatened and called for protection. . . . We saved you from extinction at the hands of your neighbours. . . . We have not destroyed your independence but have preserved it. . . . The peace of these waters must be upheld; and the influence of the British Government must remain supreme.

There have been many changes in the peninsula since Lord Curzon spoke, but much of what he said remains true today. It is only the statement about the influence of the British Government remaining supreme that does not fit into the pattern of twentieth century politics. When the local rulers are confident that they can face the future alone then the time will have arrived for the making of new arrangements. It should be a time of rejoicing in Whitehall and Great Smith Street.

BRITISH CONNECTIONS IN ARABIA

STATE	Basis of Connection	BRITISH REPRESENTATIVE
Kingdom of Saudi Arabia	Treaty of Jiddah 1927	Diplomatic relations broken off 1956
Kingdom of Yemen ..	Treaty of Sana 1934	Charge d'Affaires, Legation, Taiz
Aden Colony	Occupied 1839	Governor appointed by Colonial Office
	Crown Colony 1937	...
Perim Island	Occupied 1799	...
Kamaran Island	Taken from Turkey 1915	Controlled by Persian Gulf Resident for Governor of Aden
Kuria Muria Islands	Gift to Queen Victoria from Sultan of Muscat 1854	
Aden Protectorate ..	...	Governor of Aden
Western Aden Protectorate.	...	British Agent and Resident Adviser, Khormaksar
Federation of Arab Amirates of the South		
Fadhli Sultanate	Engagement 1839 Protectorate Treaty 1888 Advisory Treaty 1945 Federation Treaty 1959	...
Upper Aulaqi Shaikhdom	Treaty 1903 Advisory Treaty 1952 Federation Treaty 1959	...
Lower Aulaqi Sultanate	Engagement 1855 Protectorate Treaty 1888 Advisory Treaty 1945 Federation Treaty 1959	...
Amirate of Beihan ..	Treaty 1903 Advisory Treaty 1945 Federation Treaty 1959	...
Lower Yafai Sultanate ..	Engagement 1839 Protectorate Treaty 1895 Advisory Treaty 1945 Federation Treaty 1959	...
Dhala Amirate	Agreement 1880 Advisory Treaty 1945 Federation Treaty 1959	...
Abdali Sultanate of Lahej ..	Treaties 1802, 1839, 1843, 1849, 1952	Political Officer
Aqrabi Shaikhdom	Engagement 1939 Protectorate Treaty 1888	...
Upper Aulaqi Sultanate ..	Treaty 1904	...
Upper Yafai Sultanate ..	Treaties 1895	...
Upper Yafai Shaikhdoms: Marshatta, Dhubi, Maflahi, Hadrami, Shaib	Protectorate Treaties 1903	...
Busi	Protectorate Treaty 1954	...
Haushabi Sultanate	Engagement 1839 Protectorate Treaty 1895	...
Alawi Shaikhdom	Protectorate Treaty 1895	...
Eastern Aden Protectorate	...	British Agent and Resident Adviser, Mukalla
Qaiti State of Shihr and Mukalla	Engagements 1863, 1882 Protectorate Treaties 1882, 1888 Advisory Treaty 1937	...
Kathiri State	Agreement 1918 Advisory Treaty 1939	...
Mahri Sultanate of Qishn and Socotra	Agreement 1834 Protectorate Treaty 1886 Advisory Treaty 1954	...
Wahidi Sultanate of Bir Ali	Protectorate Treaties 1888, 1895	...
Wahidi Sultanate of Balhaf ..	Protectorate Treaty 1888 Advisory Treaty 1949	...
Sultanate of Muscat and Oman	Treaties 1798, 1873, 1891, 1921, 1923, 1951, 1958	Consul General
The Persian Gulf	...	Political Resident in the Persian Gulf, Bahrain
The Persian Gulf States:		
Shaikhdom of Bahrain ..	Agreements 1820 1847 1861, 1880, 1892, 1914	Political Agent
,, ,, Kuwait ..	Agreement 1899 Letter 1914	,, ,,
,, ,, Qatar ..	Engagement 1868 Treaty 1916	,, ,,
The Trucial States:		
Shaikhdom of Dubai ..	Agreements 1820, 1853, 1892, 1902, 1922	Political Agent for Trucial Coast Political Officer
,, ,, Abu Dhabi	Agreements 1820, 1853, 1892, 1902, 1922	
,, ,, Sharjah ..	Agreements 1820, 1853, 1892, 1902	
,, ,, Ras al-Khaimah	Agreements 1820, 1853, 1892	
,, ,, Umm al-Qaiwain	Agreements 1820, 1853, 1892, 1902	
,, ,, Ajman ..	Agreements 1820, 1853, 1892, 1902, 1922	
,, ,, Fujaira ..	Recognised as independent Shaikhdom 1952	



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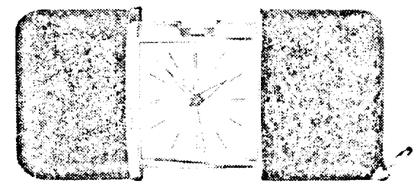

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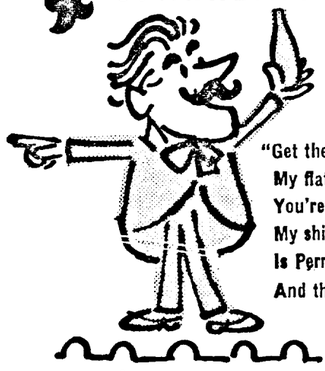

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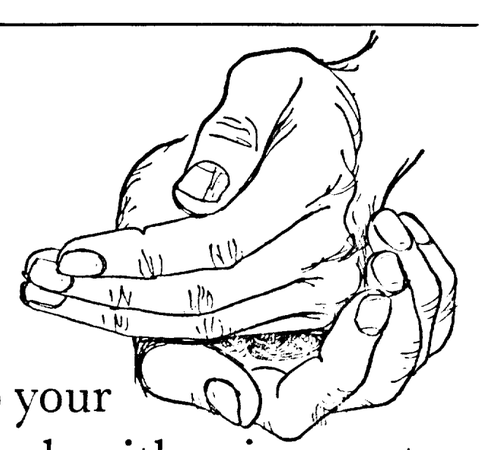

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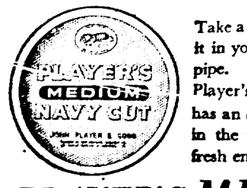

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THE BUSINESS WORLD

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BY OUR SPECIAL CORRESPONDENT

LAST Thursday evening the ticker on Times Square spelled out, between the World Series and the weather, a message on a less familiar theme: "Treasury Issues New Note At Five Per Cent—Highest Interest In Thirty Years." Next day Federal Reserve Banks were inundated with enquiries from small institutions up and down the country that had never applied for a marketable government security before. Some of the applicants, undoubtedly, were "taking a free ride" (in London jargon, stagging); but the Treasury has plainly attracted some new genuine investment demand. Above all, it has gained the psychological initiative, at a time when investors are already wondering whether equities at their low yields are still the best buy.

Interest rates have been rising sharply for many months in the United States. But, hitherto, the process has been seen simply as a result of the Administration's monetary difficulties. Now, Wall Street is talking of this further small but deliberate rise in rates, in the fashionable Radcliffe language, as "a change of gear"—from middle to high. This bold lead from the United States Treasury deserves to be taken notice of by the monetary authorities in Britain, who hitherto have doubted the possibility of shaking a market out of its weakness by offering gilt-edged above the market rate.

In the United States other steps, notably by Congress, will have to be taken before the Administration has surmounted its financial difficulties. But this initiative helps to set those difficulties in perspective. There has always been a measure of unreality in the solemn comparisons of America's present troubles in government financing with Europe's earlier ones. The central point is that in the United States the market in government securities, including Treasury bills, is a free market. Except at quite rare moments, official funds are not available to act as a cushion or shock absorber; the Treasury has to meet the market's terms all the time. Nor does the size of America's national debt seem so formidable on a European view as it does to many American bankers and security dealers. Federal debt held outside official agencies is well under one half of one year's national income; in Britain, the debt is well above our annual national income.

In this fiscal year, moreover, the Federal budget should be in balance. There are not many countries that meet all capital expenditures by the central government from current revenue (and it would be regrettable if the concept of a balanced budget were restored to its pre-Keynesian status as an unvarying requirement). The American financial problem now is not, as is widely supposed, one of governmental overspending or an excessive burden of debt. It is the much narrower and more technical problem of a lack of balance in the maturity of the debt, which was highlighted and exacerbated in the summer when Congress refused to raise the ceiling of 4¼ per cent on new issues of bonds. (In America, in exact contrast with Britain, bonds are defined as securities with more than five years' life.) This ruled out any new Treasury borrowing at medium term or long term.

Table I
NATIONAL DEBT AND NATIONAL INCOME

	United States $ billion June 30, 1959	United Kingdom £ billion March 31, 1958
Debt held outside public sector:		
Treasury bills	29·9	2·9
Other marketable securities	120·2	14·5
Savings securities, etc.	50·5	6·2
Overseas loans	...	2·3
Total net national debt	200·6	25·9
Gross national product (annual rate)	431·8	20·5

THE concentration in the short-term market of Treasury demands to meet its seasonal needs and refinancing had its predictable effect. The discount rate on three months' Treasury bills shot up from 3 per cent at the beginning of August to 4.17 per cent by mid-September, while rates on six months' bills and on Treasury notes have risen above 4¾ per cent. The movement carried with it the discount rate of the Federal Reserve and the prime lending rate of the big banks, which is now at 5 per cent. This week the issue of $2 billion of 5 per cent notes at a life within two months of the five-year limit has relieved the market in Treasury bills in corresponding measure, and bill rates have duly turned downward.

The huge increase in the supply of Treasury bills—from $22.4 billion in mid-1958 to $37.1 billion at present—has been accompanied by no notable rise in bank deposits, which would be inconceivable in Britain. But in the United States the Treasury bill is not primarily an asset of the banking system; holdings of the commercial banks are only a fraction of those of private and institutional investors. In the past year, increasing pressure by the Federal Reserve has obliged the banks to unload bills and other government securities to finance the surging demand for loans. Corporations and other investors have taken up many more bills at the

increasingly attractive rates; thus reliance by the authorities on bill finance has not, as it would have done in Britain, swollen the credit base and the money supply.

But the Treasury's reliance on short-term finance does build up a potentially dangerous volume of liquidity in the economy. The Treasury's biggest worry is not so much the volume of the very shortest debt, of up to a year's life; these securities meet a real investment demand, and their total has not risen significantly in the past two years (though it is well up on 1955). The alarming increase has been in the group maturing in one to five years, from $39 billion to $57 billion since mid-1957. This is the only group in which the holdings of commercial banks exceed those of other investors. The big rise in the volume of these maturities has led to a hump in the yield curve. Only Congress can remove that hump.

America's present funding problem is to some degree a legacy of the recent recession. Just as the record budget deficit of $12½ billion was incurred in the fiscal year after recovery began, so the monetary consequences of that deficit are still being felt in a year when the budget is planned to be balanced. Monetary management in a recession faces a difficult choice. This is the time when the market is most receptive to offers of long-term bonds; yet this is also the time when, in order to stabilise the economy, the market should be kept liquid and interest rates should come down. Even within the confines of debt management in the narrow sense, there is a conflict; finance through medium-term or long-term securities will ease the problem of refinancing when the recovery comes, but it will intensify the book losses suffered by investors when official policy turns again to restriction and higher rates. Investors burned their fingers badly enough on the seven-year bond issued at 2⅜ per cent in mid-1958, on the eve of the turn. As the Treasury and the Federal Reserve Board point out in their admirable study of this experience, summarised in the Board's August bulletin: "The Treasury's problem of maintaining a debt structure adaptable to changing circumstances without itself contributing to instability of the economy is a formidable one."

The real criticism of the Treasury is its failure to sell long-term securities before the recession began. In 1956 or 1957 they could have been marketed at around 3½ per cent; but the Republican chiefs at the Treasury were still sensitive to

Table II

THE MARKET FOR US "GOVERNMENTS"

Ownership mid-1959 $ billion	Within 1 year	Maturity: 1–5 years	5–10 years	Over 10 years	Total
Government funds...	0·9	1·7	1·4	2·9	7·0
Federal Reserve.....	20·7	3·9	0·4	1·1	26·0
Commercial banks...	10·0	31·3	8·2	3·8	53·4
Mutual savings banks.	0·5	1·4	1·7	2·8	6·3
Insurance companies.	1·1	2·1	1·7	4·2	9·0
Other investors.....	39·7	16·5	5·1	15·0	76·3
Total.....	73·0	56·8	18·5	29·7	178·0

criticisms of their initial essay in 1953 at the "extravagant" rate of 3¼ per cent. As a result, over 70 per cent of the marketable Federal debt outside official hands today matures in less than five years—compared with one third in Britain.

The Treasury now seems prepared to make its long-postponed assault. Its delay, however, has made it dependent on specific action by Congress. The plan the Treasury has in mind is "advance refunding," or the conversion to higher coupons and later maturity dates of securities not yet due for redemption. A massive venture of this kind by Canada in mid-1958 does not provide too happy a precedent; but the grievance of investors there is that the Treasury made its wholesale offer at a time when interest rates were at a low point from which they were shortly to rise very sharply. In the United States market to-day, investors could be attracted to switch only by the offer of yields of 4½ per cent or more; and since the Treasury has agreed to observe the spirit of the law and not to offer securities at big discounts, it can do nothing before Congress lifts the ceiling of 4¼ per cent.

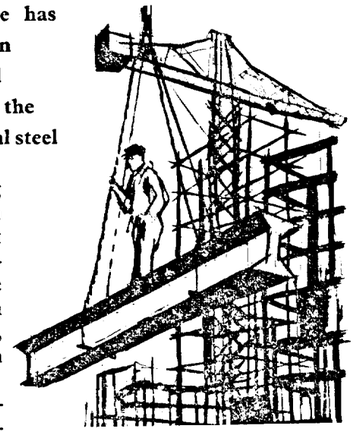
WILL Congress budge? There are important reasons for hoping (few would put it stronger than that) for a change of mind in the session beginning in January. The Federal Reserve has stood firm against the political pleas that it should provide support to the long-term market. Attempts by Congressmen to re-open the old rift in the Federal Reserve between New York and Washington on whether the System should operate in bonds as well as bills have had no impact; "bills only," with the whole effect on the supply of bank reserves, remains the policy. Moreover, Congress can now see with its own eyes that its stand against the monetary tide is costing the taxpayer not less but more. The Treasury has stated explicitly in introducing its present issue that a lower coupon would have been possible for a term of more than five years. The potential of the long-term market may be limited in volume. But the Treasury's basic need is not cash; it is a rearrangement of its existing debts.

What then is the prospect for interest rates in the United States? Obviously if Congress gives the go-ahead, there will be a fall in prices of long-dated securities, yields on which range at present from 4-4·3 per cent. In the same measure, the shorter term market would be relieved. In the first half of 1960, furthermore, the Treasury will be paying off debt from its seasonal surplus of revenue; and some people expect an abatement in demand for bank loans. But if there are reasons for believing that, with the co-operation of Congress, rates in the short market may have reached the top, there are equally impressive reasons for believing that the general monetary pressure will be maintained. Corporations are expected to reduce their large holdings of Government securities next year, as they pay higher taxes on this year's higher profits. If the steel strike continues much longer, the fall in earnings may throw the budget out of balance, and the Federal Reserve might not feel justified in easing its policy to accommodate the additional financing. Once the strike is settled, most people expect a new boost in industrial expansion.

Mr William Martin still has fears of (though he does not predict) an "explosive boom" resulting from an excessive concentration of capital investment. That, he feels, might call for all measures, including the discarded regulation controlling the terms of consumer credit. Mr Martin sees the monetary policy over which he has responsibility as subordinate in importance to debt management and wages policy. But he has always in the past shown great determination in using his instruments as a balancing counter. His actions in coming months will be largely decided by the negotiators of the steel industry and the finance committees of Congress.

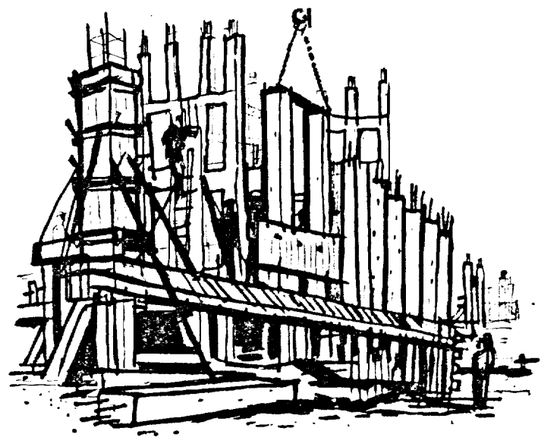
Steel versus Concrete

Reinforced concrete has come into its own in British commercial building—partly at the expense of structural steel



REINFORCED concrete has begun to be used really widely in Britain, mainly in commercial building, only since the war. It was invented in France in 1868, but began to be used widely there and elsewhere only in the twenties. With the thirties, a large proportion of the "modern" architects who made particular use of it fled from Europe. Many settled in the United States; some went farther, and the Latin American countries have become perhaps the most advanced in concrete construction techniques since the war. In Britain, still, these techniques have hardly been used; but concrete has established itself far more firmly in conventionally framed building. Steel structural framework had remained the rule in Britain until the war; but when rebuilding began in the postwar years, the rule was abruptly broken by an acute shortage of steel, the effects of which were not wholly disposed of until quite recently. Under regulations revived during the second period of steel allocation, in 1951-1953, builders were virtually forced to use concrete if they wanted to build at all. In 1952, the Ministry of Works, in conjunction with the Ministry of Supply, the Service departments, and the Building Research Station of the DSIR, issued a series of publications containing recommended ways of economising on steel in building, including the use of reinforced concrete wherever possible; and these only went out of print last February.

There has been no shortage of steel in Britain since 1956. But concrete has remained as a formidable competitor as a building material, particularly for multi-storey office buildings and tall blocks of flats. There are no statistics to show the proportion of building carried out in each material; deliveries of steel beams and rods to the construction industries are available, but delivery figures of cement and aggregate are too generalised to give any real indication of the trend. But the consensus of opinion among builders, architects, engineers, and even—grudgingly—among steel manufacturers is that the use of reinforced concrete is still increasing considerably at the expense of steel, particularly for commercial building.



One large contracting firm in the London area reports that, out of a hundred buildings on which the firm has tendered in the past three years, only four have been steel framed.

Some of the popularity of reinforced-concrete construction as a whole can certainly be attributed to a number of flamboyant—though not always successful—designs both here and abroad. But the shift to concrete framework is based at the same time on the simplest of reasons: in many if not in most cases, it is cheaper than steel for multi-storey commercial buildings. This fact has certainly been uppermost in the minds of the speculative builders who have been responsible for most of the recent office building in London; other building owners and authorities—led by the Ministry of Works—have now also been convinced. The author of a paper* recently presented to the Institute of Civil Engineers bluntly stated that "the issue would appear to be resolved in favour of (concrete) as far as first costs (of multi-storey framework) are concerned." He indicated that the difference in overall building costs may be as much as 25 per cent.

There are no hard and fast rules in the matter. Every building is a different case; each has its most appropriate frame design—and what is economic for one may not be for the other. Furthermore, there is a wide range of opinion within the building industry on the subject of relative costs; some sources put the difference between concrete and steel structures at no more than 5 to 10 per cent of the total building cost. Nevertheless, there is general agreement that for a commercial building of given size and amenity, the best design in concrete is cheaper than the best one in steel.

It is difficult to say when the economic balance tipped in favour of concrete. In combination with a change in the balance of material costs, the extensive use of concrete since the war has brought great improvements in the technique and building methods of British architects, engineers and contractors; these are now much closer to the methods of their Continental counterparts. Lower costs in the future will necessarily depend on the same factors.

Reinforced concrete columns and beams are made by pouring concrete into a mould, built usually of wooden shuttering, erected in position on the framework, which is removed when the concrete has hardened. The concrete is poured around a number of small-diameter steel rods, running the length of the frame member; these reinforcing rods commonly vary in diameter from ¼-inch to 1½ inches, although larger sizes

* "The Economics of Framed Structures," by L. R. Creasy, BSc (Eng.), MICE, Superintending Engineer, Engineering Branch, Ministry of Works.

are occasionally used. The number of rods used naturally varies with the size of the beam or column; but, as an example, a beam 16 inches by 12 inches might use about seven bars of one inch diameter, weighing about 22 lb. of steel per linear foot. Alternatively, pre-stressed concrete beams—poured in advance and then erected into position—can be used; this method compares roughly with concrete poured *in situ*. The structural steel beam most commonly used is of "I" section, and is now available in this country with flange widths up to 16½ inches, and overall depths of up to three feet. For a beam of comparable strength to that quoted above, a 12 inch x 6 inch steel beam, weighing about 44 lb. per linear foot, would be required.

Steel framework, however, cannot be used by itself in multi-storey buildings; to provide adequate fire protection it must be clad in some sort of fire-resisting casing. The most commonly used material for this purpose, paradoxically, is concrete—generally of a slightly cheaper grade than that used in load-carrying frameworks—which is poured into shuttering around the steelwork in much the same manner as in reinforced concrete construction. It is possible that at one time an encased steel beam designed to carry a given load was substantially smaller than its equivalent in reinforced concrete. But this is no longer so; and there is now little difference in the size of frame members in the two media, for a comparable load. Reinforced concrete beams need be no deeper than a cased steel unit, though they will generally be wider; depth is usually the more important dimension.

The amount of concrete used, therefore, varies only slightly; but there is a considerable difference in the amount of steel used. In the beams and columns of an average multi-storey building, the choice of reinforced concrete may mean using only a third as much steel. Weight for weight, reinforcing rods cost much the same delivered on site as steel beams—some £40 a ton. Erected, per ton of building, the difference may come to £70 for reinforced concrete against £100 for steel framing. This makes concrete clearly the cheaper material; perhaps as much as a third can be saved on the cost of the frame, which in turn can mean a saving of as much as a fourth in overall building costs.

Such economies apply to multi-storey buildings in which a steel framework, if used, must be clad in fire-resisting material. Where naked steel can be used, it is usually the cheaper material. Steel is unlikely to meet very powerful competition in the majority of factories and other industrial buildings, most of which, in Britain, are built on a single storey. Traditionally, it has also been argued that faster—and hence cheaper—construction is possible with steel than with concrete; but as the authority quoted above put it, this aspect "would often appear to enter into the realms of philosophy rather than calculation." Certainly it is true that the basic steel framework even of a multi-storey building can be erected in much shorter time than it takes to build a concrete frame. But by the time cladding has been poured around the steel, there is probably very little difference between the two methods.

It is often held, too, that buildings of great height are more easily—and hence perhaps more cheaply—built of steel than of concrete. But while steel may have advantages where very tall buildings—of say, thirty stories and up—are concerned, it seems doubtful whether there is any significant difference in buildings of the heights likely to be built in Britain. It is unlikely, nevertheless, that anything approaching true skyscraper size will ever be built in London; on this score, therefore, concrete yields nothing to steel.

WHAT, then, is the outlook for heavy constructional steel sections in the future? There is no longer any shortage, and prices have come down slightly—although there is no sign of a continued fall, and it is doubtful whether prices would ever fall enough to sufficiently redress steel's competitive balance on their own account. What might help is some improvement in the standards of constructional steel available to the building industry; this, belatedly, is now appearing.

Throughout Europe, new standards for building steel (the IPE series) have now been adopted, aimed at reducing the weight of steel required to support a given load, and increasing the efficiency of steel structures. Some corresponding improvement in British and Commonwealth constructional steel standards is now in train. In practice, the new universal mill at Dorman Long's Lackenby works is now producing universal beams in sizes eight inches deep up to 36 inches deep, with maximum widths of 16½ inches. Previously the largest beams produced in Britain were 24 inches by 12 inches, and it was often sometimes necessary to build up more massive frame members from two or more beams, or to build a wider flange by the addition of plates to a small beam. The larger sizes now available from Lackenby—and eventually also from Appleby-Frodingham, where United Steel is now converting a mill to make universal beams—make this unnecessary, and can thus bring about considerable savings in costs, as well as giving a greater freedom in design.

In addition, British Standard 449, which governs the use of structural steel in building, has recently been revised to permit its more efficient use. Previously the concrete used to encase steel framework for the purpose of fire protection was not allowed to carry any part of the load; under the revised standard, the permissible stresses for all steel members have been slightly increased, and concrete-encased columns are permitted in some cases to carry greater loads than those of naked steel. Finally, there is a possibility that concrete may be replaced as a form of fireproof cladding by other materials, such as gypsum, asbestos board, sprayed asbestos or vermiculite, lighter and perhaps cheaper to build.

Against these improvements, the technology and design of reinforced concrete are continuing to develop. Concrete slab construction, "mushroom" columns, beamless construction, shell structures and other advanced designs have already overcome many of the former limitations of this material. The issue, then, is far from being settled. If constructional steel is to regain its place as an economic competitor with reinforced concrete, the most promising direction appears to be through further advances in building methods and technology—although a further fall in steel prices would help. But it is in terms of design as well as technology and building efficiency that one would like to see the stalwarts of both materials—architects, engineers, contractors and manufacturers—pressing forward adventurous claims. Without this competition, British building will probably suffer in terms of economics as well as æsthetics. With it, the industry may even one day be qualified to educate its customers—the prospective owners who are, or ought to be, the most interested of all in both aspects of large-scale building.

BUSINESS NOTES

IN THE MARKETS

No Doubts in Throgmorton Street

IF one judged by the behaviour of the London stock market on the eve of the election, the investing public had absolute confidence that, whatever the public opinion polls were saying, the Conservatives would win. At first there was a big two-way business in the industrial market but, though the polls showed a definite swing against the Conservatives, buyers outnumbered the sellers and on Wednesday, after the publication of a poll that showed a slight swing-back in favour of the Conservatives, there were hardly any sellers at all. Thus in the week to Wednesday's close the *Financial Times* ordinary index rose by 11.0 points to the new peak of 266.9 (putting on 4.1 points on Wednesday alone) and *The Economist* index went up by 13.7 points to a record level of 305.6 (1953 = 100). On polling day itself the market remained very active—indeed at one time the jobbers were almost swamped with orders—and though there was some selling there were still many buyers and prices continued to move up.

Overseas dealers at first had some reservations and spot sterling weakened; but by Wednesday morning the Continent was a buyer of sterling again and rates improved on all centres. The London premium on dollar stocks at one moment went up to 3¾ per cent but this amounted to no more than a slight hedging of the bet and to a recognition of the fact that American short-term interest rates now look attractive; by Wednesday's close the premium was down to 2⅛ per cent. So confident were the majority of investors that what they wished to be would be that gilt-edged prices remained firm and equity prices roared ahead. This was not simply an expression of the more sophisticated view that, whatever party came to power, this was still the time to buy equities—either for growth or as a hedge against inflation. If the buying had been triggered off by anything more than confidence in a Conservative victory, would steel shares have been marked up so sharply and would dealings in options (especially in call options on steel shares) have been so active? This was an exuberant market that pushed the doubting Thomases into the corner and forgot about them.

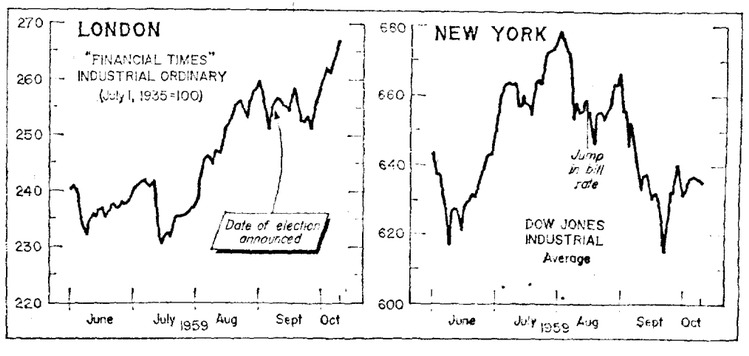
Tug o' War in Wall Street

THE event of the week in the New York market has been the Treasury's issue of $2 billion of 5 per cent notes of four years and ten months' life—already christened the "magic fives." The issue is believed to have been many times over-subscribed and preliminary dealings started at a premium of nearly one point. Many savings banks have reported withdrawals of deposits for subscription to the new issue, which has also, inevitably, attracted the speculators. This is real competition for equities on their present low yield basis, and has added another reason for Wall Street staying in the doldrums.

But there has been no general fall in common stocks this week. The Dow Jones average of industrial stocks has hovered between 630 and 640, well below the peak of 680 reached early in August but some distance from the low point of 615 touched a few weeks ago. The Government's defeat in its anti-trust case against Du Pont and General Motors encouraged increased demand for these two stocks, and some electronics issues have also come back in favour. But by and large trading has been light and prices of most issues have moved in a narrow range.

The New York equity market is clearly nervous, unable to stage a rally of significant proportions, yet resisting further price reductions. The major uncertainty is the steel strike, which having lasted longer than Wall Street expected is now affecting the outlook for profits. At least until a settlement is reached many investors are likely to take advantage of the high yields available in short term and medium term government securities and postpone further commitments in equities.

Nor will the cloud automatically lift if the President orders a return to work under the provisions of the Taft-Hartley Act, which would merely prolong the uncertainty. Once the steel strike is settled and, as is generally expected, the economy enjoys a new surge of expansion, the outlook for equities will be brighter. But even then, if fears of price inflation are kept at bay, the high yields obtainable on government securities might still provide significant competition for low yielding Wall Street favourites.



Sterling's September Strength

THE much dreaded pre-election run on sterling has appeared only in election week itself, and even in the past few days the sales by American and Continental sources do not appear to have been heavy. In September, remarkably, the reserves of gold and convertible currencies rose by £13 million, or $36 million, to reach £1,173 million or $3,284 million. This performance in what is normally the peak month of the year for commercial sales of sterling and at a time when the approach of the election led to some precautionary running down of foreign working balances, reveals the considerable underlying strength of sterling. It is all the more significant as it is known that an appreciable but unspecified payment in gold was made to the International Monetary Fund last month in respect of the subscriptions by a number of sterling area countries to the increased capital of that institution. There may also have been some pressure from transfers of short-term funds to New York, where the bill rate is now well above London; but most of these transactions have been offset by a matching transaction in the forward exchange market.

The strengthening of the reserve last month must, therefore, be attributed to an unusually keen commercial demand for

sterling. This may have been due in part to the incidence of commercial purchases of sterling, which in the normal course would have been made a few weeks earlier but were postponed in anticipation of a weakening of the rate with the advent of the election. The reserves are also being strengthened by the continuing high level of exports from the United Kingdom to dollar countries. In this third quarter as a whole, the reserves have risen by $114 million—compared with $44 million at the same season in 1958.

LUNIK III

Ring Round the Moon

In their most elegant space experiment yet, the Russians have drawn an elliptical ring round the moon; they have been running rings round their American competitors since Sputnik I was launched twenty-four months ago. By a stroke of irony, the Americans had planned precisely the same experiment for precisely the same day as the Russian launching of Lunik III, but were once again frustrated by the unreliability of their rockets—their lunik-launcher destroyed itself during preliminary trials.

While it is fascinating to speculate what might have happened if the rockets from Russia and from Cape Canaveral had headed simultaneously for the moon last Saturday, it is a waste of breath for American spokesmen to complain, as some have, that their space effort is hamstrung by having to muddle through on engines probably half the size of those available in Russia. Each successful Russian space shot, now making use of the ultimate refinement of guidance during flight, confirms Russia's current ability to pin-point any target of importance in the United States with a missile at the first try; each American hold-up merely confirms that country's inability to answer in kind. This cannot be explained away as a difference in engine power; American rocket motors are big enough for the job in hand.

This discrepancy in achievement between the world's two major industrial powers is leading some British scientists with long experience of defence planning to the conclusion that American rocket development is being carried out along the wrong lines. The present generation of American military and space rockets depend on liquid fuels incorporating some of the most unpleasant chemicals known to science. It is asking much of pumps and other components in contact with several tons of these materials to work with the perfect efficiency needed to keep a rocket intact and on course; it is now being argued by these experts that perhaps liquid fuel motors with a high degree of reliability simply cannot be built (though the British defence programme is based on the use of one).

Rockets using solid fuels, by contrast, appear to be extremely reliable while they remain below a certain (quite small) optimum size; beyond that the solid charge burns unevenly—and may explode. Those British scientists who infer that the Russians may have made the best of both worlds by using solid fuel, but breaking down the huge charge of their big motors into small packages for easily controlled combustion, have only the evidence of the apparent reliability of Russian space rockets to support their claim. But it is circumstantial evidence of an increasingly weighty kind. Certainly something more radical than minor differences in engineering now seems needed to explain the difference between Russian and American spacemanship.

BALANCE OF PAYMENTS

You Never Had It So Good

The Hon. Sunthorn Hangladarom, minister of finance and governor of the Bank for Thailand, told in the most entertaining speech of the Washington conference how his government received its first mission from the World Bank. "All my colleagues and the Government in power then were really amazed at the number of questions asked and an infinite variety of statistics required. . . . We managed somehow . . . and we knew very well in our subconscious minds that in order to satisfy the experts we had to collect the statistics in a great hurry and we had a hunch that they were not very correct or complete either."

Not all finance ministers are so frank. At the end of last week in London Her Majesty's Treasury coolly and quietly revised the much vaunted record figure of the current payments surplus for 1958; instead of earning £455 million abroad, it seems, we "identifiably" earned £349 million. Of course, they seem to be saying in Great George Street, this little change is not too significant because it is balanced by a larger balancing item (the euphemism for errors and omissions); anyway, the important thing is the movement in sterling liabilities and gold assets and we know what *they* were.

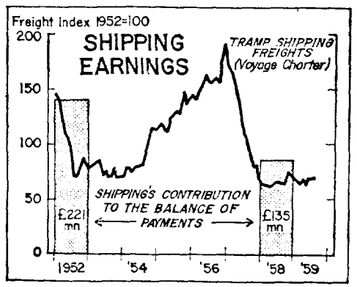
The drastic revision in the estimate of overseas earnings is attributable primarily to revelations in a delayed quinquennial survey of earnings from shipping; this is discussed below. In future, it seems, a sample inquiry is to be taken every year, and new direct inquiries by the government into insurance, investment earnings and capital transactions should increase the "identified" (this qualification is a new if becoming modesty of the statisticians) elements of the payments balance. As it is, Britain's known earnings abroad last year seem to be a good deal smaller than was originally supposed; to the same extent there were unknown receipts, which could have been current earnings or inflows of capital.

The same downward revision has taken place for the identified current surplus in the first quarter of this year, which plummets from £78 million to £35 million. For the second quarter, the surplus is put at £107 million, making £142 million in the half-year, compared with £237 million in the first half of the (presumably still) record year 1958. There was again a surplus on visible trade alone in the second quarter of £35 million on a payments basis (with imports and exports both valued fob).

Britain is shown to have received, net, £54 million in Government loans in the second quarter, but this reflects simply the disposition of German funds in London. At Washington Sir Roger Makins stated that the British government's loans and grants to overseas countries, including payments from the sterling subscription to the World Bank, rose from about £70 million in the year to end-March, 1958, to £100 million in 1958-59, and that assistance in the current fiscal year is likely to show about the same rate of increase.

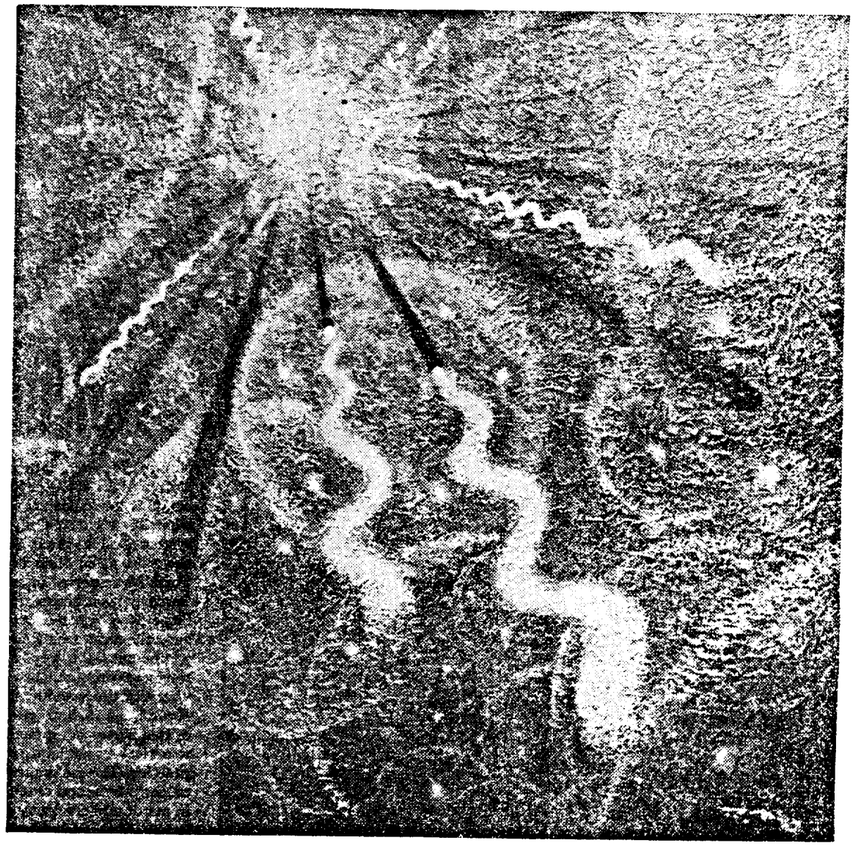
What Shipping Earns

Estimates of British shipping's contribution to the current balance of payments have been made since 1953 by applying "indirect methods" to basic figures obtained from an inquiry by the General Council of British Shipping into shipping earnings in 1952: so the record of payments surpluses in some earlier years as



well as in 1958, may need revision too. The inquiry was to have been repeated last year for 1957, but it was judged that the effects of Suez would have made that an unrepresentative year: so it was left until this year, for 1958.

The General Council's figures showed British shipping's net earnings as £135 million, against £221 million in 1952. The



"X-rays" by Roy Nockolds

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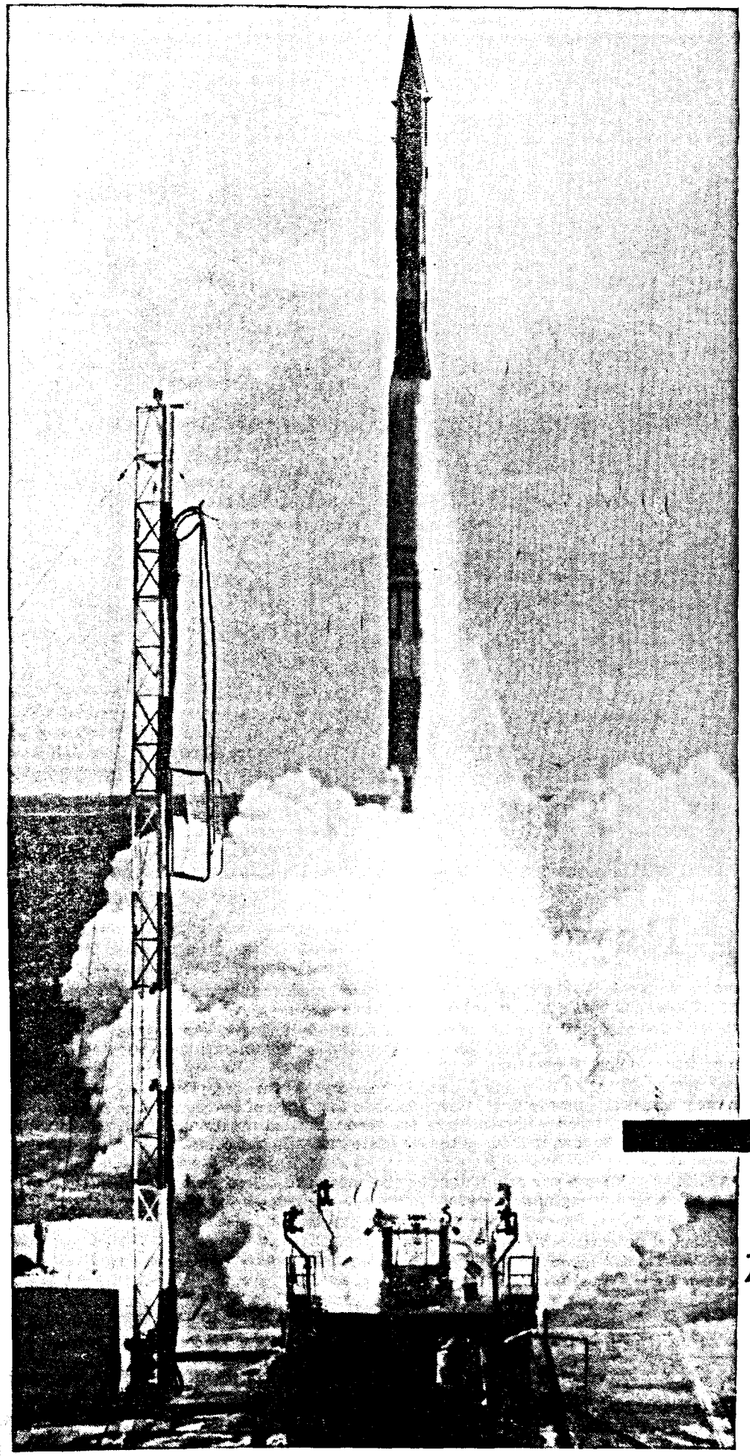

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earlier year was itself one of declining freight rates, but it was a much better year than last year's uninterrupted slump: the Chamber of Shipping's index of tramp voyage rates in 1958 was on average a third below the 1952 level, while tramp time charter rates were 45 per cent lower. The shipping boom came in between these benchmarks.

The shipping industry's figure does not coincide at all directly with the Treasury's estimate of shipping's contribution to the current balance. The Treasury segregates tanker earnings from its shipping figure, including these with other oil items in the invisibles; it credits the balance with the disbursements of foreign ships in British ports, debits fares and freights paid by British residents and goods trading in foreign ships, and, among other detailed differences, leaves out of British shipping costs payments made here in respect of bunkers taken abroad.

AIR FARES

Erosion, Not Cuts

AIRLINE delegates who have spent the past three weeks arguing at Honolulu about next year's air fares are being obliged to give up their hotel rooms by this Saturday to the incoming wave of holiday makers; but for this fact it might have taken several more weeks of hard talking to break the deadlock between the handful of airlines that want to extend third-class fares across the five continents and the majority who do not. When this issue of *The Economist* went to press no agreement had been announced, but there were signs of a compromise settlement with most of the concessions coming from the progressive minority. Although they will certainly win some extension of third-class fares, it will not be to anything like as many routes as they would like. The operators most affected by this decision are Pan American and BOAC, both of whom need the stimulus of third class fares to fill greatly expanded fleets.

British European Airways' complicated proposals for selective fare cuts in Europe have also had a rough passage, particularly those for special concessions at the beginning and end of summer to try to spread holiday traffic over a longer period. The only point on which the airlines appear to be unanimously agreed is the abolition of the ludicrous token surcharge on jet flights over the North Atlantic; and the quiet burial of any plans for fares that discriminate against certain types of aircraft. It looks as if next year's tariffs will contain a number of small erosions rather than the wholesale fare cuts that were being promised before the Honolulu meeting got under way.

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THE JASPER AFFAIR

Mr Grunwald Returns

ON the same day that Mr Noel Cow, the chairman of the State Building Society, landed at Southampton from the *Queen Mary* Mr Friedrich Grunwald, the managing director of a number of the Jasper companies, flew back from Israel and landed at London Airport. Both are seeing Mr Neville Faulks, QC, who is investigating the affairs of H. Jasper and Company at the behest of the Board of Trade. Mr Cow had nothing to say to the press, except to indicate that he was not sure what he was going to say at the meeting of the State Building Society where a group of shareholders, headed by Mr John Kirby, are to move a resolution to remove the present directors from office.

Mr Grunwald did hold a press conference at London Airport. No new light was shed on the Jasper affair at this conference; indeed, in the circumstances, it would have been startling if any new evidence had then emerged. But Mr Grunwald did say that Mr Maxwell Joseph was not involved in the deal: "he was only the person who sold the controlling interest in Lintang." Mr Grunwald again referred to unnamed associates who had let him down; he again mentioned the name of Mr Murray, the managing director and secretary of the State Building Society; and he reaffirmed his earlier statement that the £3¼ million borrowed from the State Building Society was used as it was intended to be used.

Later in the evening the solicitors of Mr Murray issued a statement. He, that is Mr Grunwald, said this statement:

> has been reported as saying that the sum of £3,250,000 advanced by the State Building Society was used as intended and that Mr Murray was one of the people who made the take-over bid for Lintang.
>
> As Mr Murray's solicitors, and on his instructions, we wish to state firstly that by two letters dated July 24, 1959, Mr Murray, in his capacity as secretary of the State Building Society, gave Mr Grunwald's firm of Harewood and Company explicit and detailed instructions as to how and on what terms and in respect of what properties the money advanced by the Society for mortgage was to be applied; and secondly, Mr Murray did not make, nor did he help anyone else to make, a take-over bid for Lintang.

Until Mr Faulks completes his investigation, it would be fruitless to comment on these statements, except to repeat what was said in these columns a week ago—that there is an evident contradiction to be resolved.

BUTTER & MARGARINE

Turn in the Market

MARGARINE makers are gleefully watching butter prices rise and their own sales rise too. After the reverses of last year they no doubt feel that it is time that the market turned in their favour. The severe drought has reduced production of milk and butter in Europe. Most European exporters have had less butter to send to Britain, and Sweden, which sent 11,800 tons here last year, has sent nothing this year. Moreover some countries, such as Germany and France, have been buying more butter in Europe, and buying also from Britain's traditional suppliers in the Commonwealth. Though imports into Britain from Australia have risen sharply this year, more than offsetting the decline from New Zealand, and Danish shipments are a little higher, total imports are down. In the first eight months of this year imports into Britain dropped by 14,500 tons to 281,000 tons, and in the last twelve months stocks have dropped by over one-half to about 25,000 tons.

The fall of five per cent in imports has produced a sharp rise in prices. The top grade of New Zealand and Australian butter now costs about 392s. a cwt wholesale, which is 100s. dearer than six months ago and 155s. dearer than a year ago. Danish butter, at 450s. a cwt, shows an even sharper rise of 132s. over the last six months. Some brands of margarine, in contrast, have recently been reduced: Stork and Echo, for example, which are said to account for over half British sales, have been cut by 1d. to 1s. 8d. and 1s. 4d. a lb respectively, which compare with 3s. 11d. to 5s. a lb for butter. It is not surprising that consumption of butter is declining, though the switch to margarine has been

Continued on page 171

Eugene Black, President of the World Bank

A Washington Notebook

Per Jacobsson, Chairman of the International Monetary Fund

Forty finance ministers, as many governors of central banks, 500 official delegates in all, and visiting chairmen and high executives of the world's leading financial institutions by the hundred—last week's vast assembly in Washington's Sheraton Park Hotel was as usual a clearing house for views about current issues.

Terms for Ida

Most of the discussion on the report of the World Bank, as expected, was on the American proposal for a new International Development Authority to make "soft loans" to poor countries. The main news concerning the World Bank itself was that Britain is releasing the remainder of its sterling subscription, totalling £83.6 million in all, for lending to the sterling Commonwealth, and convertible for spending anywhere; and that Japan is making the whole of its yen subscription (already released) convertible. The general feeling about IDA among bankers was perhaps that it is a regrettable necessity; certainly a number of delegates would not regard it as acceptable under any management other than that of the World Bank. "In order to render the maximum usefulness to a country, the same principles of economic soundness which have been the cornerstones of the Bank's activities should be applied to it [the IDA]"—that statement came from Austria, a borrower at the World Bank. It will obviously be more difficult to apply those principles to supplementary aid than to commercial loans; but the administrators of IDA funds could themselves have a significant influence on domestic policies.

Not surprisingly, the potential borrowing countries felt that the proposed initial capital ($1 billion to be fully paid up over five years) was too small and that their voting power should be larger than their subscriptions. Otherwise there was a surprising degree of agreement. Sir Roger Makins voiced the general feeling when he urged that the subscriptions of industrialised countries should be convertible, untied and additional to existing forms of aid. Mr Dillon, of the US Treasury, asserted that his government did not regard IDA funds as a substitute for bilateral aid; but the fact is that the appropriation for the US Development Loan Fund has been cut by roughly the amount of the United States' initial subscription to IDA. America still envisages the use of local currencies in the new organisation, including those accumulated by the United States, either for repaying outside loans or for making loans. This suggestion has been resisted not only by European countries, which see little point in repayment in local currencies, but by Pakistan, which points out that it cannot be given "aid" in its own resources. The one man who wants local currencies is Mr Robert Garner of the International Finance Corporation.

Nearly everyone agrees that IDA's terms must be flexible, but many would prefer outright grants (as suggested by the Netherlands) or long periods of grace (Britain) to concessionary rates of interest or inconvertible currencies. The Netherlands also suggests that IDA should co-operate with the Special Fund of the United Nations, which is blossoming under Mr Paul Hoffman; Britain has made a big gesture by raising its subscription for next year from $1 million to $5 million. The next step on IDA is for the executive directors of the Bank to formulate draft articles of agreement for circulation to member countries.

International Investors' Institute?

One interesting section of Mr Black's speech has received little attention outside Washington. The president of the World Bank wondered whether "there is not a place now for an entity, made up exclusively of private international investors from all countries," which could publicise what is being done and the conditions that attract investment. The aim would be to bridge the gap between investors and potential borrowers. This proposal has similarities with the various proposals that have been made to formulate a code for foreign investment, though Mr Black's idea seems more modest and more attainable. The great trouble about any code is that it is almost bound to be broken, possibly on political grounds. Germany's loan to Greece a year or two ago still rankled in the minds of a number of Washington delegates. Nonetheless, a distinguished committee in Geneva, including Lord Shawcross and Herr Abs (of the Deutsche Bank), is going ahead with a scheme for a simple set of rules.

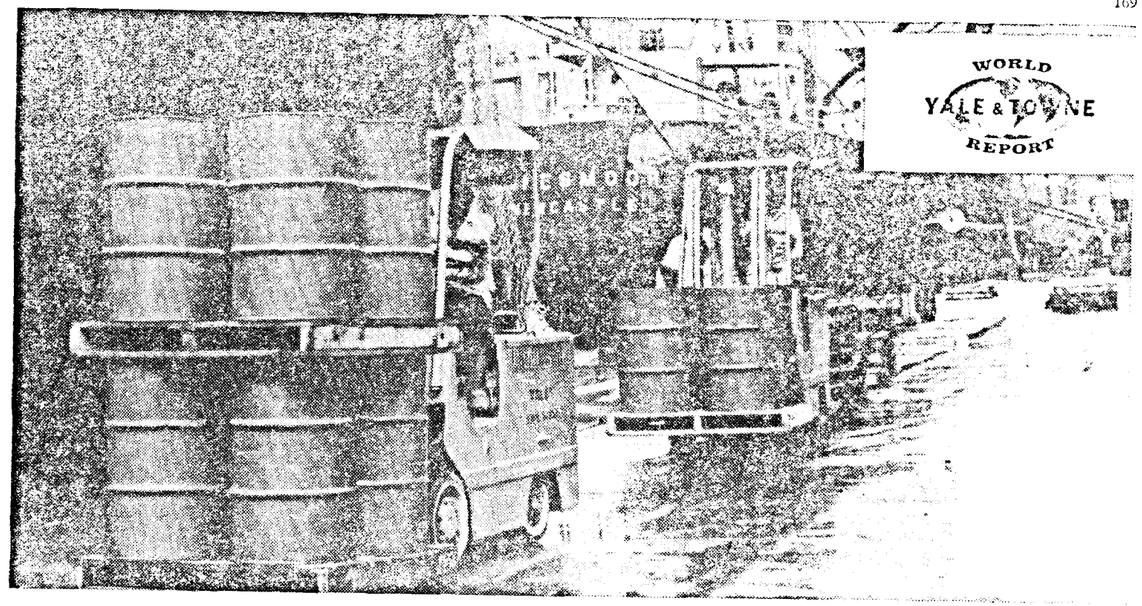
Radcliffe under Fire

In the corridors at Washington one of the biggest talking points was Britain's Radcliffe report. While there is general admiration of the descriptive material and approval of the statistical recommendations (mingled with much shock at the gaps that are to be filled) the general response is still more critical than among similar circles in Britain. As was to be feared, overseas opinion has fastened especially hard on the proposals for closer formal association of the Treasury with the Bank of England. The characteristic English explanation that this is a change of form and not one of substance carries little weight with overseas observers, who never believed this argument when applied to the nationalisation of the Bank.

Few delegates openly matched this week's bitter comment from the First National City Bank of New York—"Perhaps the pound, afflicted by five crises since World War II, could have stood up better if the Bank of England had retained a greater measure of independence." The much more common complaint was, "Whatever this means for you, it brings a new handicap to every central bank fighting against the incursions of a Treasury irked by an independent influence for financial responsibility." And to this there is little answer except a plea for understanding of English institutions.

Many bankers also dislike the central role given by the Radcliffe report to debt management, though this criticism is not shared by some of the more sophisticated. There is general welcome for the recognition of the need for realistic long term interest rates, and general bewilderment about the belittling of Bank rate and the limited role seen for monetary policy as a whole.

Many monetary thinkers welcome the attention paid to liquidity (the Federal Reserve, for example, has for many years kept a close watch on "near cash" assets); few would go so far in dismissing the supply of bank money as unimportant in itself. Some high authorities also deplore the lack of attention to savings and costs: "Keynes would never have done that."



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YALE PETROL TRUCK WITH PNEUMATIC TYRES MOVES TIMBER OVER ROUGH TERRAIN

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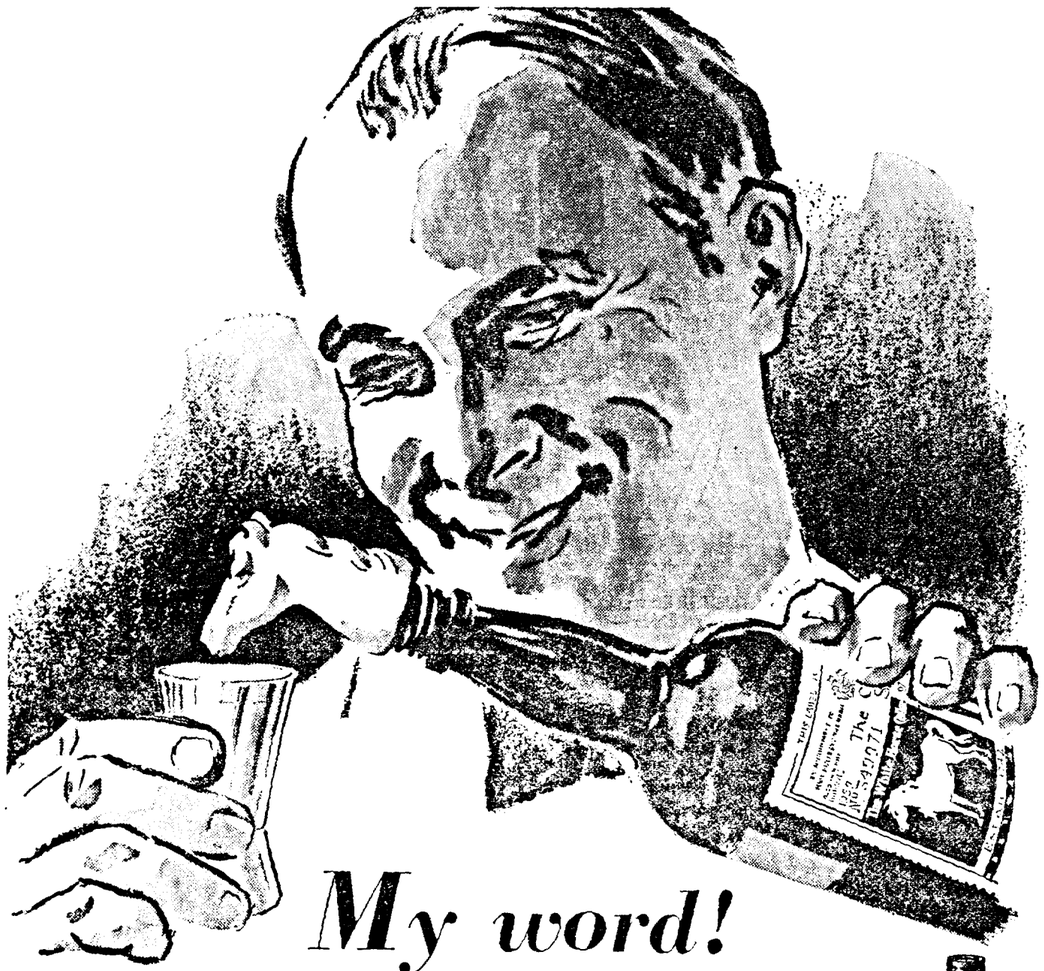

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This is a good whisky

There is no mistaking that delicate bouquet. No mistaking such velvet smoothness. No mistaking the heart-warming strengthening glow which has never a trace of fire. No doubt about the "know-how" of those who order it by name. "White Horse – the whisky you can tell blindfold".

WHITE HORSE
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Continued from page 167

delayed, as the switch to butter was delayed last year. It seems that consumers change first to margarine containing 10 per cent of butter (now retailing at 2s. to 2s. 3d. a lb); this, again, confirms last year's experience, when butter's gains were mainly at the expense of the butter-margarine mixtures. Van den Berghs, Unilever's subsidiary, and Kraft, are both trying out in the north-west of the country a new "whipped" (even-easier-to-spread) margarine under the names "Springtime" and "Wonder Whip."

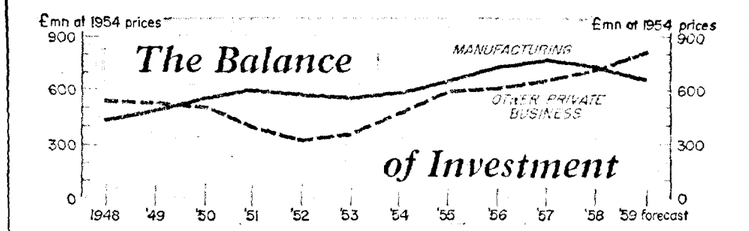
It is difficult to foresee much improvement in supplies of butter until the spring, and the extent of the improvement then is as uncertain as the weather. People who prefer butter must be longing for a return to the early summer of 1958, when European producers obligingly dumped butter in the British market.

PARTLY NEW CARS

Last Minute Revisions

THOUGH one of the Big Five is promising a "new model" next week, most of the entirely new British cars for 1959-60 have now been unveiled: the industry must indeed have introduced more fresh models since the 1958 Motor Show than in any other twelvemonth since the war. Those announced this week are mainly familiar models with cosmetic or internal changes, major and minor. The 2.4 and 3.4 litre Jaguar saloons now have bigger rear and side windows, and more slender pillars, acquiring rather more family resemblance to the Mark IX. The Standard-Triumph group has slightly altered the looks of its Companion, the estate car that is the only version of its former Eight and Ten range still in production. More important is its introduction of the Triumph Herald saloon with, as an optional conversion, the twin carburettor engine and 4:5 rear axle ratio so far fitted only to the Herald coupé. This seems a wise option to offer: BMC's new little cars and Ford's new Anglia, according to published road tests, have better acceleration and top speeds than the normal Herald, which while possessing various special features of its own, is markedly more expensive than other new small British cars.

The Prefect announced this week completes Ford's revision of its range of small cars. It is the same body shell as before, differing from the new Popular (alias former Anglia) mainly in offering four doors; but it uses the new over-square 997 cc engine as the new Anglia brought out last week (of which Ford, with characteristic commercial *nous*, had already managed to get a large number visible on British roads by the weekend). The Prefect has a lower gear ratio than the Anglia and weighs about a hundredweight more, so it does not seem likely to achieve as sparkling a performance



IF the forecasts that they made more than half way through the year turn out right, British businessmen outside manufacturing will spend more on fixed capital investment in 1959 than the manufacturers will. Last year they spent about £833 million, while manufacturers spent £895 million. But this year the manufacturers expect their capital expenditure to come down by about a tenth (as in the first half of the year it did), while businessmen in the distributive and service trades expect their investment to go up by a sixth (which is rather more than theirs did during the first half of 1959). A modest increase in investment in shipping and agriculture would bring the total of "other business investment" well above that of manufacturing investment.

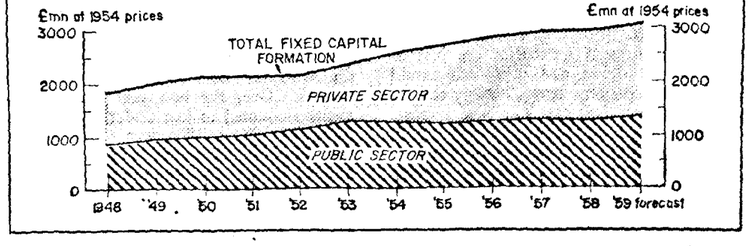
As is shown in the Blue Book on National Income and Expenditure, published last week, this would tip the balance of private investment for the first time since 1949. The main reason seems to have been that in the immediate postwar years manufacturing investment grew if not fast, at least more rapidly than investment in other kinds of business until 1952-53; after a pause came its 1954-58 boom, passing the peak in 1957; and from this peak it appears now to be falling away quite sharply. Investment in other private business began to gather pace in 1954, rose about as fast as manufacturing until 1957, and has not yet turned downward, though businessmen in some trades think that next year their fixed investment may level off or drop slightly.

It is only fair to note that according to the Blue Book's estimates, output too has been rising faster over the last few years in some sectors outside manufacturing than in it. For 1958, the national income statisticians put the gross domestic product as about six per cent higher than in 1954. Manufacturing output, seven per cent up, had more than matched that (providing indeed about a third of the national product); but activity in some other trades and services had been growing much more rapidly. Taking 1954 as the base year, agricultural output was eight per cent up; gas, electricity and water supplies (largely in the public sector) had risen 17 per cent; the output of distribution was up nine per cent, and so was activity in professional and scientific services.

THE other element in fixed investment in the private sector is private house building. This year's expenditure on private houses may be nearly 50 per cent higher than in 1954—whereas expenditure on local authority houses had gone down by a third until early this year, when there was a marked increase in the number of new council houses started.

However, the annual volume of work on building new houses has been slipping downward in 1958 it was £581 million. One might contrast this with expenditure on what may be called another element in "home investment"—i.e. the durable goods that consumers buy. Conventionally these purchases of equipment are not regarded as capital investment; when a company buys a private motor car or a refrigerator for the canteen, this is capital investment, but the same model of car or refrigerator purchased for the domestic home counts as "personal consumption of durable goods." Since 1954 spending on consumer durables has risen by about 40 per cent. In 1958 consumers spent £1,147 million on durable goods; this was one-third as large as the country's total "fixed capital investment."

In 1958, Britain thus spent £1,728 million on new houses and consumers' new "plant and equipment" to go into them (and their garages, or on the kerb outside): this was, coincidentally, precisely the same as fixed capital spending by private business, and about a quarter more than fixed investment in the public sector.



or quite as much fuel economy. The Ford customer for small cars who still wants four doors will also get a better engine and transmission for his unchanged price of £622 including tax: on the other hand, he will be paying £33 more than he would have to for a modern design using that engine to get more performance, or £128 more than he now need pay for the same body with the old insides. It would be fascinating to know the proportions in which Ford now expects to sell its Popular, its Anglia, and its Prefect: but unwise to underestimate the competitive power the trio may exert in the transformed British market for small cars.

DOLLAR IMPORTS

Equality at Little Cost

THERE is no reason why the new British government should not grant American and Canadian requests to end discrimination against imports of dollar goods. The cost to the balance of payments would probably be small, and it happens that this year, for the first time for nearly a century, Britain has a substantial surplus in its trade with the United States. The last measure of liberalisation, in June this year, brought roughly four-fifths of British imports from the dollar area free of restriction. The remaining field of discrimination is small; it covers mainly alcoholic beverages (but not whisky), cheap literature, meat, fish, fruit and fruit products,

IMPORTS FROM NORTH AMERICA

	January–August 1958	January–August 1959
	£ million	
Chemicals	24·2	26·2
Paper and board	21·0	21·5
Iron and steel	9·4	3·0
Non-ferrous metals	50·2	56·8
Non-electric machinery	27·7	33·1
Electric machinery	5·9	7·6
Road vehicles and aircraft	3·8	3·2
Clothing, footwear, etc.	0·5	0·4
Scientific, optical, etc.	2·4	2·8
Miscellaneous manufactures	3·9	6·8
Total imports from US	*215·1*	*213·7*
Total exports to US	*181·4*	*251·9*
Total imports from Canada	*203·2*	*198·5*
Total exports to Canada	*130·5*	*135·9*

machinery and plant for the oil, construction and building industries, certain organic chemicals and pharmaceutical products, most photographic and cinematographic equipment and textiles.

If discriminatory import restrictions on all these items were removed the main result would probably be some switch in buying from Western Europe to North America; as West European currencies are just as hard as the dollar such a switch would not matter. In some items, notably textiles and fruit, any increase in dollar imports might well be at the expense of British and Commonwealth producers, and it may be questioned whether any British government is willing to go that far. Motor cars are a separate case. In June the quota for cars was increased by £900,000 to £1½ million, and the delivered price of Canadian cars (including duty and purchase tax) seems sufficient guarantee that the cost of freeing such imports would be negligible.

NATIONAL SAVINGS

Still Ahead of Target

AN intriguing feature of this period of reflation is that the boom in hire purchase has been proceeded side-by-side with a boom in National savings. In spite of the summer attractions for spenders, the total of National savings has well maintained the lead it established in the first quarter of the fiscal year. In the year to end-March last, it may be recalled, the yield of National savings topped £300 million, and more than doubled the target amount. For the current year, accordingly, the target was raised to £250 million; yet already, at the end of the seasonally less favourable half of the year, almost two-thirds of the target amount has been achieved. In the six months net savings produced £144 million, compared with just under £81 million in the similar period last year, and, after allowing for the excess of accrued interest over interest paid out on encashed savings certificates, the gross accretion amounted to £180 million, compared with £109 million. Some investment in savings securities may have been encouraged by the official hint that a new issue might be on less attractive terms; but the indications are that total personal saving in the economy has been rising too.

The most notable contribution to the improvement in "National" savings was made by deposits in the Post Office Savings Banks, which declined during the half year by only £10 million, in contrast with a decline of £46 and £55 million in the corresponding periods of the two preceding years respectively. The net withdrawal from Post Office banks was, moreover, more than offset by a net increase of £14 million in deposits in Trusee Savings Banks (compared with net withdrawals of £12 million from these banks in 1958). Net sales of Defence Bonds, after allowing for a smaller amount redeemed at maturity provided £35 million more than last year, but those of Savings Certificates £20 million less. There was also a decline, by £7 million, in sales of Premium Bonds, which this year have amounted to £26 million.

An important feature in this year's achievement has unquestionably been the accelerated rate of repayment of post war credits, some part of which can be presumed to have been reinvested in National savings. Over the half year these repayments amounted to just under £51 million (of which £35 million was repaid in the first quarter) compared with nearly £9 million in the corresponding period last year. At end-June, before the start of the main holiday season, net savings were around £68 million ahead of last year. Through the holiday months, therefore, the flow has been maintained at virtually last year's level. In no single week, as Lord Mackintosh has pointed out, have the savings figures been in the red, after allowing for accrued interest. This is the first time for thirteen years that the summer has not involved some net withdrawals.

FARM SPRAYS

No More Arsenic

FRUIT sprays containing a limited proportion of arsenic have been used for many years; a much stronger and far more deadly arsenic compound began to be used by farmers as a substitute for sulphuric acid in 1951, during an acid shortage. The acid had been used to burn off potato haulms before harvesting; when the shortage ended, many farmers decided that they preferred the compound of arsenic because it was much easier to handle. This summer, about 60,000 acres, amounting to an eighth of the main potato crop, were sprayed with arsenic, and on one farm, where the spray equipment was taken up to the well for refilling, the well water was contaminated by the equipment and the farmer's wife died.

This tragedy was preceded by regular reports during the years of cattle poisoned by arsenic sprays. It is neither the only nor the most dangerous chemical used on farms; the phosphorus-based insecticides that kill on contact are a much greater hazard, and so are some weedkillers in routine use on large acreages. But the greatest risk in these other chemicals is to the handler; although several workers died when they first came on the market, there has been only one death, four years ago, since the Ministry of Agriculture introduced new handling regulations in 1952. Arsenic is less of a danger to the sprayer than it is to other people and their animals. The Ministry of Agriculture says it is unsafe for anyone, and especially children, to go into an arsenic-sprayed field for two days after spraying; one of the difficulties in keeping stock out of sprayed fields is that the wilting green-stuff seems to have an irresistible appeal and they will go to considerable lengths to get at it. Such a situation would turn white overnight the hair of any factory inspector.

Last week, after the inquest on the farmer's wife, the British Weed Control Council, an association representing manufacturers, met and advised its members to stop making any more arsenical sprays. Fisons-Pest Control, which supplies about a third of the market, stopped production and called in supplies from its dealers; this company has already replaced a good many toxic chemicals, including organic phosphorus, by non-toxic compounds, but has never found a substitute for arsenic. This week Shell Chemicals, a relatively small supplier of arsenical sprays, announced that it, too,

LIFE'S QUITE RELAXING . . .

Perhaps because in many ways it's so much easier today. Thanks to new materials and better ways of making those already well known, there's more time to spare for everyone. Ten years ago, for example, washing and ironing clothes took up a sizeable part of the housewife's day, and mending nets was a regular time-waster for fishermen. I.C.I.'s 'Terylene' has changed all that. This remarkable synthetic fibre is as happy in easy-to-care-for clothes as in fishing nets and cordage, and its great strength and immunity to rot, sunlight and weathering are finding it new uses in industry every day. 'Alkathene' is another I.C.I. product that makes for easier living. Farmers have been released from the back-breaking task of carrying water to their stock since water could be piped through easily laid tubes of this versatile material, and the same plastic in the form of colourful kitchenware is lightening and brightening housework throughout the world. Wherever you look, the story's the same: new plastics, new dyestuffs, new metals, new chemicals of every kind from I.C.I. are saving time and allowing hard-working people everywhere the opportunity for the occasional, well-earned yawn.

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The 'Verifax' copies anything written, typed, printed or drawn. It leaves nothing out. The copies never need checking and never deteriorate. They are cheap copies, too, because the 'Verifax' uses ordinary, inexpensive paper.

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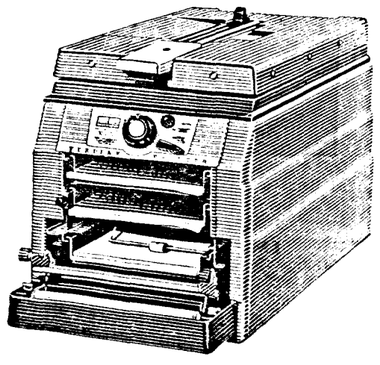
More and more organisations of all kinds and all sizes are using 'Verifax' copiers. Write to-day for full details of this wonderful time and labour saving machine.



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was stopping production. But even if the production of these sprays ceases altogether, as seems likely, a good many lethal chemicals remain in routine use on farms under conditions that would never for an instant be tolerated in industry.

BUILDING

Limits to Competition

THE practice of competitive tendering for building and civil engineering contracts has often been attacked as inefficient, time-wasting and costly: it has been estimated that more time is taken in planning, designing and tendering for industrial and commercial buildings in Britain than in building them. Some builders attempt to negotiate special contracts with owners, thus bypassing competitive tendering entirely; but these schemes, while often cutting the time before actual building, cannot, by their very nature, ensure that the lowest price is paid for the job. Now the Joint Consultative Committee of Architects, Quantity Surveyors and Builders, which is composed of representatives of the Royal Institute of British Architects, the Royal Institution of Quantity Surveyors and the National Federation of Building Trades Employers, has proposed the wider acceptance of another alternative to unlimited competitive tendering, in the form of a recommended code of procedure for "selective tendering."

In "selective tendering" a short list of from six to twelve contractors is made from all the firms considered, or who ask to be considered, for a particular contract; this list is to be made up on the basis of "established skill, integrity, and responsibility" and proved competence for the work involved, and the selection is to be made by the architect, with the approval of the building owner. "Open tendering," the code adds, "that is, inviting tenders from all that reply to advertisements, is deprecated." The object of the selection is to make a short list of firms, any one of which could successfully carry out the proposed work; in fact, at least for larger works, only such firms usually tender anyway. The committee's argument for this pre-screening is based explicitly on the high cost of abortive tendering, and implicitly, perhaps on the theory that all contractors have to load their prices on successful tenders considerably to cover the cost of unsuccessful ones.

This, by its nature, is not a theory ever likely to be supported by much direct evidence, though profitable contracting firms presumably do cover all their overheads. Nor is there any evidence that architects have a much better idea than building owners of the reputability and competence of contractors. The suggested code has two further shortcomings. It is recommended that the "most convenient" completion date be specified in the tender documents, and that all bidders make offers based on the same

The Meaning of Masers

Another odd piece of electronics does unlikely (but useful) things

A MASER is an electronic component—to be precise, it is a form of Microwave Amplifier using Stimulated Electromagnetic Radiation, hence its name. This is enough to make the average layman consign it immediately to the special mental limbo he reserves for diodes, triodes, spigots, sprockets, for transistor "flip-flop" circuits and other worthy but obscure gadgets. The maser deserves a better fate than this, not because its appearance is any more revealing—it looks like a square, pink fruit-drop—but because it is potentially capable of revolutionising large sections of the electronics industry. It was not discovered until three years ago; the first commercial maser in this country has only just been finished for the Ministry of Supply.

The last big technical innovation in the electronics industry was the transistor. But a transistor does nothing that a valve cannot already do, it merely does it in a smaller space with less power. A maser is not only basically much simpler than a transistor, it does something that no ordinary amplifier can do by detecting microwave signals down to the weakest theoretical strength. It can take a feeble and normally undetectable radio signal, ignoring other, louder signals that would tend to swamp it, and amplify this into something clear and intelligible. Since the electronics industry spends an immense amount of time, money and electric current trying either to boost the power of its radio signals, or to detect weak ones, a device that actually enjoys weak signals has much to commend it.

There are three main sources of this type of weak microwave signal: radar echoes, distant radio stars, and guided weapons. This last needs a word of explanation; a hydrogen warhead travelling through space would send out a great many weak and extremely short microwave signals that would be very difficult to detect by ordinary means and harder still to separate from other "noise" in the ether. It is beginning to look as if the basic requirements for a warning system against missiles analogous to today's early warning radar chains will be a radio telescope to act as aerial and a maser to amplify the signals this picks up from the missile. The more efficient the maser, the smaller the radio-telescope dish required. The giant 260-foot dish at Jodrell Bank, designed in the pre-maser era, is likely to be the first and last telescope of this size ever built.

Understandably therefore, the Ministry of Supply's radar research establishment is closely involved in development of these devices with Mullard Ltd. which, universities apart, appears to have the only laboratory in this country experimenting with masers, although several companies in the United States have prototypes working. So far, the rest of the electronics industry seems to lack interest. But while masers may have a vital defence role, their big market lies in communications and not merely communications with objects with low-power transmitters, like satellites. The crowded short and medium wavebands have driven long-range radio communication into ever higher frequencies, and into complicated devices such as bouncing signals off the troposphere, which involves great difficulty in getting adequate signal strength. Masers appear to offer a simultaneous solution both to the crowded ether and to the difficulties of weak signals.

ONE reason why other companies have hesitated may be the esoteric techniques involved in making a maser. The components are simple, a few atoms of magnetic material (at present chromium) scattered in the ratio of one part in a thousand in a non-magnetic material such as a synthetic ruby; a mild magnetic field to introduce certain energy states in the magnetic particles; a high frequency signal to throw them into dis-equilibrium, setting up oscillations that can amplify microwaves of the same wavelength. It is hardly possible for unwanted signals to be amplified by the maser. But what complicates the device is its disinclination to work at anything but temperatures as near to absolute zero as it is possible to achieve. This involves suspending the maser assembly in a bath of liquid helium and topping up the helium at intervals. Such liquefied gases are still laboratory curiosities.

The first Mullard maser, working at temperatures of minus 271 degrees centigrade, operates on a wavelength of ten centimetres, which is only two-thirds of the way down the microwave band. It should be possible to pick up signals with a wavelength of one centimetre, but losses occur in the leads to and from the maser which make it difficult to reach ideal efficiencies. This early type of "cavity" maser is likely to be succeeded by another type called the "travelling wave" maser, which may exist in prototype form in about eighteen months' time. The final assembly of maser and magnet is no more than the size of a child's hand; the cost, in limited production, may be about £500, the same as a sensitive conventional amplifier.

period of construction, even when the earliest possible completion is wanted by the owner. Only in exceptional cases is the cost of building quicker greater than the value of the time saved by it ; sluggishness is the curse of British building, not high constructional costs. Finally, there is no recommendation that tendering be done on a firm-price basis: this was recommended by the Ministry of Works over a year ago.

PLASTICS

Output—Present and Future

PRODUCTION of plastics—particularly of thermoplastics—has risen steadily this year in Britain, and it is estimated that total sales for the year will have increased by an even greater proportion than in recent years. Demand for thermoplastics—particularly polythene, polyvinyl chloride, and polystyrene—is continuing to increase at an increasing rate throughout the world ; in Britain, a total of 300,000 tons of these materials, a quarter more than in 1958, may be produced this year. Exports of plastics during the first seven months of the year totalled £22 million, an increase of £4 million over the same period last year, despite higher production by most European and American competitors. In the United States, in particular, the rise in output has been spectacular: production of polythene seems likely to increase by over a third, compared with 1958.

Capacity to make these materials continues to grow even faster, however, both in Britain and the United States ; in the latter, the sudden rise in demand for high-density polythene has already been exceeded by new plant, and it is reported that there is surplus capacity in epoxy resins as well. In Britain, several new plastics plants have come on stream in recent months, including British Hydrocarbon Chemicals' 11,000-ton plant at Grangemouth for the production of high-pressure polythene by the Phillips process, and Monsanto Chemicals' 10,000-ton conventional polythene plant at Fawley. In addition, Imperial Chemical Industries recently commissioned their third ethylene plant at Wilton, making it the largest petrochemical installation anywhere outside the United States. Union Carbide's 15,000-ton polythene plant at Grangemouth is to be on stream next year.

Several other new plants are now under construction. But it seems likely that this rate of construction will fall off sharply after next year ; a survey of chemical plant recently made by *Chemical Age* shows that there are few plants scheduled to come on stream after the end of next year, and none as yet planned to be started after that time. Shell Chemicals and ICI have announced plans to build plants to manufacture high-density polythene and polypropylene, and it is expected that these—which will have a total capacity of over 40,000 tons a year between them—will be finished some time in 1961 ; they are the latest announced so far. When all these plants are in production, British capacity in thermoplastics will be of the order of 350-375,000 tons a year ; with any luck, the industry may thus be able to avoid problems of excess capacity, though still meeting increased demand over the next two or three years.

TRADE WITH SWITZERLAND

Good Fortnight, Record Year?

IF the stores' Swiss Fortnight does anything to increase trade between Switzerland and Britain, it could mean a record year for business between the two countries. Trade in both directions is running at a high level. In the eight months to August 31st Britain sold £33½ million worth of goods to the Swiss, and bought slightly more than £25 million worth in return. The comparable figures for 1958 are £21½ million and £23½ million. British exports to Switzerland already exceed the total for last year and if the return traffic keeps up its present pace it will more than equal the 1958 figure.

ANGLO-SWISS TRADE

(£'000s)

	Year 1958	First 8 Months 1958	First 8 Months 1959
Main UK Exports to Switzerland (fob)			
Machinery	6,720	4,597	6,792
Cars and Aircraft ...	4,640	2,729	8,541
Metal Goods	4,334	2,560	5,177
Chemicals	3,067	2,035	2,369
Yarns and Fabrics ...	2,392	1,561	1,538
Total Exports*	**33,474**	**21,633**	**33,694**
Main UK Imports from Switzerland (cif.)			
Metal Goods	1,583	926	1,709
Machinery	11,618	7,185	8,768
Chemicals	5,133	3,427	4,038
Instruments and Watches	4,033	2,677	2,757
Yarns and Fabrics ...	2,806	2,017	1,898
Total Imports	**36,212**	**23,527**	**25,397**

* Excludes re-exports

This is trade between two highly developed industrial countries, exchanging some of the few things one or the other does not make plus a large proportion of specialised products in fields where both work. So far this year Britain has sold about £8½ million worth of motor cars and aeroplanes and has bought about £2¾ million worth of instruments and watches. But in chemicals, machinery and metal goods, and yarns and fabrics (where Switzerland leads the world in the new jersey materials), the buying and selling is substantial on both sides: the Swiss have carefully fashioned their own specialised niches in a variety of the world's most exacting and profitable industries, and have no inhibitions about relying on imports for the rest.

AIR TRANSPORT

KLM in Middle Age

THE Dutch airline, KLM, which passed its fortieth anniversary this week, is the only airline to have operated this long without major reorganisation. This continuity of management is one of the secrets of its strength, for in every other way it operates at a disadvantage. KLM is probably the nearest approximation ever reached by an airline to a genuine merchant air service, for with a negligible home market it must live by foreign traffic in the face of the hostility of other national airlines. In spite of this, KLM ranks as the eighth largest airline in the West, with a consistent record of profitable operation. Last year, when many of its competitors were making losses, KLM recorded a net profit of £1.25 millions.

This airline's commercial policy is an object lesson to those managements who try too hard to force the pace. KLM has rarely been known to pioneer a new aircraft ; it took delivery of Viscounts and of Electras only after they had been in service for some considerable time, and it is well down the middle of the order book for new jets. So, although KLM, like every other airline, has had its share of bad aircraft, the worst of their defects have usually been shaken out in service with some other carrier by the time it takes delivery. Equally, although KLM is almost never on the side of airlines working for fare reductions, it is not particularly obstructive when a cut seems inevitable. It left the Air Union talks held earlier this year because it looked as if there was more future for KLM working independently than in co-operation with four other European airlines. With its forty years' experience as a lone wolf, it was probably right.

SHORTER NOTE

France has now surrendered its export quota of 18,750 metric tons under the international sugar agreement, bringing the total quantity surrendered to 269,950 tons. This has now been offered to other exporters, mainly to Cuba (120,390 tons), Dominican Republic and Formosa (32,650 tons apiece), Brazil (27,420 tons) and Peru (24,430 tons).

COMPANY AFFAIRS
Comments on pages 182 and 183 on
Ford Motor — Glaxo
News of the World — GUS
Western Holdings — Tootal
Horlicks

LONDON AND NEW YORK
Stocks, prices, yields and security indices on pages 184 and 185

LONDON STOCK EXCHANGE
The week's movements reported on page 183

MONEY AND EXCHANGES
Money market report, exchange rates and public finance on page 186

COMPANY MEETINGS

IRI

ISTITUTO PER LA RICOSTRUZIONE INDUSTRIALE
(Institute for Industrial Reconstruction)
ROME, ITALY

EXPANSION OF INVESTMENTS
ADVANCES IN PRODUCTION
NEW STEEL PLANT AT TARANTO

The following are details of the Annual Report for 1958 of IRI, the Italian State Holding Company for Industry:

The low level of industrial activity which marked the Italian economy during 1958, as it did those of other countries in Europe, did not seriously affect the activities of the companies controlled by IRI, the Italian State Holding Company for Industry. On the contrary, IRI succeeded in expanding considerably the volume of its fixed investments, and thus helped to sustain the internal demand for capital goods and to raise the level of employment.

PRODUCTION AND SALES

The turnover of the IRI companies during 1958 amounted to $1,586m. and thus showed a drop of no more than 2 per cent compared with the figure of the previous year ($1,610m.). This slight fall seems to have been due almost exclusively to the drop in steel prices and to the weakening of the freight market which adversely affected both the receipts of shipping companies and the order-books of shipyards.

There was a slight increase in steel exports during the year. Sales abroad of the engineering and shipbuilding industries showed signs of weakening, however, a development which was also due to the expected gradual reduction in NATO orders. Increases were registered in the turnover achieved by the ALITALIA air transport company, in the receipts of Radio-Televisione Italiana, and in the earnings of the telephone and electric power companies.

Apart from the output of the shipbuilding and steel companies, there were advances in production in almost every sector. The production of electric power in particular rose by 3.3 per cent, the number of telephone subscribers advanced by 11.2 per cent, television viewers increased by 62.8 per cent, and there was a rise of 36.9 per cent in the number of air passengers and of 31.5 per cent in the volume of air cargo carried. Shipping results were less favourable, with an increase of 1.7 per cent in the number of passengers carried and a drop of 0.7 per cent in cargo due to the falling-off of Italian imports. The setback suffered by the iron and steel industry amounted to 4.4 per cent in terms of steel, whereas the shipbuilding industry registered a reduction of 8.4 per cent in invoiced deliveries.

DEVELOPMENT OF INVESTMENTS

The gross figure of fixed investments carried out by the IRI companies during 1958 reached $369m. as compared with $305m. in 1957, an increase of 21.1 per cent.

The most important development in the investment field took place in the public utility sector. In the telephone sector, in particular, investments totalled $88m. as against $75m. in 1957, and in electric power the total reached $94m. against $78m. during the previous year. For radio and television, however, there was a slight drop in capital expenditure ($6m. as against $8m.) and the shipbuilding sector similarly showed a fall from $25m. to $18m. Expenditure in this industry was almost wholly devoted to the transatlantic liner *Leonardo da Vinci* which is now under construction. The largest increase was effected in the road-building sector: $44m. was spent on the Autostrada del Sole (motorway from Milan to Naples), a figure which trebled that of the previous year. There was also a slight increase in the iron and steel sector where investments totalled $62m. as against $60m. in 1957, and in the engineering sector where the capital expenditure incurred amounted to $20m. as against $19m.

THE FOUR-YEAR PLAN

The investments of the IRI Group are expected to reach a new record figure of $456m. during 1959. This target forms part of a Four-Year Plan (1959-1962) which comprises investments exceeding $1,880m. To this figure should be added a further $62m. in respect of capital increases for the banks controlled by IRI, and an unspecified amount for the erection of a new steel plant at Taranto and the modernisation of the Taranto shipyards which will be taken over by IRI in the near future.

This investment programme provides more than $421m. for the telephone system, $482m. for electric power generation, $298m. for the iron and steel industry, $200m. for the building of motorways, $173m. for shipping lines, $160m. for reorganising and restoring financial stability to the engineering and shipbuilding subsidiaries, and $88m. for air transport. It will be financed by the IRI Group itself to the extent of $769m. by way of depreciation on old plants. The balance of $1,110m. forms part of a total of $1,400m., which also includes $229m. in respect of capital charges covering expenditure and losses arising from the restoration of financial stability in a number of companies, $62m. representing the share taken by the Holding Company in the capital increases effected by the national banks (Banca Commerciale Italiana, Credito Italiano, Banco di Roma) and by the Banco di Santo Spirito, credit institutions controlled by IRI.

This total of $1,400m. is expected to be covered to the extent of $669m. by recourse to the market on the part of the constituent companies, the balance of $732m. being supplied by IRI itself. The Italian Government, as in the past, is only expected to provide a small portion of this latter sum. The figures available at the end of 1958 showed that of the total investments effected by the IRI Group by that date, the Government had given support to the extent of 6 per cent only. *In view of the possibility of a recourse to funds from abroad, the Italian Parliament has passed a new law authorising IRI to issue foreign currency bonds.*

FINANCIAL RESULTS

In spite of the fairly considerable increase in gross fixed investments effected by IRI companies, which have been shown to have reached $369m. as against $305m. in 1957, there was no difficulty in providing the necessary funds during 1958 owing to two factors which happened to coincide: the smaller capital increases effected by the Group's constituent companies during the financial year owing to the smaller growth of stocks of finished products and raw materials, and the high degree of liquidity obtaining in the capital market.

The first of these factors operated in the sense that the money provided for use as capital during the year amounted to $48m. only as against $144m. in 1957. The second factor, on the other hand, has permitted the issue of bonds for $147m. as against $74m. in 1957, excluding charges and discounts, and the floating of medium-term and long-term loans for $162m. as against $63m. in 1957.

As a result, IRI and its constituent companies were able substantially to reduce (by $57m.) their short-term indebtedness which had greatly increased in 1957 ($128m.).

IRI BALANCE SHEET

The balance sheet of the IRI concern closed with a profit of $176,000 as against $394,000 in 1957. It is interesting to note in this connection that the average cost of money obtained in the form of short-term and long-term loans remained substantially unchanged during the two years (7.2 per cent), whilst returns on finance provided by the concern, and from participations ($915m. at the end of 1958), showed a noticeable improvement, from 5.4 per cent to 5.8 per cent. Administrative expenditure in relation to the whole of the assets showed a further reduction, from 0.21 per cent to 0.18 per cent.

IRI
INVESTMENTS AND FINANCE
(in $m.)

	1957	1958		1957	1958
Gross Fixed Investments			**Finance**		
Telephones (1)	75	88	Share issues	60	24
Electric power	78	94	Bond issues (2)	74	147
Radio-Television	8	6	Long-term loans	63	162
Shipping	25	18	Short-term loans	128	— 57
Air transport	17	18			
Motorways	16	44	**Total outside Finance** ...	325	276
Iron and steel	60	62			
Engineering	19	20	Self-finance	154	152
Miscellaneous	7	19	Holdings sold	12	15
Total	305	369			
Capital	144	48			
Holdings purchased	41	25			
Small-scale finance provided	2	—			
Sundries	—1	1			
TOTAL	491	443	TOTAL	491	443

(1) Including (in 1957) $27m., representing investments effected by the private telephone companies TETI and SET, and subsequently taken up by IRI.
(2) Including charges and discounts.

THE RANK ORGANISATION LIMITED

The following are the salient features from The Lord Rank's Statement for the 52 weeks ended 27th June 1959

The past year has been one of great activity within the Group since it has seen the completion of the important rationalisation plans whereby interests and investments currently held have been re-allocated so that The Rank Organisation holds a 56½% interest and the Gaumont Group a 43½% interest. At the same time the policy of diversification has been accelerated by the acquisition of new interests and the development of new activities.

A firm foundation has now been laid for steady growth in new activities over future years but the results for the past year do not reflect any benefit from these developments.

Group Profits for the year amounted to £2,985,070 as compared with £1,781,499 last year. The net profit attributable to The Rank Organisation amounted to £352,153. The Preference dividend and the proposed Ordinary dividend at 10% compared with 5% absorbed £251,550.

Film Production During the year seventeen feature films were released. Unfortunately the overall financial result has been disappointing. The continued deterioration in attendances has led to the curtailment of our production programme but the studio space which became available has been taken up by other producers and our entry into the production of films made especially for television.

Entertainment Tax The late amendment to the Finance Bill granted a small measure of relief. This makes the refusal to abolish the tax still more difficult to understand especially when one bears in mind that its contribution to the National Budget of some £5,000,000,000 will at most be between £6,000,000 and £7,000,000.

Exhibition has had another difficult year. The serious decline in attendances has continued but the attendances in our cinemas were higher than the National Average. Our rationalisation plans have progressed satisfactorily and are showing increasing benefits. The Group now operates in the United Kingdom 494 theatres compared with 517 last year and 530 in the previous year. The Circuits Management Scheme has been extended for a period of 50 years from June, 1958.

Distribution Our Organisations both at home and overseas have operated efficiently and well, and with the exception of the United States have had a satisfactory year. Unfortunately it became clear that there was no reasonable prospect of achieving a profitable operation in America and it was decided to close down.

Top Rank Records In this country we have made considerable progress. We have set up in business in the U.S.A. and have concluded interchange arrangements with many overseas record distributors.

Commercial Television We have recently increased our investment to 37½% in Southern Television. Steady progress has been made and the Company is operating profitably.

Ballrooms and Dance Studios Our policy of operating dance studios has proved highly satisfactory and our modern ballrooms are making an increasing contribution to our results.

Rank Precision Industries Group Activities outside the cinema industry continue to expand. A prototype Xeronic high speed computer output printer has been publicly shown and well received. The new Autoset 8 m.m. Bell & Howell cine camera is proving to be extremely popular.

Rank Cintel Limited and Bush Radio Limited The turnover of Bush has increased and has been helped by the introduction of Push Button Tuning in Bush television sets.
The work for Government Departments by Rank Cintel has increased in size and importance.

Rank-XeroX Limited has continued to make steady progress and the development of Xerography throughout the world will prove an important facet of our operations.

Line Television We have taken a substantial interest in this activity and are negotiating for further franchises which long term should build up to be a substantial contributor to our profits.

I anticipate a steady growth in our not inconsiderable manufacturing activities and developments in the electronic field. We have interests in Television and are making considerable new investments in Line Audio and Television services. A number of smaller new enterprises are being developed, some of which may become important. We shall not see much return by way of profit from most of our new developments for the next two years, but we have laid the foundation for a diversified undertaking with its mainspring in providing all forms of entertainment both public and in the home. I believe that it will not be too long before our profits from non-cinema interests exceed those from the cinema activities. I hope that the current year will show at least the maintenance of this year's improved results and I look to the future development of the Group with confidence.

★ A copy of the Chairman's full statement and Annual Accounts may be obtained from The Rank Organisation Limited, 38 South Street, London, W.1

WESTERN MINING CORPORATION

The annual general meeting of Western Mining Corporation Limited was held on September 18th in Melbourne.

Mr G. Lindesay Clark, BSc, MME (the Chairman), presided.

(All figures quoted are in Australian currency.)

Net profit for the year of £308,444 was £48,474 greater than for 1957/58. The increase was principally attributable to higher dividends received from our holdings in Central Norseman Gold Corporation No Liability and Gold Mines of Kalgoorlie (Aust.) Limited of 3s. 6d. and 10½d. per share respectively compared with 3s. and 9d. per share last year.

Dividends totalling 1s. per share were paid by the Corporation during the year, and since the close of the year the usual 6d. half-yearly dividend was paid on August 14th.

Reviewing the Corporation's various interests, the Chairman said:

Western Aluminium No Liability. This Company was formed last year to take over bauxite and coal-prospecting reservations from Western Mining Corporation and Champagne Syndicate respectively, and to carry on exploration for bauxite and coal on these reservations in the Darling Ranges.

Drilling of the extensive areas showing bauxite has begun. The drilling is proceeding very satisfactorily but the area to be covered is so large that much time must elapse before any conclusions can be reached.

Geophysical prospecting of the Company's coal reserves has shown that the known Wilga Coal Basin, included in the Company's Reserves, is smaller than had been recognised previously.

Copper Prospect WA. Exploration at Tarraji, north west Western Australia disclosed a number of areas showing some copper mineralisation.

The Western Australian group of companies treated 1,200,063 tons of ore from which 333,500 ounces of fine gold in bullion and concentrates were produced.

After reviewing the results and prospects of the operating companies, the Chairman, in referring to the persistent drain of gold from the United States, stated that this reflected no basic weakness of the dollar, but rather an improvement in monetary conditions elsewhere. That did not lessen the inadequacy of international reserves which would be improved by an increase in gold price.

The Board's policy must be influenced by the outlook for the future of gold. In respect of our gold interests, while we may perhaps hope gradually to improve our standards of performance, we must recognise that our overall economic position will tend to become less favourable with any rise in the cost level. In our operating mines we will endeavour to keep in the forefront of mining progress by bringing into use all suitable modern equipment and by expanding output while maintaining active search for ore-bodies in and around the mines.

To supplement gold mining and gradually replace it if economics so require, exploration is being extended to other metals. To spread risks, share expenditure and increase the prospects of success joint ventures with other mining houses are being entered into where appropriate.

The report and accounts were adopted.

S. HOFFNUNG & CO., LTD.

(Australian Merchants Established 1852 with branches in Sydney, Brisbane, Melbourne and Adelaide)

A CREDITABLE PROFIT

The Fifty-Seventh Annual General Meeting of S. Hoffnung & Co., Ltd., was held on September 30th in London.

The following is summarised from the circulated statement by the Chairman, Mr P. J. A. Lachelin:

RESULTS

Although falling short of the record figures achieved in the previous two years I feel that the profit earned by the Group is very creditable in view of the increasingly competitive conditions prevailing in Australia.

THE ACCOUNTS

After deduction of tax, minority interests and pre-acquisition profits from the Group Profit of £609,503, there remains a Net Profit for the year of £363,812. A taxation adjustment raises the Consolidated Net Profit after tax to £368,512.

In the course of the five previous years the Group has added over £1,100,000 to its resources out of profits retained in the business. When considering the interim dividend on the Ordinary Stock, your Directors decided that in view of this addition to the Group's reserves and the resulting strength of its financial position an increase in the distribution to Stockholders was timely. At the same time your Directors decided to adopt the practice of declaring Ordinary dividends in the "free of tax" form.

In pursuance of these decisions, an interim dividend of 3½ per cent tax free was declared last February and your Board are now recommending a final dividend of 12½ per cent, also tax free. The dividends for 1958/59 will require in all £129,467, leaving to be retained in the business out of the year's operations the net inconsiderable sum of £234,345.

On the Assets side of the Parent Company's balance sheet you will note an increase in the investments in Subsidiaries of £174,047 to £403,902. The increase reflects our investment in New Zealand and in a complementary business operating in Australia which we acquired for cash in October of last year and which is proving a useful member of the Group.

Group Current Assets at £3,996,228 exceed the Group Current Liabilities at £889,173 by £3,107,055.

CAPITALISATION OF RESERVES

To bring the issued capital of your company more into line with the funds permanently invested in its operations, your Directors are recommending the capitalisation of £179,550 of the Company's Revenue Reserves in the form of an issue of 1 new Ordinary Share of 5s. for every £1 of Ordinary Stock. If this recommendation is adopted the Ordinary Capital of your Company will then stand at £897,750. As stated at the time of the Press announcement, this capitalisation of reserves should not be taken to have any implications as to future dividends.

AUSTRALIA AND NEW ZEALAND

In accordance with the project announced at the previous Annual General Meeting I visited our Branches and Subsidiaries in Australia and New Zealand towards the end of last year.

I was greatly impressed by the keenness of your organisation and the abundant vitality and enthusiasm of the Commonwealth and the confidence of Australians, old and "New," in the future of their country.

Our own newly acquired business in New Zealand, to which I referred last year, has been able to maintain its trade at a satisfactory level and the contribution it has made to the Group profits accords fully with our expectations.

PROSPECTS

Within the framework of the Australian economy the most significant facts for our Group are a heavy wool clip and a good wheat harvest which, if wool values are maintained, will increase purchasing power.

We are well equipped to take advantage of any favourable opportunities, and, provided the current trends in the Commonwealth are maintained, your Directors hope that the current year will again produce satisfactory figures.

As Stockholders are already aware, we have within the past eighteen months added two newcomers to the organisation. This will enable Stockholders to appreciate our intention to progress whenever possible by extending the activities and scope of the Hoffnung Group by the acquisition of suitable undertakings.

The report and accounts were unanimously adopted.

BRITISH HOMOPHONE

CURRENT IMPROVEMENT

The annual general meeting of The British Homophone Co., Ltd., was held on September 30th in London.

Mr Jack Lesser, chairman and managing director, in the course of his speech said: The profit for the Group is £23,126, compared with £28,547 for the previous year. The net profit of the company, including the Ebonestos Industries Limited dividend, is £13,991, compared with £12,438. The Consolidated Balance Sheet continues to show a sound financial position.

In the early part of the year to March 31, 1959, Ebonestos Industries experienced brighter trading conditions. These did not persist. However, in the period from April 1st to date the manufacturing profits of the company indicate an improvement.

With regard to the gramophone record manufacturing activity of the British Homophone Co., the profit result was an improvement. It would be unwise to overestimate the near future profit potential of this activity.

The disappointing sudden change-round in trading conditions during the year under review adversely affected our final results. However, in the current period of trading figures indicate an improvement and the order book is much stronger.

Providing we do not encounter a general trade recession before the end of this year we shall be able to look forward to an overall improvement in the Companies' results.

The report and accounts were adopted.

GOLD MINES OF KALGOORLIE (AUST.)

The annual general meeting of Gold Mines of Kalgoorlie (Aust.) Limited was held on September 7th in Melbourne.

Mr G. Lindesay Clark, BSc., MME (the Chairman), presided.

[All figures quoted are in Australian currency.]

Net profit for the year was £248,686 compared with £309,477 for 1957-58, a reduction of £60,971. The previous year's figure, however, included £38,456 Gold Subsidy received on account of 1956-57 production, part of which was in respect of gold locked up in pyritic concentrates stacked at Fremantle at the close of that year realised during 1957-58, and the balance a refund of a reduction in 1956-57 subsidy because of the profit limitation sections of the Gold Mining Industry Assistance Act.

The current year's results are after charging £28,221 cost of repairing the damage caused by the subsidence in the Perseverance Shaft area. After allowing for these two factors, profit earned during the year exceeded that of last year by £5,706.

A dividend of 10½d. per share absorbing £176,107 was paid on December 4, 1958. This was an increase of 1½d. on the previous year's dividend of 9d.

The mill averaged 39,400 tons per four-weekly period and treated a total of 531,959 tons for the year. Gold recovery amounted to 142,584 fine ounces including 9,478 ounces of gold in the concentrates produced and, from the clean-up of shut-down mills, an additional 761 ounces was obtained.

The average costs of mining and treatment of ore from Kalgoorlie and Coolgardie of 73.5s. per ton were the same as those of last year, a reduction of 1.6s. per ton in treatment costs being offset by a similar increase in cost of ore mined. Development redemption at 9.5s. per ton showed a decrease of 0.4s.

Modifications to the arrangements for hoisting ore from underground have resulted, since the closing of the year, in a saving of approximately 1.8s. per ton.

Perseverance Lease. The Perseverance Shaft, reconditioned and converted to skip haulage, was recommissioned in May, 1959. Many old open stopes were filled following the April, 1958, surface subsidence and further filling will be required over the next few years.

Ore reserves at March 31, 1959, were estimated at 1,277,000 tons averaging 5.7 dwt per ton.

Kalgoorlie Development. Last year 23 per cent was in ore averaging 10.5 dwt over 67 inches. This year work to mid August has averaged 21 per cent in ore averaging 10.0 dwt over 66 inches.

Much currently developed ore is from lodes in the quartz dolerite which have been accessible for many years: the future ore potential of this zone is substantial. The longer term potential is from the underlying calc schist in which many known ore shoots exist. In this zone Gold Mines of Kalgoorlie prospecting has so far been limited: current calc schist developments north in the Paringa and deep in the Enterprise sections have been encouraging.

Coolgardie. At Bayleys Mine, Coolgardie, the high grade ore shoot exposed last year in Prices Reef at No. 10 Level is now developed at Nos. 8 and 9 Levels. Two further shoots were exposed

at No. 8 Level, one of which has also been exposed on No. 6 Level. Enriched patches carrying coarse free gold are characteristic of all these shoots.

The report and accounts were adopted.

PYE LIMITED

STEPS TO BROADEN BASE OF ACTIVITIES

The thirtieth annual general meeting of Pye Limited was held on September 30th in London, Mr C. O. Stanley, CBE (the chairman), presiding.

The following is an extract from his circulated statement:

The interruption in the progress of the business due to the credit squeeze has, I am glad to say, not lasted as long as one might have expected.

Your company has always contended that the TV set market would be fickle, seasonal, highly subject to changes in fashion and liable to become a shuttlecock of Governments as they put purchase tax up and down and imposed this or that restriction on hire purchase to suit the policies of the moment. That was why we resolved to broaden our base by such activities as extensive investment in the Commonwealth, by higher pressure in exports, by purchasing established businesses, by heavy investments in many new forms of electronic development and by further extensions in the instrument field. All this was done with long-term benefits in view and at the expense of current profits in the intervening years. Unless there is some change in the trading climate during the remainder of the current financial year, I believe you will be able to see tangible evidence of the rewards to come from this ploughing of new ground.

I am sorry that the authorities have not yet seen fit to inaugurate a 625-line TV transmission, which is the accepted standard throughout the world, apart from the UK and the USA. Without a home market in 625-line TV sets, to bear some of the cost spread, we cannot hope to tackle effectively TV set exports, for the export demand exists only for 625-line receivers.

Our trading profit of £2,834,841 is one with which we are well satisfied. "Profit before Taxation" shows an increase of £191,658 over the previous year, and "Profit after Taxation" an increase of £151,284.

CHAIRMAN'S ADDITIONAL REMARKS

Addressing the meeting, the chairman said:

There is an item I want to refer to which is not on the Agenda.

The trading progress of the Company, since the end of the Financial Year, has given your Directors great encouragement, particularly as, at the time of our large rights issue, it might have seemed rash to assume that we would be able to pay the same dividend on our largely increased capital.

We have now all but completed six months' trading and I am glad to tell you that our profit figures are well in advance of last year and very much better than our estimates. We feel confident that next year we will be able to maintain the dividend on our new capital unless something very extraordinary should happen. In addition, at a Board Meeting held this morning, your Directors decided to recommend to Shareholders a scrip bonus of 1 in 10.

The report and accounts were adopted.

ACROW (ENGINEERS) LIMITED

TWENTY-THREE YEARS OF UNINTERRUPTED PROGRESS

MR W. A. DE VIGIER ON PROGRAMME OF DIVERSIFICATION

The twenty-third annual general meeting of Acrow (Engineers) Limited was held on October 6th in London.

Mr W. A. de Vigier (chairman and managing director), who presided, said:

Gentlemen: From the accounts in front of you, you will have noted that the consolidated trading profit for the year under review amounted to £675,423. A final dividend of 12½ per cent on the Ordinary shares, making 42½ per cent for the year on the increased capital, is recommended by your Directors. At a meeting to be held immediately following this one, your Directors will recommend a bonus issue of one "A" share for every seven Ordinary or "A" Ordinary shares held.

These satisfactory results were achieved thanks to the programme of diversification initiated some time ago. Ever since the Company became public in 1949 it has been our policy not to have all our eggs in one basket. The diversification took two aspects; one country-wise, the other product-wise. As a result of this some 50 per cent of the Company's production is exported, whereas the other half is sold to the Home Trade. The 50 per cent going abroad is, in turn, exported to almost every country in the world which, in itself, spreads the risk as it can usually be found that if one country buys less, another buys more.

Product-wise, diversification took place as follows: whereas in 1949 100 per cent of our production went to the building trade, today less than 50 per cent goes to the building trade and the remainder is spread by the sales of our Hydraulic, Refrigeration, Forestry, and Sheet Metal Divisions. It is this policy which has enabled us to ride over the mild world recession which undoubtedly made itself felt during 1958.

PROGRAMME OF EXTENSION

Your Works are at present working to full capacity. In order to cope with the increasing demand for your Company's products your Directors have decided to embark on a programme of extension which, when completed in April, 1960, should increase the floor area available at three of our United Kingdom Works by some 50 per cent.

Turnover for the first six months of the current year is in excess of last year, and given a continuance of present trading conditions, I believe the current financial year will prove once more to be a record year. We should, therefore, be able to maintain at least the present dividend on the increased capital.

To conclude, I should like to thank my colleagues on the Board, the Staff and Works, who, through their initiative and untiring efforts, made possible the results before you.

The report and accounts were adopted and at a subsequent extraordinary general meeting the proposed scrip issue was duly approved.

CALOR GAS

Holding Company Limited

The following points are taken from the Statement by the Chairman, Commander Colin Buist, to the 11th Annual General Meeting of the Company:

★ For the year ended 31st March, 1959, the consolidated profit after all expenses and depreciation, amounted to £861,526.

★ A Final dividend of 10% is proposed, making with the interim dividend of 5% already paid, 15% for the year. £297,489 has been transferred to General Reserve.

★ A new filling station has been built in County Durham, and the building of a further new filling station is in hand. An increasing demand for delivery of "CALOR" gas in Bulk necessitates additions to our fleet of road tanker vehicles.

★ It is proposed to issue Bonus Shares in the proportion of 1 Share for every 5 held. The Issued Capital will then amount to £2,249,945. The Directors intend to declare an interim Dividend of 5% on the increased Capital in December, 1959.

★ Sales of "CALOR" gas since 31st March, 1959, compare favourably with the corresponding period last year.

THE KETTON PORTLAND CEMENT COMPANY LIMITED

The thirty-first Annual General Meeting of The Ketton Portland Cement Company Limited was held at the Registered office of the Company, Albion Works, Sheffield, on Thursday, October 8, 1959.

Mr H. W. Secker, OBE (Chairman) presided and the following is his statement which had been circulated with the Report and Accounts:

It is with deep regret that I record the death in November, 1958, of Mr Frank R. Stagg. Mr Stagg joined the Board at the inception of the Company in 1928; was appointed managing Director in July, 1941, and Chairman in 1948. He played a leading part in developing the Company to its present successful position. At the invitation of the Directors I joined the Board in January, 1959, as Chairman. Apart from this, there are no other changes in the Board.

I am pleased to report that your Company has had another very successful year. The dispatches total 319,804 tons, showing an improvement of 14,201 tons. This increase is reflected in the profits, for after providing over £11,000 more for depreciation, the profit before taxation at £374,784 shows an increase of £14,612. The charge for taxation is lower by £3,000, so that the profit, after tax, of £168,784 shows an increase of £17,612. In addition, we have brought back £10,000 in respect of an adjustment of tax over-provided in previous years.

INCREASED DIVIDEND

Your Directors are proposing to pay a final dividend of 15 per cent on the ordinary shares, less tax, which, with the interim dividend of 2½ per cent already paid, will make a total dividend for the year of 17½ per cent, less tax, being an increase of 2½ per cent compared with last year. It is also proposed to allocate £75,000 to General Reserve. The amount to be carried forward to next year is £214,682 compared with £189,534 brought forward at the beginning of the year. Additions made to Fixed Assets approximated £97,000. The chief items included the purchase of three diesel locomotives, improvements to our stores buildings, packing dock and laboratories, and additions to our road transport fleet.

The liquid position of the company is very satisfactory, Current Assets exceeding Current Liabilities by approximately £913,000.

The stimulation of national economy and expansion in public works expenditure has resulted in an improved demand for cement, but our plant is operating near maximum capacity, so that any increase in costs may make it difficult to maintain the present level of profits. One example of the increase in costs is the reduction of the derating allowance to industry from April, 1959. This item alone means an additional charge of £5,000 per annum.

STABLE PRICES

The price of Portland Cement, stable for over two years, will not be increased during the period ending June 30, 1960, unless some unexpected circumstances arise.

Ribblesdale Cement Ltd. and its subsidiary, The Horrocksford Lime Co. Ltd. (jointly owned with The Tunnel Portland Cement Co. Ltd.), have operated in a most satisfactory way. The Ribblesdale Company has now commenced extensions involving an additional Kiln of large capacity.

We have been pleased to play a most important part in supplying Ketton Cement to many important contracts, including sections of the London-Yorkshire motorway and the Great North Road.

My thanks are due to my colleagues on the Board, the works management, staff and workpeople and to Thos. W. Ward Ltd., our sole distributors.

The Report and Accounts were approved and adopted and the retiring Directors, Mr H. W. Secker and Mr E. Elmquist were re-elected.

FINANCIAL NOTICE

ROYAL DUTCH PETROLEUM COMPANY

N. M. Rothschild & Sons announce that the Board of Directors and Managing Directors of the Royal Dutch Petroleum Company have decided to declare an interim dividend for the year 1959 of fls. 1.50 per share.

A. On the bearer shares

This dividend will be payable on and after October 23, 1959, against surrender of Coupon No. 118 at the office of N. M. Rothschild & Sons, London, Bank Holidays excepted, between the hours of 11 a.m. and 2 p.m.

Payment will be made in sterling at the buying rate of exchange on Amsterdam current at 2 p.m. on October 16, 1959, in the case of coupons presented on or before that date, or on the day of presentation in the case of coupons presented subsequently. In view of the fact that guilder funds are being provided by the Company for payment of this dividend the usual foreign exchange commission will be deducted from the sterling proceeds.

In the case of shareholders not resident within the Scheduled Territories the paying agent may, at the request of the Authorised Depositary presenting the coupons, pay the dividend in a different currency. Information in this respect will be supplied by the paying agent upon request.

Coupons must be accompanied by a declaration in triplicate signed by an Authorised Depositary reading:

"We declare under our responsibility that sufficient evidence has been submitted to us that the securities from which the coupons enumerated below have been detached: (a) do not belong to residents of the Netherlands; (b) are provided with red export certificates issued by the Nederlandsche Bank."

From the gross dividend the Netherlands dividend tax of 15 per cent will be deducted (i.e. there will be paid on Coupon No. 118 a net amount of fls. 63.75 per certificate for 50 shares and fls. 6.375 per certificate for five shares), except in the case of coupons presented on behalf of: (i) residents in the United Kingdom, provided they lodge a Netherlands declaration "Inkomstenbelasting No. 92 V.K." in duplicate; (ii) residents in the U.S.A. provided they lodge a Netherlands declaration "Inkomstenbelasting No. 92 V.S." in duplicate together with a single affidavit No. 923 V.S.; (iii) residents in Sweden, provided they lodge a Netherlands declaration "Inkomstenbelasting No. 92 ZWE" duly completed by the Swedish tax authorities; (iv) residents in Finland, provided they lodge a Netherlands declaration "Inkomstenbelasting No. 92 FIN" duly completed by the Finnish tax authorities; (v) residents in Denmark provided they lodge a Netherlands declaration "Inkomstenbelasting No. 92 DEN" duly completed by the Danish tax authorities; and (vi) residents in France, in which case either a French declaration model A signed by the shareholder with the certificate on the back duly completed by the appropriate French Inspector of Taxes, or a French declaration model B in duplicate duly completed and signed by an authorised French bank must be provided.

As regards holders resident in France, attention is drawn to the fact that the regulations giving effect to the Franco-Netherlands Tax Convention provide that unless the model A or model B declaration referred to above is lodged when dividends are collected, dividend tax will be deducted and there will be no possibility whatever of reclaiming this tax.

In cases (ii), (iii), (iv), (v) and (vi) above the usual affidavit certifying non-residence in the United Kingdom will also be required if payment is to be made without deduction of United Kingdom income tax.

Coupons must be left for an appropriate period for examination and must be handed in personally. Coupons cannot be paid through the post.

Coupons must be listed *in triplicate* on special forms embodying the declaration referred to above, which can be obtained on application.

B. On the registered shares

As to the shares registered in the United Kingdom Section of the Netherlands Register, N. M. Rothschild & Sons are authorised to announce that the following arrangements have been made for the payment of the interim dividend amounting to fls. 1.50 per registered share (nominal value fls. 20).

On October 21, 1959, the sterling amount of the dividend will be fixed on the basis of the sterling/guilder rate of exchange current in Amsterdam on that date.

October 28, 1959, will be the record date. Shareholders registered at the close of business on that date will be entitled to receive the dividend.

On or before November 19, 1959, dividend warrants will be posted by the transfer agent, Nederlandsche Handel-Maatschappij N.V., to shareholders registered in their books on the record date.

As soon as possible after October 21, 1959, a further announcement will be made giving the rate of exchange, the amount of the dividend in sterling per share and the amount of the 15 per cent Netherlands dividend tax in sterling per share.

New Court, St. Swithin's Lane, London, E.C.4.

October 9, 1959.

BUSINESS AND PERSONAL

WAX CONSULTANTS

The professional services of experts in Wax technology will shortly become available to industry at home and abroad. A limited number of commissions now being reserved.—Reply in first instance to Box 1213.

SECOND-HAND BOOKS.—The Economists' Bookshop, 16/18 Clement's Inn Passage, London, W.C.2, invites you to submit lists of books on Economics, History and Social Sciences you may wish to sell (*periodicals excluded*).

THIS IS YOUR LIFE when you protect your colour slides of your children with the Leitz Pradovit F with armchair control. £48.—City Sale & Exchange Ltd., 66 Cheapside, London, E.C.2.

SHARE A FLAT LTD., 175 Piccadilly, HYD 2545. Infinite care, right person or right flat.

WHO'S WHO IN AUSTRALIA 1959

containing more than 8,500 biographies, is an invaluable source of reference and should be in the offices of every business and organisation dealing with Australia. Now obtainable at £4 4s. per copy post free, from—The Herald & Weekly Times (Melbourne) Ltd., Ludgate House, 107 Fleet Street, London, E.C.4.

WHY WORRY? Your dinner party will be a great success when pre-ceded by El Cid Sherry. It's such a superb Amontillado—it delights everyone!

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Send for details which show an attractive proposition to manufacturers.

Write to the Managing Director, Remploy Ltd., 25-28 Buckingham Gate, S.W.1, or telephone VICtoria 6021 (12 lines).

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Modern research techniques can examine customers' reactions and probe markets. Modern advertising can put over sales messages in new and inspired ways. *But all successful publicity campaigns must be based on the Client's unique knowledge of his own business.*

How our advertising agency increases sales by making proper use of the advertiser's "know-how" is explained in straightforward language in our latest booklet entitled "You know your own business best." Copies are available on request to: General Advertising Company of London, 18 Charing Cross Road, London, W.C.2. COVent Garden 2881.

APPOINTMENTS

CITY OF LIVERPOOL EDUCATION COMMITTEE

CITY COLLEGE OF COMMERCE.

Tithebarn Street, Liverpool 2.

Principal: T. Gore, M.A., B.Sc.(Econ.), M.B.I.M., Hon. F.I.L., Barrister-at-Law.

Applications are invited for the appointment of LECTURER IN ECONOMICS (full-time) with special reference to BUSINESS ADMINISTRATION.

Salary (Men) £1,370 x £45 to £1,550 per annum.

*(Women) £1,100 x £38 to £1,240 per annum.

*(Plus equal pay increments.) (Burnham Technical Report)

Applicants should have teaching experience, good academic qualifications and responsible professional/industrial experience. Duties will include teaching different aspects of Business Administration to a degree level and establishing contacts with firms in the area. The person appointed will be encouraged to undertake research work.

Further particulars and application form returnable by October 17, 1959, from the Director of Education, 14 Sir Thomas Street, Liverpool, 1.

THOMAS ALKER,

Town Clerk and Clerk to the Local Education Authority.

(J.58543)

UNIVERSITY OF EDINBURGH

DEPARTMENT OF POLITICAL ECONOMY

Applications are invited for Research Fellows (two) in the Department of Political Economy for research in the fields of West African (Ghana) economic planning. Salary in the range £600 to £1,050 per annum, with placement according to qualifications and experience, and with superannuation benefit and family allowance provided where applicable. Candidates should hold a good degree in Economics with Statistics, and some research experience is preferred. The successful candidate will be expected to take up duty in November, 1959, or as soon as possible thereafter.

Applications (six copies), giving the names of two referees, should be lodged with the undersigned not later than October 17, 1959.

CHARLES H. STEWART,

September 1959. Secretary to the University.

AUSTRALIAN NATIONAL UNIVERSITY

CANBERRA

RESEARCH SCHOLARSHIPS

Applications are invited from postgraduate students with capacity for research for scholarships in Anthropology and Sociology including Demography, Economics, Economic History, Geography and Geology (particularly in the fields of Australia and the British Commonwealth), Far Eastern History (China and Japan), Pacific History, International Relations, Law, Political Science including Public Administration, Philosophy, Political and Social Philosophy and Statistics including Mathematical Statistics.

(*A substantial knowledge of the relevant language is a prerequisite.)

The scholarships are tenable for an initial period of two years and may be extended for a third year. Scholars are expected to enrol for a Ph.D. degree.

The present value of a scholarship is £A865 per annum. Married scholars with dependent children may be granted an additional allowance of £A225 per annum in respect of the first child and a further £A75 per annum for each other child.

A grant will be made towards a scholar's fares to and from Canberra at the commencement and expiration of his scholarship.

Application forms and further information may be obtained from the undersigned*, to whom applications should be submitted, or from the Secretary, the Association of Universities of the British Commonwealth, 36 Gordon Square, London, W.C.1. The University regularly considers applications in June and November but special consideration may be given to applications at other times. Scholarships may be taken up at any time after award including vacation periods.

*The A. HOHNEN, Registrar,

Box 4, G.P.O., Canberra, A.C.T.

For other appointments see page 191

COMPANY AFFAIRS

FORD MOTOR

IN an exuberant pre-election market, the £1 ordinary stock units of Ford Motor were marked up to a new peak of 90s. on the eve of the publication of the interim report for the six months to June 30th. There was no doubt that this report would show higher profits or that the interim dividend would be raised. The questions were how much higher and how big the increase. For 1958, the directors paid a total dividend of 12 per cent (including a profits tax interim of 3 per cent). The interim dividend has now been raised from 3½ to 5 per cent. The smallest total dividend that investors can therefore expect is 13½ per cent and, clearly, in pricing the shares at their present level they are hoping for something even higher. Earnings of this American-controlled company would

(£'000s)

Six months ended:	June, 30, 1958	Dec., 31, 1958	June, 30, 1959
Sales	110,200	96,400	117,200
Trading Profit	12,631	12,061	16,161
Net Income	6,894	6,426	9,311
Vehicles sold	*228,773*	*192,799*	*238,982*
Trading profit/sales	*11½%*	*12½%*	*13¾%*

certainly justify a dividend of not less than 15 per cent, especially as the big expansion and modernisation programme is now complete and as the new models have now been launched.

As the table shows sales, both in volume and value, and profits were higher in the first half of this year than they were in either half of 1958. They were so, even though Ford Motor was then establishing production lines for its new models and was running down the production of its cheapest car, the "Popular." The directors say that the increase in profits was "helped by favourable trading conditions": with the production lines fully occupied gross profit margins again went up. The directors also say that the new models which were introduced recently (too late, it may be noted, to bring any profit into the account for the first half of this year) have been "well received" but that the building up of production and the running in of new plant must inevitably result in some measure of increased cost during the latter months of this year.

NEWS OF THE WORLD

THE *News of the World* still enjoys the largest circulation of any newspaper in the world; but since 1950 (when the paper cost 2d.) average weekly net sales have fallen from a record 8,424,067 to 6,555,485, with the paper now costing 4d. In the prospectus issued last March, when some of the ordinary shares were offered to the public, the directors hinted that an early rise in circulation was unlikely. But in spite of this falling off in sales, trading profits have been rising fairly steadily since 1950, when they were £513,880 (compared with £1,770,028 last year). Perhaps, when circulation was at its peak, the point at which marginal costs were decreasing had been passed; the management may now feel that sales are approaching a reasonable optimum. Another factor which has helped the group's earnings is the increased income from the widening of its interests: last year the *News of the World* accounted for 75 per cent of the group's trading profits and the directors showed in their unavailing struggle with Odhams Press for the control of George Newnes that they were willing to spread these interests still wider. Advertising revenue has been mounting and in the first six months of this year a record 1,264 columns of advertising space were sold, yielding a revenue of £1,200,000.

Trading profits for the six months ended June 30th, says Mr William Carr, the chairman, in his half-yearly report, are "in excess" of £800,000 (against £776,000 in the preceding six months). The printing strike, which affected the Bemrose subsidiary (in which the group now has a 92 per cent interest), is not reflected in the latest figures, but Mr Carr says that in spite of the substantial loss of revenue it is hoped that in the full twelve months the trading results of Eric Bemrose will not be "materially different" from 1958.

The group's 17 per cent interest in Television Wales and the West has so far brought in £25,000, representing the final dividend for 1958: last week the directors of TWW forecast a 60 per cent dividend for 1959 with an interim payment in November, so that in the full year the group should receive at least £40,000 from this source. An interim ordinary dividend of 5 per cent was paid on June 5th by the *News of the World* and the directors "are considering the payment of another interim dividend." The £1 ordinary shares at 17s. yield 5.7 per cent and the non-voting "A" shares at 14s. 3d. yield 6.8 per cent.

HORLICKS

IN spite of the fall in trading profits for the year ended March 31st from £1,069,352 to £1,059,489 the directors of Horlicks have decided to raise the ordinary dividend from 20 per cent to 25 per cent. Thanks to a lower tax charge of £528,739 (against £565,676) the group's net profit is slightly higher at £530,750, compared with £503,675.

Last year the chairman, Mr O. P. Horlick, said that 1957-58 was the best year in the group's history, thanks mainly to higher home sales helped by the 'flu epidemic. Increased demand at home helped to offset the fall in overseas sales which were particularly hit by the Indian government's import cuts. India has for a long time been one of Horlicks' best foreign markets and to overcome the import restrictions the directors decided last year to manufacture locally: the chairman estimated in his last report that the Indian factory would start production by the middle of this year. But there have been teething troubles and now it is hoped that production will get under way by early next year. Once the foothold in the Indian market is re-established, profits seem likely to recover and this prospect may have been borne in mind in setting the dividend at 25 per cent. The payment is covered 2.8 times by earnings and the 5s. ordinary units at 29s. 6d. yield 4.4 per cent.

GLAXO LABORATORIES

EVENTS seem to have turned out somewhat better for Glaxo Laboratories in the first half of 1959 than the directors' interim report issued on April 6th suggested they might. Then, the figures for the six months to December 31, 1958, showed a reduction in trading profits compared with the corresponding period of 1957, and turnover was down 3 per cent on the last half of 1957 and 6 per cent on the first half of 1958. The directors then said that "there is little indication of improvement in trading conditions, but the introduction of new products should result in some increase in turnover and profitability during the second half of the current year's trading." The preliminary report for the year to June 30, 1959, now shows a net profit after tax of £3,017,796, compared with £2,610,566 in 1957-58. The amount set aside for taxation has fallen from £3,148,000 to £2,858,000, after crediting an over-provision of £112,000. There was no such credit in 1957-58.

This year the directors propose to place £500,000 to capital reserve, compared with £1½ million last year. A similar amount will go to revenue reserve, and £600,000 to the research and development reserve; amounts were not set aside for these purposes last year. A final dividend of 8½ per cent on the increased capital is proposed, making a total of 14 per cent on the year. This is equivalent to 21 per cent on the former capital, which was increased from £5.5 million to £8.3 million by a fifty per cent scrip issue. The total dividend for the year has thus once again been raised, the payment for 1957-58 being 17½ per cent. At 51s. 6d. the 10s. ordinary units, which for many years now have worn the tag of "growth stocks," yield 2.7 per cent.

WESTERN HOLDINGS

RESULTS from the latest Western Holdings borehole have strengthened the already firmly held belief by many investors in the gold mines of the Orange Free State that there is an extremely rich gold-bearing zone covering the southern part of Free State Geduld and the northern part of Western Holdings. How far the area of enrichment extends is still unknown, and, at the moment, the position of the new F.2 borehole forms the bottom side of a rough rectangle with the Western Holdings No. 1 Shaft, with the top side of the rectangle being formed by the two known rich zones of F. S. Geduld. The new borehole intersected the basal reef at a depth of 3,806 feet, giving a gold value of 184.3 dwts over a width of 13.1 inches, equivalent to 2,414 inch-dwts. This is a high gold value from the previously untried part of the mine, although by no means an exceptional one for the area. But further developments, which amount to an unknown quantity likely to tempt optimistic buyers, look more promising as a result of the new borehole. Certainly the market, in a period of revived interest in Kaffirs, has reacted sharply to the news from Western Holdings: the price of the shares has jumped 9s. in a week to 170s.

GREAT UNIVERSAL STORES

LAST June the hopes of the "A" ordinary shareholders in Great Universal Stores that they might be given a vote were dashed when the directors said that no such action was contemplated. At the same time however they announced their intention to tidy up the preference capital structure of the group. The reorganisation scheme, worked out in association with Helbert Wagg, has now been published. It will involve 26 preference issues (including the parent's own two issues) of the 40 preference issues within the group. The preference issues untouched by the scheme are those of companies which operate overseas or whose unquoted preference shares are still privately owned or whose ordinary capital is not owned in full.

The total amount of preference capital involved is £8.7 million, which will be converted into £3.8 million of a 4½ per cent stock and £5.2 million of a 7 per cent stock. Holders of the parent company's 7 per cent and 5 per cent preference stocks are given the opportunity to convert their holdings and the 7 per cent shareholders are offered a small cash payment of £2 10s. per cent to compensate them for the loss of their existing priority over the 5 per cent preference stock and of their right to vote on any proposed increase in borrowing powers.

As a result of this scheme preference shareholders in most cases will receive a somewhat bigger income and their new stock should enjoy a wider market and therefore possibly a higher market value. The new stocks will be covered 6¾ times by assets and 29 times by earnings. Mr Isaac Wolfson in his statement last month stressed the importance of reducing the ever-growing number of subsidiary companies in order to streamline the managerial structure. The present scheme is an important step in this direction, though it does not eliminate minority interests entirely.

TOOTAL

THE policies of large textile firms today must include plant modernisation, planned and rational shrinkage, greater efficiency, diversification, research, and hard selling overseas. The chairman of Tootal, Mr T. A. Fairclough, indicates in his annual report that nearly all this is being done. His prediction a year ago that the indications for the twelve months to June 30th were not favourable is borne out by the drop in the profit before tax from £443,727 in 1957-58 to £319,294 in 1958-59. More was spent on publicity during the year and stock losses, due to a £64,000 drop in the value of raw materials in hand, were incurred. The reorganisation of productive capacity was paid for in part by profits on the sales of machinery, but even so re-organisation cost the group £42,800 net. The weaving and stitching plants at St. Helens were closed and weaving is now concentrated at Bolton, where the mill is being modernised at a cost of £200,000. Stitching is now concentrated at Newton Heath.

Turnover was maintained in the home market, but exports were lower and sales overseas amounted to only 40 per cent of the total trade. The firm's Australian plant is hard-pressed by Japanese competition and the directors, who have no present intention of abandoning it, may have to change their minds one day.

The firm's glass fabrics subsidiary is not yet making profits, but Thermo-Plastics pushed its sales up by 50 per cent, and, although Mendip (Chemical Engineering) lost money, the combined results of the Tootal plastics businesses were "satisfactory." One organisation will in future control the whole of the firm's plastics interests. Lantor, in non-woven fabrics, is now earning profits and has, in less than 18 months after beginning production, covered development costs. Lantor's profits are not included in the latest accounts. There will in future be branches of this business in Australia and Holland (in co-operation with a Dutch group). The company's cash holdings have gone up, following the reduction in stocks, and in all liquid assets stand at £2,597,696, compared with £1,864,042. But if trade becomes more buoyant and diversification and development policies are taken a stage further, large sums of money will be absorbed. The maintained 7½ per cent dividend is just covered by earnings and the £1 ordinary shares at 26s. 6d. yield 5½ per cent. The proposed merger between Tootal and William Hollins has now been called off and though these two Lancashire groups will co-operate with each other in the future, investors buying the shares at this price are buying on the assumption that Tootal, acting alone, will make a success of its own re-organisation and development schemes.

London Stock Exchange

FIRST DEALINGS:	Sept. 30	Oct. 14	Oct. 28
LAST DEALINGS:	Oct. 13	Oct. 27	Nov. 10
ACCOUNT DAY:	Oct. 20	Nov. 3	Nov. 17

OVER the week to Wednesday's close markets reflected an unshakeable confidence in a Conservative victory at the polls. Prices of leading equities moved up on a broad front and the infectious optimism even spread to gilt-edged stocks. On Monday, when the latest public opinion poll showed the two parties neck and neck, turnover, with 20,822 bargains recorded, was at its highest level since June 1st. *The Economist* ordinary share indicator rose 13.7 points to a new peak of 305.6. At the beginning of the week a certain amount of nervous selling was quickly absorbed by institutional investors and on Tuesday and Wednesday jobbers reported that fair-sized buying orders were coming in from small investors. Gilt-edged stocks shared in the general rise with 3½ per cent War Loan gaining ⅜ to 65⅛ and in long-dated stocks 3½ per cent Electricity (1976-79) closed ⅛ better at 79.

In industrial equities the most spectacular rises were in blue-chip shares, especially those favoured by American investors. In electricals AEI put on 2s. 6d. at 62s. 3d. and GEC improved 2s. to 40s. 9d. Bowater also came in for heavy American buying and closed 4s. 3d. better at 59s. Steel shares suffered a small setback on Monday when a big volume of two-way business left most prices lower. But on Tuesday investment and speculative buying, followed on Wednesday by a flood of small orders, led to gains all round. Over the week to Wednesday's close Dorman Long gained 4s. 3d. to 40s. 3d., Steel Company of Wales put on 1s. 7½d. to 35s. and Colvilles jumped 5s. 1½d. to 44s. 4½d. John Summers closed 1s. 1½d. better at 42s. 10½d. and United Steel were 1s. 10½d. higher at 42s. 10½d. Shipping shares were active with P & O improving 1s. 9d. to 39s. 6d. ahead of the interim dividend and Furness, Withy closed 2s. better at 39s. 3d. Property shares were mixed but again most of the leading companies showed gains over the week. City of London improved 3s. to 69s. 9d. and Eron Investments closed 9d. better at 18s. 3d.

Insurance shares were active following news of the proposed merger of Alliance Assurance and Sun Insurance. The former gained 8s. to 117s 6d. and the latter were £1⅛ better at £12⅞; other insurance shares were strong with Equity and Law gaining 13s. 9d. to 195s.

Oil shares have been affected by American selling but this was to some extent offset by persistent investment buying in London so that over the period most leading oil shares showed net gains. Gold shares show good net gains over the week and on Wednesday the market recovered from Tuesday's setback, which had been brought about by a fair amount of selling in Johannesburg.

LONDON AND NEW

Prices, 1959 High	Prices, 1959 Low	BRITISH FUNDS AND GUARANTEED STOCKS	Price, Sept. 30, 1959	Price, Oct. 7, 1959	Net Yield, Oct. 7, 1959 §	Gross Yield, Oct. 7, 1959
—	—	War Loan 3% Assented Conv. 41/2%	99 15/16	99 29/32	£ s. d. 2 15 7	£ s. d. 4 10 4
—	—	War Loan 3% Assented Treas'y 5%	97 1/2 *	97 5/8 *	3 3 8	5 3 0
97 8/8	96 11/16	Funding 2 1/2% 1956-61	97 3/32	97 7/8	2 19 8	3 19 1
99 1/2	98 11/32	Exchequer 2% 1960	99 1/2	99 15/32	2 7 9	3 9 9
100 1/16	99 1/16	Exchequer 3% 1960	99 29/32	99 31/32	2 2 1	3 11 1
101 11/32	100 1/8	Conversion 4 1/2% 1962	100 13/32	100 7/16	2 8 10	4 5 10
96 3/32	94 7/16	Exchequer 3% 1962-63	95 7/16	95 11/32	3 1 2	4 7 3
93 1/8	91 3/8	Exchequer 2 1/2% 1963-64	92 5/16	92 11/32	3 7 0	4 6 10
101 1/4	100 1/2	Conversion 4 1/2% 1963	100 5/8	100 9/16	2 11 7	4 11 6
100 7/16	99 1/8	Conversion 4 1/2% 1964	99 13/16	99 29/32	2 15 7	4 10 4
92 15/16	90 1/8	Savings Bonds 3% 1955-65	90 3/8	90 1/16	3 13 11	4 19 3
85 13/16	83 1/8	Funding 3% 1959-69	83 1/8 *	83 7/16 *	3 18 9	5 4 6
93 1/6	89 9/16	Funding 4% 1960-90	89 11/16 *	89 13/16 *	2 19 0	4 12 2
83 7/16	80 7/8	Savings Bonds 3% 1960-70	80 7/8	81 1/8	4 0 4	5 6 11
86	83 1/4	Savings Bonds 2 1/2% 1964-67	83 1/16 *	83 1/4 *	4 2 4	5 3 8
77 3/16	75 1/16	Savings Bonds 3% 1965-75	75 5/16	75 9/16	3 19 0	5 6 11
105 11/16	102 1/2	Exchequer 5 1/2% 1966	103	103 1/16	2 17 8	5 0 1
86 3/8	83 1/4	Funding 3% 1966-68	84 3/16	84 5/16	4 0 3	5 6 8
98 1/8	95	Victory 4% 1920-76	95 11/16	95 15/16	3 2 2	4 14 10
89 13/16	87 3/8	Conversion 3 1/2% 1969	87 11/16	87 3/4	3 14 7	5 4 4
101 7/16	98 3/8	Conversion 5 1/2% 1974	101	101 1/4	3 3 11	5 5 9
79 3/4	76 7/8	Treasury 3 1/2% 1977-80	77 7/8	77 7/16	3 14 3	5 6 10
79 1/8	76 9/16	Treasury 3 1/2% 1979-81	76 7/8	76 15/16	3 14 10	5 7 4
104 1/2	101 1/2	Funding 5 1/2% 1982-84	102 5/16	103 1/16	3 4 3	5 6 11
68 1/4	64 1/4	Redemption 3% 1986-96	64 1/4	64 5/8	3 11 5	5 3 1
98 1/8	97 1/2	Treasury 5% 1986-89	97 1/2 *	97 5/8 *	3 3 8	5 3 0
74 1/16	70 9/16	Funding 3 1/2% 1999-2004	70 7/16	71	3 8 10	5 4 7
75 7/8	72 1/4	Consols 4% after Feb. 1957	72 5/16	72 3/8	3 8 2	5 11 8
63 3/16	61 11/16	War Loan 3 1/2% after 1952	64 3/4	65 1/8	3 6 7	5 9 7
68 11/16	63 3/16	Conv. 3 1/2% after Apr. 1961	63 13/16	64	3 7 0	5 9 6
60	55 1/4	Treasury 3% after Apr. 1966	55 3/4	55 7/8	3 6 1	5 7 11
53 5/8	50 1/2	Consols 2 1/2%	50 5/8	49 3/8	3 2 1	5 1 4
51 1/8	47 1/8	Treasury 2 1/2% after Apr. 1975	47 1/8	47 1/16	3 4 5	5 5 3
96 11/16	94	British Electric 4 1/2% 1967-69	95	95 1/4	3 7 7	5 4 3
80 3/16	77 1/4	British Electric 3% 1968-73	77 15/16	78 1/8	3 19 0	5 5 11
76 1/8	74 1/8	British Electric 3% 1974-77	74 1/4	74 1/2	3 17 5	5 5 5
90 15/16	87 3/8	British Electric 4 1/2% 1974-79	87 3/4	88	3 8 11	5 4 9
80 1/8	77 5/16	British Electric 3 1/2% 1976-79	78 1/8	79	3 13 10	5 6 7
90 7/16	87 1/8	British Gas 4% 1969-72	88 1/16	88 15/16	3 11 5	5 5 4
87 7/8	84 1/4	British Gas 3 1/2% 1969-71	85 1/16	85 3/16	3 14 3	5 5 4
69 7/16	65	British Gas 3% 1990-95	65 *	65 1/16 *	3 11 2	5 2 4
80 3/16	77 1/4	British Transport 3% 1968-73	77 15/16	78 1/8	3 19 0	5 5 11
87 1/16	84	British Transport 4% 1972-77	85 13/16	86 1/16	3 11 0	5 6 2
69 2/16	66 1/8	British Transport 3% 1978-88	66 1/8	66 5/16	3 16 1	5 7 4

Prices, 1959 High	Prices, 1959 Low	FIXED INTEREST STOCKS	Price, Sept. 30, 1959	Price, Oct. 7, 1959	Yield, Oct. 7 1959
		DOMINION AND COLONIAL			£ s. d.
102 1/16	99 3/8	Australia 4 1/2% 1960-62	99 1/2	99 5/8	4 11 0
107 7/8	103 3/4	Australia 6% 1974-76	104 1/2	104 5/8	5 10 0
77	73	Ceylon 4% 1973-75	73	72 3/4	6 17 0
103 1/2	99 1/2	Jamaica 6% 1977-92	102	102	5 18 0
107 5/8	104 1/4	New Zealand 6% 1976-90	104 1/2	104 3/4	5 11 0
101 7/8	93	Rhodesia and Nyasaland 6% 1976-79	96	96 3/4	6 11 0
74 1/4	69 1/2	Southern Rhodesia 2 1/2% 1965-70	71 3/4	72 1/2	5 17 0
		CORPORATION AND PUBLIC BOARDS			
103 1/2	100 7/16	Agricultural Mortgage 5 1/2% 1980-85	101 1/4	102 1/2	5 8 0
104 3/4	102 1/4	Birmingham 5 3/4% 1974-76	102	102 1/2	5 13 2
94 1/2	92 1/8	Bristol 3% 1958-63	93 1/2	93 1/2	5 4 0
98 1/2	94 1/2	Glasgow 4 1/4% 1966-68	98	98	5 5 0
101 7/8	99 1/4	Corporation of London 5 1/4% 1975-79	101	101	5 6 0
57	52 3/4	L.C.C. 3% after 1920	52 3/4	53	5 13 0
64 1/2	60 1/4	Metropolitan Water Board 'B' 3% 1934-2003	59 3/4	60	5 8 0
		FOREIGN BONDS			
113 1/4	101 1/4	German 7% 1924 (British Enfaced 5%)	112 1/2	112 1/2	...
198 1/2	177	German 5 1/2% 1930 (Enfaced 4 1/2%)	198	198	...
48	23 1/4	Greek 7% Refugee 1924	39 1/4	37 1/4	Nil
169 1/4	157	Japan 5% (Enfaced) 1907	158 1/2	159 1/2	...
118 1/4	112 3/4	Japan 6% (Enfaced) 1924	112 3/8	112 3/8	...
59	55	Uruguay 3 1/2% Bonds (Assented)	56 1/4	55 3/4	...

NEW YORK CLOSING PRICES

	Sept. 30 $	Oct. 7 $		Sept. 30 $	Oct. 7 $		Sept. 30 $	Oct. 7 $
Ath. Topeka	267 8/8	273 8/8	Boeing	30 3/4	31	Inter. Nickel	93	94 1/8
Can. Pacific	27	26 7/8	Celanese	29	28 1/4	Inter. Paper	126 5/8	129 5/8
Pennsylvania	17	17 1/4	Chrysler	63	64 1/4	Kennecott	92 1/4	91
Union Pacific	31 1/4	31 3/8	Col. Palmolive	37 3/4	37 5/8	Monsanto	50 1/2	50 1/8
Amer. Electric	47 1/2	49 3/4	Crown Zeller	55 1/4	55 3/8	Nat. Distillers	29 3/4	30 1/8
Am. Tel. & Tel.	79	78 5/8	Distillers Seag.	33 1/2	33	Pan-American	23 3/4	23 5/8
Cons. Edison	62 1/4	62 1/4	Douglas	44 1/8	42 5/8	Procter Gamble	83	83
Int. Tel. & Tel.	33 1/2	34 1/4	Du Pont	252	256	Radio Corpn.	56 7/8	57 1/8
Standard Gas	49 1/4	49 1/4	East. Kodak	86 7/8	85 1/2	Sears Roebuck	48 5/8	49 7/8
United Corpn.	8	8	Ford Motor	82 3/8	82	Shell Oil	75 3/8	73 1/2
Western Union	38	40	Gen. Electric	78 7/8	78 1/4	Socony-Mobil	41 3/4	40 1/2
Alcoa	108	110 1/4	General Foods	95 1/2	95 3/4	Stand. Oil Ind.	43	41 1/4
Aluminium	33 7/8	34 3/8	General Motors	54 7/8	55 3/8	Stand. Oil N.J.	48 1/2	47
Amer. Can	43 1/2	43 7/8	Goodyear	127	126 1/4	20th Cent. Fox	31 3/4	30 1/2
Am. Smelting	44 3/4	44 1/4	Gulf Oil	113 3/4	111 1/4	Union Carbide	139	142
Am. Viscose	43 7/8	43	Heinz	76 1/2	75 1/4	U.S. Steel	100 1/2	100 1/2
Anaconda	59 3/8	59 7/8	Int. Bus. Mach.	411 1/2	412 1/4	West. Electric	89 1/8	93 7/8
Beth. Steel	56 1/4	57 1/4	Int. Harvester	50 3/8	51 1/4	Woolworth	59 1/2	60 1/8

Prices, 1959 High	Prices, 1959 Low	Last Two Dividends (a) (b) (c)		ORDINARY STOCKS	Price, Sept. 30, 1959	Price, Oct. 7, 1959	Yield, Oct. 7, 1959
		%	%	STEEL AND ENGINEERING			
44/4 1/2	28/1 1/2	8 b	6 a	Colvilles £1	39/3	44/4 1/2	6·31
40/3	26/6	4 a	8 b	Dorman Long £1	36/–	40/3	5·96
35/–	20/9	9 c	3 3/4 a	Steel Co. of Wales £1	33/4 1/2	35/–	5·71 *
40/1 1/2	25/–	3 a	8 b	Stewarts & Lloyds £1	36/6	40/1 1/2	5·48
45/–	23/4 1/2	6 2/3 b	4 a	John Summers £1	41/9	43/6	4·90
24/9	8 1/2 b	4 a	4 a	United Steel £1	41/–	42/10 1/2	5·83
39/9	30/8 1/4	6 b	4 a	John Brown £1	38/–	39/9	5·03
10/–	7/11 1/2	11 b	3 a	Cammell Laird 5/–	7/3 *	7/–*	10·00
31 7/9	25/6	7 1/2 b	2 1/2 a	Swan Hunter £1	30/11 1/2 *	30/6*	6·56
36/6	29/4 1/2	7 1/2 b	2 1/2 a	Vickers £1	27 1/2 *	28/–*	7·14
84/–	60/6	5 a	10 b	Averys £1	82/9	83/3	3·60
23/6	16/–	4 3/8 a	11 7/8 a	Coventry Gauge 10/–	22/6	22/6	4·55
47/9	36/6	12 a	14 b	Alfred Herbert £1	44/9	45/–	4·36
23/6	16/9	10 b	5 a	Ransome & Marles 5/–	23/6	23/6	3·19
49/3	39/9	3 a	9 1/2 b	Renold Chains £1	45/–	45/10 1/2	5·45
47/6	37/–	3 3/4 a	8 3/4 b	Allied Ironfounders £1	45/6	46/–	5·43
55/–	44/–	6 a	7 b	Babcock & Wilcox £1	47/–	48/6	5·36
99/–	69/6	4 a	13 1/2 b	British Aluminium £1	73/–	72/6	4·83
98/6	84 1/2	10 c	15 c	Davy-United £1	89/–	91/3	3·29
70/6	51/3	4 a	9 b	Guest Keen £1	69/3	70/3	3·70
65/9	44 7/12	3 1/3 a	5 1/3 b	Metal Box £1	60/–	65/9	2·64
55/–	42/6	4 3/6 b	4 8/8 a	C. A. Parsons £1	49/6*	53/9*	3·26
25/9	19/9	15 b	7 1/2 a	John Thompson 5/–	19/9	19/–	5·92
99/–	72/–	10 b	7 1/2 a	Tube Investments £1	95/–	99/–	3·54
				BUILDING, etc.			
67/9	39/9	222 c	71 5/8 b	Associated Portland £1	64/3	67/9	2·83
25/–	15/–	3 1/4 a	4 1/2 b	British Plaster Board 10/–	22/7 1/2	25/–	4·00
55/6	39/7 1/2	5 3/7 a	10 b	Richard Costain £1	78/6	82/6	3·64
12/6	9/7 1/2	10 b	5 a	Crittall Manufacturing 5/–	12/11 1/2	12/6	6·00
38/6	61/3	6 a	11 b	London Brick £1	84/–*	88/6*	3·84
100/–	79/9	13 1/3 b	5 a	Wall Paper Defd. £1	90/6	100/–	3·67
				CHEMICALS AND PAINT			
24/6	16/–	13·6c	4·8a	Albright & Wilson 5/–	23/9 ‖	24/11 ‖	2·82
24 7/12	15/3	5 5/6 b	21 1/2 a	Borax Defd. 5/–	17/6	18/11 1/2	2·41
8/3	6/10 1/2	12 1/2 b	7 1/2 a	Brit. Ind. Plastics 2/–	8/–	8/3	4·85
61/–	43 1/2	10 c	4 a	Fisons £1	57/6	60/–	4·00 *
48/6	33 1/2	5 1/3 b	3 3/4 a	I.C.I. £1	45/–*	48/6*	3·75
15/–	12/7 1/2	6 a	14 b	International Paints 4/–	14/7 1/2	14/10 1/2	5·38
20/11 1/2	15/11 1/2	8 1/2 b	5 a	Monsanto 5/–	19/7 1/2	20/11 1/2	3·35
25/6	18/6	5 a	11 3/8 b	Pinchin Johnson 10/–	24/–	25/6	6·53
				ELECTRICAL AND RADIO			
64/–	54/–	15 c	5 a	A.E.I. £1	59/9*	62/3*	4·82
57/–	46/3	4 a	9 1/2 b	B.I.C.C. £1	52/3	56/6	4·78
43/3	37 4/12	20 c	5 5/6 a	Dave Record 10/–	42/–	43/3	4·62
57/3	47 4/12	5 a	15 b	E.M.I. 10/–	52/6	51/6	3·88
45/9	38/–	9 1/3 c	3 a	English Electric £1	42/6	44/9	4·17
40/9	30/–	3 a	7 b	General Electric £1	38/9	40/9	4·91
17/–	13/9	12 1/2 c	12 1/2 c	Pye Defd. 5/–	16/–	17/–	3·68
97/3	84/6	6 1/2 a	11 b	A. Reyrolle £1	92/–	94/–	3·72
				MOTORS AND AIRCRAFT			
17/11 1/4	10/–	13 1/2 c	5 3/4 a	British Motor 5/–	17/3	17/11 1/4	4·39 *
90 7/12	50/3	8 1/2 b	5 a	Ford Motor £1	80/9	90/–	3·00
44/–	32/–	12 1/2 c	12 1/2 c	Leyland Motor £1	59/3	62/–	4·03
13 7/12	7/3	8 c	4 a	Rootes Motors 4/–	13/–	13 7/12	2·35
8/6 3/4	5/11 1/4	8 c	12 c	Standard Triumph 5/–	7/–‡‡	7/6*	6·00**
26/–	18/3	3 1/3 a	9 2/3 b	Dunlop Rubber 10/–	24/–	25/9	5·05
55/6	44/3	5 b	2 1/2 a	Joseph Lucas £1	53/3	55/6	3·60 *
34/–	23/7 1/2	7 1/2 a	17 1/2 b	Pressed Steel 5/–	31/9	34/–	3·68
69/–	48/11 1/2	20 c	30 c	Triplex Holdings 10/–	68/6	69/–	4·35
11 7/12	8/3	3 1/2 a	6 1/2 b	Bristol Aeroplane 10/–	8/10 1/2	9/11 1/2	10·96
20 9/12	12/11 1/4	7 1/2 c	Nil	De Havilland £1	13/11 1/2	14/6 3/4	...
45/03/4	34/9	15 a	16 1/2 b	Dowty Group 10/–	37/9	39/3	4·79
34/–	27/–	7 b	3 a	Hawker Siddeley £1	28/9	29/9	6·72
53 11/12	41/3	21/2 a	7 1/2 b	Rolls-Royce £1	45/–	47/7 1/2	4·20
				PAPER AND NEWSPAPERS			
59/11 1/2	44/6	12 1/2 c	5 a	Bowater Paper £1	54/9	59/–	4·24
54/9	42/6	5 a	9 b	Albert E. Reed £1	44/–	44/6	6·29
52/9	22/–	3 a	5 b	Spicers £1	27/6	28/6	5·61
25/3	21/–	10 a	15 b	Daily Mirror 'A' 5/–	22/4 1/2	23/–	5·43
32/–	24/6	12 1/2 a	12 1/2 b	Odhams Press 10/–	30/–	30/3	5·79
				TEXTILES			
29/–	22/–	2 1/2 a	7 1/2 b	J. & P. Coats £1	28/3	28/9	6·96
28 4/12	18/3	5 a	5 b	Fine Spinners £1	27/6	27/6	7·27
56/–	35 4/12	12 1/2 b	5 a	Lancashire Cotton £1	52/11 1/2	56/–	6·25
51/–	35/4 1/2	2 1/2 a	13 1/2 b	Patons & Baldwins £1	49/11 1/2	51/–	6·27
6/9 3/4	4/3	10 c	8 c	Salts (Saltaire) 5/–	6/6 3/4	6/6 3/4	6·10
63/–	50/–	10 b	5 a	Woolcombers £1	61/3	61/9	4·86
19 11/12	14 7/12	Nil c	3 a	Bradford Dyers £1	16/–	16 7/12	...
50 11/12	37/–	22 1/2 c	22 1/2 c	Calico Printers £1	45/–*	45/–*	10·00
43 11/12	31/3	3 a	6 3/4 b	Courtaulds £1	40 7/12	43 11/12	4·48
14/6	10/–	10 b	4 a	Jute Industries 10/–	13/9	13/9	9·45
35/6	24/6	7 1/2 c	7 1/2 c	Tootal £1	24/6*	26/6*	5·67
				DRAPERY AND STORES			
27/3	19 7/12	16 c	3 a	Boots Pure Drug 5/–	26/–	27/3	2·94
37/6	27/9	10 b	5 a	Debenhams 10/–	35/–	37/6	4·00
31/6	7/12 a	27 1/2 b	6 a	G.U.S. 'A' 5/–	44/–	45/6	3·85
74/6	12 1/2 b	10 a	10 a	Harrods £1	146/9	150/–	3·00
45/9	31/9	40 c	15 a	House of Fraser 'A' 5/–	36/11 1/2	37/10 1/2	5·28
24/6	16/3	16 a	22/3 b	Lewis's Investment 4/–	22/3	23/6	2·72
64/6	41 4/12	10·42a	20·83b	Marks & Spencer 'A' 5/–	62/10 1/2	64/6	2·42
43/9	32/7 1/2	12 1/2 a	22 1/2 b	United Drapery 5/–	41/–	43/9	4·00
56/4 1/2	47/3	26 2/3 b	13 1/3 a	Woolworth 5/–	51/7 1/2	54/7 1/2	3·66

* Ex dividend. † Tax free. ‡ Assumed average life 9 years. § Less tax at 7s. 9d. in £. ‖ Ex capitalisation. ¶Ex rights. ‡‡ Ex all. (a) Interim dividend. (b) Final dividend. (c) Year's dividend. (d) Capital distribution 1s. 6d. per share. (e) To earliest date. (f) Flat yield. (g) Equivalent to 7·2 sterling. (h) After Rhodesian tax. (i) To latest date. (p) Assented stock.

YORK STOCKS

Prices, 1959 High	Prices, 1959 Low	Last Two Dividends (a) (b) (c)		ORDINARY STOCKS	Price, Sept. 30, 1959	Price, Oct. 7, 1959	Yield, Oct. 7, 1959
		%	%	BANKING			
55/–	44/6 3/4	5 b	2 a	Barclays £1	50/9	54/6	3·67
55/6	40/3	10 c	5 a	Lloyds £1	53/6	55/6	3·60
72/6	60/11 1/2	13 1/2 c	7 1/2 a	Midland £1	68/3	71/6	4·20**
74/–	54/–	10 c	5 a	National Provincial £1	71/6	74/–	3·24**
50/9	37/9	10 c	5 a	Westminster 'B' £1	48/6	50/9	3·94
69/–	54/3	9 1/2 b	8 1/2 a	District £1	61/9	64/–	4·38**
25/6	17/–	16 c	8 a	Martins 5/–	21/4 1/2	22/11 1/2	3·62
56/3	31/7 1/2	—	—	Nat. Comm. Bk. Scot. 10/–	52/6	56/–	2·68**
84/9	67/6	9 b	8 a	Royal Bank of Scotland £1	80/3	81/3	4·18
44/–	37/9	5 b	4 a	Barclays D.C.O. £1	42/3	43/6	4·14
50/6	43/9	7 1/2 a	7 1/2 b	Chartered Bank £1	48/3	48/3	6·22
£34 3/8	£27 1/2	$2·10c	$2·25c	Royal Bank of Canada $10	£32 11/16	£32 5/16	2·62
£23 1/2	£18 7/16	$1·60c	$1·65c	Bank of Montreal $10	£21 9/16	£21 5/16	2·91
41	30 1/2	9 c	9 c	Bank of New South Wales £20	38 1/2	38 1/2	3·74g
41/–	32/3	6 b	4 a	Bank of London & S. Amer. £1	40/6	40/6	4·94
				FINANCIAL			
36/–	28/4 1/2	5 b	2 1/2 a	Alexanders £1	32/–	32/–	4·69
47/3	41/3	7 b	6 1/4 a	National Discount 'B' £1	45/6	45/9	5·46**
59/6	49/–	6 1/4 b	6 1/4 a	Union Discount £1	50/9	51/3	4·88
52/6	40/9	181 3/4 a	213 b	Commercial Union 5/–	47/–	50/–	4·00
170/–	127/6	15 b	12 1/2 a	Employers Liability £1	162/6	167/6	3·28
207/6	160/–	‡32·35c	‡41·17c	Equity & Law 8/6	181/3	195/–	2·94
300/–	192/6	40 a	60 b	Legal & General 5/–	272/6	292/6	1·71
129/6	112/6	50 b	20 a	Pearl 5/–	120/6	125/–	4·58
270/–	210/–	‡147 1/2 c	‡162 1/2 c	Prudential 'A' 4/–	‡251/3	265/–	4·02
88/9	59/11 1/2	10 b	8 a	Royal Exchange £1	82/6	88/9	3·61**
38/3	16/2 1/4	8 3/4 b	7 1/2 a	Bowmaker 5/–	35/9*	37/–¶	3·38**
39/9	18/7 1/2	8 1/2 b	8 1/2 a	Lombard Banking 5/–	34/–	36/–	2·36*
190/–	113/6	4 a	21 b	U.D.T. £1	178/–	190/–	2·63
41/9	34/9	10 a	25 b	B.E.T. 'A' Defd. 5/–	37/6	39/6	4·43
16/4 1/2	12/6	10 c	10 c	Cable & Wireless 5/–	16/–	16/3	3·08
24/3	19/3	2 a	4 1/2 b	Land Securities 10/–	23/3	24/3	2·68
22/–	14/7 1/2	4 1/6 a	4 1/6 b	London & County 10/–	20/4 1/2 *	20/6*	4·06
				FOOD, DRINK AND TOBACCO			
36/7 1/2	22/6	15 c	18 a	Allied Bakeries 'A' 5/–	30/–	32/6	2·77
40/3	23/4 1/2	24 a	8 a	Beecham Group 5/–	37/3	40/3	2·98
12/11 1/4	10/6	2 1/2 a	7 1/2 b	International Tea 5/–	11/–	11/3	4·44
91/–	69/–	5 a	9 1/6 b	J. Lyons 'A' £1	75/6	77/–	3·68
22/–	18/10 1/2	5 b	5 a	Ranks 10/–	19/9	21/–	4·76
27/6	18/11 1/2	12 1/2 b	5 a	Schweppes 5/–	24/6	26/9	3·27
51/–	42/–	7 1/2 a	23 1/4 b	Tate & Lyle £1	46/–	47/–	4·47
14/10 1/2	10/10 1/2	...	...	Unigate 5/–	13/6	14/–	3·57**
64/6	43/9	36 b	10 a	Bass 5/–	60/6	64/6	3·57
29/3	23/10 1/2	4 a	8 1/2 b	Distillers 10/–	28/9	29/3	4·27
21/3	14/7 1/2	11 b	6 a	Flowers 5/–	20/3	21/3	4·00
65/–	54/–	18 b	10 a	Guinness 10/–	63/6	65/–	4·31
17/–	12/7 1/2	10 b	4 a	Ind Coope & Allsopp 5/–	15/9	16/6	4·24
77/–	38/9	6 3/4 b	33 1/4 a	Watney Mann Defd. £1	72/9	73/6	4·09
127/9	100/–	17 b	8 a	Whitbread 'A' £1	125/–	127/6	3·92
59/7 1/2	51/4 1/2	‡171/2 c	‡105 a	British Amer. Tobacco 10/–	57/6	58/10 1/2	4·85
37/–	26/8 1/4	13 1/3 b	31 1/3 a	Gallaher 10/–	35/11 1/2 *	37/–*	4·50
60/3	54/3	12 1/2 b	8 1/2 a	Imperial Tobacco £1	58/9	60/3	6·97

Prices, 1959 High	Prices, 1959 Low	Last Two Dividends (a) (b) (c)		ORDINARY STOCKS	Price, Sept. 30, 1959	Price, Oct. 7, 1959	Yield, Oct. 7, 1959
		%	%	MISCELLANEOUS			
20 a	40 b	20 a	40 b	Assoc. Brit. Picture 5/–	41/6	43/6	6·90
38/9	28/7 1/2	3 1/3 a	5 b	British Match £1	35/6	36/9	4·53
68/–	49/6	8 b	4 a	British Oxygen £1	65/6	67/9	3·54
10/–	8/8 1/4	18 c	6 a	British Ropes 2/6	9 6*	10/–*	4·40
53/3	35/9	5 1/2 a	8 1/2 b	Glaxo 10/–	47/9	51/6	2·72
81/3	56/4 1/2	50 b	10 a	Hoover 'A' 5/–	77/–	79/3	3·79
232/6	172/6	6·04a	26·14b	Hudson's Bay £1	222/6	217/6	2·96
14/3	10/–	5 c	10 c	Rank Organisation 5/–	10/10 1/2	11/11 1/2	4·49
19/9	13/–	18 c	20 c	Sears 'A' 5/–	18/6	19/6	5·13
15/6	11/3 3/4	6 1/4 a	7 b	Thomas Tilling 4/–	14/10 1/2	15/6	3·42
84/9	69/4 1/2	10 b	5 a	Turner & Newall £1	82/3	84/–	3·57
118/–	86/7 1/2	8 2/3 b	8 2/3 a	Unilever £1	112/–	115/9	2·90
11/11 1/2	9/9	10·4 c	3 1/4 c	United Glass 5/–	10/6	10 6	4·95
14 1/6 a	‡10 5/6 b	39/3	31/9	United Molasses 10/–	38/3	36 10 1/2	6·30
				OIL			
58/6	49/–	‡8 3/4 c	‡3 1/2 a	British Petroleum £1	51/5	52/3	5·47
49/–	37/9	‡21/2 a	‡4 3/6 b	Burmah Oil £1	44/–	45/9	4·91
£17 3/4	£14 5/8	17 1/2 b	7 1/2 a	Royal Dutch 20 fl.	£15 1/2	£14 7/8	3·18
153/–	131/–	‡13 3/4 b	‡5 a	Shell Transport £1	142 1/2 *	141 9*	4·32
...	...	...	...	Ultramar 10/–	–/7	54 9	...
15 b	7 1/2 a	45/4 1/2	46/–	Wakefield C.C. 10 –			4·89
				SHIPPING			
46/6	36/6	6 1/2 a	13 1/2 b	Commonwealth 10/–	40 –	39·9	5·0
20/6	17/3	10 c	8 c	Cunard £1	18/–	20/3	7·90
39/6	29/6	10 c	10 c	Furness Withy £1	37/3	39 3	5·11
20/–	14/9	10 a	10 b	London & Overseas 5/–	17/6	17/9	5·61
40/3	31/6	8 b	3 a	P & O Defd. £1	37/6	39 6	5·51
17/9	13/3	5 c	2 1/2 c	Reardon Smith 10/–	14/6	14/9	1·69
25/9	19/–	7 1/2 c	8 c	Royal Mail £1	21/6	21/6	7·44
				MINES			

Money and Exchanges

EXCHEQUER RETURNS

For the 3 days ended October 3, 1959, there was an "above-line" surplus (after allowing for sinking funds) of £13,342,000 compared with a deficit in the previous ten days of £81,627,000 and a surplus of £11,358,000 in the corresponding period of last year. There was a net expenditure "below-line" of £12,280,000 leaving a total cumulative deficit to date of £579,485,000 compared with £550,765,000 in 1958–59.

£'000	Estimate 1959–60	April 1, 1958, to Oct. 4, 1958	April 1, 1959, to Oct. 3, 1959	4 days ended Oct. 4, 1958	3 days ended Oct. 3, 1959
Ord. Revenue					
Income Tax	2147,000	689,529	692,129	23,373	26,171
Surtax	171,000	38,700	39,500	1,200	1,000
Death Duties	195,000	90,800	112,500	2,400	2,900
Stamps	68,000	28,300	44,000	1,400	1,400
Profits tax, EPT and EPL	274,000	149,200	143,200	7,900	4,900
Other Inland Revenue Duties	1,000	120	110	...	...
Total Inland Revenue	2856,000	996,649	1031,439	36,273	36,371
Customs	1285,500	660,846	699,017	20,364	14,800
Excise	864,500	463,585	450,090	10,220	11,015
Total Customs and Excise	2150,000	1124,431	1149,107	30,584	25,815
Motor Duties	104,000	22,920	22,277	706	...
PO (Net Receipts)	...	...	...	...	...
Broadcast Licences	35,000	11,400	12,500	...	...
Sundry Loans	30,000	22,276	26,773	...	...
Miscellaneous	150,000	47,358	65,811	12,000	5,764
Total	**5325,000**	**2225,034**	**2307,907**	**79,563**	**67,950**
Ord. Expenditure					
Debt Interest	600,000	354,709	312,139	21,225	19,911
Payments to Northern Ireland Exchequer	79,000	34,041	36,937	...	...
Other Consolidated Funds	10,000	4,167	3,988	...	7
Supply Services	4523,531	2058,295	2153,133	46,700	34,300
Total	**5212,531**	**2451,212**	**2506,197**	**67,925**	**54,218**
Sinking Funds	39,000	18,580	18,512	280	390
"Above-line" Surplus or Deficit		—	—	+	+
		244,758	216,802	11,358	13,342
"Below-line" Net Expenditure*		286,007	362,683	15,440	12,282
Total Surplus or Deficit		**530,765**	**579,485**	**4,082**	**1,060**
Net receipts from:					
Tax Reserve Certificates		153,605	99,489	10,821	6,580
Savings Certificates		63,600	43,200	1,700	1,400
Defence Bonds		39,889	73,615	3,161	2,114
Premium Savings Bonds		34,755	27,730	1,240	1,550
Total		291,849	243,634	16,922	11,644

*Net receipts of the Civil Contingencies Fund £10 million in 1959–60 compared with £15 million in 1958–59.

FLOATING DEBT

(£ million)

	Treasury Bills: Tender	Treasury Bills: Tap	Ways and Means Advances: Public Dept.	Ways and Means Advances: Bank of England	Total Floating Debt
1958					
Oct. 4	3,290 0	1,736 2	179 4	...	5,205 6
1959					
July 4	3,070 0	2,091 8	290 0	...	5,451 8
,, 11	3,050 0	2,133 9	269 7	0 3	5,463 9
,, 18	3,070 0	2,129 9	257 7	...	5,456 6
,, 25	3,090 0	2,132 3	234 9	...	5,457 2
Aug. 1	3,110 0	2,319 0	231 9	...	5,480 9
,, 8	3,110 0	2,076 1	234 5	...	5,440 6
,, 15	3,160 0	1,958 7	240 9	...	5,329 6
,, 22	3,220 0	1,896 7	247 1	...	5,353 9
,, 29	3,350 0	1,891 2	214 5	3 0	5,358 7
Sept. 5	3,260 0	1,886 4	247 1	1 3	5,394 8
,, 12	3,280 0	1,911 0	227 1	3 8	5,421 9
,, 19	3,310 0	1,911 6	232 0	...	5,453 6
,, 30		5,298 3	270 1	1 8	5,570 1
Oct. 3	3,370 0	1,936 3	247 5	3 0	5,556 8

THE MONEY MARKET

THE discount market syndicate reduced its bid by 2d. to £99 2s. 6d. at last Friday's tender and consequently the average rate of discount hardened from £3 9s. 5.24d. to £3 9s. 10.48d. The market's allotment at the basic price was reduced from 64 per cent to 54 per cent while total applications for the £280 million of bills offered were £18 million lower at £412 million. This week the tender is raised to £290 million again while maturities will be only £250 million.

By contrast in the United States this week, where the Treasury's new 4¼ year rate enabled it to cut back its bill issue, the discount rate on 91 day bills has fallen from 4.194 per cent to 4.007 per cent and that on the 182 day bills from 4.895 per cent to 4.678 per cent.

Credit in London has continued to be tight and Tuesday was the only day when the authorities gave no help. Rates for overnight money have ranged up to 3⅜ per cent. Bill turnover has been fairly good with the rate at 3 7/16 per cent for December maturities and "hot bills" since last Friday's tender.

MONEY RATES

LONDON

	%
Bank rate (from 4½%, 20.11.58)	4
Deposit rates (max.):	
Banks	2
Discount houses	2–2¼
Money:	
Day-to-Day	2⅞–3¼
Treasury Bills:	
2 months	3⅛
3 months	3 17/32

Discount rates:	%
Bank bills:	
60 days	3 19/32–3 21/32
3 months	3 19/32–3 21/32
4 months	3 19/32–3 21/32
6 months	3 19/32–3 11/16
Fine trade bills:	
3 months	4¼–5
4 months	4¼–5
6 months	4⅛–5¼

NEW YORK

	%
Official discount rate (from 3½%, 10.9.59)	4

Treasury Bills:	%
September 24th	4.194
October 5th	4.007

BANK OF ENGLAND RETURNS

(£ million)	Oct. 8, 1958	Sept. 30, 1959	Oct. 7, 1959
*Issue Department**:			
Notes in circulation	2,018·5	2,104·0	2,108·9
Notes in banking dept.	31·9	21·4	16·4
Govt. debt and securities*	2,046·2	2,121·8	2,121·7
Other securities	0·8	0·7	0·8
Gold coin and bullion	0·4	0·4	0·4
Coin other than gold coin	3·0	2·5	2·5
Banking Department:			
Deposits:			
Public accounts	12·9	12·5	12·0
Bankers	219·1	260·3	241·2
Others	68·9	65·7	63·5
Total	300·9	338·5	316·7
Securities:			
Government	247·0	304·3	290·7
Discounts and advances	17·3	8·2	4·7
Other	21·2	22·3	21·8
Total	285·5	334·8	317·2
Banking department reserve	32·9	22·2	17·2
	%	%	%
"Proportion"	10·9	6·5	5·4

* Government debt is £11,015,100, capital £14,553,000 Fiduciary issue reduced by £25 million to £2,125 million on September 16th.

TREASURY BILL TENDERS

Date of Tender	Amount (£ million) Offered	Applied for	Allotted	Three Months' Bills Average Rate of Allotment	Allotted at Max. Rate*
1958				s. d.	%
Oct. 3	270·0	424·8	260·0	74 1·39	44
1959					
July 3	260·0	409·5	260·0	69 0·06	49
,, 10	260·0	431·2	250·0	69 0·22	43
,, 17	250·0	409·9	250·0	69 0·16	46
,, 24	230·0	389·2	230·0	69 0·13	43
,, 31	220·0	385·1	210·0	69 8·18	23
Aug. 7	230·0	368·8	230·0	69 7·97	52
,, 14	250·0	407·2	250·0	69 8·13	44
,, 21	260·0	414·3	260·0	69 8·39	49
,, 28	270·0	413·4	270·0	69 9·03	61
Sept. 4	290·0	396·4	290·0	69 9·53	80
,, 11	290·0	453·5	290·0	69 8·47	51
,, 18	290·0	428·5	290·0	69 8·13	56
,, 25	290·0	430·0	290·0	69 5·24	64
Oct. 2	280·0	411·6	280·0	69 10·48	54

* On October 2nd tenders for 91 day bills at £99 2s. 6d. secured 54 per cent, higher tenders being allotted in full. The offer this week was for £290 million of 91 day bills.

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

	Official Rates: October 7	Market Rates: Spot: October 1	October 2	October 3	October 5	October 6	October 7
United States $	2·78–2·82	2·80 7/16–9/16	2·80 7/16–9/16	2·80 7/16–9/16	2·80 3/8–1/2	2·80 1/4–3/8	2·80 3/8–1/2
Canadian $		2·65 15/16–3/4	2·66 1/16–3/16	2·65 5/8–66	2·65 5/16–66 1/16	2·65 3/16–15/16	2·65 5/16–66 1/16
French Fr.	13·62½–14·02½	13·76 7/8–77 1/8	13·76 7/8–77 1/8	13·76 1/2–3/4	13·76 3/8–5/8	13·75 3/8–5/8	13·76 3/8–5/8
Swiss Fr.	11·94–12·54⅜	12·14–14¼	12·13 7/8–14 1/8	12·13 7/8–14 1/8	12·13 7/8–14 1/8	12·13 7/8–14 1/8	12·14 1/2–3/4
Belgian Fr.	137·96– 142·05	140·32½– 37½	140·32½– 37½	140 27½– 32½	140 22½– 27½	140 10– 15	140 10– 15
Dutch Gld.	10·48–10·80	10·58 1/4–59	10·58 1/4–1/2	10·57 5/8–7/8	10·57 1/4–1/2	10·56 3/4–57	10·57 3/8–58 1/8
W. Ger. D-Mk.	11·59¼–11·92¼	11·72½–73	11·72½–3/4	11·72 5/8–3/4	11·72–72 1/4	11·71 1/2–5/8	11·72 1/2–3/4
Portug. Esc.	79·00½–82·00½	80 15–30	80 15–30	80 15–30	80 15–30	80 15–30	80 15–30
Italian Lire	1725–1775	1740 3/4–41	1740 5/8–7/8	1740 3/8–3/4	1740 1/4–1/2	1739 5/8–3/8	1740–1/4
Swedish Kr.	14·37¾–14·59¼	14·50 5/8–7/8	14·50 1/2–3/4	14·50 1/2–1/2	14·50 1/4–1/2	14·49 1/2–3/4	14·50 3/8
Danish Kr.	19·06½–19·62	19·31 7/8–32 1/8	19·31 3/8–32	19·31 3/8–32	19·32 1/4–32 1/2	19·32 1/4–1/2	19·32 1/2–3/4
Norwegian Kr.	19·71–20·30½	20·00 3/8–5/8	20·00 3/8–5/8	20·00 3/8–5/8	20·00 3/8–5/8	19·99 1/4–1/2	19·99 1/4
One Month Forward Rates							
United States $		1/8–1/4c. dis	1/8–1/4c. dis	1/8–1/4c. dis	1/8–1/4c. dis	1/8–1/4c. dis	1/8–1/4c. dis
Canadian $		1/2–5/8c. dis	1/2–5/8c. dis	3/8–1/2c. dis	3/8–1/2c. dis	3/8–1/2c. dis	5/16–7/16 c.dis
French Fr.		1/8–3/8c. dis	1/8–3/8c. dis	1/4–3/4c. dis	1/4–3/4c. dis	1/4–3/4c. dis	1/4–3/4c. dis
Swiss Fr.		1 1/4–1c. pm	1 1/4–1c. pm	1 1/4–1c. pm	1 1/4–1c. pm	1 1/4–1c. pm	1 1/4–1c. pm
Belgian Fr.		5c. par–par	5c. pm-par	5c. pm–par	2c. pm–5c. dis	par–5c. dis	par–5c. dis
Dutch Gld.		5/8–3/8c. pm	1/4c. pm–par	1/4c. pm–1/2c. dis	par–1/2c. dis	par–1/2c. dis	par–1/2c. dis
W. German D-Mk.		1/2–1/4pf. pm	1/2– 4pf. pm	1/2–1/4pf. pm	3/8–1/8pf. pm	1/4pf. pm–par	3/8–1/8pf. pm
Three Months Forward Rates							
United States $		5/16–7/16c. dis	3/8–1/2c. dis	3/8–1/2c. dis	3/8–1/2c. dis	5/16–7/16c. dis	5/16–7/16c. dis
Canadian $		1 1/4–1 7/8c. dis	1 5/8–2 1/8c. dis	1 5/8–2 1/8c. dis	1 3/8–1 7/8c. dis	1 3/8–1 7/8c. dis	1 5/8–2 1/16c. dis
Swiss Fr.		3 3/8–3/8c. pm	3 1/2–3/4c. pm	3 1/2–3/4c. pm	3 1/2–3/4c. pm	3 3/8–3/8c. pm	3 3/8–3/8c. pm
W. German D-Mk.		1 3/8–1 1/8pf. pm	1 3/8–1 1/8pf. pm	1 3/8–1 1/8pf. pm	7/8–5/8pf. pm	5/8–3/8pf. pm	7/8–5/8pf. pm
Gold Price at Fixing							
Price (s. d. per fine oz.)		250 6¼	250 3/5	...	250 3/5	250 2/3 4	250 7¼

The United States

Monthly averages or calendar months except where annual rates are shown.

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

BRITISH			
Prices and Wages	Sept. 26th	External Trade	Oct. 3rd
Manpower and Output	Sept. 19th	Industrial Profits	Sept. 5th
OVERSEAS			
Western Europe Statistics	Aug. 29th	United States	This week

PRICES AND WAGES

	Wholesale prices: All commodities	Wholesale prices: Farm products	Consumer prices: All items	Consumer prices: Food	Consumer prices: Clothing	Consumer prices: Housing	External prices: Import	External prices: Export	External prices: Terms of trade	Stock prices Composite index	Average weekly earnings in manufacturing: At current prices	Average weekly earnings in manufacturing: At 1958 prices
	1947–49 = 100						1948 = 100			1939 = 100	$	
1939	50·1	36·5	59·4	47·1	52·5	76·1	42	48	88	100·0	23·86	49·62
1957	117·6	90·9	120·2	115·4	106·9	125·6	124	111	112	331·4	82·39	84·68
1958	119·2	94·9	123·5	120·3	107·0	127·7	118	110	107	340·9	83·50	83·50
1959, May	119·9	90·8	124·0	117·7	107·3	128·8	116	110	105	425·3	90·32	89·96
,, June	119·7	89·8	124·5	118·9	107·3	128·9	...	...	...	419·0	91·17	90·45
,, July	119·5	88·4	124·9	119·4	107·5	129·0	...	...	...	434·3	89·87	88·89
,, August	119·1	87·0	124·8	118·3	108·0	129·3	...	...	...	433·9	88·70	...

PRODUCTION AND MANPOWER

	Gross national product[5] Seasonally adjusted annual rate	Total industrial production	Manufacturing production: Durable goods: Total	Durable goods: Metals	Durable goods: Vehicles, etc.	Non-durable goods: Total	Non-durable goods: Textiles, clothing	Non-durable goods: Chemicals and petroleum products	Building[6]: New construction: seasonally adjusted annual rates	Civilian employment[1]: Total labour force	Civilian employment[1]: Total employment	Civilian employment[1]: Unemployed as per cent. of labour force: seasonally adjusted
	$ billion	1947–49 = 100; seasonally adjusted							$ billion	thousands		
1939	91·1	58	49	54	47	66	80	49	8·2	55,230	45,750	17·2
1957	442·5	143	160	131	213	130	105	172	47·8	67,946	65,011	4·3
1958	441·7	134	141	104	187	130	103	170	49·1	68,647	63,966	6·8
1959, April	484·5	150	164	149	211	142	119	188	56·0	68,639	65,012	5·3
,, May		153	169	154	214	144	122	190	56·0	69,405	66,016	4·9
,, June		155	172	150	216	144	123	193	55·9	71,324	67,342	4·9
,, July	...	153	168	108	218	146	126	191	55·5	71,338	67,594	5·1
,, August	...	149	159	64	215	146	125	190	54·9	70,667	67,241	5·5

TRADE

	Personal consumption[6] Annual rates	All business[2]: Sales	All business[2]: Stocks	Total retail[2]: Sales	Total retail[2]: Stocks	Imports for US consumption: Total	Imports for US consumption: Crude materials	Imports for US consumption: Semi-manuf'res.	Exports of US merchandise: Total	Exports of US merchandise: Finished goods	Volume of trade: Imports	Volume of trade: Exports
	$ billion; seasonally adjusted					$ million					1948 = 100	
1939	67·6	10·8	20·1	3·5	5·5	190	62	41	260	139	76	53
1957	284·8	56·3	90·7	16·7	24·5	1,079	266	243	1,722	982	147	149
1958	293·0	54·0	85·1	16·7	24·0	1,066	233	221	1,475	909	152	130
1959, April	311·2	60·6	87·6	18·0	24·5	1,209	237	258	1,452	925	179	127
,, May		61·5	88·3	18·2	24·5	1,247	246	262	1,535	958	182	136
,, June		62·0	89·3	18·2	24·8	1,336	288	306	1,410	858	...	...
,, July	...	61·7	89·8	18·3	25·0	1,236	...	...	1,454	869	...	...
,, August	...	...	...	18·1	...	1,191	...	...	1,384	...	...	...

PURCHASING POWER AND FINANCE

	Personal income[4]: Total	Personal income[4]: Labour income	Personal income[4]: Farm income	Consumer credit: Total	Consumer credit: Instalment	Banking statistics[3]: Investments	Banking statistics[3]: Loans	Budget expenditure[4]: Total	Budget expenditure[4]: Surplus or deficit	Bond yields: 3-month Treasury bills	Bond yields: Taxable Govt. bonds[5]	Bond yields: Corporate Aaa bonds
	$ billion; seasonally adjusted annual rates			$ billion; end of period		$ billion; end of period		$ billion		Per cent per annum		
1939	72·9	46·6	4·3	7·22	4·50	23·4	17·2	9·0	– 3·9	0·023	...	3·01
1957	350·6	247·7	11·8	44·77	34·10	76·2	93·9	69·4	+ 1·6	3·267	3·47	3·89
1958	359·0	248·7	14·2	45·07	33·87	87·0	98·2	71·9	– 2·8	1·839	3·43	3·79
1959, May	381·3	269·7	12·0	45·79	35·03	83·1	102·4	6·2	– 0·7	2·851	4·08	4·37
,, June	383·8	271·7	12·1	46·72	35·81	81·2	104·3	8·6	+ 1·4	3·247	4·09	4·46
,, July	384·0	271·6	11·9	47·26	36·45	81·4	105·8	6·6	– 3·3	3·243	4·11	4·47
,, August	381·4	269·0	11·2	47·91	37·05	80·5	107·2	6·3	– 0·6	3·358	4·10	4·43

(1) 1939 figures calculated on the basis of a smaller sample. (2) 1939 figures not strictly comparable with rest of series; stocks are at end of period. (3) All commercial banks. (4) Annual figures are total for the fiscal year ended June 30th. (5) Bonds due or callable from 10 to 20 years. (6) Revised series from 1957 onwards.

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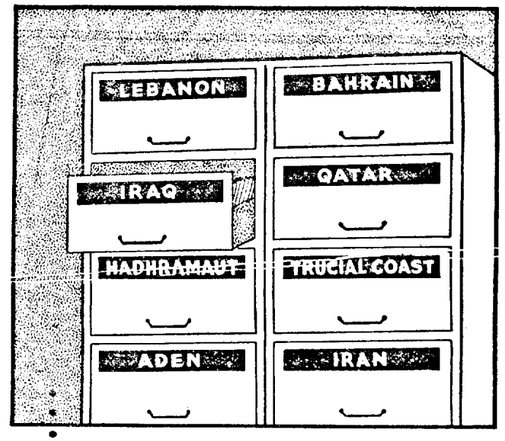

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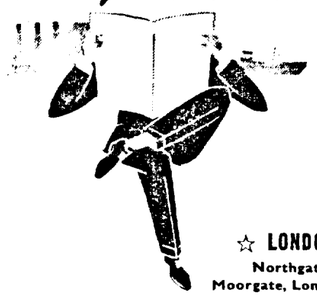

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For further appointments and other classified advertisements see page 181

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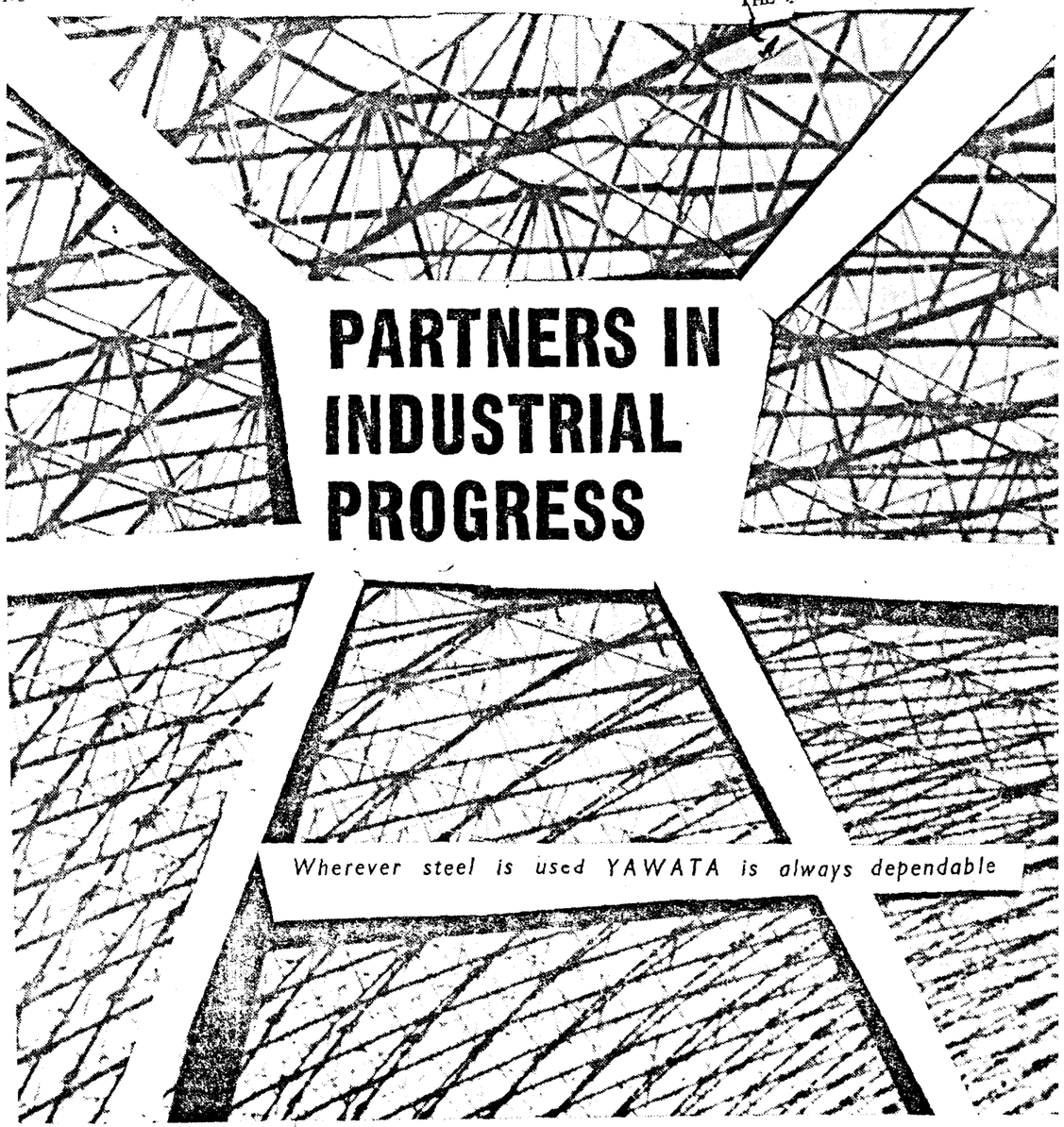

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(page 213)

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World Politics and Business

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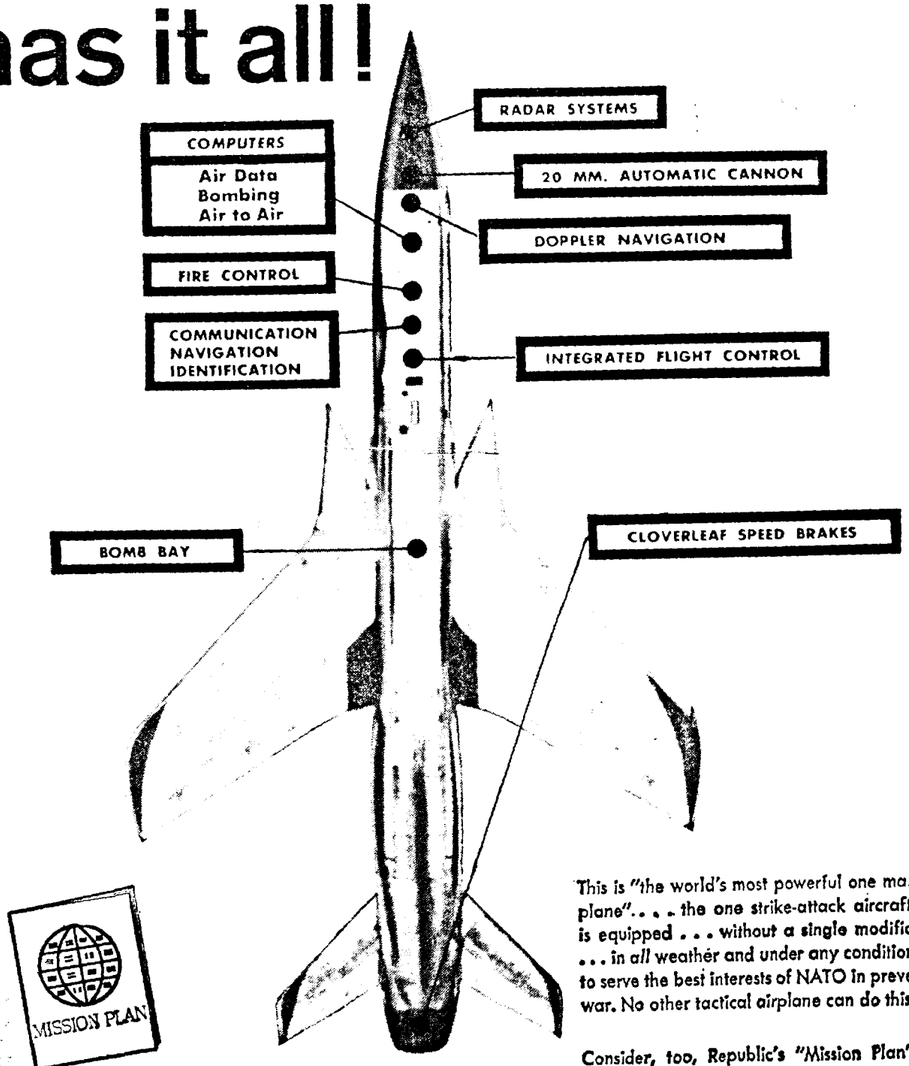

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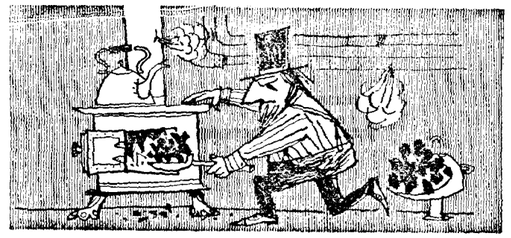
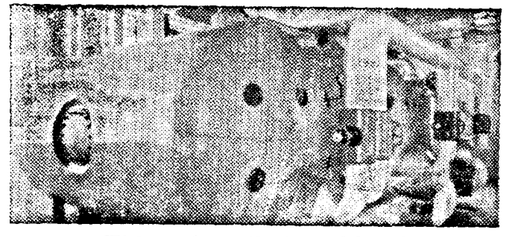


about keeping it hot...



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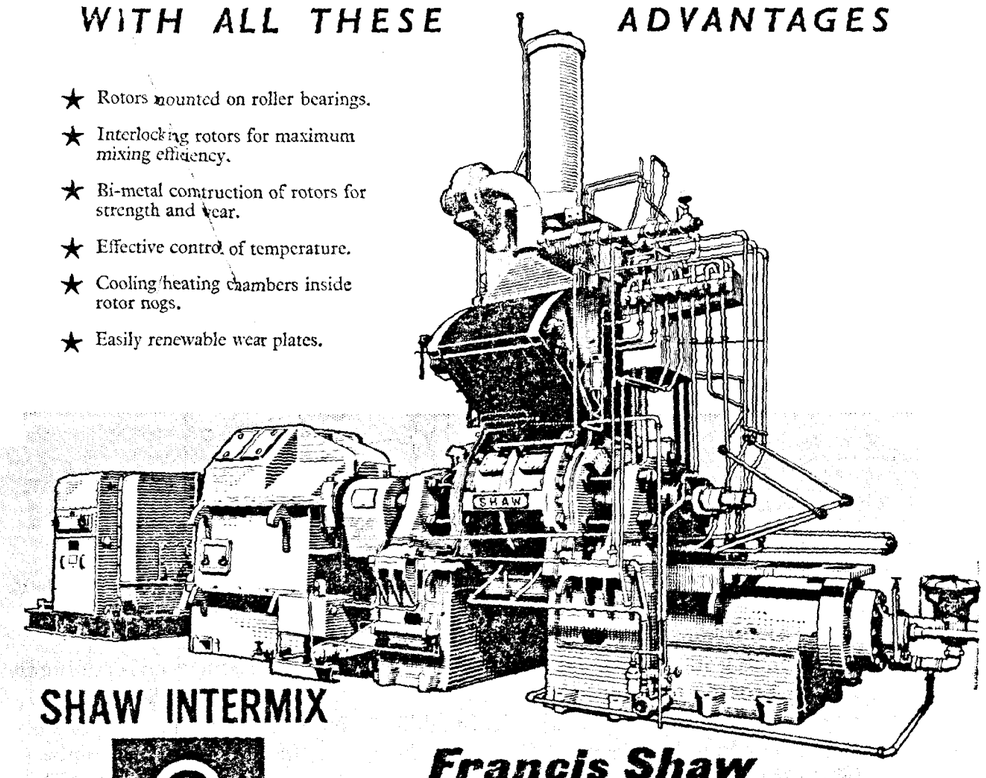

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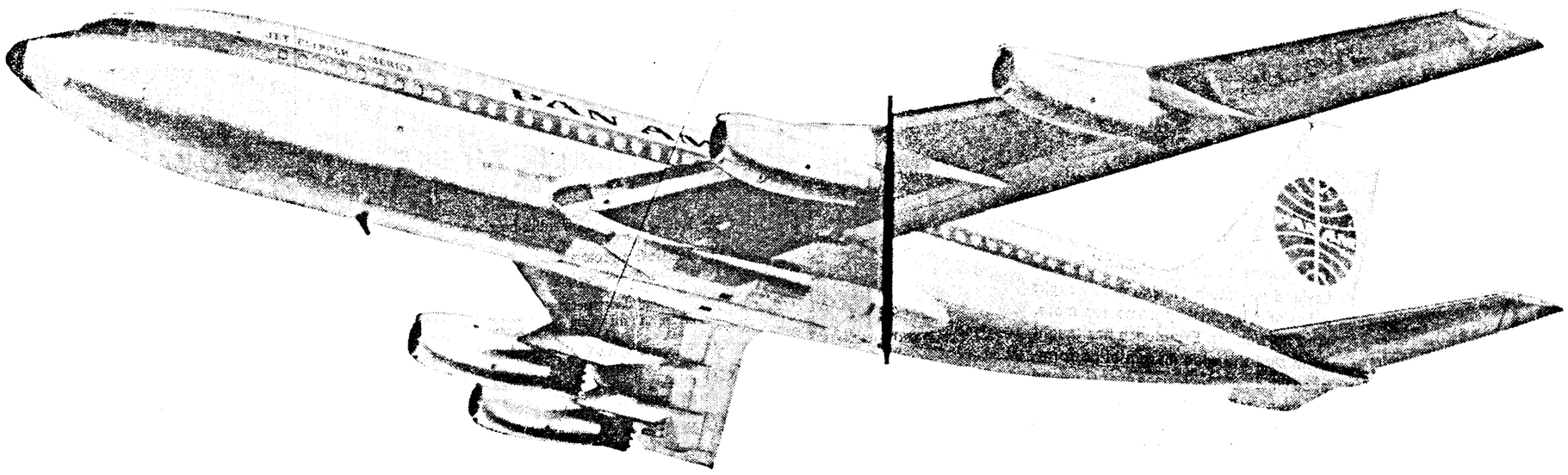

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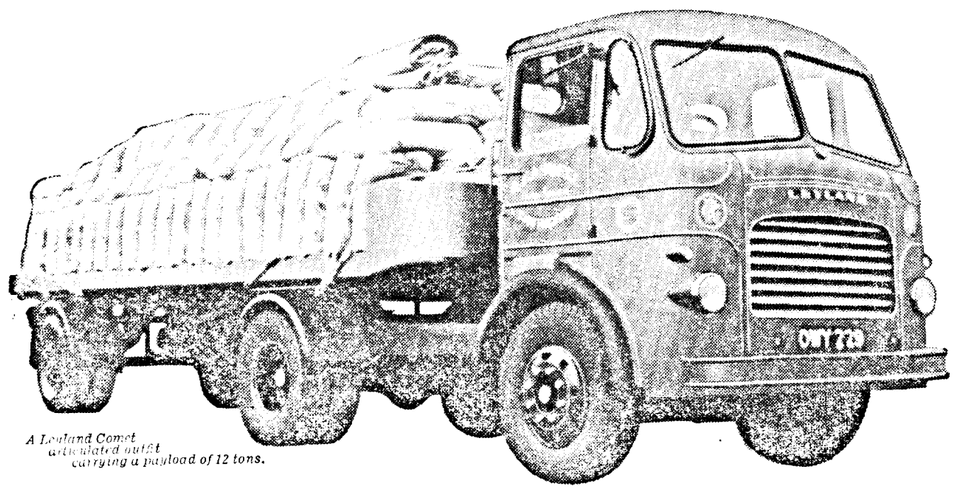
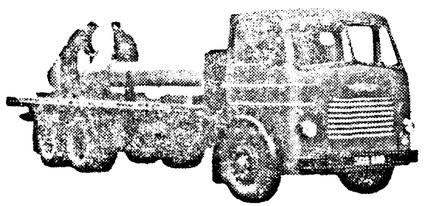


A Leyland Comet articulated outfit carrying a payload of 12 tons.

LET'S REPEAT IT...



The Leyland 6-wheeled Hippo, with its reputation for high mileages on low fuel consumption, enjoys a world-wide popularity.

That seems to be the slogan of most Leyland operators. Having once bought a Leyland, back they come for more. And no wonder. Experience has taught them that the wide margin of performance which characterises every Leyland ensures reliability, low maintenance cost and a very long trouble-free life... and, in fact, in the long run the Leyland gives greater transport economy than any other truck.

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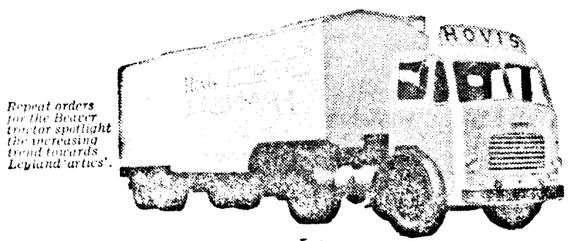
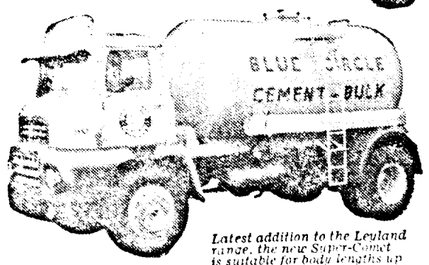


Repeat orders for the Beaver tractor spotlight the increasing trend towards Leyland 'artics'.



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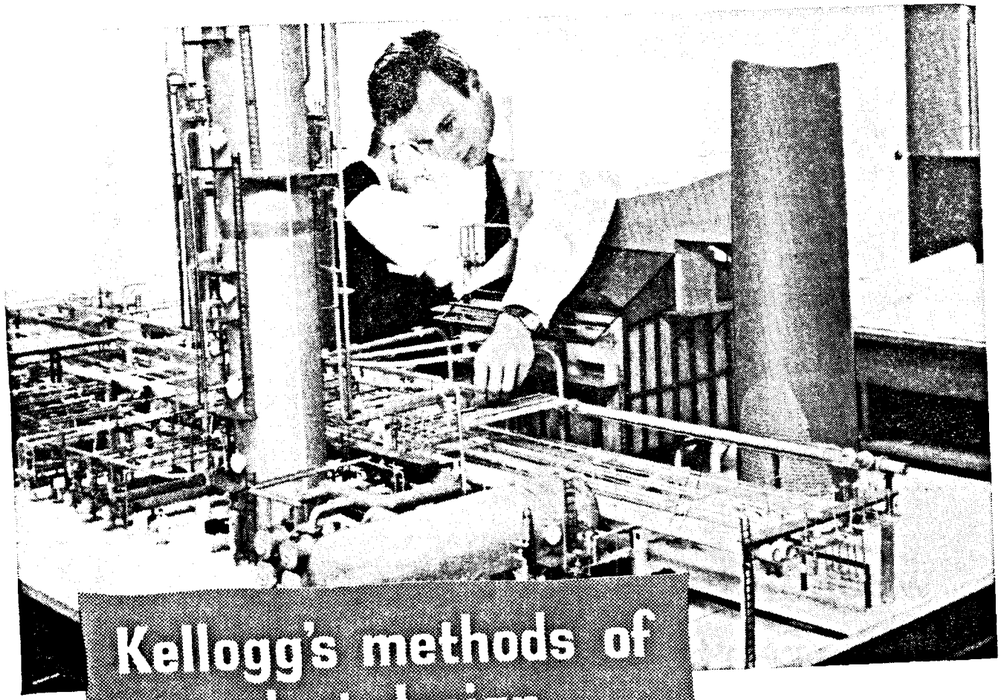

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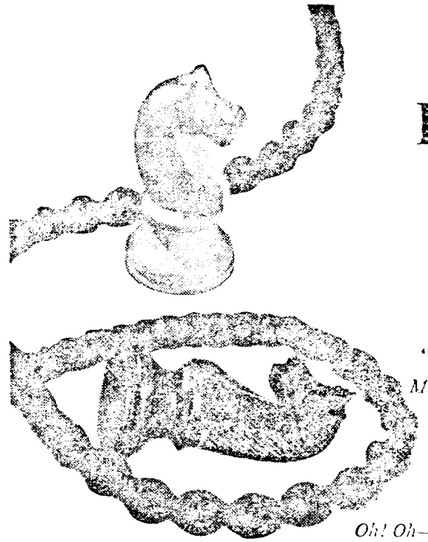


Brr-brrr!..Brr-brrr!..

Hullo. Hullo. Hull . . . oh, is that you, young Stephen?

Yes! Who is it? Father's not . . .

Psst . . . "The Observer".

The . . . the disturber?

"THE OB-SER-VER!"

Minerva? . . . Sorry. The line's a bit faint and crackly.

THE OBSERVER . . .

Don't tell me you've changed our password!

Oh! Oh—Sir Julian! I say did you get my letter?

I did, Stephen. Obviously. And most unsettling it was. Now I'm hanged if I know *what* to do . . .

Oh. I mean I'm awfully sorry. It's not your *fault, of course.*

No! Nor yours. Still, the awkward fact remains that my preposterous, deluded, self-willed . . . that my brother James has been sending your innocent mamma clandestine messages through the, er, Agony Column . . .

. . . of the Observer. And he still is, Sir Julian! Did you see last week's? Frightful rot. I mean somebody's simply got to do something about it.

So you thought you'd fight him? Hm . . . Pistols for two, carriage in attendance under the dank black elms . . . James squirming on the wet grass while the surgeons probe for a bullet in his left calf. I must say, it's rather a pleasing picture.

Well you see I thought . . . I mean . . .

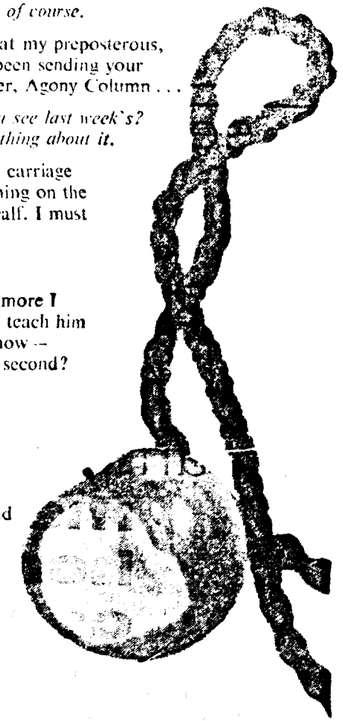
I'll tell you what Steve, let's do it! The more I think about it, more I like it. We can't exactly slaughter him, I suppose, but we *might* teach him a lesson. He's a poor shot. You're almost as big as your father now — look enormous in the grey light of dawn. Terrifying! Who's your second? Somebody large and silent, I'd suggest.

Well I did ask my cousin Peter, but he just laughed. He's nineteen. But of course if he knew you *were . . .*

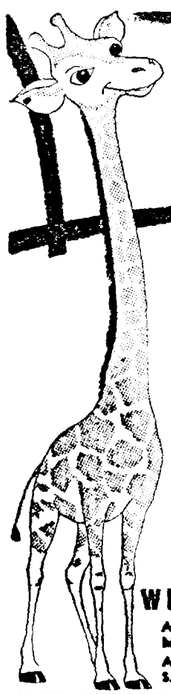
Right. Good. You rope in Peter. I'll work out the details and ring you again tomorrow—same time? Right. Must stop now. Got a Tribunal to chair in twenty minutes. Leave the weapons to me . . . And Steve, mind —don't overdo it. No false moustaches.

Oh no! No honestly. Peter wouldn't like that, he's terribly dignified. I say Sir Julian, afterwards, couldn't we get it sort of reported, sort of mysteriously, "I am informed that two Gentlemen in Surrey . . ." that kind of thing? . . . In the Observer, maybe? Peter says it's the only paper he knows that isn't either all tripe or half fossilised.

Plain-spoken fellow, this Peter! Not that he's totally wrong. Big readership in the universi . . . hullo! Hullo, hullo, hullo! Hull . . . oh, well . . .



This is No. 5 in our dramatic serial story "The Observer and Mrs. X". Next Week THE VERDICT IS YOURS!



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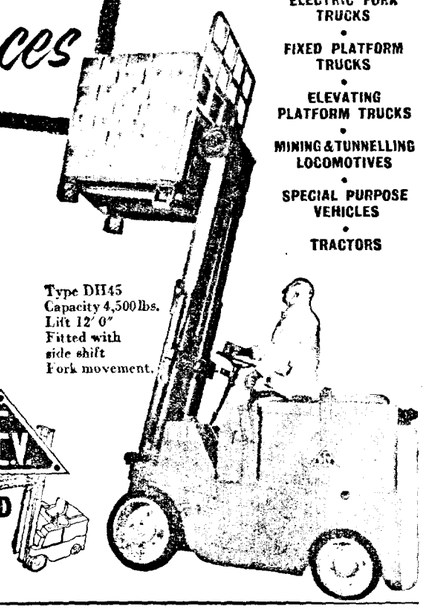

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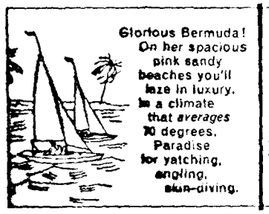

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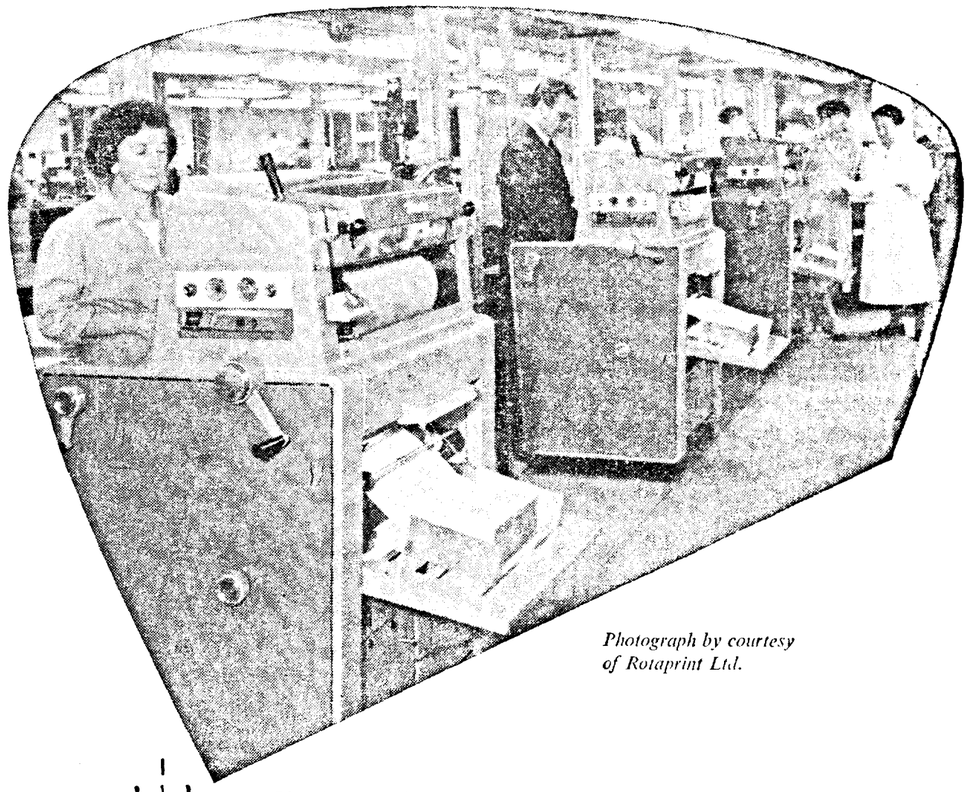

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The air supply for the paper feed of these Rotaprint offset litho machines at Unilever Ltd., is free from oil mist — and the rotary vacuum pumps require no maintenance, thanks to the use of MORGANITE CARBON VANES.

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Next day, he turns in his data and it all has to be reconciled and subjected to weighting factors and you note down the result, whatever that may be. Having done this, you can waste your money on advertising with a perfectly clear conscience. You can even take space in a paper to say . . .

Nearly everyone uses

(whether they know it or not)

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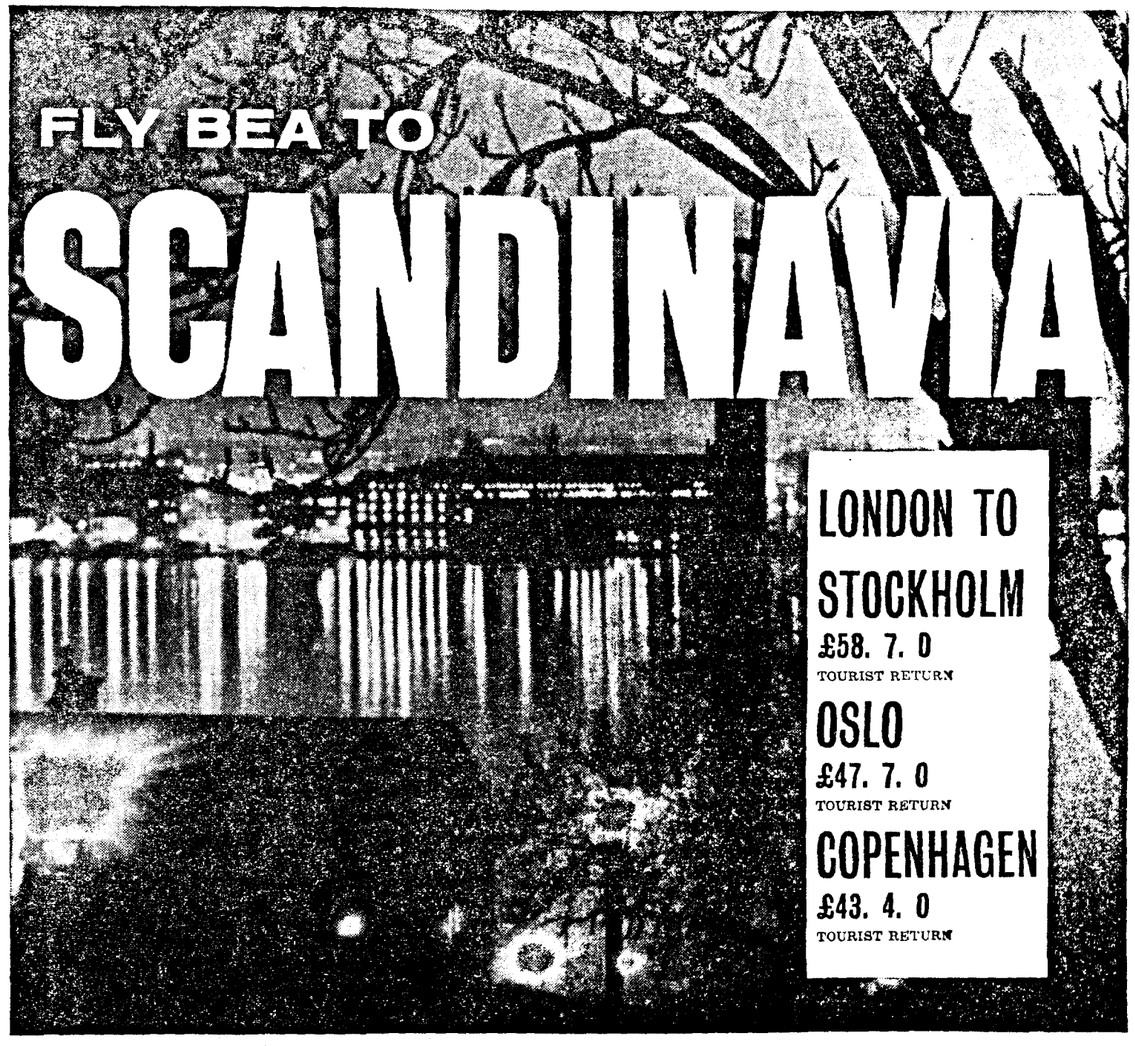

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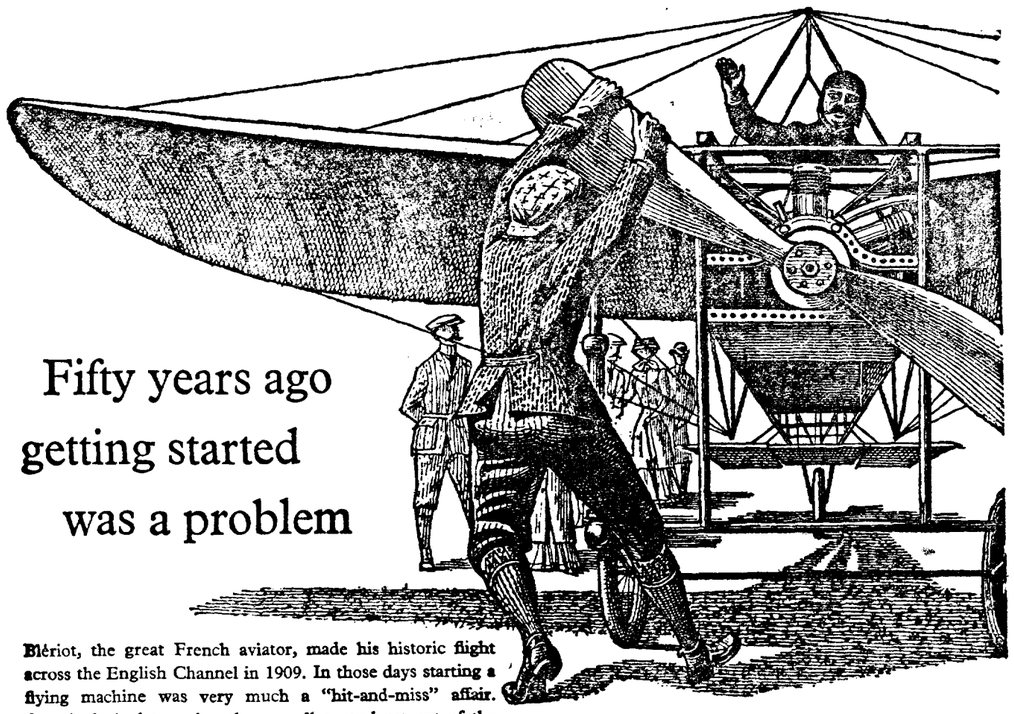
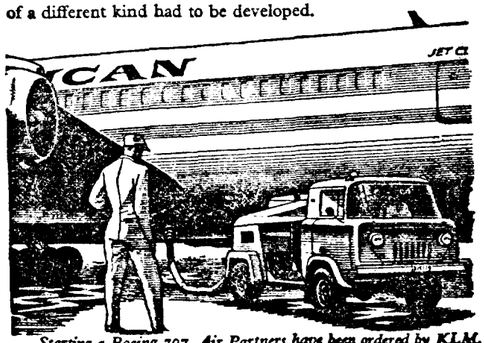


Fifty years ago getting started was a problem

Blériot, the great French aviator, made his historic flight across the English Channel in 1909. In those days starting a flying machine was very much a "hit-and-miss" affair. Somebody had to swing the propeller—and get out of the way when the engine fired.

The first World War established the importance of the aeroplane beyond all shadow of doubt. As aircraft and engines became bigger and more powerful, the problem of starting them developed into a highly specialised subject; and with the introduction of jet and turbo-jet engines, starting devices of a different kind had to be developed.



Starting a Boeing 707. Air Partners have been ordered by KLM, SAS, Sabena, Air India, Canadair, and Tasman Empire Airlines.

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Atlas Copco puts compressed air to work for the world

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The Economist

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VOLUME CXCIII NUMBER 6060

Reading the Result Aright

THE "don't knows" had the last word in the election, and the last laugh. Quantitatively, most prophets, during the campaign at any rate, were proved wrong (the final figures are sorted out and analysed on later pages). Qualitatively, the result was precisely what the non-partisans had foreboded; the electors found they had no option but to return the Tories again. The significant fact is not that the Tories won, but that Labour lost for the third time in a row; and the important need now is for everybody, in all the parties, to draw the right inference from what happened.

The right inference for the returning Tories is that they have been given a new lease of life, a new chance to build upon what they have achieved, with much trial and error, over the past eight years. It is not a mandate merely to stand pat, whether at home or abroad. It is an opportunity for the new vigour which would have been expected from a new Government, if one had been available. That is why the Prime Minister would be quite wrong to limit the changes in his Government to those made necessary by personal departures and the re-drawing of departmental boundaries. Even those he has made probably do not go far enough—or high enough up.

It was the sincere and very sensible view of at least one of Mr Macmillan's topmost colleagues, long before the election date was decided, that the time had come for changes on the front bench, to bring in new blood and to aerate older blood afresh. The electors have sentenced the Tories to another four or five years of office. That will make a dozen or more years in all; this is as likely to be a liability as it is to be an asset, unless much is done now to renew not only men but measures and attitudes as well; the time has arrived both for the period of Tory reform and adventure which the foundering of Mr Butler's brave policies put off four years ago, and for the truly contemporary policy of constructive realism in foreign and colonial dealings which the liquidation of the Suez losses should have made possible.

Mr Macmillan, in less than three years as Prime Minister, has brought off deftly practically everything he has attempted, up to October 8th; now he must raise his sights, not lower them. The choice of Mr Butler, in addition to his reforming duties in the Government, to be chairman of the Conservative party, is a brilliant, hopeful stroke. So, too, is the appointment to the colonies of Mr Macleod, the favourite crown prince. But the key choice is the appointment of Mr Heath to be Minister of Labour; from being chief whip, he becomes, or should become, chief breakwater against inflation.

The question which is being asked by—and, very freely, for—the Labour party is whether it may not now have to change the direction of its sights altogether. Labour lost—once again. The Conservative share of the total vote was very slightly less than in 1955; the big change was the fall in Labour's share, and the rise in the Liberal vote. It is sensible not to be too apocalyptic about the implications. The Labour party was not driven from the field; it still has 258 seats in Parliament and over 12 million voters in the country. And the Liberals' toehold in Parliament is no larger now than it was before.

Nothing new was revealed by the voting. What was shown again, this time blatantly, was what had been shown in at least two earlier elections, and it has been known by Labour's best leaders for years. It is that the Labour party lacks the magnetic force to attract the pendulum when it swings, as it always

does swing, against the Government. The real significance of the election result for labour is that all the efforts which Mr Gaitskell and some of his colleagues, in the less than four years since he became its leader, have not yet re-magnetised the party. It still repels the swinging pendulum. There is still a long way to go before the Labour party becomes a real Opposition and alternative Government again —if indeed it ever has been, except once, in 1945, when it had been fired in the wartime oven of a coalition.

The really wrong inference for Labour, in fact, from last week's defeat would be that Mr Gaitskell has been trying to re-magnetise the party in the wrong way. The only right inference from the defeat—and from the larger Liberal vote as well—is that he and his fellow-minded colleagues (who include all the best brains both in the party leadership and among its younger parliamentarians) have a very great deal still to do on the lines already begun before Labour attracts, instead of repelling, the swinging voter and the progressive, reforming vote. If they can do it, then Labour will be fit and ready, as it should be, to rule in its turn. If not, then the British electorate will continue indefinitely to have no real option when it goes to vote. It would take a very long time indeed, even if it were likely, for the Liberal party literally and bodily to take the Labour party's place; what the Liberals have done by their larger vote is to get hopefully well through a qualifying round. Much more practicable, and more in accord with older British precedents, would be a drawing-together, loose at first and then tighter, of the two, or of sections in them; the Liberal party itself was produced a century ago, and then not quickly, from the amalgam of Whigs, Radicals and Peelite Tories. But the indispensable requirement of this process, too, is to rid Labour finally of the brand image that repels all real radicals, whether progressive-minded voters or those Liberal politicians who are progressive-minded (not all of them are).

LABOUR'S repelling features need no new analysis now. There are the vague threats of nationalisation, which have become all the vaguer and therefore the more threatening as Labour's belief in the nationalisation gimmick has dwindled. There are the boasts about "socialist" planning, which really amount, in a party which in fact rejects outright socialism, to no more than promises to protect particular vested interests and to restrict competition. There is, inevitably and historically, the fact that Labour is tarred with the trade union brush; the trade unions nowadays are not the underdogs, but collectively the nation's most powerful vested interest. There is, finally, the association of Labour in the public mind with arbitrary and dictatorial ways; with the assertion of trade union power over individual trade unionists and, in any crunch, over the community; and with the "we are masters now" attitude of Labour local authorities.

One thing should be made absolutely clear. None of these features is necessary, or really relevant, to the modern Labour party. Labour is not being asked, by Mr Gaitskell or by anybody else, to sacrifice its principles and aims in order to catch more supporters and more votes. Rather is it being asked to return to its original democratic and reforming purposes after frustrating itself on a false trail. Usually the false trail is called "socialism." Actually the Labour party has never been a socialist party in any meaningful sense of the word. What happened was this. The party began as a combination of working men, non-conformists, idealistic reformers and academic thinkers to pursue the interests and the aspirations of the industrial poor; it was based upon the trade unions; and, it should not be forgotten now, was nursed politically, half-a-century ago, by the "Lib-Lab" association with the ruling Liberals. The "socialist society" which its pioneers wrote and talked about, and yearned for, was then very like the New Jerusalem and the City of Zion in the chapelgoers' hymns: there would be justice for all and everybody would be happy. Even when the Fabians and the professors had their way and the New Jerusalem was defined and (as always happens in left-wing parties) turned into a programme—"industry for the people," "nationalisation of the means of production, distribution and trade," and the rest—the simple basis of the Labour party's following was still the old "Lib-Lab" urge towards justice and betterment; it was not the dictatorship of the proletariat that was being sought, but a fair crack of the whip for the working people and a fairer deal for the poor. This, and not "socialism," was the mainspring of Labour's first and only majority at the polls in 1945.

The trouble is that all politicians, and left-wing loyalists and intellectuals more than most, too easily become the creatures of their own slogans, which start being mainly figurative and are then rationalised into the magical means of putting the world to rights. The compulsory task of the 1945 Government was reconstruction after the war, and Labour had to hand the wartime controls. But its necessarily very pragmatic performance of the duties with which it had been entrusted became "a great socialist experiment"; and in the unmagnanimous emotion of electoral victory at last, the work of Mr Attlee's famous Ministry, for all its many real achievements, was distorted and disfigured by the desire to prove that the first "people's government" had a new magic for remoulding society towards a factitious "equality." Now, after that experience and after three electoral defeats, those in the Labour party who think as well as feel know that they have no magical means either of controlling events or of capturing the people's votes. What is more, they have been compelled by facts to re-examine not only their policies but also the premises on which the Labour movement has been established: not only to look again, and askance, at nationalisation and so-called planning, but also to think again about the place in their political reckoning of the trade unions and the working poor.

THE extension of nationalisation, beyond the transport and fuel area, where nobody wants to undo what has been done; the pretence of long-sighted Whitehall planning, beyond the promise (common to all the parties) to shelter, generally unwisely, all shorn lambs: these are for the Labour party just the sludge left over from the false ideology that never really belonged to British Labour. The trade union connection, which was never socialist, is much more real; that is where the party's money comes from, as its founding fathers did. The challenge to Labour is whether, as the Conservatives have done, it can become free from its paymasters in its policies, without losing the pay. Very likely, in the long run, the decision will be made, in the aftermath of this latest defeat, not by the Labour party at all, but by the trade unions themselves—who have all the time the American example of political detachment to measure themselves and their interests by.

But the core of Labour's reappraisal, which is likely to go on for a long time, is evident enough. The trade unions, once fighting for their foothold, are now, in the old Tudor terminology, over-mighty subjects themselves; and the working class, as such, are no longer either poor or, in their instinctive responses, "working class." Labour, whether allied with the Liberals or not, has to cope politically with the social realities of an increasingly affluent society. The poor are still with us; but they are not particularly the working class. Labour began, with Liberal assent, as a party of social reform. Such a party, Labour or Liberal or both, is still very much needed. But the question is no longer whether the solution of poverty and inequity where they appear should be "socialist"; that, indeed, is irrelevant. The question now is whether the social reformers are sincere—and efficient. This is the point where Labour and the Liberals (when they can sort out their own Tories and protectionists from the real radicals) ought in honesty to be able to meet. The old great Liberal party was founded on real freedom of choice, in trade and for individuals; now, with the state's role accepted in helping to bring this about, that may very well be the test, in the new debate on the left, of both Mr Gaitskell and Mr Grimond.

Wanted, A Bridge

Just when the British Government is about to turn its attention to the split in free Europe, the common market is beginning to force the pace

TRADE with Europe has hardly been a subject to set the hustings on fire. Indeed, Europe has been something of a Cinderella in the election. Yet now that it is so comfortably back in power, Mr Macmillan's government cannot avoid taking a fresh look at the uncomfortable issue of Britain's relations with the Six. Since the plan for a little free trade area became government policy earlier this year, the problem of relations with continental western Europe has been deliberately pushed into the background; yet it has remained obvious that those relations will tend to get worse if nothing is done to make them better. There have been indications this week that the Government now intends to address itself to the subject. Industry and both the major parties have supported the Stockholm group on the assumption that it is a first step towards a wider arrangement. The problem of building a bridge between the two groups will not wait for long. Mr Maudling, deservedly promoted to the Board of Trade, now has a second chance.

Part of the trouble is that the position in Europe will not keep still; while thought is being given to the division that exists, forces are at work to widen it further. A new urgency has, indeed, been given to the matter by the unexpectedly dynamic qualities which the common market is beginning to show. For some time the "Europeans" across the channel have been wondering how to give the community a new impulse. *L'Europe des patries* of M. Debré's philosophy is not the banner they would have chosen, and the three communities, especially the parent at Luxemburg, have plainly been handicapped in their operation by the political caution which now inspires the governments. It was in response to this feeling that this week M. Wigny, the Belgian foreign minister, laid before his fellow ministers a series of proposals designed to provide the new impulse.

Not all the ideas recently canvassed in Brussels, it is true, seem likely to be carried out. The idea of a new common body for forming foreign policy, which received some publicity in the summer, and which apparently enjoyed French backing, has so far broken against Dutch opposition. The Dutch cling doggedly to the idea that such political consultation must take place in a broader context, such as Western European Union. Another new idea—that there should be direct elections to the parliament of the Six—is likely to take some time to realise. This is not a plan for federation now. Its inspiration is the more limited feeling that the economic community itself cannot function well unless its institutions, and notably the commission, have the additional backing of a parliament whose members have a direct popular mandate and more time for European affairs. Today the political climate seems unfavourable for even this limited advance. Nor is it at all likely that plans for a common currency will be realised in measurable time, even though they too might be put into effect in modest gradual stages which follow naturally on from convertibility. These are all, at this stage, aspirations.

BUT one major development is definitely on the cards; that is, a shortening of the common market timetable, so that the whole process of evolving a single market takes six to eight years instead of twelve. Final decisions have not yet been taken, but plans drafted by the commission in Brussels envisage the creation of a single market by 1965, instead of 1970. The pace of integration in agriculture, and the whole institutional timetable, would similarly be quickened. The idea has the backing of all six governments.

It hardly needs saying that these plans, if they are carried out, will also hasten the separation of the two groups in Europe, if nothing is done meanwhile to bridge the gap. The Stockholm group can speed up its plans, in turn, to keep pace with the Six, but that in itself will hardly solve the problem. When the European Free Trade Association first saw the light some people hoped that it would quickly prompt the Six to change their minds about the bigger free trade area plan which they had, in effect, rejected. In practice, the first response from Brussels has been a further demonstration of the will to push on alone; perhaps that was to be expected.

It is true that the European Commission has just produced some new proposals on the community's relations with the world at large. The ideas it put forward in March aroused little enthusiasm either inside the community or outside. Now, after six months of internal argument, Professor Hallstein has won considerable support for some new ideas which do represent an advance. In the field of quotas in particular the commission has taken a big step forward. One of M. Monnet's special contributions to the European edifice was the appreciation that its success depended on American backing. Today the dollar is weaker than it was then, and the United States is pressing, very reasonably, for the abolition of discrimination against dollar goods. In March the commission made a first response to the pressure of its critics in Gatt by suggesting some enlargement of quotas on a world-wide basis. Now, with America in mind, it has proposed that quotas be gradually abolished altogether.

The proposal has still to be acted upon; its realisation depends on the governments. But when one recalls the violent theological dispute that raged over quotas at the turn of the year, the commission's new view, that quotas should go altogether, is indeed a welcome change. It is also a good omen for the meeting of the General Agreement on Tariffs and Trade which starts next week in Tokyo, where the United States may perhaps lead the attack on quota discrimination in Europe. One of the crucial trading tasks of European governments in the next two years will be to respond to America's appeals and thus block the danger of an American slide back into protectionism. Here is a first move by the community in the right direction.

Yet within Europe itself the trading problem remains unsolved, and with no solution in sight. That was only too apparent at a recent seminar of editors in Brussels, organised by the International Press Institute. One of the speakers was M. Georges Villiers, President of the French *patronat*, who gave a notable account of the attitudes of French industry today. In a sense he said much that was encouraging. In marked contrast with the views expressed by so many French industrialists as recently as a year ago, he gave warm backing to the common market. French industry today, he explained, was at last competitive. Within the community as well, one hears much to bear out the view that there has been a striking change in French attitudes in the past nine months. Competitive in price at last, French industry can look forward to quota liberalisation with relative equanimity. For the same reason the French employers can afford to accept a shortened timetable for the common market.

Yet the French remain impenitent opponents of the idea of any sort of free trade area. The European Free Trade Association has changed nothing there, M. Villiers remarked, and the commission of the community evidently shares his view. The community may be prepared to get rid of quotas on a world-wide basis, and to talk about tariffs in Gatt as well; but at present those who make its policy show no readiness at all for a multilateral negotiation on a broader European basis. Indeed, the latest proposals seem designed to evade such a negotiation. That the community is determined to disarm its critics by playing a dynamic and liberal part in world trade is good. But it is discouraging, to those who hoped for a free trade area or something like it, that the men who mould community policy appear so fastidious in their desire to avoid contamination by any sort of wider grouping in Europe.

The gulf between the two groups in western Europe, and between the two views of how to close it, thus yawns as wide as ever. In Stockholm the negotiations on the little free trade area are going ahead, and the group has every chance of being set up next year. Once it is set up, there is no reason to believe there will be any clash or crisis—like that of last December—to bring the disagreeable implications of the split in Europe to light and precipitate new thinking. The ill-effects, economic and political, will be felt gradually, though now, it appears, at an accelerated pace. Yet the need for a bridge remains. As one of the Stockholm group committed to work with its six new partners, the British government, when it seeks to settle its own relationship with the European community, must now find an answer that fits all the seven, too. But there is still no reason why all the same terms should apply to all the members of a wider grouping, why Finn and Austrian should necessarily be linked with the European community under exactly the same formulæ as Briton and Dane.

Apparently the Government does now intend to pay more attention to its relations with western Europe than it has in the past, as indeed it should. But good intentions, and a willingness to co-operate on an inter-governmental basis, are probably not enough to do the trick. The political assumptions and aims which are so exciting an inspiration to Europeans inside the community are also a formidable wall against those left outside. It is difficult to see the present or any other British government, so long as it cannot bring itself to share those aims, finding a complete answer to its European problem.

The Economist

OCTOBER 15, 1859

BRIBERY AND REFORM

It is clear that Lord Brougham is more impressed by the need of putting an end to bribery, than by the necessity of extending the franchise. The former he regards as the pressing duty of reforming an evident evil,—the latter as an attempt to obtain a possible, but rather speculative advantage. He clearly thinks it would be wiser to delay lowering our franchise till we have removed the evils which we *know* to exist among the inferior part of those who possess it at present. *First*, he would say, make such laws and regulations as will make bribery impossible, and *then* see if you cannot with propriety extend your franchise system. There is something of the shrewd caution of age in these remarks, but we can by no means agree with them. The claim of the artisan classes to a representation in Parliament has always been that they are pre-eminently an incorruptible class, and this claim is substantially valid. Their means are ample for their wants; their scale of living is moderate; direct taxation does not reach them; they have more money of their own than any but the highest of the middle classes. They are, therefore, less accessible than many other classes to the incentives to corruption, and they are also more accessible to the intellectual considerations which restrain men from being bribed. In many cases, at least, they have political opinions, and experience shows that it is much more rare for a man to take a bribe to vote against a real conviction, than it is for a man who has no opinion at all to vote for the candidate who will give him most. Such being the case, we think Lord Brougham completely wrong in hinting that we ought to refuse, even for an hour, a representation to this comparatively unpurchaseable class, because other classes who are willing to be bought have the franchise now.

Which Way to Disarmament?

The new British and Soviet proposals give the UN Assembly a chance of probing deeply into the real difficulties—and some guidance towards solutions

Confirmed in office, Mr Selwyn Lloyd now faces one sector of the field of diplomacy in which he ranks as a veteran; yet there has been a great change since the days when, as Minister of State, he conducted the British case in the United Nations' disarmament debates. Swinging round a vast orbit, Russian disarmament policy has now reached a point almost exactly opposite to its position of five years ago. From the end of the war until 1954, the many Soviet proposals that were put forward were all variations on a single theme: first of all, the bomb must go. The Khrushchev plan that is now before the United Nations Assembly is distinguished by one outstanding feature: the bomb would be the last thing to go. Only in the third and last phase of the programme, when all the world's armies, navies and air forces had been done away with, would the nuclear stockpiles and the long-range rockets be tackled and production of weapons of mass destruction stopped.

The postwar Soviet tactics were logical enough, if crude and short-sighted. The "Baruch" plan, which would have stopped the nuclear arms race at the very beginning, was rejected outright as being a devilish machination of American big business. It is ironic that this brainchild of Dr Oppenheimer and Mr Lilienthal was so misunderstood; but their plan instantly aroused the familiar Russian suspicion, then at fever pitch, of any prospect of foreigners gaining rights of free movement on Russian soil. Soviet diplomacy then concentrated on a "ban the bomb" demand, which was doubly unacceptable to the western nations, and to most others. First, it would have kept the degree of international supervision down to so low a level that "top-secret" states like Russia would have obvious advantages; secondly, if the bomb went first, Russia would have equally obvious advantages in any "conventional" conflict.

The first of these difficulties has still to be overcome. The second has changed as Russia's own nuclear armoury has expanded. In 1955 the Soviet government ceased to put the elimination of nuclear arms first; its 1956 proposals dropped the point altogether, advocating partial reductions in conventional forces and setting aside the nuclear problem as too difficult for early solution. By then the western governments were already showing more anxiety than the Russians for an early stop to the nuclear arms race. Now, with the new Khrushchev plan, the discrepancy is wider still.

While the Russians have thus, in effect, come round from one extreme to the other, the western negotiators have argued pretty consistently that a balance must be kept between nuclear and conventional factors in any general disarmament plan. The new British outline of proposals, presented to the United Nations assembly by Mr Selwyn Lloyd on September 17th, preserves this balance. Under the British plan, reduction of both kinds of armament would proceed side by side.

> As progress is made in dealing with remaining stocks of nuclear weapons, there would be the final reductions of conventional armaments and military manpower to the levels required for internal security purposes only.

Most members of the United Nations have generally proved sympathetic to the argument for balance. Balance, however, means relative complexity. It is the shining simplicity of the new Soviet proposals—as of earlier ones—that attracts the eye. The day after the Soviet leader's speech, the whole world knew that he had proposed total disarmament. How many people were then aware that the British Foreign Secretary, only a few hours earlier, had also proposed total disarmament—right down to the same level?

Speculation about the sincerity of Mr Khrushchev's speech is irrelevant. He does need disarmament, in order to free the manpower and economic resources which he must have to make good his promises. Equally clearly, he shudders, as his predecessors shuddered, at the idea of an international inspectorate robbing him of the secrecy and insulation which are the strongest weapons in the Soviet military and political armoury. International inspection and control have, of course, been accepted by the Russians ever since 1947, in principle. To translate this acceptance into practice is the problem. The Geneva talks on monitoring a suspension of nuclear tests will celebrate their first birthday in a fortnight's time. Those talks have shown how laborious the translation can be.

For the first five months, Mr Tsarapkin argued that the "international" inspection already agreed in principle meant that all the monitoring done in Russia would be done by Russians; and when the patient Mr Wadsworth and Mr Ormsby-Gore breached that dyke, they still found themselves facing a series of other hastily thrown up defence works. Agreement on monitoring nuclear explosions may yet be reached; but the exercise has already revealed how much spadework has to be done to dig out of the Russians what they really mean when they agree to inspection.

This bears directly on the problem of detecting and destroying stocks of nuclear weapons. A tank division is not easy to hide; nor a plant producing fissionable material for rockets or bombs. But, once a nuclear weapon has been made, it is easily concealed. The new British disarmament plan views this realistically. Like earlier western proposals, it gives priority to the "cut-off"—the relatively easy halting of all manufacture of nuclear weapons. It suggests that the reduction of existing stocks should begin with a supervised transfer of successive quotas of fissionable material to peaceful uses. Clearly, this could proceed without waiting for universal inspection; there is a sizeable concession to the Russians here.

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When a fair amount of progress had been made in this direction, the feasibility of detecting and eliminating all remaining nuclear stocks would be re-examined; and an incentive to bring all stocks out into the open would be provided, as Mr Lloyd's words quoted above show.

Mr Khrushchev's proposals, in contrast, skim right over this problem. It has always defeated the Russians, and they have several times contradicted themselves most curiously on the point. Up to 1954 they argued that the total elimination of nuclear stocks was perfectly feasible. In May, 1955, they suddenly declared that no control system could ensure total elimination; but they rejected a British proposal, made three months later, for a joint scientific investigation of the possibilities, and swung back to demanding the very thing they had said was impossible. In June, 1957, Mr Khrushchev himself said publicly that detection of all hidden stocks could not be ensured; in December, 1958, he repeated this to two British MPs, adding that the crucial thing was therefore the production cut-off; but in between these dates, the Soviet delegation had broken off the 1957 London disarmament talks on precisely the opposite argument.

To find out where Mr Khrushchev now stands on this issue should be one of the UN assembly's priority tasks; for unless he can offer some new and foolproof way of detecting hidden stocks, his whole plan could leave a disarmed world at the mercy of whichever government (or military clique) was unscrupulous and secretive enough to keep a few nuclear weapons tucked away up its sleeve.

Mr Lloyd's plan does not involve this risk. As well as gearing the last phase of conventional disarmament to the progress of the ferreting out of nuclear stocks, it calls for the building up of an international control organ which would not be confined to watching over disarmament, but would be given positive functions and responsibilities in the maintenance of international peace. The Khrushchev proposals, as the accompanying table shows, make no provision in this respect. The UN assembly needs to go into this question in some depth. When no nation possesses forces capable of doing anything more than maintain internal order, how is observance of this rule to be enforced?

It will be tricky enough to reach agreement on the size of the forces that each government claims for internal security. The governments of Spain, Iraq, Hungary, South Africa, both Vietnams, and China could presumably make out convincing claims for large forces; those of Canada, Norway, Holland, and other democracies could not. Must the formula work out so that the more unpopular a regime is, the greater its military power?

The British plan seeks to avert this by actually transferring quotas of discarded armaments to the custody of the international control organ, and steadily extending the organ's peace-keeping authority. When Mr Ormsby-Gore enters the UN disarmament debate next week, one hopes he will elaborate. But here again, unfortunately, Soviet hackles are easily raised. *Pravda* has published an attack on

> . . . the so-called Lloyd Plan, in which the British Foreign Secretary proposes the establishment of an international police force, armed to the teeth, and given the task of suppressing peoples who have decided to alter the social system . . . an international police force standing guard over the capitalist order. Let us, however, hope that common sense will prevail. . . .

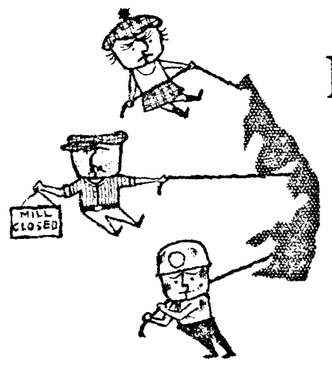
Let us, indeed. Common sense dictates that the world will not disarm until there is some assurance that, disarmed, it will not be at the mercy of the first bunch of trigger-happy thugs who perceive the possibilities of the situation. And a glance at Mr Lloyd's UN speech is enough to show that he provided no basis for *Pravda's* imaginative invention.

It will not be easy to persuade the Russians to discuss in a reasonable and dispassionate way the logical implications of their own ideas about disarmament. But the effort has to be made. And if the UN assembly is not to abdicate its responsibilities altogether, it is there, and now, that the effort should be initiated.

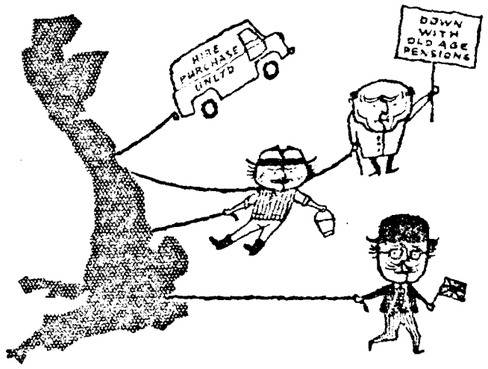
BRITISH AND RUSSIAN DISARMAMENT PROPOSALS

Common Goal: Total disarmament, except for forces needed to maintain internal order.
Common Method: Three phases (Ph.1, Ph.2, Ph.3). The first British phase is, however, mainly one of fresh studies of unresolved problems; these studies are not listed here.

BRITISH	RUSSIAN	BRITISH	RUSSIAN
Nuclear Arms		**Conventional Arms**	
Ph.1: Halt tests, and extend agreement to other nations.	*(Proposal to halt tests is made seperately from main disarmament plan.)*	**Ph.1**: (a) Limit forces of major powers; (b) Find formulae for limiting all arms; (c) Hand over quotas of arms to Control Organ.	**Ph.1**: (a) Limit China, USA, USSR to 1·7 mn. men, France and UK to 650,000; (b) Hold conference to fix limits for others, then apply.
Ph.2: (a) Stop production; (b) Begin disposing of existing stocks.	—	**Ph.2**: Reduce by instalments.	**Ph.2**: Agree on forces needed to maintain internal order, and abolish all others.
Ph.3: Review chances of detecting all remaining stocks, and dispose of as much as possible.	**Ph.3**: (a) Stop production; (b) Dispose of stocks.	**Ph.3**: Abolish all forces, except internal order ones, in step with disposal of remaining nuclear stocks.	—
Inspection and Control		**Keeping International Peace**	
Ph.1: Survey existing military strengths, to obtain formulae for limitation.	**Ph.1**: Inspection only to "appropriate" extent.	**Ph.1**: Hand over quotas of arms to Control Organ.	—
Ph.2: (a) Control Organ to supervise all reductions. (b) Inspection system to avert surprise attacks.	**Ph.2**: Inspection only to "appropriate" extent.	**Ph.2**: Develop Organ's ability to keep the peace.	—
Ph.3: Organ in final form.	**Ph.3**: When disarmament is complete, Organ will have free access to all objects of control.	**Ph.3**: Organ's peace-keeping ability fully developed.	—



How the Country Divided



LAST Thursday 1.1 million more people went to the polls than in 1955, but 201,000 fewer people voted Labour. The Conservatives' vote rose by 452,000 and the Liberals' by 920,000 (partly because there were 107 more constituencies with Liberal candidates), while the vote for nationalists and other oddities declined by 68,000. Per constituency contested the Labour vote fell by 324, the Tory vote rose by 620 and the Liberal vote rose by 1,002.

The historical peculiarity of the 1950s thus stands confirmed: Britain has a principal Opposition party which has gone on losing votes even while out of office. In every other general election since adult suffrage began, save only these last two, the government of the day has lost some seats when it has gone to the country at the end of a full parliamentary term. There is no doubt that the raw material for a swing against the Conservative Government existed in 1959; by the beginning of last week, as both the public opinion polls and the canvassers of all parties suggested, the dissidents against both the Tories and Labour were gathered in the army of the "don't knows." On October 8th these don't knows had to decide which sort of government they would really dislike more. They made their decision in three broad regional groupings:

(1) Across the whole of the south and midlands of England and northwards, through Yorkshire, they came down heavily in favour of the Government. Among the 25 regions in our table, the biggest net swings from Labour to Conservative were in the Black Country (3.15 per cent), Greater London (2.25 per cent), and the Yorkshire woollen district, the East Midlands, the northern home counties, and mid-southern England (all between 1.6 and 1.7 per cent). Within these groupings, the biggest individual swings to Conservative seem to have occured in Labour-held seats rather than in Tory-held ones; Labour members who have studied their voting returns in detail agree that it was in the wards where workers in the motor car or other newer industries were thickest on the ground that the swings against them were heaviest compared with last time. In London it was particularly notable that it was areas where factory workers live that showed the heaviest swings against Labour (Shoreditch 6.4 per cent, Edmonton 6.1 per cent, Dagenham 4.9 per cent), while the Tory suburbs swung much less dramatically (South Croydon 1.2 per cent, Wimbledon 1.3 per cent, even the Prime Minister's Bromley only 1.8 per cent).

(2) In areas of the country less markedly affected by recent industrial change—e.g. Scotland outside the industrial belt, some truly rural parts of England and Wales, watering places and seaside resorts—there was a much smaller net swing to the Tories; indeed sometimes there was a small swing the other way. The two marginal east coast resorts that swung to the Tories—Lowestoft (a Tory gain) and Yarmouth—were not really exceptions to this; the Tories secured these because they picked up the fishing port swing, which Grimsby and Hull also showed. The cod war was presumably a factor here.

(3) In only three broad categories of constituencies were there definite swings to Labour. These were in industrial Scotland, the Lancashire cotton area, and in coal mining districts (passim, but see the figures in our table for the English border counties, south Scotland, and the sharply reduced Tory swings in Durham and the Yorkshire coal and steel districts compared with neighbouring areas). Broadly speaking, Labour picked up extra votes compared with 1955 only where it was thought of as the protectionist party for the dying industries of coal and cotton, which is a queer position for a left-wing party to be in and not a very hopeful augury for its political future. It is now Labour that is showing some signs of being driven back to its Celtic fringes.

The Flowing Tide

BECAUSE of these regional differentiations—which meant that there was a net swing to Labour in 178 seats, against a net swing to Tory in 436—some people have said that this election has killed the myth of the extraordinary homogeneity of the British electorate. But surely the evenness of the swing within regions and as between constituencies of broadly similar prosperity has shown precisely the opposite. Right up to the Thursday morning neither of the parties knew which way the don't knows would turn. What strange telepathy was it that caused waverers as between Bournemouth and Blackpool, as between Darlington and Dorking, or even for that matter as between neighbouring constituencies in London, to divide their allegiance at the final count in almost exactly the same way? So even was the tide, once the regional quirks had been recognised, that the electronic computers which had been fed with figures could consistently prophesy a Tory majority of between 100 and 110 as soon as they had digested the first 15 results; and human brains could attain an even more detailed standard of prediction. For the seats that fell were nearly all in the statistically predictable places.

The Economist's table of the week before last had listed the 59 Labour seats that seemed most vulnerable before the event. At a fairly early stage during the announcement of results it became apparent that one should cross off this table the 15 Lancashire seats, the 7 Scottish seats, probably the 2 Norfolks, and 2 with coal mining areas. That left 10 of the original nineteen Labour seats in the column we had marked as most vulnerable, and 9 of these duly fell; it left 11 of the nineteen seats in the second column marked as only slightly less vulnerable, and 8 of these duly fell; it left 12 of the twenty-one seats in the third column, and 6 of them duly fell. And these accounted for 23 of the 26 Labour losses. Of the 23, seven were in the Midlands, eight in London

and the south, and the other eight comprised two Bristols, three north-eastern seats, Keighley (in Yorkshire), Lowestoft and suburban Swansea.

The other three Tory gains were in one Nottingham and two Birmingham seats, which were outside our table but were victims of the exceptional Midlands swing referred to above. Labour captured from the Tories the 4 most vulnerable Scottish seats and 2 most vulnerable Lancashire seats that had been marked in our table. The statistics of the new Parliament suggest that in the next general election Labour will theoretically need to gain an even swing of less than 3 per cent in order to win; but so many of the Conservatives' newly captured marginals are in the Midlands and south that, if the new Government can keep the industrial revolution round Birmingham and London thrusting forward between now and 1964, it will not be easy to turn it out of power.

The Liberal Advance

THE Liberals have reason to feel pleased with their performance in this election; their average share of the vote in the 217 seats that they contested was just under 16.9 per cent, compared with 15.1 per cent in the 110 seats that they contested in 1955. In the 91 seats that they fought in both 1955 and 1959, their average share of the vote rose from 16.5 to 19.6 per cent; in the 126 seats where they made new appearances in 1959, they piled up the very respectable newcomers' proportion of 14.9 per cent of the vote. Aided by the fact that they contested nearly twice as many constituencies as in 1955, the Liberals picked up in all 3.2 per cent more of the national vote than last time (see table), while the Tories' proportion fell by 0.3 per cent, Labour's proportion fell by 2.6 per cent, and the proportion of Sinn Feiners and others fell by 0.3 per cent. This difference of 2.3 per cent between the fall in the Tories' share of the vote and Labour's share provides the statistical justification for the estimate that there was an overall swing of some 1.1 per cent from Labour to Conservative.

In seats that the Liberals fought both in 1955 and 1959 (and in which they increased their share of the poll), the Labour share of the vote dropped by 3 per cent and the Tories' share by 0.8 per cent; in seats where Liberals made new interventions, Labour's share of the vote dropped by 7.8 per cent and the Tories' share by 7.1 per cent. Some people have deduced from the former statistic that Liberals drew to themselves nearly four former Labour votes for every former Tory vote—and thus damaged Mr Gaitskell much more than Mr Macmillan. This is nonsense. Even in the broad national picture the net swing to the Tories was smaller in seats where Liberals re-appeared than in straight fights, it was much smaller in seats with new Liberal interventions (only 0.35 per cent), and the Tory swing was biggest in seats where Liberals dropped out; when allowance is made for regional variations it becomes even clearer that most Liberal candidacies in this election were more harmful to the Conservatives than to Labour.

The best way of checking up on this point is by sample examination of neighbouring constituencies. Thus in marginal Wandsworth Central (where there was Liberal intervention) the net swing from Labour to Conservative was only 0.9 per cent, while in marginal Wandsworth Clapham (which is practically the same place next door, but where there was no Liberal) the swing from Labour to Conservative was 2.5 per cent. In Birmingham Perry Barr (with Liberal intervention) the swing to Conservative was 2 per cent, in Birmingham Yardley (without a Liberal) it was 5 per cent. In Sowerby (where there was again a Liberal candidate) the net swing to the Tories was 0.9 per cent, in neighbouring Keighley (where the Liberal of 1955 dropped out) it was 4.3 per cent. There were some exceptions to this general trend, including some places in north-east England where Labour did seem to do better in seats without Liberal candidacies than in seats with them; but, on average, and over most of the country, the Conservatives appear to have marked up a one, two or even three per cent larger swing when Liberals did not appear.

The Liberals' own special disappointment was that they still came out of this election holding only six seats; they gained North Devon but lost Torrington. In three of the six Celtic fringe seats which they had seriously hoped to win, their vote was slightly lower than last time, and only in Merioneth did they do really significantly better. Their springboard created by this election, however, is that there are now 27 constituencies in which they have come second to a Conservative or Labour incumbent, compared with only 7 last time. Moreover, Liberals have now reached the stage where their candidates can fairly generally be expected to get between 15 and 20 per cent of the vote in constituencies all over the country; if they can make one more heave, up to a general expectation of getting over 25 per cent of the vote, people are going to begin to ponder the possibility of their winning three-cornered contests in the most surprising places.

New Towns

ONE of the commonest conclusions that has been drawn from this election is that as soon as industrial workers have moved into the cosy atmosphere of brand new council housing estates or the new towns, they have promptly voted Tory. In Billericay, Epping, Hitchin, Hemel Hempstead and Hornchurch it was commonly supposed that the influx of new town tenants would bring Tory majorities sharply down; instead, in all these places, Tory majorities have obstinately gone up. But the proper sum to work out in all these places is surely to apply first the general 2.25 per cent pro-Tory swing in greater London to the old part of the electorate, and to examine how the new town tenants probably voted after making allowance for that.

The conclusion that emerges is that in Epping (Harlow new town) and Billericay (Basildon new town), as well as in most of the suburban areas with large new council housing estates, rather more new entrants still did vote Labour than Tory; in Hemel Hempstead they split about evenly, and in Hitchin (Stevenage new town) and Hornchurch (with new housing, largely for employees at Dagenham motor works) the Tories did unexpectedly well. In all of the new towns the Liberal vote was quite high. About half of the inhabitants of the new towns have come off London's council housing lists (and one would expect them to be preponderantly Labour), but the other half—including young technicians and some young professional people—have followed their firms there and might well be rather more Tory-inclined than workers who stayed behind. Undoubtedly, there has been some tendency for more workers to vote Tory as they have moved into more comfortable surroundings, as indeed there has been a small swing to the right in council housing estates throughout the land. But, so far as one can see, conversions of former Labour men (or probably more usually women) on both existing and new council estates have rarely been greater than about 4 or 5 per hundred; and, on the figures available, one is not prepared to say that the conversions in most of the new towns themselves have been massively greater than that.

People, Polls, Issues

AS the correspondents of *The Economist* went round the country in this election, they were often told by proud Labour agents that their local MP, however obscure nationally, was so well-beloved in his constituency that he would transcend any national tide; in almost every case where this point was cited, it has proved to be quite untrue. Indeed, the two Labour candidates who most tenaciously and successfully held on to marginal constituencies were generally regarded by local informed opinion

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Votes and Seats of the Parties

In the table below the country has been divided for the purposes of comparison into twenty-five regions, based on social and economic homogeneity, although widely different in size and population.

THE COMPOSITION OF THE REGIONS is generally clear but some details of the boundaries are as follows: *Greater London* includes all boroughs adjacent to County of London. *Northern Home Counties* extends as far as Berks (excluding Abingdon and Newbury), S. Bedford and, in Essex, to Epping, Chelmsford and Southend. *Mid-Southern England* includes the rest of Berks and all Dorset except West Dorset. *South-West England* includes Bristol and S. Gloucester. *Eastern Counties* includes the rest of Bedford, Peterboro', Huntingdon and Isle of Ely. *Black Country* includes Birmingham, Wolverhampton, Coventry and adjacent boros. also Cannock, Solihull, Sutton Coldfield and Nuneaton. *N.W. Midlands* includes Salop, rest of Stafford and Cheshire up to Chester, Runcorn, Knutsford and Macclesfield. *Manchester and District* includes Eccles, Middleton and Prestwich, Oldham, Stalybridge and Hyde, Cheadle, Altrincham and all boros. contained within these. *Merseyside* includes Crosby, Huyton, St. Helens, Widnes and all Wirral constituencies. *Rest of Lancashire* excludes Barrow and Morecambe and Lonsdale. *Yorks Woollen District* includes Sowerby, Keighley, Leeds, Wakefield, Colne Valley and boros. contained within these. *Yorks Coal and Steel District* includes everything in W. Riding south of Penistone, Hemsworth, Normanton, Barnsley and Don Valley. *Durham and Teesside* includes Middlesbrough and Cleveland. *Tyneside* includes all constituencies on the River Tyne as far as Consett on one bank and Newcastle on the other. *Glamorgan and Monmouth* includes Llanelly. *Clydeside* includes Glasgow, Greenock, Dumbarton and all Lanarkshire except Lanark. *Southern Scotland* includes everything else south of Stirling and Fife.

THE PARTIES HAVE BEEN DIVIDED as follows: *Conservative* includes Cons. and Lib., Cons. and Lib-Nat., Unionist and Lib-Nat. *Labour* includes Labour and Co-op. but not Lab. Ind. or ILP. Under *Others* are grouped all candidates who would not accept or would not be accorded the whip of any of the three main parties if returned to Westminster.

Two Conservative unopposed seats in Northern Ireland in 1950 and four in 1951 are excluded.

REGIONS	Year	CONSERVATIVES			LABOUR			LIBERALS			OTHERS			Total Poll as % of Electorate	% swing from previous election—to Conservative (+) or Labour (−)
		Votes	% of Poll	Seats	Votes	% of Poll	Seats	Votes	% of Poll	Seats	Votes	% of Poll	Seats		
Greater London	1951	2,149,559	47·2	46	2,294,840	50·4	49	85,328	1·9	...	25,361	0·6	...	81·1	+0·34
	1955	1,987,535	49·0	50	1,959,936	48·3	47	98,395	2·4	...	13,270	0·3	...	73·8	+1·99
	1959	**1,973,975**	**49·1**	**55**	**1,765,756**	**43·9**	**42**	**265,983**	**6·6**	...	**15,696**	**0·4**	...	**75·1**	**+2·25**
Northern Home Counties	1951	663,093	54·1	21	549,131	44·8	5	12,454	1·0	...	...	...	...	83·5	+1·14
	1955	677,975	54·1	24	536,099	42·8	4	39,587	3·2	...	...	...	...	79·8	+1·01
	1959	**760,261**	**52·9**	**26**	**548,932**	**38·2**	**2**	**128,999**	**9·0**	...	...	...	...	**81·8**	**+1·69**
Southern Home Counties	1951	1,056,535	60·5	32	666,046	38·2	4	23,383	1·3	...	...	...	...	81·2	+1·60
	1955	1,014,555	61·7	34	592,562	36·0	3	30,490	1·9	...	6,514	0·4	...	76·5	+1·66
	1959	**1,065,500**	**59·5**	**35**	**565,002**	**31·5**	**2**	**161,699**	**9·0**	...	...	...	...	**78·7**	**+1·13**
Mid-Southern England	1951	623,425	55·8	21	449,064	40·2	3	44,865	4·0	...	...	...	...	81·5	+1·19
	1955	618,643	57·0	23	411,599	37·9	2	55,641	5·1	...	...	...	...	76·9	+1·73
	1959	**660,001**	**57·3**	**23**	**403,070**	**35·0**	**2**	**86,293**	**7·5**	...	**2,707**	**0·2**	...	**77·7**	**+1·62**
South-West England	1951	710,669	52·6	23	563,775	41·7	7	77,640	5·7	...	...	...	...	83·6	+1·53
	1955	675,194	52·6	24	500,073	39·0	6	107,660	8·4	...	...	...	...	78·6	+1·40
	1959	**677,284**	**50·6**	**25**	**453,576**	**33·9**	**4**	**208,238**	**15·6**	**1**	...	...	...	**80·9**	**+1·53**
South-West Midlands	1951	514,515	53·5	15	437,303	45·5	6	9,998	1·0	...	...	...	...	82·9	+1·81
	1955	502,316	54·9	15	393,046	43·0	6	18,483	2·0	...	1,274	0·1	...	78·9	+1·96
	1959	**509,401**	**52·3**	**17**	**378,375**	**38·8**	**4**	**86,062**	**8·8**	...	**142**	**Neg.**	...	**81·0**	**+0·76**
Black Country	1951	656,842	43·9	7	821,118	54·9	23	16,682	1·1	...	545	0·1	...	81·9	+1·57
	1955	648,092	46·7	8	715,716	51·6	24	19,698	1·4	...	3,076	0·2	...	75·0	+3·06
	1959	**709,985**	**49·3**	**13**	**689,606**	**47·9**	**19**	**35,504**	**2·5**	...	**4,246**	**0·3**	...	**76·4**	**+3·15**
North-West Midlands	1951	457,751	50·5	10	448,470	49·5	9	...	...	...	...	...	...	84·0	+1·21
	1955	436,418	52·0	12	392,693	46·8	8	9,451	1·1	...	...	...	...	77·9	+2·10
	1959	**467,124**	**52·1**	**13**	**396,054**	**44·2**	**7**	**33,157**	**3·7**	...	...	...	...	**80·9**	**+1·35**
East Midlands	1951	770,801	44·0	13	940,920	53·7	24	40,652	2·3	...	...	...	...	84·1	+1·17
	1955	775,545	46·8	15	858,136	51·7	22	23,849	1·4	...	916	0·1	...	78·7	+2·36
	1959	**821,445**	**47·1**	**17**	**851,435**	**48·9**	**20**	**68,360**	**3·9**	...	**1,331**	**0·1**	...	**80·7**	**+1·63**
Eastern Counties	1951	539,955	51·0	19	481,894	45·6	5	36,192	3·4	...	...	...	...	83·0	+1·32
	1955	534,205	52·5	19	467,073	45·9	5	16,561	1·6	...	...	...	...	79·4	+0·56
	1959	**536,840**	**51·0**	**20**	**434,236**	**41·2**	**4**	**77,753**	**7·4**	...	**3,744**	**0·4**	...	**80·7**	**+1·58**
Yorkshire Coal and Steel District	1951	265,846	32·5	3	543,820	66·5	14	7,002	0·9	...	1,116	0·1	...	83·8	+0·69
	1955	252,457	34·1	3	485,625	65·7	13	...	...	...	1,461	0·2	...	77·2	+1·24
	1959	**270,479**	**34·6**	**3**	**503,910**	**64·5**	**13**	**5,119**	**0·7**	...	**1,373**	**0·2**	...	**80·2**	**+0·82**
Manchester and District	1951	551,431	50·9	11	511,558	47·3	12	19,255	1·8	...	...	...	...	82·7	+1·85
	1955	500,547	52·0	11	436,885	45·4	11	24,775	2·6	...	...	...	...	75·6	+1·47
	1959	**488,676**	**49·4**	**10**	**454,572**	**45·9**	**12**	**46,442**	**4·7**	...	...	...	...	**78·3**	**−1·59**
Merseyside	1951	441,915	51·5	9	409,451	47·8	9	4,477	0·5	...	1,340	0·2	...	79·8	+0·76
	1955	414,128	53·2	10	361,527	46·4	8	...	...	...	2,928	0·4	...	72·8	+1·49
	1959	**435,798**	**53·2**	**10**	**373,806**	**45·6**	**8**	**9,819**	**1·2**	...	...	...	...	**75·8**	**+0·40**
Rest of Lancashire	1951	674,751	48·3	15	683,596	48·9	14	39,620	2·8	1	...	...	...	85·0	+0·35
	1955	636,518	49·8	15	616,132	48·2	13	24,827	1·9	1	1,567	0·1	...	79·2	+1·12
	1959	**628,840**	**47·4**	**14**	**614,599**	**46·4**	**14**	**79,229**	**6·0**	**1**	**2,834**	**0·2**	...	**81·8**	**−0·27**
Yorkshire Woollen District	1951	431,100	41·2	5	546,815	52·2	17	68,948	6·6	1	...	...	...	85·2	+0·88
	1955	415,209	43·4	7	482,739	50·4	14	59,471	6·2	1	...	...	...	79·0	+2·00
	1959	**434,519**	**44·6**	**8**	**470,745**	**48·3**	**13**	**69,121**	**7·1**	**1**	...	...	...	**80·8**	**+1·67**
English Border Counties	1951	213,558	46·0	5	223,428	48·1	6	26,995	5·8	...	158	0·1	...	84·3	+2·37
	1955	212,796	49·0	6	206,172	47·5	5	15,030	3·5	...	368	0·1	...	79·4	+1·83
	1959	**218,412**	**48·5**	**6**	**215,086**	**47·8**	**5**	**16,586**	**3·7**	...	...	...	...	**81·5**	**−0·39**
Rest of Yorkshire	1951	382,962	56·4	12	278,305	41·0	3	17,679	2·6	...	...	...	...	81·1	+1·37
	1955	357,362	56·6	12	252,165	39·9	3	22,032	3·5	...	...	...	...	75·5	+0·62
	1959	**367,782**	**55·4**	**12**	**243,807**	**36·8**	**3**	**51,895**	**7·8**	...	...	...	...	**78·0**	**+1·02**
Durham and Teesside	1951	281,207	38·7	2	445,080	61·3	13	...	...	...	...	...	...	85·5	+2·44
	1955	277,996	41·0	3	400,363	59·0	12	...	...	...	...	...	...	79·4	+2·26
	1959	**290,756**	**40·4**	**5**	**415,012**	**57·6**	**10**	**14,576**	**2·0**	...	...	...	...	**82·0**	**+0·40**

REGIONS	Year	CONSERVATIVES Votes	% of Poll	Seats	LABOUR Votes	% of Poll	Seats	LIBERALS Votes	% of Poll	Seats	OTHERS Votes	% of Poll	Seats	Total Poll as % of Electorate	% swing from previous election—to Conservatives (+) or Labour (−)
Tyneside	1951	236,749	40·4	2	335,803	57·3	10	6,270	1·1	...	6,970	1·2	...	84·8	+0·87
	1955	227,945	42·8	2	299,745	56·3	10	5,082	1·0	...	...	...	...	77·5	+1·72
	1959	**242,212**	**43·5**	**3**	**307,497**	**55·3**	**9**	**6,525**	**1·2**	...	...	...	...	**80·1**	**+0·87**
Northern Ireland	1951	274,928	59·4	5	62,324	13·4	...	...	...	...	125,964	27·2	3	79·9	n.a
	1955	442,647	68·5	10	35,614	5·5	...	...	...	...	168,360	26·0	2	74·0	"
	1959	**445,013**	**77·2**	**12**	**44,370**	**7·7**	...	**3,253**	**0·6**	...	**83,477**	**14·5**	**2**	**65·9**	"
Glamorgan and Monmouth	1951	306,941	30·3	3	686,420	67·8	20	5,247	0·5	...	13,514	1·3	...	84·8	+1·33
	1955	302,822	32·4	3	607,620	65·0	20	...	...	...	24,429	2·6	...	78·7	+2·44
	1959	**318,224**	**32·3**	**4**	**621,973**	**63·1**	**19**	...	...	...	**45,200**	**4·6**	...	**82·4**	**+0·69**
Rest of Wales	1951	164,328	31·7	3	239,698	46·3	7	111,574	21·6	3	1,997	0·4	...	83·6	−0·98
	1955	126,044	25·3	3	218,070	43·7	7	104,095	20·9	3	50,644	10·2	...	81·4	−1·94
	1959	**168,111**	**33·2**	**3**	**219,474**	**43·4**	**8**	**78,951**	**15·6**	**2**	**39,321**	**7·8**	...	**83·0**	n.a
Clydeside	1951	437,076	45·1	8	522,277	53·9	16	1,415	0·1	...	8,469	0·9	...	82·3	+1·00
	1955	407,990	46·9	8	452,537	52·0	16	...	...	...	9,090	1·1	...	74·8	+1·84
	1959	**402,213**	**44·0**	**6**	**486,625**	**53·3**	**18**	**12,821**	**1·4**	...	**11,893**	**1·3**	...	**78·3**	**−2·06**
Southern Scotland	1951	601,818	49·7	14	577,704	47·7	15	26,074	2·2	...	4,728	0·4	...	83·4	+0·88
	1955	561,459	50·2	15	526,950	47·2	14	14,755	1·3	...	14,329	1·3	...	77·4	+0·55
	1959	**571,694**	**48·2**	**13**	**556,961**	**47·0**	**16**	**45,475**	**3·8**	...	**11,697**	**1·0**	...	**80·2**	**−0·93**
Northern Scotland	1951	310,314	51·9	13	230,263	38·5	4	48,802	8·2	1	8,807	1·5	...	75·5	+1·43
	1955	304,493	54·8	13	208,571	37·5	4	32,518	5·9	1	10,562	1·9	...	71·3	+1·93
	1959	**298,583**	**52·6**	**13**	**201,687**	**35·5**	**4**	**50,667**	**8·9**	**1**	**17,256**	**3·0**	...	**74·0**	**−0·10**
TOTAL	1951	13,718,069	48·0	317	13,949,103	48·8	295	730,552	2·6	6	198,969	0·7	3	82·6	+0·94
	1955	13,310,891	49·7	345	12,417,648	46·4	277	722,400	2·7	6	308,788	1·2	2	76·8	+2·08
	1959	**13,763,128**	**49·4**	**366**	**12,216,166**	**43·8**	**258**	**1,642,527**	**5·9**	**6**	**240,917**	**0·9**	...	**78·7**	**+1·11**

Swing is marked as "n.a" where pattern of major parties' candidacies has changed.

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as rather poor fish. This is not quite as surprising as it may sound. In a large majority of the constituencies of Britain a large majority of the electorate turned out last week to vote for candidates of whom they had no personal experience at all.

Where candidates of the two major parties were well known, one can even argue that this fact told against them. The Tories' two successful television personalities (Messrs Chataway and Johnson Smith) both picked up smaller swings than did Tories in neighbouring constituencies with the same pattern of candidacies. Labour's Mr Woodrow Wyatt suffered an above average swing against him at Bosworth; while for a seat where the Liberal candidate had withdrawn, the grandfather of the showmen, Dr Charles Hill, picked up a well below-average swing at Luton (0.5 per cent). Cabinet ministers as a whole did not do better than their regional averages, often indeed slightly worse.

In 1951 and 1955 the swing against Labour was below average in marginal seats with sitting Labour members; because Labour concentrated its organisational effort so heavily on marginal constituencies this time, most people expected this feature of the voting to be even more pronounced in 1959. In fact, it was not. As usual the total turnout in marginal constituencies was higher than in safe ones, but, in London at least, the marginals were not the seats that showed the biggest increase in turnout compared with last time (seats with Liberal candidates did). During the BBC's brilliant television marathon Mr David Butler revealed that he had asked regional organisers of both parties, in confidence, for the names of constituencies where they considered that their parties' organisations had improved notably since 1955; his researches suggested that the difference between a very bad organisation and a very good one might have an effect equivalent to about a ½ or ¾ per cent swing. As a swing of that sort could usually sway about a dozen seats in the country, organisation stands revealed as a reasonably but not excessively significant factor.

Public opinion polls have been very unfairly pasted since the election, especially by newspapers which do not finance polls themselves. On this point we agree with the letter from the director of National opinion polls printed on page 231 of this issue; by any standards save those previously set in Britain itself, the record of the polls was rather good. All the polls pointed correctly to the right eventual winner, although they generally underestimated the swing to the Conservatives by between about ½ and 1½ per cent. The polls deserve congratulations for having noted that there was a Tory recovery in the last week of the campaign, and for having spotted that there had been a swing to the Tories between last June's by-elections and this autumn; when newspaper correspondents got into the field at the beginning of the campaign, most of them did not believe this. Comment during the campaign would have been even more off-key than it was if the polls had not existed. These instruments will deserve to be treated in future with the same degree of interest and caution as they have deserved heretofore.

As regards issues, it is quite wrong to say that steel workers voted particularly strongly against steel nationalisation; in most steel areas the swing against Labour was no higher than the national average (in Sheffield 1.2 per cent). On the other side, it is impossible to trace that the swing to the Tories was any smaller in areas which had been badly affected by the Rent Act than in those which had not; paradoxically, one could even make a statistical case for arguing the opposite. Nor have particular urban constituencies that are supposed to contain an unduly large number of old people resisted the Tory tide; it is probable that an actual majority of old age pensioners again voted Conservative last week, as the public opinion polls suggested that they also did in 1955. So much for the effectiveness of auctioneering.

SUCH then was the election of 1959. It was not, in itself, an election of epoch-making change; its main significance was that it was the fourth election running in which there was some swing against Labour. Some time during the current Parliament it is an almost safe prediction that there will again be a swing against the government of the day, as there was in the middle of the last Parliament, and at the beginning of the preceding one, and before that back through every Parliament in Britain's recorded democratic history. Three questions will then stand out.

The first is whether any swing against the Government in mid-Parliament will again be picked up by the Liberals (where they put up candidates) much more than by Labour; the 1959 election has probably left the Liberals in a stronger position to achieve this.

The second is whether the expected swing against the Government, even if it is picked up mostly by the Liberals, will be strong enough to make it look likely at some period that the Tories will lose the next election; the odds are strongly that some such period will occur, as it has done in every previous Parliament. The third question will be whether, if any such period arrives, the Liberals will be sufficiently me-tooish and Labour sufficiently scarecrowish to buffet the floating vote back to the Tories before the next general election again. That is what happened this time—with most, though not all, the blame attaching to Labour's side.

In the parliament of 1951-55 the swing against the Tories ended abruptly in November, 1952, because Mr Bevan had appeared as the menace of Morecambe; in the Parliament of 1955-59 the swing against the Tories reversed itself even more abruptly at the time of the London bus strike in May, 1958. During the county council elections of mid-April, 1958, the average swing to the Tories compared with 1955 seemed to be around 9 p... in London, and probably not much less elsewhere; at the municipal elections three weeks later, that swing had been cut by three quarters, entirely because the electorate did not like Mr Cousins. The Tory recovery, aided by increasing local prosperity, moved on steadily from that beginning to last week's triumph, with trade union members themselves (and their wives) apparently in the van of the rightward advance. The parliament of 1959-64 starts with Labour's scarecrows still in place. Where is the man who will rid the Opposition of this troublesome incubus, and come forward to save the Left? On that question, in all probability, the political future of this country hangs.

NOTES OF THE WEEK

HER MAJESTY'S GOVERNMENT

The Cabinet Shuffle

THE first thing to say about the new cabinet is that it is a pity that the Prime Minister has not refreshed his Government's thinking by changes at the Exchequer and the Foreign Office. The second is that, given he had decided upon no present change in those two top departmental posts, the extent of the rest of his shuffle is welcome, and most of the particular names in it are a relief. Comment upon cabinet changes is a beguiling but not always very lofty journalistic occupation; it is so easy to descend to the level of gossip column stuff. But when the gossip concerns the men who are to rule the nation, a journal of opinion has a duty to express its views.

Mr Macleod's assumption of the Colonial Office seems to us to have three implications. It throws the most liberal and dynamic of the available Conservatives into a breach where, in these next eighteen months in which the future of Central Africa will be decided, liberalism and dynamism are going to be needed as never before. It makes it more likely that Mr Macleod's next eventual move will be to the Foreign Office, not—as *The Economist* would have preferred—to the Exchequer. And it loads a very ticklish job indeed on to the shoulders of the man who some Tories think is the best next Prime Minister they've got. It implies no change of subject to mention in the next breath that Mr Butler is taking over the chairmanship of the Conservative party from Lord Hailsham, while still retaining the Home Office portfolio and (mistakenly?) the leadership of the House. By the end of this Parliament Mr Macmillan will be approaching his seventieth birthday, while Mr Butler will still be only 61.

Mr Butler takes these three reins into his hands at a time when he has recovered remarkably from the low spirits that assailed him a few years ago. He is by far the best policy rethinker the Tories have had in this century; he is a glutton for what will now be another gargantuan load of work; and he will be ably aided at Conservative central office by a kindred spirit in the new vice-chairman Sir Toby Low. But one of the principal implications of his new responsibility is that he will now have a duty to parade himself more frequently before local Conservative associations up and down the country. One is not quite sure that this is a pleasure one would choose while carrying out the liberal Home Office reforms on which Mr Butler has set his heart, but he is no doubt reflecting that other political leaders in our age—such as Marshal Stalin and Mr Khrushchev—have found control of the party machine to be a useful heir-still-apparent's job.

Mr Butler takes over the desk that Lord Hailsham is leaving, and the latter's departure demands comment. Lord Hailsham was injected into the Conservative central office two years ago at a time when Conservatives feared that the new Prime Minister's image might not get over to the country; when Mr Macmillan turned out to be a vote-winner after all, Lord Hailsham proved to be unnecessary—and indeed an embarrassment. He now departs bell, book and candle into space: to take ministerial charge of science, a job which was puffed up during the election campaign but which nobody is quite sure really exists. It will be a great pity if this is the first step into oblivion for one of the ablest Conservative ministers in the country; if Lord Hailsham had been in the Commons he would have been given far greater departmental responsibilities than these. His case (and that of Mr Wedgwood Benn on the other side) provides an unanswerable argument for constitutional reform: those who inherit titles should be allowed to choose to stand as candidates for the lower House if they wish.

Labour, Trade, Defence

BY far the most important of the other appointments is that of Mr Heath to the Ministry of Labour. This ought to be the key job of the new Conservative administration, an office in which a great deal needs to be done. Mr Heath comes to it having achieved a brilliant reputation for actually winning friends (among all shades of opinion in the party) as well as influencing people while he was Tory Chief Whip. It is extraordinarily difficult to tell whether his incumbency of the whip's office during and after the Suez fiasco was an example of an extraordinary period that was bound to make a man, or of an above-ordinary man who made his mark upon a period. Tories are convinced that Mr Heath did the latter, and they are eternally grateful to him for the way in which their party has convalesced after the Suez strains. It will now be almost—but not quite—as interesting to see what happens in Mr Heath's old office (where Mr Redmayne takes over as Chief Whip) as in his new ministry. Mr Heath is unlikely to be a popularity-seeker, but whether he will at last bring in his ministry as an active participant in the battle against inflation remains to be seen.

The other main ministerial change confirms that Lord Mountbatten is going to run this country's defence, which means that Mr Watkinson has moved in to become his (titular?) political chief while Mr Sandys has stepped down to the new Ministry of Aviation. The latter is another office which probably should not exist; there is an immediate political decision to be taken—whether to give more scope to the private airlines—but after that the new ministry

could too easily become a collecting place for the pleas of special interests who want to spend too much of the taxpayers' money. The rump of the old Ministry of Transport is taken over by that most unconservative of Conservative cards, Mr Ernest Marples; Britain urgently needs to spend more money on its roads, so this appointment should be greeted with some glee. Finally, Sir David Eccles (who has done a much better job at the Board of Trade than his personal detractors allow) goes back to the Ministry of Education, and Mr Maudling moves up in his place; nobody doubts Mr Maudling's ability and right to promotion, but one cannot be entirely happy that the overseeing of trade negotiations with Europe is no longer to be a nearly full-time ministerial job.

THE SUMMIT

This Year, Next Year

SOMEHOW, the London diplomatic correspondents became convinced that the Government wanted an early summit conference on the day before the composition of the new Cabinet (and with it the name of the Foreign Secretary, Mr Selwyn Lloyd) was announced. Even so, they were not the first to make this discovery; the news that, in the Prime Minister's view, the success of Mr Macmillan in the general election had removed the last substantial obstacle to a summit conference received the prominence in Monday's *Die Welt* that that paper delights to give, except at German election times, to news unwelcome to Dr Adenauer.

Indeed, it is probably true that a Labour victory would have held up the preparations for a summit meeting for at least long enough to enable the Americans to get to know the new British government, explore its mind, and generate confidence in its intentions; whereas, with Mr Macmillan still on the bridge and Mr Lloyd still at the wheel, the Americans feel that they know where they are, and are inclined to get the summit meeting over as soon as can decently be. How soon is that? For the British, and possibly for the Americans too, it might be in the first half of December; but if that cannot be managed, the President's New Year commitments to Congress will put the date off until late January.

Exchanges are now going on among the western governments to settle whether, and when, the meeting shall be, what western preparation is necessary—should there, for instance, be a meeting of the American, British, French and German heads of government first?—and what agenda the western side will propose. Probably, with the relative success of Mr Khrushchev's visit to America, the east-west exchanges have generated a sufficient momentum to make it difficult for General de Gaulle or Dr Adenauer to argue effectively at this stage that there had better be no summit meeting at all.

On all the other questions, however, the ball is at their feet. M. Debré on Tuesday was a little more forthcoming than French spokesmen have tended to be about the possibility that a summit meeting might do good; he did, however, insist on the risks of failure and the need for solid and serious diplomatic preparation. In French eyes, there is still no hurry; in Dr Adenauer's eyes, perhaps even less. None of the principal western governments would go so far as the British in holding, as it does, that an interim agreement on Berlin is now possible; and probably none would be quite so definite that a further meeting of the eastern and western foreign ministers, to go over the Berlin ground again before the heads of government meet, would be pointless.

GERMANY

Chink in the Bonn Ice

FROM Dr Adenauer's remarks to the foreign press on Tuesday it seems clear that the crack in the Bonn ice is a small one. The only deadline he mentioned for the summit meeting is next June, when President Eisenhower may pay his return visit to Russia. And he was emphatic that before the east-west encounter takes place the western powers must achieve unity amongst themselves. It is still not clear, after all, whether, and in what form, west Germany will be brought into consultation with the east-west meeting. Not unnaturally, Dr Adenauer is anxious for opportunities to assert his own views in the counsels of the west before the meeting takes place.

Those views have evidently changed little. Dr Adenauer did not expect any concrete results from the summit meeting except an arrangement for further talks, probably between foreign ministers. And he went out of his way to emphasise his dislike of plans for nuclear disengagement, or other limitations of armaments, in central Europe, on the ground that there must be no difference of treatment between western Germany and its allies. It seems almost to have been forgotten that the Federal Republic was rearmed under treaties—the Paris agreements of 1954—which carefully gave it a very special position, within the framework of Western European Union.

Though his views have not changed, Dr Adenauer is evidently anxious to do something to patch up relations with his British ally. He explained that his important differences with the British in questions of security and defence were with the Labour Party, which had supported the Rapacki plan. The idea of visiting London in response to the British Government's invitation is, it seems, once more in his mind. Whether the sources of the Anglo-German differences can be removed is another question. On the subject of the common market and free trade area he gave no sign of a change of mind. There are indications that another meeting with General de Gaulle is in prospect, and none of a loosening of Bonn's close partnership with Paris.

HOUSE OF COMMONS

Easier Times?

IMMEDIATELY after the election result the newspapers were full of obviously inspired stories to the effect that for MPs also life in the new Parliament would be better with the Conservatives. The Prime Minister was said to be in favour of shorter debating hours and longer recesses and to be opposed to "synthetic fury of activity." It is quite in character for a Conservative government with a comfortable majority to wish to damp down the tempo of political activity. It doubtless hopes to profit during the first few months at least from the Labour party's preoccupation with its own chronic ailments. But this is a matter on which both parties should think again hard.

The principal method which the Government seems to have in mind for giving active backbenchers more opportunity to speak, and inactive backbenchers less necessity to listen, is the more frequent use of the two-day second reading, with a vote only at the end of the second day. There are times when this has merits. But far more often it simply leads to the collapse of the first day's debate. If the Government really has not got a large programme it would be much better to make constructive use of the time saved: for example, by staging more debates on non-party issues that end with a free vote or restoring the private members' Wednesday afternoon. Furthermore, is the Government really in a position to ease up and relax about legislation? Official evidence before the Joint Committee on the Promotion of Private Bills, which clearly showed how much time is wasted in private bill committees over local provisions that should have been enacted years ago for the whole country, suggests that it is not.

The Labour party, on its side, should recognise that it is very important that the country, which has shown a surprising amount of interest in politics during the election, should not be encouraged to slip into a state of complacent apathy. If the Government does not give Parliament something worthwhile to do, the Opposition, even though depleted in numbers, should force its hand. For the sake of the necessary vitality of Parliament and the party system, the parliamentary Labour party should learn something from the shock it has received, should bring its best debaters to the forefront, pick its issues with more skill than in the last Parliament, and follow through more effectively on the issues which it has picked. Two moves which Mr Gaitskell could make straightaway are to appoint some of the abler younger men—such as Mr Healey, Mr Jenkins and Mr Wedgwood Benn—to the front bench if they fail to get elected there in the coming vote for the shadow cabinet; and to strengthen the prestige of the Labour Chief Whip's committee, which in the last session provided for the first time a regular liaison between Transport House and the parliamentary party.

Mr Speaker

WHEN it became apparent that the Conservatives had won an increased majority, most people expected that the next Speaker would be their own first choice Sir Harry Hylton-Foster, the Solicitor General. But there is remarkably widespread support among Tory backbenchers for the idea of making a *beau geste* by giving Mr Mitchison the chance of becoming the first Speaker in history to be drawn from the Labour party. Certainly if Sir Harry, who would appear to have most of the qualities that would go to make a good Speaker, feels repelled by the social isolation which the Speakership would bring (or even prefers to keep his eye on the Woolsack), Mr Mitchison may well be approached. Although outsiders might regard him as rather ponderous and heavy-handed after Mr Morrison, he is generally liked and respected in the House. The only argument heard against him there is his age (he is 69) which would prevent him from serving for the usual two or three Parliaments of a Speaker's term.

While all lists of potential Speakers start off with these two names, they become very uncertain after them. Labour's Sir Frank Soskice would be widely accepted, but it is assumed that he will want to wait out this Parliament for more rewarding political things. The last House's chairman of Ways and Means, Sir Charles MacAndrew, has retired along with the Speaker. The case for his deputy, Sir Gordon Touche, is not being widely canvassed. Major Sir William Anstruther-Gray has his supporters, but even some of them wonder whether he is quite quick enough for the chair. On the Opposition side, the name of Mr Diamond was often mentioned when it was thought that the Labour party might win the election (and when Mr Mitchison would presumably have preferred Cabinet office). But while there is some support among Tories for offering him the chairmanship of Ways and Means if there is a Tory Speaker, Mr Diamond does not seem to be considered by them to be quite of Speaker material himself. Other things being equal, it would be a pleasant start to the proceedings of the new House if the man feigning protest as he is propelled into the Speaker's chair on Tuesday morning is a member of the Labour party.

BERLIN

Red Rags to Berliners

ON Tuesday, October 6th, the government of the German Democratic Republic, which was celebrating its tenth birthday in east Berlin that day, chose to spice the occasion by hoisting its new flag on the elevated railway that runs through west Berlin. When Berlin was divided after the war the railway remained in communist hands. The elevated railway traverses both parts of the city, bearing no visible signs of political allegiance, and allowing the Berliner to travel as easily between the Tiergarten and the Friedrichstrasse as the Londoner does between Hammersmith and Green Park. The hoisting of the new east German flag in the west gave a jolt to this settled state of affairs.

West Berlin police were sent to haul the flags down, but they were unable to complete their task, for in a few stations east German employees put up a vigorous resistance. During Tuesday night new flags were put up wherever the west Berliners had been successful in pulling the first lot down, and units of people's police were brought in to guard them. On Wednesday the Berlin senate and the three western commandants considered what to do. The allies decided to send a polite note of protest to the Soviet commandant. Next day the east Germans hauled the flags down for good and the incident was over.

The story carries some instructive lessons. The flag incident, side by side with the celebrations in east Berlin, was a disagreeable reminder to the west Germans of the existence of the east German state. Up to now both German states have used the same flag, the black, red and gold of 1848 and of the Weimar Republic, without adornment; now the east Germans have imposed on the traditional colours their own symbol, the hammer and dividers. This, and the celebrations in east Berlin, are reminders of how far the east German state has come.

The flag incident was no doubt intended to provoke, as the west Germans have pointed out. Probably it reflects a natural anxiety in east Berlin to do what can be done to check the détente between the great powers and keep trouble brewing in Germany. It also serves as a reminder of one more of west Berlin's weaknesses. The east Germans could easily have replied to further attacks by the west Berlin police by bringing the trains to a halt. It would be nice to believe that the provocative flags were in the end brought down on Russian orders. In fact there is no evidence to prove that this is so; the east Germans declared, from the start, that the flags were only going up for the duration of their celebrations. What is clear is that there are plenty of ways in which feelings in Berlin can be set alight in dangerous ways; and that the great powers have a profound interest in preventing this from happening.

CHINA

The Private War

FORMOSA is the immediate Asian test for Mr Khrushchev's ideas of competitive co-existence. When he told the Chinese hierarchy in Peking last month that "even such a noble and progressive system as socialism cannot be imposed by force of arms against the will of the people" he may not have had Formosa in mind. His Chinese hearers could certainly take comfort from his recognition that there were such things as "liberating, just wars." Peking can never envisage its private quarrel with Formosa as a predatory campaign and its resistance to Mr Khrushchev's general sales talk still seems unbroken. Although Marshal Chen Yi felt obliged to join the Indonesian foreign minister, Dr Subandrio, in a formal salute to the Eisenhower-Khrushchev exchanges in a communiqué after Dr Subandrio's visit to Peking last week, the official Chinese line does not appear to have swerved from the deliberately bellicose speeches delivered by the party leaders during their tenth anniversary celebrations. Their internal troubles may leave them no choice but to fulminate against the United States through the winter. Mr Khrushchev's new ambassador to Peking, Mr Chervonenko, may have his hands full. His predecessor seems to have departed under a cloud.

General Chiang Kai-shek, in a speech on October 10th celebrating the Chinese revolution of 1911, also had his eye on Peking's difficulties. He could see the "political phase of the collapse of the communist regime" making such progress that 1960 would prove the year of the mainland's liberation. It emerged that while he accepts the current embargo that American policy places on a direct invasion of the mainland, he does not consider that it would apply once a national uprising against the communists took place. If that happened help would be sent "as quickly as lightening."

So long as Mr Khrushchev does not publicly restrain his allies, the State Department may see no reason why it should incur General Chiang's odium by preaching peaceful co-existence at him. Even so, General Chiang's remarks came only three days after Mr Dillon, the American undersecretary of state, had addressed a serious warning to Peking that "war is war, no matter where or why it may be fought." Chinese celebrations are an occasion for fireworks: the hard part is to ensure that they remain verbal.

UNITED NATIONS

Low Water

IT has been a dispiriting week in the United Nations Assembly. Although the delegates were generally supposed to be panting with impatience to get at the subject of disarmament, the opening of the disarmament debate had to be postponed because nobody had anything to say. A decision to discuss Tibet was taken, but only 43 of the 82 members supported the Malayan and Irish demand for a debate. Indonesia, whose foreign minister has just visited Peking, was the only non-communist country to vote against discussion of Tibet; but there were 25 abstainers, among them being South

Africa, Spain, Portugal, and France, which have their reasons for disliking any UN infringment of domestic privacy, and several of China's smaller Asian neighbours, which no doubt have reasons of their own. India abstained even from abstaining.

After 25 indecisive ballots, there was still deadlock over the filling of the Security Council seat that Japan will vacate at the end of the year, and the assembly agreed to give up for the time being. Poland, enjoying widespread non-communist support, was consistently getting 40-odd votes to Turkey's 30-odd, but neither candidate could muster the two-thirds majority. The handling of this matter did credit neither to the American and associated delegations who seemed bent on slighting and alienating the one independent-minded member of the Soviet block, nor to the UN as a whole, which cannot afford too many of these ridiculous scenes.

Behind these undignified tussles for seats lie not only the specific controversy about east European representation, but also the more general problem of the Security Council's inadequacy as a means of representing the whole UN membership. The enlarging of the council is once again on the assembly's agenda ; it is once again doomed to be frustrated, in spite of American support, because Russia will not contemplate any revision of the Charter. The swollen ranks of the Asian members will once again be represented on the council only thanks to the fortunate fact that Ceylon, which has been elected without demur, is a Commonwealth country, and can slip easily into Canada's seat.

There remains the intriguing question why governments should want a council seat at all. It is a status symbol, with an obvious attraction for new sovereign states ; but it is a burdensome and often embarrassing involvement. Some prudent members, like the Finns, would resist being thrust into this kind of hot seat harder than any Speaker of the House of Commons ; some others, like Israel and South Africa, may at times thank their stars that the UN's little idiosyncracies rule out all possibility of their ever being elected.

KENYA

Multiracial Highlands?

EVER since the Royal Commission on East Africa in 1956 recommended that the use and transfer of land should be freed from tribal restrictions, progressive European leaders in Kenya, such as Mr Michael Blundell, have tried to persuade the white farmers of Kenya that the policy of reserving the "white highlands" to white-skinned settlers, of whom there are in any event only about 5,000, is outdated. This week, the Government of Kenya has produced its long-awaited new land policy, which lifts rigid tribal barriers throughout the country. But it is the provisions for detribalising the settlers' little England between Nairobi and Eldoret which will excite most political comment.

The old system of keeping African and Asian farmers out of the white reserve—through the veto of the European-dominated Highlands Board, which had to approve land transfers—has been abolished ; as a sop to white feelings of insecurity, farmers who hold 999-year leaseholds can convert them to freeholds (except in the significant case of non-agricultural land ripe for development.) A new board composed equally of white, Asian and African members will advise the governor on land transfers ; but local boards will first consider proposed land sales, and only if this is refused will an appeal lie to the governor. In the highlands the local boards will still be white controlled ; but the only grounds on which they can refuse to approve transfers will be if the intending buyer seems unlikely to be able to maintain local agricultural farming standards.

The progress made in land consolidation, registration of title and improved African farming standards in African areas will make Africans suspicious if the boards refuse permission to sell "white" land ; moreover, few Africans will have the money to buy the considerable acreages now in estate agents' hands. Black nationalists will feel that such measures will entrench the Europeans too long ; what they want is for the government to buy the white man out and distribute the land without ado. But Africans are tenacious of their own tribal rights, and the slight weakening of these by the new system in their own areas will draw off criticism from the changes made in the control of the white highlands. The policy is a belated step forward. But it is a pity the government flinched from interfering with existing restrictive covenants designed to keep suburban areas white, and it will be vain to think that the step will take white settlement entirely out of Kenya politics.

NORTHERN IRELAND

Ulster Opportunities

THE election result in Northern Ireland represented a decisive rejection of violence by the Roman Catholic minority. Whereas in 1955 the felons who stood for Sinn Fein in Mid-Ulster and Fermanagh received majorities of 260 and 261 respectively, they were defeated this time by 18,923 and 24,232. In between had come the IRA "war," which fizzled out ignominiously after four locally popular policemen had been killed but which brought down on the border areas the continuing burden of emergency measures. The huge size of the Ulster Unionists' majorities in these two seats must have been primarily due to mass abstention by the Catholic voters. But since Mr Forrest and Colonel Grosvenor, the Unionist candidates, both increased their votes over last time they must have had some actual Catholic support. In the other ten constituencies which Sinn Fein fought, the same swing against it occurred.

Unfortunately both governments in Ireland have fallen over themselves to declare that the results do not mean any evaporation of the partition issue. Lord Brookeborough can now point to Mr Lemass's statement to that effect to excuse himself from making any conciliatory gesture towards his own Roman Catholics in response to their demonstration against Sinn Fein. This would be a pity. Of course there always remains some danger of further futile raids across the border. But would not the demoralisation of the apostles of the "patriot game" (to use Mr Dominic Behan's derisive phrase) be accentuated by some show of generosity ?

There are various forms which this could take, not necessarily all at once or in this order. The detainees could be released, the activities of the special police could be cut back, the country roads criss-crossing the border unspiked, the local government franchise now based on property be brought in line with the parliamentary franchise (giving the Catholics a fairer deal in their majority areas such as Londonderry), and competitive examination be introduced for some jobs in the local government service. If it is argued that some more positive evidence is needed than this election that the Ulster Catholics are willing to behave as citizens of Northern Ireland, then at least the overtures to the Unionists from the Garran Point group of Catholic laymen should, if repeated now, get a less dusty answer than they received last year.

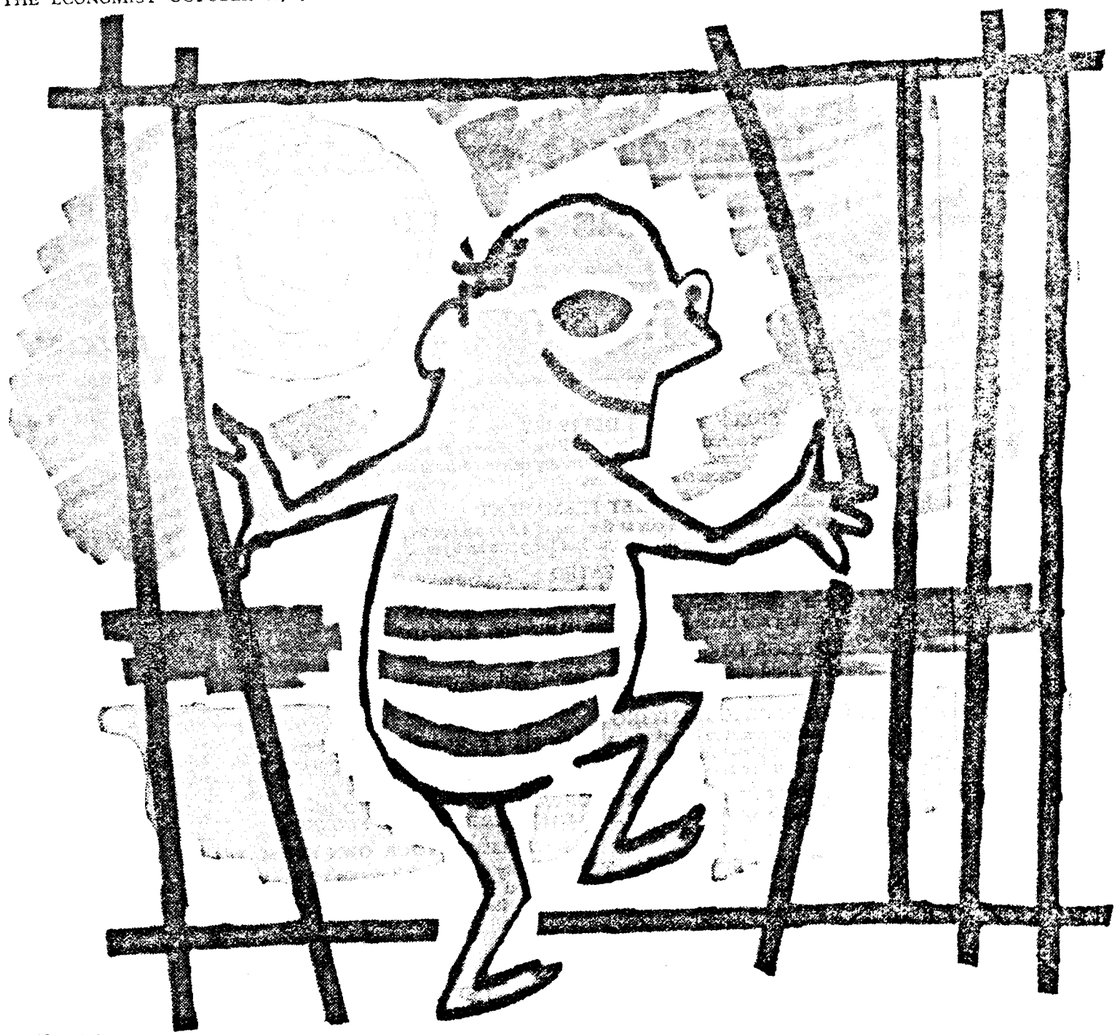
Much, of course, will depend on the effect which last week's results will have on the Nationalist party, which, after being reduced to impotent fury by its own internal contradictions, spent the election huddling unhappily in its tents. The Northern Ireland Labour party on the other hand claims to be pleased at its moderate success in increasing its vote in Belfast East (though in view of the redundancy at Short's it might have been expected to do better) and has announced its intention of fielding a candidate next time in Belfast West.

RESULTS ON TV

Vox Pop

WHILE those who stayed up most of the night to watch the results or found time to stare at the telly during the next day got good service on both channels, the BBC's superior resources and experience put it clearly ahead. Mr Dimbleby, with the expert and perceptive aid of Messrs Butler and McKenzie (who was grotesquely criticised in a London evening paper after an outstanding performance) kept the remarkable marathon in motion quite brilliantly.

But the best viewing of all was out on the streets. Though some of the morning-after comments were of the "well, speaking for myself personally, I should say, yes, definitely," variety, a distinctive pattern



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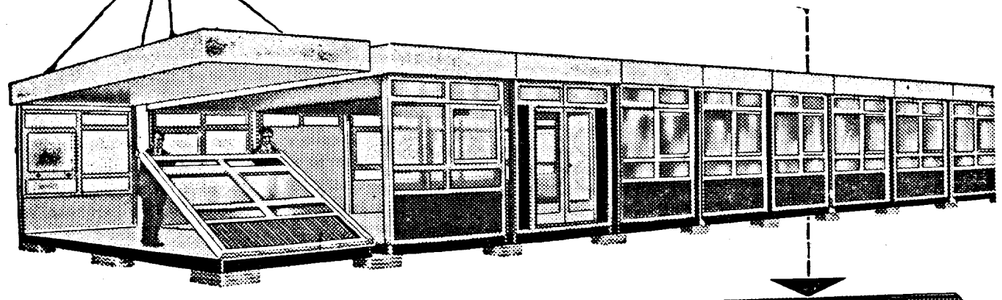

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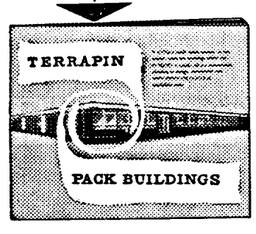


emerged. Leaders of the Labour party who were watching must have been struck with the number of times their own working-class supporters put down the party's failure to its giving the impression of promising too much without "saying where they're going to get it from." "I think they had a golden opportunity in 1951 when they nationalised everything," said a ragged trouser philosopher mending a hole in the road in Leeds, "The working class thought they were going to get something out of it. Instead of which everything went up. They had to pay about ten shilling a bucket for coal. Instead of fresh coal they sent you a bag of muck in, didn't they?"

A worker in Leeds blamed "the way the unions have carried on with strikes and one thing and another" a Southampton docker thought too much attention had been given by Mr Gaitskell to Suez (and when pressed on whether he took any interest himself in foreign affairs replied: "Well, I do and I don't. I say we've got quite enough to do at home, us working people; I don't know about some of the others"), and a lugubrious lady in Exeter, asked what would happen to the Labour party, answered: "Oh, I think it is the finish of them, definitely." A bright young thing in Hammersmith came nearest to a consensus with her explanation of the result: "I think everybody is jolly happy. Everybody's done jolly well in the last five years. It's become fashionable all of a sudden to become Liberal—it's sort of idealistic but it isn't going so far as being Labour and swallowing all that Labour gives you."

There were of course some oddities. Everybody in Wales seems to be a Welsh Nationalist, except when he actually casts his vote. To BBC interviewers all the Welsh expressed supreme indifference to the struggle between the English parties. "A blade of grass doesn't ask whether it's a cow or a horse which is treading it," said one, quoting a Korean peasant. Another described Labour's proposed Secretary of State for Wales as "just a clerk from London to rule a whole nation." But in Southampton a Dickensian gentleman with a courtly manner knew exactly why the voters had kept the Tories in. "For the first time in parliamentary history," he announced, "an unborn royal baby has swung the scale. I am sure that out of affection and love for our Queen many wished to see matters stay as they were rather than put the strain of political change upon Her Majesty."

CENTO

Costly Alliance

At Hamburg in July, Mr Aneurin Bevan said that it was a profound blunder and he hoped it would be wound up. He was speaking of the Baghdad Pact. While the British electorate was deciding that Mr Bevan was not to assume responsibility for such matters, the council of the pact, since renamed the *Central Treaty Organisation,* was meeting in Washington.

The Muslim members of the organisation, Turkey, Persia and Pakistan, having failed to understand the complexities of the American treaty-making machinery, invited themselves to Washington in hope that the United States would consent to become a full member. The Americans patiently pointed out that they had, in recent bilateral agreements with each of the three countries, given assurances that were as strong as those the three had given each other on becoming full members.

There was evidence that the United States was, with good reason, feeling itself pulled two ways between the military and the economic requirements of the organisation. Mr Herter answered pleas for more money by reminding the council members that Turkey, Persia and Pakistan had shared a total of $770 million in economic aid from the United States during the past two years. Turkey and Persia had asked for $55 million to finance construction of a 280-mile railway link between Mus, in eastern Anatolia, and Khoi, in western Persia. Mr Nixon frankly told them that the United States could not underwrite all Cento economic projects. On the military side, the Americans promised to furnish five lieutenant-generals to serve with the new group of military deputies at Cento headquarters in Ankara.

On October 10th, the day after the Cento meetings had finished, it was announced in Washington that negotiations with Turkey, by then again wearing its Nato hat, had been completed for the construction of an intermediate-range ballistic missile base. The other Muslim members of Cento would not question the wisdom of having a missile base in Turkey; but the additional amounts of military and economic aid that would go with it would not make them any happier with their portion of western funds.

BRITISH CAMEROONS

Under Which Flag?

The decision made by the United Nations Trusteeship Council last week will leave the Southern Cameroons awkwardly under British trusteeship for a year at least after both Nigeria and the French Cameroons have become independent states. It has been decided that the Northern Cameroons shall hold a plebiscite in November to decide either to join Nigeria or to wait and see. In fact it seems certain that the people of Northern Cameroons will vote as they told the visiting mixed commission that they would—to join the Nigerian Northern Region. But in the south, after a long wrangle, Mr Foncha, the premier, has secured the greater part of his wish to delay a choice until after Nigeria and (French) Cameroun are independent, though the choice to remain indefinitely with Britain has been disallowed. The Southern Cameroons will prepare for a plebiscite after Nigeria becomes independent, and will meanwhile be severed from it; not until some time in 1961 will the Cameroonians have to choose whether they will "become independent by joining Nigeria or Cameroun." The Trustee Committee, on the concerted pressure of both the Russian and Indian delegates, has ruled out any continuance of British trusteeship beyond that year; but Mr Foncha no doubt calculates that anything can happen in the two formative years which lie ahead for the elbow of Africa. He had hoped to postpone his decision to 1962; but he has gained a lengthy respite.

Dr Endeley, the opposition leader, has failed to persuade the United Nations to force a quick decision, which he believes would—partly in reaction to Mr Foncha's government, which is now losing its post-election popularity—end in the Cameroons joining Nigeria on the very generous terms offered to the territory at the constitutional conference. Rejoining either of the big neighbours may not be so easy, or the terms so favourable, in 1961; meanwhile the territory will require some financial underpinning from the British taxpayer, though Sir Sydney Phillipson is now busy seeing how far it can be made more self-supporting. Thus Mr Foncha's earlier energetic wooing of the French Cameroonians had cooled down almost to a state of platonic friendship. This will give the premier more time for his French lessons, while he and Dr Endeley watch what politicians emerge as rulers on either side of them. Perhaps they will study the history of Monaco. But they must face the fact that the British flag is flying on sufferance and even under protest.

HABEAS CORPUS

For Protectorates Too

The writ of *habeas corpus* is at once the most honoured and the most efficient means afforded by English law for the protection of the liberty of the subject. By invoking it a British subject can secure either immediate release from illegal detention or a speedy trial. This week, the Court of Appeal has come to an important decision of principle, overthrowing the assumption that the writ was automatically excluded from all British protectorates and establishing that it runs in any territory "under the subjection of the Crown." The point was raised by a native of Northern Rhodesia, Mr Andrew Mwenya, who applied for *habeas corpus* to rescind an Order in

Council restricting him to the Mporokoso district of the protectorate. As the Master of the Rolls indicated, to define a "protectorate" is virtually impossible, so great are individual differences. But all protectorates have this in common, that they are foreign countries whose external affairs are subject to control by the protecting state and whose inhabitants are not British subjects.

It should not be assumed that inhabitants of every protectorate now have a right to *habeas corpus*. The point of the Court of Appeal's decision is that in each case a judge must look behind the word "protectorate" and assess the nature and extent of the sovereignty exercised by the Crown. Thus Mr Mwenya must now return to the Queen's Bench Division where the exact relationship set up between the United Kingdom and Northern Rhodesia by the Federation Act of 1953 must be established. The court must further decide whether the jurisdiction of the Queen's Bench has been excluded by the statute; whether Mr Mwenya is in fact a British subject; whether the degree of confinement to which he has been subjected would have been sufficient for him to apply for the writ had he been detained in England; and whether the Order in Council has been validly issued. The decision will clearly be of the highest importance to the future development of the Federation. Meanwhile, one can welcome the liberal approach of the Court of Appeal, which has rejected a narrow semantic application of the law—and echo the well-merited rebuke administered by Lord Justice Romer to the Attorney-General for his seeming lack of concern for any whittling down of individual freedom's most valued safeguard.

FRANCE

Mendès's Choice

THE French Left has been doing its own rethinking. The most striking outcome so far is the adherence of M. Mendès-France to the Independent Socialist Party, a conversion, announced at the end of last month, that led to the formal appearance of M. Mendès-France with his new party secretary, M. Edouard Depreux, in Paris on Wednesday. The Independent Socialists are claiming a steady stream of new members, many of them Mendèsistes: over 100 a day are joining up just now.

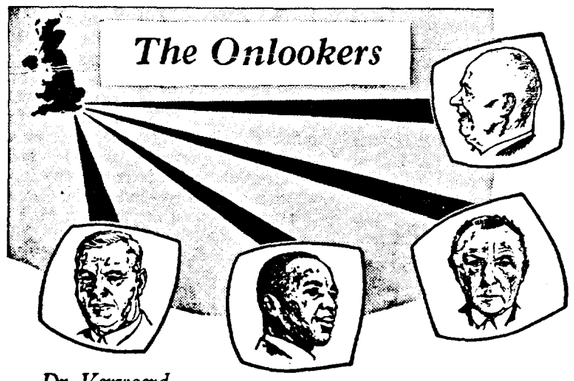
The party has become the largest of the non-communist groups that oppose General de Gaulle and the Fifth Republican system. Its fire-power, initially insignificant beside that of M. Mollet's loyal battalions, has grown with the backing of eleven former Socialist parliamentarians, chief among them M. Tanguy-Prigent, leader of the Socialist federation of Finistère. M. Mendès-France, who was M. Mollet's political ally in the Republican Front government for a time early in 1956, is quite the biggest gun that the Independent Socialists have captured, and the impetus toward cohesion on the non-communist Left is important. It remains to be seen how quickly further adherents can be gained, both from among UDSR members like M. Mitterrand (now a senator) and from the *Union de la gauche socialiste*, which has its most effective spokesman in M. Claude Bourdet. The national council of the UGS is meeting on October 31st.

M. Mendès-France's decision is personally courageous for a Radical leader whose ministerial experience began as long ago as the nineteen-thirties. But it is not surprising; his position in the Radical party had become increasingly isolated, while he could reasonably declare that he had never disagreed with the present Independent Socialist leaders on any major issue since the war. The need to form a united non-communist opposition settled it. It may be pertinent elsewhere that his doubts on modern socialism's undue reliance on the letter of the Marxist law were finally removed by talks with Signor Nenni and Mr Bevan.

WORLD AGRICULTURE

Passed to the Minister

YEAR by year, the annual reports of the Food and Agriculture Organisation register a shift of emphasis and purpose which some of its pioneers may regret but



IF the British electorate did not unduly concern itself with world affairs during the election campaign, the world did not betray undue interest in the result. Had Labour come out on top, things might have been different. But the campaign itself was not thought particularly newsworthy. This may have been because the parties' foreign policies were not, after all, recognisably different to the candid, or casual, eye. But it seemed more likely that the outside world, having digested the early Gallup forecasts, had simply made up its mind that the Tories would win. Those correspondents, particularly the French, who dutifully followed the campaign and got wind of the Labour revival earned the Mother of Parliaments some speculative headlines that she did not really deserve. *Pravda* admitted to no such doubts on the outcome; if the New York *Daily News* had any they were hard to discover in World Series week.

Continuity counts with the diplomats. Most governments are usually content that other governments should not change; when the summit looms ahead this seems all the more desirable. The reactions of Mr Macmillan's likely colleagues at the conference table were thus more than usually heartfelt. The world, with the Russians in the lead, drew the conclusion that the British electorate had voted, above all, for peace and peaceful coexistence. This was comforting. The world was rather slower, outside black Africa, to conclude that the electorate had voted for the Tory record in Cyprus, Nyasaland and Kenya. This was hopeful; but black African doubts should not be lost on Mr Macleod.

The news of Labour's third successive defeat produced some satisfied trumpeting in a Western world that has moved substantially rightward in the past decade. United States Republicans, alert to any word of hope for 1960, sensed that in Mr Macmillan's diplomatic outlook they might have an issue for themselves. In New Zealand, the one country to have brought its Labour party back, precariously, into office, the moral was drawn with a heavy hand. "People," declared Mr Holyoake, the opposition leader, "will not tolerate the restriction, controls and heavy taxation that go with a socialist government." The most distinguished observer of the British hustings, Hr Erlander, the Swedish prime minister, arrived in good time to judge the impact of Labour's pensions policy on the country. His conclusions may be rueful. The west German parties sent experts to study the rival television techniques. Their conclusions are unknown.

NEITHER of the two superpowers felt any cause for dissatisfaction at Supermac's return. Although Mr Khrushchev was twice reported as saying that he would have been a floating voter, possibly leaning to the Tories, Mr Eisenhower was necessarily more discreet. It was felt in Washington that the President had, at any rate, indicated where his preference lay when he appeared with Mr Macmillan on television during his London visit. Although there has never been any secret that some of Mr Macmillan's post-Moscow ideas, particularly on disengagement and a quota system for nuclear test inspections, have given Mr Eisenhower some anxious moments, the ties of their Algiers days have held firm. The State Department was thought to be apprehensive at the possibility of doing business with Mr Bevan, although it had far fewer reservations about Mr Gaitskell himself.

The Soviet dialectic had some minor trouble in getting into gear when the time came to analyse British political behaviour. While Moscow radio could not deny that the summitry included in the Conservative party's programme was "based on the demands of the broad masses of British working people," Mr Nekrassov could be found speculating in *Pravda* on Labour's inexplicable failure to see that "the electoral promises of the Conservatives on foreign policy were vague and could not satisfy many electors." Mr Nekrassov, who claimed to be drawing on "authoritative opinion," further belaboured the ham-handed strategists in Transport House on their home policy. "Repudiation of a programme of large-scale nationalisation . . ., silence on workers' demands for higher wages and the reduction of the working day did not strengthen Labour's position." *Izvestia's* correspondent saw things rather more in terms of power politics. Taking up Mr Macmillan on his television statement that new possibilities were opening in the international arena, *Izvestia* thought the "near future" would show how capable the Tories might prove on the issues "that were at the heart of the British electoral campaign" (namely, lasting peace and the end of the cold war and the arms race).

It was left to the Peking *People's Daily* to round out the full ideological picture. Labour's failure, it concluded smugly, meant "the failure of social democratic reformism in Britain." Keeping its ear close to the quaking ground, the paper could inform its readers that it was believed in Britain "that the results of the election will give impetus to the disintegration of the Labour party." This view, it felt able to say, "is not without grounds."

MR MACMILLAN'S success was generally greeted in Western Europe with mild relief. This does not mean that Mr Macmillan and Mr Selwyn Lloyd will find the going particularly easy when their new initiative gets under way, but it is something. The welcome that the election result received in French government circles was prompted less by actual love for the Conservatives than by dislike of their potential successors. Mr Macmillan's efforts to get to the summit were resented by official Paris, but it was feared that Labour would climb even faster and venture into the dangerous field of disengagement. There are hints of hopes that now Mr Macmillan has won his vote, he will be in rather less of a hurry. The opposition to General de Gaulle's regime might have been buoyed up by the news of a left-wing success across the Channel. As things turned out it had to be content with emphasising the contrast between parliament's importance in Britain and its more strictly decorative role in France.

Dr Adenauer is too canny a politician to let personal antipathy prevent him from commenting graciously on Mr Macmillan's victory. Aghast whenever he contemplates the possible consequences of an incautious settlement with the Soviet Union, the Chancellor was undoubtedly relieved to some extent that the Conservatives would not give way to Labour. His counsellors are not likely now to have much difficulty in prodding him into taking up Mr Macmillan's long-standing invitation to visit London with the object of clearing up misunderstandings about British policy. It seems probable that the visit will take place some time before Christmas—as soon, in fact, as both men are simultaneously free. But, with many other Germans, the Chancellor is openly of the opinion that Mr Macmillan has an exaggerated idea of the importance of Britain's role in shaping the world's destiny. The Conservative victory brought Dr Adenauer comfort chiefly for other reasons. "We can draw strength for our own elections," he reflected, "from the outcome in Britain." The Social Democrats are as subdued as the Christian Democrats are heartened by the rightward swing. The Social Democrats, who have also tasted the bitterness of losing three elections running, had already arranged to hold an extraordinary party conference at Bad Godesberg next month for the purpose of adopting a revised programme designed to win all hearts in 1961. They are now holding an inquest into Labour's failure in the hope that it may throw some timely light on their own problems.

It was in Africa that the Conservatives found their severest critics. The Ghana government press, while admitting that the Tories had been constrained to abandon much of their imperialist past, was generally concerned at the idea that the right wing of the party might increase its influence over colonial policy. Black Africa is plainly not likely to forget, or forgive, the Conservatives' action over the Devlin Report and the Hola deaths, but the *Ghana Times* hoped that the Government would now show magnanimity in the hour of its triumph. The imprisoned Dr Banda in Nyasaland could hope for nothing more. Even so, the Ghana opposition was not exactly displeased by Mr Gaitskell's downfall. His dismissal of the opposition's claims against Dr Nkrumah now earned him the *Ashanti Pioneer's* "out and out admiration for Mr Gaitskell's ability to organise the Labour party to lose so spectacularly."

WHITE Africa kept its satisfaction under a tight rein. Although the Rhodesian newspapers hailed Supermac's walkover victory, Sir Roy Welensky stoutly declared that even if the Labour party had won it would have made no difference to his approach to the 1960 talks. In South Africa, where Dr Verwoerd's government was believed to draw some quiet satisfaction from the Tory return, the election campaign received a wide coverage, but less, it was thought, because of events in Rhodesia than because South African interest in British elections is usually high. South African circles were perhaps rather more phlegmatic about the prospect of a Labour government than many Labour candidates imagined. It was recalled that Mr Attlee's Labour government had preserved good relations with South Africa after Dr Malan's victory in 1948.

This unconcern about the difference between the British parties' colonial policies was perhaps the hardest blow that Labour's prestige suffered. Black Africa seemed to expect a quicker tempo of events under Mr Gaitskell, just as the Greek Cypriots expected Britain to be softer on the question of the bases on the island. But Nigerians could see little difference to their progress, or in their Commonwealth ties, from any change in Downing Street. This disenchanted view seemed to be shared in Delhi and elsewhere. Among the west Africans, who had really hoped for more, Labour's big mistake appeared to have been to take for granted the British people's knowledge of the Commonwealth: its campaign on colonial issues misfired largely—as some Africans thought—because the interest of the potential Labour voter could only be aroused by narrower things like pensions and purchase tax cuts.

which economists must applaud. All the emphasis of its first reports was on global production and global needs ; an emphasis really appropriate only to a Boyd-Orr Welfare World in which food should be produced and distributed as a social service, regardless of profit and loss. Later, this global approach was quietly discarded ; persuasion and policy concentrated rather on getting the right foods produced in the right areas at the right prices. Agriculture and nutrition, however, were still treated as a self-contained field ; there was little attempt to set FAO's particular concerns in the general perspective of economic and social development.

The 1959 report sets out, like its predecessors, the global balance—production up by 4 per cent, gaining nicely on the annual population increase of 1.6 per cent or so. It reveals, less satisfactorily, that the gap between advanced and backward areas is widening again, with stocks accumulating in the one and the Malthusian balance barely held in the other. It departs from precedent, however, with two chapters which would please Professor Rostow.

The first relates certain indices (e.g. proportions of the working population engaged in agriculture or industry ; their respective incomes and standards) to the level of development as measured by national income per head. The other deals—most valuably—with the social and institutional preconditions of agricultural progress in a developing society. Security of tenure ; stability ; marketing facilities ; credit institutions ; all these are needed to trigger individual incentives to betterment. Without them, technical assistance and education are largely wasted. Debt-ridden and discouraged by violent price swings, the cultivator is understandably apt to fight shy of new methods whose failure could ruin him and whose success chiefly benefits landlords, moneylenders and merchants. Recognising this, the FAO lays the responsibility for agricultural progress squarely on the politicians of each national state, and acknowledges the limits of its own competence. Paradoxically, it could do few more useful jobs. Governments, as well as backward cultivators, need educating. This report is a very fine educational instrument.

LIBERALISM

What Liberal Means

In the same week as the Liberals were reappearing as an increased electoral (if not parliamentary) force in Britain, the Liberal International was holding its ninth congress in Italy. This heightens interest in finding out what sort of people other European Liberals are. The first impression to be gained from the congress's final resolution, and from some of its basic discussion, is rather depressing ; all too often Liberal in a European context seems to mean simply "anti-collectivist," if not "ultra-conservative."

More careful study produces a more balanced estimate. The familiar old guard generalities, however firmly restated, get qualified in the end almost out of recognition. The picture of private enterprise as the sole, untouchably sacred guarantee of political freedom is redrawn ; its role is to ensure the dispersal of power, and the performance of that role is compatible with an amount of collective intervention and enterprise to be pragmatically determined in particular circumstances. The corresponding picture of planning as a foredoomed acceleration down the Road to Serfdom is hardly less altered. The case against the all-embracing national plan is, indeed, repeatedly restated ; but in its discussion of the state's role in underdeveloped or depressed areas, in the maintenance and development of public utilities and ultra-large-scale enterprises, and in fiscal and social policy, the congress is, if anything, more remote from Bastiat ("The State—that cancer") than from, say, Mr Nehru. That role may, according to circumstances, be large or small. What is distinctive in the Liberal approach, as envisaged by the congress, is that whatever the scale or the field of collective activity its aim should be to establish, safeguard or complement a healthy and harmonious free-market economy ; not, on the one hand, to replace or circumscribe it, nor, on the other, to frustrate its workings for the benefit of privileged groups.

This is recognisably something more than middle-of-the-roadism. It is a coherent and intellectually respectable set of working standards. Whether, translated into terms of British problems and policies, it would particularly suit a renascent and radical Liberal party is another question. The radicalism is potentially there ; but if European Liberal ideas are to fertilise British political thought as they should, a lot of translation is going to be needed. The translators will do well, when they get down to the job, to leave out the ritual anti-collectivist noises, which are about as relevant to a realistic modern Liberalism as the Red Flag to the policies of Mr Hugh Gaitskell. Of course, at his congresses, Mr Gaitskell still plays the Red Flag too.

NEW TOWNS

Fourteen Grow Up

The New Towns Exhibition at the Royal Academy has illustrated the progress and the character of the fourteen new towns started after the war and a fifteenth (Cumbernauld) begun only recently. The towns were started by a Labour Minister, Lord Silkin ; they have grown up, as Mr Macmillan's message proudly records, under Conservative tutelage ; while (as Mr Macmillan also notes) the moving spirit

behind them has been a voluntary body, the Town and Country Planning Association, which celebrates with this exhibition its diamond jubilee. Voluntary and public effort, pink and blue politics, have all contributed their bits to this success story, which is now widely admired and copied in other countries. All this, and a pronounced swing to the Tories in last week's elections too.

The new towns between them now contain nearly 400 firms in modern factories and 300,000 people living in new houses. They have excellent records in industrial productivity, because of good factory design and lay-out and the proximity of workers' houses. Apart from grumbles about the delays in providing social facilities, residents in the towns seem equally satisfied ; certainly it is rare for anybody to return to London or Glasgow. But if the new towns were not there, most of these industries and their workers would be adding to the congestion and clatter of the big conurbations. Moreover, though the Exchequer has invested over £200 million already in the towns, it has at least a fair chance of getting the capital back with full interest (Harlow is already showing a profit). Thus, while the new towns have not solved the thorny "overspill" problem, they have certainly provided a good environment for people who would otherwise have added to it, without costing the heavy subsidies which other cures may entail.

The new towns have also drawn some fierce criticism. The apostles of Le Corbusier, who deplore them as "prairie towns," deserve little space ; for how could the prolific families who inhabit them be expected to live in tall flats instead of the houses and gardens which they plainly prefer ? But the monotony and repetition of housing designs are a real weakness—one that springs basically from the unwillingness of tenants to pay anything like economic rents and the consequent (and quite correct) need to keep subsidies to a minimum. The next new towns should aim to cater for all income groups and for both private and public development. The result might be a more varied, interesting, and perhaps larger new town than the present series has produced.

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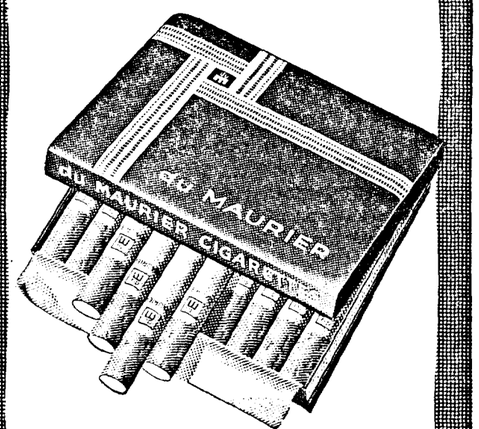

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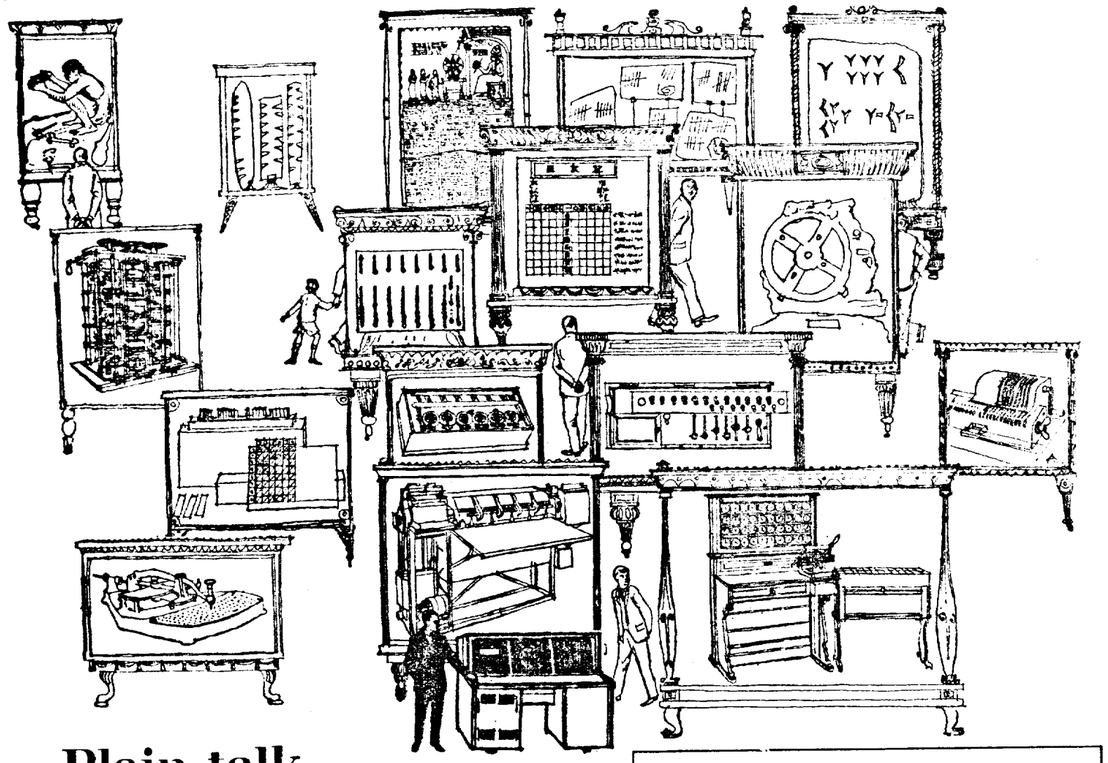

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LETTERS

Butter

SIR—In reference to your article "Turn in the Market," it is correct that as butter prices rose sharply a number of lower income groups were forced by economic necessity to switch some at least of their purchases to substitutes. But, with respect, we think you have under-estimated the pull which butter has on every purse, well or ill-lined. During the past few months, when world supplies of butter have been stretched to the maximum to meet the demands of drought-bound countries, the market experts here have continually expressed their amazement at the strength of the demand. The fact is, of course, that during the period in 1958 when prices were exceptionally and uneconomically low, housewives switched over to butter and the majority have remained on the butter standard consistently since. The ratio of butter to substitute consumption, despite the present high prices, remains roughly 56 to 44.

Butter is still cheaper here than in all but one or two countries abroad and is only about 2½ times as expensive as it was in September, 1939, thus comparing very favourably with most other commodities. As every pound contains the cream of 18 pints of milk it is not really expensive and it seems that housewives generally are inclined to agree.—Yours faithfully,

ARTHUR FAWCETT

Butter Information Council,
London, SE1

Professional Advertising

SIR—Your note entitled "Polishing the Brass Plate" interested me. Perhaps you might like to have the reaction of an American professional man.

To give you a little grounding, I own and am president of one of the largest consulting chemical market research organisations in the world. We certainly face this problem of what is ethical in advertising and what is not. There is no easy answer.

Suffice it to say that we see nothing wrong with what we call "institutional" advertising. Here you are advertising a profession. Certainly your name goes on the bottom of the "ad," but the point is that if the whole profession benefits, you will too. If no one used chemical market research on a consulting basis, my business would be nothing. But so would that of my competitors.

I cannot see any reason why professional companies cannot and should not advertise so long as they maintain their "copy" on a reasonable level. After all the use of a dentrifice is a medical thing—hence professional—but look at the toothpaste ads. Perhaps I am wrong, but it seems to me the "learned professions" might be better off—and so might the public—if the public knew that these professions exist.—Yours faithfully,

ROGER WILLIAMS, JR.

Princeton, NJ

Polls

SIR—The pollsters must expect to receive a buffeting if their predictions turn out to be inaccurate or if they equivocate about them. It is, however, surprising to receive the same treatment when the prediction turns out to be accurate and the statement of it unequivocal. Our published prediction for Great Britain (and we stated quite clearly that our forecast excluded Northern Ireland was:

Conservative, 44.2 per cent;
Labour, 40.6 per cent;
Liberal and others, 7.3 per cent;
Don't know, 7.9 per cent.

To compare this with the actual way in which votes were cast in Great Britain, one must use the method adopted in the article "Swings and Forecasts" in *The Times Guide to the House of Commons*, 1955, i.e. excluding the "don't knows." One expresses the differences as a percentage of opinion amongst those whose minds were made up. One cannot assess the accuracy of a poll on voting intention by including the "don't knows" whose voting intention, by definition, one does not know.

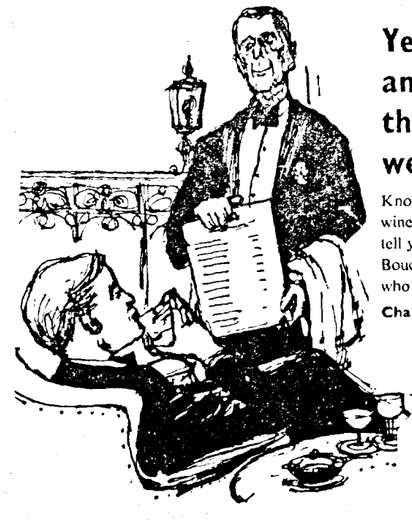
Using the only valid method of assessing the accuracy of a forecast, the comparison is as follows:

	Actual Votes Great Britain	*NOP Forecast*
	%	%
Con.	48.8	48.0
Lab.	44.5	44.1
Lib. and others ...	6.7	7.9

As one might expect, the Liberal and Others prediction, which forms a small part of the total sample, is the least accurate. Considering that "polls" have been going in this country for some time, it is surprising that there are so many who still "don't know" how to interpret an opinion poll forecast.—Yours faithfully,

R. M. SHIELDS

National Opinion Polls Ltd.



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BOOKS

A Great Journalist

The Spare Chancellor: *The Life of Walter Bagehot*

By Alastair Buchan.
Chatto and Windus. 287 pages. 25s.

EXACTLY a hundred years ago, in October, 1859, James Wilson, editor and owner of *The Economist*, which he had founded 16 years before, went to India to be finance member of the Viceroy's council. While he was away Richard Holt Hutton was to act as editor, but responsibility on Wilson's behalf for all the paper's affairs was given to Hutton's great friend and Wilson's son-in-law, Walter Bagehot. Wilson never came back. He died in India in August, 1860; and in 1861, after Hutton had departed to run the *Spectator*, Bagehot took sole charge of *The Economist*. He was still editor when he died in 1877.

Bagehot was only 51 when he died, but already he was ranked as a great Victorian by the great Victorians themselves. Three short pointed books of his—"The English Constitution," "Lombard Street" and "Physics and Politics"—were prized contributions to contemporary thought and writing. So, too, were his own very personal reflections on writers and politicians, written down for the quarterlies (as two of his famous books were) in an easy, relaxed but incisive and ironical style altogether his own. And he talked at least as well as he wrote. His gift, with the pen and in conversation, was thinking aloud. Even more than his books and his essays his company was prized—by the wide range of friends and acquaintances, whether statesmen or men of letters or scientists or philosophers or bankers or business men, who met him in London or in the West Country, where his roots remained. All this is well told again in Mr Buchan's thoughtful new biography.

Even in those days the question was asked whether Bagehot would not have been a still bigger man, and made a still sharper mark on British thinking, if he had not spread the energies of his brief life so broadcast. Literature, politics, economics, history and sociology, he wrote about them all; and helped to conduct the periodicals where his pieces appeared. He watched over the affairs of a bank while running and largely writing a weekly newspaper. Until his health failed, ten years before his death, he led a vigorous country life, though his work was in the town. This busy many-sidedness was, indeed, very Victorian; but did it not rob us of a greater pundit, in politics or economics or history? The question has been asked ever since.

It is, nevertheless, a false question, founded upon at least two false notions. The first is that Bagehot's broadcast work had no focus; the second is that his thought had no focus, either. In fact, editing *The Economist* every week from 1860 (and, in effect, from 1859) was apt enough and sufficient focus for all that he wanted to write wherever he wrote it; it was the core of his working life. So, too, with what he wanted to write about: his constant concern, week in and week out, was with the behaviour of men and the movement of men's ideas in a shifting social (and economic) setting. That was his job as a journalist dealing with politicians and the markets; that was the core of his thought, whether in *The Economist* itself, in "The English Constitution," in "Lombard Street," or in "Physics and Politics" (where he tried to put his curiosity about social and political behaviour into topical terms of science). Bagehot was, in the scope of what he wrote, in the continuity of what he wrote about, and in the curiosity which inspired all his writings (and all his conversations), a very great journalist; it is hard to see how he could have bettered either himself or posterity in any other role. As Mr Buchan makes very plain, his thought and his work were all of a piece.

IT is, admittedly, not easy for those who have charge of *The Economist* now to write about Bagehot in what he would have called a balancing way. His profile, bright eye and beard look down from the wall. Like *Hamlet*, his writings are full of quotations, and these are earmarked in Ryder Street, though they belong to the English-speaking world, as our own special property. His style of writing (which only one of his successors has come near to making his own) with always fresh effectiveness and without cliché; his detached, undogmatic, cynical but always engrossed and never supercilious approach to both ordinary and extraordinary political behaviour; his untiring and enthusiastic interest, always in down-to-earth, sensible, human terms, in the relations between the men who pretend to rule (whether in politics or in commerce) and the many more who are ruled, and whose opinions require expression; his "quantitative" sense (as Robert Giffen put it) and, though like Lord Northcliffe he could never "add up" with any confidence, his peculiar instinct to test any theory, social and political as well as economic, with the blunt question "How Much?": these are the qualities at which *The Economist* still aims, though falling far short, every week.

More important and less parochially, these are precisely the qualities which the most up-to-date and fashionable studies of politics (including British elections) and of economic processes (including expansion without inflation and the growth of less developed economies) need most of all. Bagehot was, indeed, no prophet. But, though he left behind him no school of thought or body of doctrine, he did not either waste his time or squander his talents. It is not simply for his verbal facility that he is universally quoted; it is because all the time, sitting in his editorial chair, he really wanted to know what was going on around him, and saw it not as disembodied ideas in action but as persons doing things. He had a simple concern for the facts. Of Burke, with whom he had some sympathy, he said, characteristically: "He saw a great idea, but nothing more."

A THIRD false notion is to forget that Bagehot, who saw politics and society alway as affairs of men, was a man himself. He did not sacrifice his possible powers to his family and local ties; rather by them did he balance himself and made his work possible. Underneath the bantering, quizzical detachment which illuminated his style of writing and pointed the process of his argument was a deeply-feeling, always anxious and often uncertain nature. His gay and magnetic, but emotionally and mentally unstable mother; his devoted, patient conscientious, friendly father: these two, Anglican and Unitarian, were the poles of Walter Bagehot's character; he was devoted to both of them. His religion remained undefined, but very real: "the trouble," he once wrote, "is that mysticism is true." But he found his point of equilibrium, as he found his job and his working future, in the Wilson family, in the "tribe" of his wife, his five sisters-in-law and his other relatives. The marvel of Bagehot's life and work, which only ill-health disturbed, was its restraint and its control; that he owed to the families, his own and his wife's, upon whom, for all the lures of public reputation, he rested.

This, surely, is the moral of Mr Buchan's biography, which brings into brighter light than ever before the influence and importance of both Bagehot's personal life and his single-minded curiosity about the realities of the mid-nineteenth century scene. It is not Mr Buchan's fault that he has no new information about Bagehot. Where there is direct evidence, in letters or other records, of Bagehot's personal doings, he tells the tale well. He makes good use of the still scantier evidence, mostly from the testimony of Robert Giffen when Bagehot was dead, of Bagehot's too little told weekly skill and intuition as an editor and journalist. But the evidence, over the whole of Bagehot's working and public life, is surprisingly sparse. He talked with many men and was much esteemed by them; but they set down little about him, from year to year. There, perhaps, he suffered from being no prophet, with no nostrum to retail except a brilliant, ebullient, irreverent, commonsensical running commentary on men and affairs.

So Mr Buchan, like Bagehot's chroniclers before him, falls back, when the family records run dry, on the famous books, the essays, the leading articles. This book is even more about the writings than about the writer. The story of Bagehot's life is, so to say, eked out—and sometimes broken up—by painstaking and comprehending commentaries on Bagehot's own commentaries on politics and politicians, men and letters, the common sense of finance and social evolution. This is, perhaps, as it should be. Journalism need not be altogether ephemeral. Bagehot lives on in what he wrote, in the way he wrote it, and in the things he wrote about. His achievement has been called "common sense raised to the power of genius"; still better, it can be called "journalism raised to the power of political wisdom"—which is uncommon enough for fame.

Daughter-in-Law Elect

Queen Mary: *1867-1953*

By James Pope-Hennessy.
Allen and Unwin. 685 pages. 42s.

MUCH will be written by future would-be Bagehots about the survival and strengthening of the British monarchy through the broad social changes and special personal trials of the twentieth century so far. The simplest explanation is that the "dignified" function of the monarchy, its ceremonial and personally glamorous role, has in fact become more, not less, necessary and popular in modern mass society. But that is merely to say that there has been, in the new democracy, an essential and continuing job for the ruler and the royal family to do. The striking fact is that they have proved so capable of doing it. And it is very largely women that have done it.

The story starts with the old Queen Victoria and ends with the young Queen Elizabeth. In between these, the decisive roles in the adaptation to changes and trials were played by two other women: Queen Mary and Queen Elizabeth the present Queen Mother. Everybody nowadays knows and applauds the contribution made by the latter, one of the great ladies of our times, who did so much with George VI to lift the monarchy to a new esteem and influence after the abdication of Edward VIII threatened to break the image—and is still so indefatigable on the family's business. The central virtue of Mr Pope-Hennessy's long, rambling, lively picturesque and gossipy book is that it displays how large and influential was the part, and how high and tough the character, of Queen Mary.

"I hope we are . . . lucky in our daughters-in-law," George V once wrote rather anxiously to Queen Mary. How lucky he was we all now know. How lucky his father and mother had been in the still narrower lottery of royal marriages in their time, he knew better than anybody else—as the shy notes of gratitude which he sent to his wife throughout their life together so touchingly show.

It was Queen Mary who put George V on his feet. She devoted her life and herself altogether to him. It was she who urged and stimulated him to grow up after his life in the tight home circle of "Motherdear," the beautiful, inconsequent, possessive, affectionate Queen Alexandra, who never wished any of her family to grow up at all. It was Queen Mary's untiring encouragement and practical common sense—without ever overstepping the line into the affairs that were his as king—that steered him through the ordeals that came so thick and fast upon him and puzzled and pained him so much.

To Princess May and to all her family Royalty was a profession—the highest and finest in the world. If we need an analogy, she was like a girl at some minor ballet-school, trained as a dancer from childhood, and now suddenly, unexpectedly, offered the prima ballerina's position at the most famous theatre in the world.

This is Mr Pope-Hennessy's shrewd and brilliantly illuminating explanation of his heroine's engagement, first to the Duke of Clarence, the feckless, weak, attractive Prince Eddy, heir presumptive to the throne, who died tragically a few months later, and then to the Duke of York, who became George V. The gloss on the explanation should be that, while she liked but did not at all love Prince Eddy, she came to love truly the second choice that her destiny brought her. But it also explains very well Queen Mary's later long-lived success as Queen Consort and Queen Mother. She was doing her duty in the station to which she had been called.

Queen Mary was no more modern in her outlook than her husband. She was a traditionalist, deeply attracted—much more, for instance, than Queen Victoria herself—to the pageant of royal families, of the past and in the present. But she was also a very human person, full of fresh curiosity, and dedicated, in her own blunt, honest, determined way, to monarchy's survival. And so, standing straight and seemingly stiff, she could always bend, graciously and sensibly, in the good cause. She was actually more than anyone the agent, at least, of the new-found adaptability of our royal family to novel needs.

All this is made vividly plain in Mr Pope-Hennessy's rich plum pudding of a book, full of fruit and silver coins—with some doughy chunks as well. It is in the present fashion of biography, with the old-style "Life" and "Letters" all mixed-in together, over 600-odd pages, and leavened with a brightly elegant commentary. Its asides on the background of politics and world affairs are not so sophisticated as the rest; but it is the foreground that matters, crowded all the time with colourful human characters. Head and shoulders above the crowd, besides Queen Mary herself, are her large and rollicking mother, the Duchess of Teck, the fabulous (and nearly immortal) Grand Duchess of Mecklenburg-Strelitz—and Queen Victoria, who was so much more up-to-date and down-to-earth about the future of royal persons than anybody else about her.

Inevitably the book leaves questions behind. Not the least is the education and upbringing of children born to be royal. The widowed Queen Victoria, Edward VII and "Motherdear," George V and Queen Mary herself, none of them did well in this. Our latest rulers have plainly done much better, but there is still the question. But the tale of the modern British monarchy so far does not only begin and end with a Queen; it also begins with Prince Albert and ends with Prince Philip. Perhaps, after the contributions which the Queens Consort have made to changing royalty, this is peculiarly the contribution that a modern Prince Consort can make.

The Staff of African Life

The Staple Food Economies of Western Tropical Africa

By Bruce F. Johnston.
Stanford University Press. London: *Oxford University Press.* 316 pages. 48s.

THE most refreshing aspect of American research in Africa is that it is not insular. Mr Johnston sees West Africa south of the Tropic of Cancer as a whole. Unlike many speakers of English, he appears to be able to read French and to be prepared to do so. His angle of vision of the West African scene is wide: it takes in the whole sweep of the coast from Dakar to Brazzaville.

This is a study of the "staff of life" in Africa. The book sets out to answer the question of the probable response of basic food supplies to increasing demand. It is an excellent survey and brings together material from the two sides of the language

frontier in West Africa, which will be material most valuable to students. The author considers these major crops from a number of angles that are perhaps more the province of a geographer than of an economist: physical environment (including rainfall), vegetation zones and population distribution. But he does conclude on the economic plane with an attempt to evaluate the prospects for increasing productivity and enlarging supplies, in which he says "there is nothing inherent in the situation which warrants a pessimistic appraisal of the prospects."

In essence these arguments boil down to the view that an expansion of agricultural output can be achieved without an inflation of prices ("that the expansion of agricultural output . . . will keep pace with the growth of demand"). This view is lent support by the potential increases in yield that would result from the introduction of improved seed in maize, manioc and rice, and from the use of fertilisers. But this still leaves unsolved the central problem: that of evolving a technique of settled cultivation, despite the difficulties of soil and climate and the immense obstacle of the tsetse fly. While improved yields may in time raise output per acre, the immediate response of African agriculture to increased demand is an extension of cultivation. With more roads along which to bring the larger supplies to market, food output will no doubt prove adequate, but, in the medium run at least, it will, *pace* Mr Johnston, also be more expensive, especially in labour.

This is not a pessimistic view but a realistic one. If the production and marketing of foodstuffs are likely to absorb as much manpower as hitherto, if not more, the supply of labour for industrialisation for Africa as a whole will depend upon the natural increase of population, although for any given area migration will be an important factor. Africa is an underpopulated continent, and if it is to industrialise, like Japan, "with unlimited supplies of labour," it must first get closer to solving the agricultural problem.

All in all one may hesitate to agree with Mr Johnston's optimism, but he argues well and his book is well worth reading.

Moscow and Mecca

The Soviet Union and the Middle East

By Walter Z. Laqueur.
Routledge. 376 pages. 35s.

THERE was a time, not so long ago, when Britain was regarded by both friend and foe as being all-powerful and all-knowing in the Middle East. Recently, thanks to the more obvious aspects of communist success in the area, it has become fashionable to attribute these qualities to Russia. In tracing the thread of Soviet attitudes towards the Middle East through the labyrinthine politics of the past forty years, Mr Laqueur reminds us that Russia is no more deserving of such respect now than Britain was in days gone by. Soviet attitudes and western attitudes have been adopted because they conform to attitudes in Moscow, or London or Washington; they have seldom been based on local conditions in the Middle East.

Middle Eastern communists have been more trouble than they have been worth to the world communist movement. There has been more popular enthusiasm for communism in the Middle East than there ever was in eastern Europe, but Soviet armies of occupation have proved more reliable than slippery local communists in setting up durable communist regimes. Middle Easterners, with 5,000 years of trimming behind them, joined the party because they thought it would bring them personal gain or prestige. And when the going got rough they recanted with never a backward glance. It was not enough that President Nasser urged them to believe that communism (bad) had nothing to do with Russia (good). Back home in Moscow the general tendency was to play down rather than magnify communist successes in the area, but local communists could no more resist the temptation to crow when they were winning than the trimmers could resist drifting away when they were losing.

In competing with the West, however, the communists have enjoyed great advantages. They can disregard ordinary commercial considerations. They can undercut the West in offers of aid and absorb gluts of primary produce. They easily take to the idea that industrialisation is a panacea for economic stagnation and overpopulation. They show no particular interest in the sort of agricultural schemes that the western governments love to encourage. They provide numerous scholarships for training technicians. They somehow manage to do all these good works without getting tangled up in the strings they insist do not exist.

While western observers overestimated the political implications of religion in the Middle East, Mr Laqueur shows the communists stepping nimbly around Islam to make their peace with Arab nationalism. While western experts debated the hopes and fears and the intentions of President Nasser and his colleagues, the Soviet experts occupied themselves with the political, social and economic realities of the area.

The Middle East has shown the same resistance to communist missionary efforts as it has to the gospel of western democracy. As Mr Laqueur says, the people of the area are not necessarily pro-communist or anti-communist, they are merely pre-communist. Nevertheless, the lack of immediate success on a grand scale will not put an end to Russian efforts to convert them any more than it has stopped western attempts to keep them on its side. The West cannot afford to be complacent just because the Moscow-trained, Arabic-speaking Russian friends of Arab nationalism are probably feeling as confused and unloved as their mono-lingual British, American and French colleagues across the street.

The Role of Sociology

The Sociological Imagination

By C. Wright Mills.
Oxford University Press. 234 pages. 36s.

IN this book, Professor Mills attacks the bogus philosophical thinking ("cloudy obscurantism") and the shoddy technology ("formal and empty ingenuity") which pass so freely for sociology among his colleagues, to the exclusion of serious attempts to understand and to master the important social problems of our age. These problems can, he thinks, be tackled by sociologists only if they abandon their fruitless attempts to construct "grand theories," and refrain from continuing to absorb themselves in the trivialities of "abstracted empiricism" based on statistical measurement. Sociologists should, he recommends, return to the established objectives and methods of "classic sociology."

The main value of the book lies in the fact that it provides evidence that some sociologists are still endowed with a sense of purpose, and are sufficiently self-confident not to bother overmuch about whether or not what they are doing can be called "scientific." But the argument is developed destructively, on the whole, and it is at its weakest when it is directed in a more positive way towards the clarification of the nature of sociology, and of the purposes for which it can be used. Professor Mills is deeply concerned by the problem of the "cheerful robot," which symbolises for him the results of applying the work of the Mayo school to industrial practice, and by the consequences of relying on the concept of "adjustment" in social work. In brief, modern trends in "applied" sociology have demonstrated that reason can conflict with freedom. The task he sets himself is to demonstrate that "classic" sociology is a force operating in the contrary direction, and that it can be relied on as a means of preventing man's enslavement, and of protecting his reason from exploitation, in what is becoming a "mass" society.

His conclusion appears to be that as there is no way in which the social scientist can avoid making choices of value and embodying them in his work, sociology can most properly be developed as a vehicle for the promotion of specific values, such as freedom. In his view a sociologist cannot avoid accepting a "political" role, and sociology inescapably possesses a "political meaning"; neither of those conclusions can, his argument implies, be avoided without grave error. This is, of course, a revolutionary conception. Professor Mills's idea that the sociologist's function is to help individuals to become "self-educating" men, and to co-operate in the building of democratic societies in which reason can be freely used, is attractive. But it is far removed from the view prevailing in the United States that sociology is, or should be made, a "science."

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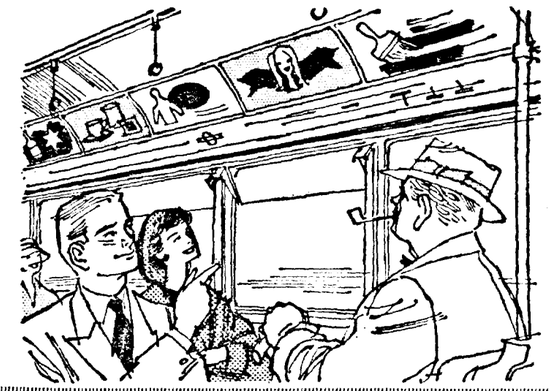

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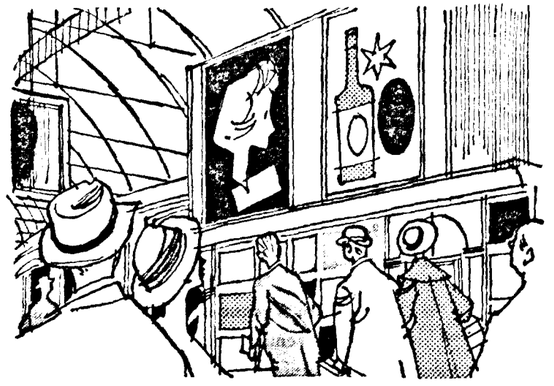

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Municipal and Other Public Securities	17,476,531.44
Other Securities	8,268,415.77
Loans and Discounts	287,991,950.26
Banking Houses	9,074,924.63
Customers' Liability for Acceptances	9,624,116.61
Accrued Interest and Other Resources	2,550,257.46
	$542,891,063.27

LIABILITIES

Capital (270,000 Shares—$100 Par)	$ 27,000,000.00
Surplus	20,000,000.00
Undivided Profits	7,140,769.75
Reserve for Contingencies	3,267,978.29
Dividend Payable October 1, 1959	675,000.00
Deposits	468,243,638.63
Acceptances	12,157,330.68
Reserve for Taxes, Interest, etc.	3,319,866.81
Other Liabilities	1,086,479.11
	$542,891,063.27

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AMERICAN SURVEY

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

Miscalculation in Steel

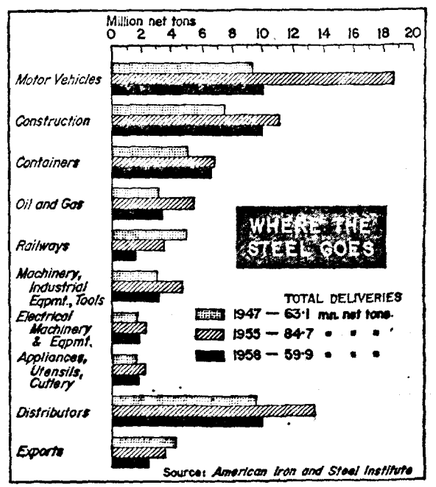
WASHINGTON, DC

THE most interesting conclusion to be drawn from the course of the 1959 steel strike so far is that thirteen weeks without pay is not nearly enough to break the will of a powerful American trade union. Indeed, had the President not invoked the legal procedures of the Taft-Hartley Act which, if his move is successful in the courts, will soon put the men back to work for 80 days, there would have been a good possibility that the companies might have given in before the union did. This is because, eventually, users of steel, whose stocks are becoming seriously depleted, would presumably have insisted on some kind of concession even though until now they have been remarkably firm in backing the steel companies. Meanwhile, there is no sign of serious pressure from the members of the union for capitulation by their leaders.

The conservative Administration has done everything it properly could to bolster, or at least not to undermine, the stand of the steel companies. It refrained from intervening, either publicly or privately, with a demand that the industry increase its niggardly wage offer in order to get the strike settled. It has now invoked the Taft-Hartley Act—obviously because it is convinced that serious trouble for the economy will soon result from the strike; but this procedure will in practice help the companies more than the union, at least in the short run. In brief, the Eisenhower Administration has acted, given the different circumstances, much as the British Government acted in last year's London bus strike. The difference is that "taking a strike" simply has not worked in the United States as it worked in Britain.

This does not mean that the strike has changed nothing on the "cost push" inflation front. The most important change is that the trade union, following the example of the automobile workers last year, is now almost surely willing to settle for far less than it got three years ago—partly, no doubt, because of the shift in public opinion. Another change is that the steel industry is apparently genuinely averse from raising prices yet again; the automobile companies, incidentally, have in fact kept their prices stable this year. Rising imports, the growing use of substitute materials and the hot breath of Senator Kefauver investigating the justification for their price increases have given religion to the steel barons.

Mr Blough, the chairman of the United States Steel Corporation, has stated that, if the companies are not forced by the government into a settlement which they would not accept voluntarily, they will not raise prices. The theorists of "administered prices" and oligopoly cannot believe this, but classical economists and many psychologists can. If the executives of the steel industry had heard the comments of the more sophisticated delegates at the Washington meetings of the World Bank and Monetary Fund on the importance of their maintaining the price line, they would have been reinforced in their determination.



Unfortunately, however, both of these marked changes for the better have been lost in the bitterness and destructiveness of a strike that is now the longest in the history of the industry. This has happened, it appears, mainly because the companies have pressed their advantage a shade too far and have tried to make a revolution all at one blow. This revolution has two parts. The companies insist, first, on an award that is radically less, in terms of cents an hour, than has been usual either in the postwar settlements in this industry or in the settlements in other industries this year. They have offered what they call a package of 15 cents an hour spread over two years, but in fact for many of the individual firms this appears to be nearer 12 cents. The 15 cents, if it were really that much, would be about 2 per cent of present employment costs, or somewhat less than the normal annual increase in the productivity of labour not only in steel but in the economy as a whole.

Secondly, the companies have made an onslaught on working rules in an industry that has not been noted for flagrant feather-bedding, and in which the employers are already entitled to the full benefits of any new processes that may be introduced. It is not that the companies' position is logically untenable, nor that they have been wholly inflexible: they have already dropped some important parts of their demands on working rules, for example. But their position seems to lack the essential minimum of human understanding. The steel companies, relying on logic, have offered Mr McDonald, the union chief, what he calls a "mess of nothing" when he would have settled for only a little something.

For the President and his advisers—who place the blame for most, though not all, of the non-monetary inflation of the recent past on excessive wage gains—this has posed a real dilemma. In the end the choice of evils came down to the Taft-Hartley Act, in the full knowledge that at the end of the 80 days the situation may be as bad as ever. Although it seems doubtful whether the national health and safety would in fact be threatened by a continuation of the strike—the necessary condition permitting an injunction to be issued against it—there is no doubt that a sizeable part of the national economy is facing sustained difficulties almost immediately.

Up to the end of September, secondary layoffs from work as a result of the strike had reached the negligible figure, in economic terms, of 200,000 persons, but this will now rise rapidly. A few bold minds are beginning to speculate that this strike, alone among its postwar fellows, might actually be deflationary—that is, that it might cut incomes in general sufficiently to have a depressing

effect on final demand ; this effect might even be big enough to thwart the surge of business that has always followed the settlement of a major strike. Americans have discovered government securities at 5 per cent and a balance of payments problem ; they may even discover that a strike is not inevitably and inexorably succeeded by a business boom. Retail sales slipped off by a disquieting 3 per cent between July and September and the worst effects of the strike on personal incomes are yet to come. If the strike simply prolongs the upward phase of the business cycle, as most people expect, no harm is done. But at some point a shortage of an important material must, by itself, exert a check of more serious proportions.

Certainly the Taft-Hartley Act is an exceptionally weak reed on which to rely in an industry in which it takes several weeks after starting up before deliveries can be resumed and in which shutting down will begin again a week before the injunction expires, to say nothing of the lack of enthusiasm of the men while they are actually back at work. The President did not want to invoke the law, the companies had no great desire for it, and the union opposed it. Each side, by its own lights, has acted in this dispute according to its conscience and with courage ; yet the odd result may well have been to turn a potentially gratifying move toward economic sanity into the worst of all possible worlds.

Magic Fives

LAST week the Treasury's effort to lift its financing out of the short-term money market had a sensational success which seems to have surprised officials as much as it did almost everyone else. The medium of the success was an issue of $2 billion worth of notes at 5 per cent, the highest interest paid on any government security since 1929, with a duration of four years, ten months, just under the five year period at which the government is limited by Congress to the interest rate of 4¼ per cent which is too low to be attractive today. To encourage small investors, they were promised that subscriptions up to $25,000 would be allotted in full if accompanied by cash. When the Treasury found subscriptions pouring in—the total came to over $11 billion—it increased the amount of the issue to $2.2 billion. Of the 130,000 applicants, 110,000 were private individuals, an unheard-of proportion, and nearly half of the total went to them.

Thus the Treasury found the cash it needed by tapping existing supplies of money without adding, to any important degree, to the inflationary potential which is represented by bank purchases of government securities. But there was a substantial price to pay. The small investors who queued at the bank counters last week were drawing the cash which they lent to the government out of their savings accounts ; some were even selling their government savings bonds, which pay only 3¼ per cent, to reinvest in the more profitable new issue, while few sold ordinary shares to raise the necessary money. Savings banks and loan associations are complaining that $500 million or more, funds accumulated over a long period, were withdrawn overnight and that as a result they will have to reduce their mortgage commitments ; the building industry was already worried about the effect of the present shortage of loanable funds on the supply of money for new houses. The Treasury certainly does not want to dislocate either its savings bond programme or the more general pattern of personal saving any further ; moreover it suspects that it may have drawn off all, or almost all, of the funds which small investors will want to lend the government for some time. For these reasons the Treasury, happy as it is to find itself popular for once, may not try to repeat this particular magic touch either in the refunding of $9 billion of maturing securities which is to be announced shortly or in the raising of $2 or $3 billion of new money which will be needed before the end of the year.

Questions for Quizzes

THE $129,000 question last weekend was: where is Mr Charles Van Doren ? Mr Van Doren is the English instructor at Columbia University, a member of a well-known intellectual family, who became a celebrity in fourteen weeks in 1957 by winning $129,000 on "21," the best known of the television quiz shows which were then the rage. Others have won more, but Mr Van Doren's attractive candour and apparently boundless knowledge (until he stumbled over the name of the King of the Belgians) almost made intelligence popular and respectable. Mr Van Doren also won a $50,000 a year part-time job with the National Broadcasting Company, but he was suspended from it last week when testimony before a congressional investigating group showed, beyond any doubt, that "21" was rigged, as well as "Dotto," "Tic Tac Dough" and others among the fourteen quiz shows which were running a year or so ago. Mr Van Doren sent the committee a telegram denying, as he denied to a New York grand jury last summer, that he had had any assistance of any kind on the programme but, when he was wanted in person, he was not to be found for several days. Now he has agreed to testify early in November, when the subcommittee resumes its hearings, but meanwhile his story that he had no idea that he was wanted invites scepticism.

So do the statements of the networks that they had no idea that the shows were fixed ; their alert and worldly officials might have noticed that unattractive personalities had a way of losing to popular ones and that some contestants (including Mr Van Doren) were given large advances of cash although, if the shows were honest, they could not be certain that they would not lose all that they had won. The originator of a number of the quiz shows has testified that fixing has been the rule for many years. It involved not only revealing questions and answers in advance, by more or less subtle methods, but also coaching contestants in the appropriate grimaces—and even turning off the air conditioning to make them sweat visibly.

Some of the producers feel that this gigantic hoax was simply a legitimate means of heightening entertainment value, but most Americans will agree with the commentator who found it a proof of the hucksters' values which seem to be paramount and with the member of the committee who said that it showed the contempt which the television industry has for the public. Yet the head of the Federal Communications Commission, which licenses stations and sets standards for the radio and television industry, insists that it cannot interfere because it is forbidden to exercise any censorship, both by the Act creating the commission and by the constitutional protection for freedom of speech. The Federal Trade Commission pleads that its powers cover only fraudulent advertising and business practices. The legal difficulty is that no viewer was defrauded for he had paid nothing. Whether the subcommittee recommends new legislation to plug this gap is still uncertain ; Mr Van Doren's testimony may be decisive.

Trade Follows the Talks

EVERY eminent Russian visitor to the United States has dilated on the beauties of trade, but only Mr Khrushchev could resume the negotiations on the Russian lend-lease debt, which is the first, though not the only, obstacle in the way of returning trade to a friendlier footing. These negotiations broke down eight years ago because the Americans refused to reduce their $2.6 billion claim below $800 million and the Russians would offer no more than $300 million for the civilian goods and merchant ships left in the Soviet Union after the war. Settlement of this claim

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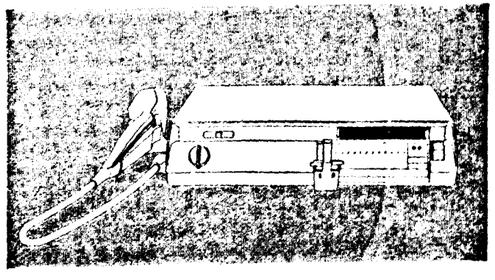

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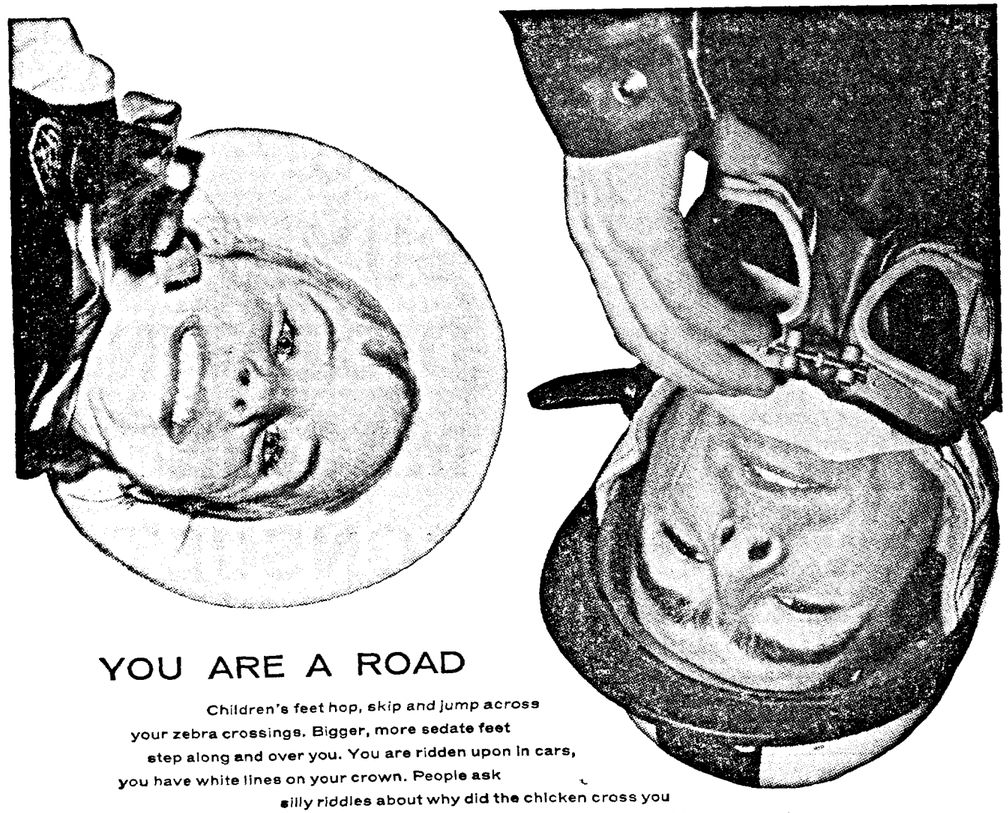

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... Bing used to be in films about you. You, my friend,
are a road. The problem (oh yes, you're a problem)
is how to light you. No second best will do,
you are important, every inch of you must be
laid bare from kerb to kerb. Yes, you are a problem,
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is desirable, as an act of good faith, and necessary, if the Russians need credits, because the Johnson Act forbids private interests to lend money to any country which has defaulted on its obligations to the United States, Moreover, only Congress can dismantle many of the discriminations against Soviet trade which injure the Russians' feelings as well as their ability to buy and sell in the United States—and Congress is more likely to be co-operative if the lend-lease debt has been discharged.

Mr Khrushchev made no secret of the fact that Russia needs long-term private credits (it is unlikely to get government ones) if it is to buy the machinery and equipment which it wants to increase its output of consumer goods. This is because the Soviet Union has relatively little to sell in the American market. Last year the United States imported $17.3 million worth of goods from Russia, mostly furs and benzene; exports to Russia amounted to only $3.4 million. The Administration can remove the embargo on Russian crabmeat which the Treasury imposed on the insulting ground that it was packed by slave labour. But furs are the Russians' biggest dollar earner, and only Congress can lift the embargo which it imposed on certain kinds of furs in 1951 and which has cut sales in the United States from $41 million in 1947 to about $5 million. At the same time Congress forbade the Administration to give "most-favoured nation" concessions to Soviet goods; this means that duties on their products are two, three, or even four times as great as on the same goods from other countries.

If the Russians continue to be helpful over Berlin, some relaxation may be expected in the licensing of exports to the Soviet Union; apart from goods of strategic value, whose sale to the communist countries is prohibited, most of the things the Russians want to buy require licences. (When Mr Mikoyan was in Detroit, he complained bitterly that all the Russians could buy in the United States was firewood, chewing gum and laxatives.) In return, however, the Russians will need to promise to honour American patents and licensing practices. Businessmen have had unhappy experience of Russian "piracy." No one imagines that dismantling the barriers will bring trade flooding in and for this many Americans will be glad. Mr Rockefeller, in making his first speech on an issue of foreign policy since he became the Governor of New York, argued that trade with the Russians might prove a Trojan horse unless they were required to observe western codes of commercial behaviour—abjuring, for example, dumping and price discrimination. This carried further Mr Rockefeller's attempts to differentiate his Russian policies from those of Mr Nixon, his great rival for the Republican presidential nomination, who is the apostle of the thaw.

Babies Under the Counter

NEW YORK

RECENTLY the New York police rounded up a group of people engaged in the illicit but extensive trade of buying and selling babies. This particular syndicate, complete with its own high-cost money-lenders and strong-arm collectors, was thought to be operating a $1 million a year business; the price of a baby can be as much as $10,000. This is because there are ten sets of eager would-be parents for every white-skinned baby available for adoption. Of the 700,000 couples who consider adoption each year, 95 per cent want a healthy white baby, preferably a girl. But of the 200,000 babies born each year to unmarried mothers, two-thirds are dark-skinned—and for them there are relatively few takers.

Moreover, in a third of the states the adoptive parents must be

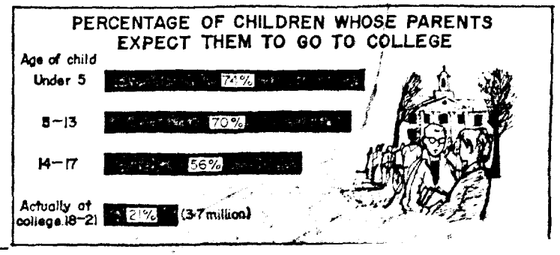
Going to College?

A SURVEY of 5,000 families made for the Ford Foundation shows that the parents of 69 per cent of the children expect them to go to college; the figures for boys and girls are practically identical. Even though the proportion diminishes sharply as the time approaches when the children must satisfy the colleges' educational requirements and when the parents must find the money, it remains strikingly high. The present expectation that college enrolments will rise from 3.7 million today to 6.7 million by 1970 may well prove to be an underestimate. As might be expected, while 97 per cent of the children whose parents are in the highest income brackets and 75 per cent of those with average incomes are expected to go to college, only 44 per cent of those in families with incomes which are below average cherish such ambitions. The survey also showed fairly wide regional variations, with the Pacific and mountain states in the lead and New England lagging behind, perhaps because of the large proportion of comparatively recent immigrants in its Italian, Irish and Polish minorities.

Even so, sending a child to college now seems almost as widespread an aim as sending one to secondary school was a generation ago. But the survey also showed that only a minority of parents are making any financial provision to translate this dream into reality. Parents realise that a four-year course will cost at least $6,000 for each child and those questioned put the median cost of a college education for all their children at $10,000. Few, however, appreciated that such costs, which have risen sharply since the war, may continue to grow, and 60 per cent of those expecting to pay for a college education had no savings plan. The 40 per cent who had such a plan saved only $150, on average, last year.

Parents expected to draw on several sources of money: savings (mentioned by 67 per cent); scholarships (41 per cent); current income (29 per cent); government or college loans (15 per cent); bank loans (4 per cent); children's own earnings (28 per cent). The conclusion of the Ford Foundation is that parents ought to adopt a more systematic approach to the financing of what is, next to the purchase of a house, the largest investment made by the typical American family. Like mortgages for housing, however, loans for a college education may some day be guaranteed by the federal government. Senator Johnson, the Democratic leader in the Senate, introduced a Bill at the last session which he hopes Congress will pass next year; it would authorise the government to insure $100 million of private loans each year; each student could borrow up to $1,000 a year and a total of $4,000. Federal funds for student loans, which are disbursed through the colleges under the Defence Education Act of 1958, amount to $30 million in the present fiscal year. Students repay these loans, with 3 per cent interest, during the ten years after they start to work.

PERCENTAGE OF CHILDREN WHOSE PARENTS EXPECT THEM TO GO TO COLLEGE



of the same religious faith as the natural mother and elsewhere religious "matching," which is strongly backed by the Roman Catholic church, is generally practised. The losers under this system are Jewish families—because few Jewish children come up for adoption—and couples who do not share the same faith. One family had to move from Massachusetts to the more liberal state of Florida to prevent the natural mother of their adopted child reclaiming her on the grounds that the adoption—which involved a difference of religion—was null and void. The black market does not overlook religious refinements ; at one time French Canadian babies were mysteriously equipped with Jewish birth certificates before being smuggled across the border into New York.

There are about 100,000 legal adoptions in a year, a figure that has doubled in a decade, but nearly half of these represent adoptions by relatives. In rather more than half the remaining cases, authorised agencies handle the adoptions ; the rest are placed "privately," often by a doctor or a lawyer with no thought of personal gain. But to curb the black market eight of the states have outlawed private placements. Both law and practice vary widely from state to state ; in South Carolina it was perfectly legal, until 1953, for a parent to sell his child.

In addition to the state adoption agencies there are more than three hundred private ones, many of them run by religious groups. All of these operate under individual state charters, are supported by voluntary contributions and are strictly non-profit making. Many are accredited members of the Child Welfare League of America which lays down its own standards. The cost of placing a child for adoption—from $500 to $1,800—may be met by the agency, but the tendency is to charge a flat fee, which may be under $100 or over $1,000. It also takes rather longer—up to a year—to have a child by adoption than by the more usual method.

Some Americans, particularly those who face a religious barrier at home, have adopted children from Italy, Greece, Germany, Korea and Hongkong, often choosing the country of their own ethnic origin. The Director of the International Social Service puts the number at between 8,000 and 10,000 in a recent four-year period. Many of these deals are innocent, if unwise in by-passing the responsible organisations which handle such cases. But others involve the purchase of children abroad and their resale at a profit. A New York city magistrate will come up for trial shortly on the charge of selling Greek children in the black market.

Right on the Ball

THE Dodgers' victory in the 1959 World Series, making this team champion of the sixteen in the two major baseball leagues, marks the rehabilitation not only of a team which went west in more ways than one when it moved from New York to Los Angeles in 1957 but also of a game which seemed on the way out as a profitable professional sport. Almost automatically at the top of the National League during the early nineteen-fifties, the Dodgers dropped to seventh place last year. Their return to the top in only one season was as unprecedented as was the closeness of the final matches which put them there, with the Milwaukee Braves and the San Francisco Giants, also emigrants from New York, challenging them until the last minute. The publicity attracted unusual numbers of spectators, not only on the Pacific coast, where first-class baseball is still a new form of entertainment, but to games everywhere, even in the minor leagues. Play in the other major league, the American, was also more exciting than usual, since the collapse of the habitual winners, the New York Yankees, meant a real contest for first place here too.

It was won, also at the last minute, by the Chicago White Sox, in eclipse for forty years. As a result of all this the final series, in which the Dodgers beat the White Sox by four games to two, drew a record total attendance for the six games of 420,000 spectators. Admittedly this was helped by the huge size of the temporary, and most unsuitable, stadium in Los Angeles, which seats over 90,000 people. Much of the baseball they saw was not up to the standards of previous World Series, for the White Sox are famous for their defensive playing and the Dodgers owed their extraordinary recovery, in part at least, to having brought in inexperienced, if promising, young players during the season. But this imaginative introduction of new blood, representing, it is said, an investment of $1.5 million, was one of the things which also brought in the gate money. Moreover it suggests that good players are not so hard to find as has been maintained by those who oppose the formation of a third major league.

Partly for this reason, partly because of the new popularity of baseball, but mainly because New York interests are determined that the city must again have two major teams, there is a real possibility that this new group, already christened the Continental League, may come into existence next year. Planning is far advanced, though financing is still uncertain, and the other major leagues are behaving more co-operatively than in the past, goaded by congressional criticism of baseball's monopolistic tendencies.

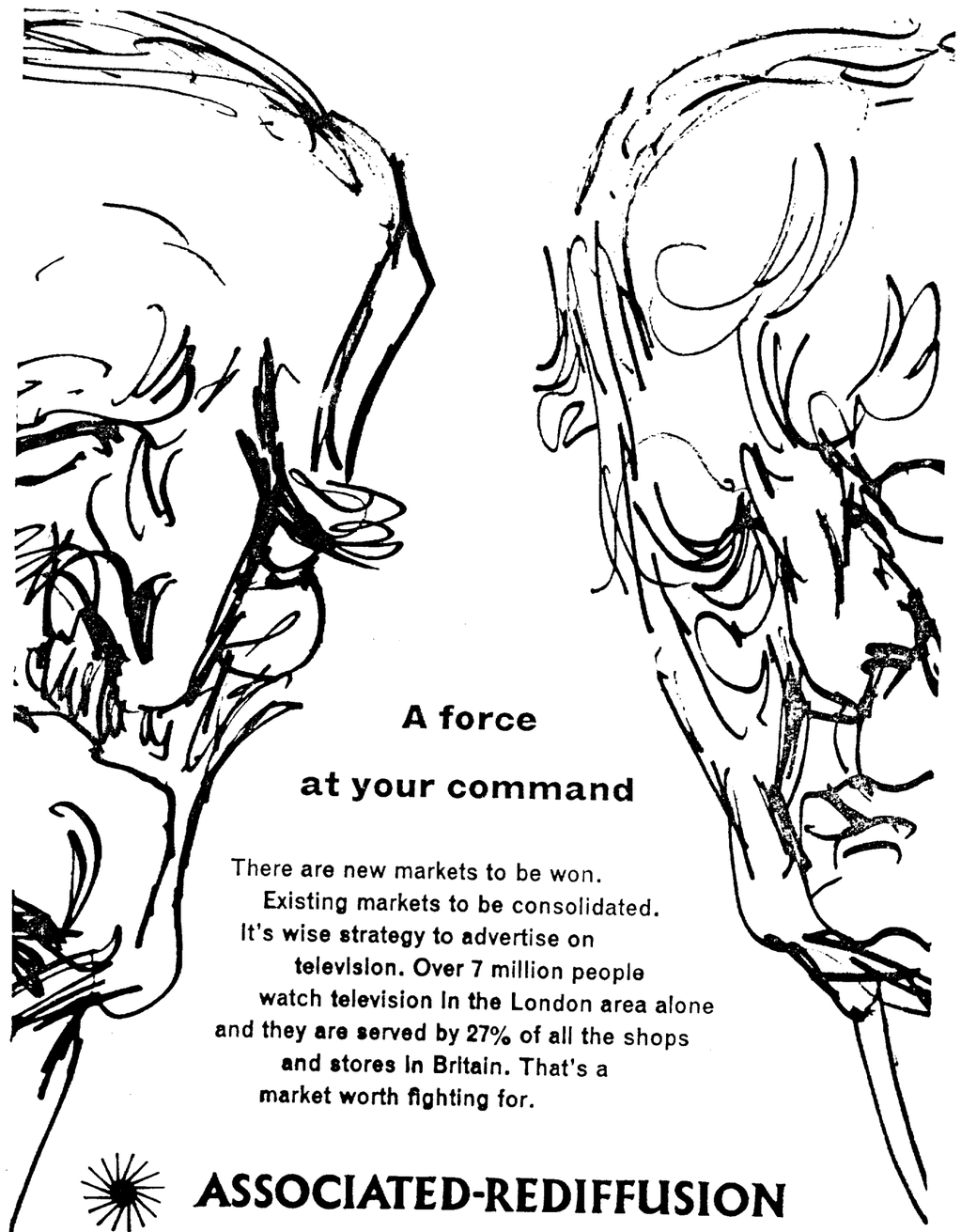
One Sheep, One Vote

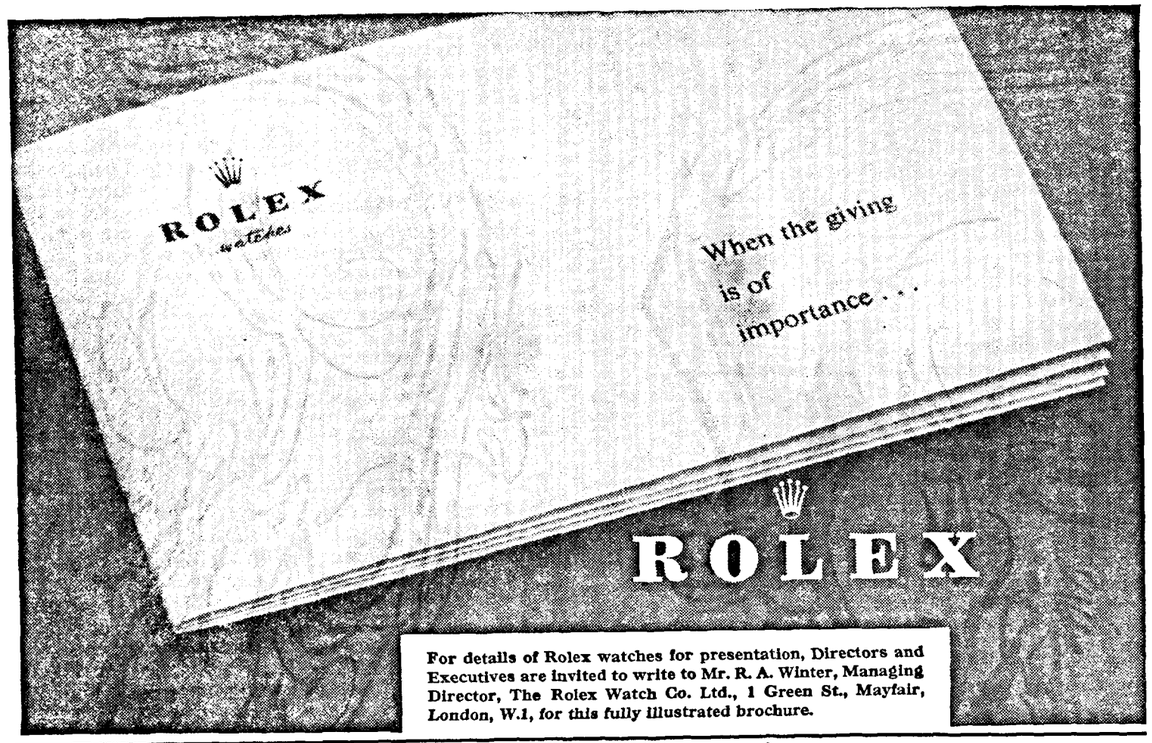
FROM A CORRESPONDENT IN COLORADO

LAST month sheep farmers voted overwhelmingly to continue using part of their wool subsidy to promote sales of wool and of "lamb," as all mutton is called in the United States. The votes were weighted by the number of sheep in each farmer's flock and owners of at least two-thirds of the sheep had to approve the scheme for it to be renewed. In fact, although only 69 per cent of the growers voted in favour, they owned 81 per cent of the sheep—a sign that the programme is most popular among the large ranchers of the West, where four-fifths of the sheep are raised. The approval was even more enthusiastic this year than it was in 1955, when farmers first voted on the scheme, in spite of the strenuous opposition to it of the American Farm Bureau Federation. The federation, the largest general farm organisation, argued in vain that withholding a cent a pound compulsorily from payments to farmers tends to regiment them.

One reason for the Farm Bureau's opposition may be that the whole wool scheme is based on the controversial idea of post-production payments. In this one case the government, instead of supporting market prices, as it does for other commodities, lets the growers sell their wool at the prevailing price and then pays them a subsidy designed to bring the total average return up to a fixed figure. This type of subsidy is the heart of the famous "Brannan plan" which was first proposed in 1949, when Mr Brannan was Mr Truman's Secretary of Agriculture ; it is still regarded by some as a cure for the $9 billion worth of surpluses piled up under the price support schemes. Dr Christenson, of the University of Miami, predicts in a recent book* that the Democrats may even give the Brannan plan a cautious endorsement next year. Ten years ago, however, the Farm Bureau fought it strenuously ; in the election campaign of 1952 Mr Eisenhower denounced its alleged "immoral implications" without ever explaining what these were ; and ever since the Farm Bureau and Mr Benson, the present Secretary of Agriculture, have lost no opportunity of condemning it.

* *The Brannan Plan*, by R. M. Christenson, University of Michigan Press, 55.





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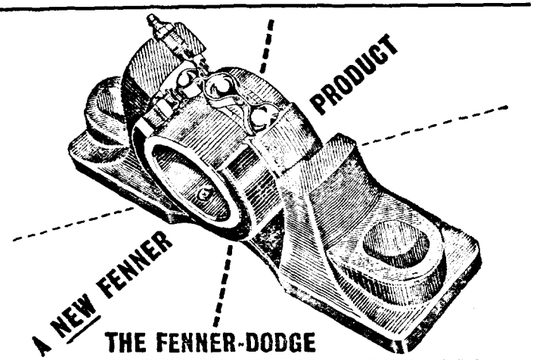

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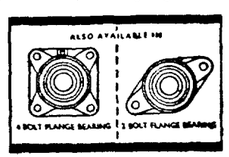


LARGEST MAKERS OF V-BELT DRIVES IN THE COMMONWEALTH

Yet in 1954, when the original Wool Act was passed, it was supported by the Eisenhower Administration because, in Senator Dirksen's words, "desperate situations need desperate remedies." The desperate situation was the sharp decline, during the preceding decade, both in the numbers of sheep and in the output of wool—a commodity which the growers, at least, consider to be so essential both in peace and war that its production must be maintained at any cost. The remedy adopted in 1954 and recently renewed for another three years was to authorise the Secretary of Agriculture to use the receipts from the wool tariff to pay growers a subsidy; this was supposed to encourage them to increase production from less than 300 million pounds a year to 360 million. In the four years since the Act went into effect Mr Benson has paid out about $220 million to bring the average total return to growers up to 62 cents a pound; unfortunately costs have risen so much that many of them are not as well off as they were in 1955, although it is estimated that the payments for 1958 alone totalled about $85 million. In that year the market price for wool fell sharply.

Throughout these four years Mr Benson has withheld a cent a pound of the wool payments and five cents on each hundred pounds of sheep sold for slaughter to finance the national promotion campaign run, very ably, by the American Sheep Producers Council of Denver. This levy has produced, in all, about $11.5 million, most of which has been spent to extol the virtues of lamb on the dinner-table. The production of wool, including both that shorn and that pulled from carcases, has ceased falling but at under 300 million pounds a year is still far below the long-term goal.

Sheep farmers have recently been alarmed by the rising imports of live lamb. They were specially concerned in August when 23,500 live animals from New Zealand were landed at San Diego and when they heard reports that producers in New Zealand intend to supply the American market with 200,000 animals a year. The next step may be a demand for an increase in the tariff on such imports, or for the imposition of quotas.

Lady Chatterley's Lovers

FROM A SPECIAL CORRESPONDENT

THE publishers who ventured to produce an unexpurgated edition of D. H. Lawrence's "Lady Chatterley's Lover" were indignant for libertarian reasons when it was barred from the mails by the Postmaster General, Mr Summerfield, but they were outraged for commercial ones when the ban was lifted and other publishers decided to get in on a good thing. It was Grove Press, a small and rather arty New York publishing house, which took the plunge last spring with what was apparently the first above-the-counter edition in any English-speaking country. Dignity was the watchword; there was a preface by Mr Archibald MacLeish, the poet and former Librarian of Congress, and the book sold for $6, almost enough by itself to take it out of the titillating class.

But Mr Summerfield found "Lady Chatterley" "offensive . . . degrading . . . pornographic . . . smutty . . . obscene and filthy" and unfitted for travel by post. However, even arty publishers are not without American know-how: Grove Press delivered about 100,000 copies to bookshops by various other kinds of carriers. When the *New York Times* declined an advertisement because of a law making it a crime to tell readers where they can buy obscene works, Grove Press offered, and the *Times* gravely accepted, an advertisement in large type: The Post Office ban forbids us to tell you where you can buy a copy of "Lady Chatterley's Lover."

The fun ended when a federal judge in New York, Mr Bryan, reversed Mr Summerfield's order, ruling that Lawrence was frank but not obscene. Before Grove Press had finished dictating its victory statement, three other publishers had decided to bring out paperback editions of the novel at 50 cents a copy. Grove Press produced its own paperback and then took an even larger advertisement in the *New York Times* to denounce its fellow publishers as "free loaders" and with impotent fury to warn the readers against inaccuracies in the other editions.

> Only Grove Press has shown any willingness to back up its literary convictions with cash and courage. . . . . Since it took thirty-one years to free "Lady Chatterley's Lover" for American readers, why waste your time on a mangled "quickie" edition?

But the Chatterley affair underlines how little censorship of matter dealing with sex is now tolerated in the United States, how permissive the authorities have become—perhaps more permissive than in any other western country. In part this is because the ultimate decisions are made by judges who are able to ignore pressures from advocates of "clean literature." But in part also it is because tastes, including those of judges, have changed radically. Just eleven years ago a 4-4 division in the Supreme Court upheld a New York State ban on Mr Edmund Wilson's novel, "Memoirs of Hecate County"; it is difficult to believe that there would be a single Justice in favour of the ban today.

SHORTER NOTES

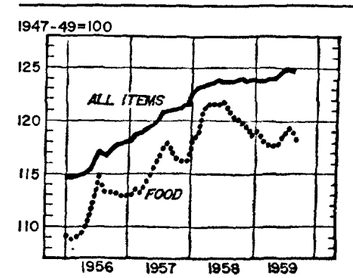
On Wednesday, October 14th, when Mr Eisenhower celebrated his 69th birthday, he became one of only four Presidents to reach such an age in the White House. The others are Mr Truman, Andrew Jackson and James Buchanan. If Mr Eisenhower completes his term in January, 1960, he will be the oldest President in history, as well as the one most widely admired by his contemporaries. The Gallup public opinion poll reports that his popularity has been rising steadily since last November and that 69 per cent of those questioned approve of his handling of the Presidency; on only two other occasions—at the time of the Geneva conference, in 1955, and in January, 1957—has his popularity stood higher.

* * *

The butter surplus has melted away. The Department of Agriculture has just given the school lunch programme the last 20 million lb of a stock which contained nearly 500 million lb five years ago. Butter is not expected to pile up again because demand has increased and the production of milk has failed to keep pace with it.

* * *

Taxes paid in the 1958 fiscal year to federal, state and local governments amounted to $98.3 billion, or about $568 a head; of this $393 went to the federal government and $175 was divided among the rest. All the revenue of all units of government totalled $130 billion and just under 40 per cent of this sum was spent on defence and international programmes, while just over 14 per cent went on education.



CONSUMER PRICES

A fall in the price of food, which was sharper than usual for August, has halted the four month rise in the American cost of living. But most other items cost more and the rise is likely to be resumed when food prices go up in the winter, if not before then.

THE WORLD OVERSEAS

Two Men in Rhodes

FROM OUR SPECIAL CORRESPONDENT IN ATHENS

ANYONE asked to read the signs coming from Rhodes must wish for the skill of the Delphic oracle, who could contrive an answer that covered more than one eventuality. One would like to accept at its face value the reconciliation between General Grivas and Archbishop Makarios ; indeed at the moment, with past misunderstandings apparently cleared out of the way, it may be genuine enough. The trouble is that, although both profess themselves satisfied, there is no evidence that either has genuinely yielded any ground to the other.

General Grivas has publicly acknowledged that the application of the Cyprus agreements is the business of the Cypriot leadership to which he has pledged his "undivided support." Archbishop Makarios, on the other hand, has acknowledged General Grivas's right to be consulted on Cypriot affairs. A protocol which has not been published, and the existence of which Archbishop Makarios denies, is said to define the two men's attitude to the issues—such as the British bases and the vice-president's powers—now under negotiation in London and Cyprus. If Archbishop Makarios finds it necessary to change this agreed attitude, he will consult General Grivas. But whether he will feel himself bound to abide by the general's views is—whatever General Grivas may wishfully think—unclear. Upon this ambiguity much may depend.

What lies behind the public goodwill and the private understandings is as yet uncertain. Although the claims of the Grivas entourage that Archbishop Makarios's political difficulties forced him to seek a reconciliation are most probably exaggerated, it is reasonable to suppose that the archbishop found General Grivas a tiresome thorn in his flesh. He was presumably anxious to persuade the general to keep quiet until after he himself has been safely elected president of the new republic ; after that the general's fulminations will be of much less importance to him. The "decisions" on Edma (the political successor of Eoka) which Archbishop Makarios mentioned at the end of the Rhodes conference, apparently include an agreement to reorganise the party and to allow General Grivas to include his men in the party's lists at the elections for the Cypriot assembly ; this suggests that the archbishop feels to some extent bound to mortgage the future in order to safeguard the present.

The motives of General Grivas are more obscure. He is a more impulsive man, prone to make conflicting statements and surrounded by a shifting collection of unemployed Athenian politicians. The concessions which he believes he has gained from Archbishop Makarios may be a satisfactory sop to his pride and his sense of what is owing to the former leader of Eoka. But if the archbishop is obliged to overstep the general's limitations on his freedom of manoeuvre, what then of their protestations of unity ? General Grivas can either accept the situation or try to disrupt the patient process of negotiation. If he impulsively chooses the second course, his success will depend on the strength of his following in Cyprus ; in any case, he is unlikely to advance his political ambitions in Greece, where most people have had enough of the Cyprus issue, however bitter some may feel about its outcome.

Some people believe that General Grivas realises he can no longer usefully flog the Cyprus horse in Greece, and that he intends to base his campaign on the social and economic failures of the present government. Others, however, maintain that his chances of launching a successful assault on this front are so poor (for one thing, neither he nor those round him have the necessary technical competence) that he must somehow employ his only asset, Cyprus, even though it is a sadly diminishing one.

According to his present plans (which he has not, it seems, changed since his talks with Archbishop Makarios) the general intends to launch his political campaign and his memoirs some time next month or, perhaps, in December. He has always made it clear that he disapproves of the Cyprus agreements, even though he accepts them as a *fait accompli*. Even in the atmosphere of reconciliation at Rhodes he complained publicly that he had been misinformed at the time about the contents of the agreements. His memoirs are known to contain bitter attacks on the Greek government and on particular members of it for their conduct of the Cyprus negotiations. All this induces speculation that the general intends to stir up trouble in Greece, not about the present implementation of the agreements but about the "treachery" of the Greek government in ever concluding them at all.

WHATEVER his war cry, what are the general's chances of riding to victory? Last week, the fourth anniversary of Mr Karamanlis's government was celebrated by the Athenian press in leaders that were either congratulatory or carping according to each paper's outlook. Four years is a very long time for any Greek government. Various social and economic discontents among the different sections of the population (about the price of wheat, for instance) have had plenty of time to accumulate and fester. So have the frustrations of the politicians. Since every Greek politician of any note always wants to be prime minister and nothing less, there are always plenty of frustrated men under any administration ; and Mr Karamanlis, being more reluctant than many Greek premiers to give way to the ambitions and acquisitive instincts of his followers, has his fair share of them to contend with. Less than thirty of his supporters would need to decide that the Grivas bandwagon was worth climbing on to make him lose his parliamentary majority. Clearly, General Grivas will try to bring this about, since it is hard to see how his party, or movement, can exist in the political wilderness for some years until the next elections are due.

This danger, however, does not at present seem very active. The record of this Greek government is, in fact, by no means a bad one as such records go ; and Mr Karamanlis himself is widely regarded as an honest, energetic and well-meaning man. Moreover, the Greeks as a whole are not unaware of the advantages of economic and political stability, of feeling sure that the value of the drachma will be the same tomorrow as it was yesterday. General Grivas might have some success among the unsophisticated country people upon whom his political blunders have made little impact. But most Greeks are disillusioned by his political naivety and would prefer him to stay on his pedestal as a military hero. In any case, as everyone knows, Greek generals who enter politics almost invariably fall victim to the politicians.

Algerian Ray of Hope

FROM OUR PARIS CORRESPONDENT

NOBODY now has illusions about the importance of parliamentary life in France. Everyone knows that the President is the effective head of government. And yet the Palais Bourbon was packed on Tuesday to hear the prime minister's statement on foreign policy and Algeria. There was a slight sadistic streak in this attendance. Some had come to see the painful metamorphosis of M. Debré. As a senator, he had been a virulent censor of "defeatism" and a prophet of French Algeria. In his new function, as General de Gaulle's faithful prime minister, he had to face the deputies as the advocate of Algerian self-determination, a word to which he used to be allergic.

Excitement ran particularly high on Tuesday because that very morning a French illustrated weekly published an alleged interview with M. Ferhat Abbas, in which the Algerian rebel leader forecast that an Algerian military mission would go to Paris to discuss a cease-fire. He was also reported as saying that if the Algerian people voted in the referendum for the intermediate solution of home rule (which apparently has General de Gaulle's preference), this would only be a stage; independence would come a couple of months later. From Tunis came a prompt denial that the interview had ever taken place. But in Paris tempers were rising. In the Assembly, the public galleries were packed. So was the semi-circle in which the deputies sit. Only one empty patch was a reminder that a score of Algerian deputies were absent in protest against a policy that implies that they are *mal-élus* and do not represent the real voice of Algeria.

The attentive audience had to be patient for three-quarters of an hour while M. Debré lectured it on other subjects. He said that, in spite of the economic recovery, severity must remain the budgetary rule for the year to come. On foreign affairs, he argued that an understanding between the two world blocks can only be reached through the recognition of the *status quo* (echoing General de Gaulle, he included the Oder-Neisse frontier among facts which must thus be recognised). M. Debré repeated France's willingness to climb to the summit, but only after careful preparations so that disillusionment and, worse still, hasty concessions be avoided. As to the Atlantic alliance, he saw in recent trends a confirmation of the French thesis that it cannot be limited to the military defence of Europe alone. He revealed that negotiations are to start on co-operation in the Mediterranean, where the French withdrew their fleet from the joint command in March.

When it came, his statement on Algeria brought no fireworks. It was not Debré the Censor, but a faithful lieutenant carefully reading his text (the malicious said someone else's text). From the start he asserted that General de Gaulle's declaration on September 16th offered the only chance to break out of the circle of violence. He made only one new contribution. M. Couve de Murville, the foreign minister, had already said on American television that General de Gaulle's offer of last October ("the peace of the brave") was still valid and the rebel leaders could come to Paris to discuss a cease-fire. M. Debré added that instructions had been given so that conditions for a cease-fire could be discussed at any moment, that rebel representatives would be guaranteed a safe return irrespective of the outcome of any talks, and that "at that moment the government will also make more precise the guarantees that each will have for the future exercise of his freedom." This cryptic sentence could mean that the French are willing to discuss with the rebels the conditions of the referendum and the guarantees for a free vote—a crucial point for any compromise. But, the following morning, it was officially explained that these terms could not, in fact, be discussed with the rebel representatives.

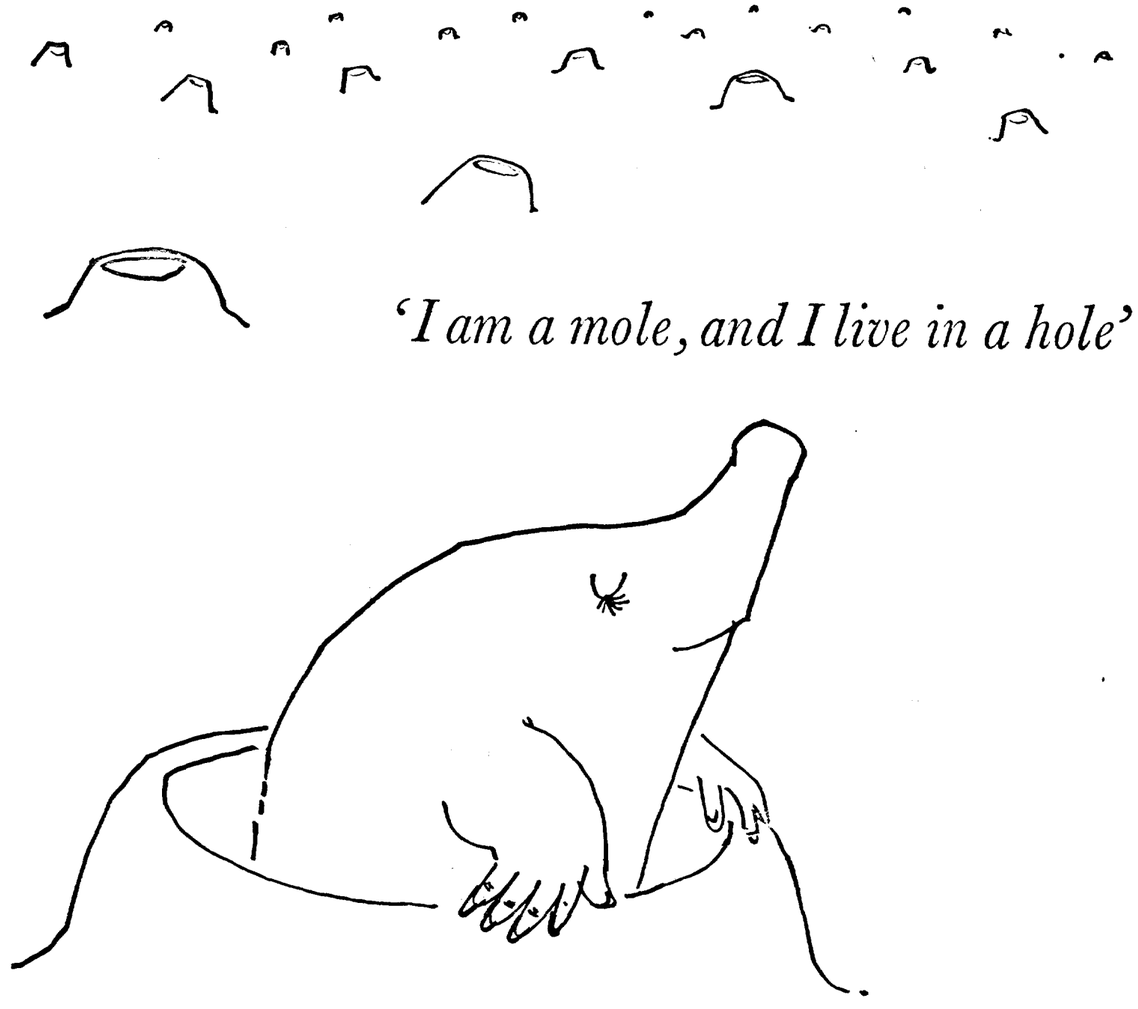
In any case, the cryptic sentence was embedded in more intransigent passages. M. Debré frequently referred to "our Algeria." He emphasised that credits have been earmarked to enable the army to carry out its task of pacification. He repeated that the general's plan provided no scope for discussion or bargaining. To justify his own conversion, he argued that France could now afford certain things because it had strong institutions and a "disciplined army." Finally, asserting that the French presence on the other side of the Mediterranean was indispensable, M. Debré produced the curious argument that the return to the rule of law excludes "secession." The cold silence with which his former conservative associates greeted his speech was a sign that they do not think that Algerian independence is ruled out in the plan, or that General de Gaulle has reached the limit of his concessions.

The debate itself proved disappointing. Baiting the prime minister by questions and quotations from his past speeches—however cruel to M. Debré—has now become monotonous. M. Bidault debated without his usual verve; M. Le Pen, the ex-poujadist, with his usual violence. Most of the speakers were hostile to the new policy. But, though the vote has not yet taken place while these lines are written, its outcome is certain. This Assembly has, in the recent past, voted for "integration" by a massive majority. Now it will vote almost as massively for self-determination. In the middle of the semi-circle sit 200 disciplined neo-Gaullist deputies (only nine of them, including Colonel "Leathernose" Thomazo and M. Delbecque of Algiers fame, left the group after M. Debré's *volte face*). They know that they will never return in such numbers again. They also know that if they went to the country on the platform of continued war in Algeria, their defeat would come close to disaster. Altogether, this Assembly knows that its function is to approve and not to decide, that it is an institution of democratic make-believe.

So attention has turned elsewhere. M. Ferhat Abbas has gone to Rabat to see the King of Morocco. The King's son, Prince Moulay Hassan, has just returned from Paris and is apparently ready to fly here again. There are many other, less official envoys travelling between Paris, Tunis and Rabat. The atmosphere is one of haste, and it is being suggested that the main reason for this is international. France has not succeeded in getting the Algerian issue over in an early debate in the United Nations, while the impact of General de Gaulle's offer of self-determination would still have been strong. If nothing happens between now and the end of November a motion might be passed in the General Assembly advising both sides to negotiate. The talks with the rebels would then no longer appear as a sign of strength in the new regime but as the result of international pressure.

But if General de Gaulle wants to spare the feelings of the army officers in Algeria the procedure for discussion with the rebels will have to be slower. The more intelligent settler leaders in Algeria—knowing that their actions only matter when backed by the army—are telling their followers to wait for the right moment. They argue that when the rebel leaders go to Paris, and the army grasps that it may have to evacuate Algeria, then will be the moment to strike and sabotage the whole attempt. Nobody can guarantee what the officers' reaction will be, but General de Gaulle may prefer to prepare them gradually.

The pressures are thus contradictory. But French liberals are now in a highly optimistic mood. They point out that the general has already gone slightly beyond his original declaration and that the rebels seem to be under President Bourguiba's influence. They expect the rebel leaders to come to Paris shortly. Only then will it be known whether a compromise can be reached about Algeria's future that is acceptable to the rebels, to the general, and to his—to quote M. Debré—"disciplined army."



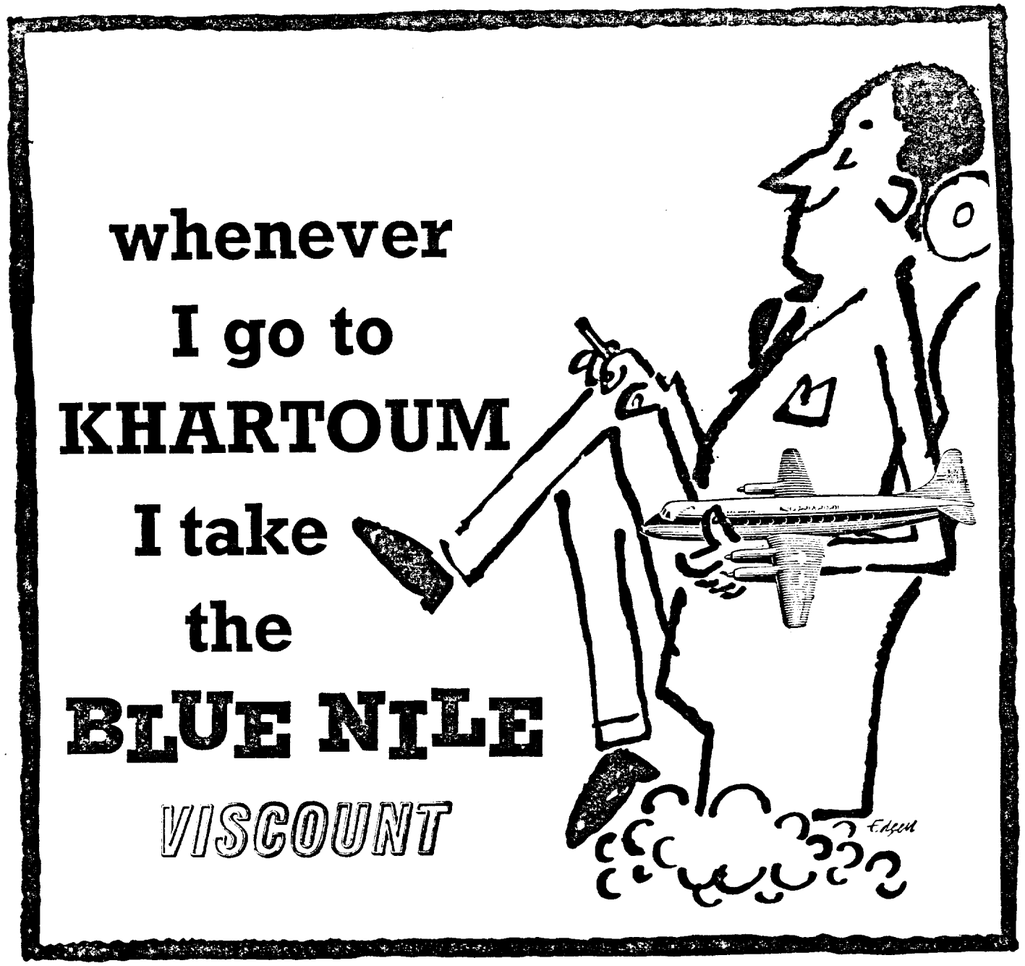
'I am a mole, and I live in a hole'

This is the solemn and melancholy chorus our engineers sing round their drilling rigs. They add that they work longer hours than most moles. Also that mole business is not a risky business, whereas oil-hunting definitely is.

Everything about drilling for oil is a gamble. Our engineers may set up their derricks, their pumps and draw-works eight to ten times in jungle and swamp country. After a few months they might strike a gusher, or not find enough oil to pay for postcards home. Those are the lumps we get in our porridge, and we have to swallow them. So have our competitors, luckily.

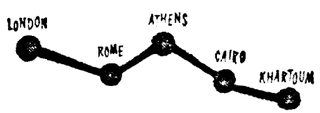
However, all these holes drilled all over the world eventually add up to a lot of oil and oil products. Plenty enough petrol to keep the car you'll buy next year on the road. Enough insecticides to keep the world's harvests healthy. Enough polyethylene to wrap everything that needs to be wrapped. On second thoughts, the mole song is a happy song.

YOU CAN BE SURE OF SHELL



Every Monday a Sudan Airways VISCOUNT 831 (maintained and crewed by Airwork) flies from London to the Sudan. **This is the only air service to cater specially for the Sudan.** Passengers who wish to break their journey at Rome, Athens*, or Cairo may do so and continue their journey by the next plane at no extra cost. The return flight from Khartoum will be on Thursdays. **VISCOUNT comfort . . . Rolls-Royce Speed.**
The latest Viscount—the 831—is larger, much faster and even more luxurious than its predecessors. In a perfectly relaxed atmosphere, you can eat and drink, read and talk (nearly everyone on board will have a common interest in the Sudan) or simply sleep, lulled by the soothing hum of the four Rolls-Royce jet-prop engines. An unusual feature of this flight will be a Free Information Service on all matters relating to Sudanese business, political, and social life. This will be very helpful to newcomers and to those returning after a long leave of absence. If you have business in the Sudan, ask your travel agent about the new Blue Nile Viscount.
** Subject to the approval of the Government concerned.*

BY THE "FABLED CITIES" ROUTE



SUDAN AIRWAYS' *technical maintenance provided by Airwork, who are also UK Managing Agents.*

CRC 4

Mr Khrushchev's Authorised Version

TRUTH, someone has doubtless said, is also indivisible. Utter disregard for truth and contempt for facts makes consistency easier. But an attempt to reconcile fiction, fact and half-truths is a perilous task. Such must have been the conclusion of the 11-man committee which produced the recently published official "History of the Communist Party of the Soviet Union."

The new text-book is the successor of the famous (or notorious) "Short Course" of party history which for fifteen years was the official stalinist breviary. Published in 1938—originally in nine instalments in *Pravda*—it was intended for mass circulation. At first it was assumed that Stalin wrote only the chapter on dialectical materialism. Then it turned out that the whole book, including the many tributes to Stalin, came from his own pen. Stalin had no scruples and within a decade his own version of events and of doctrine was translated into 61 languages and published in 32 million copies. It was compulsory reading not only in the Soviet Union but throughout eastern Europe. It was the *vade mecum* of party members throughout the world. For millions of stalinists it was the revealed truth that provided all the answers.

BUT it barely survived its author. Shortly after Stalin's death, the publication of several original documents—such as Lenin's testament—and the rehabilitation of some military leaders executed by Stalin undermined the whole edifice of falsehood. Mr Khrushchev himself, in his "secret" indictment, delivered a mighty blow. Contrary to Gresham's law, good coin was driving bad currency out. With the falseness of the stalinist version thus revealed to all, there was a danger of awkward questions about the part Stalin's lieutenants had played in the fraud. During the ferment that followed the Hungarian insurrection and in the ensuing struggle against revisionism, Mr Khrushchev decided to call a halt to revelations and even to go into reverse. The various conflicting stories had to be reconciled and a coherent picture pieced together. The new revised version tries to do this.

In its first chapters the new textbook does not differ radically from the old. The change is rather in tone and emphasis. Trotsky is still the evil spirit of the pre-revolutionary period and the first years of the new regime. Hence the real story of the October rising and of the civil war cannot be told. Even such rehabilitated figures as Antonov-Ovseenko or Marshal Tukhachevsky are kept out of the picture. The limelight has to be turned on to third-rate performers.

The treatment of Lenin's testament shows what can be achieved with half-truths. The text is truncated in such a way that the derogatory remarks about Trotsky and Bukharin are left in, while the longer passages of praise are simply cut out. Lenin's request that Stalin should be removed from the secretariat sets the authors another problem. Why did not the party follow this advice? Because, according to the new textbook, it would have been exploited by internal enemies to harm the development of socialism, and so on.

Coming to the purges and trials of the 1930's, the authors do not dare to repeat Stalin's absurd charges against the opposition. Instead, they fall back on euphemism and understatement. It is, for instance, known that Kirov's murder, in 1934, was followed by mass executions. These bloody purges are now reduced to "the control and exchange of party cards and the verification of character of party members." The mass deportations which followed are described as "a violation of the party line towards the cadres." The authors prefer not to get involved in the ghastly story of the Moscow trials. They admit that many innocent people were victims of the repression. The blame is put on the policemen, Yezhov and Beria, who exploited Stalin's weaknesses. And the tale has a moral ending: "Yezhov and Beria met a just punishment."

Stalin's book ended in 1938; the new one is brought up to the present year. In the description of the war some of Khrushchev's "secret" accusations are echoed. Thus, Stalin is blamed for the surprise effect of the German attack. He had dismissed the warning of Sir Stafford Cripps as "a provocation." Coming to the last years of Stalin's rule, it is admitted that his cult did serious harm to the leadership of the party and the state. Nevertheless, as if to justify Mr Khrushchev's behaviour, the policy of the party was right and corresponded to the interests of the nation. Among the evil influences on Stalin, Beria is here joined by Malenkov and other members of the anti-party group. Curiously, however, "the doctors' plot" is not included among the errors of the last Stalinist period.

Stalin's policy towards Jugoslavia is recognised as wrong, but the policy of economic discrimination in eastern Europe and the chain of trials, guided from Moscow, are again dismissed euphemistically as "individual mistakes of a secondary and incidental character."

Mr Khrushchev's own purges also impose a strain on the historians. The part performed by his dismissed opponents has to be played down. Thus, the defence committee which directed the Soviet war effort is ignored, because it included—besides Stalin and Voznessensky—Molotov, Kaganovich and Malenkov. The book prefers to dwell on the activity of individual party envoys, particularly of Mr Khrushchev, who emerges as one of the defenders of Stalingrad. The disgraced Marshal Zhukov is simply mentioned among many commanders of lesser importance.

THE campaign against the cult of Stalin is seen favourably. It has caused "temporary difficulties" but is said to be a safeguard against repetition. The "cult of personality" has disappeared, yet remnants can be detected in the last chapters of the book, where Mr Khrushchev dominates the stage.

It would be easy to list the lies, distortions and discrepancies of this new history. What is significant, however, is that the authors cannot really hope to convince their readers. Soviet citizens can now themselves replace the missing bits from Lenin's testament. John Reed's *Ten Days That Shook the World* has been published in Russia; it shows unmistakably the part played by Stalin's victims in the October revolution. Verbatim reports of party congresses and conferences confirm this picture. The new bowdlerised edition could still make sense if there were one version for the initiated and one for the masses. Yet it is published in only a million copies and as many Russians can consult, say, the 36th volume of Lenin's works, containing his testament.

Stalin knew that his lies could not co-exist with the original documents. Mr Khrushchev would like to contain truth within limits so that it would not show the dirty hands of the leaders of his own generation. He does not seem convinced that this can be done for long. His new authorised version has an ephemeral air. The official historians' tricky task is a reflection of the inner contradictions in the Russian leadership at the present stage of the Soviet transition.

Swiss Socialists in the Toils

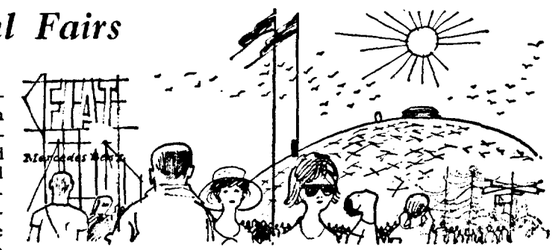
FROM A CORRESPONDENT

EVERY four years, on the last Sunday in October, the Swiss re-elect both their National Council (*Nationalrat*) and Council of Estates (*Ständerat*) ; their general election falls due this year on October 25th. Since the country adopted proportional representation in 1918, a change which greatly increased the number of Social Democrats returned to the National Council, elections to that body have brought only a trifling variation in the strength of the competing parties ; thus a Swiss general election has little of the sporting excitement of a British one. Further, so much voting goes on in Switzerland on federal, cantonal or communal issues that the thing has rather lost its savour, and the proportion of electors who go to the polls tends to be low. Indeed, for many Swiss people, the election of the National Council is more remote and therefore less interesting than voting about a new local school.

In 1955 the Socialists pushed beyond the other two big parties, winning 53 seats in the National Council ; the Radicals won 50 and the Catholic Conservatives 47. The Peasant and Traders' Party had 22 representatives, Herr Duttweiler's Independent Party 10, and there were 5 Liberals (who are very conservative in Switzerland) and 5 Democrats ; there were also 4 Communists who may well disappear in 1959. Through deaths and resignations about a quarter of this Chamber will in any case not reappear.

New Era in International Fairs

BY A CORRESPONDENT



SINCE the war there has been a spectacular expansion of trade fairs as institutions for promoting international commerce. Most of them were established during the inter-war period on the classic model of the Leipzig Fair, and display both capital and consumer goods in great variety. The Milan Fair in 1939, for instance, had 5,088 exhibitors—of whom 1,003 came from abroad—and over two million visitors. Twenty years later, the number of exhibitors had grown to 13,400—of whom 3,229 were non-Italian —and 4,300,000 visitors jammed the grounds.

After the second world war, new international trade fairs were created. Among these, the rise of the German Industries Fair, with British "godfathers," in Hanover provides the most outstanding success story. The first large-scale international trade fair in North America was held at Toronto. Financed and organised by the government, the Canadian International Trade Fair, inaugurated in 1948, was forced to cease operations after a run of several years because of the opposition of an important group of protectionist Canadian industrialists.

In the United States, the movement to establish "import-promoting" fairs was vigorously encouraged by the Department of Commerce as part of its drive to help foreign countries to earn dollars. America is the land of specialised fairs *par excellence*, but the existing fairs had either too little space to accommodate foreign exhibitors or were loth to admit outside competition. In 1950, the first American International Trade Fair was held in Chicago and had a successful two-weeks' run. The United States World Trade Fair made its home in the New York Coliseum, an exhibition hall completed in 1957, and has since become an annual event

Until 1939, most of the important specialised shows were only domestic in scope. Immediately after the war, the need to re-establish international business relations, reinforced by the postwar hunger for commodities, gave in the absence of sufficient specialised international shows, new impetus to the general fair. The demand for more exhibit space rocketed and heavy sums were invested in new exhibition facilities.

But the capital invested in new fair facilities demanded amortisation. A source of income, over and above that accruing from additional space rentals, was needed. It was found in the mounting gate receipts. The fair treasurers turned their attention to the general public. The sober business atmosphere was modified and the infiltration of features with a more popular appeal was allowed. Glamorous national pavilions, often with political overtones, cultural and educational exhibits, luna-park amusements, all helped to widen the appeal of the fairs, with the result that at many general fairs today the proportion of actual business visitors is negligible compared with the number of pure sightseers.

The triumphant progress of the specialised fair in recent years is chiefly caused by the wealth of new articles appearing on the market, together with the much wider and more various consumer demand, stimulated by postwar prosperity. Many general fairs proved too small to display a representative selection of all commodity groups. Moreover, businessmen dealing in the same kind of commodities enjoyed the opportunity to meet and "talk shop" together. The movements toward the economic integration of Western Europe also gave a powerful impetus to the specialised fair.

It is a significant sign of the growing importance of the specialised international trade fair that, for the first time in its nearly forty-year history, one of the oldest, largest and most famous of Continental fairs—to all intents and purposes a national institution—has recently been strongly criticised. Its transformation into an exhibition with a country-fair character was deplored and a clear preference for the specialised or vertical display was indicated. The British Board of Trade, and the working party set up by the Federation of British Industries to examine export trade facilities, also favour participation in specialised overseas fairs. The Board of Trade, for instance, sponsored exhibits by twenty-four British manufacturers at Cologne's International Men's Fashion Week at the end of August ; this was said to be a great success for the British participants. Cologne was among the first of the continental fairs to abandon the formula of the general fair and to adopt the concept of a series of specialised events, held consecutively.

This does not mean that the general international trade fair will disappear. It is true that some horizontal or general fairs are already beset by real difficulties, but most are still going strong. In economically less-developed countries, where supply and demand have not yet reached western levels and the variety of goods is much less, the general fair will prove adequate for some time to come. In a number of European countries, however, there will no doubt be a gradual reorganisation of the Leipzig-type fairs in favour of greater specialisation. Some others will develop more and more into exhibitions whose main appeal is to the consumer ; while certain smaller branches of industry may prefer to remain in the fold of large, well-organised general fairs, rather than staging their own shows. In North America, general import fairs may continue for a while, although the future there already lies with the specialised, international trade fairs.

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The Socialists, who are the only big party in opposition to the government, are almost certain to lose their lead on October 25th. They have lost seats in the cantonal elections in Zürich, Lucerne, Basle (country), Glarus and Thurgau earlier this year. In spite of the moderation of their programme, the fresh economic boom has worked against them ; so has the news from Britain on October 8th. The main election issue is scarcely inspiring for electioneering orators, for it is financial and largely retrospective at that. In May, 1958, a referendum sanctioned a fiscal plan for six years according to which the income tax or *Wehrsteuer* was reduced upon high incomes as well as on lower ones ; in some cases the tax on high incomes was reduced relatively more. This plan was based upon the assumption that military expenditure would not exceed 800 million Swiss francs annually. But both in 1958 and 1959 it has slightly exceeded 1,000 million (without what is spent on civil defence), and the military authorities are asking for still more for 1960 in spite of the fact that the decision to acquire nuclear arms has been postponed indefinitely. The Socialists opposed the 1958 plan and they are naturally as busy as possible saying " I told you so."

The Swiss trade unions, which co-operate with the Socialists as British trade unions do with the British Labour party, are at present preparing to bring forward an Initiative in favour of a 44-hour working week, but it is unlikely that this will increase support for the Socialists. Their strongest line would seem to be in support of the extension of the social services, which are not very generous in Switzerland.

The second chamber, or Council of Estates, which must always contain two representatives of each of the 22 cantons, must also be chosen on October 25th. Each canton has its own method, usually popular election or election by the cantonal parliament. Last February, Vaud gave cantonal voting rights to women: as this is a canton where popular election to the second Chamber occurs, for the first time in history Swiss women will be voting in a general election. It is curious to think that the Vaudoises will help to choose the more conservative Chamber where the small mountain cantons, which are furiously anti-feminist, have the same weight as the big urban ones.

It is curious, too, that the question of women's suffrage is not an election issue: on the contrary, it is something which each party is careful to ignore. It is true that the Socialist vote in the towns of Neuchâtel, La Chaux-de-Fonds and Le Locle was instrumental in giving the vote to the women of the canton of Neuchâtel only three weeks ago, but the German-Swiss Socialists, or at any rate the rank and file, are not at all in favour of votes for women. Far from fighting the matter out in the open, the partisans of female suffrage, both the men and the women, believe that the less that is said about it the better, and then it will gradually slip through in one canton after another.

At present the Swiss government consists of three Radicals, three Catholics, and one minister who belongs to the Peasant party. The government parties would probably prefer to return to the system which prevailed from 1943 until 1953, when one Socialist held office as Minister of Finance: the Socialists, however, will remain in opposition unless they do well enough in the election to be able to claim two ministerial posts.

The Case of Father Talavera

BY A CORRESPONDENT LATELY IN PARAGUAY

One of the last stable governments in a Latin America racked by political and economic crisis is the Paraguayan regime of General Alfredo Stroessner, South America's last dictator. General Stroessner has kept himself in power for five years, a very long time for a Paraguayan president, by the traditional methods of rigged elections and police brutality. During the last few months, however, there have been increasing signs that he is beginning to lose his grip on the situation. Beset as he is by crippling economic difficulties within the country, the general is also menaced by the example of democratic governments that surround him in Bolivia, Brazil, and Argentina.

General Stroessner is no fool. He knows that caudillos as a class are just now in eclipse throughout Latin America, and he was given vivid proof of this when his friend General Perón sought refuge in Paraguay after his fall from power. But he would like to remain in office until the end of his presidential term, and he has therefore begun to introduce moderate reforms. Last spring (spring by the calendar of the northern hemisphere, that is) he announced that he would permit free parliamentary elections in February next year, and that he did not intend to run for re-election in 1963. At the same time he lifted the state of siege and released a few leaders of the Liberal party from concentration camps in the Chaco.

The results of this policy recall the proverb about the man riding a tiger. General Stroessner's moderation was interpreted as weakness, and people opposed to him made use of a rise in bus fares from 3 to 4 *guaranies* to stage a series of protest meetings and riots against the government, in the course of which they burned a dozen buses and paralysed the capital city of Asunción. The army was called out, and promptly and bloodily repressed the disorders ; the government went back to its old policy of the three *-ierros : encierro* (jail), *destierro* (exile), and *entierro* (the cemetery).

The most recent threat to the regime's stability is the work of Father Ramón Talavera. Father Talavera, who is still in his thirties, comes from a highly respectable family (his father was president of General Stroessner's Colorado party), but gave up ecclesiastical preferment to become a parish priest in the slums of Asunción. He has persistently clashed with the government in its attempt to evict squatters from their wretched shacks in the aptly-named Villa del Diablo, and the loud speakers he installed on the outside of his church were the only public expression critical of the regime.

General Stroessner was anxious to avoid General Perón's blunder of publicly clashing with the Church. He quietly brought pressure to bear on the hierarchy ; Father Talavera was first ordered to stop preaching, and then exiled to Uruguay. In Montevideo, under mysterious circumstances, four physicians declared him insane. Father Talavera then escaped to Buenos Aires, where he set about organising a Patriotic Front among Paraguayan exiles, preaching what he calls " a Christian version of Ghandi's programme of non-violence."

This September, Father Talavera took a steamer upriver to return to Paraguay and inaugurate his programme of one-hour work-stoppages twice a week in protest against the dictatorship. His ship was stopped, and he was forced to return to the Argentine town of Clorinda. Marches and demonstrations followed on both sides of the border, and worried Paraguayan officials closed the frontier to traffic for three days. After a while the tension subsided, and the government declared that it was only trying to protect " unstable elements " in the country from contamination by a paranoid.

The incident, in which a single unarmed priest seriously frightened a government that controls a large, well-disciplined army, demonstrates the hollowness of General Stroessner's power. He has had to suspend his programme of gradually liberalising his regime ; but he cannot expect to rule by terror indefinitely. The crowd of sycophants and soldiers that surround him know how precarious their situation is, and are ready to run in the face of serious trouble. Although Father Talavera's movement apparently has no chance of immediate success, his prediction may well prove true in the long run: " Our liberation must be the work of Paraguay herself. The pressure of the people will be irresistible."

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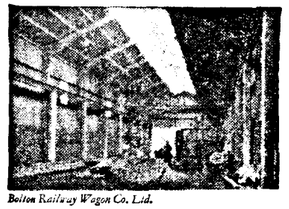

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THE BUSINESS WORLD

Equities on a Longer Look

Amid the shouting and tumult of the London Stock Exchange on the day after the election, a number of old-fashioned ideas about ordinary shares were swept away—probably for good. Investors have now to adjust their thinking to a new world.

In one violent, intoxicated day of joy, the London Stock Exchange celebrated the Conservatives' victory. Brokers stampeded into the House with a cheer and the jobbers climbed on to the benches to save their skins. With their backs against the pillars they tried to catch the shouts of brokers, some of them trying to sell for profit-taking American clients, but many more of them shouting to buy at best for British private and institutional investors. Some bargains on the steel pitch were struck for over 100,000 shares. The oldest inhabitants said there had never been anything like it before. It was Throgmorton Street's Purple Friday.

Records were broken in every direction. For the first time, over 25,000 bargains were marked on a single day; but that was only part of the business, for most brokers were too busy to have time to mark the slips. Over 100,000 bargains were marked in a week and those who bought in front of the election turned out to be better than the polls in foreseeing its outcome. The stock exchange indices made their biggest daily gains ever, with the *Financial Times* ordinary index, which had risen by 5.8 points in the two preceding days, jumping by 16.1 points on October 9th to a new, and immediately surmounted, peak of 284.7. *The Economist* indicator in the week that straddled the election soared by 27.6 points (or by nine per cent) to 333.2. The prices of leading equities are over three times what they were in 1953 when the indicator was started and twice what they were at the bottom of the bear market in February, 1958.

The market this week became less excited, with a big two-way business developing. Though there is still purposeful buying and net gains in prices were at first quite enthusiastic, the market is now on a more solid foundation. Jobbers would welcome a technical reaction and a chance to get back some stock; brokers need time to ponder whether the obvious market leaders have moved out of reach and whether shares in the second division have fallen behind in the rush. Friday's exuberant surge had a character all of its own: it was the day the dam broke. In some cases the exuberance certainly ran a little wild. And indeed on purely economic grounds the boom of all time on the stock exchange might be said to sit slightly oddly with a notable lack of boom over fairly wide sectors of British industry that provide capital goods. Consumption is king, but it has not produced any significant impact yet on investment decisions or order books in the capital goods industries. Because of tax cuts, net profits in British industry have already risen and dividends have been more generous but it is only recently, after a long pause, that gross earnings have begun to rise again; gross trading profits of the 570 companies caught in *The Economist's* analysis for the third quarter of this year (whose accounts run largely to end-March) went up by 4½ per cent from £326 million to £340½ million. Profits and dividends should continue to climb, for production is rising, wages have not yet risen excessively and raw material prices have not bounded ahead. Investors may need a pause to digest their heavy meal since October 8th, but they will not yet be losing their appetite for equities.

The election result released thoughts that had been current for a fair time about a new look for equities, and expressed them in buying orders for hard cash. The relations between British equities and gilt-edged stocks have been changing. Will they stay changed? The average yield offered by the ordinary shares included in *The Economist* indicator has come down to 4.2 per cent; that is three-quarters of one per cent below the yield offered by Old Consols. In pushing down equity yields to this new low level, investors have ushered in a new phase in the history of British investment—a result of long months of reappraisal, in which stock exchanges and investment centres outside Britain were involved. For well over a year, the average yield on Continental and American equities has been running at between 3 to 3½ per cent, well below those offered by government securities. Yields on American common stocks fell below the return on long term government bonds as long ago as August, 1958. Even in the more cautious British market the yield gap was

closed this August, weeks before the date of the election was announced.

But not until the election was out of the way was it absolutely certain that a new era in the British market had dawned. In London as in other capital markets, it has long been clear that equities were no longer so vulnerable to the old cyclical risks, now that any government (whatever its political complexion) is bound to concentrate on maintaining full employment and on preventing the advent of a prolonged trade depression, even at the risk of inflation. Equity stocks were seen as providing not only a hedge against inflation (which no fixed interest money stock can do) but also a participation in the fruits of industrial growth and an advancing standard of living. Of course there is the risk of loss on particular shares and a continued need for sensitive selection. But that risk is now much smaller, perhaps smaller than the risk of monetary depreciation on an investment in gilt-edged stocks. These are principles on which the pensions funds and other institutional investors and private investors have been acting for some time. The difference that the election makes is that their political nightmares, however well or ill founded, have been removed for four or five years and conceivably for much longer than that.

THE immediate gain is obvious: a government which is not inimical towards the City (though it ought to regulate its conduct more rigorously) or towards private capital has come to power with an increased majority. Nationalisation is, on the face of it, out for good; anti-capital and anti-City policies have been decisively rejected. The economic and fiscal conditions for broadening the base of a "share-owning democracy" have been confirmed. There are opportunities now for new and less restrictive regulations governing the conduct of unit trusts and for widening the Trustee Act to give the beneficiaries of trusts the chance to enjoy the advantages of equity investment. Philip Hill, Higginson in launching a new unit trust immediately after the election bought advertising space in the *Daily Mirror* and on commercial television. Both cloth-cap and top-hat investors are outmoded; this looks more like the age of the man in the trilby.

The new government, whatever it does to regulate investment and to reform the Companies Act and the Building Societies Act, will certainly do nothing to fetter it; voluntary or compulsory freezing of dividends is out, and so are discriminatory taxes on capital gains or corporate income. This favourable sun must cast its beams across the boardroom tables. Directors cannot now be inhibited from increasing dividends for fear of the politicians. There is no economic excuse for not raising dividends when earnings rise: taxes have been reduced (presumably it will be the aim of the new government to reduce them further) and now that investment programmes have modernised large sectors of British industry the clamant need to rely upon ploughed-back profits has been much reduced. With the government anxious to preserve the strength of the capital market, there should be opportunities in plenty to raise money on new issues rather than by undue self-financing.

THE FALL IN YIELDS

	Sept. 8	Oct. 8	Oct. 9	Oct. 14
	Per cent	Per cent	Per cent	Per cent
Steel	6·0	5·5	4·6	4·2
Radio and TV	4·6	4·5	3·8	3·8
Building	4·3	3·8	3·6	3·7
Chemicals	3·4	3·1	2·9	2·9
Banks	4·2	3·8	3·6	3·4
Motors	4·1	3·8	3·5	3·4
Cotton	7·6	6·8	6·6	6·3
Breweries	4·2	3·9	3·7	3·7
Property	4·2	4·0	3·7	3·6
Department stores	4·2	3·9	3·7	3·7
Chain stores	3·5	3·2	3·1	3·0
Insurance	3·7	3·5	3·3	3·1
Motor components	4·4	4·1	3·9	3·8
Tobacco	5·1	4·8	4·6	4·5
General engineering	3·9	3·7	3·5	3·4
Investment trusts	3·5	3·4	3·2	3·1
Food	4·3	4·2	3·9	3·9
Paper	5·7	5·5	5·3	4·9
Heavy electrical	4·3	4·2	4·0	4·0
Machine tools	4·3	4·2	4·0	4·0
Shipping	6·1	5·9	5·7	5·5
Newspapers	5·6	5·4	5·3	5·1
Wool	6·1	6·0	5·8	5·7
Aircraft	7·8	7·5	7·4	7·2
Hire Purchase	2·7	2·7	2·6	2·4
Shipbuilding & boilermakers	6·8	7·0	6·6	6·3
Oil	5·3	5·3	5·3	5·2
Miscellaneous	3·9	3·7	3·5	3·5
FT Ordinary Index	4·76	4·53	4·27	4·23
Copper	4·8	4·9	5·5	5·5
Gold (OFS)	5·2	5·6	5·6	5·7
Gold (Far West Rand)	7·5	7·4	7·3	7·2
Tin	10·5	9·3	9·2	8·9
Rubber	10·6	10·9	10·5	9·5
Tea	14·8	14·7	14·8	13·9

THE RISE IN PRICES

	Sept. 8	Oct. 8	Oct. 9	Oct. 14	Earnings Yield	Dividend Yield
					Per cent	Per cent
United Steel	43/-	44/6	55/-	62/-	14·0	4·0
EMI	52/-	53/3	56/6	58/-	12·3	3·5
Associated Portland	61/-	68/3	73/9	71/3	8·9	2·7
ICI	41/6	49/3*	53/9	52/9	6·1	3·4
Midland	68/3	72/-	76/-	75/-	—	4·0
British Motor	16/10½	18/3	19/7½	20/-	10·9	3·9
Lancashire Cotton	48/7½	57/-	59/6	59/6	11·2	5·9
Ind Coope	15/9	16/9	17/6	17/7½	6·8	4·0
London County	19/9	21/-*	23/4½*	24/10½	3·7	3·4
House of Fraser	35/9	38/6	39/10½	42/-	5·3	4·8
Marks & Spencer 'A'	59/-	66/3	67/9	69/9	4·0	2·2
Prudential 'A'	252/6	270/-	295/-	317/6	—	3·4
Dunlop	24/6	26/-	27/-	26/3*	10·0	5·0
Gallaher	33/7½	39/9*	40/-*	40/-	9·2	4·2
Guest Keen	68/9	70/6	77/9	76/3	11·6	3·4
Cable & Wireless	15/10½	16/6	17/7½	18/3	4·6	2·7
Allied Bakeries 'A'	29/9	33/-	36/-	35/-	—	2·6
Bowater	58/-	59/-	61/-	63/6	12·9	3·9
AEI	60/3	62/3*	64/-*	65/-	6·9	4·6
Alfred Herbert	46/6	45/-	47/9	48/-	9·4	4·1
P & O	37/3	39/9	41/6	43/3	14·8	5·1
Daily Mirror 'A'	21/6	23/-	24/-	25/3	13·5	5·0
Patons & Baldwins	50 1½	52/-	54/4½	54/9	13·3	5·8
Hawker Siddeley	30/6	29/10½	30/6	28/1½	17·0	7·1
UDT	179/6	193/6	205/-	202/6	5·8	2·5
Cammell Laird	7/7½	7/3*	7/6*	7/9	—	9·0
Shell Transport	146/6	142/3	143/-*	147/6	14·7	4·2
Unilever	109/6	116/3	123/6	123/-	11·1	2·7
FT Ordinary Index	255·2	268·6	284·7	287·4	9·69	4·23
Roan Antelope	8/-	8/1½	8/3	8/9	—	5·9
F. S. Geduld	135/-	178/9*	179/4½*	176/10½	7·2	4·5
Hartebeestfontein	59/-	62/3	62/6	62/9	24·6	11·2
Tronoh	15/9	18/9*	19/3*	21/-	10·3	10·3
US Betong	76/3	79/-	81/-	87/6	8·6	8·6
Cons. Tea & Lands	30/9	31/6	31/6	33/-*	16·3	14·8

* Ex-dividend

The Markets Analysed

IN the bull market which began at the end of February, 1958, and ran almost without pause up to the election, the industrial equity groups that made the biggest advances included motors, steel, breweries, stores and hire purchase finance. Among the groups that did not really share in the boom were oil, engineering, electrical equipment, paper, shipping, aircraft and shipbuilding. In the upsurge that followed the election the groups scoring the biggest gains were steel, radio and television, building, chemicals, banks and motors. The accompanying table sets out these advances in order of size. All these groups had already before the election made bigger gains than the average. Those which had been in the doldrums before the election remained there. There has thus been no marked change of investment views about the particular merits of individual groups. Investors have stuck to their preference for equities in industries which are closely in touch with the consumer, in which the threat of nationalisation has been removed (steel and ICI) and in which profits and earnings have already begun to pick up. They have remained chary of equities in the capital goods industries except the building trades, which continue to thrive. Production in many industries is still some way below the limits of available capacity and investors are probably right in believing that a construction boom to match the one which set British industry back on its feet after the war is not immediately in the making. In the near future earnings and dividends are likely to rise faster in the consumer trades than in the capital goods industries.

GILT-EDGED

TO many people's surprise, gilt-edged and other fixed interest securities have shared in the sunshine of the past week. Often in the past a concentration of interest on equities has left gilt-edged out in the cold. This week, although movements in prices have been small, there has been a marked revival of demand for gilt-edged, from big institutional holders as well as from small investors. The market has been active and firm. This is itself an encouraging sign for equities, as it shows that their upsurge owes little to investors' fears of inflation.

While few people expect long-term interest rates to fall to any marked extent, many expect them to continue for some time on their existing relatively high plateau. Provided that inflation is kept at bay—and a Conservative government with a larger majority probably improves the prospect here too—these high yields may be attractive to an increasing number of investors. Now that many leading equities are yielding much less (in some cases no more than half) the return on fixed interest securities, more cautious investors and those in need of certain income may find more attraction in gilt-edged and industrial debentures. The reversed yield gap, a proper reflection of the new investment climate, can work in the favour of gilt-edged stocks.

STEEL

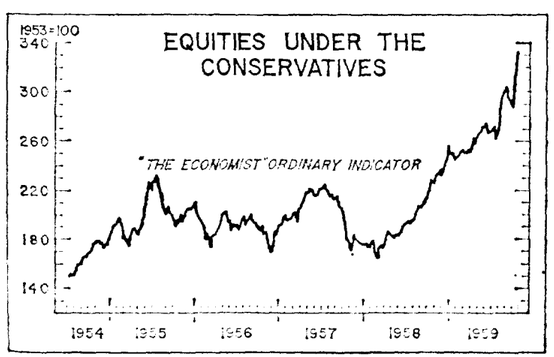
WELL before the election steel shares had been bought in anticipation of a Conservative victory and in the two months or so preceding it dealings in steel options were very heavy. With the Conservative victory ending the threat of nationalisation, these shares involved the biggest adjustments in prices. There were big profits to be taken—and they were taken. But selling was easily absorbed in the rush of buying orders. Dividend yields based on 1957-58 payments have now been brought down to a level comparable with those of leading blue-chips in other industries, but it is earnings yields which have really attracted investors.

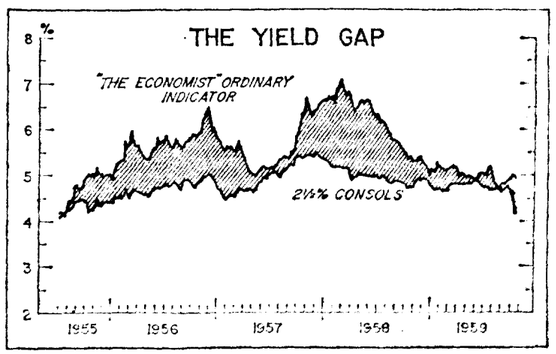
The new season of dividend payments from the steel industry approaches. Though the profit record of the industry will be patchy (with those companies which serve the motor industry, such as Steel of Wales, doing brilliantly and those companies whose fortunes are tied to capital investment doing less well), the earnings cover in practically all the companies is so high that, with the removal of the political threat, there can be far fewer inhibitions in distributing a higher proportion of earnings to shareholders. Shareholders can also expect scrip issues (for issued capital and capital employed in this industry are grossly out of line) and the raising of much new money by rights issues. But there will be limits to steel directors' generosity, for many capital programmes have still to be completed. But the big new fact is the greater freedom to decide whether expansion should be financed from internal resources or by appeals to the capital market.

The Conservative victory also opens up the prospect of the denationalisation of Richard Thomas and Baldwins and raises the question what ISHRA will now do with the mass of debentures and preference shares it owns in the steel companies. And will FCI continue to be a prime source of new finance for the industry?

CAPITAL GOODS

NEITHER before nor after the election were investors especially eager to buy equities in the capital goods industries. The exception was the **building** group (which had already enjoyed a good rise) and where the industry is currently earning good profits. **Machine tools**, which before the election had been rising quite sturdily, did not fully share in the upsurge that followed it: the flow of orders to the industry has still to develop. The **general engineering** group came into slightly more favour than it enjoyed before the election, but this seems simply to represent an awareness of the interests that some of the leading companies, such as GKN, have in steel. **Electrical equipment** manufacturers have been earning good profits on consumer durables, but their margins on items of capital equipment have not improved and the big groups are making losses on their atomic power contracts. Profits in **shipbuilding**, once the present order books are worked off





(and that will be quite soon), will almost certainly fall and another boom in shipbuilding seems a long way off. Equities in this industry did not share in the advance either before or after the election. Nor did **aircraft** shares, where the individual choice must turn on the timing of orders and upon the degree to which diversification has been successfully accomplished. As a whole, these shares seem likely to stay out of favour.

CONSUMER GOODS

THIS is the section, apart from steel shares, where much of the weight of buying was concentrated. In particular, **radio and television** shares made a strong advance after the election; this, in part, is the result of American buying of electronic stocks and of such shares as EMI. All the industries making durable consumer goods have been doing well and profits seem certain to improve. These are fashionable stocks and the danger is that they may become too fashionable. **Motor** shares, which scored the biggest advance of all before the election, remained popular. The results to be announced in the next few weeks will certainly show bigger earnings and higher dividends. Profits should remain high in the months to come. A good deal, however, has already been discounted in current prices, especially as the introduction of new models both in this country and the United States seems to point to a more competitive phase. **Chemical** shares, and in particular ICI, were active and strong after the election, with investors following the lead that the recent batch of good half-yearly reports gave. **Paper** shares, with a surplus of capacity still persisting in the industry, did not win any sharp gain in popularity, for competition remains intense and margins show no sign of expanding. If output, however, does rise, some of the equities in the industry, because they are so highly geared, should benefit—as the recent rise in Bowater Paper suggests.

Some gains were recorded among **cotton** shares. With their high yields (currently covered only thinly by earnings) these are the obvious "mixers" for a portfolio, and their prospects have been changed for the better by the government's reorganisation scheme. The equities of department, chain and multiple **stores** were equally prominent—as, indeed, they had been before the election. This section of the market has always had its "growth stocks" and there seems no reason to reverse the belief that the big units are more attractive than the small ones and the multiple stores more attractive than the department stores. **Brewery** shares, largely as a result of mergers and talk of mergers, had already enjoyed a strong rise. They were marked up quite sharply after the election, with perhaps too little heed being given to the highly competitive nature of the trade.

FINANCE

SHARES of **hire purchase** finance houses have throughout been in the van of the bull market. They received a further post-election boost, carrying them to still dizzier heights. **United Dominions Trust** has risen by nearly threefold since the beginning of 1958, Bowmaker and Mercantile Credit more than fivefold. There have been signs recently of growing competition for business, and service charges have come under pressure. After their remarkable rise, some pause in HP shares would not be surprising—though it must be admitted that practicaly everyone has underestimated their potential hitherto.

Bank shares have figured prominently in the boom, and have consolidated their status as true equities rather than money stocks. But there is still room for debate whether they should be regarded as growth stocks. Notwithstanding the latest round of increased dividends and generous rights issues, there are potent influences tending to keep down the banks' distributions. As businesses, they often find it difficult to look primarily to profit rather than to public service (though such facilities as personal loans meet both tests); and they are not really dependent for expansion on the raising of new capital, so that they are not subject to a direct pressure to raise dividends. At the same time, the recent tendency has been for bank directors to give more attention to their shareholders.

Insurance shares did not really catch the eye of investors until the spring. They then began to move up rapidly, partly on the prospect of growth and of the beginning of the end of the underwriting troubles in North America and partly on the prospect of mergers. They have big capital gains on their equity portfolios (with a consequent benefit to their inner reserves) and the way is open for a growth in income from their equity investments. If equity prices rise, insurance shares should follow.

The cloud that hung over **property** shares was that a Labour government would reintroduce crippling and restrictive legislation on rent control. But yields on property shares are low and it is questionable if the recent pace of property development can be maintained. It is the established companies, administering large blocks of residential property, which may offer growth with safety—but without the fireworks.

GOLD AND COMMODITIES

IF the Labour party had come to power, among the obvious escape routes for private capital would have been Kaffir shares and, to a lesser extent, oil and commodity shares. With the pull of industrial equities so strong, it is difficult to believe that **Kaffir** shares will enjoy the popularity they have had over the last fifteen months or so, or that they will go on rising at the same pace. The Kaffir market may now become more sedate, but with income and dividends from the new mines rising a prolonged bear market does not seem to be in prospect.

Oil is still in surplus and **oil** shares, in which prices are much influenced by the decisions of overseas investors, did not rise all that sharply. Earnings by the giants of the industry will be higher than they were last year (not least because costs have been cut back), but that does not point automatically to bigger dividends.

It will require quite a marked expansion to bring colour back to the cheeks of **shipping** shares. The slump still persists. Where, however, the earnings and asset backing is strong, as it is in P & O or United Molasses, the outlook for the long run is inviting.

Such commodity shares as **rubber** and **tin** have, because of the rise in the price of the commodity, already attracted investors. Current earnings are higher than they were and the yields offered by such shares are high when compared with those on industrial equities and as income stocks (though with the risks of capital losses) they may still prove to be attractive.

Comparative Growth

THE investor who buys an equity with a current yield of 3 per cent in preference to a fixed-interest stock yielding 5 per cent is making an implicit assumption that future growth will more than outweigh immediate loss of income. If his equity dividend return is stepped up steadily to 4 per cent (on his original investment) in the second year, 5 per cent in the third, and so on—and that would be a very good performance indeed—his cumulative investment income will need five years to catch up with the fixed 5 per cent return on a gilt-edged stock. He will then be earning 7 per cent on his original equity investment. If one takes instead a fixed-interest stock of 6 per cent yield, equities on the same growth prospects would need seven years to catch up—and proportionately longer on less ambitious assumptions.

At the break-even point, however, the market value of the equity holding would have appreciated in line with the increase in the return (though in practice market value may not double once the dividend has doubled because investors might by then be discounting less further growth). The institutional investor who re-invests his earnings will therefore face a constantly rising market in equities; the break-even point here comes after six years with gilt-edged at 5 per cent and eight years with gilt-edged at 6 per cent.

CUMULATIVE INCOME FROM

	Ordinary Share Yielding 3%	Fixed Interest Stock Yielding	
ASSUMING rise in yield by 1% on original investment each year		5%	6%
Year I	3	5	6
,, II	7 (7·09)	10 (10·25)	12 (12·36)
,, III	12 (12·27)	15 (15·76)	18 (19·10)
,, IV	18 (18·73)	20 (21·55)	24 (26·25)
,, V	25 (26·49)	25 (27·63)	30 (33·83)
,, VI	33 (35·76)	30 (34·01)	36 (41·86)
,, VII	42 (46·28)	35 (40·71)	42 (50·37)
,, VIII	52 (58·52)	40 (47·75)	48 (59·39)

(Figures in brackets show accumulated income with full reinvestment.)

In smiling benevolently upon private enterprise, will the Conservative government really let competition bite? Will it still be protectively paternal to industries which are declining? Its subsidies, after all, failed to win it votes in Lancashire or on Clydeside. Will it be quite so hesitant in its attitude towards freer international trade? If it is pusillanimous, the task of selection in investment is made less worrying. If it is courageous, the investor will have to become more wary in selecting the stocks to put in his portfolio. At any rate a firm start has been made with the Restrictive Trade Practices Court and the free trade area of the Outer Seven would itself involve some British industries in tougher trading. The sensible investor must be prepared for more competitive conditions than existed for some years after the war. He must expect more mergers in British industry, and realise that the bigger units will be stronger and their shares more attractive. And he must always reflect that an economy geared to satisfying the growing wants of consumers may permanently tip the balance of investment attraction away from the manufacturer and towards the distributor.

But it is not simply the assurance of five years' rule by the Conservatives which has brought summer to the hearts of businessmen and shareholders. The debate on how the Labour party has to reshape its programme has already begun. It should go much further than the burial of steel nationalisation or nationalisation of selected victims by the backdoor. The lesson of the election is surely that an alternative Government cannot hoist itself into power by policies that are designed to alter wholesale the character of the British economy. New policies in the future must rest on reform and not on remaking. It now becomes possible for even the radically-minded to contemplate the likelihood of a prolonged period less hostile to private enterprise and equity capitalism.

EQUITY prices, even apart from the possibility of inflation, seem set to rise further. On occasions, that rise will certainly be checked, but if the bogey of the trade cycle has been laid—though no investor should be too complacent about this—the trend cannot be gainsaid. British investors, as investors overseas have already done, will have to accept lower dividend and earnings yields than those to which they have been accustomed in the past. Their habitual caution may prevent them from discounting earnings quite as far ahead as investors do on Wall Street—and there recent experience shows that caution is better than running ahead too fast. The British stock market, moreover, does not yet command the volume of investment support for equity stocks that Wall Street does; even with the Conservatives back in the saddle, economic and social attitudes in this country may remain less favourable to investment than those in the United States.

How far yields on British equities will be brought down towards the levels prevailing abroad will also depend on the willingness of overseas buyers, now that the political hazards have been diminished, to take these stocks into their portfolios. There has been a little Continental and American buying this week, but the extent to which it contributed to the sudden spurt in prices has been small. At current prices and allowing for the weight of British tax, yields on British equities are still attractive by overseas standards. Undoubtedly, overseas investors will gradually come forward and buy, though the big withholding tax will remain a deterrent to buying stocks with very low yields. (The attraction of a British yield to an American is, for instance, less than it nominally seems because British yields are calculated on gross dividend rates, while American yields are calculated on dividends net of corporate taxes.) Since October 8th Throgmorton Street has taken its rightful place among the capital markets of the world: in the short-term, that will bring support to prices; in the long term it points to a livelier—and more volatile—market. Dealers on the London market will have to adjust their thinking to a continuing overseas interest in British securities, just as they will have to think hard about the ways of attracting savings from domestic sources and income levels that they have hardly bothered to tap in the past.

DEALERS and investors alike will also have to grow used to the idea that normally leading equities will yield less than long-term government stocks. With the election out of the way, the Bank rate board will again have to be watched, though there seems to be no reason for a change in the rate either way at the moment. Economic recovery has not spilled over into a runaway boom and it is unlikely to do so unless capital investment picks up very sharply. And, so far, the rise in interest rates in New York has had no really embarrassing effects in London. What investors might now look at more closely are the operations of the authorities at the long end of the gilt-edged market. They might then catch a glimpse of the government's attitude towards long term rates. There is much scope for funding local authority debt, and overseas governments as well as the British government will rely on the long-term market for a good part of their needs. The assumption must be that funding will be accomplished only at reasonably attractive rates. But obviously a point may come where gilt-edged yields could exert a positive counter-attraction to equities—and some institutions must already be wondering whether, on their non-participating insurance business at any rate, the balance is not now swinging in favour of long-term gilt-edged stocks.

Some comparisons bearing on this crucial point are given opposite. Investors were worrying before October 8th when the gap between equity yields and gilt-edged yields had closed; now equity yields are well below those of gilt-edged and they must be worrying even more with each widening of the gap. A new psychological barrier will come, though just where it will check the market still remains unknown. But if, say, the yield on Old Consols was more than a full point above the average yield of leading blue chip equities (and this, after all, is an average yield, with about half the stocks actually yielding less) then investors ought to give thought to the pace at which equity prices are advancing. There is complete consistency, therefore, between the distinctly firmer note in the gilt-edged market and the pause that has now come over the ordinary share market. The fact that good equities are worth holding and adding to is no guarantee that some of them may not occasionally be pushed too high.

BUSINESS NOTES

THE ECONOMY

Optimism Before the Euphoria

WHEN an election date was announced that meant the Federation of British Industries would be sampling its members' confidence in prospects for the economy during the fortnight before the electorate went to the poll, the FBI did consider either advancing its survey a few weeks or postponing it, but it decided not to. Answers to its questionnaire, in fact, were being received right up to polling day. It is anybody's conjecture, therefore, whether hopes or fears have coloured the sample of manufacturers' replies that the FBI published this week to the one question that shows their outlook for the immediate future—whether they feel more or less optimistic about the general business situation in Britain than they did four months ago.

Election or not, they certainly did feel more optimistic already. There were still 46 per cent who felt about the same; but of those whose confidence had altered, the overwhelming majority thought the business situation was looking better. Half of them were working to "a satisfactorily full rate" of capacity again, and of those still below capacity, far more said they had less unused capacity than four months ago than said that they had more of their plant idle.

This shift towards the "Ups" is marked all the way through these 717 manufacturers' answers to the FBI questionnaire. Answers about output and home deliveries show an absolute majority of the businessmen reporting increases; export deliveries on balance sound to have increased, though perhaps less markedly. The rate of new orders looks to have improved from home and from abroad; for a large proportion of the sample these have led to a lengthening in their total order-books, so that orders will have been coming in at a higher rate than deliveries work off the outstanding business. Fairly high proportions report, too, that over the last four months they have been taking on more labour and the hours their labour force works have gone up: this fits in with a preponderance of feeling, among those who distinguish a change, that the labour market is less easy than it was in the early summer. (This did not seem to have tempered their optimism.)

For the first time since these surveys began in early 1958 there was a small preponderance, among manufacturers reporting a change, of those whose stocks of raw materials had gone up. Work in progress seemed to have changed, as would be expected, in line with output; where stocks of finished goods have altered, the balance seems to be downward. These answers are consistent with a more rapid recovery in industry than anyone would confidently have forecast. The answer on raw materials may well be significant. One development in which politics might reasonably be expected to add a touch of emphasis to industry's confident forward look at the economy might be in buying for stock; if so, rebuilding of inventories may well, over the next few months, add speed to the boom.

But Investment still lags

BUT these manufacturers do not offer much joy to the anxious analysts who are looking for that first sign that private industry is beginning to increase its investment again. There is, it is true, a slight preponderance who reckon that they may spend more on plant and machinery in the next twelve months than they did in the last; but the balance is still the other way where placing contracts for industrial buildings is concerned. As the FBI says, "The point has not yet been reached at which there is widespread planning of new capacity." Given the quite substantial number of firms still working below capacity, after a manufacturing investment boom of unprecedented size, there is no logical reason why there should be such widespread planning to expand; what one might be looking for is continued re-equipment with cost-saving in mind, and the still high rate of net investment in manufacturing may imply that this is already happening.

When the preponderance of answers to these questionnaires was "Down," the FBI found that larger firms were more pessimistic than smaller; now the larger firms are increasing output more generally. As between industries the engineering and vehicles group lead the increase in output, while food, drink and tobacco, which have always been more stable, show the lowest increases.

When the FBI's survey last appeared, it was suggested in these columns that it might be worth finding out whether the always substantial number of companies who say that their experience is the same as before tended to be the same firms over and over again—something analogous to a group of permanent "Don't Knows." With abounding patience and flattering courtesy to an ever-carping critic, the FBI has found out; the answer is No, the companies are not the same ones. By looking into answers about output in three inquiries, it was found that 237 companies had reported "Same" on one occasion; 128 on two occasions; and 50 had reported the same on three occasions. Among these 50, there were only eight—little more now than one per cent of the sample—that had said things were the same on all five previous inquiries. The apparently stable percentage of "Sames," therefore, consists of an entirely floating population; the stability is the resultant of normally fluctuating companies who over different, particular periods of four months happen not to have had a change in their output, rather than any solid core of unchanging industry.

HOW MANUFACTURERS HAVE BEEN DOING

	July, 1957 to Feb., 1958	Feb., 1958 to June, 1958	June, 1958 to Oct., 1958	Oct., 1958 to Feb., 1959	Feb., 1959 to June, 1959	June, 1959 to Oct., 1959
Average Weekly Hours	−18	−19	−11	− 9	+14	+25
Numbers Employed	− 7	−15	−17	− 9	+ 9	+25
Rate of New Orders	−20	−19	− 5	+ 5	+37	+37
Rate of New Export Orders	n.a.	n.a.	−18	−13	+ 8	+11
Length of Order Books	n.a.	−38	−27	−16	+12	+26
Level of Output	+ 3	− 5	− 6	+ 6	+34	+45
Level of Home Deliveries	− 3	− 4	− 1	+ 5	+37	+42
Level of Export Deliveries	− 6	−13	−17	−14	+ 8	+13
Stocks of Raw Materials	− 3	−20	−17	−18	− 4	+ 4
Work in Progress	+ 8	+11	+ 1	+ 4	+17	+26
Stocks of Finished Goods	+14				+ 1	−12
Costs per Unit of Output	n.a.	+17	+22	+24	+ 6	+ 4
Selling Prices	n.a.	−27	−27	−20	−17	− 8
Profit Margins	−54	−47	−54	−45	−31	−20
Percentage Working to Capacity	n.a.	23	20	20	38	50
Capital Expenditure—Buildings	−38	−32	−37	−22	−14	−11
Capital Expenditure—Plant	−23	−23	−25	− 9	0	+10

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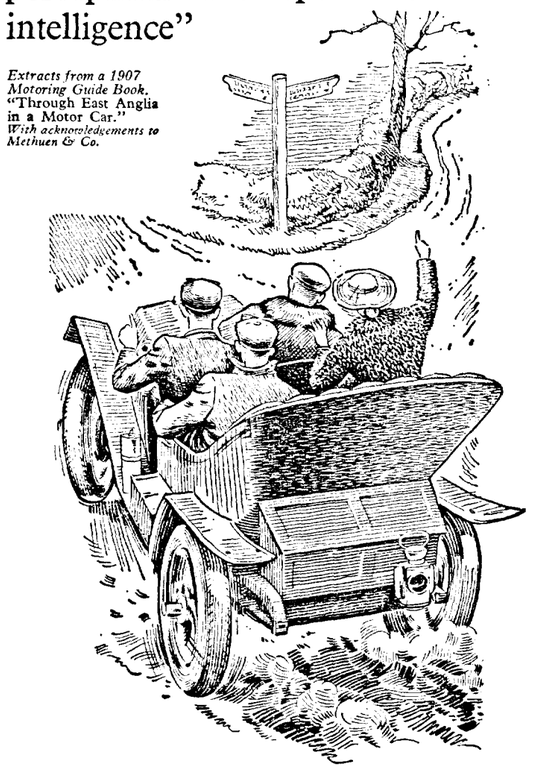

"Which road?" the charioteer would cry - when we were from fifty to seventy yards from a fork or a turn, and hesitation would often be visible in the reply, so that it was necessary to slow down and sometimes, having invaded the wrong road, to back out again. This is not criticism, it is rather a matter of observation and experience. Only recently have the minds of driving and driven men been called upon to excercise their judgement, to choose a line, as a fox-hunter might say, while they are being carried through space much more rapidly than of yore, and the pace puzzles them at first. You are past a familiar turning in a car in less time than is consumed over approaching it in a dog-cart or on horse-back, and the aspect of the turning itself has something strange about it; but you grow accustomed to the new conditions with experience. In fact, motorcars sharpen the perceptions and spur the intelligence.

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FOREIGN EXCHANGE

Green Light for Sterling

STERLING as well as the stock market enjoyed its election boost. This, plainly, is a time for a further (and as some observers urge, a final) step in freeing the pound. The chief remaining restrictions are on the acquisition of foreign exchange by British residents. Strict regulations remain on transfers of capital; and the personal tourist allowance remains at £100 a year. A decision here is, in any case, due shortly, since the new allowance period runs from November. There will be wide and justifiable disappointment if the general allowance is not raised to at least £250. This has long been allowed for spending in Scandinavia, a concession that has lost all its logic. It should now be made general. Another overdue freeing is of imports from the dollar area. Britain should lose no time in ending discrimination and indeed in freeing virtually all its imports from quantitative restrictions.

In the exchange markets the Tory victory was largely anticipated beforehand, and subsequent buying of sterling was steady rather than massive. The really remarkable thing was how well sterling stood up on the eve of the election. Yet the post-election demand has been strong enough to enable the Bank of England to take in gold and dollars to add to the reserves. The rate on New York touched $2.81, though in mid-week it wilted a little. Rates improved on the Continental centres, and especially Zurich, where the pound strengthened from 12.14 to 12.19.

The Swiss were cautious to commit themselves before the result was known, and some dealers remained short of sterling to meet commercial payments. These positions have been covered this week. At the same time there has been increased buying of London securities. Among the purchasers has been Anglo-Valor, the new unit trust sponsored by two of the big Swiss banks for investment in British and Commonwealth securities. Finally, some demand for sterling as well as other foreign currencies has resulted from the recent spate of foreign issues in Switzerland, most of which are spent outside the country.

German investors appear to have been more prepared to back their judgment of the election outcome and were buyers in Throgmorton Street well before polling day. This week signs of increasing activity have been hard to detect, either in London or Frankfurt, and sterling has hardened only modestly against the D-mark. But given the return of what will be seen from Frankfurt as a business man's administration, the range of demand for British shares will surely widen; many institutions will take some time before their formalities are completed to give effect to this new demand. But German investors and others on the Continent will also be watching the height of London share prices, having recently seen their own prices boil over.

FROM WALL STREET

Reactions to the Election

A Correspondent cables from Wall Street:

SINCE the last minute on Election Day, there has been net selling of British securities on the New York market. Brokers there insist that it was Continental, not American, investors who put in buying orders for British equities on Friday. The principal sellers were dealing firms who were trading on their own account. The institutional investors who bought British steel shares some months ago are holding on to them. Even some of the speculators who took a short-term political gamble have not sold out—as yet.

With Wall Street in the doldrums, British equities still look attractive but interest in them has still to be translated into hard buying orders. Eventually, however, some of the attention previously bestowed upon German and other Continental issues is expected to turn towards British securities. The weight of British tax remains the principal deterrent. In addition, some of the institutions are wondering whether large enough blocks of shares can be traded on Throgmorton Street, and since they are used to a mass of information from the annual and quarterly reports of American companies, they complain of a relative lack of equivalent information about British concerns.

★

From London one is tempted to add that information on Continental companies is usually less than that provided by their British counterparts and on occasions meagre and even misleading. There is certainly plenty of room for improvement in British company statistics (and the revision of the Companies Act will provide an opportunity for bringing that improvement about); equally, American brokers have to get down to a more serious and more searching analysis of British company accounts (which are not all that uninformative) than they have bothered to do up to now.

STEEL

Back Towards Capacity

STEEL output last month was within 3 per cent of the level reached in September 1957, which was the highest on record for that month; but its now accelerating recovery has not saved it from the first complaints of shortage from consumers whose demand has risen even faster. Demand for sheet steel hardly slackened throughout the eighteen months of steel recession, as motors and other consumer durables fared better than the capital goods industries; and these industries have moved, since the spring, into boom. The motor manufacturers have been importing quite large quantities of sheet—Vauxhall, for example, was relying on imports for about half its consumption this year. But the American steel strike has cut off supplies from the world's readiest supplier of flat steel; and teething troubles with new plant at the British strip mills has made it impossible to bring in extra capacity as fast as was hoped. Hence this week's announcement that Vauxhall was having to suspend Saturday working because of arrears in steel deliveries, followed by complaints of difficulties, though less severe, from other car manufacturers.

Period	'000 tons	Per cent change over 1957	Per cent change over 1958
STEEL			
1st qtr., 1959	4,631	−16·3	−15·4
2nd " "	5,030	−10·4	− 0·4
3rd " "	4,761	− 5·9	+12·0
PIG IRON			
1st qtr., 1959	2,908	−16·0	−17·3
2nd " "	3,063	−15·5	− 5·9
3rd " "	3,020	−14·6	+ 2·6

In September the industry produced 426,400 ingot tons of steel a week; this made production in the third quarter 12 per cent higher than in the third quarter of 1958 but still 6 per cent lower than in the third quarter of 1957. Pig iron output has recovered much less; the scrap ratio in steelmaking has gone up in recent months. The September rate, which would represent more than 22 million tons a year, means that the industry must be operating only about 10 per cent below capacity. Indications so far do not suggest that in the third quarter, on balance, steel consumers had yet begun to rebuild their stocks; however, a proportion of consumers must be doing so. The balance is heavily tipped by a few consumers of very large quantities whose holdings of steel, last year, were found to be extraordinarily high.

AIR FARES

Time for Second Thoughts

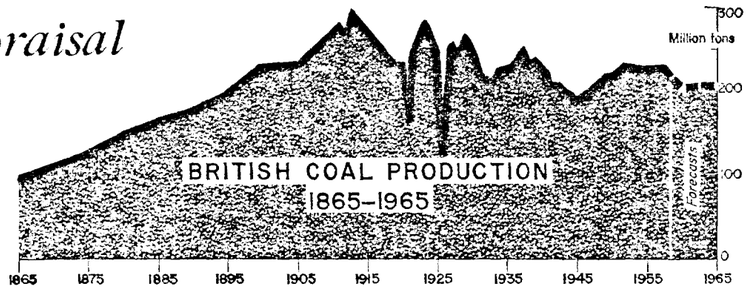
FOR the wider interests of air transport, the fare negotiations at Honolulu that ended last week were little short of disastrous. Airlines that wanted to extend the successful North Atlantic third-class fares to other routes met with blank refusal. The British Overseas Airways Corporation has retired in dudgeon, muttering darkly about "consulting with the British Government" over the prospect of cutting fares unilaterally inside those British territories where the writ of the International Air Transport Association does not run but many other international airlines do. BOAC's usually vocal partner in the move to cut air fares, Pan American, seems temporarily stunned into silence. The international airlines as a block have set their faces squarely against fare reductions and have ridden roughshod over the minority who want to pass on some of the advantages of their new equipment to their

Continued on page 269

Agonising Reappraisal for Coal

The Board's duty is to make available the coal that the country needs and they must therefore seek to maintain sufficient capacity to meet a demand for coal compatible with the Government's estimate, making reasonable assumptions about the contribution to be made by forms of fuel and power other than coal.

REVISED PLAN FOR COAL



IN spring 1957 Mr Reginald Maudling committed the Ministry of Power to an estimate that by 1965 Britain would need the equivalent of 301 million tons of coal, of which some 223 million tons would actually be coal, which with 14-17 million tons of coal exports and bunkers would use up the 240 million tons that the National Coal Board hoped it would be able to produce.

In July this year Mr Maudling repeated his estimate of "300 million tons as a rough figure for the total energy demand in the middle sixties," though recognising that would require very rapid expansion in industry from now until then. Even Mr Maudling's total figure was thus hedged as to timing (would the Ministry's experts, at any rate, now put 1965 demand so high?). But there was a more significant difference. "The amount which the coal industry will secure will depend on its competitive position." In revising the long-term investment plan which it issued in its third version this week, the Coal Board could obtain no advice from the Ministry of Power about the amount of coal it might be expected to produce and sell. It was on its own, as eventually any competitive business has to be.

On its own, the Board has now revised its guess at the amount of coal it may be able to sell in six years' time: its figure, 190-205 million tons at home and up to 10 million tons abroad, "corresponds reasonably well," it says, with the Government's estimate of total fuel demand. This compares with its original estimates in 1949 that by 1961-65 inland demand might rise to 205-215 million tons with 25-35 million tons of exports; and with the colder calculation in 1956 that whatever demand might be, the best the industry would be able to produce by 1965 would be 230 million tons of coal from deep mines and 10 million tons from opencast.

The Board published its revised figures, in outline, some weeks ago; its *Revised Plan for Coal* this week fills in some of the details. From what it presents as a cold-blooded look at future demand, aided by the best guesses its biggest consumers can now offer, it sets out the demand estimate in more detail.

	Demand in 1958	*Estimate for 1965*
Coke ovens	29·0	35·0
Electricity	46·2	55·0
Gas	24·8	21·5
Railways	10·4	6·0
Miners' coal and collieries	11·6	8·0
Domestic	31·7	27·0
All other inland	49·2	43·5
Total inland	202·9	196·0
Exports	4·8	10·0
Total	207·7	206·0

IN deciding how to produce this much coal, the Board has taken into account four criteria:

1. The types and qualities of coal required;
2. The way to produce these at the lowest delivered cost to the consumer at a fair return on production costs;
3. That proved reserves should not be abandoned without good reason, nor money spent on new capacity without a clear need and the promise of a useful return; and
4. That changes in sources of supply should be regulated so as to mitigate the social consequences.

The third and fourth criteria, it argues, are "in the national interest." The fourth, most clearly, may operate against the second criterion of cost; the board has not revealed how much it has in fact done so in deciding where the coal should be got.

This social criterion has overcome the economic most obviously in opencast, which is to be cut back to 2 million tons a year by 1965 (it was 14 million tons last year). Costs in opencast are lower, and profits higher; but the board is forgoing it "to minimise the effects upon the miners and their families of the need to reduce production." As it is, the reduction in the planned output from the deep mines is expected to reduce manpower from its present 652,000 to 587,000-626,000. This is not as fast a rate of rundown as over the last 12 months; but it too will be concentrated in particular areas, as the areas of efficient mining from new pits and major reconstructions account for more of total coal output. Much of the planned decline can be taken care of by "natural wastage" as men retire and leave the pits; but there will clearly be some redundancy.

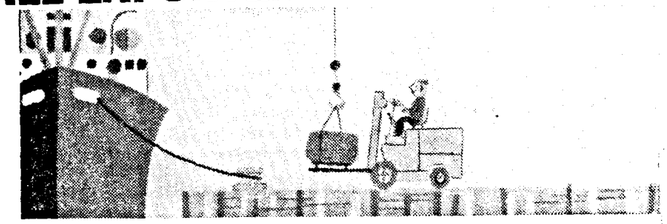
Apart from opencast the pattern of output is not radically changed. The Board expects that by 1956 about 10 million tons more will be consumed in the North Midlands, and about 7½ million tons less will need to come to London and the South. As to production, the Northern, Durham, and North Western divisions will produce less than in 1958; Scotland about the same; and the North-Eastern, East Midlands, West Midlands and South Western divisions will produce more. From 1960 to 1965, about 120 collieries will close as their reserves become exhausted; 20 others, where labour has been kept working as a reservoir for new and reconstructed pits nearby, will go; about 30 collieries will merge with others; and 35 to 70 other uneconomic collieries, depending on demand, will have to be closed because of the poor quality of their coal or because of high costs and heavy losses.

IN capital expenditure, the Board's revisions offer some reductions on the 1956 estimate of £1,000 million between 1956 and 1965; but the rise in prices since 1955, when that estimate was made, have blotted out some of the money saving. Against £1,000 million at 1955 prices, it reckons that (at 1955 prices) it would spend over the period £825 million; but in actual money so far, and reckoning the rest at 1959 prices, its bill will come to perhaps £920 million. From 1960 to 1965 it will spend about another £440 million on colliery development, of which £200 million will be on major schemes now in progress, and £173 million for minor mechanisation and replacement schemes.

Its bill also allots £67 million for capital expenditure on 90 new major schemes to be started between 1960 and 1965; these, due for completion after the end of the period, will later cost another £23 million. The Board is venturing no estimates whatever about demand beyond 1965 (and who would blame it?) Many questions of policy for the next Minister of Power are posed by this plan. But fuel policy in this country will no doubt remain based upon free competition, growing not much less stiff. Whether the Coal Board, over the next five years, should begin spending heavily on major schemes to reinforce the capacity that it will possess by the mid-sixties seems perhaps the biggest question posed by this plan.

THE ECONOMIST OCTOBER 17, 1959

SMALL EXPORTERS



In their first year of ECGD insurance, a firm making sealing compounds did £1,500 worth of business with France.
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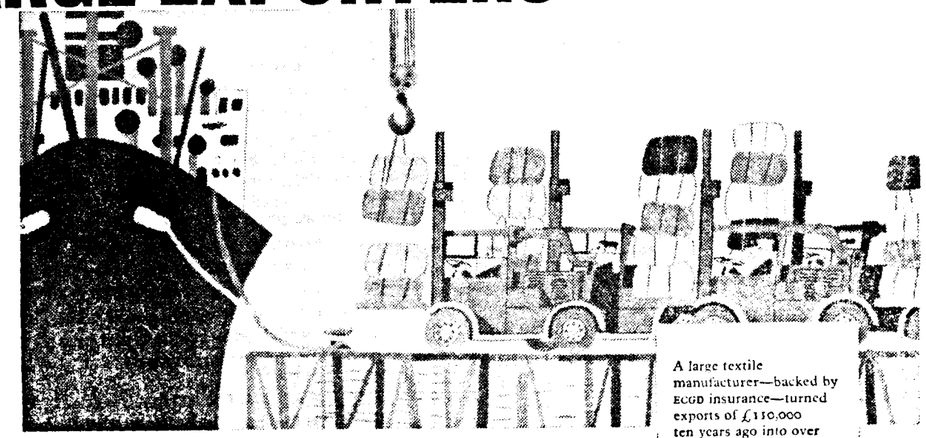
LARGE EXPORTERS



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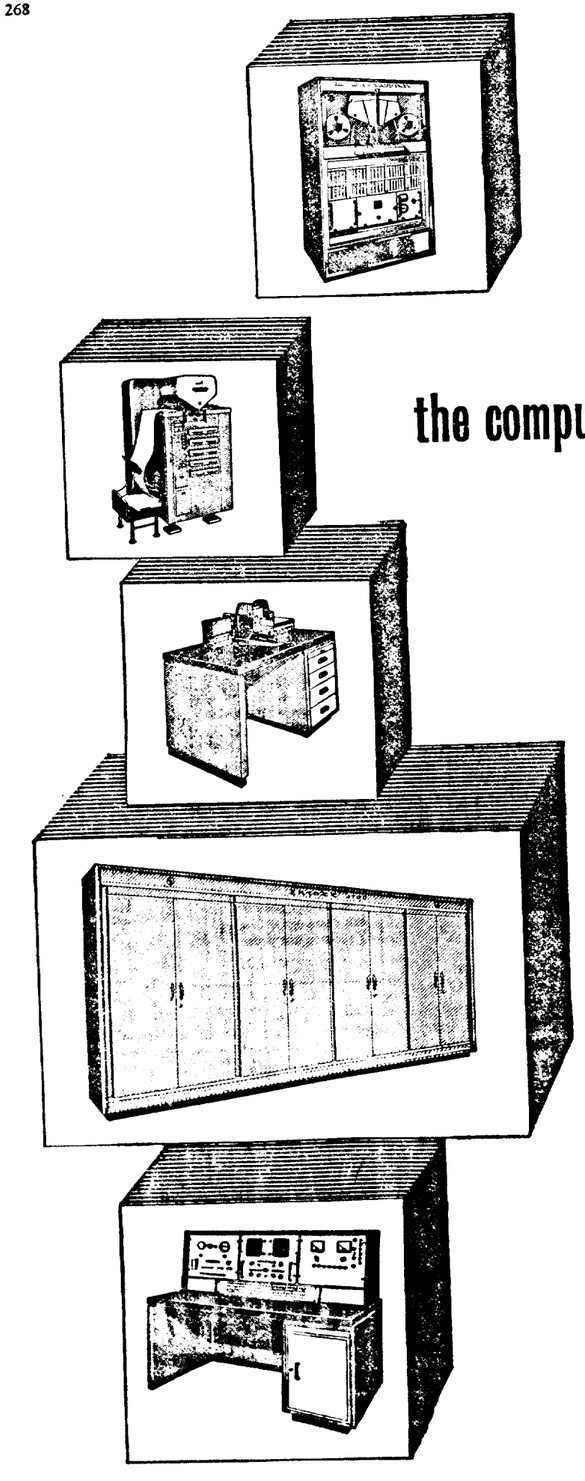

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Continued from page 265

customers and incidentally to fill their aircraft.

This makes the jumble of concessions allowed to British European Airways all the more remarkable, but it is doubtful how many airlines realise precisely what BEA is doing. The corporation went to the meeting asking, like BOAC and Pan-American, for a flat cut in rates across its routes, but saying at the same time that it did not expect to get these approved. It then put forward an extremely complex series of proposals for piecemeal cuts on different routes at odd times of the day and week. The modern student of Bradshaw can now choose among as many as eight different fares on some of BEA's busiest routes, depending on what class of travel, what time of the day, the week and the year he chooses and how long he stays away. The fare concessions range from 12 to 25 per cent below the "standard" tourist fare and are much the same as those which have been available through travel agents for some time to those who buy a packaged holiday—although not all the purchasers have been aware of the fact.

What BEA won at Honolulu was permission to sell these cheap fares direct to the public. By Trojan horse tactics BEA is undermining the relatively high "standard" fare structure inside Europe. The long-range airlines have no scope for this kind of manœuvre, and BOAC's object in threatening government intervention was to create an atmosphere in which the long-range carriers might be willing to hold a second meeting to discuss fare cuts before next April, when the new fare year begins. A carefully worded statement from IATA which describes the Honolulu meeting as "adjourned" after "reaching only partial agreement" seems to have been drafted with this in mind.

RAIL FARES

Rumoured Increases

It is almost a year since the British Transport Commission first lodged with the Transport Tribunal a scheme giving it greater "headroom" to increase passenger charges on train and London Transport services. In July—after some revisions had been made to the original plan—the Tribunal gave its assent to proposed increases in maximum fares from 2d. to 3d. a mile second class and 3d. to 4½d. first class, and to higher maximum season ticket rates. At that time the Commission stated that it would make no use of its new freedom to try to pay its way until "the end of the summer." It has been a long summer; and this week considerable speculation appeared in London newspapers—with remarkable simultaneity—as to the exact nature of the increases planned. It is believed that the higher fares will come into effect near the beginning of November.

The Commission has said that it does not intend to raise all fares by the maximum amount possible at once; rather, it will make selective increases where competitive conditions warrant. It is thought that, besides raising basic rates, the Commission will attempt to overcome its peak-hour traffic problems by introducing a "two-tier" fares structure that would levy a surcharge on season ticket holders who travel during peak hours—or, as Sir Reginald Wilson put it when testifying before the Tribunal, "give a lower fare to the off-peak traveller." It is difficult to tell just how effective a change of this kind will be in inducing season ticket holders to travel by train outside peak traffic hours. As the Commission is aware, too great an increase might simply result in making some more of these passengers—who are mainly commuters with relatively little freedom in the times at which they must travel—go to work by car instead.

It is also rumoured that a five-day season ticket will be introduced, presumably to supplement the present weekly one; this would soften the blow as far as most commuters are concerned, since few of them come to town regularly at weekends anyway, and hence do not now buy a weekly ticket unless it is cheaper than five return journeys. But if this five-day season ticket is to be surcharged during peak hours, it will surely have to be much cheaper than five return tickets. If not, the peak-hour problem may go unsolved—unless ordinary single and return tickets are surcharged as well.

THE JASPER AFFAIR

Mr Grunwald Arrested

With the arrest of Mr Grunwald any further comment on the Jasper affair is ruled out while the matter remains *sub judice*. Mr Friedrich Grunwald, the managing director of many companies in the Jasper group, was arrested last Friday as he left the chambers of Mr Neville Faulks, QC, who is holding the Board of Trade's inquiry into the affairs of H. Jasper and Company. On Saturday at Guildhall, London, he was remanded on £40,000 bail on the charge:

> that he on July 30 at 72 Lombard Street, being entrusted with certain property, to wit 32 cheques to the value of £3,255,500, in order that he might apply the same for the purpose of taking up certain mortgages on properties of 161 certain companies for and on account of the State Building Society, unlawfully and fraudulently did convert the proceeds of the said cheques to his own use and benefit.

While Mr Grunwald was at the court, over 2,000 shareholders of the State Building Society had gathered inside and outside Church House, Westminster, for the special meeting. As Mr Grunwald had been arrested, Mr Murray, the managing director and secretary of the State Building Society, said that it would not be possible to make any statement at the meeting. In fact, he hoped and expected the meeting to be a short one.

The shareholders thought otherwise and the main meeting and an "overflow" meeting lasted well over two hours. At these noisy meetings—at one stage a policeman was called in—both Mr Noel Cow, the chairman, and Mr David Freeman, a solicitor acting for the Jasper group, tried to reassure shareholders. Mr Freeman declared that "negotiations are in progress which may result in the payment of the moneys to the society." Mr Cow was hopeful that "quite a bit" of the £3¼ million could be recovered and he argued that in any event 80 per cent of the shareholders' money was safe. This week there have been rather imprecise rumours in the City of new moves by a group of "influential people" to help the State Building Society in its attempts to recover, or make good, the £3¼ million it lent.

INSURANCE

General Accident Pays More

Insurance shares still enjoy the sun of investors' favour and this week the advance in their prices was stimulated by the news of a bigger dividend from General Accident Fire and Life Assurance. In announcing a one for five rights issue, at a price still to be fixed, on the ordinary capital of £4½ million in 5s. units, the directors raised the interim dividend from 6d. to 9d. a share and indicated that the final dividend, for which the new shares will rank, will be 1s. 3d. The total payment will thus be raised from 1s. 4½d. (or 27½ per cent) to 2s. (or 40 per cent) and the directors hope to maintain this rate in 1960.

The new capital is required because of the rapid growth of business (in which the increase in premium income has easily outstripped the increase in free reserves) which this non-tariff company has achieved since 1954, and the increased dividend has been prompted by an improvement in trading experience. Last year, General Accident, along with many British insurance companies, made a loss on its underwriting business in the United States and presumably the recent improvement in that market as well as a further growth in business elsewhere explains the bigger payment.

UNIT TRUSTS

Odd Man Out

With the election out of the way and personal savings probably at record levels the unit trusts have been presented with a golden opportunity to expand. The announcement that after nine months of

iscussion an association of unit trust anagers has been formed has therefore o be welcomed. But it must be a matter or regret that the oldest of the unit trust groups, the Municipal and General has iot found itself able to join with other nanagements in what at the moment seems o be no more than a loosely-knit associaion. No rules have so far been drawn up and until they are the chairman of the M & G group, Mr Ian Fairbairn, sees no real point in an association.

But the eleven other unit trust groups in the country think that the association, which will be under the chairmanship of Sir Oscar Hobson, will be able to negotiate more effectively with the Board of Trade about new regulations for the unit trusts. These regulations are now under active revision and further discussions about them will be the first task of the new association. Its other stated aims are to act as a consulting body among its members and to agree upon standards of practice; to act as the representative body of the unit trust movement; and to act in cooperation with other bodies—such as the association of investment trusts—in regard to investment protection.

The association is clearly a step in the right direction. But it is still a limited step. The major differences within the movement, as, for instance, on the subject of agents and principals, have still to be resolved. The block offer, too, has also been under fire from the more conservative managers, although it has proved itself to be an effective way of bringing a new offer, before the investing public.

Newcomer to the Market

IMMEDIATELY after the election, Philip Hill, Higginson, Erlangers, the merchant bankers, launched the British Shareholders International Trust with the help of the most extensive publicity ever employed by a unit trust. Under a recent re-interpretation of the Television Act's regulations relating to financial advertising, commercial television was used for the first time to bring the trust's block offer before the eyes of the public. The offer was of 5 million units of 10s. each, at an estimated yield of 3¼ per cent. The application lists which opened last Monday closed on Thursday. Philip Hill, Higginson launched the British Shareholders Trust last year and that trust now has about 35,000 members holding about 11,000,000 units. Rather than extending this successful unit trust, Philip Hill decided to create a new trust offering a somewhat wider portfolio of shares. The new trust's portfolio, although ostensibly "international" is in fact weighted heavily towards British, Commonwealth and North American stocks. It appears that the managers are waiting for more concrete evidence of the expected benefits to European economies from the common market and free trade area schemes before extending investments in any marked way to Western European equities.

The most novel service offered by the BSIT is to be found in two savings schemes. Both plans offer a form of insurance through Eagle Star and the Guardian Insurance Companies. Under the "regular" savings plan a unit holder undertakes to buy a certain number of units a month over a certain period of years; should he die before the period ends the Eagle Star will buy the outstanding units for his dependants. Under the "executive" scheme the unit holder takes out a life endowment policy (for a minimum premium of £25) which is finally payable in trust units instead of cash. This scheme offers a hedge against inflation and the chance of capital gain. As the premiums payable under this scheme rank for the usual tax relief, the plan should be especially attractive to the wealthy.

OVERSEAS TRADE

The "Gap" Widens

WITH other economic indicators looking so healthy this week, the figures of British overseas trade in September may seem disappointing. Exports fell further by nearly £9 million to £246.7 million fob, while imports recovered by £25 million to £330 million cif. Re-exports rose by £2 million to £11.2 million, and the apparent deficit increased sharply by £32 million to £72.3 million—the biggest recorded so far this year. The deterioration should prove more apparent than real. Holidays in August usually have more effect on exports in September than in August, and a recovery in imports was to be expected. Imports last month were in fact about the same as the average of £329 million in the two previous months, and the average for the third quarter, at £328½ million, was five per cent above the average for the third quarter of 1958.

UNITED KINGDOM TRADE

Monthly averages or calendar months: £mn

	Imports cif	Exports fob	Re-exports fob	Apparent deficit
Year 1958 ..	312·5	264·3	11·7	36·5
1958 :—				
1st qtr. ..	309·4	271·0	13·2	25·2
2nd " ...	300·0	255·8	11·1	33·1
3rd " .	312·5	258·6	11·4	42·5
4th " ...	328·2	271·8	11·2	45·2
1959 :—				
1st qtr. ..	313·6	263·4	11·1	39·0
2nd " ...	327·8	281·8	10·7	35·3
3rd " ...	328·4	263·2	9·9	55·2
July	352·9	287·8	9·3	55·8
August ..	305·2	255·5	9·3	40·4
Sept.* ...	330·2	246·7	11·2	72·3
Jan.-Sep., '58	307·3	261·8	11·9	33·6
Jan.-Sep., '59*	323·3	269·5	10·6	43·2

* Provisional

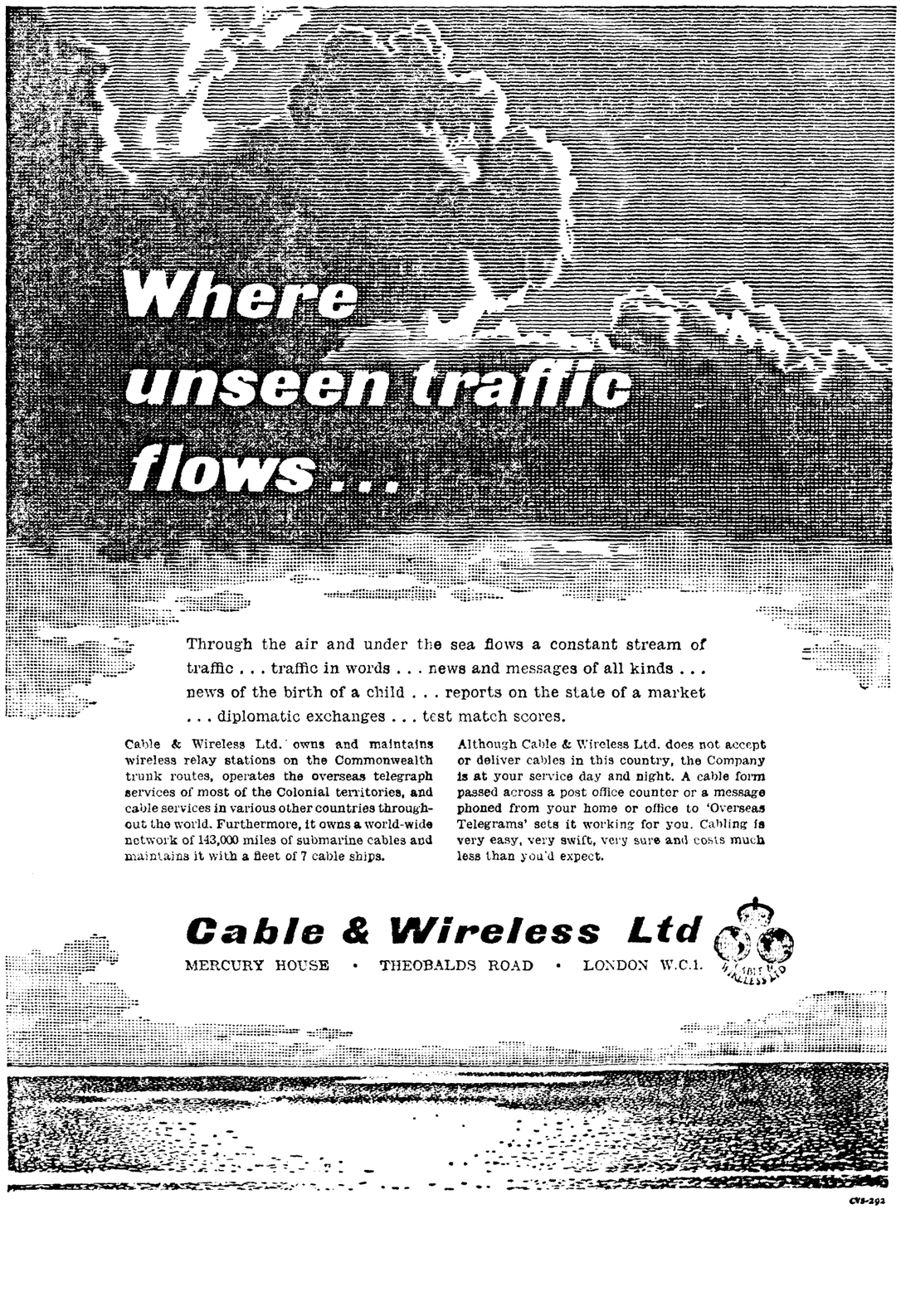
Over the first nine months of the year the rise in the value of exports is fair rather than impressive: it amounts to three per cent, compared with the first nine months of 1958, whereas imports have risen by five per cent. Changes in volume over the same period are even less favourable: exports appear to have gone up by rather less than three per cent, whereas imports have gone up by nearly seven per cent. Yet the real upward trend in exports seems rather better than that. The recovery did not start until the second quarter, and if the second and third quarters are taken together, exports were five per cent higher in value than in the same period of last year, and seven per cent higher in volume. There is reason to hope for a respectable rate of increase in 1959 as a whole.

CODE IN THE CITY

Rules for Take-overs?

THE Bank of England disclosed this week, after one daily newspaper had found out for itself, that the Governor took the initiative last July in inviting leading City associations to formulate a code for take-over bids. These associations include the Issuing Houses Association (which is widely embracing), the Accepting Houses Committee (with a select seventeen), the Committee of London Clearing Bankers, the Council of the Stock Exchange, the Association of Investment Trusts and the Investment Protection Committee of the British Insurance Association. These bodies set up a working party (without any representative of the Bank) which now appears to have produced a draft report. Some people expect that a code of conduct about bids will be circulated throughout the City; if this were so, the code would presumably be published.

The code would need to be given a critical scrutiny. In principle one can see the arguments for setting down a body of rules defining acceptable behaviour, and if this were accompanied by a restatement of the justification of take-over bids in general it might even have a useful educative influence among the lay public and industry. The difficulty is likely to be over what is acceptable—and to whom. Obviously it must not mean acceptable to the sitting board of directors. Nor must there be any danger of prejudice against the bidder who lacks established connections. The code would best be an innocuous one, specifying for example that institutions should make sure that a bid has sufficient funds behind it and that the name of the client should be revealed. If it tries to discriminate between honest bids it will be on much more difficult ground. Nor could such a code necessarily be effectively enforced. A take-over situation often arises, after all, just when the process of negotiation has broken down. These are not circumstances in which a gentleman's code stands the best chance.



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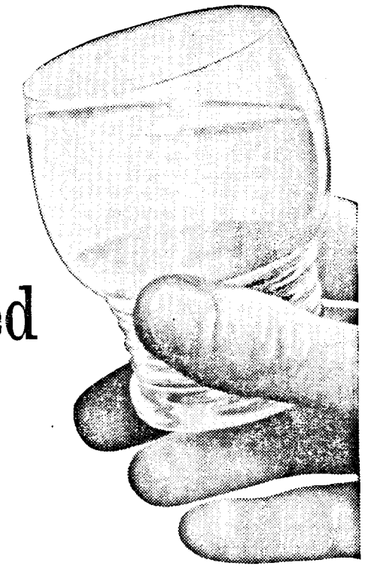

Here's seaweed in your eye!

When you live in a town where every drop of fresh water comes from the sea, when you bath, wash up in and drink sea water, this tag may be the local variant of 'Cheers.' But we doubt it because fresh water made by evaporation from sea water carries no hint of its origin; it is purer and fresher than water obtained from most lakes and rivers. Such a town is no pipe dream. Richardsons Westgarth are building and installing *now* flash evaporators large enough—and economical enough—to supply towns with fresh water from the sea.
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RESTRICTIVE PRACTICES

Are Exports Separate?

An unsuccessful attempt was made this week by the Federation of British Carpet Manufacturers to have certain restrictive practices which it operates excluded from consideration by the Restrictive Practices Court. The federation applied for this exclusion on the grounds that the restrictions in question pertained solely to exports; separate export agreements are not considered by the Court but by the Monopolies Commission, and if the application had been successful the federation would have been able to continue operating its price-fixing arrangements until the commission had these referred to it and reported.

Counsel for the federation stated that the agreement contained restrictions dealing with exports which were easily separable from those dealing with the home trade, and that a minute had been passed to allow a separate export agreement to be made; the Registrar's lawyers claimed that this eleventh-hour change was only a slight variation of the original agreement (a view with which the Board of Trade has agreed). The Court, headed by Mr Justice Upjohn in the absence of Mr Justice Devlin, ruled for the Registrar: all parts of the agreement will be heard by the Court, beginning on November 16th.

In ruling that the federation would have to defend the export restrictions, Mr Justice Upjohn stated that since agreements relating to the home market were claimed to be necessary for the preservation of exports, the exports would have to be studied as well, and it would be unwise to fetter the Court's discretion by excluding export restrictions from the case. The basic question as to whether the federation's last-minute amendment had actually created a new agreement which would be exempt from consideration, or merely a variation on the old one, was not answered; it was suggested that the Registrar should get the High Court to decide this point. Separation of agreements is possible in most cases—say, by forming a new association, with the same members, to deal with exports. Should the High Court rule that the carpet manufacturers' hasty changes have created a new agreement, the parties to a number of other agreements may not be slow to "separate" their home and export restrictions in the same way.

GOLD CERTIFICATES

Hoarding the Modern Way

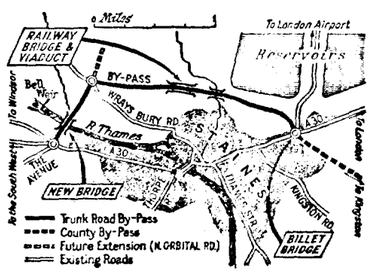
The facility for buying gold certificates provided by Samuel Montagu and Co. and the Bank of Nova Scotia, Toronto, has been extended. Arrangements have been made with the Deutsche Bank in Frankfurt and with Union Acceptances of Johannesburg under which these certificates will be interchangeable with new certificates issued by those houses entitling the holder to delivery of gold in Germany and South Africa, respectively. Holders of certificates will therefore be able to take delivery of gold in four countries.

Since the gold certificates scheme was launched last May a considerable business has been done for international investors. Much of the buying has been for account of United States citizens who, for the most part, have secured their certificates in Canada. The inclusion of Germany in the scheme has not presented any difficulty as there has for several years been a gold market in that country in which German residents have been free to deal. South Africa last April permitted sales of gold to non-residents and storage of such gold in the Union with a guaranteed export permit. In South Africa, as in the United Kingdom, these certificates may not be sold to residents.

ROADS

By-Passing Staines

One of Mr Watkinson's last official acts as Minister of Transport was to announce, this week, that work is to start at once on the construction of a by-pass road round Staines, which when completed will enable motorists to avoid this horribly congested town completely. The by-pass will be about two miles long and will have twin 24-foot carriageways; the total cost of the project will be about £2.1 million, and work is expected to be completed by mid-1961. A new bridge is to be built to carry the road over the Thames at Bell Weir, about one mile west of Staines. This bridge will



retain the form and elevation originally designed for it by Sir Edward Lutyens in 1939, and will be completed at a cost of £460,000 within 21 months; another contractor has recently claimed that it could be built much sooner and at much less cost if a different design, making use of prestressed reinforced concrete, had been adopted. In addition to the Bell Weir bridge, there will be bridges to carry the road over another road, a railway line and two smaller rivers; where the road rejoins highway A30, at Egham roundabout west of Staines, provision will be made for building a flyover in the future.

MOTORS

Rootes in Its Own Class

Although the Rootes group has plans for further expansion that will cost about £10 million, it does not propose to compete in the "mini-car" range, which seems wise. It is devoting these resources to increasing production in the ranges of passenger cars and commercial vehicles that it makes at present. In passenger cars, Rootes accounts for about 10 per cent of total British output. In commercial vehicles its share is probably less; its main strength is in the light van field and the heavier range—about 3 tons carrying capacity—rather than in the medium-weight field.

The decision not to tackle the small car field is natural enough; high volume and very heavy investment are necessary to achieve the low production costs essential for success. With the announcement of particulars of the new Humber cars, Rootes' 1960 range is now clear. The 1960 Hawk will be very similar to 1959 except for a gearbox of closer ratios; the Super-Snipe, which uses the same body panels as the Hawk, will have a larger engine of 2,965 cc and 129 bhp against the present 2,651 cc and 112 bhp, and to match the increased performance the front wheels will have disc brakes.

The group's need for capital no doubt explains the sale of its hire purchase subsidiary, Rootes Acceptances Ltd., to the Astley Industrial Trust for £3¾ million. This will free resources of between £5 million and £6 million in all, allowing for advances by the parent to the subsidiary, but that may be partially offset by some part of the substantial acceptance credits—over £5 million at the end of July, 1958—which may have been related to the hire purchase paper. Rootes was the only major manufacturing group with substantial interests in HP finance. This was no doubt a by-product—and a very advantageous one as it proved—of the substantial interest which the group, unlike its competitors, has always held in the retailing and distribution of cars. It is likely that the group will be planning for an issue of capital for its expansion plans, unless improved earnings for the year to July, 1959, have generated a greater cash flow than would seem likely.

RANK TELEVISION

£1 million in New Money

Rank Television and General Trust is to raise £1 million by the issue of 6½ per cent debenture stock, 1979-84, at 98. The stock is to be placed privately by Robert

Benson Lonsdale and Company. Between the autumn of 1958 and June this year £1.8 million was spent by RTGT in acquiring new interests in television, records and relay television and radio. Of this, £1,275,000 was provided by the sale of the company's holdings of unsecured loan stock in the Rank Organisation. Another £700,000 has been spent, largely in buying further shares in Southern Television and in extending the company's wired television interests. Net profits before tax of RTGT in the year to June 27th were £388,930 and the directors expect the consolidated net profit before tax and before interest on the new debenture issue to amount to not less than £400,000 in the current year. The new money will be used to expand and develop the RTGT group's interests: in other words to extend the diversification of the Rank interests away from the contracting cinema industry and towards the wider field of the entertainment industry as a whole.

COPRA

A Sharp Recovery

COPRA has fluctuated more than any other major commodity this year. From January to the middle of May Philippines copra rose by $50 to $297 a ton cif for prompt shipment; by the beginning of August it had dropped to $212 a ton, but since then it has risen to about $270, recovering three-quarters of the previous fall. The market has defied prediction. Some decline in prices appeared justified in May and June. Output in the Philippines, the largest producer, was due to increase, and the Indonesian government had lifted its ban on exports. The American government had decided to sell its strategic stock of coconut oil, and sales were expected to start soon. Demand for copra had diminished because consumers had switched to less expensive oilseeds and oils.

In the event exports from the Philippines have increased, but exports from Indonesia have not. The American government has not yet offered any coconut oil for sale, so American consumers have had to return to the world market, buying heavily in the Philippines for September shipment. Other consumers started to buy more copra when prices were low, and people who had sold short were forced to cover. Latterly some shippers in the Philippines seem to be finding it difficult to meet their commitments, thus accentuating the tightness of prompt supplies, which now command a premium of about $15 a ton. Once again consumers are turning to substitutes for copra, but since palm kernels, which also produce a hard oil, are seasonally short and prices are high, they are having to switch mainly to soft oils.

"WHO OWNS WHOM"

A Useful Register

FINANCIERS and financial journalists have reason to be thankful to O. W. Roskill and Company (Reports) Ltd. for a new directory. Last year this organisation produced the first volume of "Who Owns Whom," which listed the names of subsidiary companies and set against them the names of their parent companies. That was useful, but, without a great deal of work, it did not enable the reader to see what the size and structure of the company complexes were. Now in the second volume, the parent companies are listed in alphabetical order and the subsidiaries they control or other companies with which they are associated are shown. Thus an impression is given of the range of a company's interests. In the directory, the principal industrial activity of the parent company is shown but not, unfortunately, that of the subsidiaries.

GROUND CUSHION MACHINES

Enter Private Enterprise

A SECOND British ground cushion machine is now under construction, following the success of the prototype Hovercraft. It is being built as a private venture by Britten-Norman Ltd. of Bembridge, Isle of Wight, an associate company of Crop Culture. The first company builds equipment for aerial crop spraying, and the second operates it. The machine will be smaller than the Hovercraft and has a less powerful engine; though the design employs similar principles, Britten-Norman has not as yet had any technical information from Hovercraft Developments, and there are some differences between the two designs. Britten-Norman feels that the development of a small ground cushion machine should be relatively cheap and simple; hence its willingness to find the money itself. Once built, it intends to use the machine to study design problems and the possibilities of using commercial versions for transport in countries that lack roads or regularly navigable rivers, but where the land is flat desert or there are river beds through jungle or other impassable country.

Hovercraft Developments meanwhile is studying the many possible uses before deciding the form of its next machine, a commercial prototype probably weighing 30-40 tons. However, it seems possible that the craft's potentialities as an assault vehicle and for anti-submarine or transport uses may lead to a military development contract; the American Navy is particularly interested in these applications. In any case public, not private, funds may well be used to build the next Hovercraft. American manufacturers of more simple ground cushion machines than the Hovercraft have already offered them for sale to the public; Curtiss-Wright is advertising its air car for delivery in November, carrying three or four people on 300 hp, while Spacetronics, a small company, has also said that it will be producing an "air car" by the end of next year. Britten-Norman is thinking of buying a Curtiss-Wright vehicle for comparison with its own machine; but with so much power in relation to payload it is difficult to see many commercial applications.

FEED GRAINS

Drought Brings Higher Prices

DROUGHT in Britain and other European countries may prove a blessing to sellers of coarse grains and other kinds of feed this season. Because of poor hay crops in some countries and the general lack of pasture, farmers are having to put their cattle on to winter feed rations earlier than usual, thus increasing the demand for feed grains and concentrates. Prices of domestic grains have risen, and importers and compounders are having to pay more for grains and other feed on the world market. Nigerian groundnut cake, for example, has risen by about £2 to £39 5s. a ton cif in the past month. The bigger demand for feed grains appears to have come mainly from Continental, not British, consumers, and there has also been a good deal of speculative buying on the London futures markets. The advance in world prices of barley and maize has also been helped by (and no doubt partly caused) firmer freight rates, and temporarily by the threat, which briefly became a fact, of a dockworkers' strike at American Atlantic ports (the unions are now back at work for the 80-day "cooling-off" period ordered under the Taft-Hartley Act). Canadian barley for prompt shipment has risen by nearly 15s. in the past month to £21 5s. a ton cif. Barley, which for several months was cheaper than maize, now commands a premium of about 10s. a ton, though yellow American maize has also risen in the last month by 15s. to about £20 15s. a ton cif.

Yet few traders have been tempted to buy far ahead. Bumper crops in some European countries are relieving the pressure on supplies; the English barley crop, for example, promises to be a record at nearly 3.6 million tons, which is 700,000 tons bigger than last year's. The severe snowstorms on the Canadian prairies this week do not necessarily mean that crops still in the fields will be lost; everything depends on the weather from now on. And if Europe has an early spring, demand for feedstuffs would decline. In any event supplies of maize are so enormous that it is difficult to see the market running away. With the United States harvesting a record maize crop of 4,430 million bushels, over 600 million bushels larger than last year's, buyers have available an ever-open tap.

COMPANY AFFAIRS
Comments on pages 278 and 279 on
Dunlop Rubber — Debenhams
United Drapery Stores — T.W. Ward
Suez Finance Company — Reardon Smith
British Aluminium — "Johnnies"
Beralt Tin
LONDON AND NEW YORK
Stocks, prices, yields and security indices on pages 280 and 281
LONDON STOCK EXCHANGE
The week's movements reported on page 279
MONEY AND EXCHANGES
Money market report, exchange rates and public finance on page 282

COMPANY MEETINGS

JAMES HOWDEN & COMPANY

(Boiler Auxiliary & General Engineers)

A VERY SUCCESSFUL YEAR

MR CRAWFORD W. HUME'S REVIEW OF HOME AND OVERSEAS ACTIVITIES

The Fifty-third Annual General Meeting of James Howden & Company Limited was held on October 14th in Glasgow, Mr J. Howden Hume presiding in the absence of the Chairman, Mr Crawford W. Hume, MINA.

The following is the Chairman's circulated statement:

The Parent Company's profit before taxation is £862,123, an increase of £135,661. The subsidiaries, apart from Canada, have had a good year, but the accounts of the Canadian subsidiary show a loss of £243,311. This was not unexpected and I refer to it again later. After making provision for United Kingdom and Dominions' Taxation, the Group profits are down by £50,949 and, after transferring £150,000 to General Reserve, there remains in the accounts of the Parent Company for allocation a sum of £356,461 as compared with £233,341 last year.

If the recommended Dividend of 20 per cent is approved there will remain a balance to be carried forward in the Parent Company's accounts of £189,248. The Group balance to carry forward will be £83,975.

FACTORIES FULLY EMPLOYED

During the year the factories at home have been fully employed with the pleasing result of the increased profit of the Parent Company which helps to compensate for the development loss in Canada. Reduced profit margins, however, continue to apply, making it extremely important for us to maintain the high volume of output which we have accomplished. This will not be easy as orders became increasingly difficult to obtain during the year and did not keep pace with the output. Last year I referred to the fact that the United Kingdom business of the Parent Company had declined but that its export business to other countries, in addition to the three principal Dominions where our subsidiaries operate, had been good. This tendency has continued during the year under review. As you know, however, there has been in recent months a steadily increasing demand for consumer goods. If this continues it should be followed by increasing demand for capital goods for the generation of more power and this should provide us with an expanding market for our normal products.

NEW PRODUCTS

The state of our order book has been helped by the widening of our range of products. It has been our endeavour to bring into our activities new products associated in some way with those well established in our business. Our newer products, such as electro-precipitators and rotary compressors, are developing satisfactorily. We have booked substantial orders for the former and the latter is in ever increasing demand. With a view to widening our base still farther we are now in a position to manufacture complete sintering equipment for steel works. This departure stems from work which we have been doing for a number of years on special fans for sintering plants. The nature of the manufactures involved links up very closely with that of our other manufactures and the techniques are already well known to us.

In the last year, a substantial part of our fan research has been devoted to nuclear power application. This market is as yet small and unremunerative but it is one which should become valuable in the years ahead and one which we cannot afford to neglect.

OVERSEAS ACTIVITIES

As I have already said, the subsidiary Companies, with the exception of the Canadian Company, have shown satisfactory profits but, as you will recall, I said last year that this subsidiary would require the support of the Group for a year or two until it was properly under way. The establishment of such an organisation is slow and expensive and in the early stages the full recovery of overheads is impossible. It must be remembered that the factory started operating only at the beginning of the year under review and by the end of the year was producing at about two-thirds of its economic load. The position should now improve considerably, but it is not anticipated that the Canadian Company will contribute to the profit of the Group for some time to come. In common with the experience of other heavy engineering concerns in Canada our Company there has found orders more difficult to obtain in the last year as a result of the general recession. There are indications that the Canadian economy is recovering but the effect of such a recovery is felt last in heavy industry. For the reasons I mentioned two years ago I am satisfied there is an excellent potential market for our specialties in Canada and I look forward with confidence to the time when the Canadian Company will prove to be a valuable member of the Group.

The African Companies have had a successful and profitable year. The order position is good and I expect that they will have another good year. The acquisition of the minority shareholding of Safanco Limited, the South African manufacturing subsidiary, has permitted certain adjustments to be made in the African organisations which should allow them to operate more efficiently and economically.

In Australia, too, the results have been good and the Company there is in a healthy condition as was to be expected from the indications last year.

The advance shown in the accounts as having been made to the associated Company was to provide it with further working capital and it is expected that the investment should be profitable.

We have had, on the whole, a very successful year and I have pleasure in thanking the executives, staff and workpeople for their application, hard work and loyalty.

The report and accounts were adopted and the other formal business duly transacted.

STERLING CABLE COMPANY LIMITED

A SATISFACTORY YEAR'S TRADING

HEALTHY CURRENT ORDER BOOK

MR JAMES S. CLARK ON INTENSIFIED PRICE COMPETITION

The eleventh annual general meeting of Sterling Cable Company Limited was held on October 8th in London, Mr James S. Clark (chairman and managing director) presiding.

The following is his circulated address:

Ladies and Gentlemen, I have the pleasure to submit the Report of the Directors and the Accounts of the Company for the year ended March 31, 1959. You will see that these Accounts indicate a satisfactory year's trading and they show the effect of the capital reorganisation which we announced to you on February 14, 1959.

The Ordinary capital, which is now divided into shares of 5s. each, has been increased by £155,000, from £250,000 to £405,000. £100,000 of this represents reserves which we have capitalised and thus retained permanently in the business, £35,000 from capital redemption reserve and £65,000 from accumulated profits. The other £55,000 represents the 220,000 new shares of 5s. each subscribed in cash by our parent company, A. C. Cossor Ltd., at 7s. 6d. per share.

The premium of 2s. 6d. per share on these new shares, or £27,500 in all, has served to replenish our capital reserves, which now stand at £45,388, as against £45,923 last year.

THE YEAR'S RESULTS

The Group profit, before tax, was £105,344, compared with £105,606 last year. Income Tax requires £41,317, but there is no Profits Tax payable this year as, in this respect, the Company is protected by its membership of the Cossor Group. Having thus rather unexpectedly saved some £10,000, we have thought it well to retain this in our undistributed profits of the year, which you will see are £27,369 as against £17,701 last year.

The Group profit, after tax, is £64,027, out of which we have written off the expenses of the increase of capital (£765) and provided £5,394 for Preference share redemption and £6,075 for the Preference dividend (less tax). An Interim Ordinary dividend of 7½ per cent (less tax) was paid last March on the old capital of £250,000, and we now recommend to you a Final Ordinary dividend of 5½ per cent (less tax) on the present capital of £405,000. The total Ordinary dividends for the year (less tax) thus absorb £24,424. The Group balance carried forward is £68,374.

TRADING CONDITIONS

You will remember that last year I drew your attention to the price competition which had already commenced. This has been intensified, and on the home front competition for the business of the big users is extreme. As cable is purchased to a published standard of quality, price is the deciding factor.

The smaller purchaser is not anxious that his sources of supply should be reduced to a very limited number of manufacturers and we are most grateful for the support we are

receiving from this important section of the industry. There is no doubt that these independent members of the electrical contracting industry are strengthening their own position by supporting individual manufacturing concerns.

On the export front we have certainly felt the effect of the considerable number of new plants that have been established in various countries of the world. As was to be expected, these new concerns confine their attentions to the simpler types of cable, and it has so far been possible for us to maintain a healthy export turnover in the more specialised types.

Raw material prices have been more stable in the last few months although the copper market continues to be extremely sensitive to any form of labour unrest in the mining and smelting section of the industry.

CURRENT TURNOVER MAINTAINED

You will want to know how the current year is going. I am happy to tell you that so far we still have a healthy order book and our turnover is being maintained.

Much will be expected of our Staff in every department of the business in these coming months of difficult trading, but I am sure that, as always, they will respond magnificently and, accordingly, can express confidence in a satisfactory outcome to the year's trading.

The report and accounts were adopted.

MODERN ENGINEERING MACHINE TOOLS

"THE FIRST YEAR OF REWARD"

The twenty-fourth annual general meeting of Modern Engineering Machine Tools Limited was held on October 14th in London.

Mr P. R. V. Wheeler (the chairman) presided and, in the course of his speech, said:

The financial results will, I hope, be regarded as satisfactory for the period which I forecast last year "should be the first year of reward." The accounts indicate an increase in net profit from £31,668 to £69,147 and provide considerably increased cover for our ordinary dividend. It is hoped that stockholders will feel that the Board's policy of consolidation and integration has fully justified itself by reason of the results achieved.

Your Board is recommending a final dividend of 12 per cent actual, less Income Tax. In addition it is proposed that part of the share premium reserve be capitalised and an issue of one £1 7½ per cent Cumulative Preference Share be made, credited as fully paid, to ordinary stockholders in the proportion of one £1 Preference for every ten 5s. Ordinary Stock Units held.

If current turnover and profit trends persist for the remaining period of our financial year I feel I can, with some confidence, predict even better results which would justify the designation of the current year as "the second year of reward."

The report was adopted and a resolution changing the name of the Company to "Modern Engineering Developments Limited," was approved.

At a subsequent extraordinary general meeting the proposed scrip issue was also sanctioned.

WILLIAM DOXFORD AND SONS LIMITED

(Shipbuilders and Engineers)

HIGHLY SATISFACTORY RESULTS

The sixty-seventh Annual General Meeting of the Company will be held on October 30th in London. The following is an extract from the circulated statement of the Chairman, Dr J. Ramsay Gebbie, CBE:

The Directors' Report and Accounts covering the year ended June 30th last now submitted show highly satisfactory results.

Group Profit for the year has increased by £62,197 to £1,217,005. The charge for Taxation amounts to £550,000, leaving a Group Profit after Taxation of £667,005.

We are recommending payment of a Final Dividend on the Ordinary Stock of 25 per cent, making 30 per cent for the year, as against 25 per cent last year. You will see from my later remarks that the present high level of Group Profit is unlikely to be maintained.

The Consolidated Balance sheet reveals particularly the strong liquid position with net current assets exceeding £2,300,000, and Revenue Reserves now totalling over £3 million.

During the year both our Shipyard and Engineworks have been fully employed and the output of both has increased.

This last year has seen the reorganisation and expansion of our Technical Department. Your Directors believe that we now have a technical team equal to any. As to organisation, we are now engaged on an exhaustive survey aimed at improving our production techniques in both quality and quantity.

Turning now to the development of the future Doxford Oil Engine, I am pleased to inform you that the prototype is well ahead of its schedule and is of very much increased horse power. We are now about to begin erection and hope to have it actually running on test in a few weeks time.

This prototype is a Two Stroke Cycle Opposed Piston Doxford Engine having six cylinders of 670 mm. bore, and with advanced turbocharging arrangements, it is designed for a maximum output of nearly 12,000 BHP. The full range of what is now known as the "P" type will develop between 3,000 and 7,000 BHP in its normally aspirated form, and between 6,000 and 11,000 BHP when turbocharged. These ratings incidentally are continuous service ratings and not maximum ratings.

We have every confidence in ourselves and in the future, and it is encouraging to be able to tell you that we have already received firm orders for engines of our latest type. Such is the measure of the confidence placed in us by our customers and we are not unhopeful that before long we shall be successful in obtaining further orders for this latest type of engine in various horse powers.

Despite some further cancellations of orders for hulls and engines, we are fortunate in having sufficient orders on our books to keep our works reasonably well employed beyond our next financial year, but profit margins are diminishing and we cannot expect to maintain the peak profit earned in the year under review.

We can only hope that shipping will improve before we begin to run short of the orders necessary for the full employment of our works and employees, and I feel confident that our up-to-date plant and highly skilled personnel will enable us to obtain a good share of any orders which may become available.

CRYSTALATE (HOLDINGS) LIMITED

BETTER OUTLOOK

The annual general meeting of Crystalate (Holdings) Limited, was held on October 14th in London, Mr Jack Lesser, chairman and managing director, presiding.

The following is an extract from his circulated statement for the year to March 31, 1959:

The consolidated accounts show a profit of £55,226 compared with £82,226 and the net profits are £34,910 compared with £39,284. The directors recommend a dividend of 7½ per cent, less tax, on the Ordinary shares, which will, with the 5 per cent interim dividend paid by Crystalate Limited, make a total of 12½ per cent, the same as in the previous year.

In the current period of trading our available internal figures indicate an improvement to date and the order book this year compared with the period last year is much stronger.

It is most hazardous to venture forecasts beyond certain defined periods. Yet, providing we do not encounter a general trade recession before the end of this year we shall be able to look forward to an overall improvement in the group's results.

I have always advocated and advised shareholders that they could retain confidence and justifiable optimism in the ability, conscientiousness and loyalty shown by their employees, staff and executives. These qualities have brought your companies into a reputable position in the Plastics Industry and I am confident this will be maintained.

The report and accounts were adopted.

R. G. SHAW & COMPANY

The eighteenth annual general meeting of R. G. Shaw & Company Limited was held on October 13th in London, Sir Harry Townend (chairman and managing director) presiding.

The following is an extract from his circulated review:

The Group profits before taxation amounted to £208,157 as compared with £208,575 for the previous year, and after deducting the amount required for taxation and expenses on increase of Authorised Capital there remains £112,241 as compared with £104,247 for last year.

Your Board is recommending a dividend of 20 per cent and the transfer of £50,000 to General Reserve.

After commenting on the acquisition of an interest in Sime Darby Holdings Limited and the merging of the Oriental Estates Agency Group with the R. G. Shaw and Sime Darby Groups, the statement continued:

Your Directors have decided, in order to bring the Issued Capital more into line with the value of the capital employed in the company's business, to recommend the issue of a further 200,000 Shares of £1 each, credited as fully paid up, by the capitalisation of £102,000 standing to the credit of Share Premium Account and £98,000 out of the amount standing to the credit of General Revenue Reserves.

If the Resolution is passed Shareholders will be allotted two fully paid shares of £1 each for every five shares of £1 each held by them respectively at the close of business on October 9, 1959.

The report was adopted and the proposed scrip issue approved.

A. C. COSSOR LIMITED

A COMPARATIVELY SUCCESSFUL YEAR

The twenty-first annual general meeting of A. C. Cossor Limited was held on October 13th in London, The Most Honourable The Marquess of Exeter, KCMG, LLD (the Chairman) presiding.

In his circulated address, the Chairman, commenting on the disposal of Cossor Radio & Television Ltd., said: No payment had been made on account of the purchase price at the date of the Accounts, but substantial sums have since been received, so that the Bank Overdraft has now been considerably reduced.

TRADING

After reviewing the financial results, Lord Exeter continued: **Radar & Electronics:** The turnover and profits of **Cossor Radar & Electronics Ltd.** were satisfactory, and roughly the same as in the previous year. Trading for the current year has been satisfactory so far, but conditions are not helped by the recession in the aircraft industry.

Cables: The turnover and profits of **Sterling Cable Co. Ltd.** were also very similar to those of the previous year—no small achievement in a period in which many cable manufacturers had a difficult time.

Communications: Cossor Communications Co. Ltd. continues to make its way into the field, and its order book is developing well.

Instruments: Cossor Instruments Ltd. also had a rather unusual year. Trading was on much the same scale as before, but its profits were reduced to a low figure by heavy expenditure on new developments.

Cabinets: Lea Bridge Cabinet Works Ltd. began the year with a slack period, but recovered strongly in the later part of the year. Business in the current year has so far been brisk.

Domestic Equipment: Best Products Ltd. made further progress in recovery. New products were introduced and less profitable lines reduced. The position is healthier and the prospects better than for some time past.

Outlook: We have cut out, not without cost, the main source of the unsatisfactory position of the Group in recent times. The result has been a comparatively successful year. There is, however, still scope for further progress, both in our trading results and in our financial position, and to this we are bending our energies.

The report was adopted and the dividend of 5 per cent approved.

THE INDUSTRIAL FINANCE CORPORATION OF SOUTH AFRICA LIMITED

NEED FOR STIMULATING FURTHER DEVELOPMENT

The second annual general meeting of The Industrial Finance Corporation of South Africa Limited (IFC) was held on October 12th at Johannesburg.

Commenting on the fact that after two years the IFC had accepted only one proposition, for £500,000, the chairman, Dr H. J. van Eck, indicated that in his view this was simply an indication of the need for stimulating further development in the Union. There were encouraging signs of positive steps being taken to improve the Union's industrial climate and this would help to create the stable conditions required for the natural development of the local market for the products of South African industries. In thinking of the Country's export potential, it had to be remembered that the Union would be able to exploit new market opportunities only if it achieved the most economic production based on the largest possible market for its products.

After referring to local industry's capacity for meeting practically all demands made on it as, for example, in the field of plant fabrication, the chairman urged all Public Authorities as well as other large organisations in the Union to follow the Government lead in buying South African manufactured goods wherever practicable, since it was only through large-scale local purchases that a sufficiently large market could be created to stimulate local manufacturing industry. The demand for further capital arising from this development should, in turn, provide the opportunity for the IFC to play the part visualised for it at its inception.

Expressing his confidence in the future development of the Union and in those entrepreneurs who had now to make their individual decisions as to future development, Dr van Eck emphasised the need for planning now for the future. The fact that the right time for future planning was usually not convenient from the point of view of making fresh capital issues should not militate against manufacturers proceeding with expansion schemes, since an institution such as the IFC was prepared, in approved cases, to subscribe firm for new securities with the object of making at least some of them available to the public when conditions became more propitious.

SCRIBBANS-KEMP

CURRENT TRADING IMPROVEMENT

The thirty-second Annual General Meeting of Scribbans-Kemp Limited was held on October 12th in London, Mr H. Oliver-King (Chairman) presiding.

In his circulated statement the Chairman said that the profit for the year was £416,923 as against £830,938, the fall being due largely to special circumstances and items of a non-recurring nature. Group turnover had reached the record figure of over £20m. and had been achieved despite fierce competition and the downward trend in prices to the public. Overall exports, which showed a healthy increase of 19 per cent, appeared to be steadily mounting.

Referring to the considerable reorganisation in the Biscuit Division, the Chairman stated that examination had revealed that the public was absorbing, and was willing to absorb increasingly, the speciality products made by the company, although there was difficulty in disposing of large quantities of ordinary biscuits. As a result, the organisation was concentrating progressively on specialities, with increasing success.

The question of dividend was difficult, but, bearing in mind the higher current profit earning and strong reserve position of the company, the Board recommended a final dividend of 5 per cent. An interim dividend of 5 per cent would be paid in March and a progress report would be issued to the Shareholders at the same time.

The Company has been undergoing a somewhat difficult period with a sharp drop in profits, but the root difficulty appears to have been overcome and recovery is equally sharp. I have no doubt that in the near future the Company will be able to resume its policy of expansion.

Addressing the Meeting the Chairman said: "The profit made to date is approximately the same as for the whole of last year but of course you will not expect me to anticipate the year's results. However, at the moment the improvement continues and is accelerating."

The report was adopted and the total distribution of 10 per cent approved.

PASOLDS LIMITED

Ladybird

CHILDREN'S WEAR

Extracts from the Accounts and Directors' Report for the year ended March 31, 1959.

During the year we have supplied the record number of 15 million garments to customers in Britain and all over the globe.

The past year has again witnessed good progress. Construction work on the factory extension, so urgently needed for our programme of greater mechanisation, is almost finished.

In spite of the inevitable interruptions caused by moving substantial manufacturing units from their established positions to the new building, our annual production has gone up by £700,000. (Group Sales are now £3.8m.)

Projects on the drawing board are likely to absorb most of the increased financial resources of the Group. The bulk of accumulated profits must go back to the business permanently. It is, therefore, proposed to capitalise £550,000 of reserves by making a bonus issue of one new "A" Share for every "A" Share or "B" Share held.

Increased turnover and greater efficiency of the British Group of Companies has produced a profit before tax of £593,165—a very good result. The Canadian Companies have made a profit before tax of $65,395 (£24,031) which is very satisfactory. Although operations of the German Company are still on a small scale, Ladybird garments have been supplied to some 600 retail stores.

Net Group Profits after taxation amount to £301,164. Dividends of 24 per cent and 6 per cent on the "A" and "B" Ordinary Shares are proposed, leaving £180,939 retained in the business.

UNITED KINGDOM and CANADA

COMPANY AFFAIRS

DUNLOP RUBBER

THE reduction of 7½ per cent in car tyre prices this August, which reflected keener price competition among British tyre manufacturers, and the steady rise in the price of natural rubber (only partly offset by an increased use of synthetic) over the past year did not seem to augur well for the shareholders of Dunlop Rubber, who in the past have been constantly reminded that a booming motor industry does not necessarily spell boundless fortune for the tyre makers. Nor was Mr G. E. Beharrell's remark at the annual meeting in June that trading results in the current year were running at the same level as in the corresponding period last year particularly reassuring. In the event, the group's trading profits in the six months to June 30 rose slightly from £10,130,000 in the preceding six months to £10,520,000; this compares with £9,630,000 in the same period in 1958.

The directors say that "provided trading conditions remain as at present it is anticipated that the level of profit for the first six months of the year will be maintained for the latter half." There seems little doubt that when the pace of the motor industry's boom begins to slacken (although there are no signs of that happening yet) earnings from the group's overseas activities—on whose development over £60 million has been spent in the past ten years—will become crucial. Last year no less than two-thirds of the group's total profit came from its overseas interests. Just what effect the August price cuts will have on the final earnings figures remains to be seen, but it will be surprising if margins are not to some extent narrowed. At the moment trading profits are running at an annual rate of some £21 million, against a little less than £20 million in 1958: this suggests that earnings on the enlarged capital (as increased by the one-for-four scrip issue) will be about 30 per cent, against an equivalent of 28 per cent in 1958. The interim dividend of 4d. per 10s. share is equivalent to last year's interim payment of 5d. a share and the 10s. units, which rose 3d. to 26s. on the half-yearly figures, offer a yield of 5 per cent on the assumption of a final distribution of 13 per cent.

SALES AND PROFITS
(£ million)

	Six months ended			
	Dec. 31, 1957	June 30 1958	Dec. 31, 1958	June, 1959
Sales	117	120	123	127
Gross Profit	10·44	9·63	10·13	10·52
Net Profit	6·75	5·53	6·63	6·34
Gross profit/sales	8·9%	8·0%	8·2%	8·3%
Net profit/sales	5·8%	4·6%	5·4%	5·0%

DEBENHAMS

AT the time of Debenhams' struggle with the House of Fraser for the control of Harrods the directors forecast a dividend for 1958-59 of "not less than 15 per cent." With a final ordinary dividend of 11¾ per cent, the total 1958-59 dividend is in fact 16¾ per cent, against 13¼ per cent last year. The slight increase in the dividend over the forecast was not unexpected—although some optimists were hoping for a total dividend of 17½ per cent. What did surprise the market was the announcement of the £2,600,000 "rights" issue in the ratio of one-for-ten at 20s. a share. Jobbers lost no time in marking the 10s. ordinary shares up 3s. 9d. to 43s., making the "rights" worth around 2s., and giving a yield on the old shares of 4.2 per cent. Debenhams raised £5 million by a debenture issue last April when the directors indicated that over the next three years their expansion plans would require some £8½ million; and it was then hoped to provide the remaining £3½ million from retained earnings. Whether this latest issue implies a more ambitious expansion programme remains to be seen.

The steady rise in trading profits, which has been a feature of the group's trading performance since Mr J. Bedford became the chairman three and a half years ago, continues. The group's trading profits for the year ended July 31st rose by 10½ per cent, from £5,805,508 to £6,421,485. A slightly lower tax charge of £2,429,193 (against £2,720,323) left the net profit at £3,037,859 (against £2,357,150) after deducting £78,015 (against only £997) for unearned profits on hire purchase contracts. Hire purchase forms only a small proportion of Debenhams' total sales but, clearly, these figures reflect boom conditions in the retail trade.

UNITED DRAPERY STORES

THE group trading profits of United Drapery Stores for the half-year ended August 1, 1959, rose to £4,002,756, compared with £3,438,252 in the corresponding period of 1958. Much of this increase has been due to hire purchase sales which account for a provision of £279,224 made for additional unearned profit on hire purchase debtors, compared with a credit of £3,462 a year ago. The group net profit for the half-year, after tax, is £1,627,248, against £1,415,404. The interim dividend on the ordinary stock as increased by a one-for-ten rights issue last June has been maintained at 12½ per cent and the directors have said that the total for the year will be at least maintained at 35 per cent. The market seems somewhat more optimistic: United Drapery shares stand at a near-record price of 47s. 7½d. to yield 3.7 per cent.

THOMAS W. WARD

THOMAS W. WARD, the general engineering concern, has done reasonably well out of the recovery of the iron and steel industry and the building boom. The company's profits for the year to June 30, 1959, are up from £2,599,158 to £2,775,677, in spite of a pessimistic assessment of future prospects made by the chairman last November. After tax the increase in profits is even more impressive—from £1,173,710 to £1,442,519. The total dividend payment on the company's £1 ordinary shares is raised from 20 per cent (including a 5 per cent bonus) to 25 per cent for the year to June 30, 1959. The directors also propose a 100 per cent scrip issue. This will reduce the heaviness of the price. The shares rose 22s. 6d. this week to 144s., to yield 3.4 per cent.

COMPAGNIE FINANCIÈRE DE SUEZ

A TAX-FREE distribution of Frs. 1,660 for every share held in the Compagnie Financière de Suez, plus one share in Société d'Investissement Mobiliers for every ten Suez shares is recommended by the CFS directors in their report for the year to July 31, 1959. With SIM shares worth Frs. 35,750 on the Paris Bourse, the distribution amounts to about £3 16s. 6d. gross per Suez share. It represents a distribution to shareholders of the first compensation instalment of £E4 million, received from the United Arab Republic on January 1st and unfortunately the Inland Revenue has ruled that it is taxable in the hands of British shareholders. If shareholders approve a compromise agreement between the company and the UAR, further compensation payments will be made, of £7,175,000 sterling on January 1, 1960, and £4,100,000 sterling on January 1, 1961, 1962 and 1963. A dividend of 5 per cent (500 francs) per share is also recommended, payable from the company's net profit for the year of about £414,000.

With the gradual transformation of CFS into a financial concern, means have been found of giving its managers more freedom to invest in Paris, New York and London. In Paris a banking subsidiary which will manage the company's short-term funds has been formed with a capital of Frs. 250 million, under the name of Banque de la Compagnie Financière de Suez. CFS will subscribe for the forthcoming 50 per cent increase in the share capital of the French American Banking Corporation in New York, and in London it has formed the Suez Finance Company (London), with a capital of £50,000.

The book value of the company's holdings, apart from stock held through SIM, rose from £2.7 million to £4.6 million. If the SIM holdings are included, the total book value is £12.7 million. The book value of the company's investment portfolio fell in the year to July 31, 1959, from £22.2 million to £19.7 million, following sales of stock at higher prices. The cash thus realised will be used for re-investment.

REARDON SMITH

LAST year the chairman of Reardon Smith, Mr Douglas Smith, said that the outlook for shipping "gives no cause for encouragement." Since then nothing has happened which could in any way cause Mr Smith to revise that opinion. In fact, whereas last year Reardon Smith's earnings were to a large extent cushioned from the worst knocks of the slump in freight rates by the long-term charters which extended into the first half of the financial year, the group's trading profits for 1958-59 have taken a severe blow, falling from £891,866 to £85,417. Even so, thanks to the conservative policies pursued by the directors in the past, shareholders have not so far suffered. In March a dividend of 2½ per cent was paid to ordinary shareholders out of a distribution received from the parent company from the dividend reserve account of its subsidiary. At the same time a 2½ per cent tax-free payment was made from a capital accretions account and last month the directors paid a 10 per cent tax-free distribution, again from this account. In 1957-58 two interim dividends of 2½ per cent were paid and a 2½ per cent capital distribution was also made.

During the year two steamers of the fleet were sold and the surplus proceeds over the book values of these vessels were used towards the writing down of other vessels; the fleet has in fact been drastically written down and the group's liquid funds of around £5,445,000 amply cover capital commitments of £1,600,000 (against £1,500,000). Perhaps the main comfort to shareholders of Reardon Smith, whose 10s. units now stand at 16s. 6d. (compared with 13s. earlier this year) is that the group's liquid resources are so strong.

BRITISH ALUMINIUM

BRITISH ALUMINIUM, which is now controlled by Tube Investments and Reynolds Metals, is to pay an ordinary dividend of 5 per cent for the seven months ended July 31st, compared with 17½ per cent for the previous full year. This is an effective reduction in the annual payment of 8.9 per cent and it will be recalled that the 1957-58 dividend was raised from 12 per cent to 17½ per cent at the time of the struggle between Tube Investments-Reynolds Metal and Alcoa for control. The group's trading profits for the seven months ended July 31st were £2,004,418, against £3,070,242 for the previous year, and the net profit after tax of £689,388 compares with £1,024,058 for the full year.

BERALT TIN AND WOLFRAM

THIS company, predominantly a producer of wolfram, has had a bad year, but the current one should be better. The average market price for wolfram during the financial year ending March 31st was only 82s. a unit, compared with 120s. for 1957-58, and the company no longer had the benefit of sales under a high fixed price contract. The company incurred a net loss, before tax, of £78,986, compared with a net profit of £218,380 in the previous year. After transferring £17,500 from reserve (less £13,653 provided for development of a subsidiary), and providing £16,720 for UK tax, the net loss amounted to £91,859. With the ordinary dividend cut to 20 per cent, against 50 per cent last year (when a special dividend of 40 per cent was also paid) the carry-forward was reduced to £89,190. Wolfram prices rose sharply recently to 162s.-167s. a unit, though—characteristically—the market has since dropped back to about 127s.-132s. a unit. Still, there is some reason to hope that the current year's average will be somewhat higher than last year's

Production in Portugal was restricted to the quantity needed to meet a long-standing contract, based on the average market price from month to month, and amounted to 1,280 tons of concentrates, 550 tons less than in 1957-58. Labour was therefore switched to the Vale da Ermida section, which contains mainly tin-bearing ores, and production of tin concentrates rose by 246 tons to 642 tons. More extensive workings confirmed the existence of a very large volume of tin-bearing ground in this section, but though tin prices have improved the grade is too low to permit profitable operation by ordinary methods. New methods of mining and milling are being tried, but it is not yet known whether these methods will be successful. Extensive tin deposits have also been established on the Argimela property, which is now almost self-supporting, but here again more experience is required before the directors can decide whether to embark on full-scale operation.

"JOHNNIES"

JOHANNESBURG CONSOLIDATED faces a better year than the one behind it, or so it appears from the company's report and accounts for the twelve months to June 30, 1959. The net profit in that year fell from £2,737,863 to £1,299,352, but most of the drop was due to higher tax charges; its income from investments fell only slightly, from £2,099,960 to £1,929,833. This reduction was due mainly to lower earnings from platinum and other base metals, as predicted in the 1957-58 report. The book value of investments rose from nearly £15 million to £16.8 million and the market value of quoted investments from £18.9 million to £25.2 million. The company's platinum interests were worth more at the end of the financial year than at the beginning: the rise accounts for the "reappreciation" of £452,370 net in the book value of investments, after allowing for depreciation of £277,005 on other investments. This includes a further fall of £134,600 in the market value of its holdings in Freddies Consolidated. Next year's accounts will reflect the resumed dividend payments by Rustenburg Platinum, whose earnings have recovered to some extent since the reduction in Russian selling put the price of platinum up from £17 per oz to £28 10s. per oz in February.

London Stock Exchange

FIRST DEALINGS:	Sept. 30	Oct. 14	Oct. 28
LAST DEALINGS:	Oct. 13	Oct. 27	Nov. 10
ACCOUNT DAY:	Oct. 20	Nov. 3	Nov. 17

AFTER the election, an unprecedented wave of speculative and investment demand combined to give the stock market the busiest period in its history. Bargains recorded reached an all-time peak on Wednesday at 32,655 compared with Monday's previous "high" of 32,517. On Thursday before the election a large volume of buying order from small investors, who appeared to be confident of the election result, was reinforced by a number of institutional investors. On Friday, when the result of the election was known, two-way business was on such a large scale that dealings became chaotic. Profit-taking was quickly absorbed and by the afternoon markets had regained a certain amount of order. Similar conditions prevailed early this week but on Wednesday afternoon profit-taking was not so easily absorbed and most industrial equities, especially steel shares, closed easier. The Conservative victory has been taken as an augury for sound monetary management and gilt-edged stocks have joined in the post election boom. Short-dated stocks were particularly in demand with 4½ per cent Conversion (1964) gaining ⅜ to 100⅝; among the unredeemables, 3½ per cent War Loan put on 1/16 at 66 5/16.

Among industrial equities the most spectacular rises were in steel shares, most of which closed on Wednesday slightly below their best. Dorman Long rose in the week by 13s. 3d. to 53s. 6d. after touching a new peak at 57s. 6d. and United Steel put on 9s. 1½d. at 62s. after being 67s. at one time. Steel Company of Wales jumped from 35s. to 43s. 9d. after touching 45s. and Colvilles gained 8s. 9d. to 54s. Other leading equities shared in the rally with ICI advancing 4s. 3d. to 52s. 9d., British Oxygen gaining 5s. 3d. to 74s. 3d., and among American favourites EMI closed 7s. 6d. better at 58s. while GEC improved 6s. 9d. to 47s. 6d. Among motors, Ford put on 4s. to 94s. after reaching a new "high" at 97s. 6d., while Rootes improved 5s. 6d. to 18s. 1½d. Stores shares were strong with Debenhams up 5s. 6d. at 52s. 9d., following news of the "rights" issue and increased profits; United Drapery put on 3s. 4½d. at 47s. 7½d. on the better profit figures. Shipping shares were again in demand and turnover was on a large scale. Building shares, too, attracted a fair amount of buying.

Oil shares recovered from their recent setback and the leaders made net gains over the period. Shell gained 5s. 9d. at 147s. 6d. after touching 150s. 3d. A revival in the rubber section of the market, set off by the rise in the price of the commodity, helped most rubber shares to show good gains. Some American buying through Johannesburg helped gold shares to close above their worst but most showed net losses.

LONDON AND NEW

Prices, 1959 High	Prices, 1959 Low	BRITISH FUNDS AND GUARANTEED STOCKS	Price, Oct. 7, 1959	Price, Oct. 14, 1959	Net Yield, Oct. 14, 1959 § £ s. d.	Gross Yield, Oct. 14, 1959 £ s. d.
98⅜	96 11/16	Funding 2½% 1956-61	97⅞	98⅛	2 16 3	3 15 11
99 16/32	98 11/32	Exchequer 2% 1960	99 15/32	99 17/32	2 4 5	3 7 8
100 3/16	99 5/16	Exchequer 3% 1960	99 25/32	99 27/32	1 17 10	3 8 3
101 11/32	100⅛	Conversion 4½% 1962	100 7/16	101	2 3 7	4 0 8
96 30/32	94 16/32	Exchequer 3% 1962-63	95 13/32	95⅞	2 18 4	4 4 6
93⅝	91 5/16	Exchequer 2½% 1963-64	92 3/32	92⅜	2 13 5	4 5 3
101⅜	100½	Conversion 4½% 1963	100 9/16	101 9/32	2 7 3	4 7 3
100 7/16	99⅝	Conversion 4½% 1964	99 29/32	100 3/32	2 15 4	4 9 7
92 13/16	90⅛	Savings Bonds 3% 1955-65	90 9/16	91⅝	3 9 11	4 15 2
85 13/16	83⅛	Funding 3% 1959-69	83 7/16*	84⅛	3 16 8	5 2 4
93⅛	89 5/16	Funding 4% 1960-90	89 13/16*	90½*	2 18 4	4 11 5
83 7/16	80⅞	Savings Bonds 3% 1960-70	81⅛	82 8/16	3 17 5	5 3 11
86	83⅛	Savings Bonds 2½% 1964-67	83⅛*	84⅛*	3 19 9	5 1 0
77 7/16	75 1/16	Savings Bonds 3% 1965-75	75 9/16	76 1/16	3 16 7	5 4 4
105 11/16	102½	Exchequer 5½% 1966	103 1/16	103¾	2 15 4	4 17 11
86⅜	83¾	Funding 3% 1966-68	84 9/16	85 5/16	3 17 6	5 3 9
98⅛	95	Victory 4% 1920-76	95⅛	95½	3 18 4	4 14 10
89 13/16	87⅝	Conversion 3½% 1969	87¾	88 1/16	3 12 7	5 5 2
101 7/16	98⅜	Conversion 5¼% 1974	101 1/16	102⅜	3 2 1	5 3 9
79¾	76⅞	Treasury 3½% 1977-80	78 3/16	79⅛	3 12 9	5 5 3
79⅛	76 9/16	Treasury 3½% 1979-81	76 15/16	77⅞	3 13 5	5 5 9
104½	101½	Funding 5½% 1982-84	103¼	104½	3 2 9	5 5 2
68¼	64¼	Redemption 3% 1986-96	64⅝	65⅝	3 10 2	5 1 6
98⅛	97½	Treasury 5% 1986-89	97⅝*	97⅝	3 3 9	5 3 2
74 1/16	70 9/16	Funding 3½% 1999-2004	71	72⅛	3 7 7	5 3 0
75⅞	72¼	Consols 4% after Feb. 1957	72⅞	73¼	3 7 2	5 10 1
68 9/16	64 11/16	War Loan 3½% after 1952	65 7/8	66 5/16	3 5 5	5 7 8
68 11/16	63 13/16	Conv. 3½% after Apr. 1961	64	65⅛	3 5 11	5 7 9
60	55¼	Treasury 3% after Apr. 1966	55⅞	56½	3 5 1	5 6 4
53⅜	49 1/16	Consols 2½%	49⅜	50¼	3 1 0	4 19 8
51⅛	47⅛	Treasury 2½% after Apr. 1975	47 9/16	48⅛	3 3 3	5 3 4
96 11/16	94	British Electric 4½% 1967-69	95¼	96 1/16	3 5 9	5 2 4
80 1/16	77¼	British Electric 3% 1968-73	78⅛	78 15/16	3 17 4	5 4 2
76⅞	74⅛	British Electric 3% 1974-77	74½	75½	3 15 8	5 3 6
90 1/16	87⅝	British Electric 4½% 1974-79	88	88⅞	3 7 8	5 3 5
80⅜	77 3/16	British Electric 3½% 1976-79	79	78⅜*	3 13 3	5 4 7
90 7/16	87⅛	British Gas 4% 1969-72	88 15/16	89⅝	3 10 1	5 3 11
87⅜	84⅜	British Gas 3½% 1969-71	85 1/16	85⅞	3 12 5	5 2 10
59 7/16	68	British Gas 3% 1990-95	65 5/16	66⅜*	3 9 10	5 5 0
80 3/16	77¼	British Transport 3% 1968-73	78⅛	78 15/16	3 17 4	5 4 2
87 1/16	84	British Transport 4% 1972-77	86 1/16	87	3 9 7	5 4 6
69 3/16	66⅛	British Transport 3% 1978-88	66 5/16	67 5/16	3 14 8	5 5 8

Prices, 1959 High	Prices, 1959 Low	FIXED INTEREST STOCKS	Price, Oct. 7, 1959	Price, Oct. 14, 1959	Yield, Oct. 14, 1959 £ s. d.
		DOMINION AND COLONIAL			
102 1/16	99⅜	Australia 4½% 1960-62	99⅝	100	4 11 9
107⅜	103¾	Australia 6% 1974-76	104⅝	105⅛	5 11 0e
77	73	Ceylon 4% 1973-75	72¾	73	6 17 0†
103½	99⅛	Jamaica 6% 1970-72	102	102	5 18 1e
107⅝	104¼	New Zealand 6% 1976-80	104¾	105¼	5 11 0e
101⅞	93	Rhodesia and Nyasaland 6% 1976-79	96¾	97	5 17 0†
74¼	69½	Southern Rhodesia 2½% 1965-70	72½	73½	5 14 0†
		CORPORATION AND PUBLIC BOARDS			
103½	100 5/16	Agricultural Mortgage 5½% 1980-85	102½	102	5 9 0e
104¾	102¼	Birmingham 5¾% 1974-76	102½	102½	5 13 4e
94½	92¼	Bristol 3% 1958-63	93½	94	4 19 0†
98⅛	94½	Glasgow 4¾% 1966-68	98	98½	5 3 0†
101⅞	99¼	Corporation of London 5¼% 1976-79	101	101½	5 5 0†
57	52¾	L.C.C. 3% after 1920	53	53¾	5 11 0†
64½	60¼	Metropolitan Water Board 'B' 3% 1934-2003	60	60¾	5 7 0†
		FOREIGN BONDS			
113¼	101¼	German 7% 1924 (British Enfaced 5%)	112½	111½	...
198⅛	177	German 5½% 1930 (Enfaced 4½%)	198	195	...
48	23¼	Greek 7% Refugee 1924	37¼	39¾	Nil
169¼	157	Japan 5% (Enfaced) 1907	159½	159½	...
118¾	112¾	Japan 6% (Enfaced) 1924	112⅜	112⅜	...
59	55	Uruguay 3½% Bonds (Assented)	55¾	56	...

NEW YORK CLOSING PRICES

	Oct. 7 $	Oct. 14 $		Oct. 7 $	Oct. 14 $		Oct. 7 $	Oct. 14 $
Ath. Topeka	27⅜	27⅜	Boeing	31	32⅜	Inter. Nickel	94⅛	94⅛
Can. Pacific	26⅞	27	Celanese	28¼	27¼	Inter. Paper	129⅝	129
Pennsylvania	17¼	16⅜	Chrysler	64¼	62⅛	Kennecott	91	93¼
Union Pacific	31⅜	32¼	Col. Palmolive	37⅞	38¾	Monsanto	50⅛	48¼
Amer. Electric	49¾	48	Crown Zeller	55⅜	55⅜	Nat. Distillers	30½	30
Am. Tel. & Tel.	78⅝	78⅝	Distillers Seag.	33	33⅛	Pan-American	23⅝	23⅝
Cons. Edison	62¼	62	Douglas	42⅝	43¾	Procter Gamble	83	83¼
Int. Tel. & Tel.	34¼	35⅞	Du Pont	256	257	Radio Corpn.	57⅛	58⅞
Standard Gas	4¾	4¾	East. Kodak	85⅛	85¼	Sears Roebuck	49⅞	48⅞
United Corpn.	8	8⅛	Ford Motor	82	82	Shell Oil	73½	70
Western Ualon	40	38¾	Gen. Electric	78¼	76½	Socony-Mobil	40½	41
Alcoa	110¼	108½	General Foods	95¾	96⅛	Stand. Oil Ind.	41¼	41½
Aluminium	34⅜	34⅛	General Motors	55⅜	54⅛	Stand. Oil N.J.	47	47⅜
Amer. Can.	43⅞	43¾	Goodyear	126¼	125¼	20th Cent. Fox	30½	32½
Am. Smelting	44¼	43⅛	Gulf Oil	111¼	111¼	Union Carbide	142	139¾
Am. Viscose	43	41⅞	Heinz	75¼	80	U.S. Steel	100½	99
Anaconda	59⅞	59⅜	Int. Bus. Mach.	412¼	407¼	West. Electric	93⅞	93¾
Beth. Steel	57¼	55½	Int. Harvester	51¼	51½	Woolworth	60⅛	60⅞

* Ex dividend. † Tax free. ‡ Assumed average life 9 years. § Less tax at 7s. 9d. in £. ‖ Ex capitalisation. ¶ Ex rights. ‡‡ Ex all. (a) Interim dividend. (b) Final dividend. (c) Year's dividend. (d) Capital distribution 1s. 6d. per share. (e) To earliest date. (f) Flat yield. (g) Equivalent to 7·2 sterling. (h) After Rhodesian tax. (j) To latest date. (p) Assented stock.

YORK STOCKS

Prices, 1959 High	Prices, 1959 Low	Last Two Dividends (a) (b) (c)		ORDINARY STOCKS	Price, Oct. 7, 1959	Price, Oct. 14, 1959	Yield, Oct. 14, 1959
		%	%	**BANKING**			
62/6	44/6 3/4	5 b	5 a	Barclays £1	54/6	59/6	3·36
63/-	40/3	10 c	5 a	Lloyds £1	55/6	59/9	3·35
78/-	60/11½	13½ c	7½ a	Midland £1	71/6	75/-	4·00**
82/-	54/-	10 c	5 a	National Provincial £1	74/-	79/9	3·01**
56/6	37/9	10 c	5 a	Westminster 'B' £1	50/9	53/3	3·76
70/-	54/3	9½ b	8½ a	District £1	64/-	70/-	4·00**
27/6	17/-	16 c	8 a	Martins 5/-	22/11½	24/9	3·23
61/3	31/7½	—	—	Nat. Comm. Bk. Scot. 10/-	56/-	60/7½	2·47**
87/-	67/6	9 b	8 a	Royal Bank of Scotland £1	81/3	87/-	3·91
48/3	37/9	5 b	4 a	Barclays D.C.O. £1	43/6	48/3	3·73
50/6	43/3	7½ c	7½ b	Chartered Bank £1	48/3	50/-	6·00
£34⅜	£27⅜	$2·10c	$2·25c	Royal Bank of Canada $10	£32⅛	£30 13/16	2·74
£23½	£18 7/16	$1·60c	$1·65c	Bank of Montreal $10	£21⅜	£20 5/16	2·96
41	30½	9 c	9 c	Bank of New South Wales £20	38½	39¼	3·67g
41/6	32/3	6 b	4 a	Bank of London & S. Amer. £1	40/6	41/6	4·82
				FINANCIAL			
36/-	28/4½	5 b	2½ a	Alexanders £1	32/-	35/6	4·23
50/3	41/3	7 b	6¼ a	National Discount 'B' £1	45/9	50/3	4·98**
59/6	49/-	6¼ b	6¼ a	Union Discount £1	51/3	56/-	4·46
55/-	40/9	21⅞ b	20 a	Commercial Union 5/-	50/-	55/-*	3·79
185/-	127/6	15 b	12½ a	Employers' Liability £1	167/6	170/-*	3·24
220/-	160/-	‡32·35c	‡41·17c	Equity & Law 8/6	195/-	220/-	2·60
327/6	192/6	40 a	60 b	Legal & General 5/-	292/6	327/6	1·53
140/-	112/6	50 b	20 a	Pearl 5/-	125/-	140/-	4·09
317/6	210/-	†147½ c	†162½ c	Prudential 'A' 4/-	265/-	317/6	3·35
96/3	59/11½	10 b	8 a	Royal Exchange £1	88/9	96/3	3·32**
46/-	16/2¼	8½ b	7½ a	Bowmaker 5/-	37/-*	42/9	2·92**
42/6	18/7½	8½ b	8½ a	Lombard Banking 5/-	36/-	37/10½	2·24
220/-	113/6	4 a	21 b	U.D.T. 5/-	190/-	202/6	2·47
48/-	34/9	10 a	25 b	B.E.T. 'A' Defd. 5/-	39/6	46/3	3·78
18/3	12/6	10 c	10 c	Cable & Wireless 5/-	16/3	18/3	2·74
26/3	19/3	2 a	4½ b	Land Securities 10/-	24/3	25/-	2·60
24/10½	14/7½	4½ a	4½ b	London & County 10/-	20/6	24/10½	3·35
				FOOD, DRINK AND TOBACCO			
36/7½	22/6	15 c	18 c	Allied Bakeries 'A' 5/-	32/6	35/-	2·57
43/10½	23/4½	24 c	8 a	Beecham Group 5/-	40/3	43/3*	2·77
13/-	10/6	2½ c	7½ b	International Tea 5/-	11/3	12 11/12	4·12
91/-	69/-	5 a	9½ b	J. Lyons 'A' £1	77/-	79/6	3·56
22/9	18/10½	5 b	5 a	Ranks 10/-	21/-	22/9	4·40
29/-	18/11½	12½ b	5 a	Schweppes 5/-	26/9	28/6	3·07
58/9	42/-	7½ a	2¾ b	Tate & Lyle £1	47/-	54/6	3·85
15/-	10/10½	...	...	Unigate 5/-	14/-	14/7½	3·42**
70/-	43/9	36 b	10 a	Bass 5/-	64/6	68/-	3·38
31/6	23/10½	4 a	8½ b	Distillers 10/-	29/3	30/3	4·13
24/-	14/7½	11 b	6 a	Flowers 5/-	21/3	21/9	3·91
71/6	54/-	18 b	10 a	Guinness 10/-	65/-	68/6	4·09
18/9	12/7½	10 b	4 a	Ind Coope & Allsopp 5/-	16/6	17/7½	3·97
81/3	38/9	6¾ b	3¾ a	Watney Mann Defd. £1	73/6	81/3	3·69
137/-	100/-	17 b	8 a	Whitbread 'A' £1	127/6	133/9	3·74
63/3	51/4½	†17½ c	†10⅝ a	British Amer. Tobacco 10/-	58/10½	61/3	4·66
42/6	26/8¼	13½ b	3½ a	Gallaher 10/-	37/-*	40/-	4·17
66/-	54/3	12½ b	8½ a	Imperial Tobacco £1	60/3	64/-	6·56

Prices, 1959 High	Prices, 1959 Low	Last Two Dividends (a) (b) (c)		ORDINARY STOCKS	Price, Oct. 7, 1959	Price, Oct. 14, 1959	Yield, Oct. 14 1959
		%	%	**MISCELLANEOUS**			
50/9	37/9	20 a	40 b	Assoc. Brit. Picture 5/-	43/6	48/3	6·23
40/-	28/7½	31½ a	5 b	British Match £1	36/9	39/3	4·25
77/-	49/6	8 b	4 a	British Oxygen £1	67/9	74/6	3·22
10/9	8/8¼	18 c	6 a	British Ropes 2/6	10/-*	10/3	4·29
58/-	35/9	51/2 a	8½ b	Glaxo 10/-	51/6	54/9*	2·56
88/3	56/4½	50 b	10 a	Hoover 'A' 5/-	79/3	88/3	3·40
232/6	172/6	32·18 c	16 53a	Hudson's Bay £1	217/6	221/3	2·91
14/3	10/-	5 c	10 c	Rank Organisation 5/-	11/11½	11/9	4·26
22/-	13/-	18 c	20 c	Sears 'A' 5/-	19/6	21/9	4·60
17/-	11/3¾	6¼ a	7 b	Thomas Tilling 4/-	15/6	17/-	3·12
92/9	69/4½	10 b	5 a	Turner & Newall £1	84/-	92/-	3·26
127/-	86/7½	85b	85 a	Unilever 5/-	115/9	123/-	2·73
11/3	9/9	10·4 c	31 a	United Glass 10/-	54/9	62/3	4·73
41/7½	31/9	†4½ a	†10⅝ b	United Molasses 10/-	38/10½	41/6	5·90
				OIL			
58/6	49/-	†8¾ c	†3½ a	British Petroleum £1	52/3	54/3	5·27
49/-	37/9	†2½ a	†4¾ b	Burmah Oil £1	45/9	47/9	4·70
£17¾	£14⅝	17½ b	7½ a	Royal Dutch 20 fl.	£14⅞	£15	3·15
153/-	†134 b	†5 a	8¾ a	Shell Transport £1	141/9*	147/6	2·15
73/6	53/9	...	...	Ultramar 10/-	54/9	62/3	...g
50/-	35/6	15 b	7½ a	Wakefield C.C. 10/-	46/-	48/9*	4·62
				SHIPPING			
46/6	36/6	6½ a	13½ b	Brit. & Com wealth. 10/-	39/9	43/9	4·57
20/6	17/3	10 c	8 c	Cunard £1	20/3	20/6	7·80
42/6	29/6	10 c	10 c	Furness Withy £1	39/3	42/6	4·71
20/6	14/9	10 a	10 b	London & Overseas 5/-	17/9	20/-	5·00
43/3	31/6	8 b	3 a	P & O Defd. £1	39/6	43/3*	5·09
17/9	13/3	5 c	2½ c	Reardon Smith 10/-	14/9	16/6	1·52
25/9	19/-	7½ c	8 c	Royal Mail £1	21/6	23/9	6·74
				MINES			
202/6	165/-	60 b	20 a	Anglo-American 10/-	200/-	200/-*	4·00
147/6	113/9	20 b	10 a	General Mining £1	141/3	141/3	4·25
77/6	49/4½	40 a	100 b	Union Corporation 2/6	75/6	77/6	4·52
33/4½	27/-	50 b	45 a	Daggafontein 5/-	27/7½	27/7½	17·19
198/11½	111/10½	70 a	90 b	Free State Geduld 10/-	180/-*	177/6	4·51
71/6	56/9	35 b	35 a	Harteebeestfontein 10/-	62/3	62/9	11·16
80/11½	61/10½	50 a	60 b	President Brand 5/-	79 4½*	79/11½	6·95
180/-	119/4½	70 a	100 b	Western Holdings 5/-	170/-	167/6	5·07
69/3	57/5¼	12½ b	5 a	Consolidated Zinc £1	63/6	67/6	4·44
181/3	121/3	120 b	100 a	De Beers Defd. Reg. 5/-	173/9*	176 10½	6·28
$187¾	$154¾	$3·75 c	$2·60 c	International Nickel n.p.v.	$169½	$168¼	2·75
10/-	7/10½	5 a	15 b	London Tin 1/-	9 10½	9/9	8·21
91/3	73/11½	30 a	12½ a	Rhod. Anglo-American 10/-	83/9	86/3	4·93
19/-	14/3	4½a	11¼ b	Rhod. Selection Trust 5/-	15/-	16/-	4·82
58/11½	44/6	26 c	2½ c	Rio Tinto Reg. 10/-	45/-	46/3	4·32
9/6	7/6	3½ a	7¾b	Roan Antelope 5/-	8/11½	8/9	5·95
56/6	43/9	15 a	22½ a	Tanganyika Cons. 10/-	47/6	50/9	7·39
21/-	11/4½	43½ c	15 a	Tronoh 5/-	18/-*	21/-	10·32
				TEA AND RUBBER			
33/-	23/-	12½ a	†12½ b	Cons. Tea & Lands £1	31/6	33/-*	14·84
26/3	22/3	†3 a	17 a	Jokai (Assam) £1	23/9	24/-*	13·61
19/-	15/9	10 b	4 a	Nuwara Eliya 1/-	17/-	17/9	15·77
2/33/4	1/3	4 a	12 b	Grand Central 2/-	2/-	2/3	14·22
6/4½	3/9¼	5 a	25 b	London Asiatic 2/-	5/11½	6/4½	9·41
10¼d	6¾d	8 c	Nil c	United Serdang 2/-	7¼d	7 3/4d	...
90/-	48/-	93⅜ a	28½ b	United Sua Belong 1/-	77/6	87/6	8·57
70/-	52/6	12½ b	5 a	Harrisons & Cros. Defd. £1	66/3	70/-	5·00

** Yields based on assumed dividends:—Bowmaker, 25%. British Motor, 15¾%. District, 14%. Fisons, 12%. Joseph Lucas, 10%. Midland, 15%. Nat. Comm. Bk. Scot., 15%. National Discount 'B', 12½%. National Provincial, 12%. Royal Exchange, 16%. Standard-Triumph, 9%. Steel Co. of Wales, 10%. Unigate, 10%. Watney Mann, 15%.

THE ACTUARIES' INVESTMENT INDEX

(December 31, 1957=100)

GROUP	Price Index Sept. 30, 1958	Price Index Aug. 25, 1959	Price Index Sept. 28, 1959	Average Yield per cent Sept. 30, 1958	Average Yield per cent Aug. 25, 1959	Average Yield per cent Sept. 28, 1959
FINANCIAL:—						
Banks	124·6	180·6	181·0	4·63	3·98	3·98
Insurance (Industrial Ordinary)	120·6	163·2	154·4	5·83	4·37	4·59
Investment trusts	127·6	174·9	178·3	4·42	3·63	3·55
Property companies	149·8	247·6	240·2	4·36	3·74	3·94
INDUSTRIALS:—						
Electrical engineering	117·4	149·8	148·0	4·84	4·36	4·47
Engineering	117·6	145·8	143·8	5·14	4·43	4·59
Motors and aircraft	117·8	161·1	152·4	5·82	4·98	4·70
Shipbuilding	105·3	103·9	103·8	7·38	6·73	6·88
Steel	111·5	167·4	167·9	8·58	6·37	6·34
Breweries	122·7	181·9	182·9	5·88	4·28	4·27
Chain stores	110·4	149·9	149·4	4·02	3·18	3·22
Cotton and rayon textiles	95·0	140·2	138·9	8·91	6·43	6·42
Wool textiles	98·9	143·1	143·4	7·58	5·84	5·92
Chemicals	125·4	167·1	173·7	4·62	3·65	3·62
Oil	114·0	122·2	121·5	5·75	4·99	5·36
Shipping	115·1	116·1	111·1	5·74	5·08	5·35
Ordinary, *all* classes	119·9	155·4	152·2	5·72	4·69	4·81
Preference	102·5	105·1	103·3	6·21	6·06	6·17
Debenture	106·3	108·2	107·9	6·09	5·99	6·00
Total—*Capital Goods*	117·3	150·7	148·2	5·81	4·91	4·95
Total—*Consumption Goods*	123·0	176·7	175·9	5·91	4·61	4·70
Consols 2½%	111·8	112·4	109·7	4·84	4·81	4·93

STOCK EXCHANGE INDICATORS

LONDON

The Economist Indicator

1959	Indicator*	Yield %	1959 High	1959 Low	1958 High	1958 Low
Sept. 16	292·3	4·71				
„ 23	289·5	4·77				
„ 30	291·9	4·75	333·2	245·0	255·6	166·1
Oct. 7	305·6	4·55	(Oct. 14)	(Jan. 28)	(Dec. 31)	(Feb. 26)
„ 14	333·2	4·20				

* 1953=100.

Financial Times Indices

1959	Ord. Index†	Ord. Yield	Fixed Int.‡	2½% Consols Yield	Bargains Marked	1959 High	1958 High
Oct. 7	266·9	4·55	92·56	5·06	20,849		
„ 8	268·6	4·53	92·61	5·05	22,101	290·7	225·5
„ 9	284·7	4·27	92·85	5·00	25,372	(Oct. 13)	(Dec. 31)
„ 12	285·2	4·26	92·94	4·99	32,517	Low	Low
„ 13	290·7	4·18	93·06	4·99	30,523	212·8	154·4
„ 14	287·4	4·23	93·27	4·96	32,655	(Jan. 30)	(Feb. 25)

† July 1, 1935=100. ‡ 1928=100.

NEW YORK

Standard and Poor's Indices (1941–3=10)

1959	425 Industrials	Yield %	25 Rails	Yield %	50 Utilities	Yield %	Govt. Bonds	Yield %
Sept. 16	60·87	3·15	33·58	4·96	43·20	4·03	84·50	4·43
„ 23	59·91	3·20	33·02	5·05	42·53	4·09	84 70	4·41
„ 30	60 99	3·13	34·31	4·87	43·48	4·01	85 40	4·33
Oct. 7	60 96	3·13	34·57	4·84	44·11	3·96	85·80	4 29
„ 14	60·69	3·14	34·24	4·88	44·14	3·95	86·30	4·24

425 Industrials:—1959: High, 65·32 (Aug. 3); Low, 57 02 (Feb. 9).

Money and Exchanges

EXCHEQUER RETURNS

For the week ended October 10, 1959, there was an "above-line" deficit (after allowing for sinking funds) of £36,650,000 compared with a surplus in the previous three days of £13,342,000 and a deficit of £15,907,000 in the corresponding period of last year. There was a net expenditure "below-line" of £14,433,000 leaving a total cumulative deficit to date of £630,568,000 compared with £552,243,000 in 1958–59.

£'000	Estimate 1959-60	April 1, 1958 to Oct. 11, 1958	April 1, 1959 to Oct. 10, 1959	Week ended Oct. 11, 1958	Week ended Oct. 10, 1959
Ord. Revenue					
Income Tax	2147,000	704,444	704,095	14,915	11,966
Surtax	171,000	39,900	40,600	1,200	1,100
Death Duties	195,000	93,600	115,800	3,000	3,300
Stamps	68,000	29,400	45,700	1,100	1,700
Profits tax, EPT and EPL	274,000	160,700	151,000	11,500	7,800
Other Inland Revenue Duties	1,000	120	110	...	...
Total Inland Revenue	2856,000	1028,364	1057,305	31,715	25,866
Customs	1285,500	687,646	726,682	26,800	27,665
Excise	864,500	468,250	454,965	4,665	4,875
Total Customs and Excise	2150,000	1155,896	1181,647	31,465	32,540
Motor Duties	104,000	23,905	22,429	985	152
PO (Net Receipts)	...	...	...	...	...
Broadcast Licences	35,000	11,400	12,500	...	...
Sundry Loans	30,000	22,305	26,803	29	30
Miscellaneous	150,000	47,488	65,970	130	159
Total	**5315,000**	**2289,358**	**2366,654**	**64,324**	**58,747**
Ord. Expenditure					
Debt Interest	600,000	363,893	319,227	9,184	7,088
Payments to Northern Ireland Exchequer	79,000	37 103	39,615	3,062	2,678
Other Consolidated Funds	10,000	4 168	3,995	1	7
Supply Services	4523,531	2125,395	2237,933	67,100	84,800
Total	**5212,531**	**2530,559**	**2600,770**	**79,347**	**94,573**
Sinking Funds	39,000	19,464	19,336	884	824
"Above-line" Surplus or Deficit	**260,665**	**253,452**	**15,907**	**36,650**	
"Below-line" Net Expenditure*	291,578	377,116	5,571	14,433	
Total Surplus or Deficit	**552,243**	**630,568**	**21,478**	**51,083**	
Net receipts from:					
Tax Reserve Certificates	154,681	99 402	1,076	—87	
Savings Certificates	67,900	44 500	4,300	1 300	
Defence Bonds	43,438	74,796	3,549	1,581	
Premium Savings Bonds	36,645	28,480	1,890	750	
Total	**302,664**	**247,178**	**10,815**	**3,544**	

* Net receipts of the Civil Contingencies fund £10 million in 1959–60 compared with £15 million in 1958–59.

FLOATING DEBT

(£ million)

	Treasury Bills: Tender	Treasury Bills: Tap	Ways and Means Advances: Public Dept.	Ways and Means Advances: Bank of England	Total Floating Debt
1958					
Oct. 11	3,310·0	1,773·4	183·1	...	5,266·5
1959					
July 11	3,080·0	2,133·9	269·7	0·3	5,463·9
,, 18	3,070·0	2,125·9	237·7	...	5,453·6
,, 25	3,090·0	2,132·3	234·9	...	5,457·2
Aug. 1	3,110·0	2,319·0	221·9	...	5,480·9
,, 8	3,130·0	2,076·1	234·5	...	5,440·6
,, 15	3,160·0	1,928·7	240·9	...	5,329·6
,, 22	3,220·0	1,896·7	247·1	...	5,353·9
,, 29	3,250·0	1,891·2	214·5	3·0	5,358·7
Sept. 5	3,260·0	1,986·4	247·1	1·3	5,394·8
,, 12	3,290·0	1,911·0	227·1	3·8	5,421·9
,, 19	3,310·0	1,911·6	232·0	...	5,453·6
,, 30		5,298·3	270·1	1·8	5,570·1
Oct. 3	3,370·0	1,936·3	247·5	3·0	5,556·8
,, 10	3,390·0	1,954·2	259·7	...	5,603·9

THE MONEY MARKET

A MODEST gesture to the Conservative victory was made in the discount market last week, where the rate on Treasury bills, after weeks of stability, fell by 1s. 1½d. to £3 8s. 9d. per cent. The discount market raised its bid by 4d. to £99 2s. 10d. and its allotment at this price improved from 54 per cent to 66 per cent. Applications for the £290 million offered rose by £21 million to £433 million. This week the tender is reduced to £270 million while maturities remain at £250 million.

In the United States this week the discount rate on 91 day bills rose to a new peak of 4.262 per cent—exceeding the ceiling of 4¼ per cent on coupons on bonds of over five years' life. The rate on the 182 day bills, in which market interest has been well maintained recently, was fractionally lower at 4.666 per cent.

Credit has continued to be tight in Lombard Street and the authorities have given special assistance on each of the six days. After last week's tender, December maturities and "hot bills" have changed hands with the clearing banks at 3⅞ per cent and with outside institutions at $3\frac{11}{32}$ per cent.

MONEY RATES

LONDON

	%		%
Bank rate (from 4½% 20/11/58)	4	**Discount rates:**	
Deposit rates (max.):		Bank bills:	
Banks	2	60 days	$3\frac{17}{32}$–$3\frac{19}{32}$
Discount houses	2–2¼	3 months	$3\frac{17}{32}$–$3\frac{19}{32}$
Money:		4 months	$3\frac{17}{32}$–$3\frac{19}{32}$
Day-to-Day	2⅞–3⅛	6 months	$3\frac{17}{32}$–$3\frac{21}{32}$
Treasury Bills:		Fine trade bills:	
2 months	$3\frac{17}{32}$	3 months	4¼–5
3 months	$3\frac{19}{32}$	4 months	4¼–5
		6 months	4½–5¼

NEW YORK

	%		%
Official discount rate: (from 3½%, 10/9/59)	4	**Treasury Bills:** October 5th	4·007
		,, 10th	4·262

BANK OF ENGLAND RETURNS

(£ million)	Oct. 15, 1958	Oct. 7, 1959	Oct. 14, 1959
*Issue Department**:			
Notes in circulation	2,014·1	2,108·9	2,108·7
Notes in banking dept.	36·2	16·4	16·7
Govt. debt and securities*	2,046·2	2,121·7	2,121·8
Other securities	0·8	0·8	0·7
Gold coin and bullion	0·4	0·4	0·4
Coin other than gold coin	3·0	2·5	2·5
Banking Department:			
Deposits:			
Public accounts	11·1	12·0	11·6
Bankers	246·8	241·2	261·8
Others	69·5	63·5	63·3
Total	327·4	316·7	336·7
Securities:			
Government	270·2	290·7	310·5
Discounts and advances	16·8	4·7	4·5
Other	21·0	21·8	22·0
Total	308·0	317·2	337·0
Banking department reserve	37·1	17·2	17·4
	%	%	%
"Proportion"	11·3	5·4	5·1

* Government debt is £11,015,100, capital £14,553,000. Fiduciary issue reduced by £25 million to £2,125 million on September 16th.

TREASURY BILL TENDERS

Date of Tender	Amount (£ million): Offered	Applied for	Allotted	Three Months' Bills: Average Rate of Allotment	Allotted at Max. Rate*
				s. d.	%
1958 Oct. 10	250·0	423·6	250·0	73 0·72	55
1959					
July 10	260·0	431·2	250·0	69 0·22	43
,, 17	250·0	409·9	250·0	69 0·16	46
,, 24	230·0	389·2	230·0	69 0·13	43
,, 31	220·0	385·1	210·0	69 8·18	23
Aug. 7	230·0	368·8	230·0	69 7·97	52
,, 14	250·0	407·2	250·0	69 8·13	44
,, 21	260·0	414·3	260·0	69 8·39	49
,, 28	270·0	413·4	270·0	69 9·03	61
Sept. 4	290·0	396·4	290·0	69 9·53	80
,, 11	290·0	453·5	290·0	69 8·47	51
,, 18	290·0	428·5	290·0	69 8·13	56
,, 25	290·0	430·0	290·0	69 5·24	64
Oct. 2	280·0	411·6	280·0	69 10·48	54
,, 9	290·0	433·2	290·0	68 9·00	66

* On October 2nd tenders for 91 day bills at £99 2s. 10d secured 66 per cent, higher tenders being allotted in full. The offer this week was for £270 million of 91 day bills.

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

	Official Rates: October 14	Market Rates: Spot: October 8	October 9	October 10	October 12	October 13	October 14
United States $	2·78–2·82	2·80⅛–⅝	2·80⅞–81	2·80⅞–81	2·80⅞–81	2·80 13/16–15/16	2·80 11/16–13/16
Canadian $	...	2·66 1/16–¼	2·66⅛–⅝	2·66 1/16–⅜	2·66 1/16–⅜	2·66 5/16–7/16	2·66 3/16–⅜
French Fr.	13·77–77¼	13·78–78¼	13·78–78¼	13·78¾–79	13·78¾–79	13·78⅛–¾	13·77¾–78⅛
Swiss Fr.	11·94–12·54⅞	12·14¾–15	12·16⅞–7⅛	12·17⅞–18⅛	12·18⅛–⅜	12·19–19¼	12·18⅞–9⅛
Belgian Fr.	137·96–142·05	140·17½–22½	140·22½–27½	140·25–30	140·27½–32½	140·30–35	140·35–40
Dutch Gld.	10·48–10·80	10·58⅞–59⅛	10·59–59⅛	10·58⅞–59⅛	10·59–59⅛	10·58¾–59	10·58⅝–⅞
W. Ger. D-Mk.	11·59¼–11·92¼	11·72½–73	11·73¼–74	11·74–74¼	11·74¼–⅝	11·73⅞–74⅛	11·73¾–74
Portug. Esc.	79·00¾–82·00½	80·15–30	80·15–30	80·15–30	80·15–30	80·15–30	80·15–30
Italian Lire	1725–1775	1741–41¼	1743–43½	1743–43¼	1743⅞–⅝	1742⅞–43⅛	1742¼–½
Swedish Kr.	14·37¾–14·59¼	14·51¼–½	13·53½–⅝	14·53⅛–⅝	14·53½–¾	14·53⅜–⅝	14·52¾–3
Danish Kr.	19·06½–19·62	19·34⅝–⅞	19·35–35¼	19·35–35¼	19·35⅛–⅜	19·35¼–½	19·35¼–½
Norwegian Kr.	19·71–20·30½	20·00–00¼	20·00⅞–01⅛	20·01–01¼	20·01⅛–⅜	20·01⅜–⅝	20·01½–¾
One Month Forward Rates							
United States $		1/8–1/16c. dis	1/16–1/16c. dis	1/16–1/16c. dis	1/16–1/16c. dis	1/16–1/16c. dis	1/8–1/16c. dis
Canadian $		3/8–1/16c. dis	5/16–1/16c. dis	5/16–1/16c. dis	3/8–1/16c. dis	3/8–1/16c. dis	9/16–1/16c. dis
French Fr.		1/4–3/4c. dis	1/4–3/4c. dis	1/4–3/4c. dis	1/4–3/4c. dis	1/8–3/4c. dis	1/4–3/4c. dis
Swiss Fr.		11/4–1c. pm	1¼–1c. pm	1¼–1c. pm	1¼–1c. pm	1¼–1c. pm	1⅛–1¼c. pm
Belgian Fr.		3c. pm–2c. dis	2c. pm–3c. dis	2c. pm–3c. dis	5c. pm–par	5c. pm–par	3c. pm–2c. dis
Dutch Gld.		par–1/2c. dis	par–1/4c. dis	1/8–3/8c. dis	1/8–3/8c. dis	1/4–1/2c. dis	1/4–1/2c. dis
W. German D-Mk.		3/8–1/2pf. pm	5/8–1/8pf. pm	3/8–1/2pf. pm	3/4–1/2pf. pm	3/4–1/2pf. pm	3/4–1/2pf. pm
Three Months Forward Rates							
United States $		5/16–7/16c. dis	1/4–3/8c. dis	1/4–3/8c. dis	5/16–7/16c. dis	5/16–7/16c. dis	7/16–9/16c. dis
Canadian $		13/16–1 1/16c. dis	15/16–1 7/16c. dis	15/16–1 7/16c. dis	15/16–1 7/16c. dis	13/16–1 7/16c. dis	15/16–1 3/16c. dis
Swiss Fr.		3/4–3c. pm	3/4–3c. pm	3/4–3c. pm	3/4–3c. pm	3/4–3c. pm	3/4–3/4c. pm
W. German D-Mk.		7/8–5/8pf. pm	1/4–1pf. pm	1/2–1/8pf. pm	1/8–1/8pf. pm	1/4–1/2pf. pm	1/4–1/2pf. pm
Gold Price at Fixing							
Price (s. d. per fine oz.)		250, 4¼	250, 0¼	—	249, 11¼	249, 11¾	250, 0¼

* On October 2nd tenders for 91 day bills at £99 2s. 10d secured 66 per cent, higher tenders being allotted in full. The offer this week was for £270 million of 91 day bills.

Manpower and Output

Labour figures relate to Great Britain and production figures to United Kingdom unless otherwise stated.
M = Monthly averages or calendar months.
W = Weekly averages.

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

BRITISH

Prices and Wages	Sept. 26th	External Trade	Oct. 3rd
Manpower and Output	This week	Industrial Profits	Sept. 5th

OVERSEAS

Western Europe Statistics	Aug. 29th	United States	Oct. 10th

	Unit	Mid-year or averages: 1956	1957	1958	1958: July	August	Sept.	1959: May	June	July	August	Sept.
TOTAL MANPOWER		June figures										
Working population:												
Total	'000s	24,107	24,188	24,070	24,091	24,157	24,134	23,918	23,968	24,010	24,123	...
Men	,,	16,188	16,225	16,160	16,172	16,200	16,184	16,064	16,063	16,078	16,136	...
Women	,,	7,919	7,963	7,910	7,919	7,957	7,950	7,854	7,905	7,932	7,987	...
Armed Forces	,,	761	702	614	609	603	599	568	565	559	555	...
Civil employment:												
Total	,,	23,149	23,245	23,080	23,093	23,138	23,097	22,935	23,020	23,054	23,162	...
Manufacturing industries	,,	9,269	9,271	9,147	9,127	9,137	9,136	9,069	9,110	9,121	9,190	...
Employees:												
in engineering(1)	,,	3,971	3,966	3,970	3,953	3,957	3,957	3,944	3,951	3,951	...	...
in consumer goods industries(2)	,,	3,365	3,376	3,275	3,278	3,285	3,285	3,239	3,265	3,269	...	...
UNEMPLOYMENT		Monthly averages										
By duration:												
All durations—total	,,	257·0	312·5	457·4	411·9	445·6	476·0	480 5	413·3	394 8	427 0	405 1
Temporary or under 2 weeks	,,	98·2	95·7	141·0	130·3	136 7	164 7	116·2	98 9	98 0	106 6	102 1
Over 8 weeks	,,	93·1	129·3	197·7	190·1	195·3	193·0	261·3	227·6	215·3	212 5	200 2
By Regions (3):												
Great Britain	,,	1·2	1·4	2·1	1·9	2·0	2·2	2·2	1·9	1·8	2·0	1·9
London and South Eastern	,,	0·8	1·0	1·3	1·1	1·2	1·2	1·3	1·0	1·0	1·1	1·0
Eastern	,,	1·0	1·3	1·7	1·2	1·4	1·5	1·5	1·2	1·1	} 1 3	1·3
Southern(4)	,,	1·0	1·3	1·6	1·4	1·4	1·5	1·6	1·3	1·2		
South Western(4)	,,	1·2	1·8	2·2	1·7	2·0	2·1	2 1	1·7	1·6	1·7	1·7
Midland	,,	1·1	1·3	1·6	1·5	1·7	1·9	1·5	1·3	1 2	1·5	1·2
North Midland	,,	0·6	1·0	1·6	1·4	1·3	1·7	1 6	1·3	1 2	1·5	1 3
East and West Ridings	,,	0·8	0·9	1·9	1·9	1·9	2 4	1 9	1·7	1·5	1·7	1 6
North Western	,,	1·3	1·6	2·7	2·6	2·9	3 1	3 0	2 5	2·3	2 5	2·4
Northern	,,	1·6	1·7	2·4	2 0	2·4	2·5	3 3	3 0	2 9	3 1	3 0
Scotland	,,	2·4	2·6	3 8	3·5	3 7	3 7	4 5	4 0	4 0	3 9	3 9
Wales	,,	2·0	2·6	3·8	3·6	3·7	3 7	4·0	3·4	3·3	3·4	3 2
VACANCIES												
Unfilled vacancies notified to Employment Exchanges: Total	,,	390	276	198	215	203	179	210	247	276	263	255
INDUSTRIAL PRODUCTION												
Index:												
All industries	1954=100	106	107	106	98	90	107	111	114	102	98– 99⁶	...
,, *seasonally adjusted*	,,	...	...	...	*106*	*105*	*105*	*110*	*111*	*112*	*113–114*⁶	...
Mining and quarrying	,,	99	99	94	84	68	93	93	98	75	...	...
Construction	,,	106	106	105	...	106⁵	...	110⁸	...	...	...	...
Gas, electricity and water	,,	110	112	117	96	92	104	106	104	97	...	...
Manufacturing, total	,,	106	108	107	98	90	109	113	117	103	...	...
,, ,, *seasonally adjusted*	,,	...	...	...	*107*	*106*	*106*	*112*	*113*	*114*	...	...
Engineering and electrical goods	,,	107	111	111	100	93	114	117	120	...	...	...
Shipbuilding	,,	117	108	109	107	107	108	102	100	98	...	...
Vehicles	,,	107	115	118	117	82	116	129	145	110	...	...
Chemical trades	,,	111	115	115	106	102	117	127	130	...	...	...
Textiles, leather and clothing	,,	99	99	91	81	73	95	95	98	90	...	...
BASIC MATERIALS		M, W averages										
Production of:												
Coal (5) (7)	W	'000 tons	4,269	4,301	4,150	3,684	2,938	4,116	3,973	4,172	3,162	3,164	3,989
Pig iron	W	,,	253	275	245	227	221	231	241	235	222	220	251
Steel, ingots and castings	W	,,	397	417	369	316	299	369	385	388	320	337	426
Sulphuric acid	M	,,	187·2	194·7	186·8	165·7	162·4	180·1	207·6	190·9	188·2	...	...
Newsprint	W	,,	12 36	12 55	11 81	9 12	11 74	12 28	13 94	14 76	7 53	...	...
Electricity (5)	M	mn. kwh	7,263	7,581	8,209	6,593	6,395	7,250	7,670	7,295	6,975	6,846	...
MANUFACTURING												
Textile production:												
Cotton yarns, single	W	mn. lb.	16 33	16 85	14·77	12·11	11 68	14·30	15 03	14 48	13 13	...	...
Worsted yarn	M	,,	19 38	19 48	17·18	16 38	11 44	17 90	18 26	20 84	19 09	...	...
Rayon and synthetic fibres	M	,,	40 21	41 32	35·18	32 86	24 81	31·97	38·55	41 63	45·31	39 70	...
Cotton cloth, woven	M	mn. yds.	31 0	31 4	27 0	19 2	25 2	24 8	26 5	27 1	17 3	...	...
Wool fabrics, woven	M	mn. sq. yds	33 1	32 8	29 1	28 6	20 6	30 5	28 6	32 3	31 9	...	...
Engineering production:												
Passenger cars and chassis	W	'000s	13 61	16 56	19 84	21·37	11 15	20 45	22 98	24 61	16 43	16 55	...
Commercial vehicles and chassis	W	,,	5 71	5 54	5 90	5 85	2 97	5 86	7 04	7 93	5 51	6 07	...
Internal combustion engines	M	'000 BHP	411	406	382	358	266	370	414	495	...	...	...
Metal-working machine tools	M	£'000	7,123	7,936	6,993	7,117	5,465	7,349	6,518	...	...	...	...
BUILDING ACTIVITY (5)												
Permanent houses completed:												
Total	M	'000s	25 03	25 09	22·81	23·57	20 66	24 26	22·43	24 27	24 19	20 67	...
By private builders	M	,,	10 35	10·54	10 68	11·15	10 22	12 48	12·21	12 83	13·38	12 41	...

(1) Engineering, shipbuilding, electrical goods, vehicles, metal goods, precision instruments and jewellery. (2) Textiles, leather goods, clothing, food, drink and tobacco, manufactures of wood and cork, paper and printing. (3) Number registered as unemployed expressed as a percentage of the estimated number of employees. (4) Dorset (excluding Poole) was transferred from the Southern to the South Western Region on May 12, 1958. (5) Great Britain. (6) Provisional estimate. (7) Excluding all screening losses normally amounting to around 5,000 tons a week. (8) Average for second quarter. (9) Average for third quarter.

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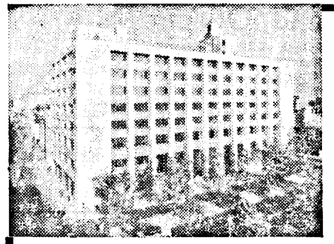

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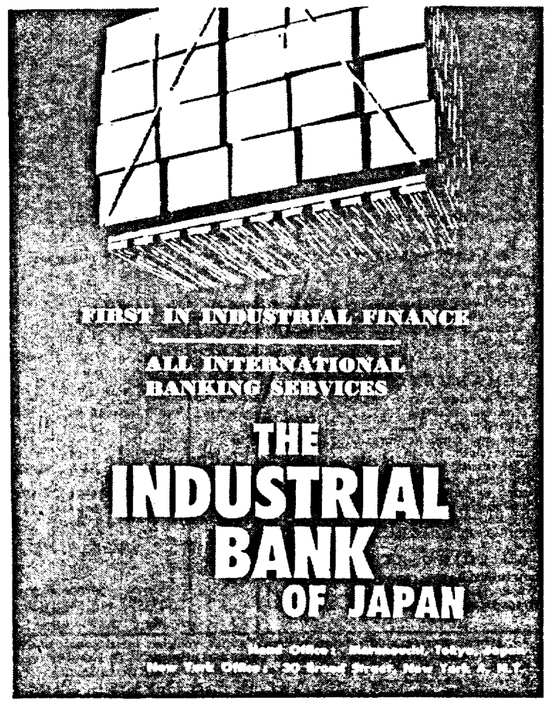

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APPOINTMENTS

MSL have been retained to advise on the appointment of a

COMPANY SECRETARY—FINANCIAL CONTROLLER

for a public company manufacturing plant and equipment for the chemical, oil, gas and nuclear power industries. The company, which has assets of £4 million and an enviable record of profitable expansion, now requires a successor to the Company Secretary who retires next spring.

Initial remuneration will be about £3,000. The appointment carries prospects of Board membership with appropriate financial advancement, the present Secretary being a Director.

The Secretary is responsible for controlling the accounting, secretarial, and commercial management functions of the company. Candidates must therefore have a background of industrial experience involving responsibility for financial advice on policy and the control of cost and financial accounts in a substantial public company. Experience should have embraced commercial management matters including formulation of contracts. Qualification as a chartered accountant is essential; age range 35-45.

Please send brief details in confidence, quoting reference S.1923, to W. E. Younger. In no circumstances will a candidate's identity be disclosed to our client unless he gives permission after a confidential interview at which he will be given full details of the appointment.

MANAGEMENT SELECTION LIMITED
17, Stratton Street, London, W.1

STATISTICIAN required

for the Central Statistics Office, Dublin. Salary: £589 rising to £1,526 plus children's allowances in some cases. Higher initial salary may also be allowed and there is a special advance in salary after eight years' service. *Maximum Age Limit:* 30 years. *Essential:* (i) First or Second Class Honours Degree (or equivalent) in Mathematics or Mathematical Physics or Mathematical Statistics, or (ii) First or Second Class Honours Degree (or equivalent) and adequate experience in practical statistical work.

Application forms and further particulars from Secretary, Civil Service Commission, 45 Upper O'Connell Street, Dublin. *Latest date for receiving completed application forms: October 29, 1959.*

WANTED GROUP ACCOUNTANT

He will be head of the accountants in a British Group of Companies with wide European connections. This Group is chiefly concerned with research into the marketing of consumer goods.

This top accountant will be responsible only to the Director of Administration of the Group.

The better he is—the better he will be paid.

If you want to know more about this job write with details of yourself to:

ICE-ADMIRAL SIR GUY SAYER,
ATTWOOD GROUP OF COMPANIES LIMITED
CHANTREY HOUSE, ECCLESTON STREET, LONDON, S.W.1.

UNIVERSITY OF MALAYA
(SINGAPORE DIVISION)

Applications are invited for:

CHAIR OF ECONOMICS

Salary between £2,268 and £2,548 per annum, at fixed point determined by qualifications and experience. Allowances: cost-of-living allowance £178 per annum, expatriation £1,178 per annum. Passages for appointee, wife and children under 12 years. Part-furnished quarters at reasonable rent. Provident Fund Scheme.

Detailed applications (eight copies), naming three referees, by November 15, 1959, to Secretary, Inter-University Council for Higher Education Overseas, 29 Woburn Square, London, W.C.1, from whom further particulars may be obtained.

KENYA COLLEGE OF CITIZENSHIP

Applications are invited for the post of Principal of the College which it is proposed to establish near Nairobi in Kenya for the purpose of conducting inter-racial courses of adult education for groups of students of approximately 25 in number. The courses will be partly vocational and will have *the additional aim of achieving a better common understanding* and a sense of common citizenship.

The Principal, who will be responsible to an independent Board of Governors, will be required to launch the College. The Board is anxious to start courses as soon as possible and applicants should therefore state the earliest date by which they would be available.

Salary will be in the range of £2,000 to £2,500 a year with free quarters furnished to a simple standard. The appointment will be initially for a period of two years at the end of which a gratuity equal to 13½ per cent of salary will be payable and overseas leave granted with free air passages (tourist) up to a maximum of three according to requirements.

Interested persons should submit their applications not later than November 15th, giving details of age, qualifications and experience and stating whether married or single. Previous *experience of adult education and of Africa* would be desirable, but the Board of Governors will consider primarily the record, personality and ideals of the candidate.

The College will require both an Administrative Secretary and a Housekeeper. If an applicant for the Principalship is married and his wife is interested in either of these posts the Board would be prepared to consider her.

Further particulars can be obtained from G. Hunter, c/o Royal Commonwealth Society, Northumberland Avenue, London, W.C.2, to whom all applications should be addressed.

MANAGEMENT AUDITOR

A large and rapidly developing Company intends to appoint a man with suitable ability and experience *to advise the Board* continuously on the organisation and procedures needed to meet changing policies and circumstances. He will also be expected to introduce and control appropriate techniques such as operational research and reorganisation and methods, and to maintain a continuous watch on the efficiency of the *organisation as a whole.*

Applicants should have had a wide business experience and a record of successful achievement so that a minimum age of 32 years is considered desirable.

Salary will depend upon the age and experience of the successful applicant but will be in a range of £2,000-£3,000 per annum.

The Company is situated in the South of England and provides a non-contributory pension scheme and other staff benefits.—Write Box 1221.

GOVERNMENT OF THE FEDERATION OF RHODESIA AND NYASALAND

VACANCY: INVESTIGATOR: IRON AND STEEL INDUSTRY
MINISTRY OF COMMERCE AND INDUSTRY

The successful applicant is required to work within the Ministry of Commerce and Industry, particularly on the problems of the expanding Federal steel producing and using industries. His duties will include enquiry into and report on the possibilities of developing new and fostering existing industries. He will examine and report on applications from industry for assistance through the Customs Tariff, in which connection his reports will embrace, amongst other things, an economic and technical appraisal of the efficiency of the industry applying for such assistance. He will also be required to deal with *matters affecting* other branches of industry.

Preference will be given to applicants under 35 years of age, who should be professionally qualified and have some practical experience in the general field of steel producing and using industries. Business experience in the field would be an advantage.

The initial appointment will be on a two year contract basis with a salary of £1,800 for the first year and £1,850 second year. Appointment for an initial two year period on permanent terms with salary progressing to £2,050 is possible.

Application forms and further details from the Secretary (R), Rhodesia House, 429 Strand, London, W.C.2. Closing date November 16th.

LONDON TRANSPORT ECONOMIST

London Transport invites applications from Economists for an appointment in the Economic Advisory Service. This is a special unit responsible for interpreting *economic conditions* and advising top management on the implications for London Transport in relation to the trend of traffics, etc.

Applicants must hold a University degree or an equivalent professional qualification. They should have a knowledge of the main sources of economic statistics and of elementary statistical methods, together with good drafting ability. The post is permanent and offers good prospects of promotion.

Commencing salary for men up to £675 per annum according to age, with additional payments for recognised qualifications up to £75 per annum for first or second class honours degrees. Rates for women slightly lower but will equal men's rate by 1961.

Free travel; medical examination; contributory superannuation scheme.—Please apply within seven days to Staff and Welfare Officer (F/EV.755/1), London Transport, 55 Broadway, Westminster, S.W.1.

INVESTMENT MANAGER required by leading London bank. Applicant will be responsible for the investment and supervision of considerable funds. Must have first-class knowledge and extensive experience of all aspects of investment policy. Age 40 upwards. Starting salary £3,000 per annum. Pension.—Write, giving full details of past experience, to Box 1216.

LEVERHULME RESEARCH AWARDS

FELLOWSHIPS AND GRANTS, 1960

Application is invited for Fellowships and Grants in aid of research. These awards are intended for senior workers of *established position and are limited to British-born subjects* normally resident in the United Kingdom; in exceptional circumstances the Trustees may waive the condition as to residence.

No subject of enquiry is excluded from consideration but preference is given to subjects in which existing provision for research is inadequate.

The duration of the awards does not extend over more than two years or less than three months and the amount depends on the nature of the research and the circumstances of the applicant.

Application must be made on Form "F" obtainable together with further details from the Secretary, Leverhulme Research Awards, St. Bridget's House, Bridewell Place, London, E.C.4.

The closing date is December 31, 1959. Results will be announced in May and the awards will normally date from September 1, 1960.

UNIVERSITY OF ADELAIDE

FACULTY OF ECONOMICS

Applications are invited for the following appointments: (1) SENIOR LECTURER OR LECTURER IN ECONOMICS (2) SENIOR LECTURER OR LECTURER IN BUSINESS STATISTICS.

The Lecturer will be responsible for organising and conducting a course in the applications to business of sampling, statistical decision making, linear programming, etc.

Salary scales: Senior Lecturer, £A2,100 x £A80 — £A2,500; Lecturer, £A1,500 x £A80 — £A2,060. Superannuation on the F.S.S.U. basis.

Copies of the general conditions of appointment and of statements relating to the posts may be had on application to the Secretary, Association of Universities of the British Commonwealth, 36 Gordon Square, London, W.C.1, or to the Registrar. The Calendar of the University may be seen *in the Library of any University which is a member of the* A.U.B.C.; housing help is available and any further information desired will be supplied on request.

It is very desirable, but not essential, that the successful candidates should take up duty by the beginning of the academic year early in March, 1960.

Applications, in duplicate and giving the information listed in the general conditions of appointment, should reach the Registrar, the University of Adelaide, Adelaide, South Australia, not later than November 16, 1959.

THE LONDON SCHOOL OF ECONOMICS AND POLITICAL SCIENCE

Research Assistant required for bibliographical work in the Research Techniques Division. Salary according to age and qualifications on a scale of £450 x £25 — £525 per annum. Acquaintance with statistics desirable.—Applications, with the names of two referees, should be received by the Director of the Research Techniques Division, The London School of Economics and Political Science, Houghton Street, London, W.C.2, not later than October 23rd.

KENT COUNTY COUNCIL requires in the PLANNING DEPARTMENT:

(a) SENIOR ASSISTANTS in Special Grade (£785-£1,070) or if appropriate Grade APT IV (£1,065-£1,220); and
(b) PLANNING ASSISTANTS in Grade APT I-II (£610-£880) or APT I (£610-£765).

The commencing salaries will be fixed according to qualifications and experience and the posts are superannuable.

Several new posts are available for work in connection with the preparation of Town Maps, for limited development control duties and for officers with qualifications in architecture or landscape.

For senior planning posts applications will be considered from corporate members of the Town Planning Institute and for other senior posts corporate membership of either the Royal Institute of British Architects or the Institute of Landscape Architects will be required.

For the other Planning Assistants' posts a University degree or diploma or a recognised intermediate professional examination related to any technical aspect of the work of a planning department will be required.

The National Scheme of Conditions of Service applies and registered disabled persons will be considered.

Applications, with names of two referees, to the County Planning Officer, County Hall, Maidstone, by Monday, November 16, 1959.

MARKETING RESEARCH.—Leading organisation in this field has vacancy for a STATISTICIAN for research rather than routine. Ideally, he or she should be between 24 and 27, be a "mathematical" statistician and interested in market research problems. Experience not essential.—Applications, giving full details education, qualifications, experience, to Box 1220.

A FIRM OF INVESTMENT BANKERS wish to employ an investment actuary; previous experience is desirable, and *due regard will be paid to qualifications*; the applicant will be expected to organise a department and to display initiative and original thought. He will be immediately responsible to the *Board of Directors. Post offered is a permanent and progressive one.* Salary will depend upon qualifications and experience.—Write A. Keyser & Co., Ltd., 31 Throgmorton Street, E.C.2.

UNIVERSITY OF BELFAST

The *Queen's University of Belfast* invites applications for a temporary lectureship or assistant lectureship in Modern British Economic History for six months from January 1, 1960. Applications (two copies) should be received by November 14, 1959.—Further particulars can be obtained from G. R. Cowie, M.A., LL.B., J.P., Secretary.

UNIVERSITY COLLEGE OF GHANA

Applications are invited for:

(A) ASSISTANT CHIEF ACCOUNTANT from professionally qualified Accountants with several years' practical experience; candidates with experience in a university institution preferred;
and (B) ASSISTANT REGISTRAR from graduates with financial and other administrative experience.

Salary (A) £G1,925 per annum Fixed. (B) £G1,000 x £G50 — £G1,350 (bar) x £G75 — £G1,800; £G1,850 per annum. Outfit and family allowances, passages for appointee and family on appointment, leave and on proper completion of appointment. F.S.S.U. Part-furnished accommodation at rent *not exceeding 7.5 per cent of salary.*—Detailed applications (six copies) naming three referees by November 10, 1959, to Secretary, Inter-University Council for Higher Education Overseas, 29 Woburn Square, London, W.C.1, from whom further particulars may be obtained.

GRADUATE of two to five years' standing required by *publishing house to produce economic surveys and articles* on other business subjects. Must have good honours degree in economics and statistics, and must be able to produce proof, at interview, of both desire and ability to write.—Write Box 1215.

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INDUSTRIAL RELATIONS ADVISER

The Electricity Council invite applications for the post of Industrial Relations Adviser to the Council.

The range of functions for which the Officer will be responsible will include the Negotiating Machinery covering wages and conditions of employment throughout the industry, the Joint Consultative Machinery and the Council's functions in the fields of Education, Training, Safety, Health and Welfare.

The appointment, which is superannuable, will carry a salary within the scale £4,750 to £5,250 per annum.

Applications, stating age, present appointment and salary, and supported by full details of qualifications and experience (together with the names and addresses of two persons to whom reference may be made), should be forwarded to R. A. Flim, Secretary, Trafalgar Buildings, Charing Cross, S.W.1, to arrive not later than November 6, 1959. Quote Ref. E/55.

SPECIALIST OFFICER (STATISTICIAN) NORTHERN REGION OF NIGERIA

To advise on design and supervise analysis and presentation of results of experimental work for all sections of Research branch of Northern Region Department of Agriculture, and to take part in development of satisfactory experimental techniques in the field.

Candidates must have a good honours degree, preferably in Agriculture, with at least two years' suitable post-graduate training or experience in statistics.

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Free passages on appointment and leave for officer, wife and children up to three adult passages in all. Outfit and *Touring Equipment* allowances payable on first appointment. Furnished quarters available at moderate rental. Generous leave.

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LONDON COUNTY COUNCIL

City of Westminster College, Francis House, Francis Street, S.W.1, required January 1, 1960, Assistants Grade B (a) to teach Shorthand and Typewriting, mainly to ex-grammar school girls taking full-time Secretarial Course. Graduate preferred but not essential. Ability to offer other subjects a recommendation. (b) Graduate, to teach Economics and allied subjects up to G.C.E. "A" Level; previous teaching experience desirable.

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Application form from Secretary at College, to be returned by October 26, 1959. (2236.)

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Vacancy occurs at the London, W.1, Headquarters of an internationally known Manufacturing Organisation for a graduate in economics to study and report on financial, economic and commercial trends, particularly in the Vehicle and Aircraft Industries. The position is a progressive one, offering attractive salary and conditions. Applicants should have had a first-class education, and be about 30 years old.—Box 1217.

THE LONDON SCHOOL OF ECONOMICS AND POLITICAL SCIENCE

Applications are invited for the position of Junior Research Officer in the Research Techniques Division. Duties: to participate in studies of research methods in the social sciences. Qualifications: applicants should have studied in the social sciences, should have a knowledge of basic statistical methods and should hold an honours degree. Research experience is desirable. Salary: £650—£900 per annum, plus £60 London Allowance, the starting point depending on ability and experience.—Applications should be sent to the Secretary, London School of Economics and Political Science, Houghton Street, London, W.C.2.

UNIVERSITY COLLEGE OF NORTH STAFFORDSHIRE

Applications are invited for the newly established Granada Research Chair in Communication tenable in the first instance for seven years. Maximum salary £2,500 per annum, with S.S.U. membership and children's allowances. The successful candidate should take up his duties early in 1960.

Applications should reach the Registrar, University College of North Staffordshire, Keele, Staffs, from whom forms and other particulars may be obtained, not later than November 30, 1959.

UNIVERSITY OF BRITISH COLUMBIA

VANCOUVER, CANADA

DEPARTMENT OF ANTHROPOLOGY AND SOCIOLOGY

Applications are invited for vacancies for INSTRUCTORS IN SOCIOLOGY. Candidates should have a doctorate degree or be close to completing their Ph.D. requirements in one of the following fields: sociology of religion, political sociology, industrial sociology, the study of immigrant communities, [illegible] Professor would normally occur [illegible] 1960.

[illegible] for Instructor $6,600 for Assistant [illegible] with superannuation, disability income insurance, [illegible] courses would begin in September, 1960.

[illegible] with names of referees, to the Head of the [illegible] ment.

COUNCIL OF EUROPE

COMPETITION IN ADVANCED EUROPEAN RESEARCH

A competition will be held every two years under the auspices of the Council of Europe. Candidates will be required to write a work on a given subject relating to a question of European importance.

The subject of the competition for 1960 is:

"Consequences of the use of nuclear energy for the European mode of life."

Works must be of a high academic standard. They must not have been previously published, and must represent an original contribution on the subject set. They may be written in any one of the following languages: Dutch, English, French, German, Italian, Spanish.

The amount of the prize will be one million francs. The Council of Europe will be responsible, in agreement with author, for the publication of the winning thesis. Candidates should submit six typewritten copies of their work to the Secretariat of the Council of Europe, Strasbourg, France, before December 31, 1960. The Secretariat-General will arrange for the work to be transmitted to an international jury specially appointed to award the prize.

Further information may be obtained from the Secretariat of the Council of Europe.

UNIVERSITY OF HONG KONG

LECTURESHIP IN POLITICAL SCIENCE

Applications are invited for the above newly-established post. Applicants should hold a degree in Political Science and have experience in teaching Western and Far Eastern Political Theories and Constitutions in a British or Commonwealth university. The successful candidate will be expected to assume duties in January 1960.

Annual salary (superannuable) is £1,575 x £50 — £2,175 for a man or £1,500 — £1,600 for a woman. There is also an expatriation allowance of £225 a year if applicable. The combined income tax in the Colony is comparatively low. First-class sea passages are provided for expatriate staff and their families on first appointment and leaves.

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

Applications close in Hong Kong and London, on November 30, 1959.

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FOUNDATIONS: this "Reconsideration of the aims of teaching in Preparatory Schools" is now in its fourth printing. Circulation already exceeds 10,000. A report of the committee set up by *The Incorporated Association of Preparatory Schools*, single copy 2s., 50 copies £2 10s., from R. A. Harrison, Snape Hall, Saxmundham, Suffolk.

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THE Purchasing Officers Association maintains an Appointments Register, and employers requiring the services of purchasing staff are invited to communicate with the Association at Waterdine Court, 146a Queen Victoria Street, London, E.C.4. (City 3841.)

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The next Standard Course will be held from January 4 to April 29, 1960, inclusive. The fee for the course is £250 exclusive of accommodation.

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The course will be held from May 9 to 20, 1960, inclusive. The fee for the course is fifty guineas exclusive of accommodation.

Application forms and details for both courses can be obtained from:

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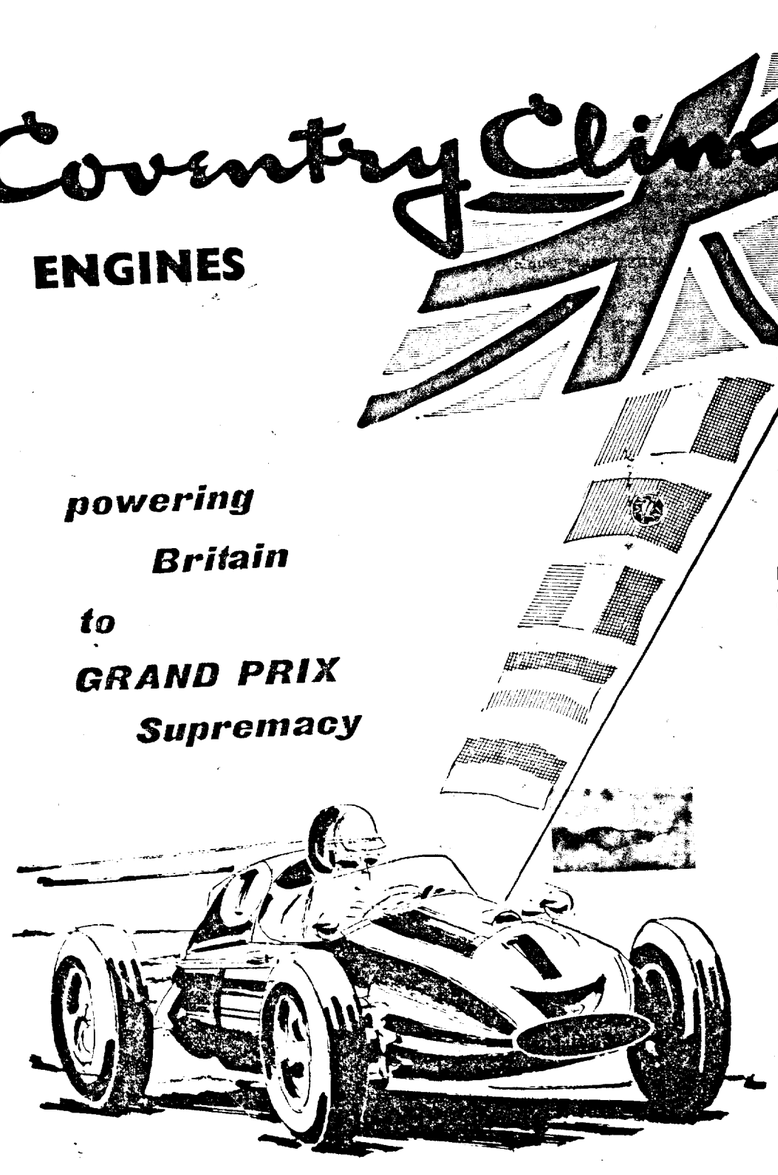

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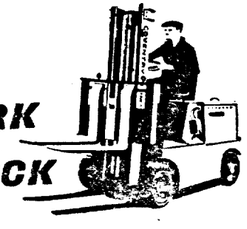

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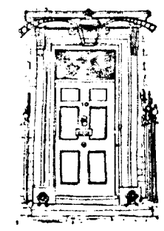
UNDER SECRETARY TO ADVC
7 NOV 1959
PUBLIC DEPARTMENT

Who Won the Election?

What sort of Tory government have we got, and are we going to get, in the next four or five years? (page 395)



Help Where Needed?

A leading article analyses the Local Employment Bill in detail on page 439. A running commentary on the Government's legislative programme (page 398)

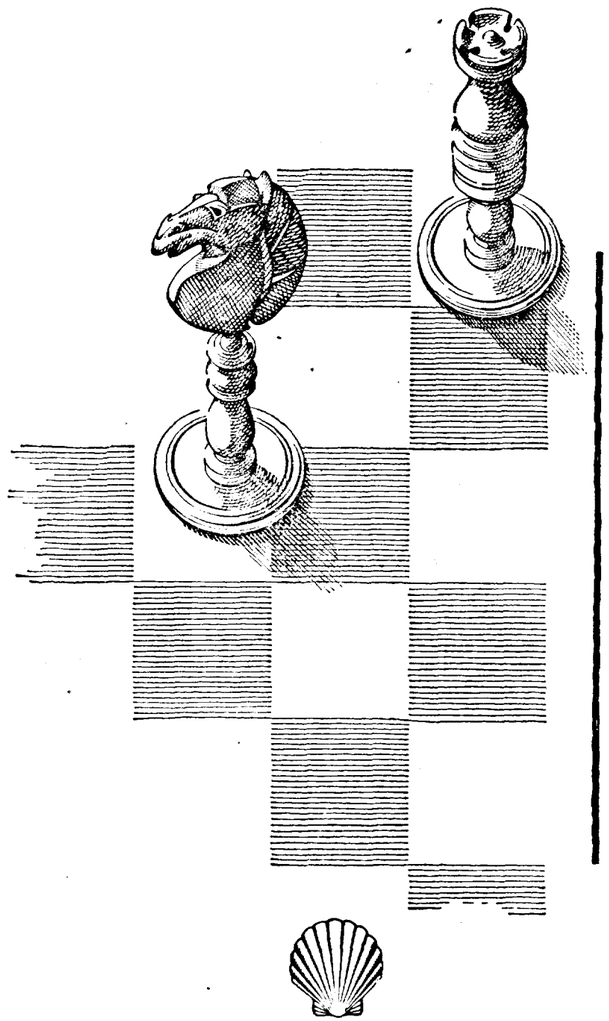
Queensberry Rules for Bids

A most welcome report from the City on take-overs (page 440)

Cyprus Confronts Its Future
(page 397)

World Politics and Business

Knight's move, or castle's?



Can Shell be sure? Those who want to make a career in Shell often ask, "Where am I likely to be in 15 years' time?" Geologists, physicists, geophysicists, chemists, engineers, chemical engineers, economists and arts men: they all want to know where they are going to get to.

We may have a pretty shrewd idea, but we cannot always know for certain; partly because things move very fast these days, partly because people change their ideas as they go along.

The aim, however, is to plan a man's career several moves ahead. He may move in a direct line like a Castle. Or he may move like a Knight, sideways and forward. For instance, the chemist, engineer or chemical engineer can move from the operational to the commercial square; the geologist or physicist from exploration to production; the arts man from Marketing to Personnel Administration . . . and all towards top management.

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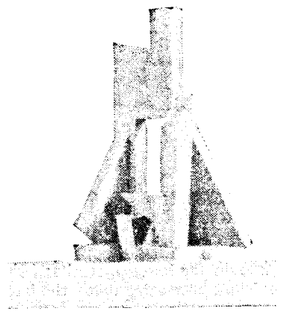
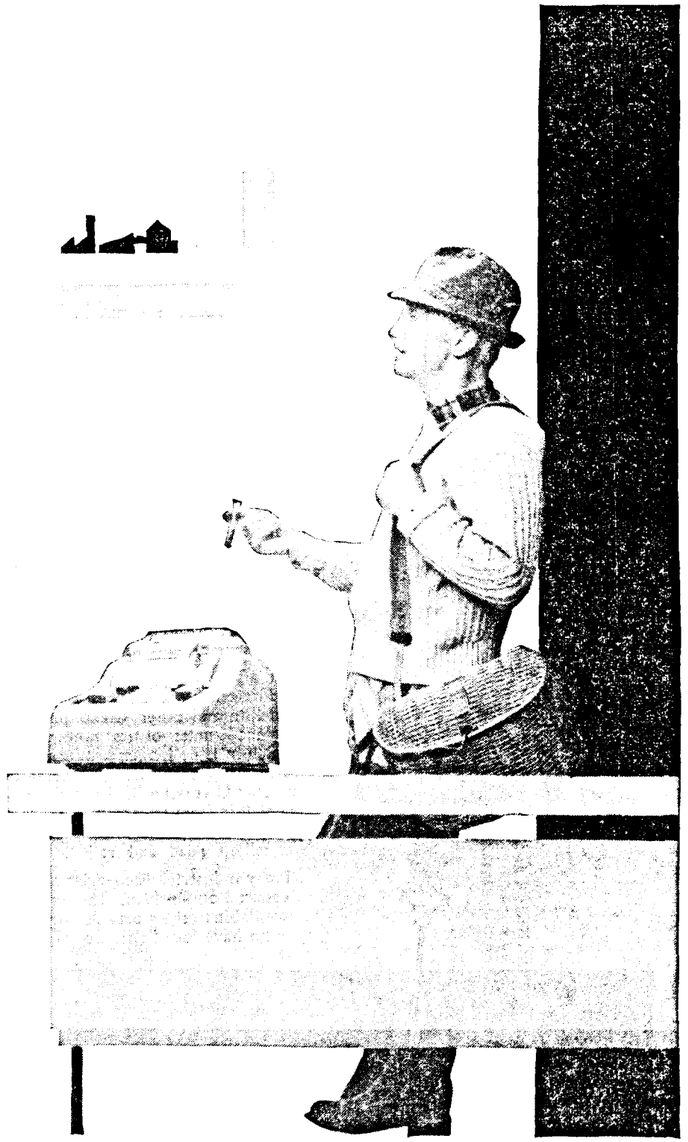


weekends aren't made for work



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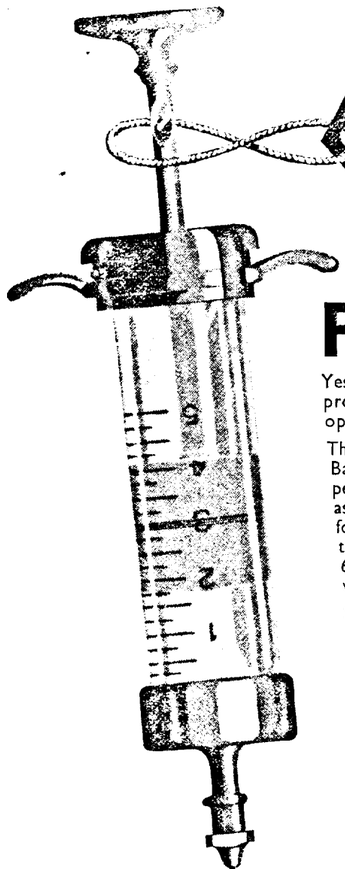

PENICILLIN

FROM COUNTY DURHAM

Yes . . . the county which is probably best known for its coal, steel and ships, provided the base for Britain's first major penicillin producing unit—the factory operated by Glaxo Laboratories Ltd., at Barnard Castle.

This world famous company began operations in Durham in 1945 and found that Barnard Castle had much to offer their industry. The production of drugs like penicillin, involves processes which must be carried out under sterile and aseptic conditions, and it was, therefore, helpful to have clean air. Glaxo also found that local men and women were quick to learn the skills necessary for this new industry—new not only to Durham, but to the world. Today some 600 people are employed by the company and a high proportion of their workers have been with them since they opened at Barnard Castle 13 years ago.

Soon after the opening, extensions were under way, and a secondary production plant was established to handle the packing and filling of penicillin and other Glaxo products. This plant is today one of the most advanced units of its kind, with every operation highly mechanised. Penicillin is no longer produced at Barnard Castle, but the position of the factory had considerable bearing on the siting of Glaxo's new production unit at Ulverston, in Lancashire. Easily reached by road from Durham, penicillin from Ulverston comes to Barnard Castle for packing before being sent on to Glaxo's headquarters at Greenford, Middlesex, using the excellent road and rail links between County Durham and London.

Many industrial discoveries and achievements of past centuries have been centred on Durham. The new discoveries of science are now being made available to the world through companies such as Glaxo Laboratories Ltd., who have found that County Durham still has much to offer.

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The experience of Glaxo Laboratories Ltd., in County Durham, is like that of many companies who have found the county to their liking. Labour is available, transport facilities are excellent, the essential services are plentiful and cheap, while the amenities are second to none. Many first class industrial sites are available and for rent, will be readily supplied by the County complete information, including details on factories Planning Officer, Durham County Council, 10 Church Street, Durham.

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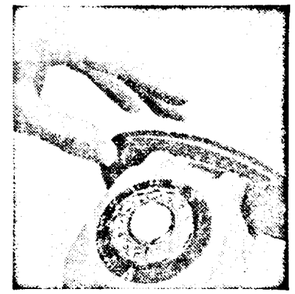

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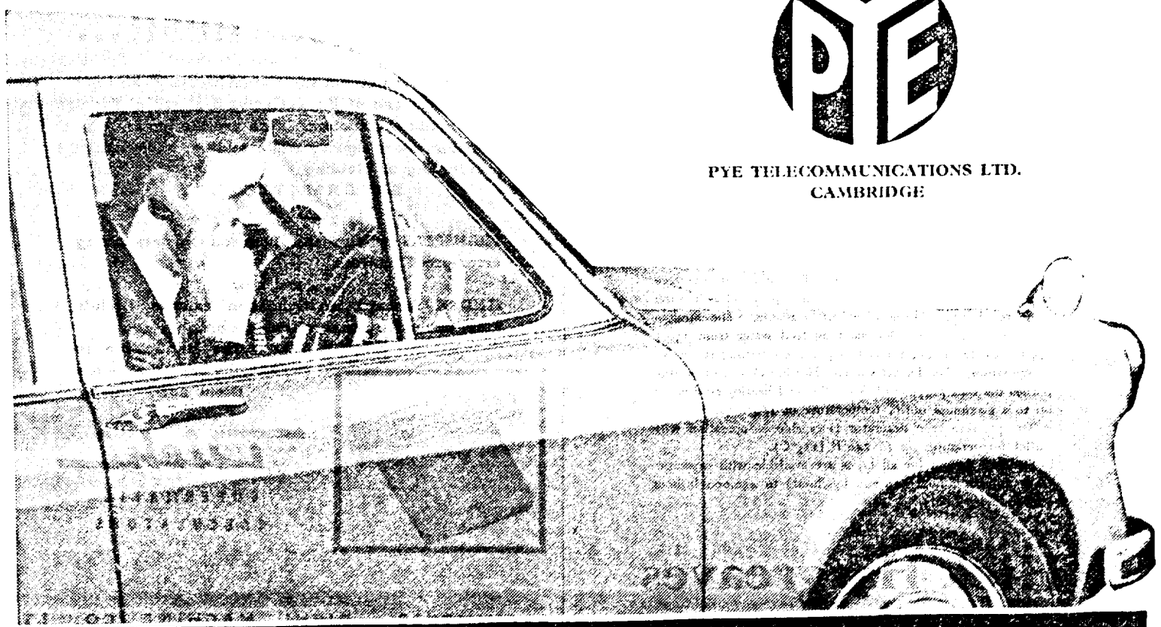

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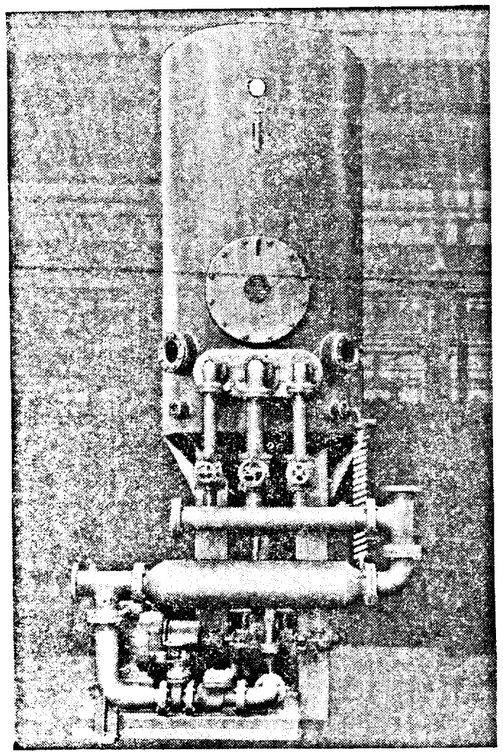

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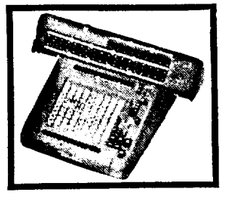

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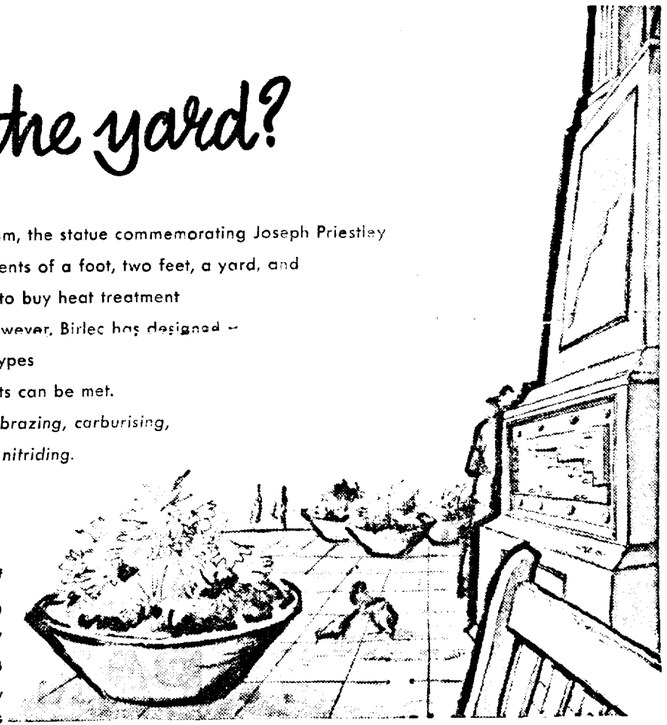

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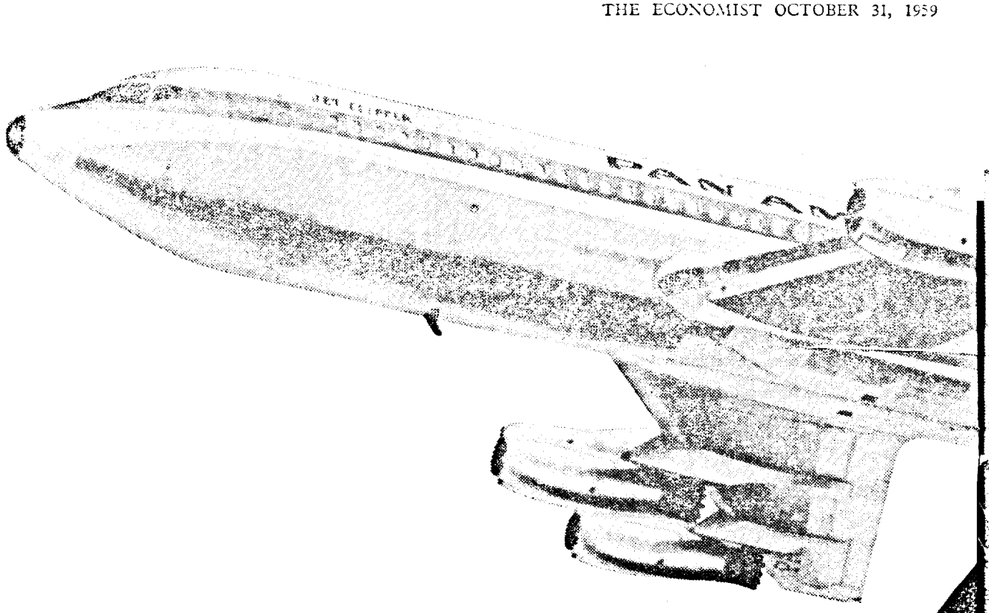

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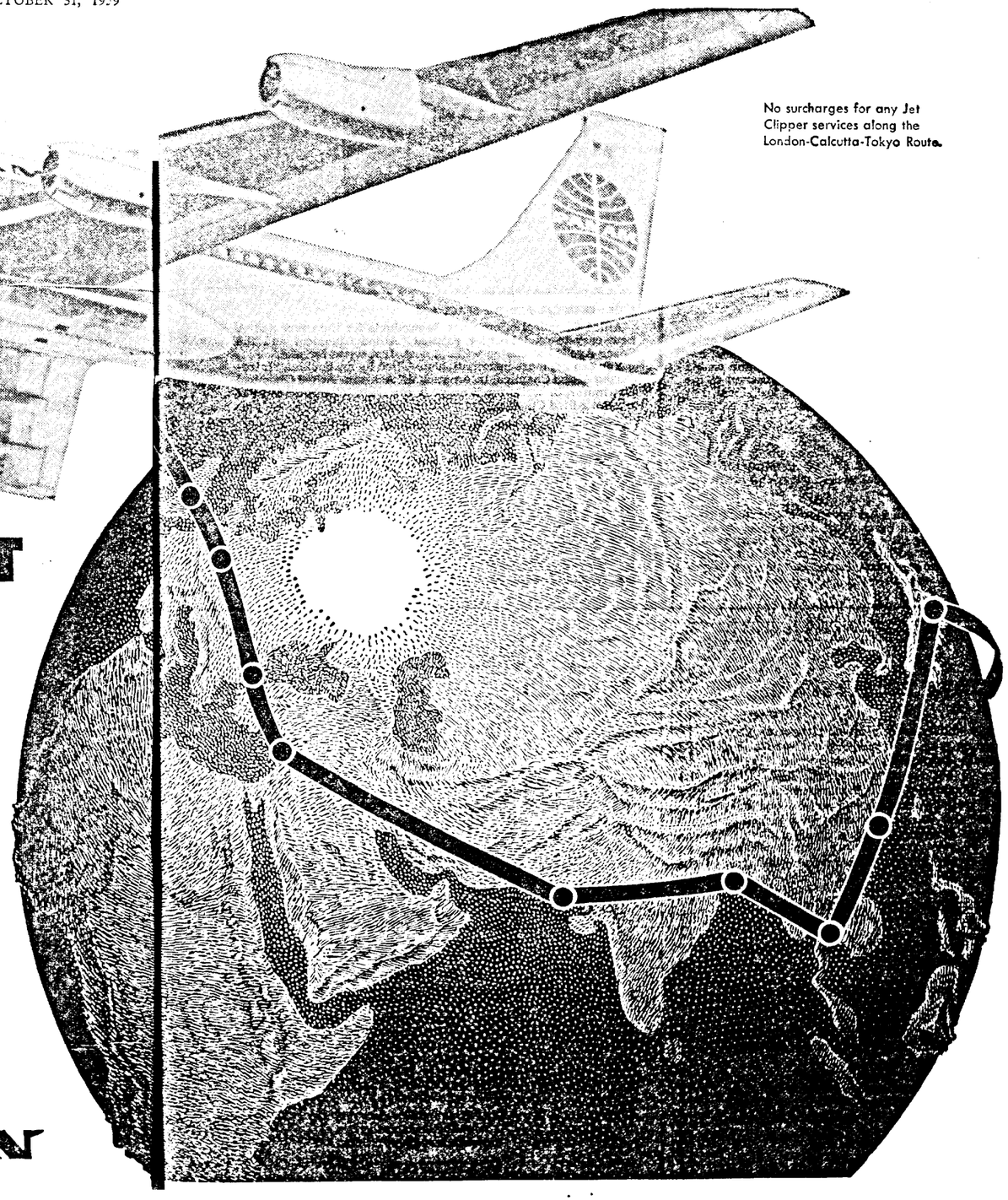

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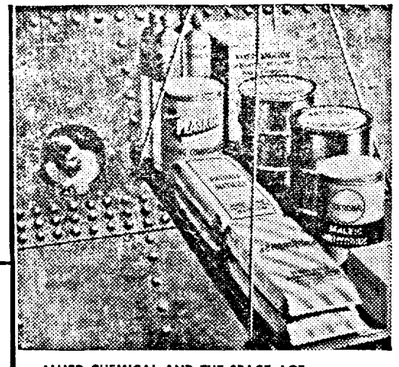

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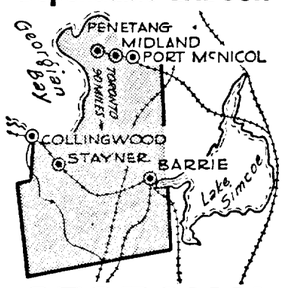

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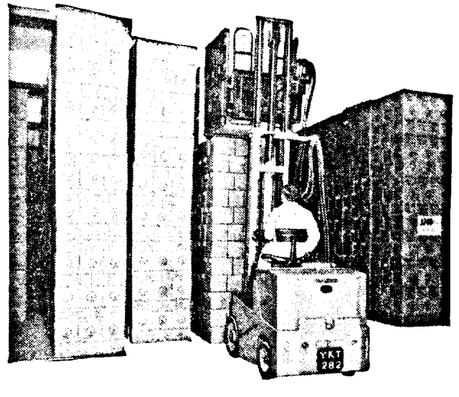

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OCTOBER 31, 1959

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Who Won the Election?

EVERYBODY knows now who lost the election. In a way Mr Macmillan stole his own thunder by completing the hat-trick so competently ; all the talk ever since has been about the Opposition and its plight. But the really important question now is: Who really won the election ? What sort of Tory men, and what kind of Tory measures, are going to guide the country's political and economic life in the next four or five years ? The verdict, after scrutinising the refurbished list of Ministers and the sensible expectedness of Tuesday's Queen's Speech (which is analysed on page 398) must be Not Proven yet. What is wanted is a new burst of creative imagination (not only, or necessarily, of bills) ; what we may get could be just the mixture as before.

The new Government is not as good, on the face of it, as the old one was when it was new. There are three reasons for thinking this. The first is that too many men at the top are still the same ; with their stint done, and their appetite for innovation dulled, they would do better with a fresh start elsewhere. The second reason is different: it is that some good men have been allowed to go altogether ; one conspicuous case (apart from Mr Lennox-Boyd, who has wanted to go for some long time) is Mr Aubrey Jones. The third reason is that, especially in some key middle posts, the new incumbents do not generally appear to be as good as the best of those who have moved up, on or out ; there are signs that the well may be running dry.

The outsider, of course, should not carp too confidently. Ministry-making is a very personal business. All governments reflect, rightly as well as inevitably, the predilections of the day's Prime Minister ; all are bounded in quality by the material available ; all are the resultant, in greater or less degree, of the personal and political forces inside the ruling party in Parliament. Mr Macmillan's first aim at the top of his Cabinet was, presumably, to hold the personal balance which was established when he became Prime Minister and Mr Butler did not. Even apart from Mr Selwyn Lloyd's doggedly-staked claim to carry on at the Foreign Office (and Mr Macmillan himself said on television not long ago that survival was the politician's first art), the mere thought of moving him on now would have thrown up the clashing claims of Mr Butler himself and the younger aspirants. So a new and characteristically deft concordat is made which gives Mr Butler, already Home Secretary and Leader of the Commons, the extra weight and leverage of party chairman. The younger aspirants do a sideways step: Mr Macleod, still very hopefully, to the challenge of Colonies, and Mr Sandys, pertinaciously but not at all so hopefully, to the new device of Aviation. Mr Selwyn Lloyd and, accordingly, the admirable Mr Amory (who, as Chancellor of the Exchequer, holds a post that Mr Butler has already had) stay where they are. In theory, there could have been a more promising deployment ; in practice, the balance is held ; it is the Macmillan equation.

So, too, lower down in the ranks. The appointments reflect Mr Macmillan's own very personal view of the blend there ought to be in a Tory Government between the different sorts or classes of Tory MP: the soldiers, the aristocrats, the grammar school boys and the women. The range of his choices had already been decided by the constituency committees and the voters. It is certainly very hard to put a finger straightaway on the new Macleods and Maudlings among them. Sir Keith Joseph ? Mr Rippon ? Conceivably Mr Barber, who comes from being the Prime Minister's own PPS to be Economic Secretary at the

Treasury, could be one; equally, he could have had a lucky start. The Treasury, in fact, seems to be plainly weakened by the shuffle. For a second time in well under two years its twin secretaries are changed together. Mr Simon well deserves his elevation to be Solicitor General; and Mr Erroll will be a stout aide to Mr Maudling at the Board of Trade. But these moves left the Chancellor, who is a modest man, lonely on his eminence. No doubt that is why Sir Edward Boyle now comes back again to be Financial Secretary; he is able as well as experienced, but he belongs to the Fabian left of the Tory party, rather than to the liberal left, and the core of his Treasury experience before was the melancholy collapse of Mr Butler's economic expansion into controls to combat inflation. And the task, and test, of the Treasury now (and of the new Minister of Labour, Mr Heath) is precisely to see that this does not happen again.

WHAT the renovated Tory team have to do, in fact, is to ride the new boom with skill enough—and confidence enough—for them not to have to dismount suddenly because it seems to be running away. Mr Gaitskell was, of course, right when he said during the election campaign that the recipe for Britain now is to expand production so rapidly that the resources, physical and financial, will be available for social reforms and for overseas commitments without need for higher taxation. The complaint against his and his friends' electioneering was rather that the fruits of further expansion were being pledged before it was achieved; that policies for industry and the economy were proposed which would make expansion at home (and trust in the pound abroad) much less not more likely; and that, by amicable arrangement, the trade unions were likely to pre-empt too much too soon in wages. It is into just these sins—of economic protectionism and inflationary wage settlements for the sake of industrial peace—that the Tories themselves must above all not fall, if Mr Macmillan's second term is to have wider horizons of opportunity and freedom than his first.

The election campaign confirmed two disturbing facts. One was that all the parties are more or less protectionist in their attitudes to the country's established industries and occupations; the other was that none would really yet face the problem of the premature and inhibiting pressure exerted upon costs by the trade unions whenever expansion gets under way. All of them said, indeed, that expansion must be the goal; but none asserted with blunt enough frankness that expansion can be quickened and sustained (at, say, the rate achieved by West Germany) only by keeping costs down. This is not just the crucial matter of preventing wage awards from out-running the expansion in production; the trade unions are not alone in the pillory. It is true that, in the state of the economy now, the only likely check soon to expansion would be a chain of inflationary wage settlements. That is why, from the start of his new job, Mr Heath must be, not a peacemaker, but a one-man resistance movement. But the problem goes very much wider than this.

Every bit of comfort and aid that is offered by the Government by its proposed new legislation and its new ministerial arrangements, whether to old declining industries or to new struggling ones, to agriculture or horticulture or fishing, to shipping or shipbuilding or air transport—or to science—has to pass the one same test: of comparative costs. Will it improve the competitive position of Britain? Will it help in the adaptive process of positively encouraging the country's resources to be used more efficiently and cheaply in meeting new demands and exploiting new techniques? Or will it help to erect, for reasons of old local interest or national prestige, yet another dam against economical change—and so against economic expansion? On the answers to these simple (but not over-simple) questions will depend the verdict on the kind of "conservatism" that the new Tory Government is going to stand for. The new President of the Board of Trade has a deserved responsibility—and an exciting opportunity.

MR MAUDLING'S responsibility and opportunity cannot possibly stop at our own frontiers. Competitiveness begins at home but ends, and is proved, abroad: "expansion in one country" is, for anybody but a communist committed only to communist means, a myth; for a crowded trading island it is nonsense. Britain's interest is still in the freest trade in the widest area of the world. The time has come for Britain to display this interest in the most demonstrative possible way. The worst way will be to do it in driblets: first to announce, as is surely now inevitable as well as right, the dismantling of the remaining controls on imports of dollar and other consumer goods; and then to say piously, but unspecifically, that Britain is, of course, always ready to receive proposals for freer trading between Europe's "Seven" (to which it belongs), Europe's "Six" (to which it does not), and the Commonwealth (to which it does); or that Britain is prepared, without saying how, to play its part with the United States and Europe, not only in stimulating the capital development of the underdeveloped parts of the world, but also in encouraging the sale of their developing products. What is wanted is a bold "package" proposal saying, in terms, what we are ready to do: a Marshall Plan "in reverse"—perhaps even (with Mr Amory's genial blessing) a Maudling Plan?

This is politics at least as much as it is economics. The need of the new Macmillan Government is to prove not simply that Britain is a good trader but, even more, that it is a good ally. The last flicker of the atavistic wish to "go it alone" has faded with the bad aftertaste of the false reckoning at Suez just three years ago. As in trade and finance, so in diplomacy and defence (which is more needed than ever now the stage of negotiation may be near), the mission of an outward-looking and forward-looking British Government today is to show by its deeds that, with Britain's own house in order and its own resources growing by its own exertions, it can, and will, play its correspondingly full part in (and not apart from) the collective action of its friends across the world.

The prime need, in fact, of the renewed Tory administration is to pursue policies that are all of a piece: which means policies which are (without the capital "L") liberal. This is true for Mr Macleod as he takes on the task, first of restoring political life and the rule of law in Nyasaland, and then of discovering the terms of a partnership in the Rhodesian Federation that will be both viable and just for black—and for white. It is true, at home, for Mr Butler in his extended bailiwick. Can any one man be at once a vigorously reforming

Home Secretary, the vigorously energising chairman of a triumphant political party, and the vigorously free-wheeling leader of the House of Commons? The answer to the question "Who won the election?" will much depend on the mark that Mr Butler (with Mr Macmillan's agreement) can make in all these roles. The reforms sketched in the Queen's Speech are a fair and necessary beginning. But even more will turn on what Mr Butler can do to keep the Tories facing in the right way (which means left)—and, above all possibly (as some ingenious ideas described on page 400 suggest) on the fresh air that he can encourage to blow on all the tired benches of the Mother of Parliaments. The Tories, since they came back eight years ago, have never had it so good as when they were liberal.

Cyprus Confronts Its Future

"My Government welcome the prospect of the establishment of the Republic of Cyprus" (the Queen's Speech, October 27th). Does this bland statement fit the situation in the island as our special correspondent has seen it?

CRITICS of the new Cyprus that is to be established in February maintain that a house built during an earthquake cannot stand. Others, who believe that the Zurich and London agreements can be made to work, maintain that it is just because safeguards against further violence and conflict are so necessary that the foundations are somewhat complicated and unusual in construction. They acknowledge, however, that without a strong cement of mutual Greco-Turkish trust and confidence, the intricate new edifice could easily fall apart. The discovery of a Turkish caique laden with arms off the coast of Cyprus on October 19th, and Archbishop Makarios's suspension of the work of the constitutional commission two days later, demonstrate the present weakness of this cement; inevitably, there is real disquiet in the island about the future of the Cyprus settlement.

Probably none of those committed to the London and Zurich agreements wants to upset them by force. But the Turks—and for that matter the Greeks as well—may feel the urge to prepare against the possibility of violence in case the settlement, for one reason or another, breaks down. The Greek Cypriots already have arms to hand; it is known that Eoka did not surrender anything like all its weapons at the end of the emergency. The Turks, although they were not asked to hand in their arms, are believed to have been much less well equipped than the Greeks. But these considerations naturally did not prevent the Greeks from becoming extremely alarmed by the discovery of the Turkish caique with its cargo of rifles and bren guns, especially when they were told that this was not the first attempt at arms smuggling by the Turks.

The archbishop found himself under very strong pressure, both from his own ministers and from his more extreme right-wing supporters, to react strongly or else see the initiative slip into other hands. The gesture that he chose to make was the suspension of the constitutional commission. It was certainly sufficiently dramatic and forceful; but its effect, as the archbishop might have foreseen, was more likely to put the Turks' backs up than to make them more accommodating over arms smuggling, the constitution or anything else.

The present setback is the more unfortunate since before it happened the general opinion in the island was that relations between the two communities were slowly and steadily improving. Only a few days before the capture of the Turkish caique, Dr Kuchuk, touring some country districts, had been warmly received by Greek villagers. The work of staffing the new administration in the agreed proportions (70 per cent Greeks and 30 per cent Turks) has gone forward without any serious hitch. The archbishop and Dr Kuchuk have been working together in a co-operative spirit; they have worked out solutions for various problems without any prodding from the British, and a recent isolated incident of communal violence brought a strong condemnation from both leaders.

BOTH races do strongly desire to live peacefully side by side as they once used to do; but the mutual suspicions and fears bred of four years of strife are still far too close to the surface. Those responsible for drawing up the Zurich and London agreements were chiefly conscious of the suspicions and fears; if they had not been it is unlikely that they would have got any agreement at all. But the consequence is that in the construction of the new state much more is being done to divide the two communities than to bring them together. The establishment of communal chambers, to deal with purely communal matters like religion and education, is an obvious and comparatively straightforward step. The same cannot be said of the judicial system, where the impartiality of British justice has hitherto prevailed over racial antagonisms. Barristers who have to work within the new framework of separate Greek and Turkish courts and mixed courts when both races are involved fear that it will create problems where none existed before.

On the other hand, the establishment of separate Turkish municipalities in the five largest towns, at any rate for a few years, is in theory a sensible way of dealing with a troubled situation where bad feeling abounds. The Turks are convinced that in municipal affairs they have been getting a raw deal from the Greeks; their conviction may be exaggerated, but it is not unfounded. The Greeks, for their part, resent the extent to which the Turks have already taken matters into their own hands in municipal affairs; it is surprising how much bad feeling can be aroused by a stolen municipal wheelbarrow. But in practice the solution proposed bristles with new sources of dissension. The Turks demand a geographical division of each municipality. The Greeks oppose this, partly for practi-

cal reasons, partly because they fear the Turks may manage to grab too much, and partly because they dislike the whole idea anyway. But their proposals for an administrative division of each municipality fall short of what the Turks want.

No doubt, given goodwill and mutual trust, problems such as these would be amicably solved—many of them already have been. But without goodwill they can easily create more and more fresh problems. Unfortunately, although so much care is rightly being taken, sometimes at considerable risk of further difficulties, to prevent fresh antagonism between Greeks and Turks, very little is being done to foster a corporate sense of belonging to one Cypriot community. Nothing, for instance, is being done to tone down the extreme nationalist bias of the teaching in both Greek and Turkish schools. Nothing seems as yet to be contemplated in this or any other field that would encourage the Cypriots to regard their own flag ("of neutral colour and design") with at least as lively emotion as the Greek or Turkish flags.

PERHAPS it is too soon to expect any real movement towards a sense of corporate unity. At present, indeed, the Turks are reluctant to recognise that the authors of the London and Zurich agreements intended—as the texts certainly suggest—the new republic to be a unitary and not a federal state. It is this reluctance which is at the root of the deadlock in the constitutional commission over the powers of the Turkish vice-president. The Turks ask that the vice-president should have, in addition to his specific powers of veto, a general *droit de regard*, that is, a right to be consulted on all matters that come before the president. The Greeks would accept this; but during the long-drawn-out arguments on this issue they have convinced themselves that, however reasonably the Turks may try to present their case, they are in fact virtually asking for co-equal powers for the vice-president. This the Greeks would never accept.

It would be wrong to give too gloomy a picture of the present state of affairs in Cyprus. The problem of the size of the British bases, which remains outside the present crisis in the island, is still being argued out in London; it is a hard nut to crack. But there is much that is encouraging. The changeover from the British to the Cypriot administration has gone faster and further than anyone expected. In many departments the Cypriot transitional ministers have practically taken over; if the British were all to disappear tomorrow, there is no administrative reason why the new administration should not proceed undisturbed. The negotiations in Athens for a tripartite military alliance between Greece, Turkey and Cyprus have gone smoothly and are said to be almost complete. Archbishop Makarios, although sensitive to criticism from his more extreme nationalist supporters (as the present crisis has shown), commands the support ofthe great majority of Greek Cypriots, probably including (for the time being) the communists; the chances are that the early days of the new republic will not be bedevilled by open political strife.

Above all, there is the strong desire of the majority in both communities to make the settlement work—largely because they fear what will happen if it does not. Both sides are naturally anxious to extract as much benefit as possible for themselves from documents that only too often lend themselves to differing interpretations. But throughout the prolonged negotiations over the implementation of the agreements, both Greeks and Turks have set their faces against any attempt actually to change them; to tamper with any part of them, it is felt, is to endanger the whole.

If this attitude, and the genuine enthusiasm for their new enterprise that exists among the archbishop's young ministers, could be combined with greater trust and confidence between the two races, then the new republic could still get off to a good start. It will be hard to destroy mutual suspicions and foster mutual confidence in the few short months that remain before the new state is established. One essential is to remove as far as possible the fears of both communities that the other might, if things went wrong, resort to arms. How can this be done? One way would be for the British authorities in the island to seek the support of the Greek and Turkish Cypriot leaders and the Greek and Turkish governments for stern and thorough measures to secure the surrender of all illegal arms. This would be difficult, but it would be a big step in the right direction.

The Government's Programme

The worthy legislative programme in the Queen's Speech does not yet foreshadow any new surge in conservative thinking

To fill the last session with bills of any substantial political content the Government had to scrape the bottom of its barrel. Sixteen or seventeen bills (with a promise of others) looks quite a businesslike programme for the session ahead; but there are no surprises, and the departments have evidently been encouraged to bring up legislation of a largely routine and utilitarian kind. The bill of most immediate importance is the new **Local Employment Bill**, which is examined in a leader on page 439; it fulfils election promises and offers some rewards to areas which voted Labour in protest. The *mauvais quart d'heure* which the Jasper affair gave the Conservatives at the beginning of the campaign leaves its mark in the immediate place found in the Speech for early legislation on **building societies**. Mr Leather's speech in the debate on the Address on "scandals" in the City shows that the Government should not be leisurely or narrow in its approach to this or to the revision of the Companies Act.

Nearly a third of the proposed new bills are of interest to the City, investors and the business community in general. The proposed building society reforms are considered in a note in the Business World, on page 443. The proposal to allow payment of wages by cheque is dealt with in a business note on page 444, and a comment on the announcement of an inquiry into the working of the Companies Act will be found on page 443. The bill to improve the arrangements for licensing airline services is unlikely to be published until late in the session; it requires from Mr Sandys the resolving of the almost irreconcilable conflict between the financial problems of BOAC and the claims of the independent airline operators to expand; a brief comment appears in a feature on page 444.

THE most courageous and interesting bill, which could be the start of a new round of measures to free the individual from governessy restrictions on personal conduct complementary to the dismantling of restrictions on economic initiative, is the expected **bill to amend and modernise the law on betting and gaming.** It is now eight years since the Royal Commission on gambling recommended that betting shops should be made legal and bookmakers registered; since then the maintaining of one law for the "rich" gambler with a bank account and another for the "poor" gambler who wants to pay cash has become ever more ludicrous. The dangerous growth of public hostility to the police, which the police attribute to the attempt to enforce increasingly unenforceable laws, has added notable force to the arguments for reform. The debt which the police already owe Mr Butler for his reform of the prostitution laws will be increased if he can make sense of the gaming laws—which should extend not merely to off-the-course betting, but *inter alia* to the fatuous muddle over church and other lotteries and games of chemmy in private parlours.

The aim must be to accept the individual's right to impoverish himself if he insists without opening the door to the wanton stimulation of the gambling appetite. Mr Butler will have his troubles with the puritans who believed that public morals would be destroyed by premium bonds; but outside parliament the climate is ripe for reform. It would be ungrateful to expect the government to promise to reform the licensing laws as well; but its liberal attitude may legitimately be held to imply willingness to look even at that thistle after it has seen how betting reform goes down.

THE programme is fairly free from bills which are suspiciously generous to special interests. But the undefined proposals **to continue the subsidies to the fishing industry** will want watching; they ought to encourage the modernisation of those obsolete operators who are increasingly cut out of inshore or Iceland fisheries by the protective actions of foreigners which the Speech says the government is going to continue to wrestle with, an undertaking that is critically examined in a note on page 407. **Horticulture,** in accordance with pre-election assurances, is to get aid in the form of grants—which are preferable to the higher protection that it has been so vocally demanding. Much depends on how effectively these grants are to be tied to modernisation and cost-reducing practices generally. More depends on the amount of vigour and ruthlessness which the government is prepared to embody in its proposals—under the heading "encouraging the more economic marketing of produce"—for **reorganising and improving Covent Garden Market.** Covent Garden is a tough nut notoriously long overdue for cracking and success here would be an encouraging indication that the general assault on restrictive practices and bottlenecks is to go on. The bill will no doubt follow the general recommendations about redeveloping Covent Garden and the outer fringe markets contained in the Runciman report in 1957.

THE absence from the Speech of any notion of increasing the basic old-age pension under electoral stimulation is welcome. The principle should always be to alleviate hardship where it demonstrably exists, not to help everybody, including all those who do not need it, in the cause of helping those who do. Undoubtedly the government is starting the right way in undertaking to **relax the earnings rules for pensioners and widowed mothers,** which will require no legislation, and should be done as generously as possible, both to alleviate hardship and to keep elderly people in productive work. It may be hoped, too, that the government will look at the anomalies under which retired authors and the self-employed appear to suffer, inasmuch as any late spurt of activity on their part may well deprive them of pension.

Also acceptable is the prospect of legislation to make **legal aid and advice** more widely available, presumably by adopting the Law Society's proposals that the income limit for aid should be raised from £420 to £600 and also, it must very much be hoped, by bringing fully into force sections 5 and 7 of the 1949 Act to provide advice before litigation. This might be done by means of the scheme, already discussed by the Lord Chancellor and the Law Society, to enable those who cannot afford a solicitor to get oral legal advice at half a crown per half-hour.

Among some miscellaneous measures is a new **Mental Health Bill** for Scotland, which in some respects may follow the lines of the one that was enacted in the last session for England and Wales, but which may also incorporate the proposals contained in a Scottish White Paper of 1955. In this case, some of the old procedure may be retained; but it seems probable that patients will be encouraged to enter hospital informally, and medical recommendation will replace judicial certification for many.

The Speech also promised a bill for the statutory registration of **medical auxiliaries**—chiropodists, occupational therapists, speech therapists *et hoc genus omne*. The bill will presumably be based on the recommendations of the various committees whose reports were published over eight years ago. They suggested that there should be set up under the Privy Council a statutory body whose functions would include the maintenance of registers of medical auxiliaries qualified for employment in the health service; the recognition of training schools and courses; and a standing review of manpower and recruitment. Since professionalism is so advanced among the medical auxiliaries, it is advisable to complete the edifice to match those erected for dentists and opticians.

Another measure which takes a white paper out of its pigeonhole is the proposed bill "to bring up to date" the statutes relating to **Charitable Trusts.** This will not deal with the question of trustee investments, but will be based on the government's comments, made in 1955, on the Nathan report of 1952, dealing mainly with the organisation of trusts. The main problem is to enable changes to be made after a defined period in the objectives of out-of-date trusts (whether because of their objective, the nature of the endowment or changes in political frontiers) and to combine trusts with similar objectives, and the tricky question of who shall initiate and watch over such changes.

The promised bill to provide more effective means of dealing with **young offenders** is expected to incorporate the proposals put by the prison commissioners before the Home Secretary's advisory council, whose conclusions were given in *The Economist* last week. Eventually, only young people whose offences merit a sentence of at least three years' imprisonment will go to prison; the others will go either to detention centres or, in more serious cases, be sentenced to an indeterminate period of training for from six months to two years. The bill will also include an extension of compulsory after-care to more categories of prisoners; the lines were suggested by the advisory council in its report published a year ago.

Education figures in the legislative programme only to the extent of **a bill to implement the recommendations of the Commonwealth educational conference** last summer—presumably to enable the government to set up the central committee and secretariat in London, and to provide for the 500 scholarships and the teacher-training aid which was promised then. A comment on other references to education will be found in a note on page 407.

THE reference in the Queen's Speech to a **Nigeria Independence Bill** is a reminder that the face of Africa will be radically changed during 1960, and that Mr Macleod cannot begin too soon to think about changing the Colonial and Commonwealth Offices set-up to keep pace. His hands will, of course, be pretty full with Kenya and getting the Monckton commission going in Central Africa; but if some overdue thinking is not done soon, valuable opportunities for strengthening the Commonwealth will be missed—as they were missed when the provision of a Commonwealth service was first proposed and is now so sorely regretted.

Remodelling Westminster

THE House of Commons is extremely conservative about itself. There is therefore a danger that Mr Bernard Crick's excellent Fabian tract on the *Reform of the Commons* (Fabian Society, 3s. 6d.) might vanish from sight in a mutter of disparaging comment from both sides of the aisle. But Parliament does not now stand so high in the nation's esteem that it can afford to treat constructive remedies offhandedly.

Mr Crick's proposals have four main objectives:

1 *to enable MPs, singly or collectively, to confront the Government departments on somewhat more level terms in the hope of finding out what really is happening.*

2 *to make it possible for them to play a more intelligent part in law-making.*

3 *to equip them to deal adequately with constituency problems, thus removing any excuse for neglecting this essential part of their duties.*

4 *to make the House of Commons a more attractive and worthwhile place for able people to be in and work in.*

"The more power we trust a government with," as Mr Crick writes, "the more need there is for it to operate amid a blaze of publicity and criticism." But in fact the system is so rigged that ministers can usually get away with the appearance of being subject to criticism without effectively being so.

Question time, for example, is supposed to be the minister's great ordeal; and it is true of course that some ministers cannot even cope adequately with that. But, as Mr Crick points out, the MP-questioner is such a complete freelance, with such a lack of research facilities independent of the government he is challenging (unless he has accepted a briefing from some interested party), that he can usually be blinded by a well-briefed and intricate reply. MPs can ask a good initial question but, inevitably, they are weak on the follow-through.

Similarly with legislation, so much elaborate consultation has gone on between the department and the vested interests in private before a bill is ever published that it plainly makes for a quieter life for everybody if no real opportunity is given to the so-called "legislators" to reopen matters in public that have in fact been already sewn up.

MR CRICK'S proposals are designed to upset the cosy arrangements which give the appearance but not the reality of parliamentary control. The five main ones are as follows:

1 An MP would have an office and a secretary provided on the premises. He would also—and this may be even more important—have access to a strong legislative research service, probably attached to the House of Commons Library.

2 Standing Committees would specialise on particular subjects and have specialist staffs to support them, who would be able to "go into" the evidence behind the proposed legislation before them, instead of accepting it at face value.

3 Far more use would be made of Select Committees; and in time these should perhaps be merged with specialised Standing Committees. These would have access to the strengthened research service, thus deliberately creating sources of information independent of Whitehall and compelling ministers to face sustained and well-informed scrutiny. Select Committees should sometimes have power to send for person and papers, but Mr Crick is sensitive enough to charges of "Americanisation" to stipulate that a committee would have to make a specific application for such powers, which would be granted only for a limited purpose.

4 The work of the Select Committee on Estimates would be shared among the specialised committees so that there would be a far closer scrutiny of estimates than happens at present.

5 MPs would have salaries and pension schemes tied to some quite high grade in the Civil Service. In return it would have to be clearly understood that so long as he was in Parliament a member was expected to give his first attention to his parliamentary duties.

These proposals are, of course, far more fundamental than anything that was suggested by the recent Select Committee on Procedure. Apart from sentimental affection for the present historical and accidental way of doing things, the main arguments that are already being heard against the proposals boil down to two. These are that, if MPs really began to learn something about a subject, they would not be so partisan and therefore so easy to discipline; and that, if ministers really confided in MPs who knew something, the ministers would be able to evade responsibility by claiming that the specialist committees acquiesced in their decisions.

THAT these things might happen no one would deny. But that it should be assumed from the outset that whatever difficulties might follow from them would be insuperable is to accuse British politicians of being even feebler people than their critics generally dare to say. And that of course is the third and least openly expressed objection—namely that MPs have nothing really to contribute anyway.

This is a dangerous line of reasoning. After all, ministers, who are the only check on completely private bureaucratic government that we have, are drawn from the parliamentary ranks. One might think that service on a specialised committee would be good training. Furthermore, as Mr Crick hints, this sort of objection does an injustice to the assiduous MPs who already work hard and acquire considerable knowledge in the specialised sub-committees of the parties.

What British policy-making most of all requires is continuous, intellectually rigorous challenge from outside the Government machine. Mr Crick's reforms would not of course change the average politician into a genius; but they might help him to do his best for himself, his constituents and the country.

The Economist

OCTOBER 29, 1859

ATTITUDE TO THE UNIONS

Mr Black, in his able lecture at Edinburgh, illustrated in a very impressive way the evils of Strikes and the abuses of Trades' Unions. If, however, we want to get the full ear of the working classes, we must do something more than this. We must show that we fairly appreciate the uses as well as the abuses of Trades' Unions, and the better class of aims they keep in view. Mr W. E. Foster, we believe, expressed the other day, at Bradford, the convictions not only of the working-men at large, but of independent observers, and even of many of the class of employers (of which he is himself one of the most distinguished), when he freely admitted that the existence, not of strikes, but of combinations of labourers acting in union and prepared to strike if it be necessary, is almost essential for the interests of the labourers in any discussion with their employers as to the regulation of the rate of wages. But this once admitted, the existence of Trades' Unions where these questions can be discussed and common action taken, is justified at once. The strike may be, and is, a fearful evil,—generally accompanied by consequences worse than itself in the animosities it creates, the violent measures to which it encourages resort on the part both of the masters and the men, and the waste of property which it inevitably causes. But though the strike, when it comes, is almost pure evil—the *power* to strike, if properly exercised, which is given by reasonable and peaceful combinations, may be nearly a pure good . . . There is, we believe, a sore feeling among working-men, which, more than any other, induces them to defend manifest abuses, that the middle and other classes of the community are resolutely blind to their real wants and grievances, and determined to look coldly on all their best-considered aims and efforts. We are sure that we can only gain the influence we ought to have with them, in inducing them to reform the manifold tyrannies and follies of what we may call the general code of Trades' Union law and custom, by showing them that we fairly appreciate and approve those of their objects, and those of their instruments for attaining such objects, which are legitimate and natural.

NOTES OF THE WEEK

THE SUMMIT

How Many Days?

MILDLY teased by Mr Gaitskell in the debate on the Address on Tuesday, the Prime Minister did allow himself to imply delicately that a hitch had appeared from across the Channel since he told the electors on September 30th (alas, a month ago) that the "actual" date of the summit talks would be fixed "within a few days." His explanation did not mention France, or General de Gaulle, but it was plainly General de Gaulle he was taking issue with when he said that it would be wrong to envisage a summit meeting like the Congress of Vienna,

> which tried to settle all the outstanding problems between east and west at one great conference.

What the British Government is working for—and the concept would have been much the same if it had been Mr Gaitskell, not Mr Macmillan, supporting the Address—is a series of meetings over a long period; it would not expect spectacular decisions at the start. It follows that the Government does not, like General de Gaulle, want to delay the curtain while the stage is set. It wants to keep up the momentum:

> We would like a summit meeting at the earliest practicable date.

Nobody would care now to say what that date might be. The French statement of October 22nd has set the process back so abruptly that the exchanges among the western powers are no longer directly concerned with anything so ambitious as the east-west meeting itself; efforts are now being bent to get an early meeting of the western heads of governments, at which the Anglo-American case for an early east-west meeting will confront a French, probably a Franco-German, case for avoiding haste.

President Eisenhower indicated on Wednesday that this meeting might well be in mid-December; M. Couve de Murville has mentioned December 15th. Like General de Gaulle, Dr Adenauer is not inclined to hurry, as a message from our Bonn correspondent on page 429 indicates. But it may well seem important to President Eisenhower that the date of his return visit to Mr Khrushchev should not be pushed back too late in election year. A strongly expressed American wish might conceivably persuade Dr Adenauer to change his mind; but General de Gaulle would still hold the key.

A Policy of One's Own

ALTHOUGH M. Debré has not been able to say yet when Mr Khrushchev is expected in Paris, he could announce on Tuesday that Dr Adenauer had been invited for December 1st and 2nd. It remains to be seen why Mr Khrushchev is still dickering over the date (discussions were said to be going on over a week ago), but it is understandable that he should find it tricky to explain to everyone else how Soviet pronouncements can keep plugging at the need for an early summit while he himself falls in with General de Gaulle's fabian tactics. Are there second thoughts in Moscow?

Mr Khrushchev likes travelling, but his timetable is something he arranges to suit his own book, as the Scandinavians learned this summer. He is expected to settle for mid-January, although it could be any time in the first three months of 1960. What General de Gaulle wants to talk to him about is still equally obscure, although there may be some clues at the general's next press conference on November 10th. General de Gaulle cannot hope for much change on either Algeria or the bomb, but it is possible that if Mr Khrushchev persists in the idea of an African safari next year, the head of the French community will want to know what he is up to.

HMG—SECOND INSTALMENT

Gentlemen and Players

IN his second distribution of jobs Mr Macmillan has preserved a nice balance between the claims of noble blood and those of vulgar desert. Two viceroys' sons, Mr Wood and Lord John Hope get the earthy portfolios of Power and Works. Both have great opportunities—Mr Wood to produce a fuel policy that both looks as if it had a clear thought behind it and does not add up to protecting uncompetitive coal mines; and Lord John to insist that raising new public buildings, even or perhaps especially prisons, is not the same thing as restoring ancient monuments. The House of Commons, particularly the miners' members and Mr Nabarro, will welcome the chance of shooting at a Minister of Power. But has the minister got the power? His critics will be sensitive to any hint that, with Lord Mills in the Cabinet and close to the Prime Minister's ear, all the House really has is a Minister of State with less authority than Mr Maudling, who answered for fuel policy in the last Parliament and was a Cabinet Minister.

To help him in gathering fuel Mr Wood will have the Tory coal miner, Mr J. C. George, who before the war worked his way up from coal face to managing directorship of a private colliery. Indeed, this continues to be a good year for the non-U Tory. Mr Bevins, for instance, achieves full ministerial office as Postmaster-General in place of Mr Marples. He will be expected to fulfil all the expectations aroused by his predecessor's flamboyance—and would-be customers who still do not have telephones will not be satisfied with announcements that those who do can have them in pastel shades and use a credit card away from home. But he will also have to tackle the two major tasks of turning the Post Office into a nationalised business and deciding what to do about television.

Juniors and Peers

AMONG the new junior ministerial names those of Mr Geoffrey Rippon, at Aviation, and Sir Keith Joseph, at Housing and Local Government, are particularly welcome. Sir Keith, a Fellow of All Souls with a background in building and in the City, has always shown an intelligent and constructive interest in social problems and is clearly being tried out for higher office. Mr Rippon is very much a Sandys man, having previously been his PPS at the Ministry of Defence. But practically from the moment he left Oxford he has been active for the Conservative party in local government. He was Mayor of Surbiton at 27 and has led the Opposition on the LCC for the past year.

Mr Butler, having taken on three men's jobs instead of only two, has understandably decided he would like two men to help him at the Home Office instead of one man and Miss Hornsby Smith. The latter, who has deserved well for standing up to Tory women and fearlessly investigating social problems, takes a Privy Councillorship over with her to Pensions and bumps Miss Pitt over to Health. Mr Butler's new right hand is a former Minister of Health, Mr Vosper, who had bad luck with his own health and now has to rejoin the ladder on a lower rung. But he was a promising Minister before and there is no reason why he should lose in the long run by having the chance of earning the direct approval and gratitude of Mr Butler.

One of Mr Butler's former protégés, Mr Cuthbert Alport, will now answer for events in Central Africa with more authority as Minister of State. The Commonwealth Relations Office has suffered too long from not having a senior minister in the House of Commons, so that it has seldom appeared in debate—and then as a junior lead to the Colonial Office.

Now that there is little left of the Queen's Navy, nobody notices very much which

peer is for the time being its ruler. Lord Carrington, who comes back from Australia to take over the bridge from Lord Selkirk, who has been posted to Singapore (both political High Commissionerships, which illustrates the Commonwealth Relations Office's weakness at the higher level) heads a branch of the financial Smiths. He cut his political teeth on Crichel Down. He was the junior minister who actually inspected the farm and came back, according to the report of the inquiry, none the wiser. Lord Chesham, who gets junior office at the Ministry of Transport, has been an able and resourceful ministerial spokesman in the Lords and deserves a departmental job.

HOUSE OF COMMONS

Backbenchers Revolt

As one might expect immediately after a same-again election and a workaday legislative programme the exchanges between the front benches in the debate on the Address have been unremarkable. Mr Macmillan did contribute a fairly candid account of his metaphysical differences with President Eisenhower about the nature of a summit. But Mr Wilson was at his old joke book again and Mr Maudling was throwing out his old unanswered challenges about the exact controls which Mr Wilson would now be using if he were Chancellor of the Exchequer.

But two developments in the House are worth comment. Mr Nigel Fisher's first-rate speech from the Tory backbenches in favour of a relaxation of the Government's grip on parliamentary time, his threat to abstain if there was a vote on the standard motion to steal private members' Wednesdays, and his even darker threat to vote against the Government if it did not mend its ways in planning the following session, obviously reflected strong feeling on both sides, to which Mr Butler was very wise to show deference. In fact there was not a vote. But this was only because Mr Butler promised to come back after Christmas with a suggestion to meet the private members' legitimate demand to be able to call the shots in some general debates in the middle of the week when they are likely to command an audience. Of course, ouside commentators have been urging this kind of revolt for years. It is a pleasant surprise to find that some people have been listening after all.

The second development, which gives the Labour party food for rethought, was Mr Leather's speech on City "scandals," and in particular his taunting reproach to the Opposition for missing all the constructive opportunities for criticising the City's weaknesses, while covering it with a blanket denigration. The Labour party really must start learning something about the way Britain's financial and commercial life is conducted before its competence either to criticise vigilantly or to govern responsibly will be taken seriously.

IRAQ

Adrift

The question whose finger was on the trigger when General Qasim was wounded is no longer the most urgent one being asked in Bagdad. No would-be assassin has been produced, and the divided Iraqis have been left to choose their culprit according to the tenets of their political faiths. If the regime weathers the storms of the next few weeks then there will be a round of trials. Justice in the republic, however, has not been noted for impartiality under the heavy hand of Colonel Mahdawi, whose methods have created almost as many heroes as villains. If the regime falls, then the assassination attempt can be conveniently forgotten.

More important to Iraqis, and to their friends abroad, is the question whose hand is now guiding the affairs of the nation. The government answered claims that General Qasim was dead by publishing pictures of him in hospital. He appears to be as alive as ever and still capable of displaying the familiar frozen smile ; but a picture does not answer the question. It is not likely that Iraq is being governed from a hospital bed by a wounded prime minister, with General Abdi sitting in one bedside chair and Colonel Mahdawi in the other. The nationalists pin their hopes on General Abdi, the military governor of Iraq, while the communists rely on Colonel Mahdawi who has served them well in the past.

There are Iraqis among his detractors as well as among his admirers who believe that General Qasim runs the country and is capable of continuing to do so. Even the nationalists, who have been kept on the run by his henchmen, do not, publicly at least, offer General Abdi as a possible substitute for the prime minister. They believe that, if anybody can, the military governor will be able to keep General Qasim and Iraq out of communist hands. But while nobody is quite sure who is in charge or what he is in charge of, the only country in the Middle East that should be able to face the future with confidence will continue to drift deeper and deeper into shabby chaos and anarchy.

CUBA

Havana's Pearl Harbour

Latin America's anti-*Yanqui* complex is being blown into an explosively gassy balloon by Señor Fidel Castro. In a series of oratorical television performances he has accused the United States of countenancing a bombardment of Cuba from airfields in Florida, an action "graver than Pearl Harbour." The bombing has so far consisted of two attacks on sugar mills a few weeks ago, and what his own police chief described as a leaflet-dropping raid by a couple of aircraft over Havana on October 21st. The Havana raid coincided with terrorist action on the ground ; two people were killed and about 45 wounded.

Señor Castro's rash words have provoked the State Department to an indignant, and remarkably lengthy, note of protest. Among other things, Señor Castro is reminded that ex-President Batista used to make the similar complaint that United States vigilance did not prevent the rebel forces getting a regular supply of arms from Florida. The explanation is simple if odd: there are more than 100 airfields around Miami, and no radar.

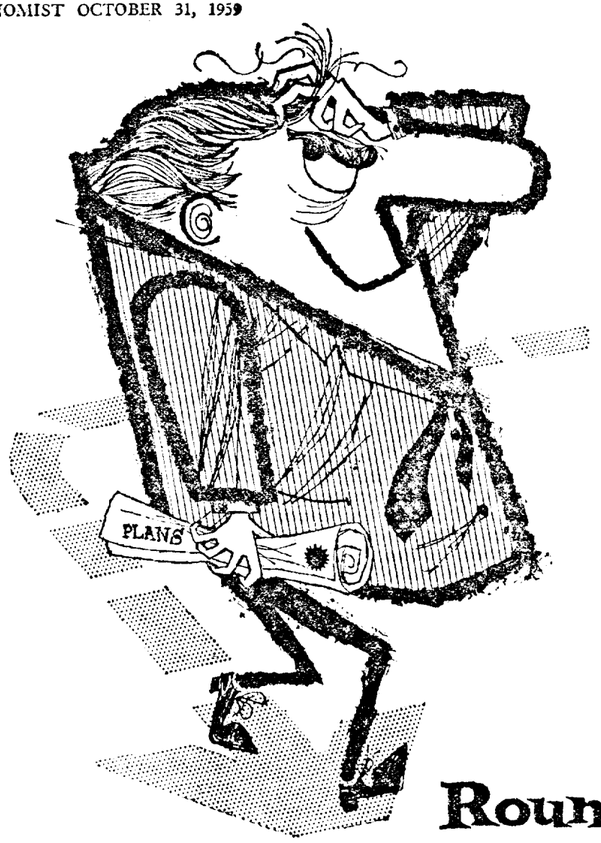
Señor Castro is talking in a foolishly provocative way ; still, the State Department has something to regret in having allowed the bubble of ill-will between the two disparate countries to swell so monstrously. This is particularly unfortunate when the United States is feeling its way towards a warmer relationship with its southern neighbours. However disillusioned many Latin American liberals may be feeling about the Cuban revolution, the American attitude of disapproval, accompanied by a submerged mutter about a punitive cutting of the Cuban sugar quota, wins no friends.

Against this background, the British Government is having to decide whether to agree to the Cuban request to replace the 17 piston-engined Sea Furies sold to General Batista with an equal number of Hawker Hunter jets. The State Department, which is trying without much success to prevent more arms filtering through to the Caribbean, has protested orally against the deal ; on the other hand the Cubans would certainly present a British refusal as an example of Anglo-American discrimination. The Government, having made one blunder, can now hardly do right whatever it decides.

TRADE UNIONS

A Load of Trouble

The trade union leaders represented on the TUC's general council have this week taken two hesitant steps towards putting their house in order. The first, decided strictly in the normal course of business, was to set up a broadly based committee (including representatives from both craft and general unions) to investigate the activities of shop stewards and their connection with unofficial strikes. The decision is timely. In the last week, unofficial strikes have broken out on the railway dining cars, the Sheffield buses, the Liverpool tugs, the Renault works at Acton, the Glowworm Boiler works, the Bankside power station and the General Electric's refrigerator factory. This is a disturbingly long tally, which indicates either a high degree of irresponsibility among union members or—



Round the bend ?

The most abominable growing pains can afflict even the most beautiful new building. Costs get hammered out of recognition, time schedules rendered senseless. Round and round you go (meanwhile wondering what the Board will say!). Unless—as a man of vision—you take that lovely by-pass direct to Costain. Costain's skills, experience and resources can short-circuit every sort of building problem. Efficiently and economically. Without aspirins. *Call in Costain at the start!*

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more likely—a union hierarchy so bureaucratic as to insulate the union leaders from the activities of their rank and file. In either case a TUC investigation, with the impetus which that gives to individual unions to look into their affairs before the TUC comes along, is clearly desirable.

The trouble is that the present vogue amongst trade union officials to blame all their difficulties on communists and Trotskyists may hide the real issues at stake. These are really two. The first is that trade unionism today has often become so negative that it lays itself wide open to the professional nihilism of the Communist party. Socialism in the unions is no more of a moving force today than "C of E" is in the country as a whole. The second cause of trouble is the tortured and outdated structure of some of the major unions. The Amalgamated Engineering Union in particular, with its deserted branches and lively, but largely disenfranchised works committees and shop stewards, is a case in point. There is a break in communications when the upward flow of grievances reaches the steward and the downward flow of authority reaches the branches. Until the two are brought closer together unofficial action by stewards will be the result.

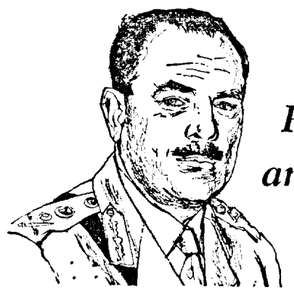
Hence one must have qualms about the ban imposed by the AEU's president, Mr Carron, on next month's national conference of shop stewards. The conference arrangements are dominated by communists; but they represent a real centre of power in the union and their views might as well be heard.

Stripping Off the Veil?

THE second halting step towards creating a more attractive union image was the General Council's decision to ask the communist leaders of the Electrical Trades Union to meet them next month. Their long-drawn quarrel, which has so far only led to an exchange of loaded letters, is coming to the boil again. But not a great deal is likely to happen at the November meeting. In the current series of union elections Mr Foulkes, the union's general secretary, has been confirmed in office for another five years (though by an undisclosed, and so presumably smaller, majority) and the other leading communist officials in the union do not seem to have fared any worse. Whatever the means of re-election—and on past history, some of them can be seamy—the results cannot help the TUC to get up courage to order a full-scale enquiry.

The members of the General Council are in a quandary. They know quite well that the ETU's activities cause disquiet to the public; yet two difficulties, quite apart from their fundamental timorousness, hold their investigation back. The first is that the professionally anti-communist element in the union is far from being composed of the

(*Continued on page* 407)



India, Pakistan and China

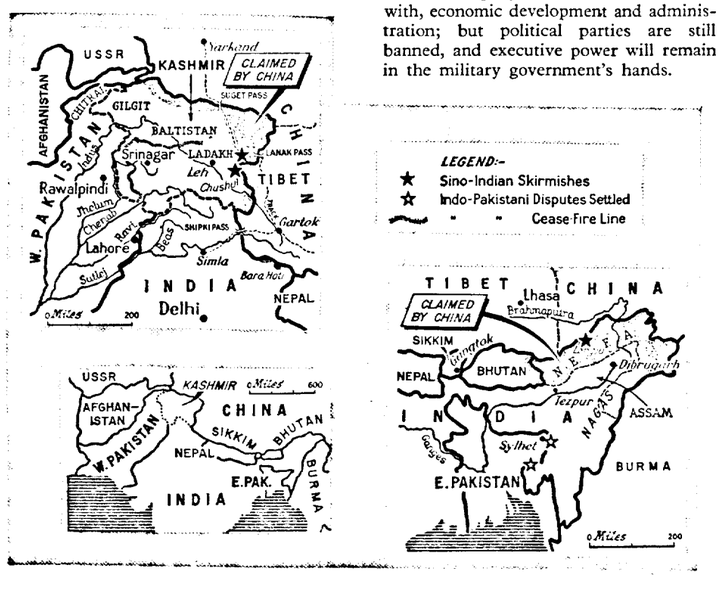
PAKISTAN celebrated the first anniversary of its military revolution on Tuesday. On the same day, Mr Nehru and the governors of all India's states discussed China's seizure of border areas against a background of rising public anger. It is natural to trace connections between these events and the simultaneous progress toward settlement of old disputes between India and Pakistan.

A year ago, the Indian forces were almost completely absorbed in confronting Pakistan, particularly in Kashmir, but also along other border sectors bedevilled by petty disputes and incidents. India was inevitably perturbed when the soldiers seized power in Pakistan. Today, it is still hostile to its neighbour's western alliances and resentful of the American military aid it has received; but now there is China to think about too. Speculation about an early Kashmir settlement is premature, and Indians have reacted coldly to President Ayub Khan's suggestions about joint defence plans. But they have not only become increasingly alarmed by China's aggressiveness; they have also been reassured by some of the new Pakistan government's actions.

In the past, settlement of Indo-Pakistani disputes has been made more difficult by the swift succession of weak governments at Karachi, which dared not risk being accused of conceding anything to India, and often could not carry out such agreements as they did reach. The present military government, however, has silenced criticism, dispersed all the political factions, and shown that it means to retain power for a long time.

Pakistan's Year of Innovation

President Ayub Khan marked this week's anniversary with two gestures; both had long term implications. He moved to Rawalpindi in north Punjab, with 1,500 officials from Karachi, to inaugurate the creation of a new capital near the army HQ. He also promulgated his programme of "basic democracies," a five-tier system of partly elected councils, at village, tehsil (or thana), district, divisional and provincial levels. This is intended to educate the people in, and associate them with, economic development and administration; but political parties are still banned, and executive power will remain in the military government's hands.



Over 3,000 officials have now been dismissed or punished in the course of the army's attack on corruption. (One argument given for moving the capital is the need to get away from the corrupting commercial influences of Karachi.) Prices have been kept steady, partly by severe measures against smugglers and profiteers; 20,000 evaders of income tax have been brought to light, untaxed income totalling £100 million has been revealed, and about £12 million of arrears has been collected. Maximum land holdings in West Pakistan have been cut to 1,000 acres, 2 million acres thus being expropriated; the great political power formerly enjoyed, and abused, by big landowners has thereby been curtailed. The new budget makes boldly unpopular bids to encourage new enterprises, domestic or foreign or mixed; their profits will pay no tax at all for the first two years.

The military government, in short, remains confident, vigorous, and bent on getting results without worrying about how many internal enemies it makes. It can afford to be more practical about co-existence with India than its wobbly predecessors. At the same time China has been giving India more incentive to be practical about co-existence with Pakistan.

China on the Himalayas

ONLY now that China has goaded Mr Nehru into publishing the record of earlier border disputes has it emerged that these began almost as soon as India thought it had regulated them by its 1954 agreement with Peking.

In 1955 and 1956 Chinese troops crossed at Bara Hoti, at Shipki pass, which leads to Simla, and other points.

In 1957 they built a military road, linking Gartok with Yarkand, through the Aksai Chin area in north-east Kashmir. This is an uninhabited area, 17,000 feet high, and not easily reached from the Indian side. An Indian party sent to investigate in 1958 was taken prisoner by the Chinese, who met Delhi's complaints by saying that the area was theirs.

This year, the Chinese have grown more aggressive along the border. To subdue the still restive Tibetans, they have had to bring in more troops and seal the border more tightly. Indian sympathy for Tibet, and the giving of asylum to the Dalai Lama and 13,000 Tibetan refugees, have aroused Chinese resentment.

In July, six Indian policemen were taken prisoner in Ladakh. On August 7th, 200 Chinese soldiers forced a police post back two miles from the border of the North East Frontier Agency, near the Bhutan end.

On August 25th another Chinese force attacked a post north of Longju and took 11 prisoners; next day it attacked the little Longju garrison and forced it to withdraw, leaving three dead.

Last week, in the worst incident yet, an Indian patrol 40 miles west of Lanak pass was attacked, losing 17 men. Chinese soldiers simultaneously approached India's main airstrip in this area, at Chushul, east of Leh.

The Chinese retort to all Indian complaints is that the areas concerned are Chinese and that the Indians must not trespass. But until 1958 Indian inquiries about maps that showed these areas (totalling 40,000 sq. miles) as Chinese had met with polite evasiveness in Peking, which repeatedly said that the maps were old ones and had not yet been revised. Now that the Chinese are on the border in force, they are stating their claims openly.

These claims now extend to parts of northern Kashmir that lie on the Pakistan side of the 1949 Indo-Pakistani cease-fire line. Thus three nations—India, Pakistan and China—now control parts of Kashmir.

Indo-Pakistani Progress

ON SEPTEMBER 1st Mr Nehru and President Ayub Khan had a brief but unusually cordial meeting, which gave fresh impetus to current efforts to settle their outstanding differences. Mr Nehru said afterwards that the talks had created a better atmosphere between the two countries. The President said: "There is need for forgetting and forgiving; the time has come when we should be thinking of having a more rational, neighbourly relationship with each other."

Their finance ministers had met in August to discuss the old question of debts unsettled since the 1947 partition. On October 15th a conference of officials got down to the details again. Fair progress is reported.

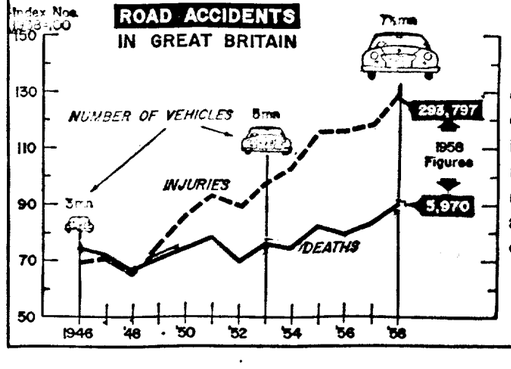
Ministerial talks about East Pakistan border disputes opened on October 15th and ended on the 22nd with an agreement that seemed to satisfy both parties. Pakistan is to withdraw from one area near Sylhet, India gives up its claim to another further south; new arrangements to prevent incidents leading to violence have been agreed; demarcation is to be speeded up. In principle, arbitration is now accepted, if negotiation fails, over disputes along West Pakistan borders as well as eastern ones.

The bitter dispute over the irrigation water of the Punjab rivers is not yet resolved; but at the World Bank and Fund meeting a month ago, Mr Dillon, the US under-secretary of state, said that "success now appears to be in sight." On October 12th, President Ayub Khan said that the Bank and "friendly governments" (did this include India?) were ready to contribute $1,000 million to the latest plan prepared by the Bank and now broadly accepted by both countries.

The complex record of this decade-old dispute was summarised in *The Economist* of July 12, 1958, page 115. The new plan is in fact understood to involve a cost of not quite $1,000 million over 11 to 15 years—about $460 million from America, $340 million from India, $110 million from the Bank and $70 million from Britain, Canada and Australia. One 5 million acre-feet reservoir would be built on the Beas in India, and two, totalling 7 million, on the Jhelum in Pakistan; a dozen new canals from the Indus and Jhelum would bring water eastward to Pakistan areas hitherto dependent on the Ravi, Sutlej and Beas —whose waters would then be freed for use in India's great new irrigation plans.

Even if all this goes well, India and Pakistan will still have bones to pick—especially over Kashmir. But the conjuncture of Chinese threats, a stable government in Pakistan, and western readiness to finance the Punjab waters plan suggests that the two countries now have the best chance they are ever likely to get of liquidating their cold war and achieving the friendship which both need so badly. This opportunity, if lost, may never come again.

The Menace of Motoring



According to *Road Accidents, 1958* (HMSO), 22 per cent of the vehicles involved in accidents last year were motor cycles, scooters or mopeds, although these accounted for only 7 per cent of all vehicle mileage.

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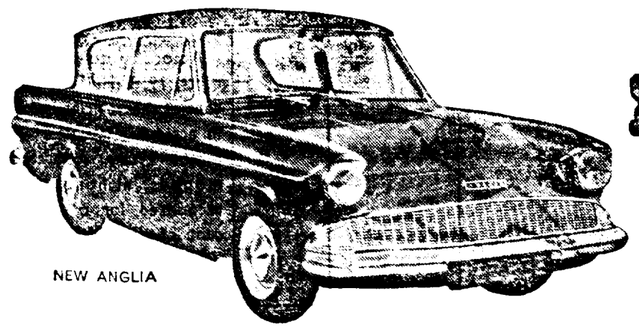

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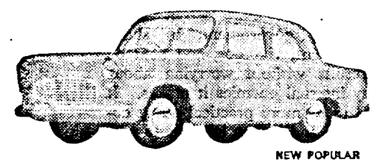

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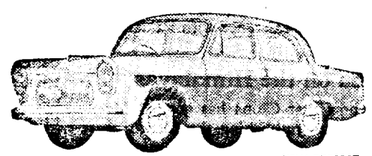

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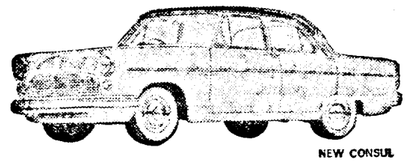

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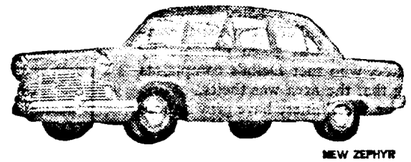

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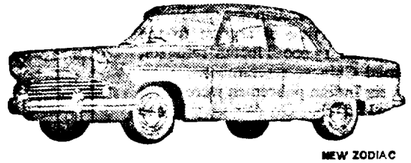

NEW ZODIAC

Continued from page 404

sort of men on whom one would want to put even one's oldest shirt ; while the strong group of rightish-wing members in the union (*vide* Mr Mawby, ETU official and Conservative MP for Totnes) are generally not prepared to help an investigation that would destroy their union's autonomy. The second difficulty is that the members may be far from dissatisfied with the present leadership. Mr Foulkes is an able bargainer and Mr Haxell, the union's chief theorist, is an unattractive but perfectly effective man. It may be that the average member does not want much more than this. An investigation in the United States, in fact, showed that the American coalminer had no regrets at having to accept a totalitarian union machine as a price for the first-class bargaining ability of Mr John L. Lewis ; British electricians may feel the same way.

The General Council thus fears that an investigation will cause resentment among the ETU's members, at the same time showing up the creaking election procedures that exist, both in the ETU and throughout the movement. The long-run cure for this is to get more people to vote ; the 2 per cent of communists in the unions can only get elected because at many elections less than 4 per cent of members bother—or get a chance—to vote. But, in the short run, drastic measures are still needed to satisfy the public that a few of the more idiotic veils of brotherly secrecy in the unions are being stripped off. Pragmatism as well as principle indicate that the union leaders should thoroughly investigate the ETU.

FRANCE

Day of Dupes?

In the aftermath of the conspiracy scare in Paris, all concerned are running true to form. The authorities have smothered undue interest in unravelling the political plot against the government by concentrating on the convenient mysteries of M. François Mitterrand's affair. All the same, they still maintain that a plot of some kind existed, and the police raids on right-wing organisations (which were serious enough) may have thrown up some evidence ; it is, of course, unlikely ever to be published. Two other official reactions must be noted: the readiness to discredit the left-wing opposition to General de Gaulle by playing up the Mitterrand affair, and the desire to stop penetrating comment altogether by confiscating the two papers that published the most illuminating discussions of the conspiracy, *L'Express* and *France Observateur*, last week. By forcing these left-of-centre papers to expunge all references to senior military officers (including photographs of Generals Massu and Lecomte) the government may have felt that it had done its duty by the army, too. However, the army had its own ideas and the censored versions were promptly seized when they arrived in Algeria. To round off this nonsense, the original, unexpurgated editions were available in London all the time ; apparently only foreigners may read about dirty politics.

General de Gaulle's personal concern at the army's political ambitions prompted an official circular to officers and civil servants in Algeria on Wednesday, insisting on discipline and warning them against being "distracted" by any other consideration. Marshal Juin, who published a newspaper article on Monday severely criticising General de Gaulle's Algerian plan, is now under presidential displeasure and has been officially admonished. These are encouraging signs that General de Gaulle has no mind to let his authority in Algeria go by default.

FISH AND FREE TRADE

A Chance for Partnership

As so often happens in a negotiation, the Stockholm talks on a European Free Trade Association have run into a hitch just when most people supposed that a conclusion was in sight. Just as the Danes have insisted on getting some outlet for their farm products in return for opening their frontiers to industrial goods, so the Norwegians, a fifth of whose exports are fish, have always demanded free trade in fish. In July, the British representatives agreed to remove the barriers against fresh and canned fish. But unlike Norway's Scandinavian neighbours they were not prepared to open the door to frozen fillets—much the fastest-growing sector of the market nowadays. Earlier this month a Norwegian minister visited London for exploratory talks, but he got no change. The Norwegian Minister of Trade then declared in parliament that if it did not get its way, Norway might have to reconsider its intention of joining the new association. The British Government has tried to link the issue with that of the fishing limits, suggesting that Britain cannot accept free trade in fish unless Norway drops its demand for the twelve-mile line ; this has roused Norwegian fishing interests to indignant protests.

As in the Iceland dispute, the position of the British trawler-owners in all this is not hard to understand. But sooner or later the British industry will have to face up to the competition of fish frozen in Iceland and Norway, as well as to accepting the twelve-mile line. Norwegian exports cause the British trawlermen such anxiety because it is cheaper to catch fish off Norway, freeze it there and send it to London in a cargo boat while the fishermen go out for more, than to bring a trawler all the way to Grimsby with every catch. The Icelanders, banned from landing their catches direct in British ports, have already learnt how much more profitable it is to build up their own freezing industry. The future for British deep sea fishermen might well lie in developing a fleet of big trawlers which land their catches for freezing in plants in Iceland and northern Norway. Iceland could do with some more British capital in its plants. Norway already has abundant capacity to spare. And such a partnership might, for a change, give the neglected consumer a look in.

EDUCATION

Priorities and Research

The Queen's speech generally promised everything in education—more opportunities in schools, technical colleges, and universities ; smaller classes, more teachers and youth leaders, better use of leisure. Before he starts trying to meet this bill, Sir David Eccles might profitably take note of the point made by Dr Wall, Director of the National Foundation for Educational Research, that educational decisions involving hundreds of millions of pounds are often taken on the basis of propaganda slogans which (for want of both will and a few hundred pounds) have never been critically examined. Why, Sir David might begin his regime by asking himself, should we lengthen the period of compulsory schooling at one end rather than the other ? Why train *all* teachers for three years *consecutively ?* What solid evidence is there for or against large schools or co-education ?

If he does, he will certainly find that most of these questions are begged ; but he will almost certainly find also that, when any research has been done, it is ignored because it does not support convictions held passionately by educationists. The speech, for example, genuflects to the dogma of the need for smaller classes, so sedulously built up by pressure groups and politicians. Long before classes can be brought down to the levels set in 1945 the Labour party had committed itself to going further and abolishing classes of over 30 in primary as well as secondary schools. Nobody in all the excitement has bothered to find out, or mention, that last February Dr Fleming, of the London University Institute of Education, concluded that all the available research findings on optimum class size point to the conclusion that class size is *not* significant in the attainment of efficient teaching and learning ; indeed some of the researchers found that large teaching groups did better than small ones. Yet the demand for smaller classes has to compete with arguments for a further raising of the school-leaving age, or the improvement of the quality of teachers. Sir David will now find himself having to choose between these alternatives. He might find it useful to enquire just exactly how much real knowledge lies behind any of them, use for his own guidance what there is of it, and set about collecting some more.

CAPITAL PUNISHMENT

The Podola Case

THE Government is considering transferring from the Attorney-General to the courts the right to decide whether an appeal can be made to the House of Lords from a judgment of the Court of Criminal Appeal. No promise of the necessary legislation appears in the Queen's Speech, but the issue has again sprung to prominence because of the Attorney-General's refusal to allow such an appeal to be made on behalf of Guenther Podola.

Since the Homicide Act of 1957 there have been three *causes célèbres* that have aroused last minute efforts to obtain a reprieve. One was the case of Vickers, who murdered in the course of committing theft. Here the question at issue was whether the judges had interpreted too strictly the clause of the Act abolishing the doctrine of constructive malice ; but the Attorney-General refused to allow an appeal to the Lords, and Vickers was hanged. Earlier this year, there was the case of Marwood, who was executed for the murder of a policeman against a background of extraordinary public emotion and hysteria. And now comes the case of Podola, under sentence of death also for the murder of a policeman ; Podola's name, according to the trial judge, "is foresured of a place in the legal history of this country," even though his plea that he was not fit to be tried because of his amnesia was rejected.

There will be no outburst of public emotion on Podola's behalf, and in any case no Home Secretary can be moved by such outbursts when considering whether to grant a reprieve. But by no means everybody feels that the whole of this case has been satisfactorily disposed of, and many people will dislike the thought of executing someone who has made no answer to the charge against him. There are strong reasons for reprieving Podola ; and these strengthen still more the arguments for abolishing the rump of capital punishment, without which cases such as his would never arise.

SOVIET UNION

Air of Confidence

ON Tuesday, the Supreme Soviet met in the Kremlin Grand Hall for one of its brief, infrequent sessions. It was presented with a preliminary estimate of this year's industrial production and with the government's budget and investment proposals for 1960. Mr Kosygin, the chief planner, claimed an increase of 12 per cent in the production of capital goods, and of 10.5 per cent of consumer goods this year; Mr Garbuzov, the Deputy Minister of Finance, outlined the government's plans for next year. There will be a surplus, in the biggest peace-time budget, of 15,500 million roubles: the state will receive 772,100 million in revenue, and spend 707,600 million. The same amount as this year—96,100 million roubles—will be spent on the armed forces; expenditure on science will go up by 15.4 per cent. The budget proposed heavily increased investment in the engineering, chemical and oil industries ; more will also go into housing and the food and consumer goods industries will also benefit. The workers are promised a share in prosperity: they will work seven hours a day (six days a week) for slightly increased wages.

In the brooding presence of Lenin in marble and Mr Khrushchev in person, there was little serious discussion of the plans presented by the government. Most speakers simply complimented the premier, while some indulged in incongruous, but safe, diversions: one deputy complained about the weight of metal beds, and another criticised the offices of the ministry of culture for being over-furnished ; there were several mild requests for more expenditure on local projects.

The Soviet Union has increased industrial production, during the first year of the current seven-year plan, faster than the planners had envisaged ; they are likely to be tempted now to telescope seven into six, or even five, years. Only oblique references have been made to agriculture, where the picture is not so bright. Agriculture in Russia, as in China and Poland, suffered set-backs in the past summer ; agricultural problems will probably be reserved for later consideration by the central committee.

ANOTHER SUMMIT

The Six or the Seven?

THE next summit conference will not be held before October, 1960. This is now definite. It is the problem of how big the conference should be that is the one major question to be resolved. The Four have finally recognised that they must become Six; there is no other way of doing business on the basic issues. So the observer system for the disputed Two that applied at the last meeting has been sensibly abandoned. Here is a major step forward. But as the summit becomes more populated, pressure is growing to make it positively crowded. Already, despite opposition, it may be impossible not to recognise the claims of at least one further power (thus increasing the Commonwealth interest in the meeting), but this extension must inevitably lead to others. It is clear that the next summit is destined to bring together countries of vastly different resources and influence; how far this will hamper its work remains to be seen, although the point has been hotly argued. It is nothing less than a testing time for international common sense.

Andorra is, of course, an admirable choice for next year's meeting-place. And that Andorra, Liechtenstein, Monaco and San Marino should now have invited Luxembourg and the Vatican to join as full members of their club seems a sound idea. (It will certainly lessen the responsibilities of their respective observers at the Vaduz conference of the Little Four last week, Monaco's commissioner-general for tourism and Liechtenstein's inspector-general of Roman Catholic schools.) The island of Sark deserves to join the Six next time, but there must be sympathy for the complaint by Baron von Falz-Fein (Liechtenstein) that Luxembourg "as a member of Nato and the European common market is out of our class." Even so, this problem should not unduly deter the Little Six from their serious endeavours to help the cause of peace "by working for more tourism." That we all want to see.

THE THEATRE

Provincial Crisis

PROVINCIAL theatres are mostly in a bad way ; on the average they are not more than half full. "The people who are staying away from them in increasing numbers," states the Arts Council in its latest annual report, "are the 'steadies': the ones who could formerly be counted upon to visit every new production." And among the hardest hit playhouses are "half a dozen theatres of exemplary quality."

The fine weather this year has not helped, but undoubtedly television is now making its impact on the theatre, more belatedly than on the cinema. The third programmers' snobbish resistance to television is eroding; with a highish standard of drama available in the home, a drab comfortless little theatre has small chance of success. In the West End, where auditoriums are more attractive, visitors numerous, and the bright lights and restaurant world still make a night out seem worthwhile, the theatre continues to flourish. But even there, as one recent failure shows, it seems no longer enough to offer a well-acted, well-written play with an understandable message. The formula is to offer something the "telly" cannot, or only rarely—such as large-scale musicals, top stars, angry young men, a Shelagh Delaney or a Brendan Behan.

If television's attraction is to be expected to wear thin, the provincial theatres should get increased financial support to see them through the crisis. But if their loss of audience is permanent the only sensible course is to have fewer theatres but better ones. The Arts Council at present provides 27 provincial repertory theatres, including the Bristol Old Vic and the Birmingham Rep, with a total subsidy of £60,500, to which local authorities add an extra £31,000, independent television companies (as conscience money) some £10,000 and firms and private patrons about £3,250.

(*Continued on page 411*)

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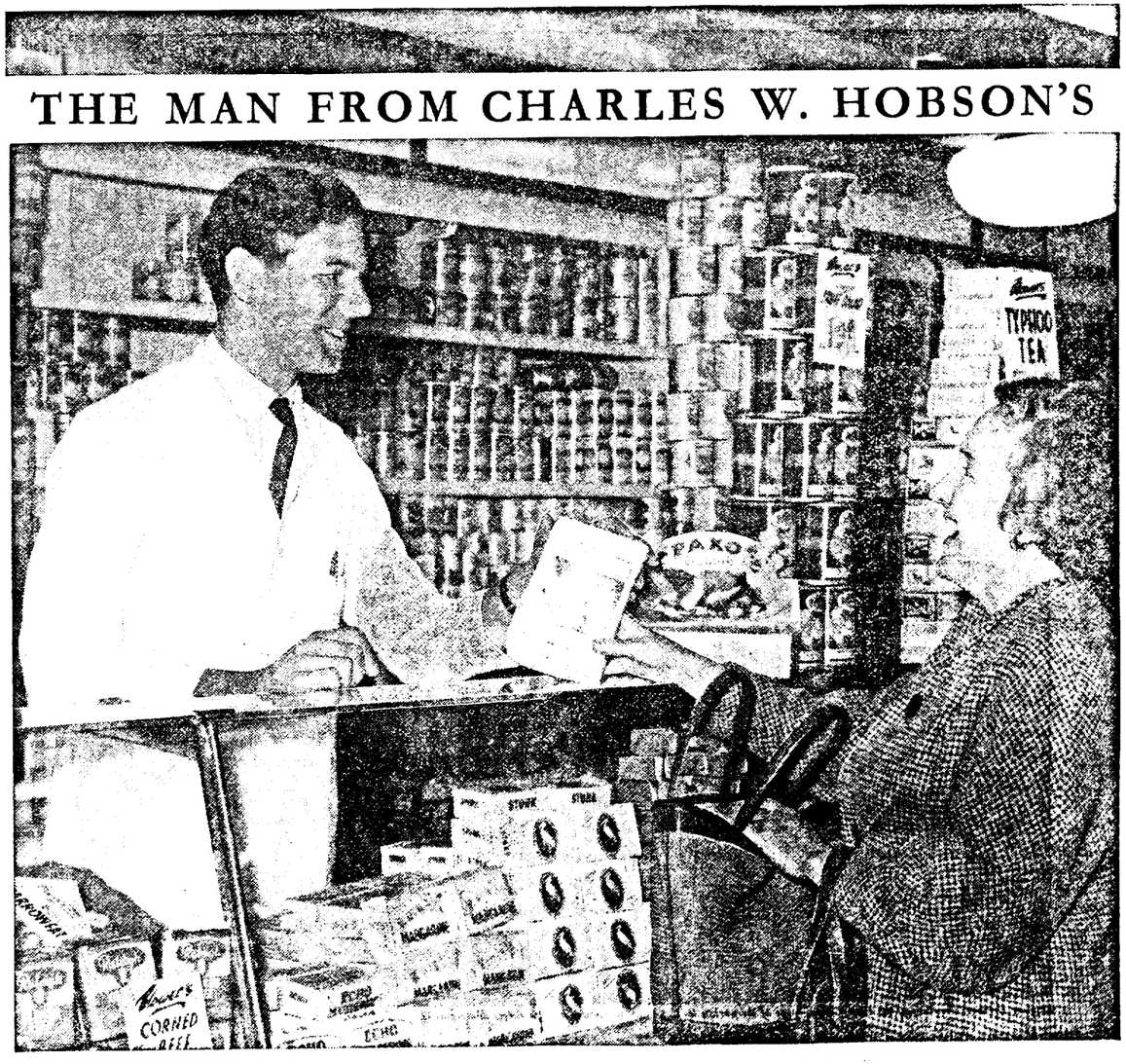

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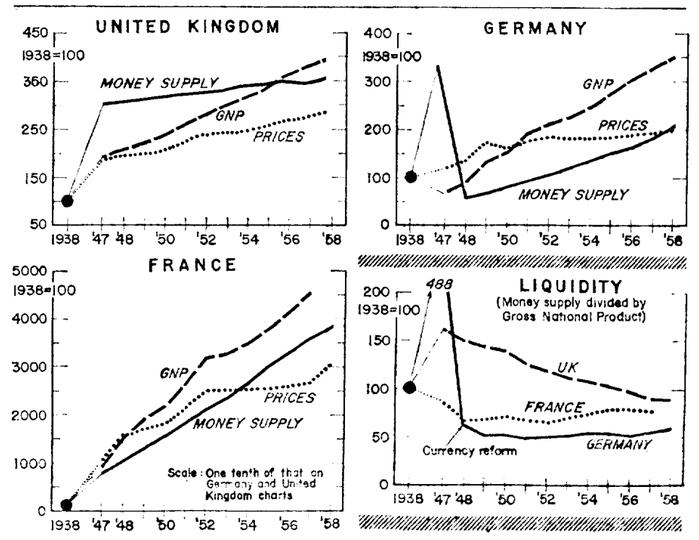
Liquidity: Europe's Postwar Bulge

FOR some time cost and price inflation has been at the centre of fashionable discussion of the inflationary problem. But the Radcliffe committee has drawn attention to another aspect of it: "liquidity" and the cruder "size of money supply"; in particular, it notes *en passant* that the wartime expansion of "liquidity," as it calls it, was a major source of inflation in the postwar years. In the immediate postwar years prices in Britain were held down by controls. But "suppressed" monetary inflation remained. Even the devaluation of 1949 in a sense dealt only with one of the symptoms, shifting the British price level in relation to the outside world. Excessive liquidity —the source of the trouble—remained, and with it payments difficulties. It was not until around 1955 that the wartime legacy was got rid of.

This postwar malady was not confined to Britain; the problem was analysed for Europe as a whole in 1957 by Professor Triffin in his book "Europe and the Money Muddle." But the continental countries tended to cope with the problem in different ways and this has had a profound effect on the course of postwar economic history. The Germans, Belgians, Italians and Dutch, for example, all wiped out the monetary legacy of war by currency reforms which cut back the money supply. And in west Germany, in particular, the monetary stringency imposed as a result has been largely responsible for the remarkable stability of prices since. It provided the ideal context for the dynamic forces—expanding population and huge investment needs—to make themselves felt without inflation. The lack of liquidity in west Germany helps to explain the apparent paradox that the mark has been strong and the pound weak for long periods when prices in Germany were not significantly lower, or not lower at all, than in Britain.

In France, by contrast, General de Gaulle did not follow the advice of M. Mendès-France in 1945 and impose a currency reform. Runaway price inflation followed and with it the postwar devaluations. By contrast with Britain, where there was "suppressed" inflation for so long, prices in France rose so fast that there was soon little "suppressed" inflation or excess money about. Inflation was overt, and the rise in prices itself went on to become the main source of inflation.

The three charts for France, Britain and Germany show how money supply (shown as an index) expanded, and prices rose in each country. Gross national product is shown at *current* prices on these charts to provide a basis for the fourth chart, which relates money supply to GNP at current prices, thus giving a suggestive indication of the trend of liquidity in each economy. Such a chart has limitations. It takes no account of the velocity with which money circulates, or of other forms of liquidity. But it does show the difference of trend in the three countries, how Britain had to squeeze hard between 1950 and 1958 to get rid of the excess wartime money, and how Germany has enjoyed the benefits of past monetary stringency. In France price inflation was the motor of liquidity inflation until, last January, a new leaf was turned.



Continued from page 408.

It is estimated that £100,000 would be needed to re-furbish these theatres and give them a new look. But, modest though the list and the sums involved are, not all these theatres seem to have equal claims to survival. Unpleasant though the task of culling is, the Arts Council should concentrate its patronage on the drama to an even greater degree.

SUICIDE

Five Thousand a Year

EVERY year, 5,000 people commit suicide in England, and a further 5,000 cases of attempted suicide become known to the police; the latter figure is only a small fraction of suicide attempts, and even of these only about a tenth are prosecuted. The Church of England has done a valuable service by publishing a humane, though incomplete, report on suicide—the work of a five man commission, which included a theologian, a psychiatrist and a lawyer, appointed by the Archbishop of Canterbury in March, 1958.

The committee recommends that "consideration" should be given to abolishing the felony of suicide, and that attempted suicide should cease to be a crime. In reaching this conclusion, the members explicitly reject the notion that suicide is a purely private act, an exercise of personal choice in which the community is not concerned. The state, they argue, should continue to condemn suicide and to punish those who encourage or assist it, but the suicide himself is clearly beyond the reach of the courts, and the attempted suicide is more in need of medical attention than punishment. To invoke the criminal law for this end is, however, unnecessary. Adequate provision for compulsory medical care, if compulsion is necessary, already exists; it does not, as the commission seems to think, have to wait on the new Mental Health Act. Thus, the only social reason for retaining the present law is its deterrent effect—which is extremely hypothetical.

But the commission was, of course, mainly concerned with the Christian attitude to suicide, and it suggests an alternative burial service for certain suicides, a form of which is printed as an appendix to the report. This would obviate the indiscriminate use by coroners of such phrases as "while the balance of the mind was disturbed," which are at present incorporated in their verdicts for no other purpose than to ensure that the suicide will be given a burial service. The drawback of this proposal is that it would, as the commission admits, lead to anomalies. The whole story of a suicide may never be revealed, even to a coroner's court; some that appear "voluntary and selfish" may in reality be the result of mental illness.

In conclusion, the report emphasises that the price paid for legal reform is an added burden of moral responsibility. This will

fall partly on relatives and friends, but mainly on doctors and clergy, to ensure that the attempted suicide receives the appropriate advice and treatment, and the more co-operation there is between them the better will both forms of professional help be able to discharge their task adequately.

LONDON

Design for Metropolitan Government

AFTER getting a surfeit of special pleading from local councils, the Royal Commission on Local Government in Greater London has at last been handed a more objective set of proposals by a group of teachers at the London School of Economics, whose chairman is Professor Robson. Their document contains at least three radical suggestions.

(a) *An elected authority for the whole of Greater London.* Foremost among its functions would be town planning, main highways (including, it is hoped, trunk roads), traffic control, and the "overspill" of housing and industry. The dismal state of London's highways lends obvious weight to this proposal. Its chief limitation, which the group recognises, is that the critical zone of London's growth lies beyond the present built-up area—and hence, most regrettably, outside the Commission's terms of reference.

(b) *A new local authority covering the central area of London.* On one suggestion this would extend from Camden Town to the Elephant and Castle and from Aldgate to the Kensington museums. The idea—and it is obviously a good one—is to place all the problems relating to this vital but choked central zone under a single roof ; and also, equally importantly, to provide elbow room for its future growth and for some radical transport-planning within this area. This plan would eliminate as separate units not only Holborn and Westminster, but also the City of London. It would, however, be not merely tactful but completely appropriate to transfer the title and dignities (though not the method of election) of the City of London to the new unit.

(c) *Other Bodies.* These first two ideas would still leave the bulk of local services (education, health, welfare, etc.) to be run by other bodies. Of two plans put forward, that for six "London Counties" is the more appealing. These counties would surround the new central area like the spokes of a wheel. They would be quite large in population (over a million each), though fairly compact in area. The hope is that they would combine efficiency with a measure of mutual competition, and that the integration in each county of Labour strongholds with Conservative suburbs would be politically healthy.

LETTERS

Labour's Future Policy

SIR—You issued a challenge to Labour supporters last week to suggest points for a future programme for Labour. Here are three points of mine.

The first is a social one. It is now the rapidly growing numbers of the new bourgeoisie (the clerks, typists, sales people, technicians, telephonists, advertising personnel, etc.) who hold the political balance between the businessman and the worker. Many of these people live in the bright new life where advertising has its greatest effect (why not some harder hitting Labour posters, issued not only at the next election but spread over the next five years?) and where the sober—even depressing—atmosphere that now surrounds trade unionism has little place. This bourgeoisie is composed primarily of women whose conservative values are increased by reading the security conscious mass women's magazines. Labour must capture these people's interest. More time and money should be spent on Labour's women's features (a real campaign on consumer protection perhaps?); more, and younger, women should be put on the party executive; and devices like fashion shows, of the sort now used as a recruiting weapon by the National Union of Bank Employees, should be freely used.

The two other points are more brief. You are right in saying that the Labour youth movement needs strengthening. Why should not teachers, the majority of whom, when they are politically conscious at all, are Labour, play a larger part. The National Union of Teachers might arrange discussion groups and Trotskyites need only be feared if the meetings are made so dull that only zealots will attend. Discussion must range widely and Labour needs to remove at once the disciplinary straitjacket in which its youth movement is now imprisoned.

The third suggestion concerns the unions. Labour intellectuals should think seriously of how they can improve the unions' image as well as their own. Full-time public relations officers in the unions—of whom at present there are virtually none—would help, since the public dislike more than anything the niggling secrecy with which trade union affairs are surrounded. In truth, the unions often have a much better case than they ever allow the public to realise.

These considerations of home policy must come first. Foreign policy, vital though it is, does not win votes.—Yours faithfully,
London, N.W.3 G. R. HOGAN

SIR—Surely the Labour Party has not to search very far to find a 1960 edition of its traditional policies. It has been said that when a handful of Labour MP's entered Parliament in 1906 the "conditions of the people burst upon Parliament." For the first part of this century this meant creating a public opinion which refused to accept the poverty and inequalities in the living conditions of many people and so built up the welfare state.

The problems of the conditions of the people in 1960 are obviously different to those of 1906. Mass poverty and gross inequalities have been reduced but, in raising the standard of living, we all seek more living space and means to travel about and so we have the problems of urbanisation. The large towns are sprawling out and many of us have to travel a longer distance to work. Can we really expect people, in London for example, who have to undergo the horrors of rush hour travelling in the tube to be clamouring for more nationalisation? Perhaps advocates of nationalisation while waiting in a bus queue on a wet evening find great comfort that they are waiting for the benefits of a service which has all the advantages of common ownership. If so they have an excellent opportunity to pass on their enthusiasm to the other people in the queue and so get more converts.

We are a nation of town dwellers and therefore a fight against the monotony and ugliness in our urban surroundings would be the next step in improving the conditions of the people. At the same time it is important that we face up to the implications of the motor car age and ensure that people can travel about in comfort with reasonable speed. Tories boast that the increase in the number of private cars is a sure sign of prosperity and appear to assume that it can go on for ever, or at least for twenty five years. Socialists should insist that the increase in private prosperity has not spread to the public sector where there are still inadequate social services, drabness and inadequate amenities for civilised living conditions. We have public poverty in the midst of private prosperity.

If the economy goes on expanding our surroundings will be considerably changed. The Labour party has a great task in insisting that these changes shall produce not the frustration of the present uncontrolled sprawl but pleasant and agreeable living conditions for everyone. Why should not we all have equal opportunities for gracious living ? —Yours faithfully, L. G. STONE
Westcliff-on-Sea

MOTOR BUSINESS

The current issue of this quarterly research bulletin contains the following articles:

A FINANCIAL AND ECONOMIC ANALYSIS OF THE BRITISH MOTOR INDUSTRY:

THE SPECIALIST CAR MANUFACTURERS

THE SPANISH MOTOR INDUSTRY

THE ESTATE CAR

The regular graphical section has been expanded to include a new section analysing world vehicle export markets.

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SIR—Although one must agree with your view that the time has come to stop exaggerating or generalising about the Labour defeat, you have failed to stress one major cause of Labour's failure to attract the electorate. As the standard of the nation continues to rise, so the electorate looks for an alternative government which in their eyes represents the communities' interests. This is the image that the Labour party has failed to put across to the nation.

Can one assume that therein lies the hope for the Liberal alternative?—Yours faithfully, D. FISHMAN
London, NW11

Labour's Local Problem

SIR—It seems to be common form now to condemn those "tight-knit bodies . . . the caucus meeting of Labour groups of local councillors." Yet they are equivalent not to the "outside" party you wish to reform but to the Parliamentary Party to which you wish to assign greater responsibility.

Caucus is an emotive word. It implies dictation, usually by stupid or extreme elements. But in Labour groups the process of discussion is entirely democratic, guidance and leadership are willingly accepted, wisdom and responsibility are as influential as numbers and one seldom feels frustrated as a member of the minority (usually very small). Would decisions be any better if the caucus never met? In nine years I recall only two occasions of profound disagreement with a group decision. Both were on relatively minor points and acquiescence seemed a small price to pay for unity on essentials.

Responsibility to electors must be clearly fixed somewhere. Where else but in the majority party? Its meetings decide policy, exercise ultimate control over administrative decisions and provide the only means —above official level, where it is not always effective—of co-ordination of the work of numerous committees.

Nor, in Leeds, at least, are the Conservatives less disciplined. I remember only one occasion on which a minority view was expressed—by Catholics against a grant to the Family Planning Association. Labour members enjoyed the same freedom. On the occasion of a "free vote" the Conservatives voted to a man for one scheme to improve City Square in preference to another. Astonishing agreement upon an æsthetic matter—if no discipline were imposed! As for Independents (in most cases a grossly misleading description and one condemned in 1948 by Lord Woolton) it is common knowledge that in councils controlled by them a small "caucus" takes most decisions in private and finds little difficulty in avoiding open disagreement.

I would not defend every decision of every Labour controlled council. But to substitute anarchy (or "hidden persuasion") for party discipline is no cure for (allegedly) wrong policies.—Yours faithfully, H. VICTOR WISEMAN
Deputy-Leader, Leeds City Council
Leeds

Motor Cars

SIR—It is stated in your article on mini-motoring, "Cars for the Greatest Number," that if the engine is at the rear, the superfluous front space can hardly be used. I disagree with this and would invite your attention to another sort of mini-vehicle, in which the front space is used.

I refer to the Volkswagen Mini-bus and the Fiat 600 Multipla. It may be objected that a mini-bus is not a car, but the Fiat Multipla most certainly is. It has six passenger seats within an overall length of 11 ft. 7½ in. and use is made of the front space by seating the driver and the front passenger on top of the front wheel arches, with their feet in front of the arches.

The driving position is good. One is seated in much the same position as on a dining chair. One seldom hears of people complaining of fatigue at table and yet most people spend a long time sitting there, probably a longer time each day than most drivers spend at the wheels of their cars. Visibility from the driver's seat of a Multipla is excellent, while being right at the front of the car makes the judging of close distances easier and so lessens fatigue.

The design may have some disadvantages, especially from the point of view of protection in the event of head-on collision, but in my opinion these are more than offset by the possibility of greater safety due to more precise and less fatiguing control. In particular, the steering wheel is directly in front of the driver and is not set skew to the centre-line of the car, while the pedals are set more symetrically in relation to the driver's body than in a great many cars—of all sizes—where the front wheel arch interferes with the convenient position of the pedals.

I speak with experience, having now driven a Multipla more than 53,000 miles and having on one occasion driven it 648 route-miles in a single day.—Yours faithfully, GEOFFREY INNES
London, SW10

SIR—I must spring to the defence of my much-beloved Anglia (now Popular), which you criticised for its fuel consumption last week. You have missed the point that it runs perfectly well on 4s. 3d. petrol at the same consumption rate as given in your table. I am sure that this price factor must invalidate a good many fuel consumption figures for other motors in the table.

Incidentally, the new Anglia has one great disadvantage over the old model for tall people in that the driving position is now almost impossible for them.—Yours faithfully, DAVID BETT
London, SW5

Soviet History

SIR—In your tendentious account of the new "History of the Communist Party of the Soviet Union," you say (to take one example) that "the defence committee which directed the Soviet war effort is ignored."

In reality, the book refers to the formation of the State Defence Committee, headed by J. V. Stalin. It continues: "In the hands of the State Defence Committee was concentrated *the whole totality of power* (their italics) in the Soviet State. It united the activity of all State institutions, Party, YCI and trade union organisations, directed the creative initiative of the workers, collective farmers and Soviet intelligentsia for the defeat of Fascist Germany."

In addition, the book states that "the resources and reserves of the country were redistributed to assure to the front all it required by directives of the Central Committee of the Party and the State Defence Committee," that universal compulsory military training was introduced "by a resolution of the State Defence Committee on September 18, 1941," that on its instructions new power stations were built in the Urals and Siberia, and measures taken to increase coal output in the Chelyabinsk and Kizel coalfields, that together with the Central Committee of the CPSU and the Central Council of Trade Unions it instituted challenge banners for the wartime Socialist emulation.

Wasn't this a strange way to "ignore" the work of the Committee?

You say the book "prefers to dwell on the activity of individual party envoys, particularly of Mr Khrushchev, who emerges as one of the defenders of Stalingrad."

In reality, Khrushchev is mentioned exactly once in the 75 pages devoted to the war period—say 27,000 words—and then in a list of other prominent people appointed by the Party to responsible war work: and *not* in connection with Stalingrad at all. Moreover, the section in the main dwells very little on "individual party envoys": what it does dwell on—so far as organising the war is concerned—is the CPSU and its Central Committee.

You say that Marshal Zhukov "is simply mentioned among many commanders of lesser importance." It would be interesting to know why you consider Rokossovsky, Konev, Malinovsky, Tolbakhin, Valutin and others mentioned with Zhukov in the list on p. 575 as "of lesser importance," although they too are simply mentioned with him as "outstanding military com-

manders"—and were so mentioned often enough during the war itself.—Yours faithfully, ANDREW ROTHSTEIN
London, N6

Mr Rothstein makes the most of one slip, for which we apologise (the reference to Stalingrad), and two debateable points: the way the new History plays down both Marshal Zhukov and the State Defence Committee (whose members, such as Molotov, Malenkov and Beria, are not even named) is obvious and revealing.

No Par Shares

SIR—Now that we have the general election behind us and a government in office which is pledged to a review of the Companies Act, may I seek this opportunity, through your columns, of reminding the new President of the Board of Trade of the recommendations of the Gedge committee in favour of the permissive issue of shares with no par value.

We are on the verge of the era of the "trilby hat" investor (to borrow your own phrase) and this is surely a propitious moment to take a small step forward towards the production of more intelligible accounts which he and his employees can readily understand. Enlightened legislation of this nature could be a contributory factor in improving industrial relations between the employers and the unions and, who knows, even the politicians might cease to regard a major portion of the nation's economy as a shuttlecock to be tossed to and fro at five-yearly intervals.—Yours faithfully, D. F. GOCH
Stevenage, Herts

English Nationalism

SIR—Returning from a few weeks in a part of the world which even *The Economist* scarcely penetrates I am interested in your readers' reaction to your article on "The Helpless Majority"—the English in their own rich, comfortable country.

It is an amusing article whose reaction to the odd names of people from other parts of these islands belongs to a tradition as old as John Milton's day. It would be a pity, however, if it tended to conceal from English readers a fact which is well-recognised in every part of the world outside England—the fact that the nationalism of Englishmen is something deeper, more effective and more self-confident than the patriotic feeling of any other nation whatever. English nationalism has had no need to be self-conscious. It is part of the air which Englishmen have breathed for centuries past. To them civilised living seems impossible without it.

Unfortunately, perhaps, it is something which other civilised peoples—Scots, Irish and Welsh as well as those outside these islands—cannot be expected to share. International understanding would be easier for all of us if Englishmen were a little more aware that their national self-confidence is something quite extraordinary and quite unusual in the world. Yours faithfully, J. M. REID
Glasgow, S1

BOOKS

Making Sense of History

The Sense of History: *Secular and Sacred*
By M. C. D'Arcy.
Faber. 301 pages. 30s.

On the Philosophy of History
By Jacques Maritain.
Geoffrey Bles. 141 pages. 15s.

HERE are two Roman Catholic philosophers trying to make sense of history. Father D'Arcy's is a rambling and ill-constructed book. Sentences swerve aside to snap up errant ideas; paragraphs begin and end without relation to the development of the theme; every statement of a case is balanced at once by its antithesis, with constant repetition; articles are discussed for several pages, without the reader being told where they appeared; there are innumerable quotations, and a maddening absence of references. It might have been a better book as a collection of essays on individual writers: Vico and Newman, Toynbee and Tillich, Marrou and Teilhard de Chardin, Gerald Heard and Butterfield, Collingwood and Croce. Nevertheless, it is rich in historical, philosophical and literary allusion, full of sudden shafts of penetration and imaginative courage, and kindling here and there into eloquence. It begins with an excellently balanced and perceptive chapter on the nature of historical knowledge. And it is notable above all for clarifying and justifying the activity we call "philosophy of history." This is different from scientific or historical inquiry; it is an epic or gnomic interpretation; "it answers an undying desire to have some intimation about how human life proceeds." The philosopher of history "is not bound to accept the rules laid down by Geyl."

The meaning of history can be looked for in two different directions. Either history can be seen as a spiral ascent of the successive generations, a march of mankind towards a goal, a field of collective human achievement. Or it can be seen as a testing-ground for individuals, the continuous present of personal experience. This is the traditional Christian view—that history is the arena of salvation. In his central chapter Father D'Arcy restates it with freshness and cogency. But for most of the book he is trying to distil a Christian theory of progress in this world, out of the mysterious Pauline language about the reconciliation of all things in Christ and Vico's doctrine of Providence.

> History is not to be a waste product, and we carry our sheaves with us into the kingdom of God.

"History" here becomes very imprecise. It seems to be both the sum of human achievements in time and the historical process itself. It becomes a modern transcription of what St. Paul, a pre-Hegelian thinker, called "all things" or "the whole creation." Much of Father D'Arcy's argument raises the same kind of disquiet as the organic theory of the state. Perhaps it would not be improper for Christians to imagine that collective artistic achievements, like Chartres Cathedral or the Sistine Chapel, may be preserved, transfigured, in the New Jerusalem beyond the end of history. But it is difficult to see how collective social achievements, like the abolition of slavery or the welfare state (which Father D'Arcy will mention in the same breath), can be thought of in similar terms. One expects him to argue that the Last Judgment will be a judgment not on individuals only, but also, like the Nuremberg Tribunal, on groups and communities.

M. Maritain sees the philosophy of history as part of moral philosophy, and his book, which is a quarter the length of Father D'Arcy's, has more intellectual discipline. He derives the meaning of history from the parable of the tares. This illustrates "the law of two-fold contrasting progress": that good and evil grow together, that history has two immanent movements constantly intersecting, so that (to give crude examples) totalitarianism has marched in step with a growing concern for human rights, and there is always a Hitler to stand over against a Roosevelt or a Gandhi. This is a more satisfactory picture, whether tested by consistency with the premises that M. Maritain and Father D'Arcy share or by correspondence with historical experience. Round this central law M. Maritain groups various other suggestive generalisations about the tendency of history, roughly divided into "axiomatic formulas or functional laws" and "typological formulas or vectorial laws."

The layman will probably like the rich confusion and poetical texture of Father D'Arcy's book, as well as its endearing modesty. The social scientist, if he is in the market for this kind of writing at all, may prefer M. Maritain's concision and mandarin manner.

Map with Augmentation

The Trade Cycle
By R. C. O. Matthews.
Nisbet: Cambridge University Press. 315 pages. 12s. 6d.

EXPLORERS do not always make successful settlers, and conversely. Similarly, the speculative *avant-garde* among economists—as among other scientists—do not always shine as consolidators, interpreters, and establishers of permanent communications with the rear or between one another. Yet just as the pioneer must share something of the explorer's qualities, so the consolidator and *rapporteur* of new ideas must himself have a gift and taste for intellectual adventure. The outstanding quality of the Cambridge Economic Handbooks, to which Mr Matthews's "The Trade Cycle" is the latest addition, is that they demonstrate just this dual gift; their writers have, in varying proportions, both the pioneer's curiosity and intellectual drive and the *rapporteur's* gift for establishing liaison. "The Trade Cycle" is emphatically a case in point. This is "the new map with the augmentation of the Indies," setting the territory esoterically explored during the last dozen or so years in a comprehensible relation to the main continent.

Less metaphorically, Mr Matthews has written the first comprehensive version of the new, post-Keynesian, predominantly "real" rather than monetary, theory of the trade cycle. It is rather tougher than most of the Cambridge series; but that is the fault of its intrinsically very tough subject, and no kindlier introduction to the fundamental equations that provide its theoretical skeleton can be imagined. (Shocking as it may seem to mathematicians, quite a lot of quite intelligent people do not know the difference between a linear and a non-linear function. Mr Matthews explains these and similar terms as he goes.) A nice balance is kept throughout between rigorous *a priori* reasoning, commonsense judgment, and historical evidence (Mr Matthews has himself written "A Study in Trade-Cycle History.") The argument moves logically from formal model-building through the study of investment (considered both as an aggregate and as a process of sectoral interplay), of consumption and of the monetary factor, to the question of upper and lower turning points, international interactions, periodicity, the relation between cycle and trend, and, finally, policy. On policy, the conclusions are cautious but, provided one is not expecting the impossible, optimistic. Some fluctuation is bound to subsist if only because of "genuine variations in the need to add to the nation's capital stock"—let alone sectoral overshooting, "echoes" of past fluctuations in the form of bunched replacement needs, and the uneven pace of innovation. But a compensatory government policy which, by fiscal and other measures, keeps national income, as distinct from private investment, reasonably steady can prevent these irreducible elements from cumulating.

In the longest run and the widest sense, Mr Matthews follows Keynes in foreseeing a need to guard against stagnation rather than inflation. One cannot safely take a line through the postwar years and assume that the forces militating against full employment have permanently lost their effectiveness. It is indeed possible, he concedes, that there has been some permanent change; but this has yet to be proved. Set against his account of the inflationary pressure exercised, in a state of full employment or near it, by trade unions and price-fixing organisations generally, this conclusion seems not so much shaky in itself as derived from a different and irreconcilable analysis. But it is perhaps just as well that the reader should not be left with the impression that he—or even Mr Matthews—has all the answers.

Ministers and Dictators

Documents on German Foreign Policy 1918-1945: *Series C, Vol. III.*
The Third Reich: First Phase
Her Majesty's Stationery Office. 1229 pages. 60s.

THIS volume begins with the first meeting of Mussolini and Hitler in the middle of June 1934 and closes with the visit of Simon and Eden to Berlin at the end of March 1935. It was a savage period, embracing the German massacre of June 30th and the assassination of both Dollfuss and Alexander of Jugoslavia. In January 1935 the plebiscite in the Saar was carried through without major disturbance but without any real diminution of tension. Just before it took place Laval went to Rome and came to terms with Mussolini; the latter, far from being won over by his encounter with Hitler, appeared to be organising what German diplomacy denounced as encirclement. "The foundations for an encirclement of Germany have thus already been laid," wrote Hoesch, the German ambassador in London, to Berlin on March 19, 1935 "and only Britain's attitude will decide whether it will come to encirclement or not." Whether Hitler shared the anxieties of men like Hoesch is doubtful, and there is reason to suppose that, when Mussolini received Laval, he was more concerned to buy off French opposition to an Italian attack upon Abyssinia than to save Austria. It remains true, nevertheless, that the British visit to Berlin in March seemed to Europe to be a perfidious selling of the pass, which was later recorded in the naval agreement made between Britain and Germany in June.

Simon, together with Eden, had repeated conversations with Hitler on March 25 and 26, 1935; we are here provided with the lengthy records made by the German interpreter, Paul Schmidt. These are in some ways the most interesting material in this volume. Simon, according to the German account, showed more stamina than his critics at home believed at the time; like all Britain's rulers in that period he hoped that Germany could be soothed and contained, but he expressed clear disappointment at the end of his interviews with the Fuehrer in spite of Hitler's incessant insistence upon the lamb-like innocence of Nazi Germany.

If the Germans were afraid in 1934 and 1935, this was also due to their financial predicament. On June 18, 1934, the Reichsbank informed the Reichswirtschaftsminister that, in spite of the restrictive measures that had so far been taken, "the daily withdrawals from the Reichsbank are larger than the receipts." The Wilhelmstrasse, as shown, for instance, in a note to the Reichsfinanzministerium on October 15th, was much disturbed by the whole situation; foreign irritation over Germany's failure to pay for goods already delivered led to "a paralysis of our freedom of action in all spheres of foreign policy." The financial situation was, it appears, as critical as German emigrés declared at the time.

Judgment on Creation

The Novel of Violence in America
By W. M. Frohock.
Arthur Barker. 249 pages. 25s.

NO body of current literature is subject to more serious or voluminous criticism than American fiction. At times the quality of judgment surpasses that of actual creation. This may not be a good thing, but it makes for brisk reading. Thus Mr Frohock's book positively crackles with intelligence. Primarily an expert on French literature, he brings to the discussion of the masters of the American novel the lucid urbanity of the *feuilleton*. Matters are taken seriously but not too much so, and the result is a refreshing change from some of the ponderous solemnities put forward by academic critics.

Mr Frohock is at his best when he deals with writers not absolutely of the first rank. Robert Penn Warren is probably the most interesting novelist at present working in America. But even his best work is, in some central respect, unsatisfactory. The essential vision is oddly blurred, and the intense and sumptuous style seems to move in excess of the author's actual purpose. Mr Frohock acutely suggests that Mr Penn Warren's vision of the South, his lyric regionalism, is simply not adequate to portray existing realities. Warren himself may be aware of this margin of deception and the consequence is a persistent unsteadiness in his characters. Similarly, Erskine Caldwell should be a greater writer than he is. His technical equipment is superb and he commands a unique range of ferocious humour. But his attitude towards his personages and the grim setting of their lives is ambiguous. He is not certain whether to laugh or weep at the human condition along Tobacco Road. And this uncertainty gradually infects the response of the reader. Mr Frohock's closing chapter on the late James Agee is equally perceptive. Agee's fragmented career is a parable of the dangers besetting the man of letters in the American market. Immensely gifted in diverse directions, Agee scattered his life and work between bouts of serious writing, brilliant journalism for Mr Luce and stages in Hollywood. He wrote a little too well for *Fortune* and not quite well enough for literature. Yet there are pages in his work

to support Mr Frohock's theory that "our major novelists may be going . . . elsewhere."

On the giants—Dos Passos, Wolfe, Faulkner, Hemingway—Mr Frohock has intelligent things to say, but the mass of existing criticism is so great that he brings little new. Faulkner's genius for imposing on the rebellious reader his own wild view of language and action and the essential paucity of Hemingway's range (his root unwillingness to take risks) are stock themes in contemporary scholarship and criticism. One would like to hear Mr Frohock on fresher ground—on Cozzens for example: not the Cozzens of a recent shoddy best-seller but the author of "Guard of Honour," the subtlest and most mature novel of American postwar fiction.

Even so, this is an excellent piece of work, and the reader should not be put off by a title wholly inadequate to its range of interest.

Publisher and Author

An Occupation For Gentlemen

By Fredric Warburg.
Hutchinson. 288 pages. 21s.

After a childhood passed in a Jewish family mansion in Bayswater, and a period at Westminster, the army, and at Oxford, Fredric Warburg passed at once into his chosen vocation as a publisher. The essentials of the trade were learnt under his "master," Mr William Swann Stallybrass, chairman of the conservative and long established firm of Routledge. When Mr Stallybrass died in the early thirties, Mr Warburg tried valiantly to bring Routledge up to date, a metamorphosis stoutly resisted by the board, and which led to only one tangible result, the dismissal of the author. Undismayed, Mr Warburg decided to set up as a publisher on his own account and with a sum of £3,100, most of which was provided by his partner Mr Roger Senhouse, purchased the bankrupt but distinguished firm of Martin Secker.

In Roger Senhouse, the author gained a partner with both outstanding literary ability and judgment, and an extraordinary talent for raising money when the firm ran into difficulties. Without Mr Senhouse, the firm would rapidly have returned to the bankruptcy court, but of this Mr Warburg is happily unaware, blaming him for the consistent lack of commercial success in the early years, and presenting him as an amiable eccentric dominated by his astrologer. The real reason for the firm's perennial losses was the abandonment of Martin Secker's tradition of literary publishing for a policy of left wing political publication. The field had been pre-empted by Mr Victor Gollancz, and Mr Warburg's books, admirably radical and anti-communist as they were, never had a chance. With the exception of André Gide's "Return from the USSR" — obtained incidentally by Mr Senhouse — and George Orwell's "Homage," they also seem to have been extremely dull. Other books published by the firm in the three years before the war, were Gabriell Chevalier's "Clochmerle," Erskine Caldwell's "Tobacco Road," and Thomas Mann's "Stories of Three Decades," all inherited from Martin Secker, and "The Fate of Homo Sapiens," by H. G. Wells.

When Mr Warburg sticks to publishing he is interesting, but the strictly autobiographical parts of the book are less satisfying. His relations with his first wife are discreetly passed over, save for the revelation that she sent him to be psychoanalysed. Those with his second wife are described at inordinate length. More sagacious than the first Mrs Warburg she supported her husband without reservation of any kind, and the marriage has been ideally happy. "Partisanship," reflects the author, "is one of the greatest gifts from a wife to her husband." It certainly appears to have been fully employed, since the author quarrelled with almost everyone with whom he had business dealings, dismissing even his devoted secretary, Tanya Benkendorff, who had obtained H. G. Wells for his list.

To this uneven book we are promised a sequel, which will doubtless describe the rise of the firm to its present prosperity, and may even answer the question suggested by the title. Meanwhile one may conclude that whether or not publishing is an occupation for gentlemen, writing is possibly not the best employment for the talents of publishers.

Anthropology and Minorities

Minorities in the New World

By C. Wagley and M. Harris. *Columbia University Press.* London: *Oxford University Press.* 336 pages. 48s.

This book is mainly based on Unesco reports comprising "a critical inventory of the methods and techniques employed for facilitating the social integration of groups which do not participate fully in the life of the national community by reason of their ethnical or cultural characteristics." It deals with Central and South American Indians; Negroes in the United States and in Martinique; the French in Canada; and Jews in the United States. In addition to studies of the historical conditions that have affected these minority groups, the various policies and methods followed in solving their problems, and how they find themselves today, the authors claim to make "at least a beginning toward applying the comparative approach of social anthropology to minority problems."

The reader is left in some doubt whether these problems are those of policy on the part of the majority, interests on the part of the minority or analysis by the anthropologist. The abstracts of the reports, which are clear summaries of the historical backgrounds of the minorities, suggest that it is the first two problems that the authors have in mind. We turn in vain to the conclusion—"An anthropological view of minority groups"—for an attempt to solve the third problem. We are told here that minority groups need to be seen in the general picture of the long-term development of human societies, and are treated to a brief discussion of the dogma of the national state as a formative influence. The second anthropological approach, it is claimed, is that a knowledge of the pre-minority past of a group, of the conditions surrounding its genesis as a minority group, and of its subsequent historical relations with the dominant majority is crucial to understanding its contemporary position. This is the book's strongest card, but not, one would have thought, specifically anthropological, unless you assert with the authors that anthropology is an historical discipline.

The third anthropological approach is that, given this frame of reference, it is necessary to know the functional relations of the minority to the dominant majority, and to other groups. This receives some treatment in the reports, but only in the most generalised form. The final anthropological approach, we are told, is to compare these situations with similar ones involving other cultural traditions and other social arrangements—legitimate, but not attempted. The "anthropological" view concludes by bringing us full circle to a liberal (but not anthropological) view of the problems of pluralism and assimilation.

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AMERICAN SURVEY

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

Candidates Sharpen their Issues

WASHINGTON, DC

THE parallel campaigns for the presidential nominations of the two major parties—nominations which will not be made until next July for an election to be fought next November—have not only become more intense in recent weeks but have also begun, rather surprisingly, to generate real conflicts over issues. The leading contenders appear to have made in common the discovery that charm alone is not enough.

Governor Nelson Rockefeller, who rescued New York Republicans a year ago from what was elsewhere a dark hour for his party and who would now gladly captain its defence of the White House, has learned the hard way that it will not be easy to wrest the succession from Vice President Nixon. On a visit to Chicago earlier this month, his first avowedly political trip outside New York since his victory there, Mr Rockefeller addressed a group of editors, conferred with numerous midwestern politicians, attended two receptions, and dined with the leaders of the Chicago business community. In the informal meetings and receptions, his genial personality made a favourable impression on even Mr Nixon's staunchest supporters; in his appearance before the editors, however, Mr Rockefeller was obviously sensitive about his reputation for being a political "charm boy" who gets by on his personality and glamour. He was dignified and serious to the point of solemnity. These variations in style are not, of course, unusual in an accomplished public man. What was new, for Mr Rockefeller, was the realisation that they were much less effective in making converts from the Nixon camp in the midwest than they had been in routing his rivals for the New York Governorship last year. The midwesterners responded favourably to the blend of charm and seriousness, but they made it clear that they still preferred Mr Nixon.

Mr Rockefeller has now decided that he must enter as many state primary elections against Mr Nixon as possible and woo the Republican rank-and-file in these contests which give party members a chance to show which potential candidate they prefer. His much-publicised "invasion" (actually a two-day speaking tour) of California, his rival's home state, in November, is part of the development of this aggressive strategy. Previously, Mr Rockefeller had hoped to limit his confrontations of Mr Nixon and to depend on what was expected to be the latter's poor showing in the public opinion polls to demonstrate that "Nixon can't win," and on his own missionary work among influential businessmen and politicians to bring the party apparatus under his control. But the Vice President has done very well in the polls since his trip to Russia and Poland and therefore most of the powers-that-be in the party seem content to gamble on making him the Republican candidate.

Governor Rockefeller's need to bring the battle aggressively into the open and force the pace requires him to develop some clear-cut differences between himself and Mr Nixon. This is not a synthetic process because the two men have important disagreements on policy but until recently the Governor has minimised them. On domestic affairs, he believes strongly that the federal government should play a positive role in promoting economic growth and expanding programmes for social welfare; Mr Nixon is a conservative who does not dissent from the Eisenhower Administration's position that the government's part should be minimal. However, it would be surprising if Mr Rockefeller developed these particular differences very far because he rightly suspects that he is in advance of the majority of his party on such domestic issues.

Foreign affairs appear a more promising front on which to join battle. Mr Rockefeller is a wholehearted supporter of the basic tenets of the late Mr Dulles. He believes that the cold war is a global struggle likely to continue for many decades and that the West's position has a moral basis on which no compromise is possible. He is no believer in the value of summit meetings. He goes beyond Mr Dulles in that he thinks that much more can be done to wage the cold war effectively on the propaganda and economic fronts. When he was an aide to Mr Eisenhower in the White House in 1955-56, he argued consistently for larger schemes for foreign economic aid and psychological warfare. It is not easy to define Mr Nixon's views on foreign affairs, since he has appeared more frequently in the guise of a publicist than in that of a policy-maker, advocating and defending the Administration's concepts such as "massive retaliation" without making clear how far he is committed personally. There is no doubt, however, that at present he has fully identified himself with, and staked his hopes on, the latest Eisenhower policy of relaxing the cold war by personal meetings between the heads of state.

In recent weeks Mr Rockefeller has opened a discreet, impersonal attack on this Eisenhower line. He has let it be known that he warned the President against the pitfalls of an exchange of visits with Mr Khrushchev. He has protested publicly against relaxing trade barriers before the Russians adopt normal capitalist practices in international trade. He has placed heavy emphasis on the building of shelters to protect the civilian population from attack as part of a plan to strengthen America's psychological defences against nuclear blackmail by the Soviet Union. He has urged that underground atomic tests should be resumed so that the West does not fall behind in the development of weapons. If he presses these proposals, Mr Rockefeller will make it possible for there to be a public debate on questions of foreign affairs and military policy; this the Democratic opposition, badly divided as it is on the subject, has failed to provide.

WHILE there is nothing in the Democratic scramble for the Presidency which resembles the grand confrontation now developing between Vice President Nixon and Governor Rockefeller, the announcement by the Speaker of the House, Mr Rayburn, that he and other Texans intend to put up Mr Lyndon Johnson, the Texan leader in the Senate, as their state's "favourite son" for the nomination, makes probable a showdown at next year's convention between liberals and conservatives for control of the Democratic party.

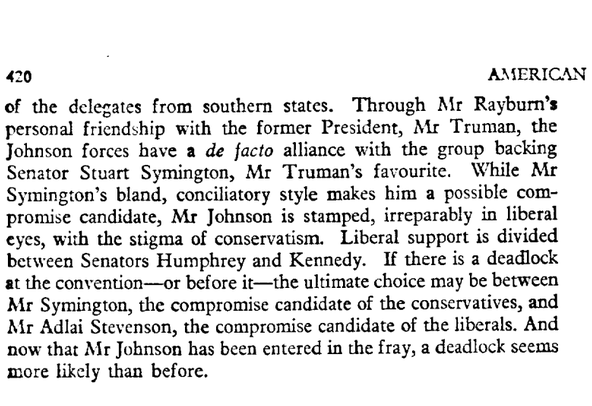
Although Mr Johnson has refused to make any formal avowal of his candidacy, he seems fairly certain to have the support of most

of the delegates from southern states. Through Mr Rayburn's personal friendship with the former President, Mr Truman, the Johnson forces have a *de facto* alliance with the group backing Senator Stuart Symington, Mr Truman's favourite. While Mr Symington's bland, conciliatory style makes him a possible compromise candidate, Mr Johnson is stamped, irreparably in liberal eyes, with the stigma of conservatism. Liberal support is divided between Senators Humphrey and Kennedy. If there is a deadlock at the convention—or before it—the ultimate choice may be between Mr Symington, the compromise candidate of the conservatives, and Mr Adlai Stevenson, the compromise candidate of the liberals. And now that Mr Johnson has been entered in the fray, a deadlock seems more likely than before.

Defending the Dollar

THE announcement that the Development Loan Fund is to require most of its new loans to be spent in the United States is the opening shot in a broad effort to reduce the American deficit on its international payments and to remove any doubts about the future of the dollar. Within a week Mr Dillon, the Under Secretary of State, was urging signatories of the General Agreement on Tariffs and Trade, meeting in Tokyo, to sweep away the remaining discriminations against dollar goods, which the International Monetary Fund has declared to be justified no longer, and to end quantitative restrictions of all kinds. At home American businessmen are being exhorted by the government to become more aggressive exporters.

The United States has a trading surplus of about $3.5 billion a year; the payments deficit arises from a net outflow of government grants and loans amounting to $2.5 billion a year, private capital movements of about $2 billion, and military spending abroad of a further $3 billion. Even Mr Anderson, the influential Secretary



of the Treasury, who is leading the attack on the deficit, does not hope to eliminate it, but only to halve it, partly by putting pressure on America's now prosperous allies to shoulder more of the burden of foreign aid and of the common defence. Roughly half of the economic aid provided by the United States is spent, by the recipients, outside the United States. To Mr Anderson and many members of Congress it is intolerable, when the United States is losing gold, that it should create a risk to its remaining gold by pouring dollars into the pockets of countries such as Western Germany and Japan which are not doing their share. Unless Congress is convinced that changes are on the way, the foreign aid programme and the liberal trading policies of recent years stand in real danger.

Many Americans deplore the "Buy American" method of hastening such changes for it is inconsistent with those very policies; it will cut the purchasing power of foreign aid funds and slow up development programmes; and it will strengthen the suspicion, already assiduously fostered by the Russians, that American aid is purely self-serving. It is also doubted whether sacrificing principle will pay many dividends. The $800 million in loans committed but not actually disbursed by the Development Loan Fund is exempt from the new order which, consequently, will have little effect for two years. This, however, is not true of the $1 billion or so a year in grants disbursed by the International Co-operation Administration, which Mr Anderson is fighting—with some success, judging from the President's latest press conference—to bring under the "Buy American" doctrine. Mr Anderson is also demanding that military spending abroad should be reduced. This does not refer to military assistance, which is largely in the form of American weapons, but to the cost of maintaining America's own troops, bases, communications and the whole infra-structure of defence. The Defence Department can itself reduce its present liberal provision for servicemen's families, non-military personnel and so on. But unless progress toward disarmament is rapid, the prosperous members of the North Atlantic alliance (which means all but Greece and Turkey) may soon be called upon to make a larger contribution.

Steel Cracks

THERE is now a possibility that, by the time the courts decide whether or not the steel workers should be ordered back to the mills under the Taft-Hartley Act, the order may no longer be necessary. The unexpected refusal of the judges to be hurried by the government has provided an opportunity for what seems at last to be some fairly constructive bargaining between the managers and the trade union. And one company, the Kaiser Steel Corporation, always independent and progressive in its labour relations, has used this opportunity to reach a separate agreement with the steel workers. According to the union this should make an acceptable pattern for the whole industry but only one other minor firm has taken the hint so far. President Eisenhower was not prepared to endorse the details of the Kaiser agreement, but he did recommend this conciliatory attitude to the other companies.

The point on which the managers have been most obstinate, their insistence on changes in working rules to enable labour to be used more efficiently, is referred under the Kaiser agreement to a labour-management committee with authority to make immediate short-term changes in plant practices and to another committee, including outside experts, which will draw up a long-range plan for sharing the benefits of automation and other improvements. Such a local approach seems the only feasible way of dealing with these questions since variations are great from plant to plant. It depends on the success of these committees whether or not the Kaiser agreement will mean an increase in steel prices, but the management hopes that it will not.

The actual settlement will cost the company about 10 cents an hour a worker during the first year, when there will be improvements in welfare benefits but no wage increase, and probably 12½ cents an hour altogether in the second year when wage rates will go up by 7 cents an hour. Kaiser operations are exceptionally up-to-date and efficient, and the other companies claim that a similar settlement would not only cost them at least 10 cents an hour more but would also make unavoidable an inflationary price increase.

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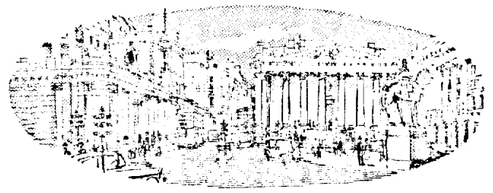

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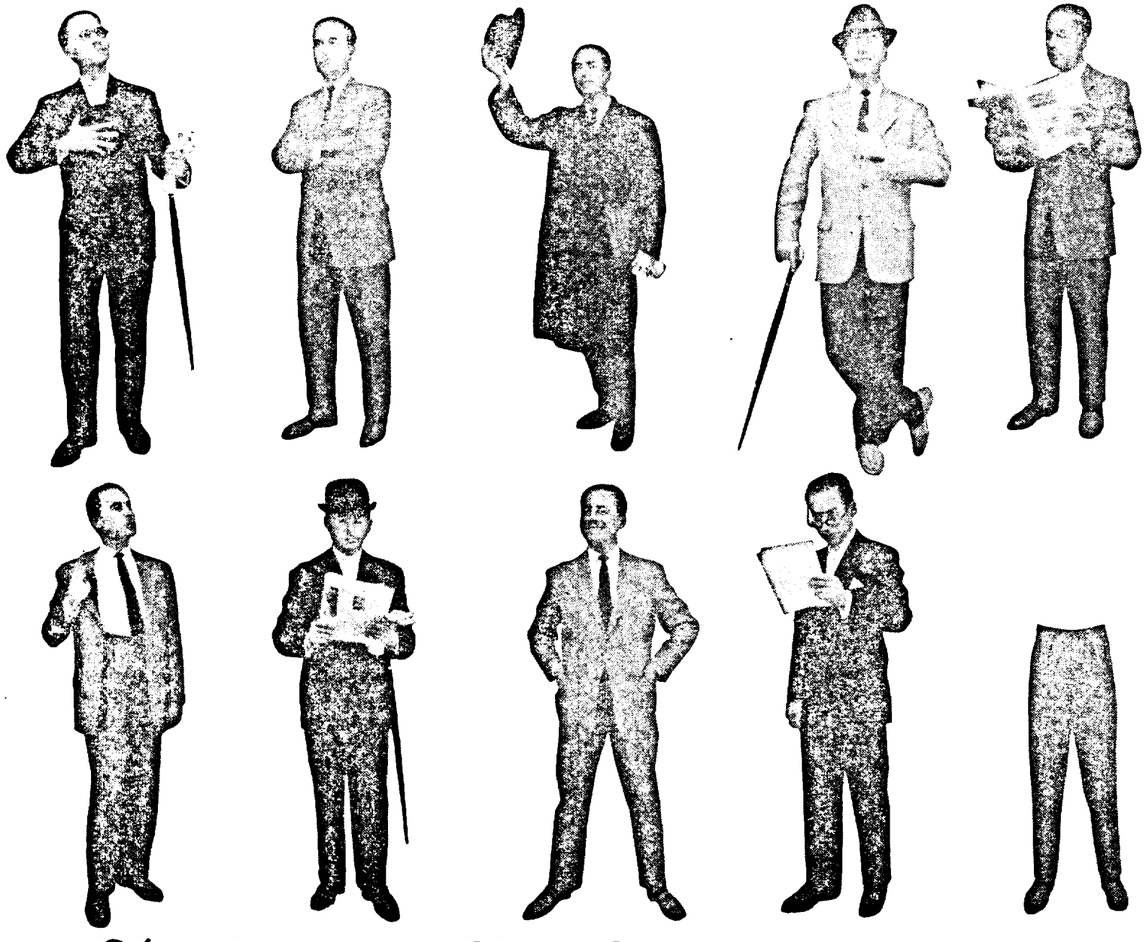

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again they will do little to alleviate the shortage which, the government contends, is now endangering the national health and safety in general and the output of missiles and other atomic weapons in particular. But this 2 per cent crack in the industry's united front will strengthen the union's argument that the 15—now 17—per cent of steel capacity which is still working in spite of the strike can easily satisfy all essential needs for both civilian and defence purposes. The union's lawyer maintains that since there is thus no national emergency the invocation of the Taft-Hartley Act is an unjustified interference with the right to strike and that in any case this provision of the Act is unconstitutional. The Supreme Court is presumably about to be asked to rule on both these points but it will not necessarily agree to do so.

Saturn out of Uniform

FROM A SPECIAL CORRESPONDENT

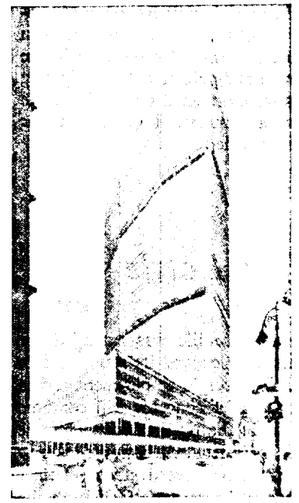
MOUNTING dissatisfaction with American achievements in space, compared with those of Russia, prompted President Eisenhower's plan for transferring the Army's entire group of space scientists to the National Aeronautics and Space Administration, the agency entrusted with scientific, as opposed to military, space projects. Under the law, the proposal must lie before Congress for sixty days and is subject to veto by either House. But, critical as the Democrats are of the Eisenhower Administration's alleged parsimony and lack of drive where space is concerned, the transfer itself is not expected to run into congressional trouble.

In principle, entrusting civilians with the work on "super-boosters," such as the Saturn, which have no immediate military value, is fully justified. The Saturn, which is absorbing most of the energies of Dr von Braun and his men at the Army Ballistic Missile Agency, is expected to develop a 1.5 million-pound thrust and ultimately to place a payload of 20 tons in orbit ; it is the chief hope of catching up with the Russians. Originally the 4,300 scientists and technologists at the Redstone Arsenal in Huntsville, Alabama, were assembled to work on weapons, but they stepped into space when nobody else was able to launch a satellite to answer the first Russian sputnik. General Medaris, Dr von Braun's superior at Huntsville, who has just announced his retirement, found it almost impossible, however, to secure prompt decisions from the Defence Department and welcomes any change that "will get people to work."

Unfortunately the President's statement was vague about the future of the military missiles being developed at Huntsville. Dr von Braun and the other German-born rocket experts who were brought to the United States in 1945 have been told that they will remain where they are and that the Army will be able to consult them. Nevertheless Congress is expected to insist that defence shall not suffer when the scientists' allegiance is transferred to the civilian agency. Why did the Department of Defence acquiesce in the loss of this valuable asset? Apparently the civilian science chiefs in the department, who outrank the military, were convinced that the Space Administration can squeeze more money out of the President's Budget than the Army can and that defence will benefit some day. The Space Administration promptly announced that it will indeed ask for more money next year for the Saturn and the President says that he will approve a civilian space budget larger than this year's $500 million ; whether the increase will be big enough is one of the questions to which Congress will want an answer. But in any case the Saturn needs time as well as money ; stationary testing of the booster engine, with its cluster of eight rockets, will take place late this winter, but it will be fully four years before the Saturn will be ready for ambitious space projects. Dr von Braun's acid jest is that when the Americans get to the moon they will have to pass through Russian customs.

Anglo-American City

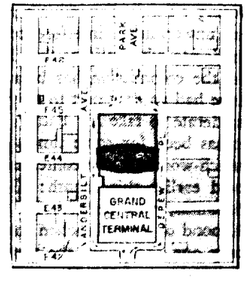
NEW YORK



ANY remaining doubts about the vigour of British enterprise under a Conservative government were dispelled last week when City Centre Properties, Ltd., of London, announced that it would put up $25 million towards the construction of New York's most ambitious real estate project, Grand Central City. However, it is understood that the money involved is "switch" dollars, bought on the London market ; if so, the direct benefit of the deal to the American balance of payments is being somewhat exaggerated by the sponsors —and in the long run, of course, the earnings of the enterprise should bring a substantial flow of dollars to Britain. Nevertheless the investment represents one of the biggest postwar commitments of any British company in the United States ; moreover, it is the first time for many years that British capital has participated directly in a large American property deal.

The new building will cost $100 million altogether and will rise 700 feet, to a height of 57 storeys, immediately behind the New York Central Railroad's main station, on land now used for its own more modest office building. The new octagonal structure will fall short, by several hundred feet, of the Empire State Building, New York's highest, but it will more than make up for this in breadth and, with 2,400,000 square feet of office space, will be exceeded in size by only the Pentagon in Washington and the Chicago Merchandise Mart. The building's supporting columns will pierce the railway lines and platforms below and must be put in place without disrupting the traffic of a very busy terminus. Nor must the traffic of Park Avenue be blocked ; this already passes through existing buildings on ramps which must be continued round, and connected with, the new skyscraper. If all goes well construction will start next March and will finish during 1961.

This scheme is the last of several considered by the New York Central Railroad to ease the burden of the heavy taxes which it must pay on its huge main station. While the railway company will still own the land, it will lease the air over it at more than $1 million a year ; against this the sponsors hope that rents will bring them $100 million a year. After 80 years the building will revert to the railway ; meanwhile the equity, or ownership of it, will be shared on a fifty-fifty basis between the American and British promoters. But of the $25 million offered by Mr Jack Cotton, the British sponsor, only a fraction will represent equity financing ; the remainder will be repaid over a period of 23 years. To cover the rest of the cost, short-term credit must be arranged through New York banks ; institutional investors will be offered long-term mortgages once the building is finished.



The initiative on this deal is said to have come from London, but the New York group was clearly glad of British capital. Not only is money tight at present in the United States, but the sponsors would have had to line up an even more impressive array of prospective tenants to secure the backing of the banks. Now they can go straight ahead with the construction work. On the British side it appears that, apart from the glamour and publicity of participating in this bold project, the promoters were attracted by the American law which allows depreciation on a commercial building to be deducted from income before taxes are levied.

Ballots after Battle

THE Civil Rights Commission, whose life was extended for another two years by Congress, may expand its activities into the fields of discrimination against Negroes in employment and in the administration of justice, but its chief concerns will continue to be education, housing, and denial of the right to vote; of these three voting takes first place. It has decided, however, not to investigate any more complaints from Negroes deprived of their voting rights until the Supreme Court hears the appeal from the decision of a federal court in Louisiana that the commission's procedures are invalid because it does not allow state officials accused of disfranchising Negroes to confront their accusers and cross-examine them. To permit this would expose the Negroes to such risk of retaliation that few would come forward. Moreover, the commission feels that procedures appropriate to a criminal trial are not required for its own informal fact-finding sessions.

Meanwhile another court ruling, which has just been upheld by the Supreme Court, is putting pressure on the southern states from quite another quarter. A Negro in Mississippi, who has been convicted of murder, will go free in eight months unless the state retries him before a "constitutionally constituted jury"—that is, one from which Negroes are not systematically excluded. Mississippi chooses its jurors from citizens on the registration lists for voters; in Carroll County, where the Negro was convicted, and in thirteen others, there are no Negroes registered to vote although half the population is Negro. It is well established that convictions of Negroes are void if members of their race are excluded from juries. Mississippi, however, may prefer to change the way juries are chosen rather than to extend voting rights to Negroes.

A general blow to the Civil Rights Commission, as it takes up its task once more, is the resignation of Mr Battle, one of its three southern members (there are also three northern ones) and a former Governor of Virginia. Mr Battle was the only member to vote against the commission's recommendation that temporary federal registrars should be appointed where it could be shown that state voting officials discriminate against Negroes; he felt that this was an unwarranted interference with states' rights. But he is a moderate who believes that Negroes should vote and his presence on the commission has been most useful, although he could not have had an easy part to play. Finding another respected southern moderate to take Mr Battle's place should be easier this year than it has been for some time. Moderation and "realism" were the watch-words at the conference of Southern Governors which was held earlier this month: Governor Faubus, the firebrand from Arkansas, was deliberately passed over in favour of Governor Almond of Virginia when the new chairman was chosen and, with only one exception, the Governors deplored talk of the South's walking out of the Democratic Party next year over civil rights.

Lessons without Teacher

FROM A CORRESPONDENT IN LOS ANGELES

AT Compton Junior College in the suburbs of Los Angeles a visitor nowadays can find as many as six classes of 40 students each receiving instruction without a single live teacher; only a supervisor looks in from time to time to see that order is being maintained as, on the whole, it is. Most students are glued to the television screens from which they are being taught; there are two of these in each classroom, in opposite corners, with the class divided between them. This Compton Concept of educational television has aroused in California all the controversy that has sprung from automation in industry; latter-day Luddites have even damaged the television control room.

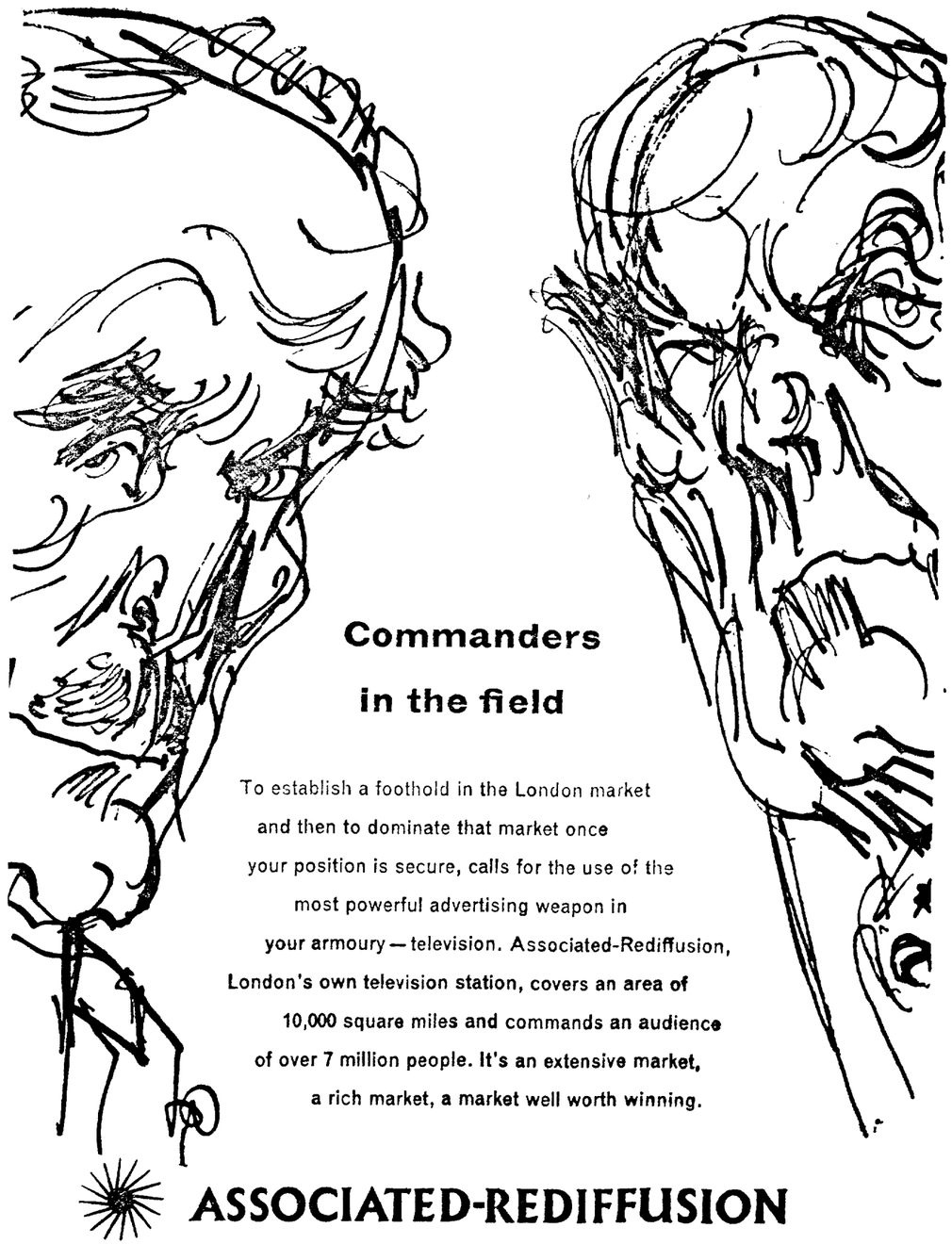
The Compton system was inaugurated in January of last year when instructors were filmed delivering lectures which were then televised to classes by a closed circuit. So far English, algebra and psychology courses have been presented in this way and about 1,500 students, mostly between 17 and 20 years old, are attending them. But last summer the students staged a mass demonstration against TV classes, even burning the college president, Dr Martin, in effigy. This protest, according to him, was fomented by dissident members of his teaching staff; behind them stands the California Teachers' Association, which is said to have influenced the State Department of Education to rule last January that the college be deprived of funds for these classes. The department accused Dr Martin of breaking the law by running several classes with only one supervisor when he was supposed to have a teacher in every room. However, the Attorney General over-ruled the department.

Dr Martin himself recognises that automation is involved; in fact, he thinks that it is as necessary in college as it is in industry, to ease the shortage of skilled labour and to increase productivity. Television, he says, enables him to make more efficient use of his present inadequate teaching staff and it will enable the college to handle the 100 per cent increase in its present enrolment of 2,000 students, which it expects during the next ten years, with an increase of only 25 per cent in the number of instructors. Some redundancy has admittedly been created: one teacher who retired last year has not been replaced and two others have been assigned to tutorial work, an innovation at Compton.

Televised lessons certainly seem to increase the teaching output per man-hour. Filmed lectures run straight through without interruption; students have to follow closely, with the help of a text prepared in advance, so as not to miss anything; lectures are televised to more than one class at a time and can be re-run for revision work; teachers have found that on film they need up to 50 per cent more material than they normally use with a live class. Live sessions are held afterwards so that students may ask questions; nevertheless they complain about the lack of contact and of opportunity for further discussion with the teachers.

The teachers' opposition runs deeper and is based mainly on professional, not to say trade, considerations. The staff has also objected to the absence of personal contact with classes and has shown concern because some members have more attractive TV personalities than others. If teaching by television were to end the shortage of live teachers, then the wage bargaining position of those employed at present would be weakened. Above all teachers are alarmed lest they work themselves out of jobs. The teacher who produces a library of film courses may find himself competing one day with re-runs of his old lectures; worse still, he may be replaced by a brilliant outsider whose courses are being syndicated by a film library.

Municipal Boom on page 427



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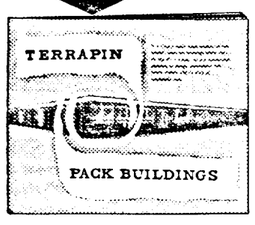


Municipal Boom

NEW YORK

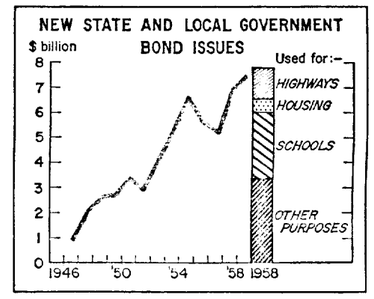
LAST week investors were called upon to supply $200 million in new capital to finance public housing in New York and in Washington, DC, new schools in Hawaii and in Salt Lake City, harbour improvements for San Francisco, water works in Atlanta, and many smaller projects. Throughout the long boom in the stock market, weekly offerings such as these have usually been absorbed without undue strain. But to attract the necessary buyers, yields on these state and local government bonds have moved steadily upward and by the end of September they hit their highest point in a quarter of a century.

To any traveller in the United States there is abundant evidence of continuous investment in the public sector even though many Americans argue that there is nothing like enough. The needs of the motor car have been particularly well served, with scores of spectacular bridges and multi-lane throughways which run hundreds of miles at a stretch without a cross road. Most communities can claim either a new school, a new hospital, or both, and the acres of new housing developments suggest a heavy need for water and drains. It is scarcely surprising then to find that new long-term borrowing by state and local governments has been growing. It is expected to exceed $8 billion this year compared with $1.2 billion in 1946, and during that period the amount of indebtedness outstanding has quadrupled.

The increase in the population, and with it the move from city to suburb, has prompted much of this new investment. For instance, a suburb of New York which had 88 schoolchildren ten years ago must now provide facilities for 7,300 pupils. Indeed schools form by far the largest single item of expenditure ; last year public utilities, mainly for water and sewers, came next, accounting for 19 per cent, and road and bridge projects took 16 per cent. Housing is a relatively small item ; government activity in this field has taken the form mainly of federal guarantees on mortgages for the purchase of privately-built homes rather than of extensive public housing programmes.

State and local government obligations—or "municipals" as they are commonly called—are exempt from federal taxation, and this is why there have been buyers for the heavy offerings of recent years. Buying comes mainly from individuals who pay a high rate of income tax, and from corporations and commercial banks subject to the 52 per cent tax on profits. By the same token municipals have little appeal for the less well-off investor ; for pension and charitable funds which enjoy a tax-exempt status ; for the mutual funds which do not themselves pay taxes ; nor for insurance companies which have had, in the past, to pay relatively low taxes. The yield today on tax-exempt bonds averages 3.6 per cent and runs as high as 4.75 per cent ; with the average yield on equities little more than 3 per cent, and that on high-grade corporate bonds over 5 per cent, the return on municipals is attractive, particularly to heavy tax payers. To an unmarried investor with taxable earnings of $18,000 a year, for example, it is equivalent to an 8 or 9 per cent return on a taxable investment.

THERE are some 102,000 units of local government in the United States, consisting variously of states, municipalities, school, water and sewer, and electricity districts, toll road and bridge authorities, and so on. Most of these units of government have the power to issue their own debt obligations. Their tax-exempt status is based on a legal interpretation of the Constitution which has been challenged from time to time by the Treasury and by Congress. There have been some suggestions that, with the current weakness of federal government borrowing, this privilege should be withdrawn, but such a move would be so politically unpopular that it is not considered a serious threat.



The borrowing power of local authorities is subject only to state regulations on the one hand and to the approval of local voters on the other. For many authorities the state imposes a ceiling on the amount they can borrow, and in some cases on the interest rates they can pay. Despite the impact on property and other taxes, the public accepts more often than not the projects presented to it in referenda at election time ; approvals have recently been running at about 80 per cent of all proposals.

State and local government bonds come in two major forms: the general obligation bond which is secured by the full taxing power of the issuing authority ; and the revenue bond which is backed by the earnings—as in a toll road issue—of the project. Tax-secured bonds account for some two-thirds of all outstanding debt, but revenue bonds appear to be gaining in popularity. In a novel move, the state of New Jersey is seeking permission next week from its citizens to convert its turnpike bonds from a revenue to a tax basis so that it can use the unexpected and large profits earned by the toll road, now reserved for servicing the bonds, to prop up the state's flagging railways. Some states face self-imposed limitations on their power to issue bonds against their taxing authority and must rely heavily on different types of revenue bond. Thus, Florida has pledged the revenue from its petrol tax to service its school construction bonds. Because of a chequered past, higher interest has to be paid on revenue bonds, but recently their record has improved and so has their favour with investors.

TODAY the underwriting and selling of municipals is a big business, and there is a fairly active secondary market, particularly in issues with early maturities. Some 100 large banks and more than 1,000 investment banking firms make up the highly specialised underwriting fraternity that deals in these issues, while the secondary market is shared by an even larger group. For the guidance of investors, services such as Moody's and Standard and Poor's rate municipal bonds for credit-worthiness on a scale that slides from Aaa to C and lower. The ratings of these agencies tend to carry quasi-official authority and influence considerably the interest rates and saleability of individual issues.

The public's appetite for new government projects remains strong and, while individual authorities have been deterred by today's high cost of borrowing, there has as yet been no marked decline in new offerings. In the current scramble for new capital, state and local governments have been outborrowing business corporations but, if interest rates rise further, or even remain at present levels, it seems likely that their demand for funds will slacken—as it did in the tight money period of 1957. Corporations can more easily ignore higher rates because interest payments on their bonds are tax deductible ; as borrowers, municipalities have no tax advantage and are faced with the full brunt of any increase in interest charges. At the moment, though, municipalities continue to add to their debt and November 3rd, which is election day, will see further authorisations.

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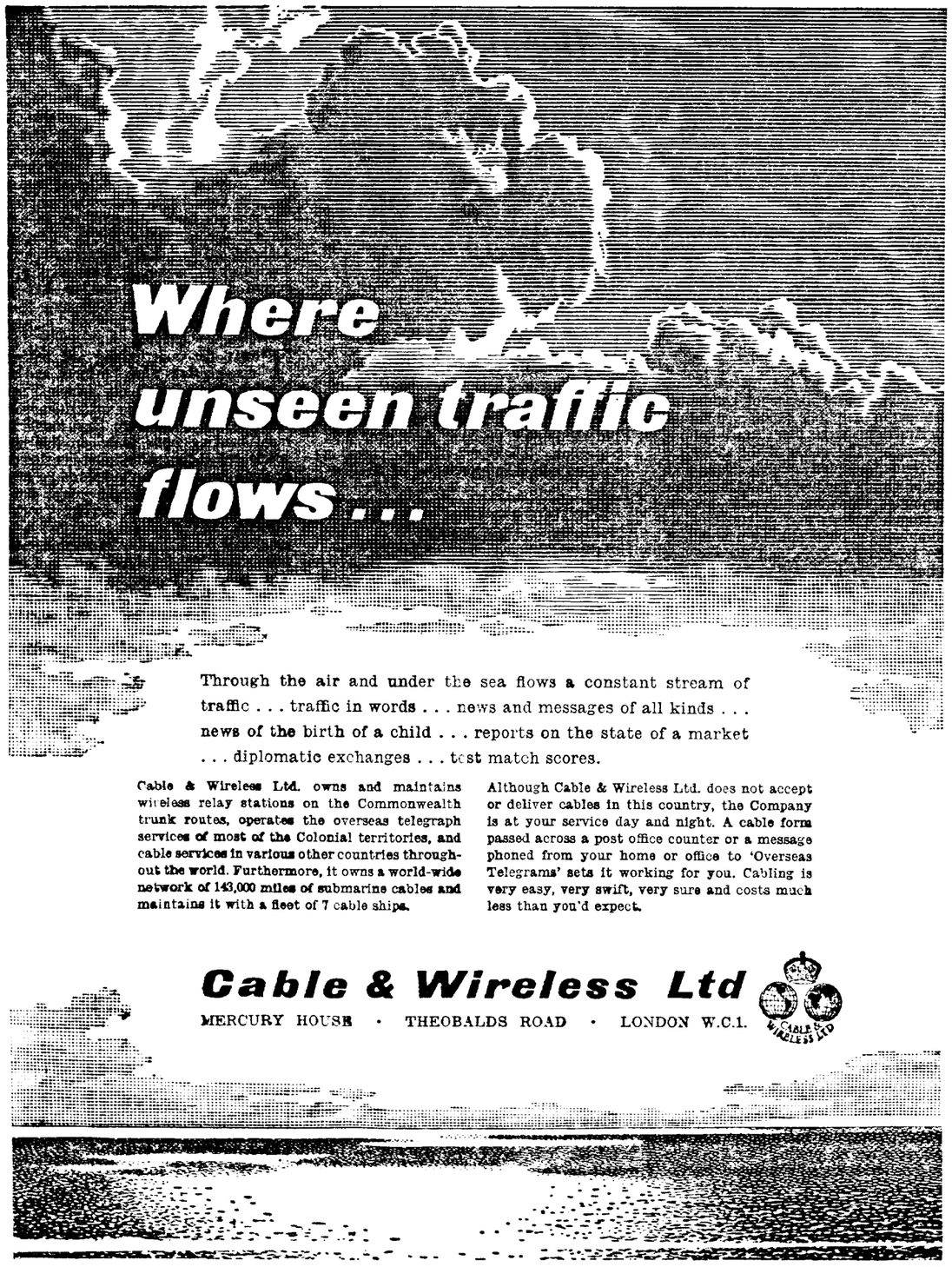

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THE WORLD OVERSEAS

Resigned to Good Fortune

FROM OUR BONN CORRESPONDENT

HOWEVER much some Germans may try politely to conceal it, the old conviction remains in the German breast that British foreign policy is guided solely by considerations of a national self-interest unique in its tweedy insularity and dinner-jacket unscrupulousness. The caricature has not been invalidated by this week's reports of the apologetic readiness of British European Airways, after consultation with Whitehall, to adjust the frontiers on its maps in order to placate Polish customers. The German Foreign Office has been asking questions. It has also used the occasion to try to still the current speculation provoked by Dr Adenauer's reminder to his countrymen on October 18th that there were still some bills to pay for defeat. The German government, the foreign ministry spokesman observed a shade tartly, was sticking to its guns: as the Potsdam agreement laid down, the future of the former German territories east of the rivers Oder and Neisse would be determined when the time came to make a peace treaty, and not before.

To the confusion of both officialdom and public, the Chancellor has of late been more than usually cryptic, even with those entitled by virtue of their office to know more clearly what he is thinking and proposing to do. Tall—or, at least, tallish—stories about the humiliations he is inflicting on ministers and state secretaries, and unkind insinuations concerning the ravages of age, are increasingly going the rounds. If he ever hears of them (the faithful Herr von Eckardt is generally credited with getting through an occasional home truth) the Chancellor probably does not much mind. He is fit physically and mentally, and is obviously enjoying his work. There are interesting encounters ahead; and nothing has happened yet to shake his conviction that he has been assessing men and nations soundly, including the now impetuously boyish, now coldly calculating British.

At the time of writing, the one hard date on the calendar of leading statesmen's comings and goings is the arrival of Dr Adenauer in London on November 17th. The professed objects of this visit are an improvement in the atmosphere of Anglo-German relations in general, and in particular a discussion of European economic co-operation and of the limits within which the future of Germany and disarmament can be safely negotiated with Mr Khrushchev. The differences of environment, character, and outlook between Dr Adenauer and Mr Macmillan are so great that it would be being over-sanguine to expect that this brief meeting could lead quickly to a marriage of minds.

Dr Adenauer is still not persuaded of the wisdom of holding an early summit conference, and the Prime Minister will hardly convert him. This reason alone is enough to make Dr Adenauer feel more at home with General de Gaulle when they meet in Paris not long after the Chancellor's return from London. But, on the other outstanding issues as well, Dr Adenauer is much more closely in tune with General de Gaulle than he is ever likely to be with Mr Macmillan. Both German and Frenchman consider themselves to have a special awareness of and responsibility for European problems, and they see in much of British policy an insular complacency which they brand as dangerous. It seems probable that Dr Adenauer will go to London intending to rub in the perils of giving ground in Berlin and the necessity for Britain to undertake greater economic commitments in Europe. In Paris he will find General de Gaulle in full agreement with him on Berlin, and largely in agreement about European integration, political and economic. If only there were not that little matter of French contentment with things as they are on Germany's eastern frontier, and, apparently, with everlasting partition.

All in all, Dr Adenauer seems to be acting in the confident belief that in the sorting out of western ideas before the summit conference everything—well, nearly everything—is going his way, and at his pace. This permits him to affect a proper modesty and resignation, and to counsel his perplexed countrymen to do the same.

Christian Democrat Struggle

FROM OUR ROME CORRESPONDENT

Florence

FIVE days of ferocious quarrelling in Florence have brought the Christian Democrats no nearer to solving their dilemma, but the spectacle of such bitter and indecorous strife is making many Italians—some of them, surely, among the eleven million non-members who voted for the party last year—ask themselves whether it is still possible and useful to the cause of Italian democracy that this great party should remain formally united in spite of its implacable internal conflict. Charges of treachery and corruption and cries of "fascist" were hurled across the floor of the Pergola. In three centuries the little theatre can never have witnessed such an uproar. One speaker accused the Prime Minister, Signor Segni, of having wished to send Italian troops against Nasser during the Suez crisis. A message from President Gronchi became the signal for a prolonged demonstration of enthusiasm directed aggressively against the party's right wing. No political congress in Italy since the liberation, not even the one that saw the Socialist party split in 1947, has been the scene of such turmoil.

The conservative press deplores the bad manners of the delegates—one paper describes them as teddy boy politicians—but claims to interpret the conflict as an outbreak of personal rivalry, a mere struggle for places destined to subside when the congress is over. There is a brilliantly cynical school of journalism here which tends to suggest that it is good for Catholics to let off social steam so long as order is restored in the end. The Vatican, it suggests, will see to this by curbing the turbulent left-wing leaders as it curbed Dossetti and La Pira in the past. According to these writers Signor Fanfani, the last member of that celebrated trio, is about to make his last bow.

This is a superficial assessment of the situation and an unfair appraisal of some, at least, of the men concerned. Signor Aldo Moro, the party secretary, who has become the unhappy leader

of an anti-Fanfani coalition, is as sincere and single-minded as Signor Fanfani. More than any other man in the party he is caught on the horns of the Catholic dilemma: how to put across a socialist policy without the help of the Socialist and Communist parties and under pressure from the conservative interests which have a powerful hold on the Christian Democrats. Signor Moro spoke for four hours and was often choked by emotion, but his speech was a passionate declaration of Catholic social doctrine, not a statement of policy. The party secretary could not bring himself to choose the only political ally with whom the Catholics might make this doctrine come to life. Should the party accept, perhaps seek, the parliamentary support of the Socialists? Should it pledge itself to a policy of direct state intervention to industrialise the South? This is the crux of the whole matter.

The domestic quandary is aggravated by the new turn in international affairs. For eleven years the Catholic party has dominated Italian politics through the belief that communism was at the gates and it was acting as the advance guard of an international anti-communist crusade. If the crusade is relaxed the basic assumption on which Catholic power in Italy rests is weakened. How should the party react? By adapting itself to the change, says Signor Fanfani, whose supporters applauded President Gronchi in approval of his projected visit to the Soviet Union. By resisting to the last ditch, says the Catholic Right, which carries along with it the unhappy foreign minister, Signor Pella. Between these two opposite theses the party looks in vain to the Church for guidance. The Vatican has as yet taken up no public attitude to the diplomatic détente. Yet it is this change in the international situation that has precipitated the crisis among the Christian Democrats. The party is not strong enough to meet the challenge.

THERE is also a new factor at home. For nearly fourteen years the Christian Democrat party has been given the main credit for the improvement in economic conditions. Reconstruction was followed by a rapid expansion of Italian industry, with a widespread and substantial rise in living standards. But today public opinion knows—the fact has been brilliantly and widely illustrated by the economists—that the depressed part of Italy is not getting its share of increased prosperity, that the gap between rich and poor, between industry and agriculture, between North and South, remains constant and is not likely to diminish in the natural course of events. Signor Moro himself pointed out the need to bridge this gap as the main problem that the party has to tackle in the immediate future. But to solve it implies a choice—partially planned economy for the South—and the mere prospect of such a choice let loose the pandemonium in Florence.

The Christian Democrats came to this congress divided in a dozen factions and sub-factions, but the realisation of their dilemma has cleft the party in two. On the one side Signor Fanfani with the faithful part of his old group, Iniziativa Democratica, the trade unionists and the party's extreme left wing. On the other side Signor Segni and the government (with the exception of three or four ministers), the party secretary and his followers drawn from the dissident half of Iniziativa, the "notables," and the party's extreme right wing. Behind this right-wing coalition one assumes the presence of the traditional pressure groups: the Vatican (but is the hierarchy unanimously for the Right?); the Confederation of Industries; American diplomacy (not so active as in the days of Mr Dulles and Mrs Luce); Common Market finance. At the eleventh hour the president of the Freehold Farmers' Association, Signor Bonomi, who is a Christian Democrat grand elector, sided with the Right. Another grand elector, Signor Enrico Mattei of the state hydrocarbons concern, ENI, was believed to support Signor Fanfani.

Unofficial results of the voting on Wednesday night show that of the 90 elective seats on the party's national council 52 have gone to a list presented by Signor Moro and Signor Segni and 36 to Signor Fanfani. In addition, Signor Moro controls 16 other seats on the council and Signor Fanfani 10. The split which seemed imminent at the outset of the congress has once again been avoided, but the issue has been handed over unsolved from the congress to the party council. At an early stage of the proceedings Signor Fanfani told your correspondent that if he were beaten he would bide his time until events proved him to have been right. The first event that is likely to occur is a request from the Liberal party to Signor Segni to define the government's attitude in view of Signor Moro's declaration that Liberal economic policy is incompatible with Christian Democracy.

Bolivia Faces East

FROM A CORRESPONDENT LATELY IN LA PAZ

WHEN the *conquistadores* arrived 400 years ago in what is now Bolivia, they found most of the natives living in the western *altiplano* region. Here, with the help of extensive irrigation schemes, the Aymara Indians cultivated crops suitable for the dry, cool highlands and produced a surplus that went to feed the Inca empire further north. The Spanish colonial system, organised round the exploitation of the great silver mines at Potosí, further concentrated the population; Indians were brought in from the lowlands to work the mines, and the area became dependent on imports from other regions for much of its food supply. When the silver veins were exhausted in the late 19th century, their place in the economy was taken by tin, which regularly produced 90 per cent of the country's foreign exchange. Bolivia's tin barons and military dictators saw no profit in developing the tropical lowlands; four-fifths of the population continued to live in the bleak uplands and make a meagre living by mining and subsistence agriculture.

The nationalist revolution of 1952, headed by President Victor Paz Estenssoro and Vice-President Hernán Siles Zuazo, brought about the first significant change in the country's social and geographic structure since the conquest. With an ideology borrowed from the Mexican revolution, the Bolivian National Revolutionary Movement (MNR) nationalised the tin mines, initiated a comprehensive system of labour legislation, and began to distribute land to Indians who had been serfs for generations. To consolidate its position, the movement abolished the old army with its fondness for coups, and replaced it with an armed militia of peasants and miners.

The immediate economic results of the revolution were unfortunate. The families controlling the great tin fortunes had, understandably, shipped their liquid capital abroad; the best tin veins were worked out and the mines in a run-down condition. Productivity, now that the miners had guns and the will to use them, dropped steadily, while the world price of tin fell from $1.91 a lb to less than 75 cents. Comibol, the government mining monopoly; could produce the 17,000 ton export quota of tin with less than half its labour force of 30,000 men, but did not dare to discharge the excess workers. At the same time, difficulties

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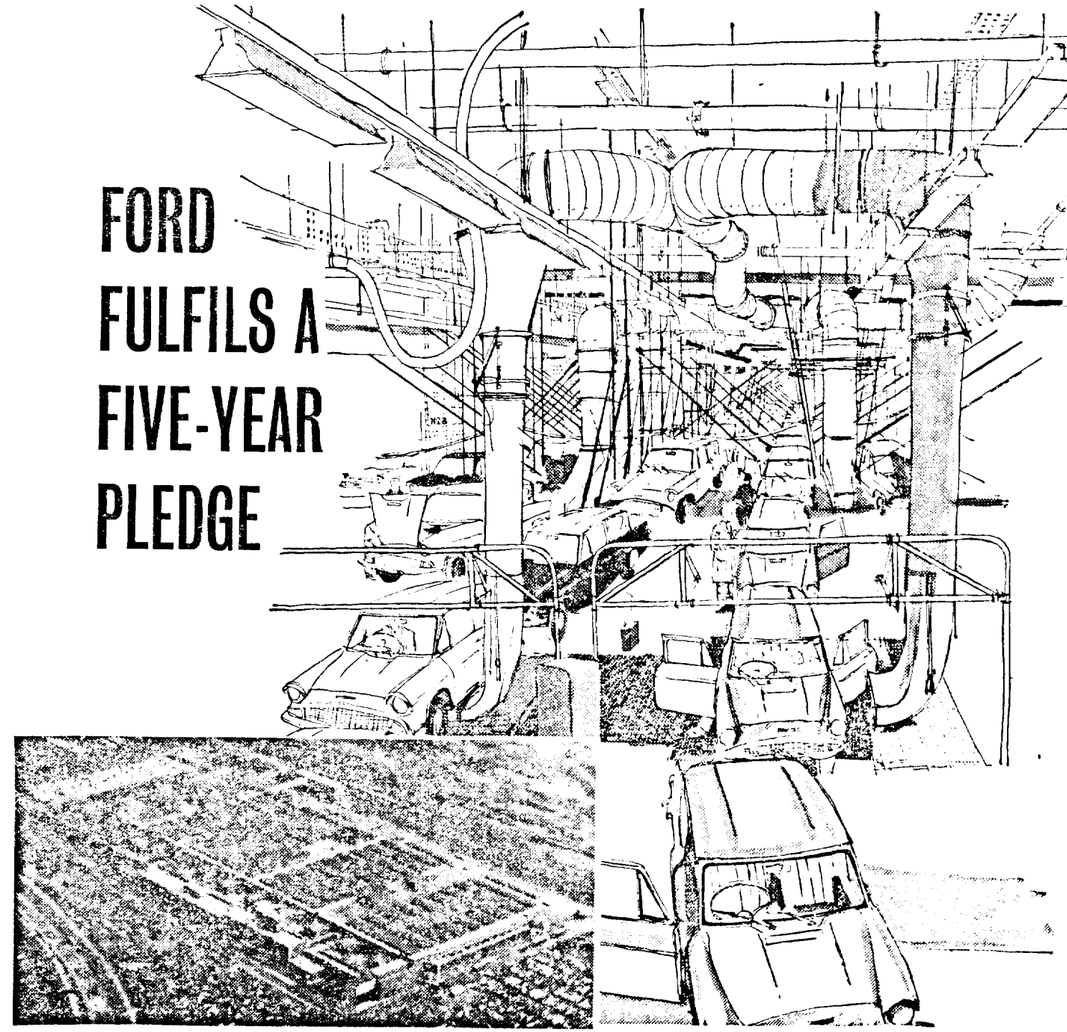

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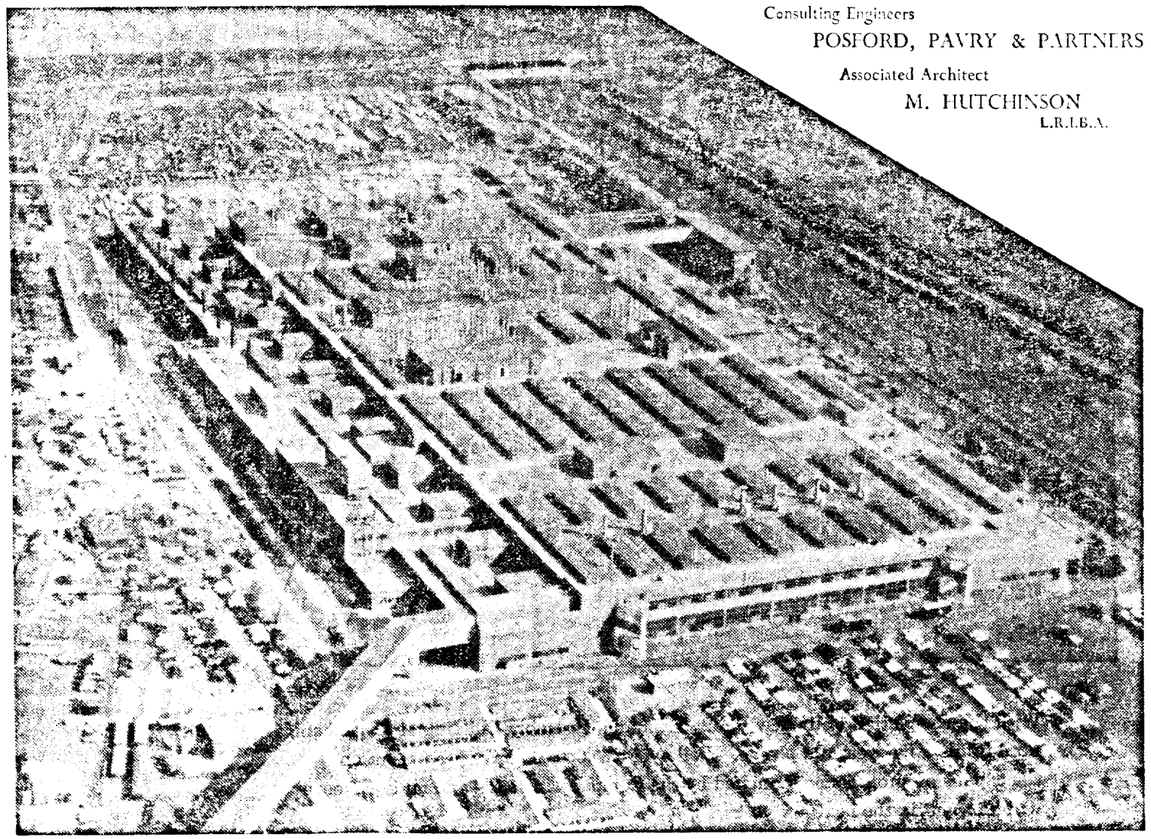

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arising out of the transfer of land caused a severe drop in agricultural production. The *boliviano*, pegged at 200 to the dollar in 1952, had by 1958 spiralled disastrously down to 12,000 to the dollar. Only an annual subsidy of $25 million from the United States (most of it in surplus farm products) has prevented catastrophe.

President Zuazo, who was peacefully elected in 1956, believes that the long-term solution to his country's economic problems is to turn away from tin. Many of Bolivia's mines yield ores with a tin content of less than 1 per cent; fuel shortages and transport problems bring the cost of production up to $1.50 or $2 a ton, which is more than double the current world price. Some industries that formerly used tin have turned to other metals, or to plastics, and competition from Malaya, the Belgian Congo, and, recently, the Soviet Union has driven Bolivia out of many of its former markets. To take tin's place in the national economy and to provide employment for discharged miners, the government is now energetically developing the long-neglected tropical lowlands.

IRONICALLY, the area to benefit most from this plan is the department of Santa Cruz, where the only real opposition to the MNR has crystallised. The European settlers, who dominate the area, dislike the party's pro-Indian bias and have fought its land distribution scheme. Nevertheless, this low-lying, well-watered, and extremely fertile area, more than half as big again as Great Britain but with less than 400,000 inhabitants, holds the key to the nation's economic future, and most of the money available for capital development has been channelled into it.

The chief need of the Santa Cruz department has long been for better transportation facilities. There are great stands of valuable tropical hardwoods, promising cattle country along the Brazilian border, and producing oilfields on both sides of the Pilcomayo, all of which have gone unexploited for lack of connecting links with Bolivia's neighbours and with the plateau. A great deal is now being done to close these gaps. An asphalt, all-weather highway from Cochabamba to Santa Cruz was finished in 1955, and a northern extension into what was formerly wilderness is under construction. In 1955 Santa Cruz was linked by rail to Corumba, and in 1957 to the Argentine frontier town of Yacuiba. To the west, the department is connected by railway with Brazil, and when the Cochabamba-Santa Cruz section of track is completed some time in the next decade it will be possible to travel by rail from the Pacific to the Atlantic. Oil pipelines run from the Camira and Tarija fields in several directions, and the department already exports a considerable amount of crude oil to Chile, Argentina and Brazil.

Agricultural development has followed the expansion of the transport network. The sugar factory at Guabirá, completed in 1956 with Point Four funds, is the most modern in South America; and in another year or two Bolivia will be independent of sugar imports for the first time in its history. A colony of 500 Japanese families settled at Ichilos three years ago is now producing four rice crops a year, and small quantities are already available for export. Another Japanese colony is expected to arrive early next year, the government is negotiating to bring in Italian farmers from southern Italy, and two military colonies of a thousand men each have taken firm root.

President Zuazo's movement has so far managed to avoid the extremes of class warfare or xenophobia. Bolivia is on excellent

New South Wales's Lost Leader

FROM OUR CORRESPONDENT IN AUSTRALIA

THE disarray of the Australian Labour party will not be improved by the sudden death of the Premier of New South Wales, Mr J. J. Cahill, on October 22nd. He was one of the best Labour leaders—an astute politician with a rational and well-ordered mind.

A railwayman at 15, he had educated himself through the Workers' Educational Association—an effort that is rare in the Australian Labour movement. At premiers' conferences he was outstanding in the way that he marshalled his arguments and in the sweet reasonableness of his approach. He could be friends with his political opponents, even with Mr Menzies. He could think for Australia as well as for New South Wales and that again is a rarer attribute than readers outside Australia might suppose. But he was also identified with his state and on such occasions could speak for all parties.

He had a talent for political compromise and many of his compromises were with the left wing of his own party, he himself being on the right. Thus New South Wales led the field in introducing such egalitarian measures as three weeks' holiday with pay and equal pay for women; and when the Commonwealth Government, in its fight against inflation, stopped the automatic adjustment of Federal wages to the cost of living, New South Wales refused to follow its lead. Recently Mr Cahill agreed to the abolition of many of the penal clauses in the State's arbitration legislation. All this was deplored by some as discouraging the overseas investment that Mr Cahill went to the United States last year to obtain.

His most successful compromise was in holding the New South Wales Labour party together while other State parties were tearing themselves to pieces. The story goes back to 1954 when Dr Evatt blamed his defeat in the Federal elections on Santa Maris, the Catholic social movement. The movement had started "industrial groups," mainly of Roman Catholics, to defeat the communists in one trade union after another by using the communists' own methods such as mass attendance and concerted voting at meetings. But its success had begun to produce a reaction, which grew apace when the "groupers" began to develop their own policies. Dr. Evatt's denunciation plunged his party into the sectarian strife that is never far below the surface in Australian life. "Groupers" who were ousted from state executives led wholesale secessions that later crystallised into the Democratic Labour party, and the governments of Victoria and Queensland fell. Not so the government of New South Wales, where Mr Cahill had been premier since 1952. The "groupers" were pushed off the party executive in due course, but Mr Cahill held his team together. Some would say he did so at the expense of his principles as a Roman Catholic and an anti-communist. But he saw that it was better to keep the majority of Roman Catholics in the party than to fight a losing battle for a few of them.

Will his successor be able to keep the loyalty of the Roman Catholic section of the party? The DLP threat has faded away. But this week the *Sydney Morning Herald* has reported the birth of a new Roman Catholic lay organisation, quaintly called the Knights of the Southern Cross and bent in Sydney on getting communists out of public life. This may bring new sectarian strife; and the new premier, Mr R. J. Heffron, though pledged to the same policies as Mr Cahill, is a protestant.

terms with all its neighbours, even with its traditional enemies. Relations with the United States and Great Britain, the customary whipping boys of South American demagogues, are genuinely good. Despite its financial difficulties, the government has resumed payment on its external debt, and foreign oil companies, afraid to risk their money in Bolivia under the previous regime, have now invested in Santa Cruz and elsewhere. The nation's tragic past has left it with a heavy legacy of poverty and ignorance, but for the first time in 400 years it seems possible to be cautiously optimistic about the future.

Church and State in Poland

Most of the ninety thousand people living in Nova Huta, a new industrial town in south-eastern Poland, are of peasant origin and are still practising Catholics. The strength of their faith was demonstrated by their determination to have a church of their own: when the official building permit was withdrawn, the people built a provisional place of worship themselves. In July, the church was demolished by a bulldozer. This is by no means an isolated example of the conflict between the church and the state on the local level; there have been many such cases during the past few months. Their outcome is determined by the strength of the respective party organisations, and, as in Nova Huta, a lot depends on the technical qualifications, such as the ability to drive a bulldozer, of the local comrades.

The Polish communists are alone, among all the countries in the Soviet block, in facing a religious problem of such magnitude and of such anachronistic features. While local trouble breaks out frequently, and often becomes violent, on a higher level the struggle is conducted with more circumspection and according to a different set of rules. For some five months after the election of Pope John XXIII, there was a lull on the church-state front; the first shot rang out at the end of February this year. The minister of finance signed a directive suspending a number of tax concessions to the church that had been in force for nearly two years. The tax payable on ecclesiastical income employed for welfare and building was raised to sixty per cent; church collections for the same purposes became taxable. Soon after the appearance of this directive, Mr Sroko, the minister for communal economy, began to re-examine the status of church property in the territories acquired from Germany after the war. Although in 1946 the Warsaw government had decreed that former German ecclesiastical property would pass automatically under the administration of the church, Mr Sroko declared, on April 23rd this year, that all such property belonged to the state and that, subject to negotiations, the church could only lease it. In the same month, the clergy was informed that it could no longer enjoy the privilege of exemption from military service; more restrictions were placed on the teaching of catechism in schools; bishops and heads of monastic orders began to find it increasingly difficult to get permissions for their customary visits to the Holy See. The audience Mr Gomulka granted to Mr Piasecki, the leader of the "Pax" organisation of the Catholic fellow-travellers (mentioned in *The Economist* of June 20th, page 1090), concluded this series of threatening moves against the church.

The Polish churchmen, on the other hand, were clearly disturbed by the vigorous renewal of the campaign against their rights. There were several meetings of the episcopate in April, where a letter to the government, containing a long list of the bishops' complaints, was drafted; and on May 28th Cardinal Wyszynski, for the first time since his release from prison in November, 1956, attacked and denounced the communist regime in a sermon. Both the episcopal letter, which took exception to Mr Gomulka's warning remarks about the church at the last party congress, and the primate's sermon were couched in strong terms. The cardinal's sermon derived an added significance from its historical associations; he had protested against the arrest of Bishop Kaczmarek and the government's decree on ecclesiastical appointments from the same pulpit of St. Anne's Church, Warsaw, in the dark days of 1953, when he was himself arrested a few days later. Once more, in 1959, there is a Kaczmarek case and an investiture contest.

Since the beginning of June, Kaczmarek, the bishop of Kielce, has been prevented from carrying out his pastoral duties by the civil authorities, and the government has been pressing for his deposition. The exchange of correspondence between the state secretary for ecclesiastical affairs on the one hand, and Bishop Kaczmarek and the secretary of the episcopate on the other, has recently become available: it bears witness to the gravity of the current breach between the state and the church.

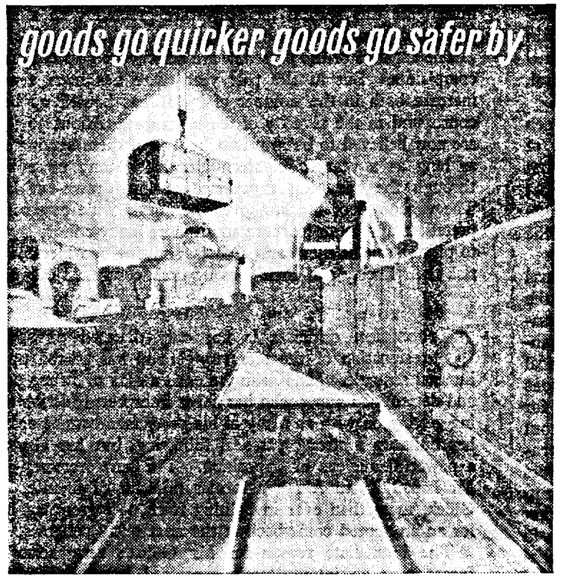
The Kaczmarek affair was sparked by a letter to the episcopate from Mr Sztachelski, in charge of ecclesiastical affairs: the bishop was accused of hostility to the state, and his suspension was announced. The letter included quotations from a number of Kaczmarek's sermons, delivered in the years 1957 and 1958, in which Poland was described as a "country which gets drunk and lives in debauchery," and which warned the believers that "there can be no compromise. One has to choose between Christ and death." The bishop was also accused of persecuting clergy loyal to the state, and arousing the fanaticism of people against those holding different beliefs; and the old charges against the bishop of collaboration with the Germans were dug up from 1953. In a letter to Cardinal Wyszynski, Kaczmarek defended himself against these charges; the episcopate rallied to his support. On June 16th, the bishops' secretary wrote to Mr Sztachelski, arguing that neither the episcopate nor the primate could depose or judge a bishop; such powers could be exercised by the Holy See only, and Bishop Kaczmarek's case was no exception to the rule. Later correspondence differed only in that it contained a higher vitriolic charge; the positions appeared irreconcilable, and an inevitable deadlock ensued. Bishop Kaczmarek is still at Kielce; he lives in seclusion, without exercising any public pastoral functions.

At the beginning of June, there was some hope of an understanding; the government decrees of February and April remained largely unimplemented, and negotiations between the state and church authorities were on the way. But the Kaczmarek affair again widened the breach, and the episcopate, which usually shows signs of internal divisions, remained united. The churchmen were aware of the importance of the issue at stake; the question of the right to investiture and dismissal of ecclesiastical personnel had been raised. The affair renewed the fears of the clergy that Mr Gomulka may be seeking, by harassing and dividing them, to establish a docile national church. This week's reshuffle of the government can have brought them no comfort. Mr Bienkowski, who has gone from the ministry of education, was Mr Gomulka's friend and had a reputation for moderation in state dealings with the church. His replacement, Mr Tulodziecki, is active on the board of the Association of Atheists.

Turkey's Perpetual Emotion

FROM OUR SPECIAL CORRESPONDENT

It is the deceptive custom of Turkish politicians to behave as if elections were just round the corner. In fact, general elections are not due until 1961; so that the Democrat party can, if it wants, stay comfortably in power for another couple of years. But the political bustle in Ankara and Istanbul is stimulated not



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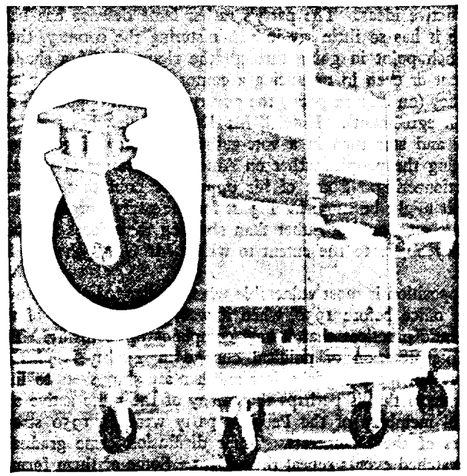

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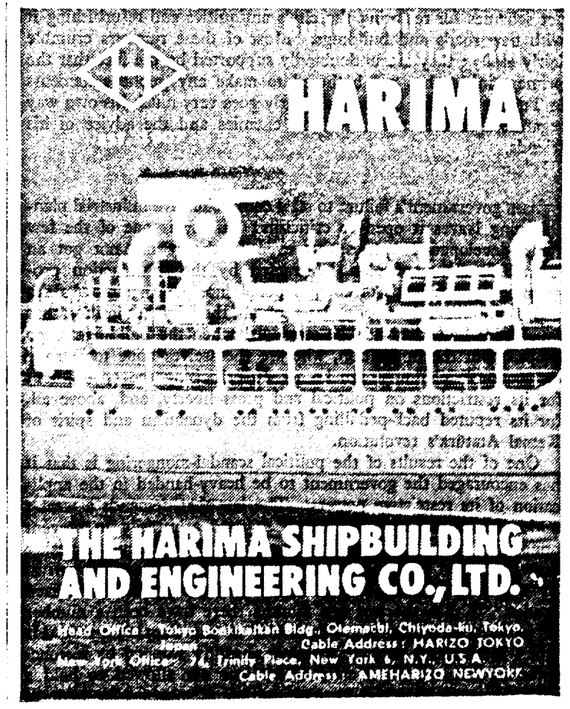


only by resentment at each new evidence of official high-handedness, but also by the struggles now going on within the main opposition group, the Republican People's party. These reached a climax last month with the resignation of the secretary-general, Mr Kasim Gülek.

The opposition insist that they cannot afford a calm between elections. They have harsh things to say about the honesty of the 1957 elections, and they have no great faith in the way that the next ones will be run. In this context they claim that they need a majority sweeping enough to overwhelm any possible electoral trickery, and have to go all-out to take at its flood the tide of revolt against the government's despotic tendencies.

Turks will often boast of their country's function as a natural link between East and West; fairly enough they claim to be the only logical member of both the North Atlantic Treaty Organisation and the Central Treaty Organisation. Their form of democracy also has a half-way look about it. But at least for political ends, the opposition leaders judge the government's defections by rigorous western standards. The Democrats are criticised for interpreting democracy as the simple rule of the majority without regard for minority rights. Corruption, nepotism and government interference with the judiciary, the universities and the press are all obvious targets. Opposition members sit in parliament, but have difficulty in making themselves heard; a more significant criticism is that the prime minister, Mr Adnan Menderes, sits in Istanbul and pays very little heed to the opinions of the parliamentarians of either side.

An odour of semi-sanctity was conferred on Mr Menderes when he miraculously escaped death in the Gatwick air crash last February. His naughtier critics have countered this inconvenient bonus for the government by spreading wild tales of the prime minister's neurotic behaviour since the accident. A favourite *canard* is that Mr Menderes has shut himself up in his Istanbul hotel, where he is concerned obsessively and exclusively with his pet schemes for restoring the city's antiquities and refurbishing it with new roads and buildings. Most of these rumours crumble fairly easily; they are undoubtedly supported by the fact that the prime minister has not bothered to make any public statements in Turkey since his crash, and clearly goes very much his own way regardless of the criticism of his enemies and the advice of his friends.

THE government's failure to start comprehensive industrial planning leaves it open to criticism; Turkey is one of the few under-developed countries that even in theory has not got an overall development plan. Attracted by the construction programmes, great floods of country people are pouring into Ankara and Istanbul, and nobody, least of all the city authorities, has much idea how they will be employed when the building tempo drops. But the opposition, who are themselves none too strong on economic planning, are keener on criticising the government for its restrictions on political and press liberty, and, above all, for its reputed back-pedalling from the dynamism and spirit of Kemal Atatürk's revolution.

One of the results of the political scandal-mongering is that it has encouraged the government to be heavy-handed in the application of its restrictive powers. The law that demands a week's notice for public meetings has been used arbitrarily to prevent opposition members from travelling about the country; a speaker may be caught breaking the law even when he is met on arrival by a few of his supporters. Sometimes the methods are even cruder. Within the last few months there have been a number of unpleasant incidents. The leader of the People's party, Mr Ismet Inönü, had his tour to Izmir abruptly stopped by a stone-throwing crowd; Mr Kasim Gülek was not allowed to hold a meeting at Geyikli and two opposition members who went to investigate this second incident were greeted with a shower of powdered glass.

The vagaries of the press law are among the opposition's regular complaints. But in the past year there has been a noticeable increase both in the number of journalists hauled up before the courts and in the severity of the sentences. About 30 journalists are now believed to be in prison, several of them serving sentences as long as a year or eighteen months. Many more are going through the harassing experience of long-drawn-out law suits. The vagueness of the law gives the courts wide powers of interpretation, and in an insecure atmosphere many editors are tempted to play as safe as they can. Others, showing considerable courage, risk their liberty and their jobs by their continued outspokenness.

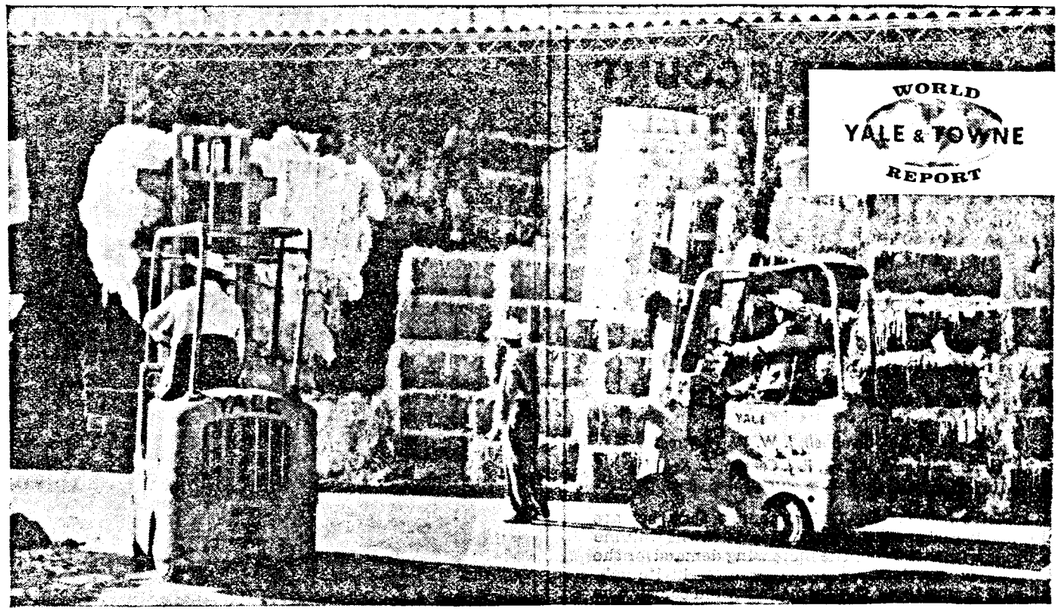
OPPOSITION criticism is not only directed outwards. The resignation of the secretary-general has stirred up a fierce internal struggle. Mr Kasim Gülek is a man of strong personality and determined views who has never interpreted his job as involving getting on with as many of his party members as possible; he has built up a strong personal following, but has also alienated a powerful nucleus of opposition. The new secretary-general is Mr Ismail Rüstü Aksal, a former minister of finance. But Mr Gülek, more than ever in fighting form, is regrouping his forces for an attempted come-back at the next party congress.

The immediate reason for Mr Gülek's resignation was the furore over an intemperately expressed letter he sent to Nato headquarters about the selection of the only opposition representative in the Turkish delegation to the Atlantic congress in London last June. The letter became public, and Mr Gülek slipped into even hotter water by denying his authorship.

The inadequacy for which the Turkish opposition is justifiably criticised is its failure to offer an alternative policy. While its cupboard is packed with bones of contention, it is almost bare of constructive ideas. The party's rather lame defence has been that since it has so little say in administering the country, there is not much point in going through the rigmarole of a shadow government or even in producing a comprehensive economic and social policy (on foreign policy the government and opposition are roughly in agreement). Instead, Mr Kasim Gülek has been the instigator and star turn in a vote-gathering policy of going out and meeting the people, rather on American patterns of whistle-stop electioneering. Some of his opponents hold that between elections it might be more intelligent for the party's organisers to concentrate on planning rather than showing their faces; in particular they object to the extent to which Mr Gülek showed his own face.

The opposition is most vulnerable when challenged over its own record in office before 1950, when it was guilty of many of the undemocratic practices that it now complains of so lustily. The cynical interpretation of political change in Turkey is *plus ça change* or, put more crudely, just another set of pockets to line. The answer to this is perhaps that many of the more active and thoughtful members of the People's party were in 1950 strong supporters of the Democrats. Their disillusion came gradually as they watched events repeat themselves. Some of them formed small left-wing parties, most of which rapidly came within the very broad range of the government's anti-communist guns; the liberal-minded Freedom party, for instance, is now merged with the People's party.

The crux of the problem is who gets effective control. In this teething stage of Turkish democracy, the more idealistic may inevitably drift into opposition whichever party is in power. But they are trying for higher stakes. This makes the internal struggle for influence within the opposition as significant and as intense as its long-standing and often monotonous clash with the government.



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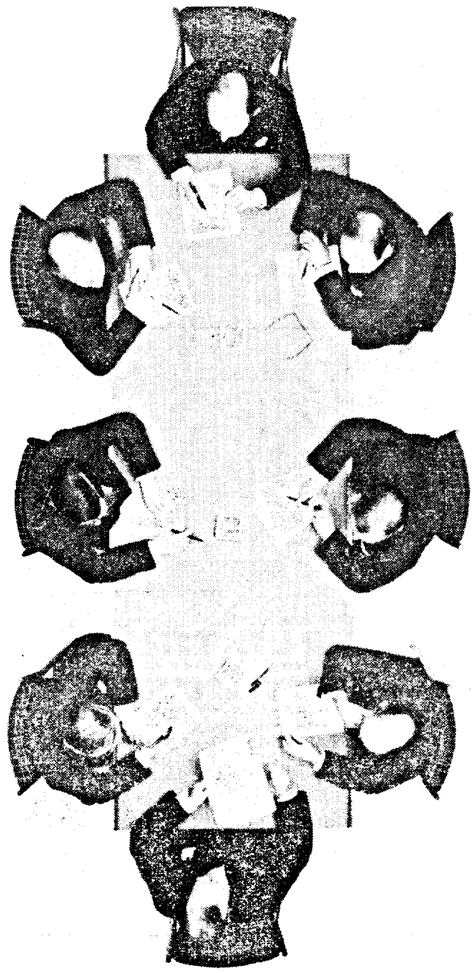

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THE BUSINESS WORLD

Help Where Needed ?

By abolishing the nine development areas fourteen years after they were first set up (more strictly, twenty years for the four that were created in 1945 as enlarged versions of the pre-war special areas) the government's new Local Employment Bill will achieve what no President of the Board of Trade has previously had the courage to do—to take an area out of the list when it no longer needed special help. The wider spread of prosperity and the emergence of areas newly affected by economic change have made the complicated processes of amendment far too unwieldy. So recent presidents have, instead, contented themselves with a kind of administrative or *de facto* de-scheduling of areas or parts of them, as their circumstances have improved, simply by not applying in these areas the powers that they could still use if they wished.

In large measure, therefore, the new bill is a piece of administrative tidying up. Hitherto different powers have been available for different places: there were development areas in which the government could erect factories and offer loans and grants to any firm, industrial or otherwise ; there were other development areas in which it could do both these things but did not in fact do either ; and there were places outside these areas where the government could offer financial help to attract new industry but had no power to put up buildings to house any newcomers. Now there is to be a single list of places in which all means of assistance, both new and retained, are to be available and all the powers of administering them will be concentrated in the Board of Trade. The bill defines the new "localities of persistently heavy unemployment," and specifies the help to be offered them ; this will expire after seven years unless parliament decides otherwise. Finally, three new management corporations, one each for England, Wales and Scotland, are to take over the five companies that have been running industrial estates set up just before and after the last war and will be responsible for any new estates that may be built in the new "localities."

Though the government's powers have been greatly simplified as well as somewhat extended, the new policy will depend even more than the old upon wise administration. The new definition of localities eligible for aid positively invites pressure upon a President of the Board of Trade from backbenchers, local interests, and industry advancing the claims of virtually any town with almost any kind of enterprise that has closed or is threatened with closure or with the need to lay off a number of workmen. A company that finds itself in difficulties will not be short of voices urging that it should have a government grant or loan. The bill defines the new places as localities in which the Board of Trade decides a "high rate of unemployment exists or is imminent, and is likely to persist (whether seasonally or generally)." These places are to include, as they should, fringe areas to which people could travel to work and others to which they might move as part of an "overspill" scheme. If it is accepted that a government should do more to take jobs to workers, then it is only reasonable to be able to move on the threat of heavy local unemployment instead of having to wait for it to arrive, as under last year's Act, and then perhaps wait another eighteen months until new industry could be brought in and opened up.

But the success of this new policy of having a single list of relatively smaller areas will turn upon how well ministers concentrate their efforts, and the as yet unspecified sum of money they are prepared to commit (nearly £14 million was spent in the last three years of rather more frugal assistance) upon a limited number of places in which this kind of help has a real chance of fostering permanent economic improvement that would otherwise not occur. Seaside towns are already eagerly eyeing the reference to seasonal unemployment. And the chances are that whenever the country goes through a mild spell of recession, a host of places will want to join in the distribution of public money: they must not be allowed to get it at the cost, for example, of reducing the help towards diversifying the cotton towns. No doubt the government will have this point very much in mind.

Most places that have been suffering from persistent above-average unemployment while industry elsewhere has been urgently seeking extra labour must be presumed to suffer from deep-seated economic malaise. It is something that the government has not attempted a Nelson act, turning a blind eye on the stark fact of economic exhaustion and social detritus in some of these areas and compelling industry to go to them. This is an old policy and it has a sentimental appeal—but it has not worked with much success. The present policy remains one of reinforced persuasion. The financial carrot is to be rather more luscious. Since the end of building licences, the only stick that could be wielded has been the

granting of industrial development certificates for any new industrial construction of more than 5,000 square feet. That stick, for what it is worth, remains. Certificates are now to be granted having regard for the need to provide appropriate employment in the new localities instead of for the "proper distribution of industry."

THE principal addition to the armoury of powers to assist firms setting up and carrying on a business in the new localities is a provision for making grants of 85 per cent of the excess of the cost of putting up a new building or extension over its open market value. This, apparently, is designed for industrialists—and other developers as well—who prefer their own custom-built premises to renting a factory put up by the Board of Trade, invariably at less than the economic value. Provided it is prudently used, this power could mean a smaller direct outlay of public money than by erecting government factories and subsidising them, or conversely it could stimulate more construction for the same expenditure of exchequer funds. Treasury consent will be needed for each grant and "consultation" with a new advisory committee; this is to be set up in place of the Development Areas Treasury Advisory Committee to advise on these grants and also on the power introduced last year of making general loans and grants to any business that has "good prospects" of ultimately being viable. The passage of the bill will no doubt reveal how the government contemplates the exercise of these widely drafted financial powers. Industrialists lucky enough to get one of these new capital grants—which could well run up to 30 per cent of the initial cost of a new factory—will be doing well, with the further help, too, of normal tax allowances.

It would be wise to avoid dogmatism about this revision of the policy of moving jobs to workers who prefer to remain in these areas until more is known about how it works out in practice. The government now commands an impressive range of powers. It can establish industrial estates; erect buildings and "other works" on its own or (by agreement) on other people's land, including, it appears, canteens and workers' houses; it has wider powers to get rid of eyesores and put derelict land to use, by itself or by paying local authorities to do it; it can arrange for adequate "basic" services to be installed; it can subsidise yet further the cost of erecting privately-owned premises, make loans and grants to any business in "temporary" difficulties, and meet part of the cost of shifting key workers and their dependants to a new branch of a firm in one of the new "localities." There is perhaps some room for government help to assist the bringing of new industries to places where technological change or a shrinking of world markets create the prospect of persistent and heavy unemployment; where suitable labour exists for new enterprises; where there is already the social capital that is costly to develop anew elsewhere; and to mitigate the wasteful processes of over-extension of areas like London. But it may be difficult for the government to distinguish between areas where new industry can be planted without inordinately raising its own costs and those other areas where, even in a country as small and compact as Britain, no industry could seriously hope to compete. Perhaps the one omission in this bill that is to be regretted is that the government will still be unable to assist the retraining and resettlement of workers that could be moved from areas of abnormally heavy unemployment to those remaining places that are not yet heavily congested and where new labour is greatly needed.

Queensberry Rules for Bids

MORE rubbish than wisdom has been talked about take-over bids. In a sensible, concise and well-written document, the leading representatives of the City's institutions have now set down some rules of conduct for these offers. The City can be infuriating and conservative; but its business is concerned with distinguishing sense from nonsense and it knows that the take-over bid is one means of inducing necessary change and of fostering economic growth. Its misgivings are not about changing that mechanism but of ensuring its rational use.

"Notes on Amalgamations of British Businesses" are the deliberations of a committee set up in July at the suggestion of the Governor of the Bank of England. He has been well served, and the Government, about to set up an inquiry into company law, should welcome a document that clears the air of so many misconceptions and falsehoods about take-overs. On the committee sat the top brass of the Issuing Houses Association, the Accepting Houses Committee, the Association of Investment Trusts, the British Insurance Association, the Committee of London Clearing Bankers and the London Stock Exchange. Copies of the notes have gone out to the members of these bodies this weekend and they can be purchased at 6d. a time—a good investment by any company director or financial adviser.

The notes get off to a good start: amalgamations, they show, have been a feature of commerce from its earliest beginnings and most big British companies have grown to their present size as a result of them. Some of the reasons which have led to mergers, the committee suggests, are:

(a) The desire to achieve the economies of optimum size or to put to better use the physical assets and personnel available.
(b) The need to rationalise, particularly in times of depression or of acute competition.
(c) The desire of owners of private businesses to provide in their lifetime for funds to meet the estate duties payable on their death.

Since the war, the committee notes, amalgamations have been stimulated by the rapid fall in the value of money, the high level of taxation and the distortion of normal economic factors through Government action. These influences have attracted the bidders since share prices have often failed, especially where properties figure prominently among the assets, to reflect the real value of a company's underlying assets.

What the notes do not say is that as a result of the war and of Government controls, business was for many years

not particularly strenuous or competitive. Some boards of directors thought that they could relax and let matters take their course. Their unconcern about shareholders was strengthened by the pressure on them from successive governments to exercise restraint in dividends. The return to more competitive conditions and to healthier conceptions of company finance has left many of the complacently managed companies as natural targets for bidders who knew what they wanted and how to get it. What the notes emphasise is that the process of amalgamation, aimed at the best utilisation of physical capacity, managerial experience and the availability of labour, is one without which an industrial community cannot thrive and is one that "should continue and should not be artificially impeded." The Government in framing new corporate legislation should take note and should not be deflected from its course of giving the economy freedom to grow because of an occasional rascal or discreditable episode.

No comprehensive code governing all sizes and shapes of take-over bids could possibly be drawn up. The committee sets down a general body of principles and legitimate practices which should be borne in mind whether a merger is agreed on by two sets of directors, whether the bid is made over the heads of the sitting board, or whether competing offers are made. The principles, the committee says, are:

(i) There should be no interference with the free market in shares and securities of companies.
(ii) It is for a shareholder to decide for himself whether to sell or retain his shares.
(iii) To enable him to come to a considered decision, the shareholder should have in suitable form and at the right time all relevant information, and it is the duty of the board of his company to make every effort to ensure that such information is provided and to give him their advice.
(iv) Every effort should be made to avoid disturbance in the normal price level of shares until the relevant information has been made available.

The committee cannot be said to flinch from its task on the ground that it has not set down the detailed procedures to give effect to these estimable principles. The emphasis throughout the notes is upon the responsibility that directors must bear in ensuring that the shareholders have full freedom of reasonable choice in coming to a decision for themselves. The interest of shareholders is, in fact, recognised as the only criterion.

Although the bidder is seeking to make a bargain with shareholders, "their board is normally the best channel of approach and also the best source of advice for shareholders." An offer naming the principal should therefore usually be made to the directors of the company in question. The directors are entitled to be given sufficient time to consider the offer, and "as soon as reasonably possible" they should inform shareholders of it and proffer advice to them on whether it should be accepted. The directors should also be entitled to ask for evidence that the bidder can obtain the resources necessary to satisfy full acceptance of the offer.

Whether the directors recommend acceptance or not, they should make every effort to see that shareholders are given all requisite information on which to make up their own minds, including information about the resources backing the offer and about the general intentions of the bidder for the future conduct of the company and the possible effects on employees of the results of a successful bid. Where the bidder is already a shareholder of the company (as he usually is, having bought shares at a lower price than that at which he finally makes the bid) it is "desirable" that this should be disclosed, with particulars of his shareholding. A cash offer is a matter of "absolute" and a share offer one of "relative" values in assessing the merits of an offer; hence, where the offer is in the form of a share exchange, shareholders should be given "the fullest possible information on the future commercial prospects of the combined companies." Though the committee does not specifically say so, that points to an earnings and dividend forecast.

IN two key paragraphs, the committee shows that it is not among those who believe that the only good mergers are those brought about by cosy agreements among friends:

If a board decides to recommend that an offer made to its shareholders should not be accepted, the offeror is still free to communicate direct with the shareholders without the recommendation of the board, and in such a case the board should be ready to facilitate this direct approach (at the expense of the offeror) whilst at the same time explaining to its shareholders why it does not recommend the offer.

A board should be wary of refusing to put to its shareholders any serious and responsible offer. The well-being of the shareholders as a whole must prevail over that of particular shareholders who may be directors.

Even in the special case the committee offers a helpful view:

Where a Stock Exchange quotation has been obtained for a company's shares and only a minority of the shares has been sold to the general public, the investors who have acquired these shares must appreciate that their attitude towards any future offer may differ from that of the original proprietors.

Secrecy while talks are going on which may lead to an offer should be maintained, though "if there are signs of a false market arising in the shares concerned," a preliminary announcement is allowable. This, however, is subject to the more important suggestion that "it is normally unwise to make any announcement until it seems certain that an offer will in fact be forthcoming." Once the offer is made, details should be communicated as quickly as is reasonably possible to shareholders and they should be given adequate time (the committee suggests three weeks) in which to decide. Once the offer is declared unconditional, a further period should normally be allowed for acceptances from late-comers.

It is desirable that an offer should be for the whole of the share capital of a company or of the class of shares concerned:

If, in some very exceptional case, a partial offer is justified, this should be on a *pro rata* basis, and if acceptances exceed the amount required, they should be proportionately scaled down.

The partial bid—such as was made a year ago by Illingworth Morris for part of the equity of Salts (Saltaire)—has run up against a good deal of criticism and so has the bid which is made in non-voting ordinary stock—as almost all the bids by Great Universal Stores have been. On this point, choosing its words with care, the committee says:

The device of dividing the equities of companies into voting and non-voting shares has had relevance in some offers made in recent years. While it may be justified in some conditions, it is not generally desirable.

Pointed and justified criticisms have also been levelled at the fancy compensation directors have received on leaving com-

panies they had served—sometimes none too well. The committee has some wise things to say here:

> The question of compensation for redundant employees, including directors, always needs careful consideration. In the case of directors, shareholders should be given the fullest information as to the manner in which any proposed compensation payments have been worked out. In this connection the existence of service agreements may or may not be relevant. If re-employment in a different capacity is proposed, this should be disclosed.

In all, the suggestions by the committee put directors firmly in their place—as servants of the shareholders as well as servants of the company. But it has omitted to say anything specific about the actions of a sitting board of directors which wants to stay tight in office and decides to beat off a take-over bid. In their complacency (for no director is going to admit he deserves the sack) and in their own selfish interest (for most directors enjoy the powers and emoluments of office) some directors have on such occasions behaved irresponsibly—for instance, by raising the dividend out of line with what the earnings would justify and often after earlier protestations that the company would be ruined if they paid out another penny. But the general drift of the committee's suggestions is that such directors should watch out. The committee, equally, does not set down any specific rules that should govern the decisions of a board when competing bids are made. The tenor of these notes is, however, that while the board has the right to recommend one bid rather than another, it should inform shareholders of the competing bid and leave it to the shareholders to make the final decision.

The suggestions that the committee has made can easily be applied in retrospect to take-over struggles in the past. Indeed, the setting up of the committee must stem in part from the battle for British Aluminium and from Mr Clore's bid for Watney Mann. When they are so applied, not all directors and bidders can swear they are free from blame. But what is needed is not contrition but the resolution to do better when take-over bids come up in the future. These notes emphasise the right of any bidder to bid, the right of any board to accept or to reject that bid, and the right of shareholders to be the final arbiters. These are rules of conduct which have been followed by sensible and responsible people in industry and in the City for most of the time. They do not deny businessmen the right to fight out an issue, but they do establish Queensberry rules against low hitting and butting with the head.

BUSINESS NOTES

IN THE MARKETS

Search for Yields

INVESTORS have searched busily this week for more attractive yields than those offered by blue chip equities. Some of them have taken their profits and re-invested the money in gilt-edged stocks. Some have combed the list of second flight equities, again looking for yields better than 3 or 4 per cent. Some have bought the long neglected oil shares and others have gone into the copper and rubber markets. It is not therefore surprising that in the week to Wednesday's close *The Economist* indicator, in which the most active market leaders are deliberately chosen as constituents, gained only 0.9 points to 346.3. Indeed, it is an indication of the general firmness of the equity market that this index made any gain at all after its great upsurge and touched yet another new peak. Daily movements continue to be unusually large, the *Financial Times* index rising by 3 full points on the first day of the new account.

Gilt-edged continue their steady climb. This has now reached impressive proportions. The £10 million issue by Middlesex County Council, yielding £5 9s. per cent. to 1080, looked attractive at the end of last week; it had become overwhelmingly so by Tuesday, and the issue was oversubscribed about 16 times. The market expected a substantial premium when dealings opened on Friday—though the brokers, Pember & Boyle, favoured the small investor and the small stag in the awesome task of

NET GILT-EDGED PRICES	Oct. 7	Oct. 29
Short bonds		
Funding 2½% 1956-61 ...	97 8	98 13/32
Conversion 4½% 1962 ...	100 7/16	101
Medium and long		
Savings 3% 1960-70	80 13/16	83 1/2
Conversion 5¼% 1974 ...	100 9/16	101 7/8
Funding 5½% 1982-84 ...	101 15/16	105 7/16
Treasury 5% 1986-89	97 11/16	97 11/16
Gas 3% 1990-95	65 1/2	69 1/8
Funding 3½% 1999-2004 .	70 3/16	73 7/8
Irredeemables		
War Loan 3½%	63 7/8	68 5/16
Consols 2½%	49 3/8	52 1/8

allotment, granting the first £100 in full, no more for applications up to £2,000 and only 5¼ per cent for allotments over £10,000. Issuing brokers have a constant problem in deterring the stags, and one of their few effective measures is to vary drastically the basis of allotment. The £3½ million issue by Rootes Motors of a 5½ per cent debenture (1984-89) at 98 was also heavily oversubscribed on Thursday.

In the three weeks since the eve of the election, as the table shows, gilt-edged prices net of interest have risen by up to three points and more; yields have fallen by up to 7s., and Old Consols now yield only a shade over 4¼ per cent. The notable exception is Treasury 5 per cent 1986-89, which the government broker has kept steady just below its issue price of 98, so that its yield has now become decidedly attractive. Sales have been substantial.

The biggest rise has been in 3½ per cent War Loan, up from 63⅜ to 68¼. War Loan has also been the subject of the biggest aberration in market comment—the fatuous suggestion that the authorities might change the terms by giving it a final date of redemption. Why they should do this, having had since 1952 a one-way option to repay the stock, is far from clear. And talk of "a swindle" in connection with the terms on which War Loan was issued is wildly irresponsible. The reasons why sensible people prefer other gilt-edged stocks to War Loan are well known—and they always have been.

Preference Preferred

THE search for more attractive yields than those offered by many leading equities has brought investors back into the market for preference shares. This market, more perhaps than any other, is one where shares are firmly held and day-to-day prices turn largely on the amount of stock which comes on offer. In the last few days the

turnover in this market has gone up and some brokers have reported that blocks of preference shares have been readily snapped up. But the lists of preference shares on offer still show fair supplies of the second flight issues, giving a return of something over 6¾ per cent. The accompanying table shows that the good quality preference shares are now on a yield basis well below 6 per cent. Shares such as these cannot be purchased at all freely, but shares can be attracted out of quite firm hands by paying an extra sixpence or so.

PREFERENCE SHARES	Rate %	Prices Oct. 8	Oct. 22	Oct. 29	Latest Yield %
Assoc. Electrical 'B'..	4½	14/10½	15/3	15/6	5¾
British Motor	5	16/4½	16/6	17/3	5¾
British Petroleum 2nd.	9	27/9	28/3	29/–	6
Courtaulds	5	17/11½	17/4½	18/3	5½
Distillers	6	20/3	21/–	22/–	5½
Dunlop	5½	17/4½*	18/11½	19/4½	5¾
I.C.I.	5	16/9	17/9	18/6	5½
Imperial Tobacco	10	29/9	31/–	34/4½	5¾
"Shell" Transport 1st.	5½	18/6	19/6	21/–	5¼
Unilever	7	22/9	24/1½	25/–	5½
Vickers	5†	21/3	22/3	22/9	6¼
Whitbread 1st.....	4½	14/9*	15/–	16/–	5½

* Ex dividend. † Tax free up to 6s. in the pound.

For institutions such as charities and pension funds whose income is exempt from tax the search has to be not merely for a good yield but also for a high net rate of British tax on the dividend. For example the net dividend received from a holding of £1,000 of Harrisons and Crosfield 6 per cent cumulative preference, paying a net UK rate of 4s., is £36 15s. after deducting £23 5s. in tax. Of the latter only 4s. in the pound can be reclaimed, so that for a gross fund the total income from the holding cannot be more than £48 15s. The net dividend on a similar amount of Distillers 6 per cent cumulative preference, paying a net UK rate of 7s. 8d., will again be £36 15s., but practically all the £23 5s. deducted in tax can be recovered so that for an exempt fund the total income will not be less than £59 15s. The renewed interest in preference shares on yield considerations may help to persuade directors, now that profits tax is levied at a flat rate, that preference issues are not an outmoded way of raising new money.

Rally on Wall Street

A Correspondent cables from Wall Street:

ON Wall Street, too, some institutional investors are talking of lightening the weight of equities in their portfolios in favour of high yielding Government bonds. But so far there has been little significant desertion of the industrial market. Indeed, prices of common stocks have rallied this week, pushing up the Dow Jones average in five days' trading from 625.59 to 643.60 at the close on Wednesday. The rally reflected the prospect of further talks between the steel companies and the union and the separate agreement signed this week by Kaiser Steel. The steel strike continues to overshadow the market but investors have gained some comfort from the resilience of corporate profits in the third quarter of the year, which spans the strike. Earnings are patchy but total profits promise to be close to those of the third quarter, when they were running at a record annual rate of $53 billion. Even United States Steel, which has reported a loss of $31 million in the strike-bound third quarter, has been able to report higher earnings in the nine months to September 30th than in the corresponding period of last year. Before the strike, US Steel was earning very high profits indeed and it is not surprising that it has not cut its dividends.

COMPANIES ACT

A New Inquiry

SIXTEEN years have passed since the Cohen Committee began its inquiry into company law reform. After sitting for two years it produced the fruitful and far-reaching report that resulted in the 1948 Companies Act. This was a gigantic stride forward, giving investors adequate prospectuses and company accounts on which to base their decisions. But sixteen years is time enough for another inquiry and another bill. This is not because of any major shortcomings in the 1948 Act but because business practices and the views of the public about them do not go on unchanged. The Government has promised an inquiry and that will almost certainly result in a new Act. Like the Cohen Committee sixteen years ago, the inquiry will presumably be conducted by a committee appointed by the President of the Board of Trade.

During the election campaign, Mr Macmillan made it clear that the Government was especially concerned with take-over bids. That no doubt was an immediate political reaction to the Jasper affair; the terms of reference of the new inquiry are likely to range far wider than bids and mergers (on these the latest views of the City organisations, reviewed on page 440, deserve serious consideration). Everyone has his own list of reforms: the financial journalist would like more informative company accounts; the small investor ought to welcome greater safeguards in prospectuses and advertisements for deposits; stock exchange dealers and company secretaries see the need for a quicker and less costly system of share registration and transfer. The list can easily be extended to cover non-voting ordinary shares and nominee shareholdings. And there are still the recommendations of the Gedge committee on no par value shares to be implemented.

One broad stratum of reform must surely lie in greater accountability by the servants of a company to shareholders. The dual duty of directors towards the interests of shareholders as well as the interests of the company is the toughest problem—part of it lying in the borderland between the law and good business behaviour, and accordingly most difficult to define. But a Companies Act which made it more apparent that shareholders matter and that when their interests are disregarded directors can be made to suffer would be of benefit not only to investors but also to the working of the economy.

BUILDING SOCIETIES

A New Act

FIRST to welcome the news that the Government intends to strengthen the law governing the conduct of building societies will surely be the building societies themselves and the Building Societies Association. Reform is well overdue. Under the protection of the Friendly Societies Acts, a concern which was a property finance organisation in all but name can attract funds from the public with as much ease as a building society which limits all but a small proportion of its mortgages to owner-occupiers. The 1874 Act and the 1894 Act, which tightened up regulations after the Liberator crash, are completely out of date.

The new Act needs to establish that the name building society (better still it would be called a "house purchase society") can be used to attract money from investors only when a strict limit is imposed on mortgage advances other than to owner-occupiers. Where funds are used for financing property development and speculation investors must be fully informed to what purpose their monies are being put; the building society is the wrong institution to use for this purpose. The difficulty will be to draw a firm line. Many societies will be reluctant to give up completely the higher rates they earn on advances made to builders when new housing estates are being erected or on advances on shops and commercial properties. Within limits such advances may be permissible; the only principle is that the limit should be a low one and plainly specified. In return for enjoying the status of "building society" every society ought to disclose, in full, the nature of these advances; and a stop must be put to the use of accommodation companies to hide the name of the real borrower. Here the new mortgage schedules introduced this year by the Registrar of Friendly Societies will do much to tear down the veil of deceit.

Powers conferred on the Registrar by the Prevention of Fraud (Investments) Act to issue a "stop order" on building society advertisements are already strong and in recent years they have been used more severely. But they need strengthening still more by giving the Registrar more supervisory staff. He may also need greater power to control the content of advertisements and he should at least be able, as the Registrar of Companies is, to disallow the use of certain words in naming a society. Four people, paying a registration fee of £20, can form a new society and it is easy to resurrect a moribund one. Here, too, the discretionary powers of the Registrar need to be augmented.

THE TRUCK ACTS

Wages by Cheque

THE Government's proposal for a bill later this session to permit payment of wages through a bank "to any employee who so requests" is in line with moves made before the election. A year ago the National Joint Advisory Council, with representatives from both sides of industry, instructed its sub-committee to consider the need for amending the Truck Acts, the nineteenth century legislation designed to protect the "artificer" by decreeing that his remuneration must be in "coin of the realm," defined to include cheques, but only those of note-issuing banks. The committee reported in April that revision of the Acts as a whole involved many complex issues and recommended that a small independent committee should be set up by the Minister of Labour: this committee is now sitting. But the NJAC itself recommended the limited reform on which legislation is now foreshadowed. This will at last permit payment by cheque or bank credit to any worker who specifically requests or sanctions it. It will remove an absurd anomaly, but will be unlikely itself to do much to extend the banking habit. The banks and the public have a bigger part to play in this than the law. But if the Government wants to give a lead it should include in its bill (as did Mr Graham Page in his abortive private bill) powers for the Minister to permit by order, when he thinks fit, general payment of wages by cheque—even though the real economies come from payments direct to bank accounts.

THE ECONOMY

Still Booming?

ONCE August and its holidays are out of the way industrial output usually makes a quick rebound and normally goes on rising until about Christmas time. Unemployment, however, which is a more sensitive indication of what is happening to the more marginal business activities, starts slowly to grow as autumn sets in and as the more seasonal trades begin to lay people off. The latest calculations of the index of industrial production and the most recent unemployment figures both show the expected increase. The production index number for September is provisionally estimated at 114-115 (based on 100 in 1954), following 98 in August and 102 in July. Adjusting the seasonal influences, however, which include holidays, the official statisticians place the figure for September at 112-113, against 113 in August and 112 in July. Thus, on the basis of just these three months, it would seem that the boom may be beginning to slow down, though there is no sign yet from some of the major manufacturing industries that this has been happening this month. Even so, industrial output in the third quarter of this year was running about 2 per cent higher than in the second, about 4 to 5 per cent more than in the first quarter, and about 7 per cent above that a year ago. It was also about 4 per cent more than in the short-lived upturn of late summer 1957.

Registered unemployment on October 12th totalled 419,000, some 14,000 more than in mid-September. The record number of school leavers this year swelled the number seeking jobs. But most of these adolescents now appear to have found work: unemployment among boys and girls fell by a further 12,000 while among adults it increased by 26,000. Unemployment rose in most parts of the country except for the Midlands and Yorkshire: in London and the south-east it rose by 5,000. But the number wholly unemployed is now below the corresponding month of 1958 for the second month running.

BOAC and the New Bill

THE Government's new bill on the licensing of air services will certainly not appear within the next few days—it may not even get into this session of Parliament. The last Minister of Transport, Mr Watkinson, often said that new legislation was required to produce a workable system of competition between the nationalised corporations and the independent airlines. But the shape of this legislation goes far beyond the administrative question of licensing airlines to fly certain services on certain routes. The new Minister of Aviation, Mr Duncan Sandys, has to decide first what the government's policy is to be for the British Overseas Airways Corporation.

When BOAC's accounts for the year to March 31st were at length published last week they were, if anything, worse than had been expected. Using resources of nearly £160 million and getting a revenue not far short of £60 million, the corporation lost more than £5 million on the year's operations and had to write nearly £6½ million off the value of its assets. In the result its accumulated deficit has been increased by the staggering sum of £11,635,779. It is not easy to explain why this should have happened in a time of rising traffic and expanding fleets. BOAC's operating results were rather better than the year before, yet it has never lost more money since the black days of 1949.

The corporation lost £2½ million on the operation of its subsidiary companies and another £1¼ million during its engineers' strike. The clue to where the balance went may lie in these figures:

	1957–58	1958–59
Passengers	480,000	495,000
Revenue	£53·5 mn.	£58·4 mn.
Operating costs (per ton mile)	38·7d.	36·2d.
Output per head (ton miles per year)	17,088	19,583
Engineering costs (per ton mile)	10½d.	9d.
Capacity on sale (ton miles)	330 mn.	377 mn.
Proportion sold (per cent)	60½	57
Proportion needed to break even (per cent)	63	60

If this were the end of the story, the outlook would not be unpromising. The revolution in the Lebanon obliged BOAC to advance no less than £1.7 million (the lion's share of its foreign losses) to Middle East Airlines. Administration in other subsidiaries is being tightened up and BOAC is rightly reducing its shareholding in them wherever possible. Engineering costs are genuinely falling, although it now looks as if BOAC over-estimated the scope for staff cutting. Traffic is rising and with reasonable luck the corporation should just break even in this current year.

BUT the underlying weakness of BOAC, which Mr Sandys must take into account in his new bill, is that its traffic is too small for the route network it supports. Its overheads are too high. This is shown up sharply by drastic writings down, totalling more than £6 million, on a range of assets, and in particular on its fleets of Britannia and DC 7C aircraft. These cannot compete on trunk routes against jet aircraft, yet if BOAC sells them now it will incur still heavier losses. The commercial solution is to crowd them with seats and run them on cut-price services, holiday flights, charter flights, freight, trooping, or any job where BOAC can find a customer for them. But these operations have so far been reserved for independent airlines and BOAC has repeatedly been refused permission to compete for them, just as the independent airlines have been barred from BOAC's trunk routes.

The independent airlines cannot build up a solid business unless they are allowed room for expansion. If they get this under the new bill, what will happen to BOAC? It is very doubtful indeed whether the corporation has much chance of making regular money during the coming years unless it is allowed to get some of the bread-and-dripping traffic that now forms the staple diet of the independents. The idea of reserving certain types of traffic for certain operators has now been proved not to work No airline can get the optimum utilisation of its fleet unless it can cover the whole range of operations. Another course would be to reserve certain parts of the world for different operators just as BOAC is excluded now from the European market of BEA (though not quite vice versa). The third possibility, a free-for-all between BOAC and the independents, may appeal to sporting instincts and it would be good fun for the traveller while it lasted. When it finished no capital would be left in the business, independently or publicly owned.

WORLD TRADE

Discrimination Must End

ON the eve of this week's conference in Tokyo of the General Agreement on Tariffs and Trade, the International Monetary Fund announced the unanimous decision of its executive directors that trade discrimination should end. "There is no longer any balance of payments justification for discrimination by member countries whose current receipts are largely in convertible currencies." This formal ruling of the Fund is a logical consequence of Europe's move to external convertibility at the end of last year. Now the Fund urges that discrimination, except against Communist countries, should be abolished with all possible speed.

This declaration provides welcome support to similar calls being made in Tokyo for proper implementation of the Gatt agreement. Mr Dillon, of the US State Department, urged the ending of special restrictions not only against the United States but also against Japan. Fourteen countries, including Britain, still deny Japan full benefits under Gatt. The Japanese authorities are apparently arranging tours of factories for this week's delegates to bring them up to date on Japanese working conditions. The other main topics at the meeting have been renewed complaints by agricultural producers against restrictions on farm products maintained by countries such as Germany, and fears expressed by non-European countries about the harmful effects on them of the European common market, and to a smaller extent of the outer free trade area.

BALANCE OF PAYMENTS

Taking It Seriously

THE more regular flow of statistical information from the Treasury nowadays anticipates the main information in its yearly and six monthly white papers. This week's paper on the balance of payments fills in the details of the recent quarterly estimates, and it shows the importance of shipping in the drastic downward revisions of estimated surpluses in current payments in recent years. For 1958, the figure of the current surplus is down from £455 million to £349 million and the net credit from shipping from £167 million to £88 million.

The Treasury points out that the removal of exchange controls is increasing its difficulties in obtaining information. It will henceforth have to lean more heavily on direct inquiries from industry, and the Board of Trade has made a start with such inquiries for insurance, investment income and capital transactions, figures of which have been notoriously inadequate. The Treasury is also hoping to avoid repetition of the latest episode by an annual sample of what shipping is earning. All these steps are welcome. The Treasury was bound to be left with inadequate figures while it relied for their collection on a by-product of exchange control. It is now a little late to belittle the significance of concepts such as the current balance. It is important on many counts to know what one is earning abroad, what capital assets are being built up abroad and what liabilities being incurred at home.

The most striking feature of the detailed payments figures is the recent contrast between the sterling and the non-sterling sector. The first half of 1959 saw the extraordinary phenomenon of a deficit (instead of the usual big surplus) in Britain's visible trade with other sterling countries and a surplus (instead of the customary deficit) in trade with non-sterling countries. After allowing for invisibles (or should it be identified invisibles?) there was a sterling surplus of £92 million (compared with £242 million in the first half of 1958) and a non-sterling surplus of £50 million (compared with a deficit of £5 million). Much of the improvement was with North America. Exact regional comparisons with past periods are not possible, as the Treasury has recognised the logic of external convertibility and made its subdivisions geographical instead of by currency area. Thus the dollar countries of the Caribbean are now grouped under Latin America rather than the dollar area.

The bare figures of the net movement of private long-term capital show a slackening in the outflow to £70 million, compared with a recent half yearly average of near £100 million. A net outflow of £90 million to other sterling countries was offset by a net inflow of £20 million from non-sterling countries.

BANK OF ENGLAND

Central Banking Information

THE Bank of England announced on Thursday that a Central Banking Information Department is to be established, which will absorb the existing Overseas Department and Statistics Office. This move has been under consideration for some time; as it is plainly in line with the recommendations of the Radcliffe committee, the Bank has now gone ahead. The new department will bring under one wing the home and overseas sections. The Bank is anxious that its overseas intelligence will continue to be fed by direct personal contacts with overseas central banks and international institutions. For this reason it prefers to avoid the appellation "Economic Intelligence," which might carry overtones of ferreting or even espionage in the minds of some central banks. The head of the new department is Mr G. M. Watson, hitherto chief of the overseas department; Mr Maurice Allen continues in his capacity as an (economic) adviser to the Governors, with no formal relationship to the new department. The deputy chiefs in that department are Mr J. B. Selwyn (from the Statistics Office), Mr J. S. Fforde (assistant to Mr Allen), and Mr R. E. Heasman (from the overseas department).

Plainly the Bank has it in mind to expand as well as to reorganise its information department; it seems in sympathy with certain of the Radcliffe recommendations in this sphere, but wants more time to come to a firm decision. The Bank seems to be considering, for example, the desirability of recruiting trained economists for the information department; hitherto it has taken on specialist staff only in rare instances. On the other hand, the Bank does not seem to favour the Radcliffe suggestion for the appointment of a fifth executive director as head of the information department. The existing executive directors are not in fact departmental heads. The information department will continue to come under the general purview of Mr J. M. Stevens, one of the executive directors.

The other Radcliffe recommendations are still under consideration. The Bank has already promised more information in its annual report. Its evidence to the Radcliffe committee, due to be published soon, will provide a sample of what may be expected: the main question to be resolved is how soon after the event market information can properly be made public. The possibility of quarterly and occasional bulletins is being considered: the Bank does not seem to have set its face against either. Other Radcliffe issues—the question of ending the old distinction between "affairs of the Bank" and its agency functions on behalf of Treasury; the proposal for a new standing committee with representation from the Bank and Whitehall; and the suggestion that Bank rate should be announced by the Chancellor—all these are matters primarily for the Government. But the Bank, like outside observers, may remain sceptical of the last two suggestions which have already led to much unfortunate misinterpretation overseas.

CABLES

Rationalisation and Prospect

THE closing of the Liverpool Electric Cable Company by Associated Electrical Industries shows that AEI is continuing to rationalise in a branch of its business where efficiency is essential to

survival. Fierce price competition broke out as soon as the price-fixing agreements previously maintained by the Cable Makers' Association on mains and domestic cables were ended—at the wish of their members, who included AEI and British Insulated Callender's Cables—on May 1st. A cut of about 5 per cent in the prices charged by the members of the price-fixing agreements was then made, but competition in the discounts offered to contractors and wholesalers soon brought prices well below this level. On June 1st BICC issued a new price list showing average reductions of about 10 per cent; AEI matched this at the beginning of July. There have been no further broad cuts in list prices, though the prices of some types have been cut. Most of the smaller companies charge slightly less than BICC and AEI, though there is one exception. The cuts have varied a good deal between different types of cables; compared with the CMA's prices they range from over 20 per cent on mains cables to 10 per cent on domestic cables. The latter are most affected by surplus capacity; even the CMA prices left most makers little profit margin and prices now for these cables (and perhaps for others) must be near or below cost.

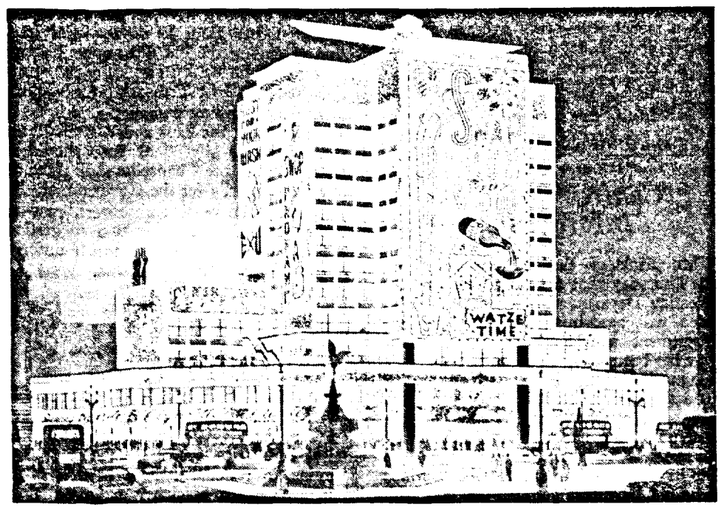
Demand for cables has improved a little in the last few months. Increased capital expenditure by the electricity boards and the high rate of house building are helping here. But many of the smaller companies in the industry must be selling with little profit and at worst at a loss. Even the larger firms cannot be happy about the present situation; they are believed to have raised their production to 85 per cent of capacity but cannot be making much profit. The future pattern for this industry seems to be further "rationalisation" by the absorption of the smaller companies into the larger. BICC already have perhaps 40 per cent of the market and AEI 25 per cent; the cable industry seems bound towards an even stronger oligopolistic structure—to be followed perhaps by higher prices?

PICCADILLY CIRCUS

Poor Eros

ANY hopes that the long-planned redevelopment of Piccadilly Circus would bring a signal improvement over its present collection of dismal architecture and garish neon seem to be out. The new building on the Monico site, on the north-east corner of the Circus, bounded by Shaftesbury Avenue and Denman, Sherwood and Glasshouse Streets, is to be of 13 storeys containing offices, shops and exhibition space, and a sizeable part of its wall space will be covered with electric advertising signs—20,000 square feet of them all told. The project is to cost £7 million, including the site; this is being put up by the Legal & General Assurance Society. The promoter of the scheme is Mr Jack Cotton, the head of City Centre Properties, who is also concerned in the Grand Central scheme in New York, discussed on page 423.

Work will begin on January 1st, and the building should be completed by the summer of 1962. It will be 172 feet high, and surmounted by a rotating crane on the roof, giving access to any external part of the building, which will be used for placing advertising signs. Of the 200,000 square feet of space in the new building, about a quarter will be available for offices. Advertising revenue—at roughly £2 a square foot—will be a big element in the economics of the new building; many owners on this site now find it more profitable to lease exterior walls for advertising than to lease the premises behind them.



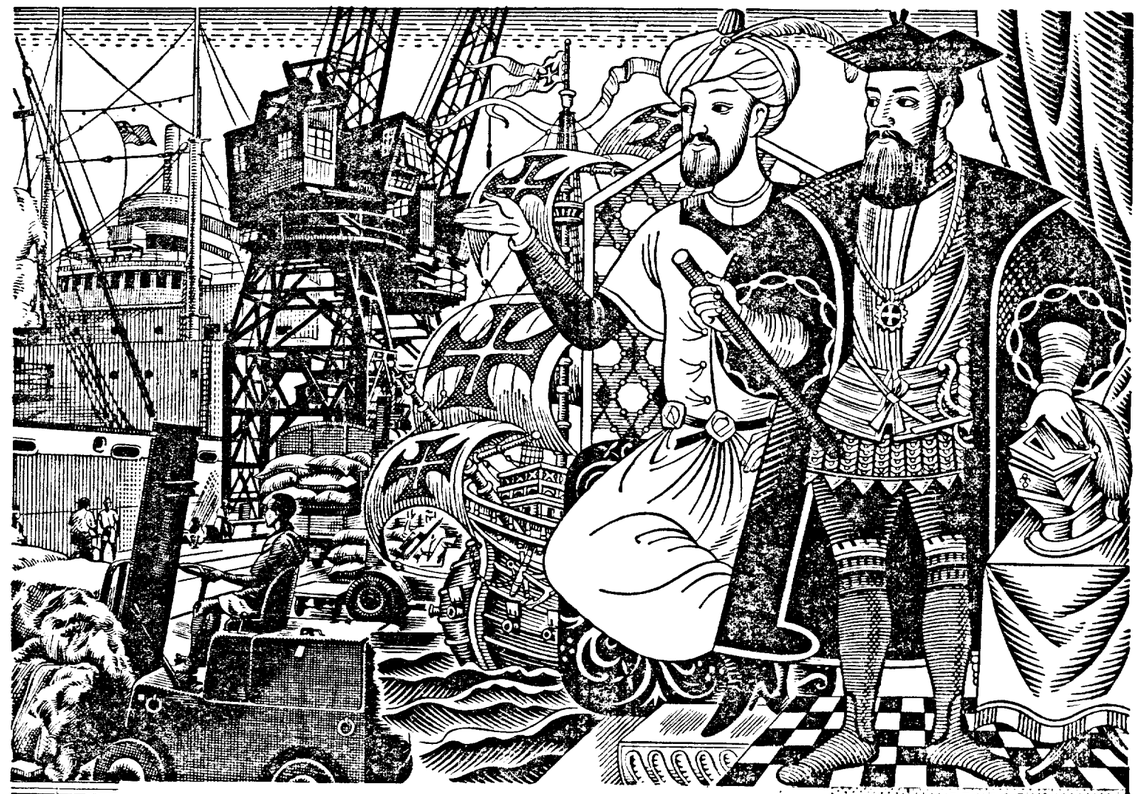
HOME APPLIANCES

Some Price Cuts

PRICES are rarely cut while sales are rising rapidly and household appliances have not hitherto been particularly exposed to competitive price cutting. So the reductions in the prices of five Hoover appliances do not appear to presage a heavy bout of pricing cutting in household durables. Of all of the goods sold to the private consumer in this past year of easier hire purchase and lower purchase tax, household durables have been enjoying the biggest boom in sales. Hoover has marked down by an average of £6 15s. the prices of four wringer-type washing machines (the £45 15s. model now sells at £38 10s.) and has cut by a third the price of its restyled Constellation cleaner. It explains that these cuts have been made possible by a combination of improved production methods and greatly increased volume of output. But the price cuts relate to the company's older models of washing machines; there is no change in the price of the Hoovermatic combined washing machine and dryer, which appears to have been selling extremely well. The new price of the Constellation cleaner (which in effect is being relaunched) has been set at £18 against £27 8s. 6d., and is more than £6 cheaper than the Morphy-Richards suction cleaner, its only direct competitor.

Since the sizeable purchase tax reductions last April there have been few changes of consequence in the prices of cookers, washers, refrigerators and similar household goods, though some new and better models have appeared at the same prices as the old. Nor is there any imminent end to the boom in sales, though manufacturers are perceptibly more cautious now in their forward guesses. Total hire purchase debt is no longer growing as fast, and imported appliances, at most competitive prices, are becoming more significant.

In the marketing of television sets, tubes and valves, things are rather different. Since the price ring was ended by the Restrictive Trade Practices Court in April (when purchase tax was also cut) there has been a succession of sizeable price reductions by one maker after another. Mullard has now announced a cut of £2 to £16 in the price of its 21 in. radiant screen tubes, after earlier reductions in the prices of its 17 in. and 14 in. tubes and radio valves. Television sets and tubes have been slowly coming down in price more or less ever since TV reopened after the war: this summer the pace has become somewhat faster.



MOMBASA: Legend records that when one Hassan-Bin-Ali set sail from Shiraz with six sons in seven ships in 975 A.D., he founded seven settlements, one of which was called Mombasa. Whatever the actual date of its foundation, by 1331, when visited by Ibn Batuta—greatest of Moslem adventurers—Mombasa was a thriving city, and Vasco da Gama, in 1498, wrote of it as being "the seat of considerable commerce". Though progress lapsed through almost four centuries of intermittent upheaval, Mombasa is now again a prosperous city, rapidly developing, with a cosmopolitan population of some 127,000. The chief port of Kenya, it has probably the finest harbour on Africa's east coast, with modern and extensive equipment. It is also the terminus of an important railway system that extends across Uganda towards the Congo border. The Bank has four branches in Mombasa and there are over fifty offices throughout Kenya.

Business men who require information on current commercial conditions in East Africa are invited to get into touch with our Intelligence Department, 54, Lombard Street, London, E.C.3. Up-to-date reports from our branches in Mombasa and elsewhere are readily obtainable on request.

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"... it is always best and safest to take stupidity for granted ..."

Extracts from a 1907 *Motoring Guide Book*
"Through East Anglia in a Motor Car"
With acknowledgments to Methuen & Co.

To touch a human being, another vehicle, or even a dog, with a motor-car, even in circumstances involving no culpability or legal responsibility in the driver of the motor-car, is in the vast majority of cases still not to his credit. The best drivers know it to be their duty never to expect that any other user of the road except a motorist has himself or his vehicle under absolute control. The good driver looks out for the signs of alarm in horses, realizes that cyclists, especially those of the female sex, "wobble" in their course when they hear the horn, knows that dogs will try to commit hari-kari, is aware that some men are blind, some deaf, some obstinate, and some drunk, feels that it is always best and safest to take stupidity for granted, and to give as wide a berth as possible to every living object on the high road.

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ENGINEERING SALARIES

What Signs of Shortage?

A SAMPLE survey of the earnings of professional engineers published recently by the Engineers' Guild shows that in 1956 the middle-range salary for all professional engineers in Britain amounted to only £1,181 a year. This, the Guild concludes, shows that engineers are underpaid as a profession. It represents less than twice their estimated average earnings in 1939.

Considering the length of their training and the importance of their work, the Guild argues that engineers should earn more. Though accurate comparisons between the salaries of engineers and other professional people must await the report of the Royal Commission on Doctors' and Dentists' Remuneration, for whose purposes this survey was made, generally available figures show that engineers were comparable in salary to Higher Executive Officers in the Civil Service and Assistant Medical Officers in the School Health Service—the former normally not university graduates, the latter young men. The Guild says that the engineers' salary position in terms of comparative salaries has not improved significantly since 1956. Administrative jobs would appear to have been paid more than engineering ones, in that the salaries were higher for engineers "in salaried employment but not as engineers."

These figures are certainly surprising in view of the firmly held belief that there is a "shortage" of engineers in Britain. If such a shortage existed, engineers would be expected to have salaries higher than those of other professional employees, not apparently lower than some considered by no means highly paid. Two possible deductions stand out. The first is that no overall shortage of engineers may have existed in this country before 1956, and if the Guild is right when it says that salaries have not increased since, none may exist now. An alternative is that if there has been any "shortage" it has been of specially qualified or able engineers, and that the generality of the professional engineers in this country have been unaffected by this because they are unable to meet the required standards. Aircraft engineers were not included in the Guild's sample; nor were chemical engineers, one of the most fashionable recent additions to the profession with one of the most highly publicised, but now largely forgotten, shortages.

MANAGEMENT

Surveying the Directors

THERE should be two golden rules in using the poll or questionnaire: do not ask questions on which people have no real opinion, and do not ask questions which for any reason they might not answer truthfully. The whole technique, obviously, is ill-adapted to many kinds of survey. How far does it serve the investigation by the Institute of Directors to determine the occupational hazards of executive life? This week the Institute has published preliminary results from questionnaires sent to a random sample of one-sixth of its 32,000 members. The picture that emerges is to say the least a generalised one. Some 64 per cent named business experience as their only professional qualification; 14 per cent admitted having a University degree. Three-fourths of them resolutely drive themselves to work, a fifth use public transport and six per cent have chauffeurs. Once in the office (two-thirds of them are there by 9.30 a.m.) most spend three-quarters of their time in executive work outside the board room. Only 16 per cent of those questioned were directors of more than four companies; more than half were concerned with one company and its main subsidiaries.

More than half the directors replying to these questions say that they regularly work late at the office, and 40 per cent customarily take work home, both during the week and at weekends. Nearly half work most Saturdays; last year, three-quarters took holidays lasting "three weeks or less." Only 10 per cent have never smoked, but 15 per cent have recently stopped smoking. About one-third lunch at work (how many in directors' dining rooms?); about 60 per cent have a business lunch twice a week or less. A full report will be published later in the year, and will provide the Institute's medical research unit with a basis for further study. The stresses and strains—both physical and psychological—under which directors may work are indeed an important subject, about which too little is known: but are surveys of this sort much help?

INTEREST RATES

A Notch Up in Germany

THE German monetary authorities, as has become their habit, have acted smartly to curb any excesses in economic expansion. They describe their increase in Bank rate from 3 to 4 per cent, accompanied by an increase of 10 per cent in minimum reserve ratios of the banks, as prompted by tensions in the labour market and elsewhere. It is designed to avoid the necessity for disruptive measures at a later stage. At the same time, the Bundesbank has shown some resistance to pressures from German bankers for a steep increase in long-term interest rates. The market expected that the forthcoming loan by the government, which itself is a notable event since the government has hitherto financed itself entirely from revenue and there has consequently been virtually no market in government paper, would be at 6 per cent. In fact the issue of DM 300 million is to have a coupon of 5½ per cent, but issued at a discount of 3½ points, giving a yield of 6.12 per cent to maturity after twelve years. The Bundesbank, which worked hard to reduce the rate from 8 per cent only two years ago to 5 per cent for a brief period this spring, now feels that it may be easier in future to pare discounts than it would have been to cut the coupon on new issues.

The rise in money rates in Frankfurt and the pressure on bank liquidity has induced some repatriation of short-term funds that had left Germany in large volume earlier this year; the market also expects some inflow of Swiss funds. These inflows are in marked contrast to the movements of funds in 1957, for exchange speculation. Significantly, while the mark has strengthened against all currencies including sterling, the forward premium on sterling has narrowed, to ⅛-⅝ pfennigs for three months' delivery.

EXPORT FINANCE

A Market Consortium?

IN a valuable and sober appraisal of facilities for finance of exports, the Credit Insurance Association is at pains to stress the great strides that have been made by the banks and the Export Credits Guarantee Department in the past few years; and it adds its own warning about vocal complaints from industry that their competitors are better served. It recommends no unnatural extension of export credit insurance. But it does recommend new facilities for medium term export finance.

It is estimated by the Association that at the end of 1958 the amount of British capital goods delivered and not yet paid for lay between £200 and £300 million. This figure was expected to rise sharply in 1959 and 1960 because of the substantial increase during the last two years in the amount of new, medium term export credit business insured by the ECGD, which will not be reflected in deliveries for some months to come. The special problem which British exporters have to face is the growing demand for credit in excess of the five years, which ECGD will not normally cover. The view put forward by the Credit Insurance Association is that if the proposal for re-discount facilities at the Bank of England is rejected, an adequate private market for the financing of exports should be created in the United Kingdom by the establishment of export finance companies. These would raise money by the issue of preference shares or notes to institutions such as insurance companies, and secure their capital from the banks, insurance companies and large exporting firms. The insurance companies could thereby be given investments of up to 15 years; hitherto they have been kept out of this field by the lack of investments of the necessary length.

If market institutions themselves decide there is scope for such collaboration, on a profit-making basis, that would be a different matter from a similar body using

Pay for the Parson

A good man was ther of religioun
And was a poure persoun of a toun.

FINANCIALLY, the parson seems to have improved his status little since Chaucer. A committee of the Church Assembly has lately reported that "the financial situation of many of the clergy verges on the desperate and they are subject to continual anxiety." It would have been worse still had not the Church Commissioners decided some years ago to switch out of gilt-edged stocks into equities; the policy has brought substantial increases in income and made possible higher stipends and pensions. The aim of the Church Commissioners is to raise current income and it is not concerned with capital appreciation. Recently much has been made of the paper profit on the Commission's holdings of steel shares; parsons' wives have even appealed for a "good Christmas box." The important thing for incumbents is not the capital profit (which is not being realised) but the handsome yield on the steel portfolio based on original buying prices.

Income of the Church Commissioners in the year to March 31st last rose by £843,052 to £13,217,000, bearing further witness to the effectiveness of their investment policy. Switching of investments was more active than in the previous year—some industrial holdings were increased and others reduced and most rights issues were taken up. Further bank shares were bought, but the Commissioners sold the remaining £700,000 of insurance ordinary stock that they held. This is not a decision that everyone would be inclined to follow; two years ago, ordinary investors may note, the Commissioners' holdings of insurance shares were £2¼ million by book value. Monies awaiting property purchases were put temporarily in treasury bills and short term government bonds, and income from this source rose substantially. At March 31st the market value of all investments was £15.7 million greater than their book value and the boom since then will have given the portfolio another big boost in value. In the property field, the Church Commissioners continued to sell long leases of commercial properties—the bulk of it in London, both in the City and the West End. Sales of residential property amounted to almost £4,500,000, and the Commissioners intend to consolidate their five residential London estates.

Following the further rise in investment income, an extra £250,000 is to be allocated annually from next April to step up stipends and a further £50,000 per annum is to be given to the clergy to help them to repay capital instalments and interest due on mortgages secured to the Commissioners. From the general reserve £1 million is to be spent in building new vicarages and making radical alterations to old ones; the report claims that this is "the greatest need at the moment."

At present the minimum stipend of a vicar is £600 a year (plus the taxable Easter offerings of up to £50); in no diocese is the stipend above £700, unless more than one living is held. But the Church Commissioners argue that all official stipend figures are without much meaning, for most clergymen have to pay substantial expenses out of them and the balance is subject to tax. Targets for future stipends have been set in the last week by the Archbishop of Canterbury, who being a former schoolmaster himself compared them with the salaries of school teachers, and by the outspoken Bishop of Southwark, who has put the figure at least at £1,000 a year.

Further improvements in stipends and in Church finances generally cannot be brought about solely by the efforts of the Church Commissioners and the laity must play their part. Last April the Central Board of Finance published "The Christian Stewardship of Money" as part of a campaign to encourage congregations in the habit of regular giving and in setting aside part of their income specifically for church purposes both at home and overseas. In this way churches are hoping to raise their regular income and at the same time to obviate the need for so many special efforts.

THE CHURCH'S PORTFOLIO

(£ 000's)	1957	At March 31, 1958†	1959
Total Investments:			
Book value	£124,254	£121,858	£122,942
Market value	£134,794	£107,784	£138,678
Average yield*	£5/1/4	£5/5/3	£5/9/4
Of which			
Government stock:			
Book value	£35,842	£20,336	£20,056
Market value	£22,137	£19,003	£19,779
Average yield*	£2/16/10	£4/12/8	£4/13/8
*Percentage of portfolio**	28·8%	16·7%	16·3%
Industrial Ordinary stock:			
Book value	£52,845	£72,998	£73,857
Market value	£72,962	£63,378	£88,315
Average yield*	£6/16/5	£5/6/3	£5/11/2
*Percentage of portfolio**	43·3%	59·8%	60·1%
Income:			
Security income	£6,630	£6,738	£7,811
Net rental income	£3,296	£3,698	£4,099
Investment mortgage income	£934	£1,156	£1,244
Total income	£11,765	£12,374	£13,217

* At book value. † Book values were revalued at market prices on April 1st, 1957.

official funds, or official insurance of credits up to ten or fifteen years, as recently suggested by the Federation of British Industries. A private venture might work best if it were limited to a particular industry—on the lines, for example, of Air Finance.

For special cases there will always be an export financing gap. In Britain it can be met by what are virtually government loans given by the ECGD under section 3 of the Export Guarantees Act. Undoubtedly more development loans will be needed; and the British Government might unfortunately follow others and tie such loans to its own exports. The main need is to keep this finance in the form of the development loan, extended selectively to the borrower. In that way the Government retains some influence in its overseas investment. A lost contract in a Latin American country is better than a bad debt.

EXHIBITION FACILITIES

An Exceptional Project

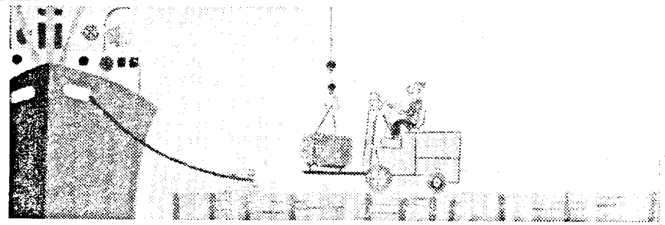
IN 1957 the Federation of British Industries was asked by the President of the Board of Trade to advise him on the view held by British industry about future policy on industrial and trade exhibitions in Britain. At that time several trade associations indicated dissatisfaction with facilities for exhibitions in Britain, which prompted the FBI to set up a committee of inquiry to consider these facilities and, if necessary, to recommend plans for extending them: and this committee has now published its report to the President of the Board of Trade.

Briefly, the committee concludes that there is an urgent need for a new exhibition building in central London, having at least 500,000 square feet of floor space and extensive modern amenities; it has estimated that the cost of such a building, including acquisition of the site, would not be less than £10 million, and that the revenue that one could count upon from lettings, in the first few years at least, would be insufficient to cover costs. It would clearly not be a commercial proposition; and the committee found itself forced to the conclusion that the capital cost and anticipated deficits in the early years should be met from public funds. The report adds:

> As you well know, the policy of the FBI is against recommending projects involving assistance from public funds. Indeed, we believe that we have an enviable record in this respect. This project is, however, exceptional.

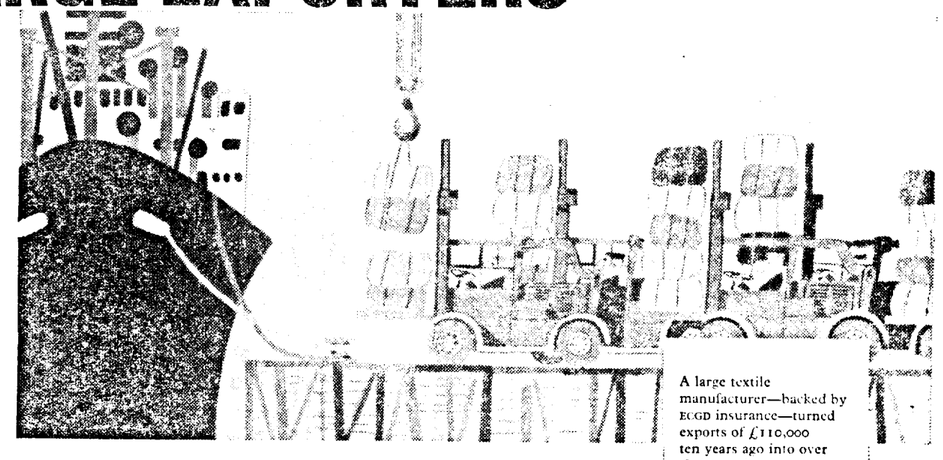
The principal complaints were that there was not now enough space available for certain exhibitions, that it was difficult if not impossible to book a hall at the desired time, and that the character and amenities of existing halls were out of date. Olympia has a total of 445,000 square feet of floor space, of which 203,750 is solid floor, and Earls Court has 450,000 square feet—but the heavy engineering industries

SMALL EXPORTERS



In their first year of ECGD insurance, a firm making sealing compounds did £1,500 worth of business with France.
Five years later they had 33 markets and a turnover approaching £125,000.

LARGE EXPORTERS



A large textile manufacturer—backed by ECGD insurance—turned exports of £110,000 ten years ago into over £460,000 last year.

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consider Earls Court unsuitable, since the suspended floor cannot take heavy loads, such as giant machinery (though not all the heavy engineering associations were dissatisfied with facilities in London, and some of them have exhibitions only once in eight years). Most consumer goods industries, on the other hand, are satisfied with Olympia and Earls Court. These two exhibition buildings, being privately owned, would continue to compete with any new hall built: the public, if not the FBI, may well object to paying for the building of large, prestigious, uneconomic structures that industry is not prepared to finance itself.

SUGAR

Too, too Sweet

SUGAR on the world market has recovered slightly in recent months, but its almost continual decline since the beginning of 1957 meant a loss to the Sugar Board of £22.9 million in the year to June 30, 1959. In all the board purchased at a fixed price 1,600,000 tons of Commonwealth sugar for £70½ million, and resold the sugar in this country at lower prices. Another £10,100,000 was paid to the British Sugar Corporation, of which £8,200,000 was used to cover the corporation's deficit on home-grown beet sugar (of which a record 722,538 tons were produced) and the remainder to encourage farmers to grow still more. The surcharge on all sugar was raised in January by ½d. to 1½d. per lb, and this realised £34,200,000 over the year, to give the board a net surplus, after administration costs and interest, of £717,000. This was deducted from what the board calls its "accumulated under-recovery" of £7,600,000, leaving the net deficit at £6,900,000.

The Sugar Act requires the board to balance its books "taking one year with another," which means that in effect the "under-recovery" represents a loan to the board by the Treasury to tide it over until future "over-recoveries" enable it to repay the loan. The board in the meantime keeps Commonwealth and home sugar producers happy by buying their sugar at more than the world market prices. The current improvement in the world price of sugar, with the New York price rising from 2.55c a lb in late July to 3.11c last week, should go some way towards reducing the board's deficit.

CREDIT FOR FARMERS

Guarantees for Banks

IN its evidence to the Radcliffe Committee, the National Farmers Union proposed the setting up of an institution to give guarantees on bank loans to farmers, which it hoped would encourage the banks to charge a lower rate of interest. The Radcliffe committee did not warm to the idea. It found that the main obstacle to increased use of the banks by farmers was their own distrust of formal inquiries into creditworthiness and formal commitments to repay on demand. Soon after publication of the report the Midland Bank announced a new facility for lending to farmers for up to twenty years. The NFU, however, has gone ahead and has set up its own Agricultural Credit Corporation. This will provide guarantees for bank advances to farmers who can show that they are competently following an acceptable farm programme. There will be a charge of a minimum of ½ per cent per year on the whole of the farmer's bank borrowing.

There is no sign that the banks will give special advances rates to the many farmers who already get a good rate—1 per cent over Bank rate. For these farmers therefore the guarantee would increase borrowing costs. On the other hand, less creditworthy farmers now paying over the odds may find the guarantee worth while. There is an obvious danger that the scheme will attract the more doubtful risks; but the farmers' union will presumably have this in mind in vetting applications. It has re-insured itself in the market up to a maximum loss of £500,000 a year—a rate of loss it would never expect to approach. The scheme is an interesting one, and no public money is involved.

SHORTER NOTES

Sir James Bowman, the chairman of the National Coal Board, this week disclosed to the Executive of the National Union of Mineworkers the cuts in coal production to be made beginning next January 1st: in all 46 pits are to close, of which six are uneconomic; production will be cut by eleven million tons, of which four million tons will be opencast. A total of 17,660 miners will be affected; miners aged 65 and over who are compulsorily retired will receive as compensation, in addition to their normal pensions, lump sums of £203 for underground workers and £197 for surface workers.

★

The directors of the Automatic Telephone and Electric Company propose to simplify the existing capital structure by abolishing the special voting rights enjoyed by the holders of the £100,000 of "A" deferred stock and by conferring equal voting rights on the holders of the £260,000 of "B" deferred stock. Both classes of deferred stock will thus be coverted into ordinary stock, of which £3,440,000 is now in issue. Hitherto, holders of the £100,000 "A" stock (all of which is owned by British Insulated Callender's Cables) enjoyed the right to 50 per cent of the total votes irrespective of the nominal amount of ordinary stock issued. To compensate BICC for the loss of this "valuable right" the directors propose to capitalise £190,000 from reserves, of which £100,000 nominal of ordinary shares will go to BICC and the remaining £90,000 will go to ordinary stockholders. No scrip will be issued to holders of the "B" stock.

★

An advanced school of automobile engineering is to be established at Cranfield, Beds, by the Society of Motor Manufacturers and Traders, the Automotive Division of the Institute of Mechanical Engineers and the Ministry of Education, to give postgraduate training in engineering in relation to the needs of the motor industry.

The Standard Ensign saloon is now available with a 1.6 litre diesel engine, made by F. Perkins of Peterborough. The engine is claimed to give about 50 miles per gallon, and develops 43 bhp at 4,000 rpm, compared with 60 bhp for the petrol engine normally available.

★

Work is now more than half completed on the two tanker landing stages being built by the Mersey Docks and Harbour Board and Shell Refining Company at Tranmere, on the Cheshire side of the Mersey, nine miles northwest of Shell's refinery at Stanlow. When completed next spring these stages will be capable of accommodating a fully loaded tanker of up to 65,000 tons deadweight.

★

Harrisons & Crosfield is to pay a final dividend of 10 per cent together with a bonus of 5 per cent to make a total for the year of 20 per cent, compared with 17½ per cent. The group's net profit has risen from £539,912 to £624,248. A two for three scrip issue is to be made, involving the capitalisation of £1 million from capital reserves. On this announcement the price of the £1 deferred ordinary shares rose by 9s. 4½d. to 82s. 6d.

COMPANY AFFAIRS
Comments on pages 459, 460 and 461 on
Schweppes, Spicers, Brooke Bond
Rolls-Royce, Fisons, Courtaulds
Rootes Motors, Alvis, "Chartered"
Babcock & Wilcox, Amalgamated Dental
Associated Portland, Leeds Permanent
Ransome & Marles, Hawthorn, Leslie

LONDON AND NEW YORK
Stocks, prices, yields and security indices on pages 462 and 463

LONDON STOCK EXCHANGE
The week's movements reported on page 461

MONEY AND EXCHANGES
Money market report, exchange rates and public finance on page 464

COMPANY MEETINGS

CITY CENTRE PROPERTIES LIMITED

GROUP'S CONTINUING PROGRESS

The Seventy-seventh Annual General Meeting of City Centre Properties Limited was held on October 26th in London, Mr Jack Cotton, the Chairman, presided.

The following is an extract from his statement which has been circulated with the report and accounts for the year ended March 25, 1959:

I have pleasure in presenting the Accounts for the year ended March 25, 1959, which show the continuing progress of the Group and fulfil the expectations indicated by your Chairman in his statement last year.

BOARD CHANGES

I was appointed Chairman of your Company at last year's Annual General Meeting, and my predecessor in that office, Mr F. W. Lindgren, was appointed Deputy Chairman.

Since the end of the year under review, Mr G. W. Bridge, Executive Vice-Chairman of the Legal and General Assurance Society Limited, has accepted the invitation, gladly extended to him, to join the Board of your Company.

Mr R. D. Smith, who was General Manager of Barclays Bank, DCO, until his retirement in January, 1959, has joined the Board of City Centre Properties (Overseas) Limited.

CAPITAL AND DIVIDENDS

In May, 1959, the nominal share capital of the Company was increased by £1,200,000 to £3 million. At the same time £673,084 was transferred to capital from the Share Premium Account and applied for the payment in full of a bonus issue in the proportion of one new Ordinary Share for every two Ordinary Stock units held.

The Gross Income of the Group has increased by £209,305 to £1,174,989 while the Net Revenue for the year, after Taxation, has increased by £57,647 to £185,382.

On the total issued capital, as now increased to £2,143,507 10s., your Directors propose a final dividend of 8 per cent, thus making a total equivalent of 20 per cent (as against the forecast of 16⅔ per cent) on the capital as at March 25, 1958.

DEVELOPMENTS IN PROGRESS

LONDON. Piccadilly Circus, Monico Site. The development of this site has been undertaken by this Company in association with the Legal and General Assurance Society Limited who are providing the whole of the necessary finance; and the new building, rising some 172 feet above the ground level, will comprise about 200,000 sq. ft. of floor space, which will be available for shops, showrooms, exhibition halls and offices.

Bow Bells House, Cheapside. This new building standing adjacent to the famous St. Mary le Bow Church is nearing completion.

Notting Hill Gate: Raventop (London) Limited. This development has been undertaken by the Group in conjunction with Ravenscft Properties Limited, a subsidiary of Land Securities Investment Trust Limited. Three major sites in the immediate vicinity of Notting Hill Gate are involved.

BIRMINGHAM. Big Top Site. This development, which is also being carried out by a Company owned jointly by ourselves and Land Securities Investment Trust Limited, has now reached the stage where the main building has been completed and the bulk of the available space occupied. The development will be completed during the current year.

City of Birmingham Real Property Company Limited. T. I. House, Birmingham, is nearing completion and will be occupied shortly by T. I. (Group Services) Limited, a wholly owned subsidiary of Tube Investments Limited.

SOUTH WALES. The completion of the purchase of the Tredegar Town Estate in Newport, Monmouthshire, is proceeding along the lines envisaged and the position shows promise, in the final result, of greater benefit to the Group than was originally considered.

CENTRAL COMMERCIAL PROPERTIES LIMITED. This Company owns approximately 450 carefully selected shop properties throughout the country. In the last four years, over £80,000 per annum has been added to this subsidiary's rent roll.

OVERSEAS. The Group's main interests overseas are represented by their Company, City Centre Properties (Overseas) Limited. Development projects are proceeding in Durban, Natal, and Cape Town, Cape Province, South Africa; Port of Spain, Trinidad; Bridgetown, Barbados; Kingston and Montego Bay, Jamaica; Georgetown, British Guiana; Freeport, Grand Bahama, and Charlestown, Nevis in the Leeward Islands. A number of further propositions are under consideration.

Barclays Bank, DCO, are the principal tenants in the above developments and have acquired a substantial interest in the equity of this Company, and we are happy to express our pleasure at the association which has thus been established.

GROUP ACQUISITIONS DURING THE YEAR

WHITE HOUSE (REGENT'S PARK) LIMITED (name now changed to C.C.P. (White House) Ltd.). This Company, controlling "White House," a residential block near Regent's Park, comprises some 750 flats. The property was subsequently leased.

BARRANQUILLA INVESTMENTS LIMITED. Your Group acquired, in conjunction with Pearl Assurance Company Limited, a controlling interest in this Company, which includes among its principal assets the new BP House, in Ropemaker Street, E.C.2, and other important developments in the City.

L. & P. ESTATES LIMITED. This Company owns well-known properties in London, including Piccadilly House (at the corner of Piccadilly and Lower Regent Street); Golden Cross House, Strand; Maddox House, Regent Street, and other important properties in the provinces.

NEW LONDON PROPERTIES LIMITED. This Company, in which your company

acquired 75 per cent of the ordinary shares, owns various freehold and long leasehold, residential and shop properties, mainly situated in the West End of London.

The foregoing review of our activities extends to the period ending March 25, 1959. Since that date important acquisitions have been made which should prove of substantial benefit to your Company, property and developments to the value of approximately £10 million being involved.

THE FUTURE

The various Companies mentioned under the heading "Group Acquisitions" should provide a considerable addition to your Group's revenue.

Your Board have before them opportunities for important acquisitions and developments both in the USA and Canada. Active consideration is being given to these proposals which, if undertaken, will hold considerable promise for the future.

A joint Company has been formed with the Friends' Provident and Century Life Office. We look forward to furthering an active association with this Group. The first development we are undertaking is in Bulawayo, Rhodesia.

Your Board continues to work happily with Pearl Assurance Company Limited, which owns a considerable holding of your Company's Ordinary Stock.

Our satisfactory relationship continues with the Legal and General Assurance Society Limited.

The report and accounts were adopted.

KEPONG (MALAY) RUBBER ESTATES

LARGER CROP

The Fifty-fourth Annual General Meeting of Kepong (Malay) Rubber Estates Limited, was held on October 22nd in London, Mr L. I. Simpson, ACA, Chairman, presiding.

The following is an extract from his circulated statement for 1958:

During the year under review the price of rubber was lower than in the previous one. The group profit amounted to £212,384. We are recommending a final dividend of 15 per cent, making 20 per cent for the year. This dividend is the same as that for the previous two years, but on the increased Capital.

Our crop was 10,143,500 lb, an increase on the previous year. Our earlier replantings are now beginning to come into bearing and all being well our crops should continue to increase year by year as the new areas mature.

It has been our policy in recent years to diversify our interests into other countries and other investments, and we now have considerable interests outside our estates in Malaya. Having in mind that this Company no longer owns any rubber estates except through its wholly owned subsidiaries and other investments, and also has substantial interests in Companies other than plantation Companies, it has been decided to recommend stockholders to change the name.

At the meeting it was stated that it was now proposed to change the name of the Company to Kepong Investments Limited and in order to adopt this name an Extraordinary General Meeting would be convened.

The report and accounts were adopted.

THE GREAT UNIVERSAL STORES LIMITED

A YEAR OF CONSOLIDATION AND ADVANCE

MR ISAAC WOLFSON'S STATEMENT

The Forty-first Ordinary General Meeting of The Great Universal Stores Limited was held on October 27th in London, Mr Isaac Wolfson, chairman and managing director, presiding. The following is an extract from his statement which had been circulated with the report and accounts for the year ended March 31, 1959:

RECORD SALES

For the year under review, record sales were again achieved. They were 11 per cent up on the previous year. This included a good rise in hire purchase sales in the second half of the year. There was an increase in trading profit for the year of £1,375,438 to give a record figure of £24,569,202. Before arriving at this profit, £3,379,253 has been set aside for increased provision required for unrealised profit on hire purchase debtors due to larger sales during the year. This compares with an increased provision of £326,366 in the previous year.

The year has been one of consolidation and development of existing interests at home and overseas. This is reflected by the fact that only some £200,000 in respect of new subsidiaries has been brought into profit and loss account for the first time as against some £2,100,000 in the previous year.

DIVIDENDS AND APPROPRIATION OF PROFITS

The net distributable revenue is £9,713,549 as compared with £8,786,847 for the previous year. The total dividend paid and recommended on the Ordinary and "A" Ordinary stock of the parent company is 35 per cent, less tax, amounting to £4,441,339. This is an effective increase of 2½ per cent on the previous year. The profit retained in the business amounts to £5,206,614 so that the above dividend is covered 2.2 times by net earnings.

It is proposed that a scrip issue be made to Ordinary and "A" Ordinary stockholders of one new "A" Ordinary stock unit of 5s. credited as fully paid for every ten Ordinary or "A" Ordinary stock units of 5s. held. This will involve the transfer of £2,099,304 from share premium account.

CONSOLIDATED BALANCE SHEET

Current assets amount to £112,474,278 as against current liabilities of £53,749,552 so that the net liquid position of the Group has been well maintained.

The Issued "A" Ordinary stock of the Company has been increased during the year to £19,632,524, the result of a scrip issue made on June 9, 1958, of one for one and the issue of £56,340 stock in part purchase consideration of two small acquisitions.

Retained profits and net capital reserves, etc., arising during the year amount to £6,061,985 which increases the capital and revenue reserves and amount set aside for future income tax to £58,407,055. Out of this a sum of £2,099,304 will have to be subsequently deducted to cover the scrip issue it is proposed to make.

Under the heading of minority shareholders of subsidiaries there is an amount of £11,071,942 for Preference shares held by shareholders of subsidiary companies. It is proposed to create two new issues of Preference shares of the parent company, namely 4½ per cent shares and 7 per cent shares of £1 each. These shares will then be offered to minority Preference shareholders of subsidiaries in exchange for their present holdings. Holders of the existing 5 and 7 per cent Preference stock of the parent company will also be invited to exchange into the two new classes of stock. This will enable various subsidiary companies to be merged with others conducting similar classes of trade and generally to streamline the working of various units of the organisation.

TRADING DIVISIONS

Mail Order Division.—Sales and profits have again shown a satisfactory increase despite ever growing competition in this method of retailing.

Plans have been made for a further large new warehouse building to be erected.

Multiple Stores and Shops Division.—Considerable improvements are continually being made to all of our shops which must bring increased success in the future. On the whole this division had a successful year and profits earned are considered as very encouraging.

Salesman Collector Division.—This division again achieved an increase in sales. I am pleased to state that profits were again very good.

Household Stores Division.—The sales of this important division have benefited as the result of the cancellation of restrictions upon hire purchase trading in the second half of the financial year and as a result its turnover materially increased in relation to the previous year. The outlook continues to be bright. The profits earned were substantially the same as for the previous year but this was after providing a large sum in respect of unrealised profit on hire purchase sales.

Overseas Division.—Trading in Canada during the year was difficult and sales and profits declined somewhat. It now seems that conditions are beginning to improve and that results will resume their upward trend. The long-term outlook is as bright as ever.

Sales in South Africa showed a further increase, and aggregate profits were maintained

TRADING PROFITS, 1950-1959	
1950	£5,896,913
1951	£8,161,150
1952	£10,007,555
1953	£11,443,390
1954	£15,541,292
1955	£18,923,479
1956	£20,273,185
1957	£21,630,137
1958	£23,193,764
1959	£24,569,202

which I consider to be highly satisfactory under prevailing conditions.

Wholesale Division.—This division which is one of the smaller ones has achieved satisfactory results. Last year I mentioned that we had completed a reorganisation of our then newly-acquired subsidiary The Houndsditch Warehouse Company Limited. I am pleased to state that our hopes have been realised and the company has had record sales and profits.

Manufacturing and Service Division.—We have curtailed some of our smaller manufacturing activities during the year. Other undertakings were merged with a view to increasing efficiency. This division provides a small but most useful service to our retail divisions.

CONCLUSION

The Group has again been successful and a new record has been established both for sales and trading profit.

With the expert management which we have I see no reason why the progress of the Group should not continue and I personally look to the future with confidence. As to the current year sales to date are in excess of the same period last year. I am of the opinion that, subject to unforeseen circumstances, results will be no less satisfactory than those now placed before you.

The report and accounts were adopted and the payment of dividends, as recommended, was approved. Resolutions were passed approving the Scrip issue to Ordinary and "A" Ordinary stockholders.

GROUP PROFIT, APPROPRIATIONS AND CAPITAL FOR THE YEAR ENDED 31st MARCH, 1959

	£
Group Trading Profit ... ...

THE SUNDERLAND SHIPBUILDING DRY DOCKS AND ENGINEERING COMPANY

PROGRESS OF CAPITAL DEVELOPMENT SCHEMES

IMPACT OF SHIPPING CONDITIONS ON FORWARD OUTLOOK

The fifth annual general meeting of The Sunderland Shipbuilding Dry Docks and Engineering Company Limited was held on October 27th at Sunderland, Sir Henry Wilson Smith, KCB, KBE (the chairman), presiding.

The following is his circulated statement:

In 1958-59 the Group's Trading Surplus fell by approximately £210,000—from £890,000 to £680,000. On the other hand, investment income increased by some £20,000 and, helped by the lower rates of tax, the reduction in the final net profit was limited to £70,000.

The general position in the shipping and shipbuilding industries is too well known to need much elaboration. It is all the more satisfactory to be able to report that our shipyards were fully occupied throughout the year and were able to show an improvement in their results. The fall in trading profit was indeed entirely due to the less favourable results from ship-repairing and engineering. The large tonnage of idle or underemployed shipping obviously has an immediate effect on the amount of repair work on offer which then becomes much more competitive in character. Equally, our engineering Companies, with their preponderance of marine work, suffered both from a reduced flow of continuing business and from lower profit margins.

During the year we have pressed ahead with our major schemes of capital development, as represented by the new berth and related facilities at Thompson's North Sands shipyard and by the North Dock scheme for Greenwell's, our ship-repairing company. Helped by the weather, good progress has been made with both schemes, and they should be in operation well before the end of the current financial year. Whether in good or bad times, the result should be a significant improvement in the Group's efficiency and competitive strength.

THE FUTURE

As regards the future, it is impossible to speak with any degree of certainty. The shipyards' order books still represent a satisfactory forward volume of work, but in recent times no new orders have been received, and unless that flow is resumed we, like other Shipbuilding Groups, will inevitably face a serious situation. One can only hope that the upturn in business will not be too long delayed. The same comments apply, with even greater short-term significance, to our ship-repairing and engineering Companies which are so very much affected by the day-to-day impact of shipping conditions.

In spite of the uncertainty of the forward outlook, it is essential to continue our policy of carefully planned capital expenditure. While the total of such commitments is noticeably lower than it was twelve months ago, that is essentially due to the progress made on the two major schemes to which I have referred. In a Group such as ours this must be a continuing process, in order to maintain and indeed improve our competitive efficiency.

The report and accounts were adopted.

COWBURNS & SCOTTS (BEVERAGES), LIMITED

A SCRIP ISSUE

The twenty-third annual general meeting of this company was held on October 27th at Stratford-on-Avon, Mr W. H. Whitaker, FID, Chairman, presiding.

The following is an extract from his circulated statement for the year to March 31, 1959:

Trading profit of the Group before taxation is £21,569 as compared with £27,056 last year. Notwithstanding this fall, after allowing for the proposed increased dividend, the final total profits of the Group to be carried forward to next year at £75,654 show an increase of £2,605.

In my report last year I mentioned the awful weather we had experienced in 1956 and 1957, but in 1958 it was astoundingly worse—probably one of the worst summers I can recall. With that in mind your Directors are pleased to be able to present to you the above accounts and are very thankful that all your interests are not vulnerable to weather conditions. Nevertheless, it has some bearing, as for instance our Mineral Water trade, which is always better in good weather. During the present summer the weather as a whole has been beyond complaint.

Your Directors have always thought that when the time was propitious they would distribute part of the reserves by means of a free issue of shares. It is now proposed to issue one free fully paid share for every three held, and to do this the nominal capital of your Company will have to be increased by £20,000.

The report was adopted and the scrip issue approved.

ARMSTRONG SHOCK ABSORBERS

The twenty-fourth annual general meeting of Armstrong Shock Absorbers Limited was held on October 26th in London, Mr William Armstrong, BSc, AMIMechE (Chairman and Managing Director), presiding. The following is an extract from his circulated statement:

It is a great pleasure to put before you Accounts showing yet another record both as regards profit and volume of business. We are obtaining considerable benefit from the Overseas Companies which we formed some years ago and also from the new products which we have introduced into the Organisation.

The production factories at Beverley and York are working at record output and in view of the general optimism in the Motor Industry we can reasonably expect a continuation of the high level of activity. Our projects at the Fulford Development Establishment continue to progress and we believe that we are keeping well in step with general developments.

The Consolidated Accounts for the year ended June 30, 1959, show a Group Profit before Taxation of £560,000 compared with £470,000 for the previous year. After Taxation of £282,000 there is a Group Profit of £278,000, which is an increase of £45,000 on the figure for last year. Your Directors recommend a Dividend of 35 per cent and in addition are proposing the capitalisation of £300,000 of the General Reserve by means of a one-for-one Ordinary Share Bonus.

The report was adopted, and at the subsequent extraordinary general meeting the capitalisation and scrip issue proposals were approved.

ALEX: LAWRIE & COMPANY

GROUP RESULTS SUBSTANTIALLY IMPROVED

The thirty-fifth annual general meeting of Alex: Lawrie and Company, Limited was held on October 28th in London, Mr G. W. Gemmell (the chairman) presiding.

The following is an extract from his circulated statement:

The year under review has shown a slightly better result for the Parent Company compared with 1958, the profit earned being £100,568, after Tax, as against £94,542 for the previous year.

Your Board has therefore put to reserve the sum of £40,000, as against £35,000 last year and again recommend a final dividend of 7½ per cent on the Ordinary Capital of the Company, making a total of 12½ per cent for the year. This leaves £55,814 to be carried forward, as against £53,894 brought in.

The Consolidated Accounts reveal a substantial improvement. This is largely due to the fact that Kettles-Roy & Tysons Ltd's earnings in East Africa almost reached the expense level. The final Group result, therefore, is considerably higher at £96,968 compared with £53,920 for the previous year.

THE YEAR'S ACTIVITIES

I am also glad to report that the steps taken to arrest the losses incurred in East Africa by Kettles-Roy & Tysons Ltd. are proving effective and the net comparative loss has been reduced by over £53,000 to £5,660. Trading conditions in East Africa, however, continue to be difficult and the year started off somewhat discouragingly, but during the past few months there have been welcome signs of slow improvement.

Our associates in India, Balmer Lawrie & Co. Ltd., had a very satisfactory year and were able to increase their dividend by an additional 5 per cent to 20 per cent, at the same time putting substantial amounts to reserve.

Horace Hickling & Co. Ltd. continues to expand and as a result are able to double their issued capital, at the same time maintaining the rate of dividend.

In Nyasaland considerable progress is being made in developing the Tea Estates and after the disastrous drought in 1957-58 conditions have greatly improved, the crop manufactured now showing a record total. General trading in this part of the Federation, however, passed through a lean time due to a number of causes, including the credit squeeze and the political disturbances, but conditions, we believe, are now improving.

Stewart, Holl & Co. Ltd. continues to progress satisfactorily.

Stone Valley Tea Estate Ltd. in Tanganyika and Kumadzi Tea Estate in Nyasaland are being developed as planned, but as yet, they are not in a position to make profits. During the year Alex: Lawrie & Co. Ltd. purchased the balance interest in Stone Valley Tea Estate Ltd. which, therefore, now becomes a wholly-owned subsidiary.

In conclusion I would like again to express the Board's sincere recognition of all the work put in by our Staff in London and in our Associated and Subsidiary Companies abroad.

The report was adopted.

FAIRBAIRN LAWSON COMBE BARBOUR LIMITED

CONCENTRATION SCHEME COMPLETED

The Sixtieth Annual General Meeting was held in Leeds on October 22, 1959.

The following are extracts from the Directors' Report and the Statement circulated by the Chairman, Mr W. Walker:

The Reports deal shortly but effectively with the results of the concentration scheme described in considerable detail in two reports issued last year. The special nature of the transactions in last year, complete closing of the Dundee Works, transfer of plant, stock, etc., to Leeds, plant and machinery being out of action for many weeks and training of new labour with substantial financial transactions taking place makes it almost impossible either effectively to compare results with the preceding year or to show the real progress and trading position of the Group.

As was inevitable, a heavy trading loss was incurred last year until the concentration became effective. There were no further provisions which could be brought into credit as against £38,750 available in 1958. The accounts also show expenditure on concentration and losses on stock made redundant by the closing in Dundee. On the other hand, the accounts include special non-trading profits towards those expected losses. The profit on Dundee assets contracted to be sold was £65,211. The purchase of two investment companies enabled claims for repayment of tax against past losses of £121,781.

After allowing for profits earned in February and March, and the special non-trading profits already agreed, the net deficiency on all transactions was £63,534 against £156,039 in the preceding year. It is expected there will be further credits when the final transactions have been completed.

The process of gradually clearing long term unprofitable contracts and the realisation of redundant assets during a severe slump in the trade and a credit squeeze was difficult but has been done. The position is steadily improving but Members must not expect spectacular overnight results. A period of consolidation is now needed.

The Company earned profits in February, March and April and a break-even in May and June of this year. There will be insufficient production in July, August and September as a repercussion of delays during the concentration. It is hoped for reasons given in the Reports to turn into profit making again from October or November.

I should be reasonably satisfied, in the current year, as a year of consolidation, to arrive at the end of the year with sufficient profit to cover all interest charges.

Opportunity has been taken to describe the rather complicated respective rights of the providers of loan capital. The amount already received from realisations as shown by the Balance Sheet was £352,000. It now exceeds £400,000 with further moneys to come when the remaining properties are sold. Bank Loans of £875,000 are now reduced to £820,000.

As from June 1st, two new subsidiary companies commenced to operate for the purposes of strengthening the selling organisations, giving closer contact at director level with the Company's customers and promotion to some of the full time executives.

I am satisfied that there has now been created a good organisation to consolidate the position in this year and then move forward. Little is now required on the trading side but a good order book.

The report and accounts were adopted and Mr E. F. Robson re-elected.

VITAMINS LIMITED

A YEAR OF CONSOLIDATION

At the Annual General Meeting the Chairman, Mr H. C. H. Graves, said that net Group profit (after taxation) was £177,129 (£146,161). Ordinary dividend was 25 per cent (20 per cent).

The year had been one of consolidation, a year in which the Company had improved the productivity of existing processes rather than starting new ones; cemented relations with old friends rather than wooing new ones.

The £100,000 of Notes issued in 1949 were repaid on October 1, 1959.

They had recently acquired the freehold of their Hammersmith premises and a further 150 acres at Walton Oaks. The Keynsham and Chester premises were already their own freehold property. The Crawley factory was held on a 99 year lease with 91 years unexpired.

They had pioneered in both research into fundamental knowledge and its practical application. They were actively developing overseas branches, some in "under-developed" areas of the world, where the need for specialised knowledge of human and animal nutrition was great and where opportunities for growth over the next quarter of a century might well be considerable.

For the reasons indicated, further finance was required and shareholders were about to be offered the right to subscribe for 455,200 new ordinary shares at 20s. each in the proportion of one for every five held.

It was gratifying that great as were the advances in the knowledge of scientific nutrition the role of Bemax as the best-known vitamin-mineral-protein food in the world continued to be appreciated and taken advantage of by doctors and dieticians, by nurses and mothers as it had been for over thirty years.

The Report and Accounts were adopted.

REX TRUEFORM CLOTHING LIMITED

The twenty-second annual general meeting of Rex Trueform Clothing Company Limited was held on October 21st at Cape Town, Mr Bernard J. Shub, chairman, presiding.

The following is an extract from his circulated statement:

The financial accounts for the year ended June 30, 1959, reflect improved results and a further strengthening of the overall position. The Group's trading profit of £206,861 represents an increase of more than 45 per cent over the previous year. The Directors propose an increase in the dividend on the Ordinary and "A" Ordinary shares, and have recommended a dividend at the rate of 10 per cent for the year, as compared with 7½ per cent.

Despite continued difficult trading conditions, the demand for the Company's 'Balance-line' model and other products has steadily increased. The development of efficient manufacturing techniques and the consistent improvement on quality standards have contributed to the successful year.

The Company's products have for many years been marketed in countries outside the Union of South Africa, and it has been our policy to develop additional export trade. It is, therefore, most gratifying that this Company has been the first in the history of our clothing industry to establish a substantial export market in the United States of America. Regular shipments commenced during the last few months of the financial year.

At the beginning of 1959 the Company purchased, at par, the entire shareholding of Nicholson & Company of England (South Africa) Limited and Alligator Rainwear (S.A.) Limited. The results of the first six months' trading have been satisfactory.

The report was adopted.

BRITISH OVERSEAS STORES, LIMITED

BRIGHTER PROSPECTS

The thirty-eighth annual general meeting of British Overseas Stores, Limited was held on October 27th in London, Mr R. J. Blackadder, MC, CA, chairman, presiding.

The following is an extract from his circulated statement for the year ended March 31, 1959:

It is disappointing that I cannot open my review with an account of progress and achievement as in recent years. Last year I said that I was not disturbed about the probable results of the then current year. I drew attention to the falling turnover of our Jamaican companies, and the trade recession in the Rhodesias which subsequently spread to South Africa. Apart from the companies operating in the territories concerned, these factors also influenced our London subsidiaries. Unfortunately, these conditions persisted throughout the year now under review.

Trading conditions are still difficult, but the outlook is now more reassuring—import restrictions have been relaxed to some extent and credit facilities are on the whole more readily obtainable, but traders still find that in many cases turnover can only be maintained at the expense of a steadily increasing demand from their customers for extended credit.

The accounts show a consolidated profit before tax of £100,701 compared with £215,245 last year—a reduction of £114,544.

We have overcome many difficulties arising out of matters with regard to which we had no control and, having met the situation in an extremely uncomfortable year, I feel that our organisation has sufficient resilience to take every advantage of the brighter prospects which I believe lie ahead.

The report and accounts were adopted.

SOLAR INDUSTRIES LIMITED

RESUMPTION OF ORDINARY DIVIDENDS

The Fifty-third Annual General Meeting of Solar Industries Limited was held on October 23rd at Glasgow, Mr R. K. Calder, chairman and managing director, presiding.

The following are extracts from his statement:

Canadian losses again impinge heavily on the Group profits and mar what would otherwise have been a record year.

Despite the further substantial Canadian loss, the United Kingdom subsidiaries made such good progress that the Group trading profit, less the Canadian loss, advanced from £358,477 to £476,723, an increase of over 30 per cent on the year.

As there is no allowance for the Canadian losses the provision for taxation is abnormally high at £166,600. After the tax charge there is a final net profit for the year of £121,169, as compared with £45,291, a result which, in all the circumstances, is deemed satisfactory and has justified the directors in fulfilling the promise of last year to resume payment of dividends on the Ordinary share capital.

An interim dividend of 5 per cent less tax was paid on March 27th last and your directors now recommend a final dividend of 10 per cent, less tax.

While there is still much to be done to remedy the position, I am now more hopeful as to the future of the Canadian companies. I am bound to say, however, that a further but, I hope, much reduced loss is almost certain to be incurred in the current year.

SUBSIDIARIES' ACTIVITIES

Aluminium Bronze Co. Ltd. showed a small decline in both turnover and earnings, but this was largely attributable to reductions in monetary values, with the physical volume showing further expansion. The current year is running at record levels.

Atkinsons Agricultural Appliances Ltd. lived up to the hopes which I expressed last year and output and earnings advanced sharply. I look with confidence to a record result in the current year.

The Draftex Group—which is so closely linked with the motor trade—maintained its position and showed a reasonable increase.

Burnley Aircraft Products Ltd.—the activities of which now cover a much wider field than jet aero engine components—again recorded both increased sales and earnings. Since the close of the year the Burnley company has established a close technical association with Soudure Electrique Languepin, one of the leading French manufacturers of welding machines and specialists in the design and development of large multi-head machines for the welding of motor car bodies, and of the associated transfer machines and other automation equipment.

In order to further the proposed collaboration in these developments and in the production of spark erosion machines, we have set up a joint company with our French associates under the name of Solar Weld Languepin Ltd.

The misfortunes of our Canadian companies, Renfrew Aircraft & Engineering Company Ltd. and Norpoint Ltd., have already been referred to above. While losses are still being incurred the reports now reaching us inspire me with confidence that the build up of the commercial output will bring a satisfactory and profitable level of output.

At Scottish Aluminium Ware Ltd. the redeployment of resources was completed during the year, and the necessary changes effected in the management. I am glad to say that, as I forecast last year, while output fell by some 30 per cent a reasonable profit was earned, as opposed to the losses of recent years. The current year is seeing output and earnings markedly increased.

Trent Foundries Ltd., like so many of the sand casting foundries, has had to meet difficult times. The current year has seen some improvement in turnover, but operating margins are much reduced.

The Varichrome Plating Companies both show increases in turnover and profits and in the current year both companies are showing further substantial progress.

As you will have gathered from the foregoing brief review, the current year is seeing further progress made in most divisions of the Group and there is so far a satisfactory all round increase in both output and profits. If—and it is always dangerous to prophesy—this is maintained, then the current year should see further records achieved.

The increased level of trading in the current year, coupled with heavier capital expenditure and the need further to support the Canadian companies, has increased the demands on the Company's liquid resources, and your directors are accordingly giving active consideration to the need for further permanent capital.

The report and accounts were adopted and the dividend, as recommended, was approved.

APPOINTMENTS

CITY AND GUILDS OF LONDON INSTITUTE

ADMINISTRATIVE OFFICERS

The City and Guilds of London Institute invites applications for permanent posts as Administrative Officers to be concerned with the Institute's extending work for the advancement of technical education and training.

Successful candidates, who should be within the age range 25 to 35, will be appointed on salary scales within the range £1,100 to £1,250, with opportunities for advancement.

Applicants (men or women) should possess appropriate qualifications (graduate or equivalent) and work in these need not be of a technical nature. A general interest in technical education is essential.

Those wishing to apply should write for further particulars to the Deputy Director, City and Guilds of London Institute, 76, Portland Place, London, W.1, marking their envelopes "A.O.I."

Large Oil Company

centred in London requires a

RESEARCH MATHEMATICIAN

for the study of flow of compressible, viscous fluids through porous media. Familiarity with heat transfer theory and boundary value problems desirable. Interest in pure mathematics helpful. Qualifications: preferably Ph.D. but First Class Honours degree might be considered. This is intellectually challenging work with attractive financial prospects. Write in detail, quoting No. 8553, to Box No. 2018, c/o Charles Barker & Sons Ltd., Gateway House, London, E.C.4.

THE LONDON SCHOOL OF ECONOMICS AND POLITICAL SCIENCE

Applications are invited from graduates in the social sciences for appointment as a Research Assistant in the Government Research Division. The appointment would be for six months in the first instance. Starting salary according to age and qualifications within the range £450 — £525 a year. Applications should be received by the Secretary, Government Research Division, The London School of Economics and Political Science, Houghton Street, Aldwych, W.C.2, not later than November 4 (first).

NEW ZEALAND—
MINISTRY OF WORKS

Investigating Officers, Town and Country Planning Branch, Wellington.
SALARY: Up to £1,100 a year.
QUALIFICATIONS DESIRED: M.A. or M.Sc., B.A. or B.Sc. preferably in Geography but applicants with these degrees in allied subjects such as Geology, Political Science, etc., would be considered.
DUTIES: Assisting in the compilation of the National Resources Survey. This Survey is intended to give a comprehensive analysis of New Zealand's resources region by region, and the duties include research on physical, cultural and economic aspects in the various regions and the compiling of reports suitable for publication. Appointees would also be required to assist in the preparation of background material for town and country planning purposes and other investigations in relation to national, regional and local development.
Inquiries, mentioning this publication, and quoting Reference No. B11 of 18, should be addressed to The High Commissioner for New Zealand, 415 Strand, London, W.C.2, who will furnish further details and application forms. Completed applications to be lodged in London not later than December 7, 1959.

OPERATIONS RESEARCH

J. LYONS & COMPANY LIMITED

have recently developed their Operations Research unit. There is a vacancy for a YOUNG STATISTICIAN interested in applying Mathematical Statistics to a variety of intriguing business problems. Please reply, giving details of age, education and experience, if any, to Operations Research Manager, Cadby Hall, London, W.14.

AUSTRALIA—
UNIVERSITY OF NEW SOUTH WALES

The University of New South Wales invites applications for appointment to the undermentioned positions. In each case the salary range is:
Senior Lecturer, £A2,218 range £A2,568 per annum.
Lecturer, £A1,518 rather £A2,118 per annum.
Commencing salary according to qualifications and experience. Appointees will be eligible for 12 months' study leave on full salary after six years of service. Subject to passing a medical examination the appointees will be eligible to contribute to the State Superannuation Fund.
First class ship fares to Sydney of appointees and family will be paid.
SENIOR LECTURER/LECTURER IN ECONOMICS, NEWCASTLE UNIVERSITY COLLEGE.
Applicants for position of Lecturer must possess a degree, preferably with honours or equivalent qualifications, for appointment as Senior Lecturer, applicants must possess a higher degree or equivalent qualifications.
Closing date for applications is December 12, 1959.
Four copies of applications, together with the names of two referees, should be lodged with the Agent General for New South Wales, 56-57 Strand, London, W.C.2, and a copy forwarded by airmail in an envelope marked "University Appointment" to the Bursar, The University of New South Wales, P.O. Box 1, Post Office Kensington, New South Wales, Australia, before the closest date mentioned above.

UNIVERSITY COLLEGE OF SOUTH WALES AND MONMOUTHSHIRE

Applications are invited for the post of RESEARCH ASSISTANT in the Department of INDUSTRIAL RELATIONS. The successful applicant will be required to study trade union organisation and staffing at district and regional level. Salary £675 per annum. The post is tenable for one year in the first instance with a possibility of renewal for a further two years.—Applications (3 copies of applications should be sent not later than December 1, 1959, to the Registrar, University College, Cathays Park, Cardiff.

THE COURTAULDS ORGANISATION seeks applications from CHARTERED ACCOUNTANTS, not exceeding 30 years of age, for training at Spondon, Derbyshire, in factory and management accountancy with a view to taking up responsible positions in the organisation. A good salary will be offered based on qualifications, age and experience. A pension scheme is in operation.
Candidates should write, giving full personal particulars, including details of education and experience, to the Director of Personnel, Courtaulds Limited, 16, St. Martin's-le-Grand, London, E.C.1, quoting reference number M.13.

For further appointments and other classified advertisements see pages 468 and 469

CIVIL SERVICE COMMISSION

Competitions will be held in 1960 for the following:—
ADMINISTRATIVE CLASS, Home Civil Service and Administrative Class, Northern Ireland Civil Service (METHODS I and II); Third Class Clerkships in the House of Commons Clerkship may be filled through this competition.
FOREIGN SERVICE, SENIOR BRANCH, Age 20 (METHODS I and II).
SPECIAL DEPARTMENTAL CLASSES, H.M. Inspectors of Taxes; Cadet Grade, Ministry of Labour; Assistant Postal Controllers, Post Office (METHODS I and II).
STATISTICIAN CLASS (METHOD I only). Age 21.
METHODS OF SELECTION: Method I consists of examination at honours degree level plus preliminary and final interview. Method II consists of short examination (English and general paper) followed by interview for selected candidates, by specialists and interview by Final Selection Board. Candidates for Method II must have, or obtain in 1960, a university degree. For Administrative Class, Foreign Service (Senior Branch) and House of Commons Clerkships it must be with first or second class honours.
AGE LIMITS: At least 20½ and under 24 on August 1, 1960, with extension for service in Forces or Overseas Civil Service. In addition for Statistician Class (21-26) extension up to three years for approved post-graduate experience.
Write for application forms to Civil Service Commission, 6 Burlington Gardens, London, W.1 (quoting appropriate number: Course 4,661; Method II, September 30; Method I, January 29, 1960).

COMPANY AFFAIRS

SCHWEPPES

WITHIN a week of making a bid for the ordinary shares of William P. Hartley, the directors of Schweppes have announced another acquisition in the preserves industry. The company this time is William Moorhouse and Sons. At March 31, 1959, the assets of this private company amounted to £940,101. A recent independent revaluation of the fixed assets revealed a surplus of £365,928 on book values and the assets attributable to the ordinary shares now being acquired by Schweppes thus amount to about £1 million. The total purchase price is just over £1,600,000 and is to be paid for by the issue of Schweppes 5s. ordinary shares at a value of 26s. each. With Schweppes shares now standing in the market at 30s. the Moorhouse shareholders could already secure a useful premium on the purchase price.

The chairman of Schweppes, Mr R. Hanning Philipps, is confident that the integration of Chivers, Hartley and Moorhouse will make possible an expansion of trade. The preserves industry has become highly competitive and Mr Philipps refers to the "long term economies" by integration. Schweppes with a thrustful management and a wealth of experience in advertising and research will be a formidable competitor in an industry which is not so very alien from its established interests in fruit cordials and soft drinks.

Clearly, though they lost the battle for Thomas and Evans to the Beecham Group, the Schweppes directors are intent on growth and expansion. Announcing this new acquisition, they say that the dividend for the current year will be not less than 20 per cent, compared with 15 per cent last year. They add that they are able to give this early forecast because results for the first nine months of the year have shown a "notable increase." The 5s. shares were marked up to 30s. on this news and yield 3⅓ per cent on the prospective dividend.

BABCOCK AND WILCOX

IN spite of Mr Lionel Fraser's warning last May that Babcock and Wilcox's trading profit was unlikely to be maintained, the cut in the company's interim ordinary dividend from 6 per cent to 4½ per cent came as a shock. The £1 ordinary stock units were marked down 5s. 3d. to 45s. 3d. but improved to 46s. 6d. The group's unhappy experience over the past six months points to the sluggishness of the capital goods trades in shaking off the recession which hit them in 1957-58. In that year the boiler-making industry suffered a blow from the cut in the Central Electricity Generating Board's power station programme. Last year, Mr Fraser referred to the trend towards bigger units in the industry; it is now stated that "the design and manufacture of nuclear and large boiler plant have necessitated a considerably greater amount of development work than was anticipated."

In January, 1958, the group raised £3.8 million for expansion. A comparison of the rates of return on the capital employed by the group before and after this injection of new money underlines the difficulties now facing manufacturers in the heavy engineering field. In 1956-57 the gross rate of return on the capital employed was 22.3 per cent. It was 17.3 per cent in the following year. The rate of equity return (that is net earnings shown as a proportion of net equity assets) declined from 9.2 per cent in 1956-57 to no more than 5.9 per cent in 1957-58.

Whether the "encouraging volume" of new orders received in recent months is the first sign of recovery remains to be seen, but shareholders may be over-optimistic if they expect a total dividend of more than 10 per cent this year. It would put the £1 ordinary units on a yield of just over 4 per cent.

ROLLS-ROYCE

FROM Rolls-Royce there are no shocks, for the interim dividend of 2½ per cent on the capital as increased by the 100 per cent scrip issue is equivalent to 5 per cent paid last year. Sales for the first half of 1959 have dropped by £1 million to £44 million and those for the year are not expected to equal the 1958 figure of £96 million. The directors attribute the fall largely to the disruption caused by the fire at the Mountsorrel factory in May. They emphasise again that the results for 1959 will continue to "reflect continuation of a high rate of expenditure on research and development." In 1958 the charge borne by the company under this head amounted to £5.8 million. At the end of September the group had £105 million of orders—£8 million fewer than at the beginning of the year, but plenty to ensure that its factories will not be short of work.

The shares are not participating in the present boom and are now some 7s. lower than at the beginning of the year. At 45s. they yield 4.4 per cent.

ROOTES MOTORS

IN his annual statement Lord Rootes, the chairman of the Rootes group, says that there is no reason for complacency in the motor industry. Investors should equally beware of complacency. The boom in the motor trade, which lifted the trading profits of Rootes Motors by more than 50 per cent, from £3,478,664 to £5,338,811, still shows no signs of slackening. But it would be foolhardy to ignore a few clouds on the horizon. In the first place Rootes exports 50 per cent of its products: and although total car exports reached a new peak in the first nine months of this year the share of British manufacturers in total world exports of motor vehicles fell by some 2 per cent; this was so even in the United States, where total sales went on rising. This slight weakening of the British motor industry's grip on overseas markets is doubtless due to what Lord Rootes calls "the considerable increase in competition from American and European producers in both the United States and overseas markets." At the same time he points out that with the introduction by American makers of their new smaller models competition is bound to intensify.

To enable the Rootes group to maintain its foothold at home and overseas a £10 million programme to expand production and to "increase general competitiveness" has been set in train. The scheme is to be financed partly by retained earnings and the £3 million brought in by the sale of Rootes Acceptances, and partly by the issue, heavily oversubscribed on Thursday, of £3,500,000 of 5½ per cent debenture stock.

SPICERS AND WIGGINS, TEAPE

THE Restrictive Practices Act has robbed Spicers and Wiggins, Teape from going through with their original plans to amalgamate Spicers' wholly-owned subsidiary, British Waxed Wrappings, with Griffith and Diggins and Waxed Papers, two recently acquired subsidiaries of Wiggins, Teape. Under the act the resulting combine would have constituted a trade association and would therefore have needed registration with the Registrar of Restrictive Trading Agreements. Counsel advised the directors that it was by no means certain that the Court would sanction the merger, so it was decided that British Waxed Wrappings should be sold outright to Wiggins, Teape for £3 million.

Spicers' directors say that the sale price "considerably exceeds the estimated eventual value to the group of BWW" and exceeds by £1,700,000 the book value as shown in the group's balance sheet. Shareholders of Spicers will now be particularly concerned about the use of the £3 million proceeds, for it cannot be said that BWW was a burden on the group's resources. Spicers' estimated profits before tax this year are around £715,000, of which no less than £315,000 (or 44 per cent) comes from British Waxed Wrappings. But the directors point out that other units of the group have been badly affected by the printing strike. They estimate that "profits for 1960 will almost certainly be less than for 1959" since it will be too early to see any profitable return on any new investments made possible by the use of the sale proceeds. Profits of £400,000 before tax (that is

without BWW's contribution) will cover only about 85 per cent of the forecast dividend of 8 per cent, so that the possibility of a tax-free distribution to shareholders out of the sale seems remote; since next year's earnings are expected to be lower, the sooner the directors tell shareholders of their future plans the better.

Wiggins, Teape propose to finance the new purchase by an issue of shares. The £1 ordinary shares at 67s. 6d. yield 5.1 per cent and are on a 9 per cent earnings yield basis. Wiggins, Teape is the principal supplier of raw materials to BWW, so that the most obvious advantage to the group will be economies arising from vertical integration.

BROOKE BOND

TRADING results of Brooke Bond for the year to June 30, 1959, are very much up to market expectations. But the big increase in turnover from around £80 million, the level of the previous four years, to £91.1 million is surprising. About £3 million of this increase came from bigger sales of packet teas and the remainder from a rise in the bulk tea trade, especially in Australia. This suggests that overseas markets offer the greatest scope for expansion. While turnover has risen by 14 per cent, trading profits at £4,488,222 have risen by only 5¼ per cent and gross profit margins have fallen from 5.3 per cent to 4.9 per cent. Lower charges for taxes levied both in this country and in the producing countries where Brooke Bond has its own plantations have, however, led to a sharp increase in net profits from £1,758,399 to £2,231,006. The ordinary dividend has been raised from the equivalent of 4¼ per cent tax free to 6¼ per cent tax free. This is a big increase, but the new payment is still covered about 3¾ times by earnings. On this announcement, the "B" shares rose to 13s. 10½d., to yield just over 3¼ per cent.

FISONS

AS forecast by the directors last June, the final dividend of Fisons, the chemical and fertiliser manufacturers, is 8 per cent, making 12 per cent for the year to June 30, 1959. This compares with the equivalent of 10 per cent for 1957-58. Last February, the ordinary capital was raised by a one-for-two scrip issue and now another £3,869,908 is to be capitalised in making a one-for-three scrip issue. The group's trading profits and investment income have risen from £3,142,478 to £3,641,360 and after higher tax and slightly higher depreciation charges net profits have gone up from £1,594,970 to £1,800,527, so that the dividend is covered about twice. During the year the fixed assets of the parent company and its United Kingdom subsidiaries were revalued and a surplus of £6,981,367 was added to capital reserves, from which £2,558,567 has been written off goodwill. The revaluation, the scrip issues, and, most important of all, the bigger dividends, suggest that the new look in Fisons, which became really discernible only a year ago, is not a passing fashion. Over the last year or so investors have re-assessed the merits of the £1 ordinary shares which at 70s. 3d. yield 3.4 per cent.

ASSOCIATED PORTLAND CEMENT

AT long last, Associated Portland Cement, with the assistance of Baring Brothers, is preparing a scheme to tidy up the capital structure of the group. At the moment APC holds 82.3 per cent of the equity of British Portland Cement and all the ordinary capital of Alpha Cement. The preference stocks of both these companies, amounting to about £2,500,000, and £340,000 of Alpha Cement's debenture stock are held almost entirely by the public.

The first step has been taken in an offer by APC to buy up the minority ordinary shareholding in British Portland Cement. The second step will be taken when proposals to simplify the fixed interest capital structure of the subsidiaries are finally worked out. Ordinary stockholders of British Portland are to be offered four £1 Ordinary shares in the parent company for every five £1 BPC ordinary units they hold. With APC ordinary at 70s. 9d. this puts a value of 56s. 7½d. on the British Portland units, which is almost double their "low" for the year and is 3s. 3d. above their pre-offer price. The exchange offers BPC ordinary shareholders a wider market, superior earnings cover (3.3 times, compared with 2.2 times) and on the basis of APC's dividend forecast a slightly higher income. The APC directors intend to pay a final dividend for the current year of "not less than 6 per cent"—making 10 per cent for the year, against the equivalent of 9.6 per cent. A dividend of 10 per cent is not particularly generous and with the APC shares now yielding under 3 per cent investors are clearly hoping that the directors will pay more.

COURTAULDS

FORMATION of two new companies in North America by Courtaulds and its Canadian and US subsidiaries is an earnest of the group's intentions to extend its policy of diversification to that continent. So far Courtaulds' interests in the United States have been confined to rayon, and in Canada to plastics and viscose staple. One of the new companies, to be known as Courtaulds North America Inc., will be based in New York, and the other, Courtaulds North America, will be based in Montreal. Their task (similar to that of Group Developments in this country) will be to extend the group's interests in industries outside textiles.

The directors have also announced that by early 1961 the new plant at their Calais subsidiary will be manufacturing "Courtelle." This will help the group to leap the high tariff barrier on imports of textile fibres into France, and it will also give Courtaulds one more foothold in the common market.

At the time of the announcement of Courtaulds' Swaziland pulp-mill project last July, Sir John Hanbury-Williams referred to the "strong liquid position" of the group, represented in the last balance sheet by some £19 million in gilt-edged securities and £3½ million in cash. Clearly, the directors are losing no time in utilising these resources to expand and to diversify the group's interests.

AMALGAMATED DENTAL

AMALGAMATED DENTAL'S announcement of the sale of part of its large holding in the Dentists' Supply Company of New York follows the recent rise in the price of Amalgamated Dental's shares from around 60s. to 73s. The directors are also proposing to sell a further substantial portion of this American investment and they say that arrangements are in hand to ensure that the sale will not have an adverse effect on the company's trading or manufacturing. Of the gross profit of £907,118 for the year to December 31, 1958, dividends from Associated companies amounted to £180,000, or approximately 20 per cent. The price obtained from the first sale was "substantially in excess of book value" and the remainder of the holding has been revalued on the same price basis. This has resulted in an increase of over £1 million in the book value of the assets, which is equivalent to a rise of from 51s. to 63s. 6d. in the asset value per share. The board has the capital structure of the company "under review" and a scrip issue or a capital distribution or both seems likely.

At the moment several important questions remain unanswered. What percentage of the holding in the American company has already been sold and how much was received for it? At December 31st last investments amounted to £1,950,000, almost a quarter of the balance sheet total; how much of this relates to the Dentists' Supply Company and what are these investments worth now?

RANSOMES AND MARLES

DESPITE the fall in the group's trading profits from £1,423,755 to £1,182,056 the directors of Ransomes and Marles, makers of roller and ball bearings, have decided to maintain the total ordinary distribution at 15 per cent plus a special interim of 2½ per cent (compared with a bonus in 1957-58 of 2¼ per cent). A lower tax charge of £563,771 (against £756,400) leaves the net profit at £609,396, compared with £666,581.

In 1957-58 the completion of the expansion and modernisation programme enabled the group to take full advantage of the boom in the motor industry—its main customer. In that year trading profits and turnover were at record levels. It is therefore surprising that the results of Ransomes and Marles have fallen while the boom in the motor trade has gone merrily on. It may be that sales to the motor industry at home fell off this year because motor manufacturers were able to build up big stocks in 1957-58. If so, there may be some chance of a recovery in earnings in the current financial year. The ordinary dividend is covered nearly three times by earnings and the 5s. ordinary shares at 24s. 6d. yield 3.6 per cent.

HAWTHORN, LESLIE

IT seems to have been the long order book, which is still "substantial," that encouraged the directors of Hawthorn, Leslie, the Tyneside shipbuilders and engineers, to leave the ordinary dividend unchanged at 25 per cent for the year to June 30th, even though the group's trading profits fell from £1,448,290 to £1,249,704 and net profits from £753,110 to £696,988. Mr Robin Rowell, the chairman, says that output from the Hebburn shipyard was only slightly reduced in 1958-59, while the ship repairs department has been "well employed" despite the sharp reduction in the volume of work coming in.

The group's balance sheet shows that capital commitments have fallen from £980,000 to £270,000 and these are amply covered by liquid resources of some £3.4 million. The ordinary dividend is covered 3.4 times by earnings and the 10s. ordinary shares now yield 6.0 per cent. With the group's financial resources strong and with at least two or three years' work left on the order book, Hawthorn, Leslie must be recognised as one of the stronger shares in the weak market in shipbuilding equities.

LEEDS PERMANENT

THE big flow of money into building societies early this year when the recommended rate on shares stayed put at 3½ per cent, net, and the modest total of withdrawals after that rate was reduced to 3¾ per cent, net, has given the societies greater freedom to lend on mortgage than they have enjoyed for a number of years. Thus the Leeds Permanent Building Society in the year to September 30th advanced on mortgage a record £20,092,543, virtually the whole of it to borrowers for owner-occupation of private dwelling houses. The society's total assets rose to a new peak of £129,227,841. The net increase in the amount invested in shares and on deposits was £12,537,662.

	1958 £'000	1959 £'000
Received from shareholders	21,019	29,971
Withdrawn by shareholders	15,667	17,434
Mortgage advances	13,525	20,093
Liquid assets	18,781	22,930
Liquidity ratio	*16·17%*	*17·74%*
Reserves	6,084	7,400
Reserve ratio	*5·24%*	*5·7%*
Total Assets	116,127	129,227

The liquidity ratio was held throughout the trying period of the 7 per cent Bank rate and the credit squeeze close to 16.2 per cent of total assets—partly by rationing of potential borrowers. The ratio at the end of September was as high as 17.7 per cent. Total reserves after writing down gilt-edged securities to market value have risen from £6,084,000 to £7,400,000, and the reserve ratio is 5.73 per cent, more than double the figure to qualify for trustee status.

ALVIS

FOR a firm so closely connected to the aircraft industry as Alvis the advance in trading profits from £449,264 to £462,937, the increase in the ordinary dividend from 10 per cent to 15 per cent and the one-for-five scrip issue make good news indeed. Nor is the explanation of this satisfactory performance that the group also makes motor cars. It can fairly be said that the more expensive and exclusive the model (and the two Alvis models cost around £3,000 each), the less the makers are likely to benefit from the current boom in the motor industry.

Evidently, a sizeable contribution to the group's increased earnings came from the manufacture of Leonides aero-engines which are now used in the Westland "Whirlwind" helicopter. At the same time, as the chairman, Mr J. J. Parkes pointed out last year, orders for the Saladin armoured car are sufficient to keep that production line busy until next year. The 15 per cent dividend is covered just over three times by earnings and the 5s. stock units at 14s. 6d. yield 5.2 per cent.

"CHARTERED"

BIGGER royalty payments from the Northern Rhodesian copper producers, based on the price of the metal, have produced a substantially higher income for British South Africa Company this year. Its gross revenue from mineral royalties, rents and fees in the year to September 30, 1959, has risen by 54 per cent, from £6,003,000 to £9,262,000. The revenue for the September quarter at £2,544,000 is nearly double that of £1,307,000 earned in the same period last year, although it is slightly lower than the £2,729,000 earned in the June quarter.

The policy of the "Chartered" directors is to build up and to widen the investment portfolio against the time, in 1986, when its mineral rights will be ceded to the Northern Rhodesian Government. About a third of its portfolio is in shares in Rhodesian mining companies and nearly two-thirds of its investments is in mining concerns. Bigger dividends from the copper producers and from the OFS gold mines should have added to its investment income this year, and there is no obvious apparent reason why the income it earns from its industrial share holdings in Rhodesia and from its other investments (including those of Rhodesia Railway Trust in dollar securities) should not also be higher. A month ago "Chartered" shares stood at 90s., to offer a yield of 5.8 per cent on a 35 per cent dividend. This week they were up to 110s. 9d. to yield 4.7 per cent. This is a better yield than that offered by the leading South African finance house, Anglo American, whose 10s. shares yield 3.8 per cent at 209s. 6d., but it is lower than the yields offered by the equities of most of the other Rhodesian mining and South African holding companies.

London Stock Exchange

FIRST DEALINGS:	Oct. 14	Oct. 28	Nov. 11
LAST DEALINGS:	Oct. 27	Nov. 10	Nov. 20
ACCOUNT DAY	Nov. 3	Nov. 17	Dec. 1

MARKETS have been buoyant throughout the period with unit trusts, institutions and small investors constantly coming into the market to take any advantage of the small setbacks caused by profit-taking. On Friday, for example, the sharp fall on Wall Street and some depressing company news combined to dampen most sections in the morning, but later buyers came back and markets closed on a firm note before the week-end. On Tuesday a stream of small selling at the end of the account was quickly absorbed and a general shortage of stock helped most prices to harden. The start of the new Account on Wednesday resulted in the biggest rise in prices of the week with continued investment demand reinforced by some speculative buying. Over the week to Wednesday's close *The Economist* indicator rose 0.9 points to a new "high" of 346.3.

Gilt edged stocks have again been in demand on yield considerations with the undated stocks showing particularly big gains. 3½ per cent War Loan gained ½ to 68¼ while in short-dated 3 per cent Exchequer (1962-63) put on ¼ to 96⅛. Home Corporation loans were heavily bought following the success of the Middlesex issue; 5 per cent LCC (1980-83) improved ¼ to 97¾.

Industrial equities advanced on a broad front throughout the week although on Wednesday profit-taking caused some of the leaders to close below their best. Typically, ICI fell 3d. to 54s. 9d. and EMI—recently bought heavily from America—lost 6d. at 58s. 6d. Steel shares, which were somewhat erratic at the end of last week, all closed on Wednesday showing good gains: United Steel improved 3s. 6d. to 68s. John Summers put on 1s. 7½d. to 62s. and Steel Company of Wales closed 3d. better at 44s. Stores shares were another active section with Marks "A" improving 1s. 7½d. to 72s. 4½d., and Woolworth gaining 2s. 3d. to 61s. GUS ordinary gained 2s. 3d. to 59s. 3d. and the "A" shares improved 2s. 7½d. to 56s. 6d. Building shares were in demand and British Portland Cement put on 4s. to 57s. while Associated Cement lost 1s. 9d. on the proposed share exchange scheme. In textiles Courtaulds put on 6d. to 50s. 7½d. following news of their plans to diversify in North America. Beechams gained 1s. 7½d. to 45s. 3d. on their latest penicillin developments.

Oil shares have been mixed but most of the leaders show net gains over the period Shell improved 3s. 6d. to 149s. and BP put on 3d. to 56s. 6d. Copper shares have been a bright section partly reflecting the higher price of the metal. Rhokana, which recently announced an increased interim dividend, gained £6 to £42. Gold shares were mixed with Central Mining 8s. 9d. better at 94s. 9d., but Western Holdings declined 2s. 10½d. to 162s. 9d.

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LONDON AND NEW YORK STOCKS

Prices, 1959 High	Prices, 1959 Low	BRITISH FUNDS AND GUARANTEED STOCKS	Price, Oct. 21, 1959	Price, Oct. 28, 1959	Net Yield, Oct. 28, 1959 §	Gross Yield, Oct. 28, 1959
98¹³/₃₂	96¹¹/₁₆	Funding 2½% 1956–61	98¹/₁₆	98¹³/₃₂	2 12 5	3 12 6†
99¹/₁₆	98¹⁵/₃₂	Exchequer 2½% 1960	99.10.7†	99.11.3	2 2 10	3 9 0
100³/₁₆	99⁷/₁₆	Exchequer 3% 1960	99.16.9	99.17.3	1 14 3	3 8 1
101¹³/₃₂	100¹/₈	Conversion 4½% 1962	100³/₁₆	101	2 2 9	4 0 6
96¹/₄	94⁷/₁₆	Exchequer 3% 1962–63	95⅞	96⅛	2 16 10	4 3 2†
93⅝	91⅜	Exchequer 2½% 1963–64	92¹¹/₁₆	93¹/₁₆	3 3 11	4 3 11†
101¹⁵/₁₆	100⅜	Conversion 4¾% 1963	101³/₃₂	101⅜	2 6 2	4 6 8
100⁷/₁₆	99⅜	Conversion 4½% 1964	100⅛	100¼	2 14 4	4 8 10
92¹³/₁₆	89⅞	Savings Bonds 3% 1955–65	92	92⁷/₁₆	3 7 1	4 12 5†
85¹³/₁₆	82¼	Funding 3% 1959–69	84¹³/₁₆	85⅝	3 14 0	4 19 8†
93¼	89⁷/₁₆	Funding 4% 1960–90	91¼*	92¼*	2 16 4	4 9 0†
84	80¼	Savings Bonds 3% 1960–70	83⅛	83⅜	3 13 10	5 0 11†
86	83	Savings Bonds 2½% 1964–67	84⅝*	85⅞*	3 15 7	4 16 9†
78⅛	75¹⁵/₁₆	Savings Bonds 3% 1965–75	77⅜	78¹/₁₆	3 14 4	5 1 11†
105¹³/₁₆	102½	Exchequer 5½% 1966	104¼	105	2 11 8	4 14 2
86¾	83¼	Funding 3% 1966–68	86¼	86¹¹/₁₆	3 13 10	4 19 11†
96⅛	95	Victory 4% 1920–76	95¹/₂	95⅝	3 1 5	4 14 4‡
95⅞	87½	Conversion 3½% 1969	89⅝	90⅜	3 8 2	4 17 7
103¹³/₁₆	98⅝	Conversion 5½% 1974	102⅞	103¼	3 0 0	5 1 6
81⅜	76⅞	Treasury 3½% 1977–80	80⅜	81⅝	3 9 6	5 1 6†
80¼	76⅜	Treasury 3½% 1979–81	80⅛	80⅝	3 10 1	5 1 11†
107	101⅛	Funding 5½% 1982–84	105¹³/₁₆	106³/₁₆	3 0 0	5 1 10c
68¼	64½	Redemption 3% 1986–96	66¾	68	3 7 3	4 17 11†
98⅛	97¹/₁₆	Treasury 5% 1986–89	97¾	97⅞	3 3 7	5 3 1†
74⅞	70½	Funding 3½% 1999–2004	73⅜	74¾	3 4 11	4 19 5†
77¹⁵/₁₆	72⅛	Consols 4% ..... after Feb. 1957	75⅜	77¼	3 3 11	5 4 11†
68¹³/₁₆	64¹¹/₁₆	War Loan 3½% ..... after 1952	67¾	67⅞*	3 3 0	5 2 8†
68¹³/₁₆	63¹³/₁₆	Conv. 3½% ..... after Apr. 1961	66⅝	68⅜	3 2 10	5 2 10†
60	55¼	Treasury 3% ..... after Apr. 1966	57¾	59	3 2 5	5 2 1†
53⅞	49⅛	Consols 2½%	51½	52⅛	2 18 5	4 15 7†
51⅛	47⅛	Treasury 2½% ..... after Apr. 1975	49⅝	50½	3 0 9	4 19 5†
97⅞	94	British Electric 4½% 1957–69	96¾	97⅜	3 2 11	4 19 6†
80½	77¼	British Electric 3½% 1968–73	79¾	80⅞	3 14 4	5 1 0†
77⅛	74⅛	British Electric 3½% 1971–77	76¼	77⅛	3 13 0	5 0 6†
91⅛	87½	British Electric 4½% 1974–79	89¹⁵/₁₆	91⅛	3 4 7	4 19 10†
80¹¹/₁₆	77⅝	British Gas 3½% 1969–90	79	80¹⁵/₁₆*	3 9 11	5 0 10†
91³/₁₆	87⅛	British Gas 4% 1969–72	90⅝	91¹/₁₆	3 7 5	5 1 1†
87⅞	84¾	British Gas 3½% 1990–2000	87	87½	3 9 4	4 19 2†
69⅞	65	British Gas 3% 1990–95	67¹³/₁₆	69*	3 6 8	4 16 8†
80½	77¼	British Transport 3% 1968–73	79⁹/₁₆	80⅞	3 14 4	5 1 0†
89⅛	84	British Transport 4% 1972–77	88⅛	89	3 6 7	5 1 1†
70⅛	66¼	British Transport 3% 1978–88	68¹³/₁₆	70	3 10 11	5 1 2†

Prices, 1959 High	Prices, 1959 Low	FIXED INTEREST STOCKS	Price, Oct. 21, 1959	Price, Oct. 28, 1959	Yield, Oct. 28, 1959 £ s. d.
		DOMINION AND COLONIAL			
102¹/₁₆	99⅝	Australia 4½% 1960–62	100⅛	100¼	4 10 0
107⅛	103¼	Australia 6% 1974–76	106¼	106¾	5 6 0c
77	73	Ceylon 4% 1973–75	74	74¼	6 14 0†
103½	99½	Jamaica 6% 1977–82	103	103½	5 15 11c
107⅝	104¼	New Zealand 6% 1976–80	106¼	107¼	5 7 0c
101⅛	93	Rhodesia and Nyasaland 6% 1976–79	96*	96	6 7 10†
75	69½	Southern Rhodesia 2½% 1965–70	74⅝	75	5 11 0†
		CORPORATION AND PUBLIC BOARDS			
103½	100⅞	Agricultural Mortgage 5½% 1980–85	102	103	5 7 8c
104¾	102¼	Birmingham 5¾% 1974–76	103½	104½	5 9 10c
94½	92⅛	Bristol 3% 1958–63	94½	94⅜	4 18 1†
98⅛	94½	Glasgow 4¾% 1966–68	96½*	97½*	5 0 0†
102½	99⅛	Corporation of London 5¼% 1976–79	100¾*	99¾*	5 4 0†
57	52¾	L.C.C. 3½% ..... after 1920	55½	56¼	5 5 0
64½	59¾	Metropolitan Water Board 'B' 3% 1934–2003	62½	63¾	5 2 0
		FOREIGN BONDS			
113¼	101¼	German 7% 1924 (British Enfaced 5%)	107¾	107¾	...
199½	177	German 5½% 1930 (Enfaced 4½%)	191	193½	...
48	23¼	Greek 7% Refugee 1924	40¼	39¼	Nil
169¼	157	Japan 5% (Enfaced) 1907	159½	160	...
119¾	112¾	Japan 6% (Enfaced) 1924	112⅞	112½	...
59	55	Uruguay 3½% Bonds (Assented)	56¼	56½	...

NEW YORK CLOSING PRICES

	Oct. 21 $	Oct. 28 $		Oct. 21 $	Oct. 28 $		Oct. 21 $	Oct. 28 $
Ark. Tooska	27¼	26⅛	Boeing	30⅜	29⅞	Inter. Nickel	97	99
Can. Pacific	26¾	26½	Celanese	26⅝	27	Inter. Paper	129½	129
Pennsylvania	16⅝	16½	Chrysler	62½	57¼	Kennecott	92	94⅝
Union Pacific	32½	31¾	Col. Palmolive	37½	37⅜	Monsanto	48½	49⅞
Amer. Electric	48	46½	Crown Zeller	54½	53½	Nat. Distillers	32	31½
Am. Tel. & Tel.	78¾	78¼	Distillers Seag.	32½	32⅞	Pan-American	23⅜	22⅝
Cons. Edison	61¾	61¾	Douglas	40½	37¼	Procter Gamble	82¼	83½
Int. Tel. & Tel.	37½	37⅜	Du Pont	256½	258½	Radio Corpn.	60⅜	59⅞
Standard Gas	4¾	4¾	East. Kodak	91¼	95⅜	Sears Roebuck	48⅝	47⅞
United Corpn.	8⅛	8⅛	Ford Motor	83	82¾	Shell Oil	72	73
Western Union	37⅝	42¼	Gen. Electric	76⅝	81½	Socony-Mobil	40¾	41¼
Alcoa	100	100½	General Foods	99¼	98¾	Stand. Oil Ind.	41⅛	42⅛
Aluminium	33⅛	32⅛	General Motors	53⅜	52¾	Stand. Oil N.J.	46⅝	49⅜
Amer. Can	42½	42⅝	Goodyear	133	134⅝	20th Cent. Fox	32¼	30⅝
Am. Smelting	44⅜	42¾	Gulf Oil	110½	114⅝	Union Carbide	135¾	134½
Am. Vitcose	42⅝	42¼	Heinz	81	82¾	U.S. Steel	98⅝	99⅝
Anaconda	59⅜	64	Int. Bus. Mach.	410	411	West. Electric	94¾	97⅜
Beth. Steel	54⅜	55⅞	Int. Harvester	52¼	51½	Woolworth	60⅛	59½

Prices, 1959 High	Prices, 1959 Low	Last Two Dividends (a) (b) (c)		ORDINARY STOCKS	Price, Oct. 21, 1959	Price, Oct. 28, 1959	Yield, Oct. 28, 1959
				STEEL AND ENGINEERING			
		%	%				
59/–	28/11½	8 b	6 a	Colvilles £1	56/7½	55/–	5·10
60/–	26/6	4 a	8 b	Dorman Long £1	54/6	58/6	4·10
51/–	20/9	9 c	3½ a	Steel Co. of Wales £1	43/9	44/–	4·55 *
60/–	25/–	3 a	8 b	Stewarts & Lloyds £1	54/–	54/4½	4·05
62/–	23/4½	6⅔ b	4 a	John Summers £1	60/–‡½	62/–	3·44
68/6	24/9	8½ b	4 a	United Steel £1	64/6	68/–	3·62
45/6	30/8¼	6 b	4 a	John Brown £1	42/9	45/6	4·40
10/–	7/–	11 b	3 a	Cammell Laird 5/–	7/4½	7/3	9·66
35/6	25/6	7½ b	2½ a	Swan Hunter £1	35/–	34/6	5·80
36/6	27/2¼	7½ b	2½ a	Vickers £1	32/–	30/11½	6·64
96/–	60/6	5 a	10 b	Averys £1	93/9	95/–	3·16
27/–	16/–	‡4⅜ b	‡17½ a	Coventry Gauge 10/–	26/6	26/9	3·82
52/6	36/6	†2 a	†4 b	Alfred Herbert £1	49/9	52/6	3·74
29/6	16/9	5 a	12½ b	Ransome & Marles 5/–	28/–	24/6	3·57
56/–	39/9	3 a	9½ b	Renold Chains £1	51/6	56/–	4·46
54/3	37/–	3¾ a	8¾ b	Allied Ironfounders £1	53/3	54/–	4·63
55/–	44/–	7 b	4½ a	Babcock & Wilcox £1	50/–	46/6*	4·95
102/–	43/11½	10 c	5 c	Davy-United £1	101/–	98/6	3·05
84/–	51/3	4 a	9 b	Guest Keen £1	81/–	80/9	3·22
80/–	44/7½	3½ a	5½ b	Metal Box £1	74/–	74/9	2·32
58/–	42/6	4¾ b	4¾ a	C. A. Parsons £1	53/9	53/–	3·30
25/9	19/9	15 b	7½ a	John Thompson 5/–	22/–	20/9	5·42
115/–	72/–	10 b	7½ a	Tube Investments £1	109/–	115/–	3·04
				BUILDING, etc.			
80/–	39/9	10 c	4 b	Associated Portland £1	72/9	70/9*	2·71
28/3	15/–	3¼ a	6⅔ b	British Plaster Board 10/–	25/–	25/3	3·96
91/3	59/7½	5 a	10 b	Richard Costain £1	89/4½	90/–	3·33
15/3	9/7½	5 a	10 b	Crittall Manufacturing 5/–	14/–	15/3	4·92
61/3	46/–	6 a	11 b	London Brick £1	93/–	93/–	3·66
118/9	79/9	5 a	15 b	Wall Paper Defd. £1	112/6	118/9*	3·37
				CHEMICALS AND PAINT			
28/3	16/–	13·6c	4·8a	Albright & Wilson 5/–	27/9	28/3	2·41
24/7½	15/3	5⅝ b	2½ a	Borax Defd. 5/–	18/10½	18/3	2·40
9/9	6/10½	12½ b	7½ a	Brit. Ind. Plastics 2/–	8/10½	9/7½	4·16
70/3	43/10½	4 a	8 b	Fisons £1	62/6	70/3	3·41
56/6	33/10½	5½ b	3¾ a	I.C.I. £1	55/–	54/9	3·32
17/9	12/7½	6 a	14 b	International Paints 4/–	15/9	15/9	5·08
23/3	15/11½	8½ b	5 a	Monsanto 5/–	21/–	21/–	3·21
32/–	18/6	5 a	11½ b	Pinchin Johnson 10/–	30/–	29/6	5·65
				ELECTRICAL AND RADIO			
67/–	54/–	15 c	5 a	A.E.I. £1	66/6	66/3	4·53
61/–	46/3	4 a	9½ b	B.I.C.C. £1	58/–	53/9	5·02
49/11½	37/4½	20 c	5½ a	Decca Record 10/–	48/3	48/6	4·12
59/7½	47/4½	5 a	15 b	E.M.I. 10/–	58/9	58/3*	3·43
51/–	39/–	9⅓ c	3 a	English Electric £1	48/3	48/–	3·89
48/9	30/–	3 a	7 b	General Electric £1	46/9	44/6	4·27
19/9	13/9	12½ c	12½ c	Pye Defd. 5/–	19/11½	19/9	3·16
98/6	84/6	6½ a	11 b	A. Reyrolle £1	93/–	92/6	3·78
				MOTORS AND AIRCRAFT			
23/4½	10/–	13½ c	5¾ a	British Motor 5/–	22/10½	23/–	3·42**
103/9	50/3	8½ b	5 a	Ford Motor £1	102/6	100/3	2·69
71/6	44/–	12½ c	12½ c	Leyland Motor £1	68/9	71/6	3·50
18/11½	7/3	8 c	12 c	Rootes Motors 4/–	17/3	16/11½*	2·98
9·10½	5/11¼	8 c	12 c	Standard-Triumph 5/–	9/4½	9/10½	4·56**
29/–	18/3	3½ a	9½ b	Dunlop Rubber 10/–	29/–*	29/–	4·48
68/6	44/3	5 b	2½ a	Joseph Lucas £1	65/7½	68/6	2·92**
40/9	23/7½	17½ b	9 a	Pressed Steel 5/–	38/9	40/9	3·25
85/–	49/11½	20 c	30 c	Triplex Holdings 10/–	80/–	85/–	3·53
12/4½	8/3	3½ a	6½ b	Bristol Aeroplane 10/–	11/7½*	11/11½	8·99
20/9	12/11¼	7½ c	Nil	De Havilland £1	14·9	13/3	...
45/0¾	34/9	15 c	†6½ b	Dowty Group 10/–	40/3	42/3	4·45
34/–	26/11½	7 b	3 a	Hawker Siddeley £1	29/–	27/10½	7·17
53/11½	41/3	7½ b	2½ a	Rolls-Royce £1	46/6	45/–	4·44
				PAPER AND NEWSPAPERS			
66/9	44/6	12½ c	5 a	Bowater Paper £1	66/3	66/9	3·75
54·9	42/6	5 a	9 b	Albert E. Reed £1	52/3	51/–	5·49
32/9	22/–	5 b	3 a	Spicers £1	30/–	30/3*	5·29
28/–	21/–	10 a	15 b	Daily Mirror 'A' 5/–	27/–	28/–	4·46
37/–	24/6	12½ a	12½ b	Odhams Press 10/–	37/–	36/–	4·86
				TEXTILES			
34/–	22/–	2½ a	7½ b	J. & P. Coats £1	33/–	34/–	5·88
30 6	18/3	5 a	5 b	Fine Spinners £1	28/9	30/6	6·56
68/4½	35/4½	12½ b	5 a	Lancashire Cotton £1	60/3	67/–	5·22
58/3	35/4½	2½ a	13½ b	Patons & Baldwins £1	57/–	58/3	5·49
6/11¼	4/3	10 c	8 c	Salts (Saltaire) 5/–	6/9¾	6/11¼	5·77
76/3	50/–	10 b	5 a	Woolcombers £1	71/3	71/7½	4·19
19/11½	14/7½	Nil c	3 a	Bradford Dyers £1	18/4½	18/6	...
53/–	37/–	22½ c	22½ c	Calico Printers £1	48/–	53/–	8·49
51/4½	31/3	3 a	6⅔ b	Courtaulds £1	50/10½	51/4½	2·76
16/4½	10/–	10 b	4 a	Jute Industries 10/–	15,6	16/4½	7·94
35/6	24/6	7½ c	7½ c	Tootal £1	29/11½	29/10½	5·02
				DRAPERY AND STORES			
31/6	19/7½	16 c	3 a	Boots Pure Drug 5/–	28/6	29/–	2·76
47/–	27/9	5 a	(12½ b	Debenhams 10/–	46/6*	46/7½	3·22
56/6	31/6	7½ a	27½ b	G.U.S. 'A' 5/–	53/10½	56/6	3·10
45/9	31/9	40 c	15 a	House of Fraser 5/–	42/9	45/9	4·37
30/3	16/3	16 c	7½ a	Lewis's Investment 4/–	30/–*	30/–	2·67**
72·4½	41/4½	10·42s	20·83b	Marks & Spencer 'A' 5/–	70/9	72/4½	2·16
49/–	32/7½	22½ b	12½ a	United Drapery 5/–	48/7½	48/7½*	3·60
61/–	47/3	26⅔ b	13⅓ a	Woolworth 5/–	58/9	61/–	3·28

Prices, 1959 High	Prices, 1959 Low	Last Two Dividends (a) (b) (c)		ORDINARY STOCKS	Price, Oct. 21, 1959	Price, Oct. 28, 1959	Yield, Oct. 28, 1959
		%	%	**BANKING**			
62/6	44/6¾	5 b	5 a	Barclays £1	59/9	60/9	3·29
63/–	40/3	10 c	5 a	Lloyds £1	60/9	61/–	3·28
78/–	60/11½	13½ c	7½ a	Midland £1	75/–	76/9	3·91**
85/–	54/–	10 c	5 a	National Provincial £1	81/3	85/–	2·82*
56·6	37/9	10 c	5 a	Westminster 'B' £1	53/6	54/3	3·69
74/–	54/3	9½ b	8½ a	District £1	72/6	73/6	3·81**
27/9	17/–	16 c	8 a	Martins 5/–	24/9	25/11½	3·18
63/3	31/7½	—	—	Nat. Comm. Bk. Scot. 10/–	61/11½	63/–	2·38**
96/–	67/6	9 b	8 a	Royal Bank of Scotland £1	94/9	94/6	3·60
52·9	37/9	5 b	4 a	Barclays D.C.O. £1	52/9	51/9	3·48
58·9	43/9	7½ a	7½ b	Chartered Bank £1	54/9	58·9	5·11
£263/8	£275/8	$2·10c	$2·25c	Royal Bank of Canada $10	£31¹¹/₁₆	£30⁷/₁₆	2·78
£23⁷/₂	£28⁷/₁₆	$1·60c	$1·65c	Bank of Montreal $10	£31¹¹/₁₆	£31⅛	2·94
41	30½	9 c	9 c	Bank of New South Wales £20	39¼	39⅝*	4·05
45/6	32/3	6 b	4 a	Bank of London & S. Amer. £1	45/6	45/6	4·40
				FINANCIAL			
41/–	28/4½	5 b	2½ a	Alexanders £1	41/–	40/–	3·75
54/–	41/3	7 b	6¼ a	National Discount 'B' £1	52/–	54/–	4·63**
61/3	49/–	6¼ b	6¼ a	Union Discount £1	59/9	61/3	4·08
61/3	40/9	21⅔ b	20 a	Commercial Union 5/–	57/6	61/3	3·40
185/–	127/6	15 b	12½ a	Employers Liability £1	183/9	179·4½	3·07
223/9	160/–	‡32·35c	‡41·17c	Equity & Law 8/6	222/6	223/9	2·56
356/3	192/6	40 a	60 b	Legal & General 5/–	347/6	356/3	1·40
155/–	112/6	50 b	20 a	Pearl 5/–	148/9	153/9	3·73
350/–	210/–	†147½ c	†162½ c	Prudential 'A' 4/–	327/6	350/–	3·04
99/4½	59/11½	10 b	8 a	Royal Exchange £1	97/6	99/–	3·23**
46/–	16/2¼	8¾ b	7½ a	Bowmaker 5/–	43/–	42/6	2·94**
42/6	18/7½	8½ b	8½ a	Lombard Banking 5/–	39/10½	39/3	2·17**
220/–	113/6	4 a	21 b	U.D.T. 5/–	202/–	202/6	2·47
48/–	34/9	25 b	10 a	B.E.T. 'A' Defd. 5/–	47/6	47/9	3·66
18/3	12/6	10 c	10 c	Cable & Wireless 5/–	18/3	18/3	2·74
31/3	19/3	2 a	4½ b	Land Securities 10/–	27/6	31/3	2·08
28/6	14/7½	4¼ a	4½ b	London & County 10/–	27/9	28/6	2·92
				FOOD, DRINK AND TOBACCO			
37/6	22/6	15 c	18 c	Allied Bakeries 'A' 5/–	35/6	35/9	2·52
46/3	23/4½	24 c	8 a	Beecham Group 5/–	44/–*	45/3	2·65
13/9	10/6	2½ a	7½ b	International Tea 5/–	12/11½	13/–	3·85
91/–	69/–	5 a	9¼ b	J. Lyons 'A' £1	78/6	80/6	3·52
24/6	18/10½	5 b	5 a	Ranks 10/–	23/4½	24/–	4·17
30/3	18/11½	12½ b	5 a	Schweppes 5/–	29/–	30/–	3·33**
58/9	42/–	7½ a	23⅛ b	Tate & Lyle £1	54/3	54/3	3·87
16/–	10/10½	...	...	Unigate 5/–	15/–	15/–	3·33**
77/9	43/9	36 b	10 a	Bass 5/–	72/6	73/6	3·13
33/–	23/10½	4 a	8½ b	Distillers 10/–	32/6	33/–	3·79
24/–	14/7½	11 b	6 a	Flowers 5/–	21/9	22/–	3·86
82/6	54/–	18 b	10 a	Guinness 10/–	79/–	78/–	3·59
19/6	12/7½	10 b	4 a	Ind Coope & Allsopp 5/–	18/9	19/3	3·64
85/–	38/9	6¾ b	3¾ a	Watney Mann Defd. £1	83/3	84/9	3·54
137/–	100/–	17 b	8 a	Whitbread 'A' £1	133/9	135/–	3·70
66/9	51/4½	†17½ c	†10⅝ a	British Amer. Tobacco 10/–	64/6	66/9	4·28
42/6	26·8¼	13½ b	3½ a	Gallaher 10/–	40/3	39/7½	4·20
69/9	54/3	12½ b	8½ a	Imperial Tobacco £1	67/–	69/6	6·04

Prices, 1959 High	Prices, 1959 Low	Last Two Dividends (a) (b) (c)		ORDINARY STOCKS	Price, Oct. 21, 1959	Price, Oct. 28, 1959	Yield, Oct. 28, 1959
		%	%	**MISCELLANEOUS**			
50/9	37/9	20 a	40 b	Assoc. Brit. Picture 5/–	$18⅞	$15⅝	6·15
41/3	28/7½	31½ a	5 b	British Match £1	39·6	41/–	4·06 *
77/6	49·6	8 b	4 a	British Oxygen £1	77/–	78·6	3·06
11/3	8/8¼	18 c	6 a	British Ropes 2/6	10·6	11·3	3·91
60/–	35/9	51½ a	8½ b	Glaxo 10/–	58·–*	58/3	2·40
95/–	56·4½	50 b	10 a	Hoover 'A' 5/–	95/–	96/–	3·13
232/6	172/6	32·18 c	16·53 a	Hudson's Bay £1	216/3	221/3	2·91
14/3	10/–	5 c	10 c	Rank Organisation 5/–	13/–	13·4½	3·64
24/11½	13/–	18 c	10 c	Sears 'A' 5/–	24·11½	25·8¼	3·89
20/–	11/3⅜	6·36b	7¼ a	Thomas Tilling 4/–	20/–	18·6*	2·94
92·9	69/4½	10 b	5 a	Turner & Newall £1	92·6	91·9	3·27
133/3	86/7½	8⅔ b	8⅔ a	Unilever £1	133/3	129/9	2·59
11/3	9/9	10·4 c	3½ a	United Glass 5/–	10·7½	11/–	4·73
43/3	31/9	†4½ a	†10⅝ b	United Molasses 10/–	43/3	43/3	5·66
				OIL			
58/6	49/–	†8¾ c	†3½ a	British Petroleum £1	56·3	56/6	5·06
50·3	37/9	†2½ a	†4⅜ b	Burmah Oil £1	49/–	49·6	4·54
£17¾	£14⅝	17½ b	7½ a	Royal Dutch ..... 20 fl.	£14⅞	£15¹/₁₆	3·08
153/–	131/–	†13¼ b	†5 a	Shell Transport £1	145·6	149/–	4·11
...	53/9	...	...	Ultramar 10/–	62·6	61·6	... g
73/6	53/9	15 b	7½ a	Wakefield C.C. 10/–	48/3*	48/3	4·66
				SHIPPING			
46/6	36/6	13½ b	6½ a	Brit. & Com'wealth. 10/–	45/6	43/9	4·57
21/3	17/3	8 c	Nil a	Cunard £1	21/3	19/–	8·42
42/9	29/6	10 c	10 c	Furness Withy £1	42/9	40/9	4·91
20/6	14/9	10 c	10 b	London & Overseas 5/–	20/–	18/6	5·41
43/3	31/6	8 b	3 a	P & O Defd. £1	43/3*	40/6	5·43
17/9	13/3	5 c	2½ c	Reardon Smith 10/–	17/6	17/3	1·45
25/9	19/–	7½ c	8 c	Royal Mail £1	24/3	24/6	6·53
				MINES			
212/6	165/–	60 b	20 a	Anglo-American 10/–	198/9*	210/–	3·81
147/6	113/9	20 b	10 a	General Mining £1	142/6	141/3*	4·25
80/9	49/4½	100 b	40 a	Union Corporation 2/6	80/9	79/10½*	4·38
33/4½	26/10½	50 b	45 a	Daggafontein 5/–	27/4½	26/10½	17·67
198/11½	111/10½	70 a	90 b	Free State Geduld 5/–	178/11½	174/4½	4·59
71/6	56/9	35 b	35 a	Hartebeestfontein 10/–	62/9	64/6	10·85
80/11½	62/10½	50 a	60 b	President Brand 5/–	80/11½	79/–	6·96
180/–	119/4½	70 a	100 b	Western Holdings 5/–	165/7½	162/6	5·23
75/9	57/5¼	12½ b	5 a	Consolidated Zinc 5/–	73/3	74/9	4·01
183/9	121/3	120 b	100 a	De Beers Defd. Reg. 5/–	179·4½	183/9	6·04
$187¾	$154½	$3·75 c	$2·60 c	International Nickel ..... n.p.v.	$173	$177	2·62
10/9	7/10½	15 b	5 a	London Tin 4/–	9/10½	10/9*	7·44
100/7½	73/

Money and Exchanges

EXCHEQUER RETURNS

For the week ended October 24, 1959, there was an "above-line" deficit (after allowing for sinking funds) of £19,029,000 compared with a deficit of £4,308,000 in the previous week and a deficit of £18,153,000 in the corresponding period of last year. There was a net receipt "below-line" of £3,957,000 leaving a total cumulative deficit to date of £628,435,000 compared with £584,804,000 in 1958–59.

£'000	Estimate 1959-60	April 1, 1958 to Oct. 25, 1958	April 1, 1959 to Oct. 24, 1959	Week ended Oct. 25, 1958	Week ended Oct. 24, 1959
Ord. Revenue					
Income Tax	2147,000	739,156	736,873	20,007	18,312
Surtax	171,000	42,100	43,200	1,100	1,300
Death Duties	195,000	99,300	123,500	2,900	4,500
Stamps	68,000	32,100	49,100	800	1,800
Profits tax, EPT and EPL	274,000	171,600	159,500	5,900	4,500
Other Inland Revenue Duties	1,000	120	110	...	...
Total Inland Revenue	2856,000	1084,376	1112,283	30,707	30,412
Customs	1285,500	738,106	781,750	24,785	26,067
Excise	864,500	480,655	468,315	6,565	7,395
Total Customs and Excise	2150,000	1218,761	1250,065	31,350	33,462
Motor Duties	104,000	24,073	22,742	168	...
PO (Net Receipts)	...	...	...	...	...
Broadcast Licences	35,000	11,400	12,500	...	...
Sundry Loans	30,000	25,177	26,867	...	...
Miscellaneous	150,000	51,933	72,120	1,327	124
Total	5325,000	2415,720	2496,577	63,552	63,998
Ord. Expenditure					
Debt Interest	600,000	371,583	319,227	5,583	...
Payments to Northern Ireland Exchequer	79,000	40,154	39,615	3,051	...
Other Consolidated Funds	10,000	4,385	4,825	92	27
Supply Services	4523,531	2287,915	2389,223	72,370	82,590
Total	5212,531	2704,037	2752,890	81,096	82,617
Sinking Funds	39,000	20,423	20,476	609	410
"Above-line" Surplus or Deficit	—	308,748	276,789	18,153	19,029
"Below-line" Net Expenditure*		276,064	351,646	Cr. 20,805	Cr. 3,957
Total Surplus or Deficit	—	584,804	628,435	+ 2,652	+ 15,072
Net receipts from:					
Tax Reserve Certificates		157,233	100,733	859	1146
Savings Certificates		75,700	48,400	2,700	2,400
Defence Bonds		49,793	81,484	3,246	3,452
Premium Savings Bonds		39,275	29,850	1,300	710
Total		322,001	260,467	8,105	7,708

* Net receipts of the Civil Contingencies fund £10 million in 1959–60 compared with £14 million in 1958–59.

FLOATING DEBT

(£ million)

	Treasury Bills		Ways and Means Advances		Total Floating Debt
	Tender	Tap	Public Dept.	Bank of England	
1958					
Oct. 25	3,330·0	1,771·8	180·8	...	5,282·7
1959					
July 25	3,090·0	2,132·3	234·9	...	5,457·2
Aug. 1	3,110·0	2,319·0	221·9	...	5,480·9
,, 8	3,130·0	2,076·1	234·5	...	5,440·6
,, 15	3,160·0	1,928·7	240·9	...	5,329·6
,, 22	3,220·0	1,886·7	247·1	...	5,353·9
,, 29	3,250·0	1,891·2	214·5	3·0	5,358·7
Sept. 5	3,260·0	1,886·4	247·1	1·3	5,394·8
,, 12	3,280·0	1,911·0	227·1	3·8	5,421·9
,, 19	3,310·0	1,911·6	232·0	...	5,453·6
,, 30		5,298·3	270·1	1·8	5,570·1
Oct. 3	3,370·0	1,936·3	247·5	3·9	5,556·8
,, 10	3,390·0	1,954·2	259·7	...	5,603·9
,, 17	3,430·0	2,016·0	241·4	...	5,687·4
,, 24	3,430·0	2,052·7	217·8	...	5,700·5

THE MONEY MARKET

THE syndicate maintained its bid at £99 2s. 10d. at last Friday's Treasury bill tender and slightly increased the allotted share of its bid at this price from 34 per cent to 37 per cent. The average discount rate on the whole allotment of £260 million rose by nearly 2d. to £3 8s. 6.74d. per cent. Total applications rose by £12 million to £456 million, a peak for the year. At yesterday's tender the offer included £50 million of 63-day bills together with £220 million of the normal 13-week maturities. The Treasury is thus following the precedent in recent years of offering these shorter bills in the last two months of the year to help put the market in funds at the peak tax paying season.

In New York the average rate of discount on 91-day bills fell from 4.099 per cent to 4.022 per cent; the rate on 182-day bills was fractionally higher at 4.499 per cent.

Credit has again been tight in the London market. On Tuesday one or two houses were "in the Bank" for a very small amount. The authorities had given special assistance on several days, partly in purchases of January maturities at $3\frac{3}{8}$ per cent.

MONEY RATES

LONDON

	%		
Bank rate (from 4½%, 20/11/58)	4	**Discount rates:**	%
		Bank bills:	
Deposit rates (max.):		60 days	$3\frac{17}{32}$–$3\frac{19}{32}$
Banks	2	3 months	$3\frac{17}{32}$–$3\frac{19}{32}$
Discount houses	2–$2\frac{1}{4}$	4 months	$3\frac{17}{32}$–$3\frac{19}{32}$
Money:		6 months	$3\frac{17}{32}$–$3\frac{5}{8}$
Day-to-Day	$2\frac{3}{8}$–$3\frac{3}{8}$	Fine trade bills:	
Treasury Bills:		3 months	$4\frac{1}{4}$–5
2 months	$3\frac{13}{32}$	4 months	$4\frac{1}{4}$–5
3 months	$3\frac{7}{16}$	6 months	$4\frac{1}{2}$–$5\frac{1}{4}$

NEW YORK

	%		%
Official discount rate: (from 3%, 10/9/59)	4	**Treasury Bills:** October 19	4·099
		,, 26	4·022

BANK OF ENGLAND RETURNS

(£ million)	Oct. 29, 1958	Oct. 21, 1959	Oct. 28, 1959
Issue Departments:			
Notes in circulation	2,012·0	2,104·1	2,107·1
Notes in banking dept.	38·4	21·3	18·3
Govt. debt and securities*	2,046·3	2,122·0	2,122·0
Other securities	0·7	0·7	0·8
Gold coin and bullion	0·4	0·4	0·4
Coin other than gold coin	3·0	2·3	2·3
Banking Department:			
Deposits:			
Public accounts	11·6	12·0	12·4
Bankers	238·6	272·2	268·6
Others	70·9	64·5	64·6
Total	321·1	348·7	345·6
Securities:			
Government	266·4	307·9	313·3
Discounts and advances	11·8	14·7	9·4
Other	21·4	21·7	21·4
Total	299·6	344·3	344·1
Banking department reserve	39·2	22·3	19·2
	%	%	%
"Proportion"	12·2	6·3	5·5

* Government debt is £11,015,100, capital £14,553,000. Fiduciary issue reduced by £25 million to £2,125 million on September 16th.

TREASURY BILL TENDERS

Date of Tender	Amount (£ million) Offered	Applied for	Allotted	Three Months' Bills Average Rate of Allotment	Allotted at Max. Rate*
1958				s. d.	%
Oct. 24	250·0	409·6	250·0	73 7·94	36
1959					
July 24	230·0	389·2	230·0	69 0·13	43
,, 31	220·0	385·1	210·0	69 8·18	23
Aug. 7	230·0	368·8	230·0	69 7·97	52
,, 14	250·0	407·2	250·0	69 8·13	44
,, 21	260·0	414·3	260·0	69 8·39	49
,, 28	270·0	413·4	270·0	69 9·03	61
Sept. 4	290·0	396·4	290·0	69 9·53	80
,, 11	290·0	453·5	290·0	69 8·47	51
,, 18	290·0	428·5	290·0	69 8·13	56
,, 25	290·0	430·0	290·0	69 5·24	64
Oct. 2	280·0	411·6	280·0	69 10·48	54
,, 9	290·0	433·2	290·0	68 9·00	66
,, 16	270·0	444·4	250·0	68 4·91	34
,, 23	260·0	456·5	260·0	68 6·74	37

* On October 23rd tenders for 91 day bills at £99 2s. 10d secured 37 per cent, higher tenders being allotted in full. This offer this week was for £220 million of 91 day bills.

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

	Official Rates	Market Rates: Spot					
	October 28	October 22	October 23	October 24	October 26	October 27	October 28
United States $	2·78–2·82	$2·80\frac{3}{4}$–$\frac{7}{8}$	$2·80\frac{11}{16}$–$\frac{13}{16}$	$2·80\frac{11}{16}$–$\frac{13}{16}$	$2·80\frac{5}{8}$–$\frac{3}{4}$	$2·80\frac{1}{2}$–$\frac{5}{8}$	$2·80\frac{1}{2}$–$\frac{5}{8}$
Canadian $	...	$2·65\frac{7}{8}$–66	$2·65\frac{15}{16}$–$66\frac{1}{16}$	$2·65\frac{15}{16}$–$66\frac{1}{16}$	$2·65\frac{13}{16}$–$\frac{15}{16}$	$2·65\frac{1}{2}$–$\frac{5}{8}$	$2·65\frac{3}{8}$–$\frac{1}{2}$
French Fr.	13·622–14·027	$13·77\frac{7}{8}$–$78\frac{1}{8}$	$13·77\frac{1}{4}$–$\frac{1}{2}$	$13·77\frac{1}{4}$–$\frac{1}{2}$	$13·77$–$\frac{1}{4}$	$13·76\frac{5}{8}$–$\frac{7}{8}$	$13·76\frac{1}{4}$–77
Swiss Fr.	11·94–12·54$\frac{7}{8}$	$12·19$–$\frac{1}{4}$	$12·18\frac{3}{4}$–19	$12·19$–$\frac{1}{4}$	$12·18\frac{7}{8}$–$19\frac{1}{8}$	$12·19\frac{1}{8}$–$\frac{3}{8}$	$12·19\frac{1}{8}$–$\frac{3}{8}$
Belgian Fr.	137·96–142·05	$140·35$–50	$140·35$–40	$140·35$–40	$140·35$–40	$140·30$–35	$140·30$–35
Dutch Gld.	10·48–10·80	$10·60\frac{1}{4}$–$\frac{1}{2}$	$10·59\frac{7}{8}$–$60\frac{1}{8}$	$10·59\frac{3}{4}$–60	$10·59\frac{7}{8}$–$60\frac{1}{8}$	$10·59\frac{5}{8}$–$\frac{7}{8}$	$10·59\frac{1}{2}$–$\frac{3}{4}$
W. Ger. D-Mk.	11·59¼–11·92¾	$11·73$–$\frac{1}{4}$	$11·71\frac{3}{4}$–72	$11·71\frac{3}{4}$–$\frac{7}{8}$	$11·71\frac{7}{8}$–$\frac{3}{4}$	$11·70\frac{1}{2}$–$\frac{3}{4}$	$11·70\frac{5}{8}$–$\frac{5}{8}$
Portug. Esc.	79·00¾–82·00½	80·15–30	80·15–30	80·15–30	80·15–30	80·15–30	80·15–30
Italian Lire	1725–1775	$1742\frac{1}{2}$–$\frac{3}{4}$	1742–$\frac{1}{4}$	$1741\frac{3}{4}$–42	$1741\frac{1}{8}$–$\frac{3}{8}$	$1741\frac{1}{8}$–$\frac{3}{8}$	$1740\frac{3}{4}$–41
Swedish Kr.	14·37¼–14·59¼	$14·52\frac{3}{8}$–$53\frac{1}{8}$	$14·52\frac{3}{8}$–$\frac{5}{8}$	$14·52\frac{5}{8}$–$\frac{7}{8}$	$14·52\frac{3}{8}$–$\frac{5}{8}$	$14·51\frac{3}{8}$–$52\frac{1}{8}$	$14·51\frac{1}{2}$–$\frac{3}{4}$
Danish Kr.	19·06½–19·62	$19·34\frac{1}{4}$–$\frac{1}{2}$	$19·34$–$\frac{1}{4}$	$19·34$–$\frac{1}{4}$	$19·33\frac{5}{8}$–$\frac{7}{8}$	$19·33\frac{5}{8}$–$\frac{7}{8}$	$19·33\frac{1}{2}$–$\frac{3}{4}$
Norwegian Kr.	19·71–20·30½	$20·01\frac{5}{8}$–$\frac{7}{8}$	$20·01\frac{5}{8}$–$\frac{7}{8}$	$20·01\frac{5}{8}$–$\frac{7}{8}$	$20·01\frac{1}{2}$–$\frac{3}{4}$	$20·01\frac{3}{8}$–$\frac{5}{8}$	$20·01$–$\frac{1}{4}$
		One Month Forward Rates					
United States $		$\frac{1}{8}$–$\frac{1}{4}$c. dis	$\frac{1}{8}$–$\frac{1}{4}$c. dis	$\frac{1}{8}$–$\frac{1}{4}$c. dis	$\frac{1}{8}$–$\frac{1}{4}$c. dis	$\frac{1}{8}$–$\frac{1}{4}$c. dis	$\frac{1}{8}$–$\frac{1}{4}$c. dis
Canadian $		$\frac{1}{2}$–$\frac{5}{8}$pc. dis	$\frac{1}{2}$–$\frac{5}{8}$pc. dis	$\frac{1}{2}$–$\frac{5}{8}$pc. dis	$\frac{7}{16}$–$\frac{9}{16}$c. dis	$\frac{7}{16}$–$\frac{9}{16}$c. dis	$\frac{7}{16}$–$\frac{1}{2}$c. dis
French Fr.		$\frac{1}{2}$–1c. dis	$\frac{5}{8}$–1c. dis	$\frac{5}{8}$–1c. dis	$\frac{5}{8}$–1c. dis	$\frac{3}{4}$–1c. dis	$\frac{3}{4}$–1c. dis
Swiss Fr.		1–1c. pm	1–1c. pm	1–1c. pm	$1\frac{1}{8}$–$\frac{3}{4}$pc. pm	$1\frac{1}{8}$–$\frac{3}{4}$pc. pm	1–$\frac{3}{4}$c. pm
Belgian Fr.		3c. pm–2c. dis	3c. pm–2c. dis	3c. pm–2c. dis	6–1c. pm	5c. pm–par	3c. pm–2c. dis
Dutch Gld.		$\frac{3}{8}$–$\frac{1}{2}$pc. pm	$\frac{3}{8}$–$\frac{1}{2}$pc. pm	$\frac{3}{8}$–$\frac{1}{2}$pc. pm	$\frac{5}{8}$–$\frac{3}{4}$pc. pm	$\frac{3}{8}$–$\frac{1}{2}$pc. pm	$\frac{1}{2}$–$\frac{1}{4}$c. pm
W. German D-Mk.		$\frac{1}{2}$–$\frac{1}{4}$pf. pm	par–$\frac{1}{4}$pf. dis	par–$\frac{1}{4}$pf. dis	$\frac{1}{8}$pf. pm–$\frac{1}{8}$pf. dis	$\frac{1}{8}$–$\frac{3}{8}$pf. dis	$\frac{1}{4}$–$\frac{1}{2}$pf. dis
		Three Months Forward Rates					
United States $		$\frac{3}{8}$–$\frac{1}{2}$c. dis	$\frac{3}{8}$–$\frac{1}{2}$c. dis	$\frac{3}{8}$–$\frac{1}{2}$c. dis	$\frac{3}{8}$–$\frac{1}{2}$c. dis	$\frac{3}{8}$–$\frac{1}{2}$c. dis	$\frac{3}{8}$–$\frac{1}{2}$c. dis
Canadian $		$1\frac{1}{2}$–$1\frac{3}{8}$pc. dis	$1\frac{1}{2}$–$1\frac{3}{8}$pc. dis	$1\frac{1}{2}$–$1\frac{3}{8}$pc. dis	$1\frac{3}{8}$–$1\frac{1}{2}$c. dis	$15\frac{1}{16}$–$17\frac{1}{16}$c. dis	$15\frac{1}{16}$–$17\frac{1}{16}$c. dis
Swiss Fr.		$3\frac{7}{8}$–$3\frac{1}{8}$pc. pm	$3\frac{1}{4}$–3c. pm	$3\frac{1}{4}$–3c. pm	$3\frac{1}{8}$–$2\frac{7}{8}$pc. pm	3–$2\frac{5}{8}$pc. pm	$2\frac{7}{8}$–$2\frac{5}{8}$pc. pm
W. German D-Mk.		$1\frac{1}{4}$–$\frac{3}{4}$pf. pm	$1\frac{1}{4}$pf. pm–$\frac{3}{4}$pf. dis	$1\frac{1}{4}$pf. pm–$\frac{3}{4}$pf. dis	$1\frac{1}{4}$pf. pm–par	$\frac{3}{8}$–$\frac{5}{8}$pf. dis	$\frac{1}{2}$–$\frac{3}{4}$pf. dis
		Gold Price at Fixing					
Price (s. d. per fine oz.)	249/$11\frac{3}{4}$	250/–	...	250/–	250/$0\frac{3}{4}$	250/$1\frac{3}{4}$	

Prices and Wages

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

BRITISH

Prices and Wages	This week	External Trade	Oct. 3rd
Manpower and Output	Oct. 17th	Industrial Profits	Oct. 24th

OVERSEAS

Western Europe	Aug. 29th	United States	Oct. 10th

	Unit	1956	1957	1958	1958			1959 (9)				
		mid-June			Oct. 14	Oct. 21	Oct. 28	Sept. 29	Oct. 6	Oct. 13	Oct. 20	Oct. 27
WORLD PRICES												
Commodity Price Indicator(8):												
All items	1952=100	92	95	87	86	87	87	90	91	91	91	92
Food	,,	90·8	98·8	94·8	86·3	86·7	86·8	87·1	87·1	84·7	85·0	86·3
Fibres	,,	81·5	95·9	80·1	74·1	74·1	73·5	79·2	79·2	79·9	80·0	80·5
Metals	,,	95·6	79·7	70·8	76·1	78·1	78·0	78·5	79·4	79·6	81·8	84·5
Other items	,,	101·8	107·2	104·3	114·0	115·3	115·9	127·7	127·6	133·7	129·5	130·3
		Monthly averages			1958			1959				
BRITISH WHOLESALE PRICES(7)		1956	1957	1958	July	August	Sept.	May	June	July	August	Sept.
Materials used in:												
All manufacturing industries	1954=100	106·7	107·4	100·8	101·4	101·0	100·2	101·4	100·9	100·9	101·9	102·1
Mechanical engineering	,,	116·5	121·9	123·5	123·3	123·5	123·5	124·6	123·6	123·5	124·2	124·4
Electrical machinery	,,	114·3	114·9	114·5	114·1	114·5	114·5	115·7	114·8	114·5	115·1	115·2
Building and civil engineering	,,	109·5	113·7	114·2	114·0	114·0	113·8	113·5	113·3	113·2	113·3	113·3
House building	,,	109·4	112·3	111·9	111·8	111·6	111·3	111·0	111·0	110·9	111·0	111·0
Products of:												
All *manufacturing industries*	,,	107·0	110·4	111·1	111·1	111·1	111·1	111·3	111·3	111·2	111·3	111·4
Chemicals and allied trades	,,	103·1	106·5	105·6	105·1	105·0	105·0	107·4	107·4	106·3	106·0	106·4
Iron and steel	,,	112·8	125·2	129·9	129·6	129·6	129·6	129·7	128·3	128·3	128·3	128·3
Textile industry	,,	97·5	100·9	97·9	97·9	97·7	97·1	95·5	95·7	95·6	95·9	96·6
Food manufacturing	,,	105·8	107·1	104·9	105·2	105·1	105·5	106·2	106·1	106·2	106·8	107·0
Commodities:												
Cotton, raw	,,	95·1	90·7	77·2	77·3	76·4	75·5	68·5	70·2	69·7	69·2	69·3
Wool, raw	,,	90·6	101·1	72·4	71·8	72·0	67·6	78·8	75·7	78·6	84·8	82·1
Rubber, No. 1 RSS, one month future	,,	143·4	131·6	118·2	117·0	119·1	120·1	149·0	140·9	142·3	156·1	162·2
Softwood, imported	,,	109·5	109·7	102·1	102·1	101·9	99·1	94·6	94·5	94·9	95·1	95·1
Copper, ex-warehouse	,,	132·4	88·3	79·4	80·4	82·8	84·2	95·0	92·5	88·8	93·6	92·6
UK RETAIL PRICES	Jan. 17, 1956=100											
All items (1)		102·0	105·8	109·0	108·5	108·3	108·4	109·1	109·3	109·0	109·3	108·7
Food	,,	102·2	104·9	107·1	106·0	105·2	105·6	108·1	108·4	107·4	108·1	106·1
All items	1938=100[2]	254	263	271	270	270	270	272	272	271	272	271
Food	,,	269	276	282	279	277	278	284	285	282	284	279
Housing	,,	145	155	172	173	174	174	179	181	181	181	181
Clothing	,,	263	267	269	268	268	268	267	268	267	268	268
Fuel and light	,,	251	268	281	275	275	276	276	276	276	276	277
Household durable goods	,,	308	308	307	305	305	305	299	299	299	299	299
Drink	,,	264	272	276	276	276	276	255	255	256	256	256
Tobacco	,,	411	421	428	428	428	428	428	428	428	428	430
Purchasing power of £ (based on all consumer spending)	1938=100	38	37	36	36	36	36	36	36	36	36	36
UK TERMS OF TRADE												
Import prices:	1954=100	105	107	99	98	99	98	97	97	97	98	98
All items												
Food, drink and tobacco	,,	101	101	97	98	97	97	96	97	97	97	98
Basic materials	,,	106	110	96	94	94	93	91	92	93	94	94
Fuels	,,	110	128	112	110	112	113	103	102	104	101	99
Manufactured goods	,,	110	104	101	100	102	101	104	103	102	104	105
Export prices:												
All items	,,	106	111	110	110	110	109	109	109	108	108	109
All manufactures	,,	106	109	111	111	112	110	111	111	110	110	111
Metals	,,	112	115	118	119	119	117	116	115	112	113	113
Engineering products	,,	107	112	115	115	116	114	117	116	116	117	118
Textiles (excluding clothing)	,,	99	101	101	102	101	100	97	98	97	95	98
Terms of trade:												
Ratio of import to export prices	,,	99	96	90	89	90	90	89	89	90	91	90
SHIPPING FREIGHTS				..								
Tramp shipping freights (fixed in sterling)	1952=100	157·0	112·7	67·1	66·6	65·0	65·7	64·6	69·2	69·7	69·6	71·0
UK WAGES												
Weekly wage rates:	Jan. 31, 1956=100											
All workers (3)		104·7	110·0	114·0	113·7	114·1	114·7	116·8	116·8	117·0	117·1	117·2
Men	,,	104·8	110·0	113·8	113·6	113·9	114·5	116·7	116·7	116·9	117·0	117·0
Women	,,	104·2	109·7	114·0	114·0	114·7	114·9	116·7	116·7	117·0	117·2	117·7
Juveniles (6)	,,	105·5	111·3	115·8	115·6	116·0	116·5	118·7	118·7	118·9	119·1	119·4
All workers	Sept., 1939=100	272	286	296	296	297	298	304	304	304	304	305
Weekly earnings: (4)												
All workers	s. d.	200 8	212 5	217 4	214 2[5]	...	...	222 6[5]	...	...	...	...
Men	,,	237 11	251 7	256 8	253 2[5]	...	...	262 11[5]	...	...	...	...
Women	,,	123 2	129 6	133 11	131 3[5]	...	...	137 0[5]	...	...	...	...
All workers	Oct., 1938=100	377	399	408	402[5]	...	...	418[5]	...	...	...	...
Men	,,	345	365	372	367[5]	...	...	381[5]	...	...	...	...
Women	,,	379	398	412	404[5]	...	...	422[5]	...	...	...	...

(1) For a rough conversion to basis of June, 1947, multiply throughout by 1·534. (2) The interim index of retail prices has been linked back to 1938 with the aid of calculations made by Professor R. G. D. Allen for the London and Cambridge Economic Service. (3) For a rough conversion to basis of June, 1947, multiply throughout by 1·561. (4) Surveys made twice a year; annual figures relate to October survey. (5) Figures relate to April survey. (6) In general males under 21 and females under 18 years of age. (7) Certain changes have been made in the classification and coverage of the Board of Trade's index numbers in this section. (8) The series for "all items" and "other items" have been revised throughout; quotations for Middle East and Venezuelan crude oil now replace the previous quotation for gasoline. Owing to a change in the tea quotation used, some revisions have also been made in the series for "all items" and "food" from June 2, 1959. (9) Revised figures for September 22nd: food, 86·0; fibres, 79·3.

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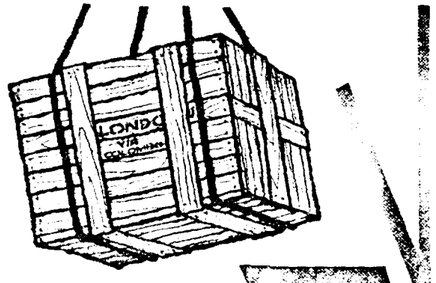
Resources Exceed $3,000,000,000



Trade Promotion is our Specialty

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Another street accident! It's a sickening thought: "A minute ago it hadn't happened, might not have happened at all!"

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PRUDENTIAL

The address of the local office is in the telephone directory

BLYVOORUITZICHT GOLD MINING COMPANY, LTD.

(Incorporated in the Union of South Africa.)

AUTHORISED CAPITAL £3,300,000
ISSUED CAPITAL (24,000,000 Shares of 2/6 each) £3,000,000

Extracted from the Annual Report for the Year ended 30th June, 1959.

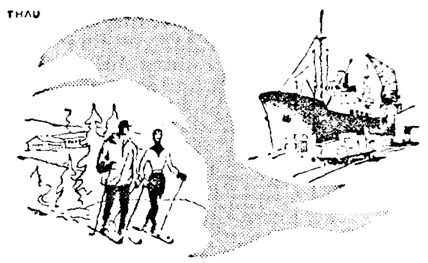
Ore milled, 1,349,000 tons. Slime treated for Uranium Oxide, 1,956,965 tons.

	Gold yield oz. fine	dwt. per ton	lb.	Uranium Oxide yield lb. per ton	
	877,250	13.006	668,985	0.342	Per ton milled
Gold :					
Total Working Revenue				£10,994,105	£8 3 9
Total Working Expenditure				4,618,068	3 8 6
Working Profit				6,376,037	£4 14 6
Uranium :					Per lb. sold
Working revenue			£2,746,934		£4 2 10
Treatment costs			1,042,723		1 11 5
Working Profit (subject to adjustment)				1,704,211	£2 11 5
Sulphuric Acid :					
Working revenue			£426,727		
Working costs			265,454		
Working Profit				161,273	
Total Working Profit				8,241,521	
Sundry Revenue *less* Expenses				49,884	
				8,291,405	
Taxation (£3,657,144) and Mineral Lease Consideration (£701,948)				4,559,092	
Profit after Taxation and Mineral Lease Consideration				3,732,313	
Balance of Income and Expenditure Account at 30th June, 1958				2,490,722	
					£6,223,035
Dividends declared—No. 26 of 1s. 0d. and No. 27 of 1s. 1d. per share				2,500,000	
Transfers to Capital Reserve :					
Repayment on account of capital portion of uranium and acid loans			£514,744		
Net expenditure on mining assets *less* realisation of investments			217,305		
				732,049	
					3,232,049
Balance of Income and Expenditure Account at 30th June, 1959					£2,990,986

The available Ore Reserve as at 30th June, 1959, was estimated at 4,665,000 tons of an average gold value of 14.7 dwt. over a stoping width of 42.5 inches.

The average Uranium value of the ore reserve was 0.529 lb. of uranium oxide per ton.

The full Report and Accounts may be obtained from the London Secretaries, A. MOIR & CO. LTD., 4, London Wall Buildings, London, E.C.2.



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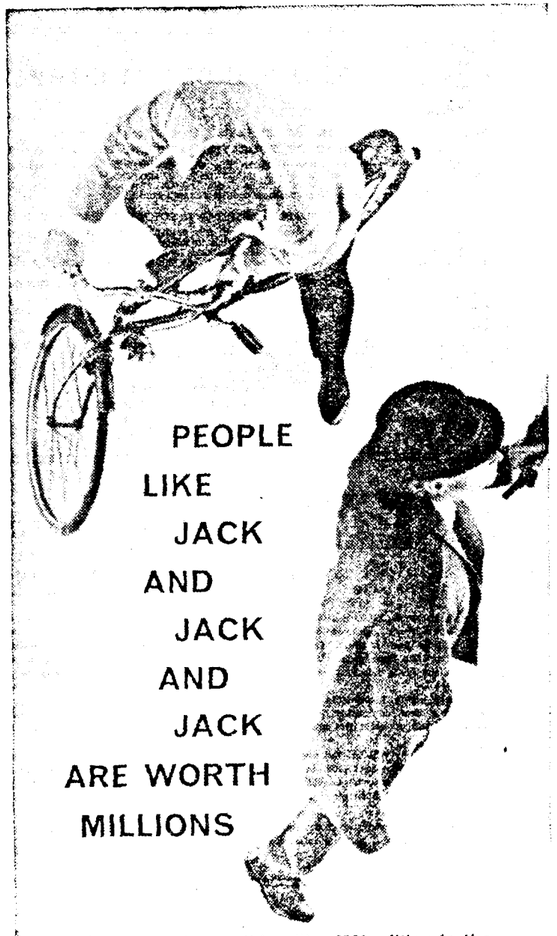

PEOPLE LIKE JACK AND JACK AND JACK ARE WORTH MILLIONS

They have added something like £500 million to the nation's net savings in twelve years through industrial life assurance. Ten million families save in this way, with the help of the Home Service Insurance Man. Together, they form a great thrift movement that helps people to help the *nation* by helping themselves.

Issued by The Industrial Life Offices Association

APPOINTMENTS

ESSO PETROLEUM COMPANY LIMITED

have the following immediate vacancies in their Head Offices in London.

ASSISTANT TO HEAD OF EDUCATION SECTION, PUBLIC RELATIONS DEPARTMENT

A university graduate, between 25 to 35, with proved administrative ability, is required to assist the Head of Education Section in Esso's public relations activities in the field of education, with particular emphasis on Public and Grammar Schools, Technical Colleges and Universities. Some experience of teaching or educational work and public speaking would be an advantage.

SUPPLY ASSISTANT, SUPPLY DEPARTMENT

A university graduate, between 21 and 28, with a bent for work in the economic or statistical fields, is required for Supply Department, which is concerned with the supply and distribution of crude oil and finished products. Duties would include programming and the arranging of day-to-day operations, as well as long term planning. Training will be given to fit the successful candidate for the job.

SALES ASSISTANT, MARKETING RESEARCH AND STATISTICS DEPARTMENT

A university graduate, between 21 and 28, with an aptitude for statistics and economics, is required for the Volume Estimates Section. The work involves the assessment, by a mathematical approach, of the oil industry's potential and the estimation of future national oil consumption. Some experience of similar market research work would be an advantage, but is not essential.

Salary in each case according to age, experience and qualifications. The Company operates a generous contributory Pension Plan and there are other ancillary benefits.

Write, quoting Ref. H.O.4, to Manager,

RECRUITMENT AND TRAINING,
16 CHARLES II STREET,
HAYMARKET, S.W.1.

IBM UNITED KINGDOM LIMITED

DATA PROCESSING DIVISION

On January 4, 1960, a new group of Student/Trainees will commence a comprehensive training course of up to two years' duration covering IBM Punched Card and Computer Equipment, Systems Applications, Organisation and Method, Investigation and Reporting, Workflow, Card Design and Selling Techniques. During training these men will be paid a more than adequate salary according to present earnings. Thereafter, an excellent basic salary, plus various commissions and bonuses, should mean an income of over £2,000.

These highly responsible posts comprise detailed investigation, preparation of new methods of recording, accounting and computing. Basically re-shaping whole groups of departmental routines in these fields. *Therefore the opportunities are exciting and the work absorbing and very rewarding from all points of view.*

Applications will be welcome from men age 22-33 of good educational background (preferably university level) who have experience in the indicated fields, preferably with qualifications or specific experience. Applications will also be considered from those in the younger age brackets who have no experience but have a real interest in mechanised accounting and control.

Applications, giving full details, to the Personnel Manager, IBM United Kingdom Limited, 101 Wigmore Street, London, W.1, quoting reference DP/6L.

Young men (age 30 to 35) who welcome hard work and responsibility are invited to apply for training for top executive positions with British Industrial Group with world wide interests.

University degree is helpful but not essential; qualifications which are essential are first-class character, proved ability, loyalty, good educational standard and experience of industry.

Selected applicants will operate initially as personal assistants to Directors and will be expected, if successful, to qualify within a few years for appointment as Directors of Subsidiary Companies.

Remuneration offered will match qualifications required.

If interested, please write, giving full details of education and industrial experience and asking for initial interview with a Director, Box 1222.

YOUNG ECONOMIST required for economic research department, with emphasis particularly on banking and international payments. Previous experience and knowledge of European languages useful but not essential. Salary according to age, experience and qualifications.—Apply in writing only to the Secretary, Moscow Narodny Bank Limited, 325-339 Salisbury House, Finsbury Circus, London, E.C.2.

STATISTICIAN

If you have a good honours degree in Economics with Statistics as a special subject and would like to join the central information and statistics department of the Commonwealth's largest glass manufacturing organisation, you are invited to write about yourself to the Personnel Officer (Graduate Recruitment), Pilkington Brothers Limited, St. Helens, Lancs. Initially, you would be required to assist in the collection of market data and the preparation of forecasts. It is hoped that later there will be an opportunity to lead a section engaged on this work.

INDUSTRIAL AND COMMERCIAL FINANCE CORPORATION LIMITED.—An opportunity offers as Management Trainee to Graduates not over 26 years of age. Applications will be treated in strict confidence and should be made on an application form which can be obtained from: The Secretary, Industrial & Commercial Finance Corporation Ltd., 7 Drapers' Gardens, London, E.C.2.

COMMERCIAL OFFICERS required by TANGANYIKA GOVERNMENT Commerce and Industry Department on contract for one tour of 30/36 months in first instance. Commencing salary according to qualifications and experience in scale (including Inducement Pay) £879 rising to £1,617 a year. Gratuity at rate of 13½ per cent. of total substantive salary drawn. Outfit allowance £45. Free passages. Liberal leave on full salary. Candidates, aged 25-40, must possess university degree, preferably in Economics, or be members of one of the recognised accountancy bodies. Write to the Crown Agents, 4, Millbank, London, S.W.1. State age, name in block letters, full qualifications and experience and quote Ref. M3A/52848/E.N.

APPLICATIONS are invited for the following appointments in the Ministry of Finance of the Government of the United Kingdom of Libya.

Federal Chief Accountant

Assistant Federal Chief Accountant

Application is also invited for a post in the Department of the Auditor-General of

Assistant Auditor-General

The original tour of duty will be for a period of two years (probationary period six months) and leave will be granted at three days for each month's resident service in Libya. Contribution to a contributory Provident Fund is compulsory. Quarters are provided at a reduced rental. A knowledge of Arabic would be an advantage. Commencing salary will depend on qualifications and experience.

Federal Chief Accountant.—An appointment in Grade I of the service the minimum salary of which is £LI,800 per annum. Applicants should preferably be in possession of a recognised accounting qualification and have experience in charge of Government accounts. A knowledge of mechanised accounts (keyboard) and of methods survey is desirable.

Assistant Federal Chief Accountant.—An appointment in Grade II of the service the minimum salary of which is £LI,500 per annum. Applicants should have experience in Government accounts and preferably knowledge of keyboard accounting machines.

Assistant Auditor-General. An appointment in Grade II of the service the minimum salary of which is £LI,500 per annum. Applicants should have wide auditing experience and be versed in different types of accounting systems.

Applications, together with copies of references, should be addressed to The Embassy of the United Kingdom of Libya, 58 Princes Gate, South Kensington, London, S.W.7, marked "Appointments." As interviews can be arranged at a very early date, immediate application should be made.

OVERSEAS AND EXPORT CONTROLLER

Applications are invited for the above situation from suitably qualified senior Executives aged 32 to 50. This is a new appointment concerned with the export and manufacture abroad of a specialty range of products of great importance to the Packaging Industry. The Company is a world leader in its field and has its own subsidiaries in the Commonwealth territories as well as a network of licence arrangements in other Industrial Countries. The successful applicant will be required to make periodic visits to different Commonwealth territories and his previous industrial experience should justify earnings in the region of £3,500 per annum.—State age, education, experience and present emoluments, to Box 1229.

THE COUNCIL OF INDUSTRIAL DESIGN, SCOTTISH COMMITTEE

CHIEF EXECUTIVE

Applications are invited for the post of Chief Executive, which will become vacant on February 1, 1960. The position carries complete responsibility to the Committee for the planning and prosecution of its work in Scotland and entails close liaison with the Council in London. Enthusiasm for the task of raising design standards must be supported by drive and initiative as well as a sound and proved understanding of the basis of good modern design over a wide and varied field of products.

Age: 35-45. Salary around £2,000. There is a contributory pension scheme.—Applications, marked "Personal," should be addressed to The Establishment Officer, The Scottish Design Centre, 46 West George Street, Glasgow.

WE WANT YOUNG MEN WHO SET THEIR SIGHTS HIGH

Long-range expansion plans at Burroughs mean we need ambitious young men (22-30) immediately.

If you have Accounting Knowledge (preferably qualified), or are University graduate or successful salesman—and still have an eye open towards a lifetime career that will permit you to use ALL your ability with absolutely no limitation in growth—Burroughs offers you the opportunity you have been looking for.

We will train you and pay you well while we are doing it.

Then, as a Burroughs Sales Representative, you can set your own advancement goals.

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AVON HOUSE,
356-366 OXFORD STREET, LONDON, W.1,

or to the Manager of any Burroughs Branch.

A COMMONWEALTH CORRESPONDENT is required for the London Press Service which is sent daily by wireless to all parts of the world as part of the official Overseas Information Services. The CENTRAL OFFICE OF INFORMATION seeks for this post an accomplished journalist or writer with much topical broadcasting experience, whose work has called for a wide knowledge of affairs within the Commonwealth as a whole. The correspondent, who should have a keen understanding of economic and constitutional subjects, must be versatile for reporting on current Commonwealth developments and writing explanatory items and articles on Commonwealth topics. Personal acquaintance with one or more of the member States of the Commonwealth (apart from the United Kingdom) is desirable. The post is graded SENIOR INFORMATION OFFICER (unestablished): salary £1,395 to £1,600 (men); £1,345 to £1,600 (women).—Write, giving age, full details of qualifications and experience, to Manager (P.E.9.44), Ministry of Labour and National Service Professional and Executive Register, Atlantic House, Farringdon Street, London, E.C.4. Only those candidates selected for interview will be advised.

A LARGE INDUSTRIAL GROUP

with factories in the U.K. and manufacturing and selling companies overseas, has vacancies for Qualified Accountants under 35 years of age, who have experience of or are interested in:—

MANAGEMENT ACCOUNTING
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MANAGEMENT AUDIT

There is considerable scope for advancement.

Applicants should write, giving details of age, experience, qualifications and present salary to Box 1228.

MARKET RESEARCH MANAGER

A leading international company in the computer field requires a Market Research Manager at its U.K. Head Office in London to take charge of a small specialist department under the General Sales Manager. The work includes research into specific problems; assistance in establishing control measurements; and consolidation of information for company distribution. An ability to get on with people at all levels is essential.

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Experience in organisation and methods is essential and preference will be given to applicants in the 30-45 age group.

Salary level will depend on qualifications, experience and ability and we are prepared to pay up to £1,500 per annum for the right man.

Applications giving full details should be sent to the Personnel Manager, Ericsson Telephones Limited, Beeston, Nottingham, quoting ref. OM/

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AWARDS IN AGRICULTURAL ECONOMICS

The Milk Marketing Board invite applications for their awards for vocational study and for research in agricultural economics. The awards are open to men and women who are graduates of universities in the United Kingdom in any subject, but preference is given to those whose degrees have been obtained in economics in social or business studies or in agriculture. Candidates are expected to have gained a first-class or good second-class Honours degree but any qualifications of similar status may be accepted.

There are two categories of awards:

(a) STUDENTSHIPS (£660 — £700 per annum) are for post-graduate students qualified to study for a post-graduate degree or diploma or to take up research work in agricultural economics;

(b) FELLOWSHIPS (£800 — £1,200 per annum) are for persons who have already had experience in post-graduate study in some subject connected with agricultural economics.

Applications should be sent not later than December 31, 1959, to the Secretary, Awards in Agricultural Economics, Milk Marketing Board, Thames Ditton, Surrey, from whom further particulars and forms of application may be obtained.

For other appointments see page 458

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UNIVERSITY OF LONDON: A course of two lectures entitled "The Reformation and Economic Change in Europe" will be delivered by Professor H. Trevor-Roper (Oxford) at 5.30 p.m. on November 3rd and 5th, at Bedford College, Regent's Park, N.W.1. ADMISSION FREE, WITHOUT TICKET.—James Henderson, Academic Registrar.

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BENGUELA RAILWAY COMPANY

The following preliminary traffic results for the first nine months of the year 1959 compared with the first nine months of the year 1958 have been issued.

	1959		1958
Kilometres run			4,610,527
	Tons		Tons
Passenger Traffic	1,314	Esc.	14,051,000
Local Traffic:			
Minerals	130,829	Esc.	17,644,000
Other	436,776	Esc.	56,339,000
Transit Traffic:			
Minerals	361,201	Esc.	171,865,000
Other	79,929	Esc.	51,296,000
Miscellaneous:			
Receipts	—	Esc.	10,953,000
Tons (excluding Service Traffic)	1,010,049	Esc.	322,148,000
Working Expenses in Africa		Esc.	179,089,000
Net Operating Receipts		Esc.	143,059,000
	1958		
Kilometres run	4,645,724		
	Tons		
Passenger Traffic	1,231	Esc.	13,099,000
Local Traffic:			
Minerals	131,414	Esc.	18,232,000
Other	77,622	Esc.	57,525,000
Transit Traffic:			
Minerals	354,802	Esc.	170,860,000
Other	77,622	Esc.	57,525,000
Miscellaneous:			
Receipts	—	Esc.	7,767,000
Tons (excluding Service Traffic)	1,036,914	Esc.	324,396,000
Working Expenses in Africa		Esc.	179,909,000
Net Operating Receipts		Esc.	144,487,000

Tanganyika Concessions Limited owns all the Debentures and 90 per cent of the equity of the Benguela Railway.

NOTICE

The National Iranian Oil Co. offers for sale during the year 1960 a total quantity of 5,644,000 cubic metres of Iranian Light and Heavy Crude Oils in the following quarterly quantities:

	Light Crude Oil F.O.B. Bandar Mashur	Heavy Crude Oil F.O.B. Kharg Island
1st quarter	1,375,000	NIL cubic metres
2nd quarter	1,269,000	125,000 " "
3rd quarter	1,294,000	125,000 " "
4th quarter	1,331,000	125,000 " "
	5,269,000	375,000 " "

Main characteristics of crude oils offered are:

	Light Crude Oil	Heavy Crude Oil
Av. Specific Gravity at 60° F	.8530 (34.39° API)	.8664 (31.8 API)
Sulphur % wt.	1.3 — 1.4	1.6 — 1.8
Vapour pressure, lbs. at 100° F	6.5 — 8.0	8.0 — 9.0

Particulars as to price, payment, etc., may be obtained from the National Iranian Oil Company, Distribution Division, Tehran, Iran, to whom proposals may also be addressed.

ROYAL DUTCH PETROLEUM COMPANY

With reference to their announcement dated October 9, 1959, regarding the INTERIM DIVIDEND for the year 1959 on the shares of cert. 20 registered in the United Kingdom section of the Amsterdam Register, N.M. Rothschild & Sons are authorised by Royal Dutch Petroleum Company and by Nederlandsche Handel-Maatschappij N.V., Amsterdam, the Transfer Agent, to announce that the rate of exchange fixed for the payment of the dividend is Fls. 10.60=£1. The gross amount of the dividend will be £0 2s. 9.962d. per share and the amount of the 15 per cent Netherlands Dividend Tax £0 0s. 5.094d. per share.

New Court, St. Swithin's Lane, London, E.C.4.
October 23, 1959.

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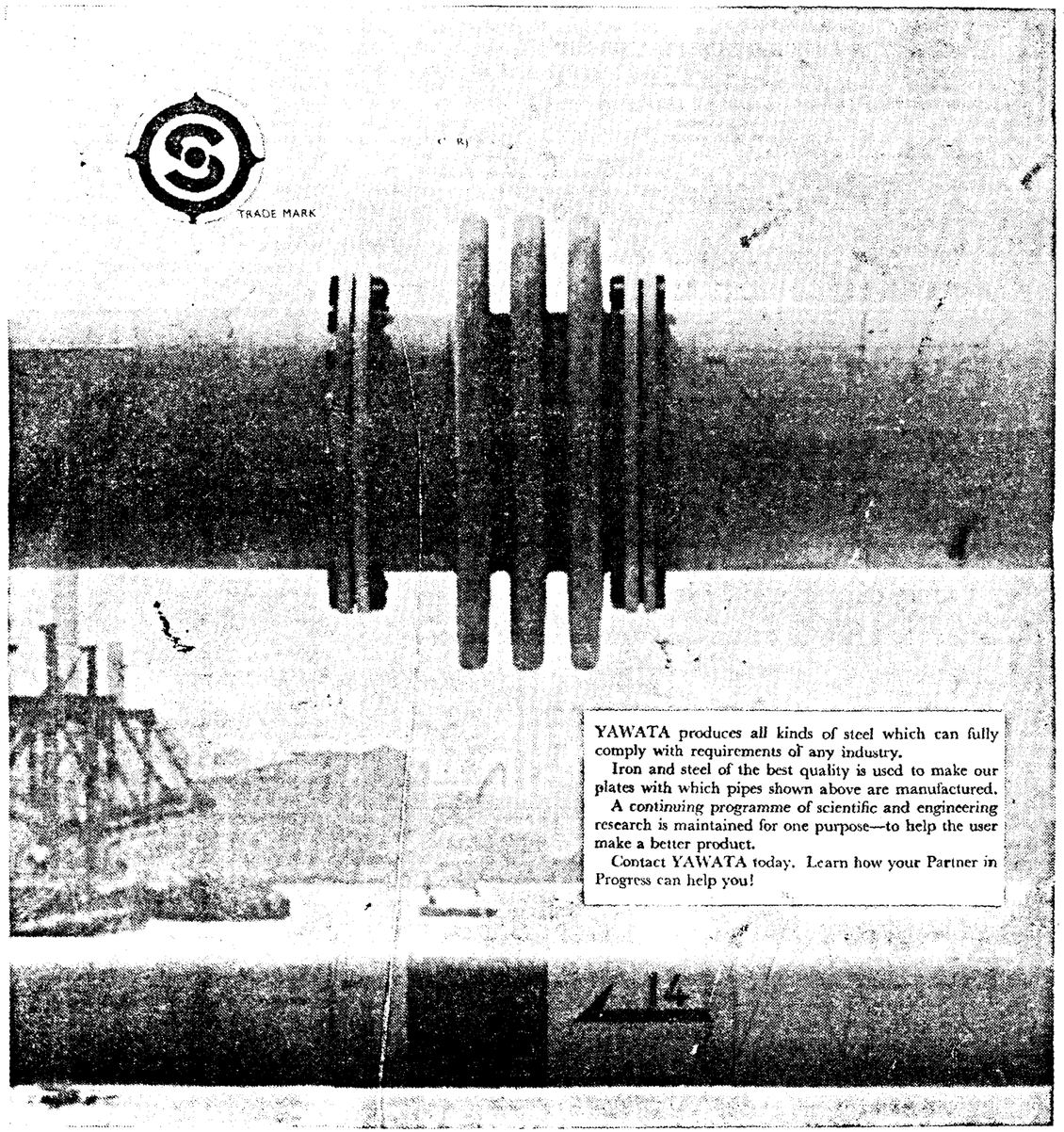

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NOVEMBER 14, 1959

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Understanding Dr Adenauer

Dr Adenauer's visit, following upon General de Gaulle's forbidding press conference, is an occasion for the British to catch up with what is happening in Europe (pages 601 and 606)

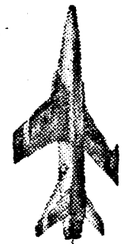
The Village That Committed Suicide (page 603)

Decision Without Settlement

By upholding the injunction ordering the American steel strikers back to their plants the Supreme Court has done nothing to solve the dispute (page 625)

World Politics and Business

LOOK AT THE FACTS ABOUT THE REPUBLIC F-105



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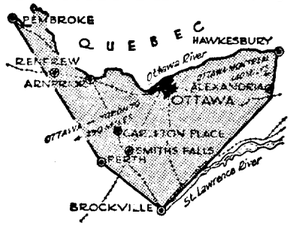

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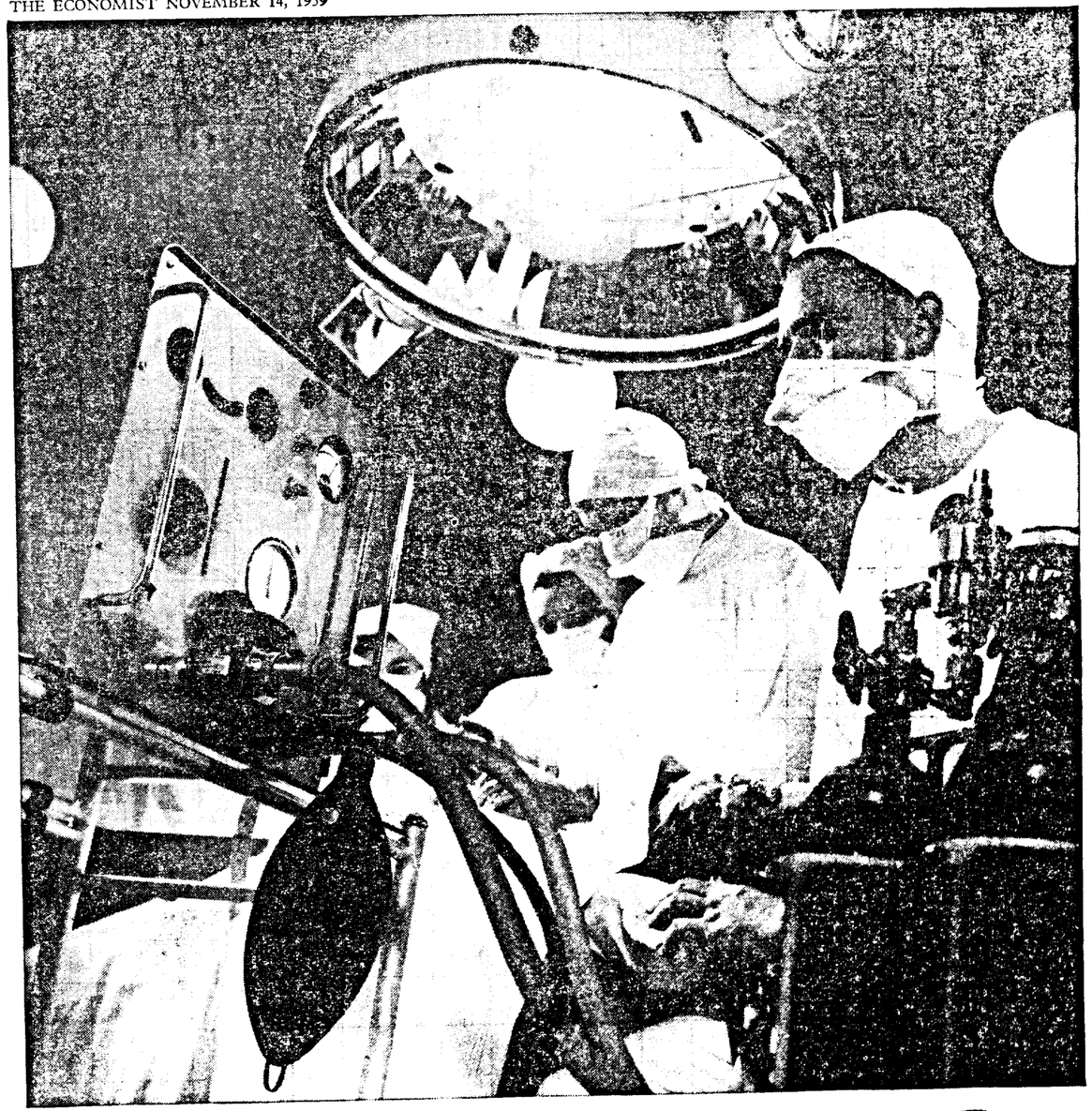

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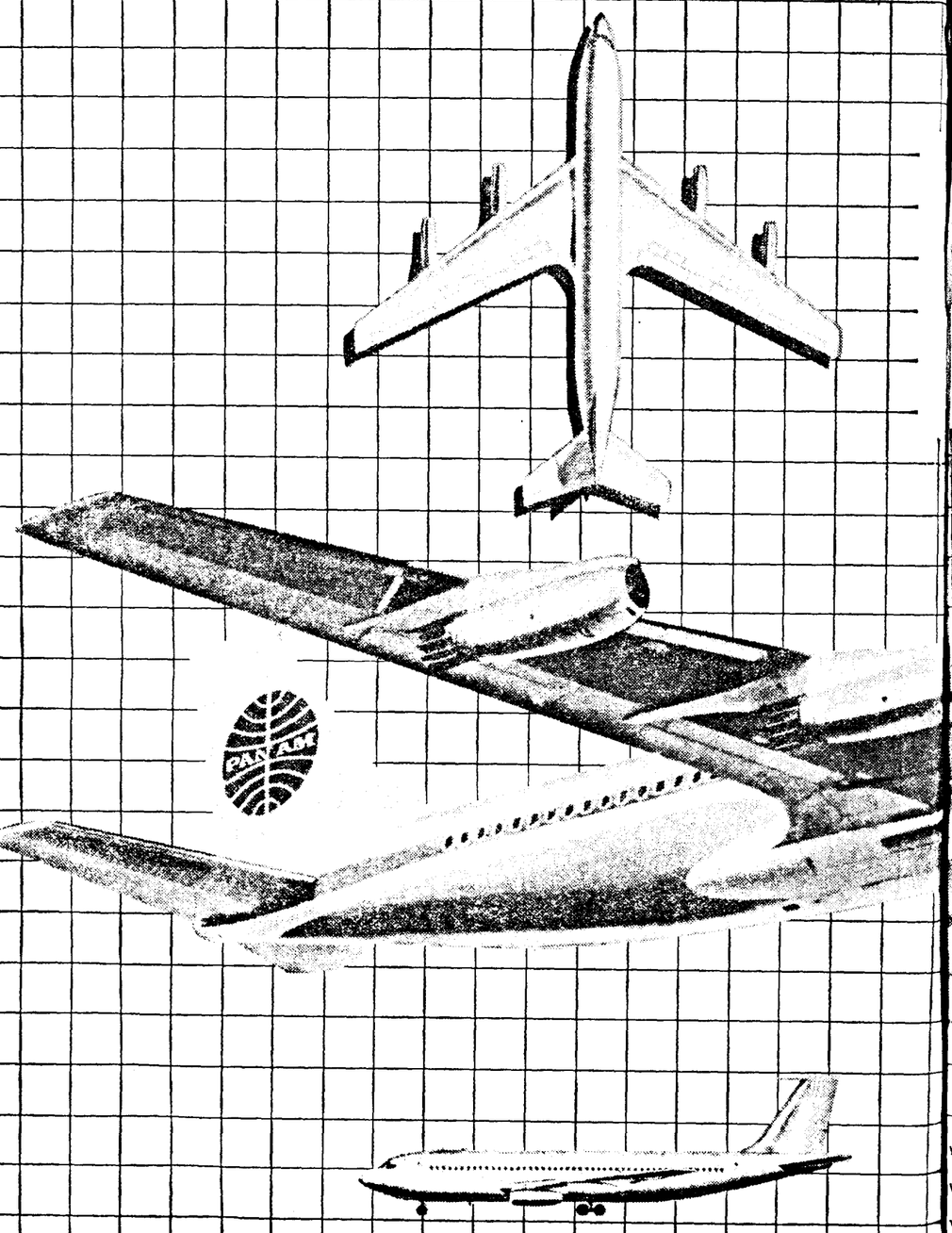

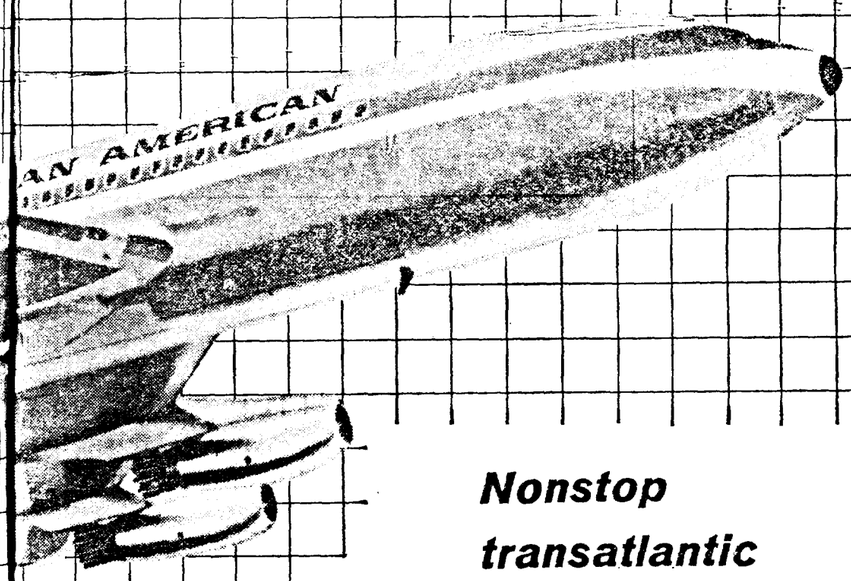

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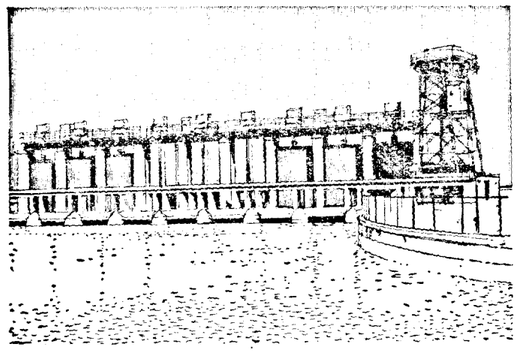

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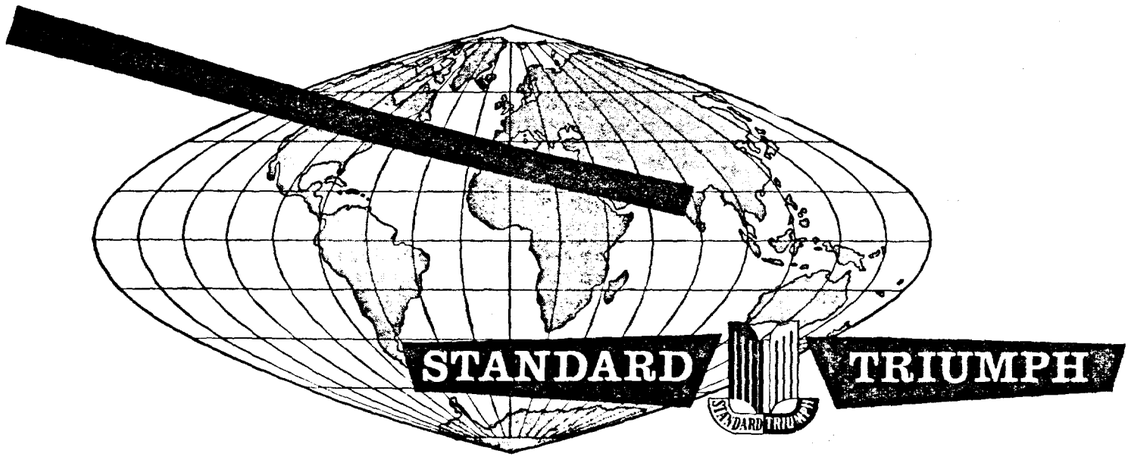

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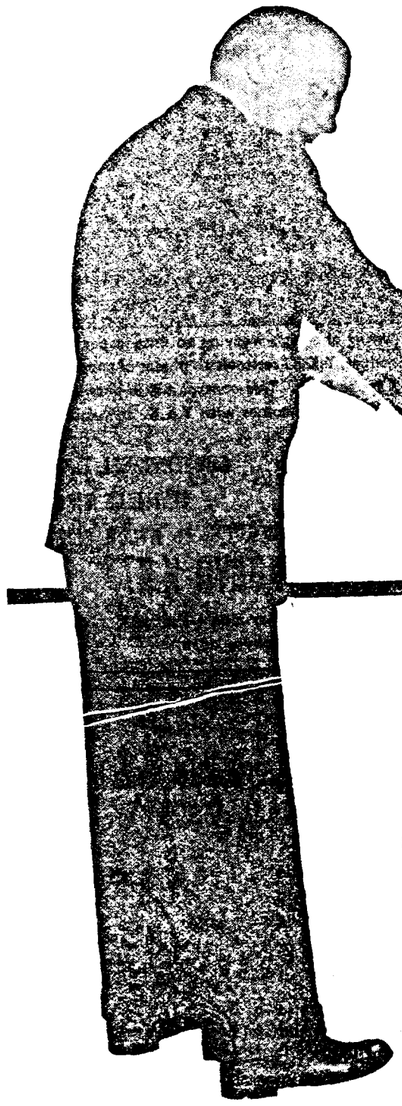

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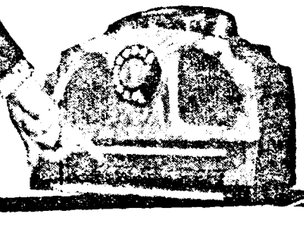

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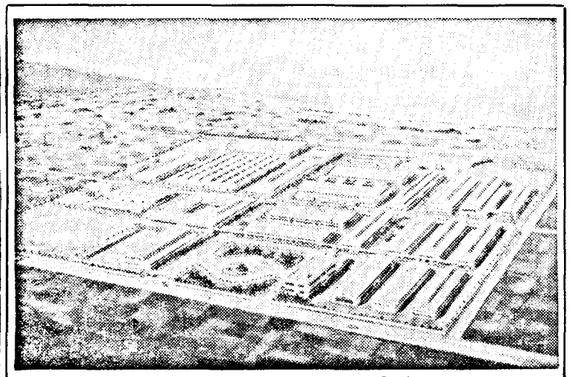

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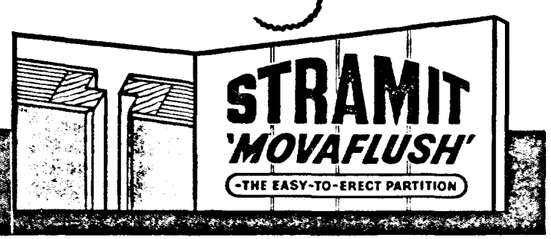

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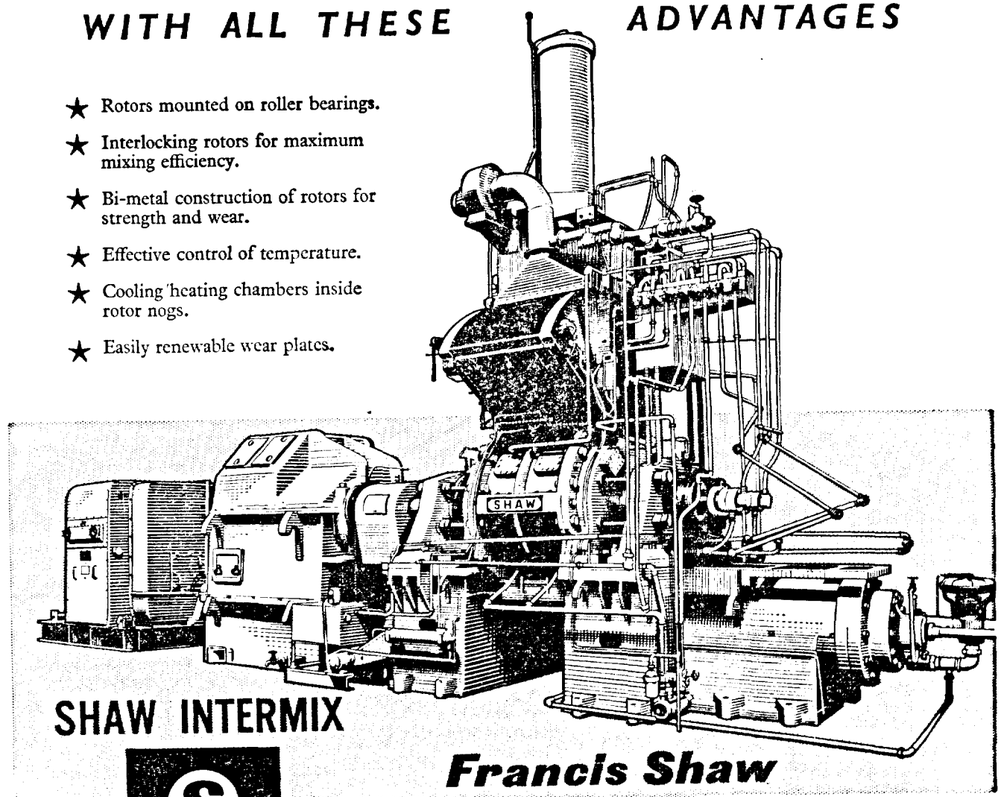

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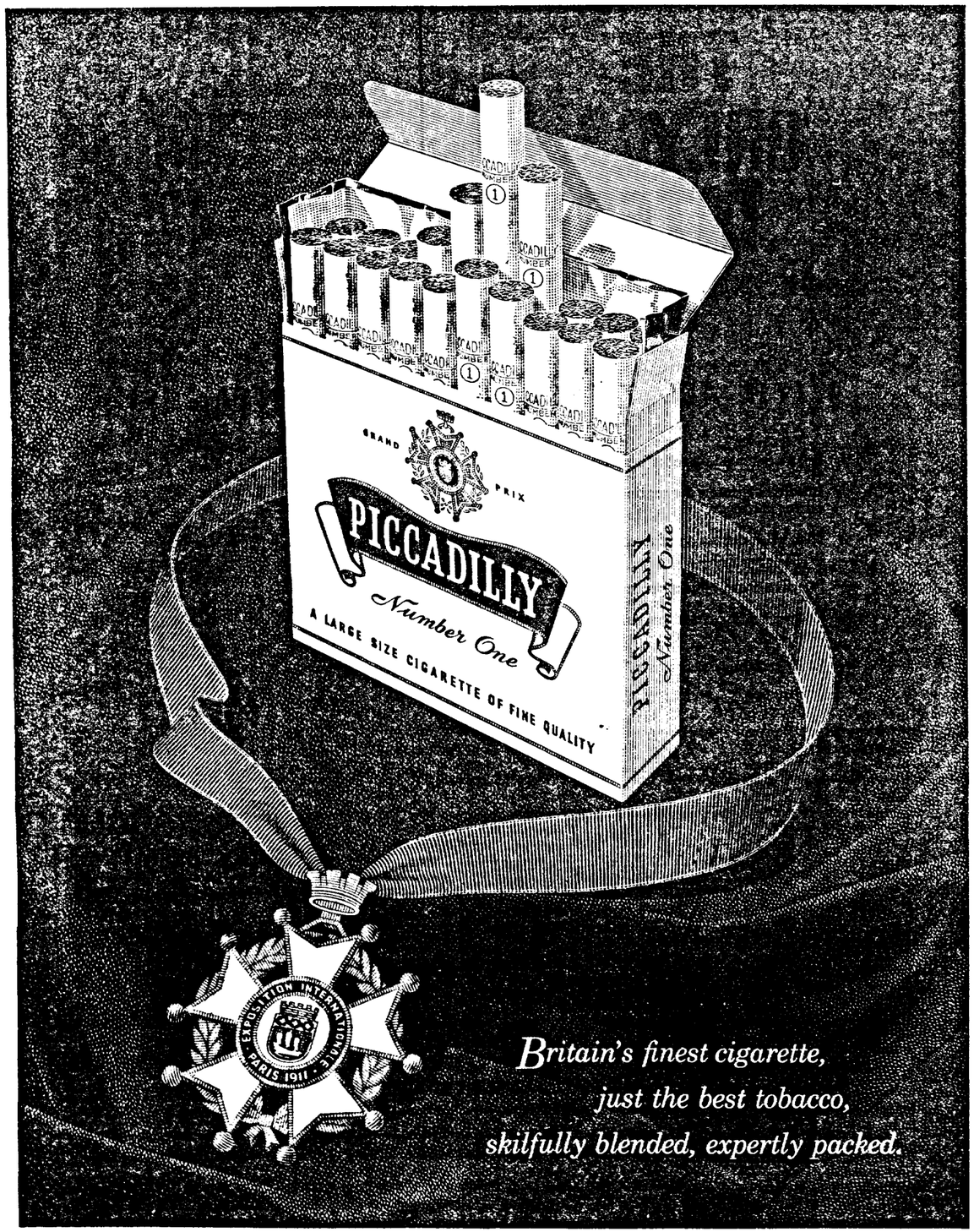

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Understanding Dr Adenauer

As Lloyd George was made to realise by Poincaré, British relations with Germany and with France cannot be kept separate. A prime task that the Government has set itself in its new, post-election span of life is to rescue its relations with continental western Europe from the decay and muddle they sank into during the last Parliament, when British foreign policy was preoccupied first with the Middle East, then with the restoration of Anglo-American friendship, and finally with the effort to open east-west talks. High on the new list of priorities stands the need to restore ordinary trust and confidence between London and Paris and between London and Bonn. Mr Selwyn Lloyd's visit to Paris this week has been a first attempt, under forbidding auspices, at the one; Dr Adenauer's visit to London and Chequers in the coming week will provide the occasion to make a start on the other.

Contemplating President de Gaulle's utterances at his press conference last Tuesday, the British Government cannot but have been painfully reminded how completely, for the moment, the power to influence events in continental Europe has been taken from its hands. President de Gaulle has firmly intimated that the further pursuit of east-west talks must await his judgment. Conceivably Mr Eisenhower, who has one or two other good cards to play, might shift him from this attitude; there is no likelihood that Mr Selwyn Lloyd, or Mr Macmillan, could. To suggest that Dr Adenauer might be asked to intervene is to overrate the weight of the Bonn end of the Bonn-Paris axis; it also overlooks the fact that Dr Adenauer has no interest in speeding the east-west talks, but rather looks upon them as a dangerous gamble in which Germany provides the cash stakes without sharing the hypothetical winnings. Time spent next week on urging Dr Adenauer in this direction would be time wasted.

Britain's earlier and heavier defeat in Paris, that of the free trade area, made the point clearly enough. Germany did have a definite interest in a device to ensure that the common market did not split western Europe into rival trading groups, and a strong party within the west German government was aware of that interest. But when the French turned the free trade area down, none of this counted for anything; the common market was a major German political objective, and Dr Adenauer was not for a moment tempted to allow trade policy to interfere with its attainment. A more subtle, less single-minded man might have seen that the free trade area was in fact more than a mere matter of trade policy. But in treating the British project as he did, the Chancellor was taking it at the face value the British had put on it themselves. That being so, he had no strong motive for pulling the British chestnuts out of the French fire, and no prospect of succeeding if he had tried.

German expressions of friendship for Britain, of the kind Herr von Brentano uttered in the foreign affairs debate in the Bundestag on November 4th, have to be read with the qualifications that the experience of the past year teaches. Herr von Brentano, who was reading a prepared manuscript approved in advance by the Cabinet, said that his government was interested in "a close, friendly relationship between the European Economic Community and Britain." Because he went on to recall Britain's services in connection with west Germany's entry into Nato, he was thought to have made a gesture. In fact, however, he said nothing about any relationships between Germany and Britain. He prefaced these remarks by insisting that the European Economic Community, in making

agreements with outsiders, should always act as a unit; and he stressed the political character of the community, and the "new, I might say revolutionary, concept" which inspired the Treaties of Rome. The gesture was one of civility only; the wall that confronts British ministers in their relations with the Six is left unbreached.

In dealing with Dr Adenauer's Germany, therefore, Britain has to deal with a government that believes itself part of a special grouping, already close and destined to grow closer, to which Britain has chosen not to belong. It does not follow at all that British relations with Bonn need to be bad, suspicious or unfruitful; many Germans see this, and some of them have expressed weighty dissatisfaction with Dr Adenauer's growing inclination in recent years to harp on his differences with Britain. But there are many undigested failures of understanding between the two countries, and the British people is responsible for its share of them.

DR ADENAUER'S authorised biographer, Herr Paul Weymar, has described the Chancellor's first visit to London in December, 1951 (when he was 75), and a conversation he then had with the Prime Minister, Sir Winston Churchill. The account does not read as if it were verbally exact; all the same, the preoccupations which each expressed about the other are representative, and help to explain the persistent failure of Bonn and London to understand each other even when it is the manifest interest of both to do so. Dr Adenauer said that it had disturbed him to be told that Britain wanted to be a "good neighbour" of Europe, but no more.

Sir Winston Churchill, for his part, showed himself preoccupied by France's fear of a resurgent Germany, and dwelt on the duty that this imposed on Britain to keep the balance in favour of France. He urged that Germany and France should "be friends and walk together," and promised that Britain would do all in its power to bring this about. Dr Adenauer turned the conversation to what really worried him, and worries him today: his fear that the British interest in summit talks might lead the West into "a new Yalta," a deal with Russia at Germany's expense.

This was in the middle of the Korean war, and when British diplomacy had long been giving dogged support to the scheme for a German contingent in a European army. Probably the British statesmen thought Dr Adenauer's fear of a new Yalta as far-fetched as Dr Adenauer thought the British idea of a French ally in need of protection from a martial Federal Republic. Dr Adenauer had his moments of bitter disillusionment with France in the years that followed. At times he needed, and got, British support for German rearmament and German sovereignty against French opposition. But the dream of a reconciliation with France had dominated his approach to foreign policy since 1919, and he did not give it up even when things were at their blackest for him. In the upshot, the Germans under Dr Adenauer's rule have carried Sir Winston Churchill's injunction to make friends with France to lengths that nobody in London can have imagined.

Dr Adenauer's two grievances of 1951 are, however, as alive in his mind today as they were then. Whenever ill-feeling has arisen between Bonn and London on one occasion or another—occupation costs, the Suez crisis, the various British schemes for restriction of armaments in Central Europe, Mr Macmillan's trip to Moscow, or the tartness against Germany of the British press—the same two grievances have always been heard from Bonn. The British, in Dr Adenauer's view, let Europe down by remaining aloof from all schemes for integration; yet they continue to assume the right to a disproportionate influence in Europe's affairs. Worse, they persist in exerting their influence in the direction of negotiations with Soviet Russia, which are full of dangers for Germany.

To disentangle the fact from the fancy, the justice from the injustice, in this picture of Britain's role in the history of the nineteen-fifties is more than can be done in a few hours of talks. It is, in any case, something that can most usefully be done by the Germans themselves; since, tiresome as are the imaginary causes of Anglo-German misunderstanding, the real causes are solid enough. One German has made a valuable attack on the subject in an unusual book* about President Heuss's State visit in October, 1958, and the press controversy that followed about the British reception of him; truly a Teutonic undertaking for a book, as the author amiably remarks. Dr Alexander tries to explain to his countrymen the state of British popular feeling about Germany, and the reasons for it.

It is time (twenty years after the beginning of the war, and nearly fifteen years after its end) for the British to disentangle these feelings for themselves, separating the useful lessons of history and experience from the mere mental self-indulgence of living in the past. Perhaps when they have done this, they may have more success in getting the German leaders, in judging the limitations and faults of British policy in Europe since the war, to give credit for what the British have in fact done, at crucial moments, to help. What, unfortunately, the British cannot claim to have done in Europe since the war is to have grasped the significance of what was happening, in certain important fields, until long after it had happened. Their reluctance to join some of the new organisations might have appeared in a different light if only they had shown an awareness that, in refusing to join, they were taking important decisions with important European consequences.

As Dr Alexander points out, the Conservative Government underestimated the common market, just as the Labour Government failed to appreciate the importance of the Coal and Steel Community. Plainly these governments had the right to stay out of these bodies if they pleased; but they ought to have understood in time that those who did join would be establishing a relationship to one another different from their relationship to Britain; therefore, Britain's relative position in Europe could not remain the same. If that had been understood, the successive displays of a rather complacent British empiricism might not have looked like divisive tactics; and the political regrouping that has since gone on among the nations of western Europe might have been less likely than it is today to end in a dangerous split. The truth is that Germany has no more interest in such a split than Britain has; while Britain has no more interest than Germany in a soft east-west settlement likely to put Central Europe in communist hands.

* Zwischen Bonn und London. By H. G. Alexander. Econ-Verlag, Düsseldorf.

The Village that Committed Suicide

Our special correspondent has been visiting the Welsh village of Cwmllynfell

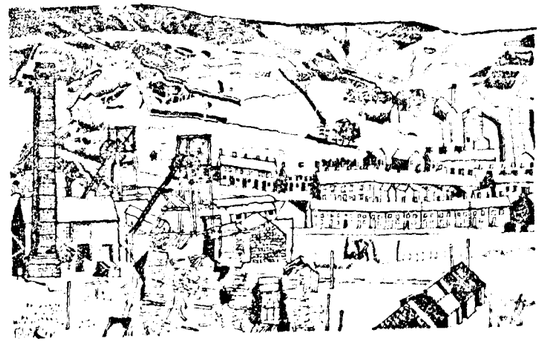
CWMLLYNFELL is a village of some 3,500 people situated in one of the narrow anthracite valleys of South Wales. The long lines of its miners' cottages straggle greyly from the pithead below the bleak Breconshire hills. Such scenery is common to many of the mining villages in the South Wales coalfield; but Cwmllynfell has problems of its own. Its community was built around the pit. The pit had sustained it for more than 50 years. In January this year, the pit was closed.

It was closed because it was involving the Coal Board in a crippling loss. Even between 1947 and 1957, outgoings at the colliery had exceeded revenue by £1,400,000, but this deficit was not then taken particularly seriously, since high grade anthracite was not yet priced at a level where supply equalled demand. But in 1958, things at Cwmllynfell got worse; anthracite which in 1957 had been mined at a loss of £2 19s. 3d. a ton began to lose £4 8s. 10d. a ton. This was not because reserves were exhausted or because the coalface was inconveniently placed. The reserves at the pit were considered by the technical departments of the Coal Board to be sufficient to justify an investment in several expensive gadgets, such as a new electric winder, not long before other departments of the board closed the pit down. The trouble at Cwmllynfell was with labour relations. In the four years between 1954 and 1958 there were seventy reported strikes or restrictions of output at the pit, an average of one every three weeks. The pit was closed because the normal relationship between management and men at work had completely broken down.

One other statistic about Cwmllynfell was calculated to startle the visiting journalist even before he started on the hour-long bus journey up from Swansea. Of the 654 people who were working at Cwmllynfell and the neighbouring Steer colliery at the time of the closures last January, 329—or over half—were still without work ten months later. As Swansea itself is back in moderate boom, the immobility which these figures suggest is remarkable to a Londoner used to people travelling twenty miles or more to work without thought. But the statement that total male unemployment in the village stood at about 20 per cent brought back uncomfortable memories of the 1930s, and one expected to find a hidebound, depressed and bitter Cwmllynfell when one got off the bus.

THE first impression of this tidy little community was therefore a surprise. The houses are brightly painted and television-decked. The people are not at all down at heel. Discussion—as always in Wales—starts easily and the professional gloom reserved for the visitor soon disperses. So far, it seems, the pinch has been slight. One unemployed miner admits that he has not been able to buy the new suit which he had his eye on this summer; another that his hopes of a second-hand car had faded. But for the first six months both had been entitled to draw the £4 a week redundancy pay from the Coal Board plus the minimum of £2 10s. a week unemployment benefit; together with pigs and chickens at the bottom of the garden (a local staple), and pay from occasional odd jobs, they had had quite enough to cover the modest needs of the average miner's family for the first six months at least. The manager of the local co-operative shop (a gleaming self-service one) confirmed these impressions; he had sold few dry goods this year, but his groceries had moved as well as ever. With the winter coming and redundancy pay at an end, he expected harder times ahead; but in cases of hardship personal credit was always available. There is a tradition of being generous with this, and the manager spoke of the social and personal bonds in the village, as so many Welshmen like to do.

How far do these social bonds really exist? Do they explain either the immobility or the recent industrial suicide? The traditional symbols of the cohesiveness of Welsh village life certainly stand proudly in place. The chapels (of which Cwmllynfell boasts three, as well as a church) and the miners' welfare hall have a long story of sturdy independence. The communally-built welfare hall at the village, which houses a cinema to seat 650, a billiards room, a library, a shop and several other amenities, is a remarkable achievement. But, sadly, one soon saw that these were mainly traditions and achievements of the past.



The story that the Welshman is peculiarly loth to leave his valley has never been universally true: for a long time now there has been a steady migration of able boys out of the area. The miner is wonderfully grammar school conscious. Since the 1920s, if he has found that he could get his boy or girl into a good school and into a white collar job in Cardiff, he has done so. This has led to a steady loss of leaders in the community. As the older organisers disappeared, there was none to take their place. Even when good days returned to the mines after the war this migration continued. Now, too, television from London or Cardiff, a powerful engine of new social values even here, is killing the welfare hall. The Welsh language among the younger people is on the wane. The power of the chapel is declining with the growth of the men's Sunday drinking clubs. Finally, the union lodge, whose meetings used to be news and whose influence spread far out into local and even national politics, is now a much less potent force. It was not because of the growth of union strength that

Cwmllynfell showed the wildcat militancy that killed the pit, but precisely the reverse. Union power fell away into the hands of the minority who still bothered to busy themselves with union affairs ; and, as always, this minority included a large proportion of militants and grumblers.

Moreover there was an abiding spark of resentment in the village which militants could easily fan into regularly recurring flame. Cwmllynfell was an anthracite mine, and traditionally the anthracite miner has been among the aristocrats of the industry ; even during the great depression there was a market, and thus a bargaining position, in anthracite. The natural desire of the men to exploit this was heightened by their constant bargaining success during and after the war, when any coal was wanted at almost any price. But, since then, anthracite has proved particularly vulnerable to competition from oil and has lost its export markets. Moreover, the drawing together of the mines under nationalisation has cost the anthracite worker much of what remained of his special position. The logic of such economic forces is hard to understand in an isolated, tightly-knit village. The breakdown of industrial relations at the pit was not primarily due to the incapacity of the managers or the exceptional obstreperousness of the men. These were the effects, rather than the causes, of misfortune.

But why, if men no longer cling limpet-like to the social traditions of the valley, has there not been greater mobility of labour out of Cwmllynfell ? The main reasons seem to be economic rather than social. There is the unavoidable loss that the miner would face if he sold his house in this declining area ; and there is the avoidable stupidity of the terms of the Coal Board's ill-conceived redundancy scheme. Under this, redundancy money is paid for a minimum of 26 weeks—but only on the condition that the miner has not taken another job meanwhile. To pay a substantial sum on the proviso that a man avoids getting any other work is to invite him to do just that. In most coal mining areas, it would be much better to recognise that a man who has acquired skills in mining which are no longer needed deserves compensation as of right—when he moves off to another job, and not just when he stays put and draws unemployment pay.

Another trouble in areas like Cwmllynfell is that the principles embodied in the new Local Unemployment Bill—set up trading estates and bring in the work—do not succeed there. In its narrow valleys, factories would find many disadvantages, and sometimes even a sheer impossibility in getting flat land to build on ; even the union is not hopeful of attracting them. The men's effort to keep the mine going co-operatively (exaggerated by Welsh nationalists) was doomed from the start. The only answer is that the men must get better transport to work or uproot themselves.

In the long run, the second course may be the inevitable one. But, immediately, better transport in the valleys is another problem that needs to be tackled. The local bus transport, which has now almost entirely replaced the railway throughout South Wales, is not properly geared to the needs of village commuters. This, of course, is a familiar dilemma arising from the rigid habits of British transport finance. Railways are allowed to charge only a fixed sum per passenger mile, wherever they run in the country. It is not profitable to run them to isolated parts of the country if only these fixed fares can be charged. The railways are therefore closed down, and buses are put on in their place. These suffer from some of the same fare-charging inhibitions, and the bus service that would be required at commuting hours is larger than could economically be used (without a big subsidy) at other times of the day. So the service is not started, and the community (or the Coal Board) finds itself subsidising the would-be commuters in idleness instead. Economic folly is not a monopoly of the miners of Cwmllynfell.

New Tongues for Old

Sir David Eccles has an opportunity of making his mark in a dangerously neglected part of the educational field

SNAP go the old links which, in the colonial era, bound Europe and the Asian and African world together. Must their parting mean a great alienation between human groups whose destinies are still interdependent? Often it is too complacently assumed that "disimperialism" will usher in a new age of closer friendship. Evidence to the contrary is plentiful. The attitude of Europeans toward peoples who have insisted on freeing themselves is largely "all right, now you've got what you wanted, go paddle your own canoe." This indifference, together with the natural self-assertiveness of Asians and Africans who have still to work off their anti-imperial revulsion, is just the thing to breed a complete lack of understanding.

To understand, one must be able to communicate. Already some of the familiar lines of communication are fraying. The withdrawal of European administrators, many of whom had given their lives to serving and studying a particular area, has been matched by the rise to political leadership of men who, like Mr Dahanayake in Ceylon or Mr Morarji Desai in India, have not had the personal experience of the West that was common to so many of the first echelon of leaders of the newly independent nations. And the westerner trying to keep abreast of what is going on in an Asian or African country becomes increasingly aware that, if he is restricted to his own language, he cannot get the full picture. The "man in the street" there does not speak a European language; the rising generation of politicians does not speak one easily enough to express its thoughts fully and precisely; local opinion is more and more expressed and shaped by newspapers and broadcasts in the language of the country. To make contact only with, or through, a small minority of western-educated people can be perilous, for they may in all innocence present a distorted version of the national mood and intentions.

Yet, while the West's need of linguists is thus increasing, some of the main sources are drying up. In the twilight of the empires, the old type of district officer or army officer, who knew at least one Asian or African language and often gave his children a grounding and interest in it, is vanishing. Commercial firms are bowing to the demand that their overseas offices should be mainly manned by local staff. The great pioneer age of the missionaries, who in Africa and parts of Asia built the first linguistic bridges, compiled the dictionaries, and indeed gave many languages their first written forms, is over.

SOME may say that it is simply not practicable to teach Oriental languages to westerners on any sizeable scale, when this knowledge (unlike, say, Greek, of course) can open up only a very limited range of possible careers. That is a comfortably reassuring argument for doing nothing. It is, however, quite inadequate.

It is a pity that so often, when something urgently needs doing for its own sake, the most effective way of galvanising a sluggish public into demanding it is to point out that others —preferably the Russians—are doing it already. The scale of the Soviet effort in Oriental linguistics should not be exaggerated, though last month's foundation of a new African institute in Moscow ought to be noted as a portent. But it happens to be a fact that good modern Russian-Hindi dictionaries are now on sale, while the English-Hindi ones offered in London bookshops are utterly inadequate.

Lack of textbooks, teachers, and teaching facilities is unquestionably the real limiting factor in this field. There is much evidence that Asian and African languages would be more widely studied in the West if the interested student was not frequently deterred by a system that discriminates heavily against them. The extent of this discrimination is clearly shown by the report of an international study group that met in London this summer.

The dead hand of dead languages lies heavily on the academic world, in this as in other respects. The report shows that there are ample facilities for studying an Oriental language almost anywhere in Europe, so long as it is a dead one. One may study Classical Mongol at Cambridge, Akkadian at Louvain, Assyrian at Geneva, Avestan at Uppsala, Chaldean at Rome, Sumerian at Madrid ; the London School of Oriental and African Studies (SOAS) offers two dozen ancient tongues, including Old Ottoman, Manichean Middle Persian, Sogdian, Khotanese, Khwarezmian and Old Mon. But outside the SOAS, which in the face of many obstacles provides the best centre in the world for modern Asian and African studies, the student of the modern languages is poorly and patchily served. Several European countries confess that their universities treat Oriental languages purely as a classical subject (as do most British and French provincial universities).

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The case for the classics, whether Latin, Greek, Old Ottoman or Old Mon, needs no reviewing here. But the disproportion between the academic resources devoted to the ancient and to the modern tongues of Asia and Africa is painfully obvious ; and the dominance of the classics plays its part in surrounding the study of Asian and African languages with an aura of the esoteric, which in turn leads grant-making authorities and other official dispensers of aid to place it low on their lists. Again, the academic mind recoils in horror from the idea of studying or teaching a language that has behind it no mass of printed literature. Yet some of the African languages that are thus dismissed are even now evolving new literary forms, blending modern elements into an inheritance of oral tradition. Would a scientist tamely accept the argument that a subject is not worthy of study when it is just newly budding out under his very nose ?

Scandalous as the idea may seem, modern languages have to be increasingly taught as a technical instrument of communication, not as a rather offhand postscript to the literature of the centuries. Much good will it do mankind to keep perfecting its ability to flash sounds across the world if the sounds are mere gibberish to the listening ear. And this is particularly true of western study of Asian and African languages.

THE SOAS has found that school children are attracted by the idea of choosing Asian or African studies if this idea is presented to them early enough. (The system of deciding what one will read before going up to the university naturally discourages such a choice ; for few school teachers can give advice about these studies, and the unguided youngster tends to choose a familiar field.) Spontaneous enthusiasm can, however, cool rapidly if the student has to batter a way to modern language study through the wall of the classics. Pre-university teaching of Oriental languages being non-existent, the student in any case faces the task of mastering the chosen language more rapidly than the student of, say, German who has already had several years of it at school. And there are often strong arguments for learning more than one language, particularly where Africa is concerned.

The multiplicity of the languages involved no doubt seems disheartening. The London study group listed seventy as "essential." But some of these are in fact of questionable importance, and among the others there are some clear priorities: Japanese, Hindi/Urdu, Swahili, or Yoruba cannot really be equated with Mongolian, Nepalese, Kimbundu or Lingala. And this very multiplicity brings out the need to concentrate resources on what is urgent and practical. The rapid teaching methods devised during the war could and should be widely adopted.

The prospect of anything so down-to-earth may horrify the kind of academic mind that is still forcing Latin into the heads of West Africans who urgently need to learn French ; but, as in the parallel case of science and technology, a bit of blasphemy of this sort is badly needed in the academic world. The new Minister of Education—who, while at the Board of Trade, has had certain opportunities of noting the importance of keeping abreast of the Asian and African tide—can make his mark here if he gives a bold lead. He would be wise to begin by calling for the London study group's revealing report.

NOTES OF THE WEEK

THE SUMMIT

For Two Only?

It is, of course, a famous victory. General de Gaulle has put the summit meeting off until May at the earliest. But will his fabian tactics stop there? Is there any certainty that before May comes round he will not be dragging his feet again? He made no secret on Tuesday of his personal dislike for the methods of negotiation employed at Munich, Teheran and Yalta. But at least he should have his first atomic bombs hatched by the time Mr Khrushchev visits Paris in mid-March, if that is the determining precondition that the general has not seen fit to mention. For the moment, enough is enough. Just over three weeks ago it was still expected in London and Washington (and apparently in Moscow, too) that the summit talks would be held this year; now it is hard to know when they may happen.

This need not be treated as a disaster. The basic negotiation that must be pressed forward next year is the one between the two super-powers themselves. (If Mr Khrushchev had placed much store by an early four-power summit, it is unlikely that he would have played General de Gaulle's game by choosing March for his Paris trip.) The best way to keep up the momentum of east-west exchanges now is to give full priority to Mr Eisenhower's return visit to Moscow in the spring. The longer the four-power summit is put off, the less important it becomes. By his willingness this autumn to delay his visit to Moscow, Mr Eisenhower showed his readiness, as a fond ally, to include General de Gaulle and Mr Macmillan in at least one important session with Mr Khrushchev. Now that General de Gaulle is insisting on consultations of his own first, it would be unnecessarily obliging of Mr Eisenhower to give precedence to the four-power summit over his own next round of Russo-American talks.

What is of real importance is that Mr Eisenhower's initiative towards the Soviet Union should not be obstructed in any way, or by anybody, while the last effective months of his Presidency are ticking past. There will be periods next summer when Mr Eisenhower may be preoccupied with internal politics. And after the American party conventions in July Mr Khrushchev may prefer to bide his time until he can do business with Mr Eisenhower's eventual successor, whoever he may be. None of this need deter Mr Macmillan from pressing for a May summit at the western conference in mid-December, but there should be fewer illusions about the place the four-power summit is likely to have in the diplomacy of 1960.

BRITAIN AND FRANCE

Wading Across

Before Mr Selwyn Lloyd left Paris on Thursday he saw his bridge-building matched by some signs of activity on the French bank. General de Gaulle has agreed to pay a state visit to London from April 5th to April 8th, shortly after his farewells to Mr Khrushchev. But Mr Lloyd did not get such satisfaction on other items in his brief. One of his jobs had been to explain Mr Macmillan's reasons for haste in summit climbing. But General de Gaulle's press conference meant that he was greeted with the announcement of yet another delay. On a second major topic at issue, British relations with the common market, neither side proved to have anything positive to say at this stage. General de Gaulle had not descended to such prosaic matters at his press conference. The French position, as far as one may gather, corresponds to that of the European Commission—the Six are liberalising their external trade, including trade with the dollar area; so Britain cannot reasonably complain of discrimination. Mr Lloyd, for his part, was fully aware that any fruitful economic negotiation could only follow a renewal of political understanding.

When both sides finally come to grips with this matter, much will depend on the state of Franco-German relations. So long as General de Gaulle, despite his heterodox views about the Oder-Neisse line, remains Dr Adenauer's best advocate in the current east-west exchanges, France will be in a position to dictate a stiff policy on the European trading question. To Mr Lloyd's discomfort, rumours were once more circulating in Paris this week that the six common market countries were preparing to set up a joint political secretariat.

Even so, both French and British insisted on the friendly nature of their conversations. The talks were not described as a search for complete agreement but merely as an effort to dispel misunderstandings in general. Mr Lloyd, following the new British fashion, qualified his visit as one of a long series of encounters. The Channel still has to be crossed in waders.

FRANCE AND ALGERIA

Offer Confirmed

General de Gaulle does not call his press conferences lightly (Tuesday's was only the second since he became president), and whatever is said is known to be fully rehearsed and entirely unspontaneous. If this adds to the weight in the world of the general's words on the summit and the French bomb, it gives no less authority to the new, and full, confirmation of his policy statement on September 16th in which he offered eventual self-determination to the Algerians. Before the general spoke on Tuesday this offer had been put in some doubt by interpretations circulating among the authorities in Algeria.

M. Mollet's Socialists had, in fact, complained at what they called the spirit of some of these commentaries, and President Bourguiba of Tunisia, who had been particularly enthusiastic over the general's original remarks, confessed to fresh doubts. In particular, it was suggested by left-wing critics of the regime that the Debré government had deliberately purchased the army's support at the time of the October plot by giving fresh assurances to the officer corps that the army would stay indefinitely in Algeria. Although some observers could see General de Gaulle's performance on Tuesday as a reversion to his unsuccessful offer to the Algerian rebels a year ago, the chief impression in Paris was of renewed belief that talks, either public or secret, would soon be under way.

This opinion seemed to be shared by some circles in Algiers, where on Wednesday there were minor anti-Gaullist demonstrations. These wilder spirits among the European population may have been upset by General de Gaulle's repeated recognition of the bravery of the rebel forces. It was clear that no page was to be turned by what the general described as "the great wind of history" if they could help it. The general has always affected to have history on his side; but the army is still a better friend.

SHADOW CABINET

Giving Mr Gaitskell the Willeys

The Parliamentary Labour party is upset because it voted Mr Philip Noel-Baker off its shadow cabinet last week, and then found immediately afterwards that he was to be awarded the Nobel Peace Prize. But

of course it was right to eject even the worthiest 70-year-old from its shadow ministerial team at this time; the team's main job is to acquire experience for when and if Labour next gets power, which cannot be until 1964 at the earliest. Because Dr Edith Summerskill was voted off the team at the same time as Mr Noel-Baker (cycles of revolt against her are strictly personal things), and because two former members of the shadow cabinet were not standing this time, there were four vacancies to fill. One has at last been filled by the elevation of one of Labour's rising young men in Mr Denis Healey; another, equally wisely, by the return of Mr George Brown, who lost his place last year because he was regarded as a crypto-Conservative in foreign affairs. But the other two newcomers are the Amalgamated Engineering Union's Mr Lee, who spoils his amiability and real ability by being a TUC reactionary ("my-union-right-or-wrong") in most industrial affairs; and the safely unexciting Mr Willey, who probably also had traditionalist support.

All 258 Labour MPs could vote for the twelve places in the shadow cabinet, and the figures suggest that some 236 in fact did so. At the top of the poll Mr Harold Wilson got 167 votes, which suggests that at least 69 MPs in this extraordinary party still think that even he should not be in Labour's higher counsels. Old feuds, though now still waters, yet run deep. The bottom successful candidate was Mr Healey with 90 votes, which means that anybody who can command the active support of just over a third of his fellow MPs can get in. There are 92 trade union sponsored Labour MPs in the new House; theoretically they could swamp the shadow cabinet with their own nominees if the leadership sufficiently annoyed them. They have so far contented themselves with blunt hints that the leadership had better not do so.

It is an odd reflection on the Labour party that only 66 Labour MPs wanted Sir Lynn Ungoed-Thomas in the shadow cabinet; only 87 wanted Mr Crossman there (despite Mr Gaitskell's evident support for him) and only 76 wanted Mrs Castle. The extreme left-wing vote remains stuck at 38 or 39 (Mr Zilliacus, Mr. Swingler and Mr Harold Davies all marked up these scores). Some of these 39 have this week been making subterranean stirrings to get themselves organised as a group.

HORTICULTURE

Cabbage Money

There are two halves to the Government's new policy for the horticultural industry, but they certainly do not add up to a satisfactory whole. The first half consists of a bill, now published, which implements the last Government's promise to provide £8 million in grants to horticultural producers. The subsidy will be spread over five years and will be paid out as grants of one-third of the cost of undertaking any of a long list of capital improvements. Like the small farmers' scheme, which it in some ways resembles, this horticultural scheme attempts to exclude those small growers whose businesses cannot provide them with adequate full-time employment. But these small growers can get some indirect help if they join producers' co-operatives, who will qualify for grants.

It is not too cynical to view the scheme as a sort of danegeld to horticulturists who grumble (like the fishing industry) about the fatter subsidies paid to their agricultural colleagues and competitors. Unfortunately, like danegeld too, the money seems likely to be wasted through being spread too thinly and being applied in the wrong places. It is no good injecting a scattering of new capital into British horticultural production, unless growers act co-operatively to satisfy market requirements in a much more efficient manner than they do now. The Government's decision to establish a Horticultural Marketing Council, for disseminating information and encouraging better standards, is no real solution. The wisest course would have been to gear the new subsidy closely to co-operative efforts for improved grading and standardisation of produce. By opening the road to direct consignments, such grading would have eased the second half of the Government's problem—which is to reduce the congestion at Covent Garden.

The Government's bill for the reorganisation of Covent Garden, in the absence of such encouragement of direct consignments, is to be presented later. The market will not be resited, but its ownership will be transferred to a public authority which will undertake improvements and will develop a site in Old Street as a storage annexe for bulk produce. This is sensible enough—although the City of London, which owns the rival (and equally congested) Spitalfields market, may produce some quaint objections to this "nationalisation" of the Garden. The snag is that it is not nearly sufficient. Why has the Government turned down the Runciman suggestion for a new subsidiary market to serve north-west London?

PRIVATE MEMBERS' BILLS

The Wrong Sort

At a time when private members' bills ought to become a more important method of legislation, a general comment is needed on three of the lucky six such bills which have come out top in the ballot for presentation this session. All of them arise from the fact that their sponsors want to stop certain undesirable but complicated practices. At the top of the ballot Labour's Mr Marsh (a new and admirably young trade union member) is sponsoring a bill which would implement the 1947 Gowers recommendations in enforcing minimum legislative standards of space, heat, lighting, ventilation and cloakrooms for workers in all the offices and shops in the country. Fourth in the ballot the Conservatives' Mr Speir (author of the last Parliament's Litter Act, which in many areas of the country simply is not working) intends to introduce a noise abatement bill; it will seek to put a clamp on all sorts of things from loudspeaker vans to musical ice cream carts. Sixth in the ballot Mr Browne, the victor of Torrington, will seek to safeguard the small investor with a bill to "control the solicitation of money from the public."

When a private member introduces a bill to increase freedom to do something—for example to permit publishers to bring out types of books at present banned—he can gather together representatives of the respectable people who would gain from it and work out what would be their legitimate minimum requirements. But Mr Marsh cannot call a conference of slum office employers, Mr Speir of noisy street vendors, and Mr Browne of city sharks. The result is that private members' cockshies at complicated "banning" bills of this sort are apt either to leave far too many loopholes, or else to become unworkably Prussian; generally speaking, if action is needed in any of these fields, government bills, based on careful inquiry from inspectors and the like, are likely to be far more efficient.

This is not meant to be a shrill attack on any of these three bills. There will be a certain innocent enjoyment in listening to Labour members supporting a bill that will oblige them to say that new office building is a good thing, Tories trying to control low finance, and all politicians attacking people who use loudspeaker vans. But one does wish that MPs would realise that the most successful private members' bills are, almost always, those that seek to use scissors to cut people free from unreasonable restrictions; when MPs try instead to forge great legislative sledgehammers against diffuse things which they happen to dislike, they often run the risk of looking very foolish.

INDIA AND CHINA

Bad Time for Bargaining

India's first reactions to Mr Chou En-lai's latest message about the frontier dispute were cautious. This was not surprising. Nobody will question Mr Nehru's sincere wish to avert further bloodshed and to get a settlement that is satisfactorily clear. In happier circumstances, he would undoubtedly have jumped at Mr Chou's suggestion of a personal meeting. Quite substantial territorial adjustments might have been found possible, particularly in northern Kashmir, where much of the disputed mountain region is virtually empty.

But Indians cannot be blamed if today, with their minds full of China's recent record of deceit, arrogance and unprovoked killing, they take a long and critical look at what Mr Chou has to offer.

His letter of last Saturday, while conceding nothing of substance and rebutting all India's claims and arguments, suggested a pulling back of both countries' military outposts from the line of "actual control"; unarmed police and officials could still operate in the 25-mile wide demilitarised zone. This would certainly help to avert armed clashes. In Kashmir, however, it would amount to India's accepting the fact of China's "actual control" of the 6,000 square miles of Ladakh which its army has stealthily penetrated in recent years. This area is in fact of little interest to India. But the Chinese do not seem to accept Mr Khrushchev's view, expressed on Saturday, that it is of no strategic value. They clearly feel that control of it is a necessary part of their plan for holding down Tibet; any trouble in western Tibet can be more quickly dealt with if their army in Sinkiang can rush troops in through this disputed area along their newly built road.

It would not be such a bad bargain for India if, in exchange for this bit of Kashmir, it extracted from Peking a definitive acceptance of the Assam frontier, which Mr Chou still calls "the so-called McMahon line." But with China's "foot on our chest," as Mr Nehru put it on Tuesday, many Indians are in no mood now for such a bargain. Whether Peking's new move indicates a real readiness to compromise or not, it has come too late to undo all the damage done to Sino-Indian relations.

NUCLEAR TESTS

The Fourth Power

BRITAIN and Italy presumably meant the resolution they tabled in the UN Assembly on Tuesday to serve as a kind of lightning conductor. So it did, after a fashion. Hardly had it been put up when a bolt from the Gaullist firmament struck it. The resolution was offered as an alternative to the one already sponsored by twenty African and Asian governments, who want the Assembly to ask France not to test its atomic bomb at the Reggan oasis in the Sahara. The Anglo-Italian resolution would merely invite France to join an agreement to halt tests if and when the year-old Geneva conference yields such an agreement between America, Britain and Russia. On the same day that it was tabled, however, General de Gaulle declared that there was "no chance" of France agreeing not to develop nuclear weapons as long as the three existing nuclear powers kept theirs.

At almost the same moment, Mr Macmillan in the House of Commons and Mr Ormsby-Gore at Turtle Bay were both restating the argument that the really vital thing was to get a cessation of tests agreed in the three-power talks at Geneva. Such an agreement would unquestionably be of very great value. But General de Gaulle has blown a big hole in the Prime Minister's contention that an agreement would put the three nuclear powers "in a strong position" to ask other nations to adhere to it. This bolt apparently came from the blue, as far as the Foreign Office was concerned; on Wednesday Mr Bevan was able to taunt Mr Allen with being so out of touch with events as not to have even read the press reports of the general's statement.

One may not find it easy to visualise the sombre picture which the French president conjured up—the picture of a world oppressed, partitioned, or largely devastated by the super-powers if France (and others?) did not provide a broader basis for the nuclear equilibrium. But behind the general's baroque imagery lies a simple reality. The same diffusion of power throughout the world that lends strength to the smaller nations' protests against bomb tests also implies that the members of the nuclear club cannot expect universal acceptance of a "freeze" that simply reinforces their exclusive privileges. An agreement to halt tests can be no more than a stage on the road to real disarmament.

RATES

Not Only in Gath

LAST week the Court of Appeal ruled that the London Library in St James's Square, which provides a unique service to writers and researchers in this country, must henceforth pay rates, from which it has been mistakenly exempted for the last eighty years. At the same time the Inland Revenue was claiming that Lords Cricket Ground ought to pay higher rates than it does; some heretic pointed out that the MCC could make more money from Lords if somebody like Mr Jack Solomons was in charge of it and ran stunt cricket matches on August Bank Holiday. These blasphemies have chilled every literary and sporting Englishman to the marrow; *The Times* headed its leader on the library case "Philistines Rejoice" and said angrily that "in St James's Square . . . speculators in real estate will be rubbing their hands."

But the issues are not so simple as this. Of course it is an amenity of civilised life that national institutions like the London Library and (allegedly) Lords should not be run in a way that merely maximises the profitability of their sites. But if a subsidy is required for our continued enjoyment of them as they are, there is little case for saying that other ratepayers of Westminster and Marylebone should be the people who must obligatorily pay it to them for us. Again the fact that a commercial concern can make a hundred times more money out of a site than a library is no proof that it is a hundred times more worthwhile than a library; but in some cases economic forces might rightly dictate that a commercial concern should move in which could increase national and local income from that site, while a respected national library (especially one that served most of its subscribers by post) moved to somewhere less central.

There is a balance to be struck between accepting a little less economic expansion and having a little more civilisation in every district; in rating matters the right people to strike that balance, under due pressure from civilised voters, are the local authorities. The right course now is not, as some people have suggested, to make a blanket extension of the somewhat ambiguous Victorian act which provides total exemption from rates for voluntary societies whose buildings are instituted for purposes of "science, literature or the fine arts exclusively." The proper remedy, as an investigating committee recently recommended, is to give local authorities greater discretion to make rating concessions to particular sorts of bodies if they themselves wish to. There should also be an obligatory amount of publicity when such concessions are refused, granted or periodically renewed—so that local voters can bring pressure on their councils to be either a little more economical or a little less hard-faced.

CRIME AND PREVENTION

Mr Butler Under Fire

MR BUTLER was under fire from two different quarters last week on two different, but not unrelated, questions. On the one hand some of his own backbenchers, fortified by remarks made by the Lord Chief Justice to the Magistrates' Association, were asking him to restore flogging as a judicial punishment for crimes of violence. On the other hand, the Opposition was, in effect, pressing him to say why no disciplinary action was taken against P.C. Eastmond, on whose behalf the taxpayers have paid £300 in settlement of an action for assault and false imprisonment brought by a senior civil servant. Mr Gaitskell has now put down the first censure motion of the new Parliament on this issue.

The questions are related because the right way to deal with crimes of violence is certainly not by the restoration of judicial violence; on this Mr Butler was admirably firm, fortified for his part by the fact that more constructive alternatives to imprisonment than flogging are now being adopted for violent youths. But it is still a truism that crime should be prevented rather than punished, and that the best way of preventing it is a fully manned police force that has the confidence of the public.

In England and Wales, the police forces are 6,000 below establishment, and the Metropolitan Police Force is nearly 3,000 below. Worse than that, signs of falling confidence are appearing with alarming frequency. It is just not true, as the police claim, that the main

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reasons for this lack of confidence are the unpopular laws—to wit, betting—which the police have to enforce. It springs from an uneasy feeling among the law-abiding public that the ordinary policeman is no longer a respected father-figure. Perhaps he never was; but at least he appeared to be, whereas now this same section of the public, which used to tend to side with the police, is now tending to believe every story that appears against them. Even the campaign for the grant of costs to every acquitted person reflects this current feeling of animosity. To restore public confidence will be a long and hard task; but something could be achieved were the public to be convinced that allegations by the public are investigated fully and openly and that disciplinary measures against the police are taken when justified. That is why, even if Mr Butler unexpectedly manages to produce some devastating evidence on his own side in the particular case of *Garratt v. Eastmond*, the Opposition's censure motion should not be simply shrugged off as yet another sledge-hammer with which they risk getting hit on their nut.

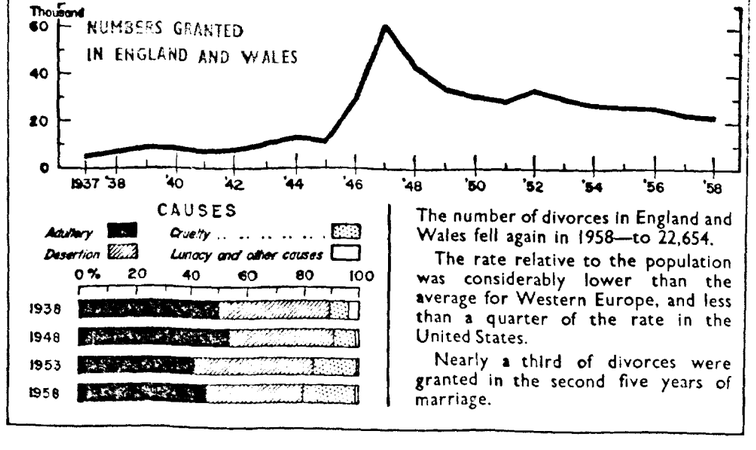
KENYA

Replacing the Emergency

It has long been obvious that the powers wielded by the Government of Kenya, under the emergency which was declared seven years ago to suppress Mau Mau, were being abused. Nobody could feel happy about the restrictions placed on political organisation and on individual liberty, at a time when the British Government and white Kenyan propagandists were trying to claim that Kenya was advancing rapidly both constitutionally and in race relations. True, Kenya has made considerable progress during the emergency, even in the political training of Africans; but an advance to a less totalitarian system of control was a prerequisite to the round table constitutional conference which is to discuss the basic problem of the country's political future in London on January 18.

Mr Macleod and Sir Patrick Renison, both newcomers to their jobs, have made this advance by replacing the old emergency powers by more limited gubernatorial prerogatives; the new system will be watched to see whether it sets a precedent for Nyasaland. In Kenya it still includes powers to keep Mau Mau "irreconcilables" in detention; Mr Macleod is right in deciding that Jomo Kenyatta could not be returned to Kikuyu society without breaking solemn pledges to loyalists and risking new vendettas. A close watch will need to be kept on the governor's powers to continue to exercise controls on political activities—on the registration of political parties, the holding of political meetings and so on. Mr Mboya, it seems, will still not have the right (which his African rivals in the Kenya National party now have) to organise on a colony-wide basis; nor will he be able to organise mass public meetings, unless specially licensed. This naturally modifies his enthusiasm for the amnesty and general de-restriction of Kikuyu life. But he will now be able to publish again the types of party newssheets that were previously banned, such as *Uhuru*, subject only to the normal laws of libel. He and his colleagues of the Kenya Independence Movement have inevitably gained most from the lifting of the emergency in practical political terms; it remains to be seen how he will use this greater freedom of action against the slightly more moderate African elected members and against Mr Blundell's multi-racial New Kenya party, which has now come out frankly against a "one man, one vote" franchise and in favour of extensive racial safeguards.

Divorces on the Decline



The number of divorces in England and Wales fell again in 1958—to 22,654.

The rate relative to the population was considerably lower than the average for Western Europe, and less than a quarter of the rate in the United States.

Nearly a third of divorces were granted in the second five years of marriage.

NORTHERN CAMEROONS

Vote Against Whom?

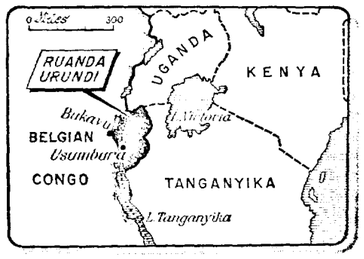
In a plebiscite held under United Nations auspices over 70,000 people of the trusteeship territory of the North Cameroons voted this week to delay a decision about their future, while less than 43,000 voted to remain part of the Northern Region of Nigeria. As a result, when Nigeria becomes independent next October, administration of this territory will remain in British hands. In theory, this unexpected result of the voting may seem a compliment to Britain. In fact, it is a headache. The plebiscite's decision is wildly unrealistic, however democratic. What the United Nations have so ill-advisedly permitted the inexperienced and misguided Northern Cameroonians to do is to vote to be torn bodily from the country of which they are an integral part and—temporarily at least—become a separate entity, a thing they have never been. The Northern Cameroons is not even a continuous strip—it is simply a chain of districts in Bornu, Adamawa and Benue provinces with less than 700,000 inhabitants. It has no government of its own—it is grouped in about five constituencies in the Northern and Federal assemblies; it cannot possibly exist as a separate, even if unviable, unit like the Southern Cameroons. How it can in practice be administered after Nigerian independence is a question which perhaps the United Nations can solve. Mr Macleod will do well to request them to do so. But the voting has this significance for the forthcoming federal elections in Nigeria: it suggests that there may be more subterranean discontent in the Northern emirates than had been realised, and this may go against the powerful Northern People's party (the party of the emirs) at the Nigerian poll in mid-December. This no doubt explains the intemperate attack of Sir Ahmadu Bello, premier of the Northern Region on the unhappy British district officers who unwillingly conducted the plebiscite.

RUANDA URUNDI

Late in the Day

The Belgian trust territory in Africa, Ruanda Urundi, has also erupted into the news this week with reports of inter-tribal fights that have cost many lives. Though this outburst was not directly sparked off by the unrest in the Belgian Congo, it is intimately connected with

Belgium's last-minute efforts to speed up political development in the trust territory to keep it in line with the Congolese programme. As so often happens, the attempt to modernise local institutions in a hurry uncovered deep tribal animosities, which in an atmosphere of relaxed European control burst into flames—as also happened a few weeks ago in a Congo province. In Ruanda Urundi the trouble seems to be that the backward feudal element in the Batutsi tribe, who are traditionally the overlords of the agricultural Bahutu (bantu) people, have turned their spears against a



reformist and popular organisation of the Bahutu (to which some of their own younger people have adhered). This Bahutu group expects to win advantages from the reforms that the Belgians have promised to introduce after requests by the United Nations visiting mission last year.

M. de Schrijver, the Minister of the Congo, has now told the Belgian parliament what these reforms will be—the introduction of constitutional monarchies in both Ruanda and Urundi, under their paramount chiefs, beginning with elected local government bodies in which of course Bahutu votes will predominate. These plans bear some resemblance to the reforms introduced in the neighbouring Uganda provinces four or more years ago. Unfortunately for the Belgians, scant foundations have been laid in their trust territory for this development; yet elections are announced for next year. But it is easily forgotten that Ruanda Urundi, though remote, is a closely populated country of nearly 5 million people, and must be expected to develop politically not too far behind the Cameroons, the Somalilands or Tanganyika.

OCTOBER REVOLUTION

Quiet Anniversary

In tune with the prevailing spirit of "peaceful co-existence," the anniversary parade of the Bolshevist revolution in Moscow last Saturday bore more of a civilian than a military stamp. The emphasis was on Soviet scientific achievements. Even Marshal Malinovsky's order of the day to the troops struck a relatively pacific note.

The major political speech is always delivered on the eve of the parade. This time Mr Aristov was entrusted with the task.

Averkhi Borisovich Aristov was already prominent in Stalin's time, but after Stalin's death he was downgraded and sent to the provinces. He returned to the party secretariat in Moscow in July, 1955, and became a member of the party presidium two years later. His come-back was thus connected with Mr Khrushchev's rise to power. Duly, he praised his benefactor: if the Russians had a better diet, this was due to Mr Khrushchev's wise policies; so was the improved international climate.

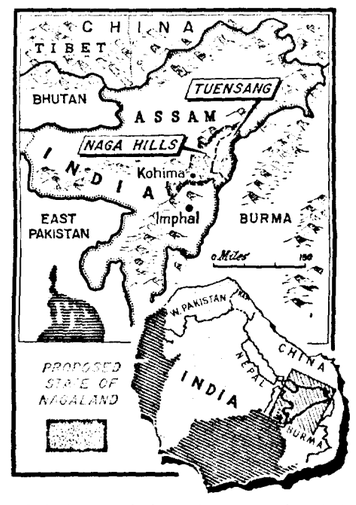
The beneficiary of all these compliments was the star of the Kremlin ball on Saturday. Mr Khrushchev did not actually dance, but he proposed toasts and held an impromptu press conference. Once again he repeated his wish for a prompt settlement of the frontier dispute between India and China, and rejected the idea that the territories involved had any strategic importance. He said the outlook for peace was better because "the Americans are beginning to understand us." A more authentically earthy Khrushchev note was struck in his interview with Major Salah Salem, published in Cairo three days later; in this interview he said that "the policy of strength and brink of war" had died with Dulles, and that the West's new attitude was exactly that of a man grown too old for womanising: "They have a great desire to follow a policy of force and violation of our frontiers, but they no longer have the power."

Peking's Version

In China, two days were set aside for jubilation. The verbal firecrackers let off at the rally in Peking on November 6th

New Line for Nagas

The new tasks which the Indian army faces in the northern borderlands of Assam will be made easier for it if it can now disengage from its long campaign against rebel Nagas in the eastern borderlands. The end of five years' fighting there may now be in sight.



The Naga tribes, about 300,000 strong, are among the largest and the most distinctive of the many hill peoples who inhabit the jagged and jungly mountains that rim the Assam valleys. Their reputation as headhunters may be a thing of the past, but during the second world war they showed their fighting spirit, in irregular operations against the Japanese, whose offensives, pushing past Kohima, left the Naga hills littered with weapons—and with new ideas.

After the war some Naga leaders demanded that an independent state for their people should be carved out of India and Burma. When this demand was rejected, and a new Indian administration failed to appreciate the extent of the tribes' resentment of interference by officials from the plains, unrest mounted. In 1954 a leader named Phizo launched a guerrilla resistance.

At least 10,000 Nagas have fought in this resistance at various times. Recent Indian estimates were that, although more than 7,000 had been killed or captured or had surrendered since 1954, some 2,500 fighting rebels were still at large in the jungle, most of them in the Kohima area, which is Phizo's own home country. Two divisions of Indian troops have been tied up in a campaign which has borne a strange resemblance to other conflicts in postwar Asia and Africa: rebel groups have carved out new settlements in remote parts of the forest, growing their food there and sallying out on raids; whole "hostile" villages have been resettled in areas where the military can keep better watch on them; the frequent announcements of the imminent collapse of resistance have recalled the famous "last quarter of an hour" in Algeria.

Delhi has meanwhile shown itself increasingly ready to take the Nagas' complaints seriously—though not to grant full independence. Moderate tribal leaders have correspondingly shown an increasing readiness to compromise. At the end of October, the third Naga convention held since the conflict began was attended by 3,000 delegates. They agreed, with virtually no dissent, to ask the Indian government to create a new state of Nagaland within the Indian Union, with direct links with the external affairs department in Delhi, and ultimately equipped with its own legislature and council of ministers. Nagaland would embrace the existing Naga Hills and Tuensang divisions.

were certainly worth watching: at least two of the guests, Mr Chervonenko, the newly appointed ambassador, and Mr Fomin, the chief Soviet technical expert in China, were probably wondering whether a more subdued show would have been more appropriate. Mr Peng Chen, the principal speaker, was mainly concerned with relations between his country and Russia; his speech seemed to be inspired by the Chinese leaders' afterthoughts on Mr Khrushchev's visit to Peking six weeks ago. Mr Peng paid Peking's respects to Moscow: he conceded—contrary to the pronouncements that accompanied the setting up of the agricultural communes in China last year—that the building of communism had been inaugurated in the Soviet Union, and that China was following the Soviet example. But he also reminded his listeners that the October revolution represented a victory of orthodoxy over "revisionism" and "rightist opportunism," and that this struggle still continues. The campaign, launched in August, against "right-wing" opposition inside the Chinese party has in fact been intensified.

Mr Peng's pronouncements on foreign policy must have sounded somewhat harsh to the Russians. Starting from the premise that the October revolution had shaken "imperialist rule over the world down to its foundations," he could see no reason why the "imperialists" should be given respite now, when the "policy of war and aggression, headed by American imperialism, is suffering a shameful defeat." Mr Khrushchev's rather different ideas of present world prospects clearly do not sound convincing enough to his friends in Peking.

CARAVANS

Here to Stay

THE regulations governing residential caravans have for long been one of the black spots of British town and country planning. The number of people who live in caravans (as opposed to spending their holidays in them) has been growing rapidly since the war; the best estimate is that they now number 150,000 people, or one in 300 of the total population, living in 60,000 caravan homes. Public policy towards this important group—composed largely of young couples with children—has remained almost uniformly negative. Nobody has really investigated why they live in caravans or what their needs are; there are no effective regulations for the control and improvement of standards of caravan living; and in many people's minds the aims of caravanning and a gipsy life still remain synonymous. Especially in the London green belt, where the demand for caravan accommodation has been greatest, nearly all applications for caravan licences have been turned down. But this has not stopped many unlicensed sites from springing up. It was the furore created by the Egham council's attempt to evict people from such a site that caused the Government to appoint Sir Arton Wilson to make an enquiry. In "Caravans and Homes" (Cmnd 872) he has now made his report.

On the whole it is a sturdily sensible one. After almost a year's work, and with the help of an excellent field survey done by the Central Office of Information, Sir Arton has produced a not unexpected, but certainly authoritative, picture of caravan life. Of the 60,000 caravan homes, he finds that a few are *delightful*, *half* are over-crowded by normal housing standards and an appreciable minority are actually a menace to public health. Many of these last are among the 10,000 caravans now on unauthorised sites. But he found that neither the site operators nor the caravanners were too worried about not having a licence. The wheels of the planning laws grind interminably slowly and most people living in caravans do not intend to live there for long. They have come to be near their jobs or to be on their own, but usually have their eye on a house in the end.

What should public policy be towards these people? Certainly not the rather blind hostility that passes for policy at present. Like it or lump it, caravanning, as Sir Arton says, "is here to stay." The only sensible course is to license caravan sites up to approximately the level of likely demand, and then to control them; so long as this is not done, caravans will simply congregate on unlicensed sites, where nobody is going to improve amenities (because the caravans are liable to be evicted at any time) and where public health controls cannot be enforced. Once there is an increase in licensed sites (and the licences should be for much longer periods than the one or two years which is all that many authorities at present allow), co-operation with the manufacturers over design and with licensed site operators over amenities can get under way. Sir Arton's report should help this forward.

DEFENCE

The Case of General Cowley

SERVING officers in Britain do not normally make speeches which contradict the policies of their ministers. Exceptionally a serving officer who works in a Nato command may be able to talk round the gag a little, as Admiral Sir John Eccles did not long ago; but generally one stores up one's controversial criticisms for one's memoirs when one retires. Last week, however, in a public speech to the United Services Institution, Lieut. General Sir John Cowley very comprehensively criticised the doctrine set out in the defence white papers of 1957 and 1958, and especially the proposition that a massive land attack in Europe would or could be met by the initiation of nuclear war by the West. General Cowley's views are held by a large number of senior officers, but are not normally ventilated beyond the confines of the Army Council, the Joint Planning Staffs or the CIGS conference; even in those circles they are not universal.

The background to the excited stream of parliamentary questions to Mr Watkinson on Wednesday was MPs' curiosity about who authorised the general's fearless frankness. General Cowley's immediate political superior is Mr Soames, the Secretary of State for War. The question humming round Whitehall last weekend was therefore whether the Army, under Mr Soames, had declared war on the Ministry of Defence; and in particular whether Mr Soames was indirectly warning Mr Watkinson that his men were in no mood to take any more Sandysism from Storey's Gate. Mr Watkinson has so far paid full lip-service to Mr Sandys's policy, though he has said that he must study all points of view. But the most important achievement of the Sandys revolution was the subordination of the service ministries to the Ministry of Defence in general planning and—especially—in its political and strategic applications.

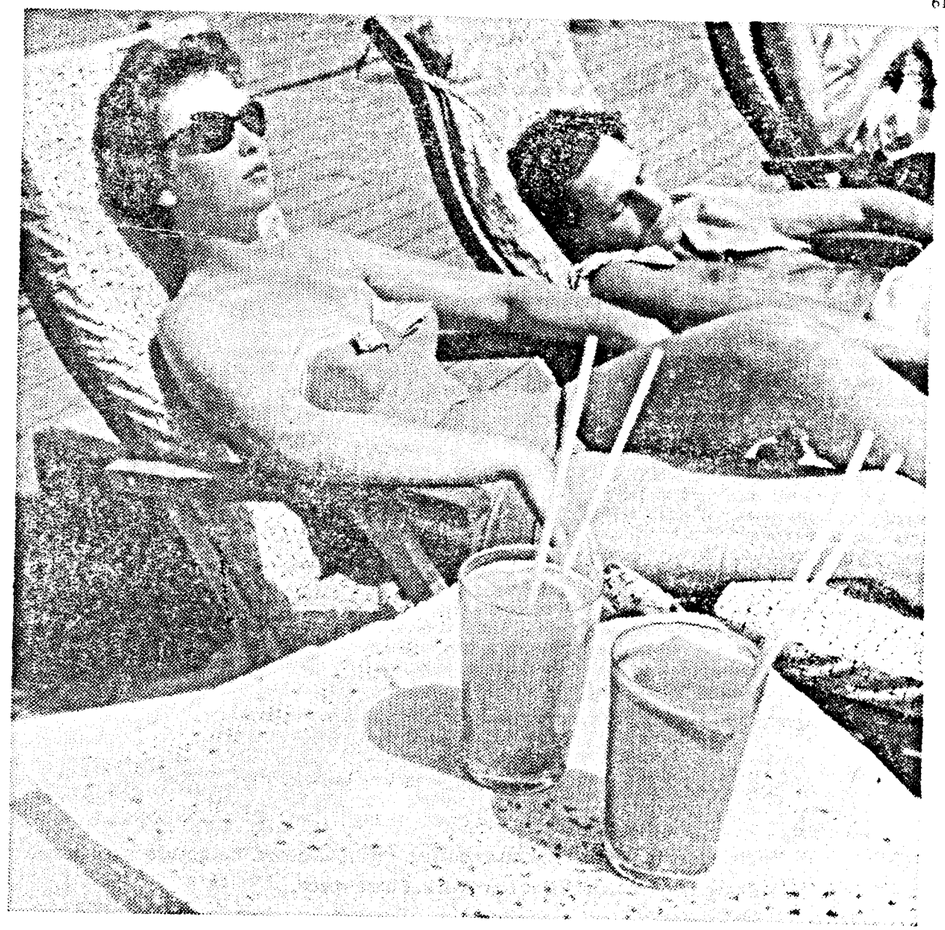
Under political heckling on Wednesday Mr Watkinson was right to uphold this structure. He spoke with moderation, and any reproof in his words was aimed, if it was aimed, more at Mr Soames than at the general. Mr Watkinson is going to insist on censoring such lectures as those of General Cowley in future. He is entitled to do so, but he should not try totally to stifle service criticism of strategic doctrines, especially when (as he pointed out) they are as fairly presented as General Cowley's. The ship of state is not rocked by generals making well-argued if controversial speeches. It is rocked only when there is some suspicion that such speeches are being used not as arguments but as demonstrations.

MIDDLE EAST

No Lion's Share

IN an effort to jog British manufacturers into paying more attention to the Middle East, the Board of Trade has circulated a few shock figures. The advisory council on Middle East trade, a joint venture of officials and senior industrialists, published on Tuesday a pamphlet *Exporting to the Middle East* which mildly chides British companies for allowing so large a share of the trade to slip out of their grasp. Although Britain is still the biggest supplier of manufactured goods to the area, it no longer controls the lion's share of the market as it did immediately after the war. Exports from the twelve principal manufacturing countries (excluding the Soviet Union) rose from £282 million in 1948 to £825 million in 1958, but Britain's share of exports in this period fell from 40 per cent to 24 per cent in 1958; this is a little below the British share in 1938.

British exports to the Middle East have



Her boss was unlucky . . .
he had to race back!

Miss Holt is a much-travelling secretary to a much-travelling business tycoon. Her boss had to go to South Africa recently, and, business completed, was looking forward to a fortnight's well-earned relaxation with his feet up, in Union-Castle comfort all the way home. But London called him and said 'Sorry, you've got to race back, most immediate.' He was *not* in a good temper when Miss Holt saw him off. She took his heavy luggage with her by sea, the restful way, the right way, the Union-Castle way. Sunshine, smooth seas, wonderful food, first class service, swimming, dancing, cinema shows and good companionship. That young man in the next chair is extremely glad Miss Holt didn't have to race back. So is Miss Holt!

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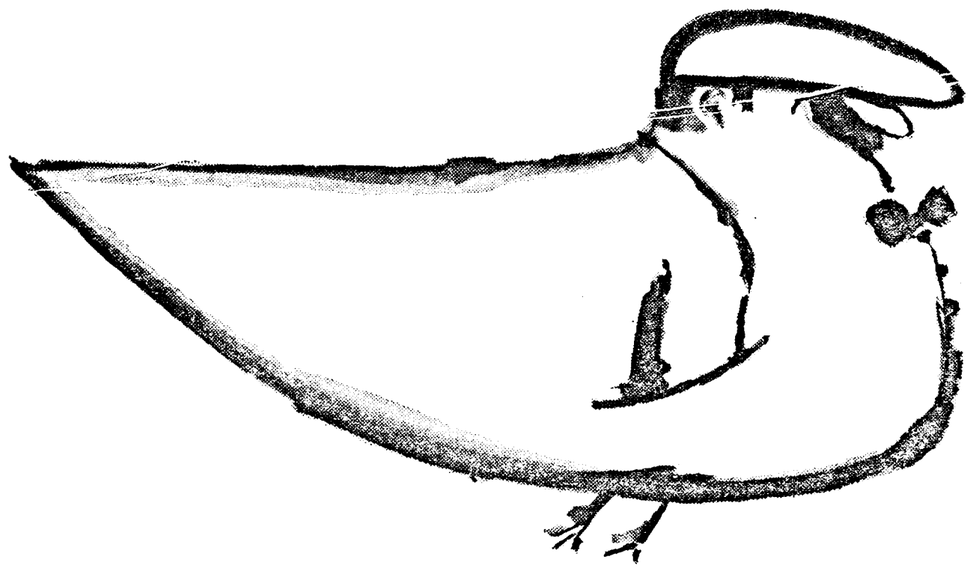

Time lost in youth, dreaming, dozing. Precious hours. Recapture must in stratosphere.
Shave London. Breakfast New York. Chase space.

Jettery, you board plane. Comfort. Calm. Barley sugar. Hostess mostest.
Five minutes . . . precious minutes. Breathe.

Wilmot Breeden where? Somewhere. Make seats? *No*. Make hostess? *No, no.*
Make glass of whisky? *No*. Well, where? What? Which? Tell.

Make inlet guide vanes! No? Fact? *Yes, yes, hollow blades, super-duper-special process.*
What do? *Guide air*. Where? *Out of sight, out of mind*. So!
Make anti-icing ducts, hydraulics . . . So! Fascinating.

Hostess! Soda-whisky. Wilmot Breeden make this, make that.
For jet-planes and. For automobiles and.
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not kept up with the expansion of British exports to the rest of the world. But the Middle East has more money to spend than ever before; oil revenues are estimated at £500 million a year. Britain's most active competitors are the west Germans, the Japanese and the Russians, and the council hints that British manufacturers have had trade snatched from under their noses while they worried about political unrest or about difficult and unorthodox trading conditions.

In fact, none of these three competitors was in a position to supply much to the Middle East in 1948; this postwar abnormality could not last for ever. The question is whether so much need have trickled away. The outstanding loss, glossed over by the council, is trade with Egypt, where both the Soviet Union and west Germany have been particularly successful. In 1948, Britain supplied Egypt with £34 million worth of goods; ten years later, after events which were not the fault of any manufacturer, this had dropped to £13 million. The council holds out high hopes of increased trading with Persia, Kuwait and Qatar; about Egypt it is guarded.

PIGS

Riding the Pig Cycle

LAST week's adjournment debate on the pig industry produced, not for the first time, a plea from the bacon producers for a separate guarantee and marketing system. They want the Government to insulate them from the inconvenient impact on their market of the fluctuating demand for pork and for manufacturing pigmeat. With the recommendation of the Bosanquet Committee behind him, the Joint Parliamentary Secretary to the Ministry of Agriculture firmly rejected this plea; but he conceded that both producers and curers are having real difficulties at the moment.

From the specialist bacon-pig producer's point of view, the trouble with the existing system is that as pork prices rise—doubly boosted, at present, by the high price of beef and by the scarcity of porkers at the low phase of the pig cycle—the amount of deficiency payment automatically drops. He can, it is true, switch his baconers to the pork market; but the more highly he has specialised the less he likes this expedient. Moreover, any consequent fall in the supply of bacon pigs fails to elicit higher prices, because imported bacon fills the gap—much, be it remembered, to the consumer's benefit. Indeed the moderately reduced throughput since last year (2.7 million pigs going into cure compared with 2.9 million) has raised curers' costs, and so forced them to drive a hard bargain which has played havoc with some farmers' profit margins.

None of this, however, is a sufficient argument for further raising the guaranteed price or for insulating the bacon producers from the pig market in general. At most, it may be an argument for raising the quality premium to encourage those specialists who genuinely need only a few more years' selective breeding and experience to beat the Danes at their own game. Those who cannot do this would be better serving their own interests and those of the consumer—who is not irrevocably wedded to the "Wiltshire cure" and indeed is showing an increasing interest in prepacked bacon "tailored" from fat hogs—by aiming at the qualities which make for versatility between bacon, pork and manufacturing markets. They should stand ready to serve whichever pays best. The pig cycle is a genuine and costly nuisance, but it would be none the less so for being lifted bodily to a higher price level and its swings would become wider still if artificial barriers were set up to stop the flow of pigs between different markets.

EGGS

Good in Parts

THE annual report of the Egg Marketing Board has a patchy story to tell. Total registrations with the board have increased by 8 per cent; throughput by 14 per cent; consumption of eggs in shell is rising, but not at the same pace as production. Because of this, stocks of frozen eggs are considerably larger than last year, and involve the board in some expensive finance.

The frozen-egg market is a grossly unprofitable one; even after processing, itself an expensive business, nobody will buy the frozen product at more than the equivalent of 2s. 6d. a dozen eggs. Experiments with spray-drying are being carried out (with reasonable confidence that the new-style dried egg will be much more satisfactory than its unloved wartime predecessor), but even if they are successful no direct financial gain is expected. The crux is the shell-egg market; and here the board is, so far, just about baffled.

For reasons of economy (surely misplaced) it has no machinery of liaison with the retail trade and is consequently unable to use its strategic position to advise on prices, packing or publicity. It is constitutionally excluded from the determination of grades, which are settled by negotiation between the Ministry of Agriculture and the National Farmers' Union. And to this constitutional difficulty there is added an apparent temperamental aversion from the very idea that as between two eggs of similar size and grade, as determined by candling, one may be better than the other. Taste-buds, it seems, are too idiosyncratic to be catered for: a conclusion which would surprise the producers of almost any other foodstuff (and give the wine business apoplexy) but which, so long as it is accepted, effectively rules out the notion of a premium grade.

The Economist

NOVEMBER 12, 1859

TOO MANY GOVERNESSES

"We are glad to see the lady-philanthropists who have hitherto been chiefly known for rather vague and unprofitable speculations on the true sphere of women, devoting their main energies to the elucidation of a practical point of first-rate economical importance,—the needlessly contracted limits of educated female labour,—the best modes of remedying the evils that will exist so long as those limits are so narrow,—and the surest means of gradually extending them. The paper on this subject, read by Miss Parkes before the Social Science Meeting at Bradford . . . sets forth simply enough the great evils which result from the overcrowded state of what we may call the half-educated-governess market, and the clear obligation under which every parent, who is not rich enough to make any permanent provision for his daughters, lies, to give them such an education as will fit them to practise some fairly remunerative calling,—in short, to put them in a fair way to win their own livelihood, as he already feels that he must do with regard to his sons. . . . Again, Mr. J. S. Mill has pointed out with his usual clearness and ability, that all occupations which can be filled or nearly filled up by what he calls *subsidized competitors*,—that is competitors who do not principally depend on these pursuits for their living, but who are *subsidized* from other sources,—are very apt to be underpaid. Such persons occupy their leisure hours, when they have them, with pursuits which, perhaps, they rather prefer to inactivity, and for labouring at which, therefore, they are willing to take small wages. . . . It is obvious that if *educated female labour in search* of employment is to seek the best market it can have, it must seek one where the rate of wages is determined,—*not* by this subsidized class, but by professional labour;—*i.e.*, it must, so far as possible, avoid flocking into one and the same pursuit, and distribute itself over arts in which the great body of workers are not in any way of the amateur class. . . . The rate of *salary in the lower-class daily-governess market* is almost completely governed by what those are willing to accept who are very anxious to get some addition to their means, who yet have some very narrow means of other kinds, and who can get employment only by underselling others. This is the worst of all kinds of markets for the purpose. Educated female labourers would do well to look to spheres of occupation where the *general rate* is determined by a strictly professional standard. Wood-engraving, lithography, modelling, engraving on gold and watch-dials, and other such occupations which have been suggested, though not so highly remunerated as labours which require the unremitted devotion of a lifetime,—are at least not liable to have their rate of wages depreciated by the wholesale competition of "subsidized" labourers.

LETTERS

Growth versus Income

SIR—Your article last week was interesting, but you were led to some statements and arguments that most actuaries and stockbrokers would regard as unsound.

First, pension funds cannot be classed among "investors who are sensitive to loss of current income." The great majority of pension funds in this country are still growing funds, with income exceeding expenditure by a considerable margin, and with very long term liabilities. In these circumstances pension funds are long term investors and are free to choose the investment that gives the best effective yield, taking into account all payments in the future, and they need not be swayed by a yield based on last year's or this year's dividend alone ("effective yield" in this context has been defined and discussed in several papers read before the Institute of Actuaries). It is also doubtful if "insurance companies on their non-participating life business" would exactly come into this category, but the technical considerations are rather too lengthy to discuss here.

Secondly, your correspondent is concerned only with yield on last year's dividend, when logically with an equity share it is the earnings yield that matters. Put very simply, if a company pays a dividend of 5 per cent out of earnings of 20 per cent, the whole of those earnings are attributable to the ordinary shareholder; if he only receives 5 per cent, then the other 15 per cent is being retained by the company to further its business and should produce additional profits for the benefit of the ordinary shareholder. In the United States, earnings yields (or as they put it "price times earnings") have for a long time been of prime importance. In this country emphasis has been shifted to dividends by political restraints on dividends that one now hopes will not reappear. Increasing dividends in this country are, therefore, likely to come from shareholders receiving a larger share of earnings (as in the United States) as well as from a "growth" of profits.

Thirdly, when discussing capital appreciation for private investors your article omits to mention tax. The average private investor is keenly aware that a £1 of capital appreciation is worth much more than an extra £1 of income (less tax at a marginal rate for unearned income) and bases his assessment of investments accordingly.

Finally, should not tables that extend 19 or 20 years into the future allow for compound interest? —Yours faithfully,

J. G. DAY

Messrs David A. Bevan, Simpson & Co., Threadneedle Street, EC2

Mergers

SIR—Your discussion of "Queensberry Rules for Bids" was astonishing to any American familiar with the history of corporate merger in this country. I appreciate that the Bank of England committee report, which was the subject of your article, dealt with problems of conflict of interest between management and shareholders; but I am dismayed that a liberal journal should comment that "The interest of shareholders is . . . the only criterion." The antitrust laws of the United States embody the concept that it is the *public* interest which should be paramount in mergers. The public interest may well run counter to that of both management and shareholders. This is the case when enterprises are merged to eliminate competition between them or when a dominant enterprise swallows up a chain of distributors whose distribution facilities thereby become unavailable to other sellers. Of what avail your new Restrictive Trade Practices Act, if it outlaws restrictive agreements only to give rise to a more potent and permanent restraint of trade, the concentration of economic power in a few vast combines?

To the list of innocuous objectives of mergers reported by you, it would be well to add those revealed by investigation in this country: suppression of price competition, a kind of sporting rivalry among some industrialists to be "the biggest" (quite independent of demonstrable savings from scale of operations), and profits to investment bankers and other promoters of mergers. Your readers should certainly not be encouraged to accept uncritically the proposition that efficiency or other gain from "*rationalisation*" increases indefinitely in proportion to size.

Moreover, the benefits of rationalisation can be brought about by agreement as well as by merger. Rationalisation by agreement is subject to official scrutiny under the Restrictive Trade Practices Act, which puts the burden of proof on the proponent to satisfy the court that public interest will not suffer. From this side of the water, it is hard to see why rationalisation by merger should not be subject to an equivalent supervision.—Yours faithfully,

LOUIS B. SCHWARTZ
(Professor of Law)

University of Pennsylvania, Philadelphia

American Education

SIR—Your recent article "Going to College?" states that New England lags behind the Pacific and mountain states in the college attendance of its natives "because of the large proportion of comparatively recent immigrants in its Italian, Irish, and Polish minorities."

California is the Pacific state most notable for "universal" attendance. The reason for this is not the Anglo-Saxon make-up of its extremely mixed population, but its tax-supported educational system. I teach at the leading state university ("red brick" in England), that of Massachusetts, and our student body, like that of neighbouring state universities, accurately reflects the ethnic make-up of our state population. Indeed, the majority of our students are of Italian, Polish, Irish, and (what your writer never imagined) French Canadian descent. The Yankee minority is as important as any of these.

The real reason for the lag is that here in Puritan New England—the home of the Ivy League—education is a major "industry." Most of our institutions are supported by endowments of hundreds of millions of dollars and by tuition rates averaging, for leading schools like Harvard, Yale, Amherst and Dartmouth, about $1,000 per year. Even the few tax-supported schools reflect our Puritan parsimony, for they have the highest state university tuitions in the country. Education is expensive in New England. Also to be borne in mind is the fact that the best of our endowed schools are national institutions which must distribute their places to Oklahomans as well as to Vermonters.

By contrast, the Pacific and mountain states, traditionally generous with the use of tax income for "welfare," parks, and the like, have tuition rates ranging from nothing to a few dollars in token fees. Endowed schools are few in number.

Old England, alas, has always misunderstood New England.—Yours faithfully,

MARIO S. DE PILLIS

University of Massachusetts

South Africa

SIR—In your note entitled "Cold Comfort for Dr Verwoerd" you appear to draw conclusions from the results of the South African provincial elections that cannot be justified. Very little, if anything, can be made of the fact that the Nationalists had a minority vote. The 69 Nationalist candidates obtained over 8,000 more votes than the 86 United Party candidates. It is true that candidates of minor groups, who in all cases were very much anti-nationalist, obtained some 25,000 votes, but against this it must be remembered that 52 Nationalists, but only 31 United Party candidates, were returned unopposed. Further, it is not correct to state that the other candidates, although they were anti-nationalist, were associates of the United Party. In fact, with one or two exceptions, they opposed the United Party candidates and not the Nationalist candidates.

An analysis of the 51 seats that were contested by both major parties at the parliamentary general election last year, as well as at the provincial election this year, shows that the Nationalists' share of the poll in these seats increased from 57.4 per cent to 57.8 per cent. It is possible that a larger swing to the Nationalists was expected in view of the many new voters in the 18 to 21 age group but these must have included a substantial number of the war babies, whose parents are probably mainly United Party supporters.

I feel that the only reasonable conclusion that one can make is that the results show no substantial change from the position 18 months ago.—Yours faithfully,

Cape Town H. DE G. LAURIE

The New First Lord

SIR—To any reader in Australia, your reference to the new First Lord of the Admiralty a fortnight ago will seem singularly ungenerous and unjust. Surely it is relevant to his appointment that as high commissioner in Australia, Lord Carrington was outstandingly successful.—Yours faithfully, YOUR CORRESPONDENT

Canberra

Development Areas

SIR—Industries which are likely to be successful in the future will be of two kinds: those in which an ever growing capital investment will lead to a mass-produced product of high quality and low cost, and those in which the highest skill, allied with advanced technology, will produce capital goods of a new kind.

The former industries are unlikely to be great users of labour, in relation to the volume of their production. The latter are practically forced, for reasons of Government policy as much as historic development, to operate in the Greater London area. If any of the attempts now made to place the economy of the development areas on a sound footing are to have any permanent results, the problem cannot be left to the Board of Trade alone. The Minister of Aviation (as a bigger customer of the electronics industry, for example, than all other customers put together) and the Minister of Science could, between them, make a big contribution to the even development of the new capital goods industries over the country as a whole.

While the trading estates have provided useful employment in the development areas, they have not been successful in attracting high-skill industries. What is worse, automation will, before long, end quite a large proportion of the jobs now done in some of the industries established on trading estates, at least in some of the more efficient firms.—Yours faithfully,

HERBERT LOEBL

Joyce, Loebl & Co., Gateshead-on-Tyne

BOOKS

The Unions' Crucial Years

The Growth of British Industrial Relations

By E. H. Phelps Brown.
Macmillan. 451 pages. 42s.

No branch of social studies fares so badly for good literature as industrial relations. Trade unions and collective bargaining seem to inspire neither the author nor the electorate today. But there was a time when they did. The thirty years before 1914, which saw amongst other things the rise of the unskilled workers' unions and some of the bitterest strikes in British history, was such a period. At times industrial unrest was such that the stability of society itself seemed to be at stake. Professor Phelps Brown, in this excellent book, has done his subject justice. His success augurs well for the future of the Cohen Committee on productivity and prices, whose economist member he has recently become.

The best part of the book describes the social background to those troubled, but formative, years. Professor Phelps Brown, as a result of his work as professor of labour at London, has been able to dig up a fund of knowledge about contemporary schooling, diet, medical care, housing, factory conditions and wages; he has then welded all these facts together to give a moving and thoroughly warm-hearted picture of the wage earner's life at the turn of the century. His lot was not then a particularly happy one, though it had been steadily improving; in 1880, the real value of the average pay packet finally passed the previous high point it had reached at the end of the fifteenth century. But the workman's ambition, focused more sharply by the new system of universal education, had been rising as fast as, or faster than, his pay; when real wages stopped their secular rise in 1900 trouble in plenty lay ahead. The railways and the mines were a hotbed of discontent; violence—in Ireland, at home and in Europe generally—began to threaten the Victorian way of life; new trade unions, dedicated to a socialist revolution, were coming to the fore.

One key to the violence of the period lies in the formation of these unions. Before the 1880s discontent with the established order may have been widespread; but, since it was scattered, it was largely powerless. (The strong but exclusive craft unions that had been digging themselves into the industrial scene since the 1850s preached no revolutionary code.) The formation of the new unskilled unions in the 1880s, and their prolonged growth in the years of left-wing government after 1906, served for the first time to bring these discontents together and to channel them into a coherent pattern of protest and action. This position of the union as both the symptom and creator of organised popular discontent is rather underplayed in the book. But this centralising of grievances (and the fact that able union leaders were at hand to exploit them) was one reason for the success of the trade unions' parliamentary campaign; and that in turn was a powerful force behind the great spate of welfare legislation that followed the Liberal victory in 1906.

But even old age pensions and health and unemployment insurance did not stop the trouble in industry. Some employers, like those on the railways, refused to recognise the unions, and this led to many bitter struggles. Finally, and unwillingly, the Government was forced to intervene. Asquith's conciliation boards, combined with the procedures that employers and unions in many industries had worked out for themselves, had already by 1914 shaped most of the machinery of collective bargaining as we know it today. The unions had already assumed their craft—or occupation-based—structure, to the detriment of workshop bargaining; they were already suspicious, as they remain today, of the power of a strong executive. Employers' associations tended then to be the same gatherings of reactionary gentlemen as they are today. And in the centre the Government, as it does now, took as little direct part in industrial relations as was compatible with its belief in a reasonably ordered society.

Professor Phelps Brown is right to emphasise the traditional nature of collective bargaining machinery; his regret that it has changed so little is also well-founded. What we need here is the type of productivity-oriented bargain that is struck in, say, the American automobile industry; but this can never be done as long as half a dozen or more autonomous unions are represented in the average English workplace. In the vacuum left by the craft union organisations in England, work-place groups of shop stewards have naturally formed; but these important and organic bodies, being outside the union branch, have been largely ostracised and allowed to go their own way. Industrial relations have suffered as a result.

The last chapter in this book is, however, the weakest. Professor Phelps Brown suggests here that, apart from a softening of social attitudes, there has been little change in collective bargaining since 1914. This is true of the machinery, as we have

already seen ; but more subtle changes have certainly been going on. The unions, once the management ladder of the able working class boy, are that no more ; while higher wages and the growth of employer paternalism has made the opposition role of trade unionism harder than ever to sustain. The unions may no longer have the internal dynamic to keep themselves abreast of the times. The last election, even if not this otherwise perceptive book, has warned them of what may be the consequences.

When the Moon Was Blood

The City that Wouldn't Die

By Richard Collier.
Collins. 256 pages. 16s.

"THE statutory period of silence having elapsed, it is now permissible to reveal that the editorial and publishing offices of *The Economist* were entirely destroyed in a recent air raid. What made the disaster worse was that the printing works in which the paper has been produced since it was forced to migrate by the Great Fire of London on December 29, 1940, were also completely destroyed in the same night. *The Economist* thus found itself without a home, without a printer, and without any preparation for the next week's issue (with the sole exception of one short galley proof carried away by mistake in a compositor's pocket)."

The quotation is from the issue of *The Economist* dated May 24, 1941. The reference is to one tiny local incident among the violent and fiery happenings in London during the brightly moonlit night of May 10th-11th—much too tiny to find a place in Mr Collier's splendidly evocative and admirably documentary reconstruction of the Luftwaffe's last and heaviest mass fling against the British capital before turning eastward to Russia in the following month. The blitz on London was really over when this devastating assault was, almost whimsically, mounted. This awful night, which Mr Collier so convincingly and so movingly describes by his spot check from person to person on what actually is remembered of what went on in the close ambit of the relentless bombing and fire-raising, had no place in any rational pattern of warmaking.

It was the night when Hess (irrelevantly) came, when the House of Commons as well as the Queen's Hall went up in smoke—and, above all, when the water ran out. "Incredibly," Mr Collier records, "the whole city locked in by a triangle of water was as dry as the Sahara." Bombarded by high explosive which broke the water mains one after another, blanketed by the simultaneous hail of incendiary bombs that started countless fires, guarded by only one fire-watching householder or business firm out of every four that should have been there, and protected by a fire service which was not rationalised and centralised until after this final big blow had been brutally struck (another article in the same issue of *The Economist* of May 24, 1941, dealt with the new Fire Services Bill to bring the fire brigades on a regional basis under national control), London was wide open that night. "Sergeant's Inn, too, had caught, but the caretaker had locked up for the week-end and taken the keys." It was from Sergeant's Inn that *The Economist's* offices in Bouverie Street, beginning with the precious, burnable library, caught fire in the Sunday morning of May 11th, after the raiders had gone.

The tale is one of the ordinary human qualities writ large—unintended great courage, fear among even the bravest, simple good sense and comradeship, cowardice and sheer escapism. It is so well told, from what those in the target areas can now recall, that it could be taken as the epitome of what a community when challenged can, and cannot, do—from the routine, dogged bravery right down to the dodging of the column by the colleagues of the brave to the beastly looting and the febrile celebration of the many more thoughtless ones.

Was it important, strategically? Air Marshal Sir Sholto Douglas, in charge of the fighter plane defence, said that "We should soon have been inflicting such casualties on the enemy's night bombers that the continuance of his night offensive on a similar scale would have been impossible." It was, all the pundits agree, a dead end. But it was, nevertheless, a ruinous and frightening night—more potent in what it did to some Londoners in a few hours than the new attacks three years after, when the allies were on top, with the frightening V-bombs.

It was fashionable then, and still is, to swap bomb stories. Up to, and including, May 10, 1941, Londoners (with bows to Warsaw and Rotterdam) could boast of their bludgeoning. But the war went on. What the RAF did in 1943 to Hamburg or the American Air Force in 1945 to Dresden, to say nothing of Hiroshima or Nagasaki, showed how ephemeral, and ultimately how pointless, such boasts can be.

Attack on Philosophy

Words and Things

By Ernest Gellner, with an introduction by Bertrand Russell.
Gollancz. 270 pages. 25s.

IN the course of his sweeping attack upon the current philosophical movement, which he chooses to call "Linguistic Philosophy," Mr Gellner divides the members of that school into High Churchmen and Low Churchmen. The former pay all their attention to ritual ; the latter confess to insights into higher truths. Oxford philosophy is mainly High Church, the more passionate disciples of Wittgenstein Low Church. On certain criteria the division might have been made the other way round, but on any criterion Mr Gellner is himself an extreme anti-clerical. His attack is caustic, often perhaps malicious, and sometimes amusing ; and the more malicious, the more amusing. He delights in caricature, and he has done everything to expose the iniquities of philosophical gamesmanship as he sees it. Every countermove has thus been already charted, like a ploy in a game of chess: any reply would, for him, only confirm the errors and the emptiness of "Linguistic Philosophy."

Mr Gellner regards the movement as built upon four pillars, four theories about language, all of them false. The first three of these are concerned with forms of argument from our ordinary use of words ; the last is the theory that general assertions about the use of words are impossible since the uses of words are various. This account of the matter is very dubious. Mr Gellner's expositions are sometimes inaccurate ; his criticisms are nearly all on a very general plane. Like the true anti-clerical he is impressed by the form of what he is attacking and pays special attention to the declarations of faith which his opponents make, rather than their good works. In the course of his argument one rarely comes to grip with a discussion of a specific philosophical problem. Even the differences between the members of the movement are regarded by Mr Gellner merely as indications of the silliness of the movement. Linguistic philosophers are thus not allowed that right to differ which even members of Plato's Academy possessed.

It would be quite wrong to compare the iconoclasm of Mr Gellner's attack with, for example, A. J. Ayer's "Language Truth and Logic." For Mr Gellner has no rival theory to put forward. He makes incidental remarks about certain problems about the nature of the world, which Linguistic Philosophers are reputed not to see, but what these problems are he does not specify. Constant repetition of general criticisms without the backing of a rival theory becomes tedious, especially when disguised as sociology.

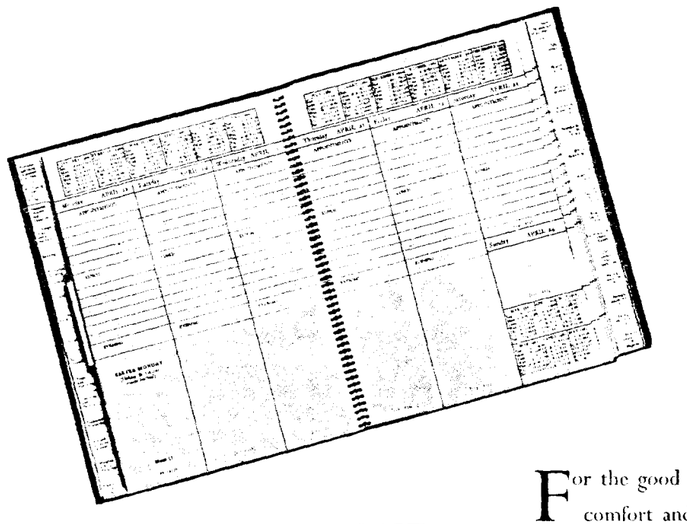
Many will no doubt greet the book as the long awaited revelation concerning the Emperor's New Clothes. But philosophical movements can be judged only by their results in dealing with specific problems. There is, in fact, nothing so boring as talking about philosophy rather than doing it. To say this is, in Mr Gellner's view, to employ a gambit which he has already noted. It nevertheless remains true. Mr Gellner's work is a brilliant if somewhat patchy and long-winded satire. As a contribution to philosophy its merits are much less obvious.

Watershed of Imperialism

Good-bye Dolly Gray

By Rayne Kruger.
Cassell. 552 pages. 30s.

JINGOISM was not killed stone dead by the Boer War. But it almost was. Within a few years the Act of Union pointed towards the development of an empire that was based on something more than the right of conquest. In this sense "Black Week," when the British army floundered to defeat,



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Basic statistics on 47 principal countries.
British press and publishing.
Comparative standards of living.
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Election and by-election results.
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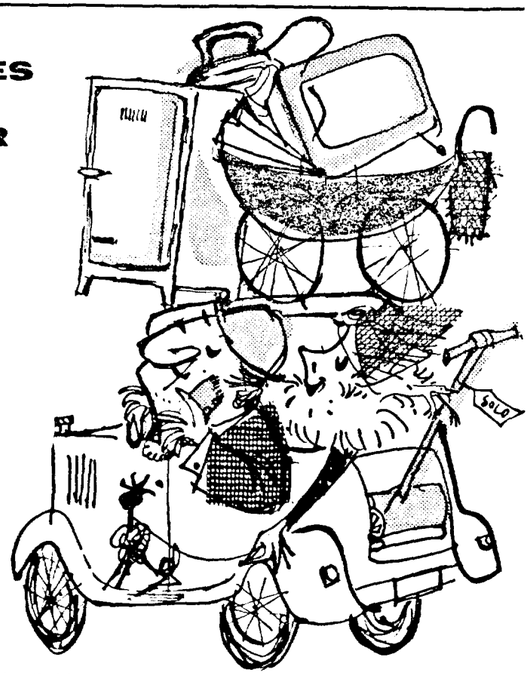

Families that have a car buy not only products like petrol and oil, tyres, car radios, polishes and accessories. They also form an important market for consumer durables and top-quality household goods.

is the watershed of British imperialism. Whatever the poets and the music halls were singing, the idea of empire was being modified and, as the Suez affair did in our generation, the fighting in Africa produced a war of political passion in this country. Among the minor casualties of that war were the windows of the office of *The Economist*, which was at that time firmly in the Little England camp. The Little Englanders were not alone in condemning a war that had its heart in the gold mines of the Rand. It was an unnecessary war. But, given the ambition and thrust of Chamberlain and the conservatism of Kruger, it was perhaps an unavoidable one.

Another Kruger, whose name derives from a family relationship with "Oom Paul," has now written of this war. His book is not partisan; his account of the battles, skirmishes and actions is good—as, indeed, given the wealth of material written at the time it should be; and the choice of illustrations is excellent. Unfortunately, both style and content suggest hasty writing. In an attempt at profundity, Mr Kruger turns many conventional judgments on their heads. He succeeds in being little more than superficial. His researches into the political background do not appear to have been very deep: he is much too kind to Chamberlain, whose complicity in the Jameson Raid is deeper than Mr Kruger seems to believe. He castigates the British army, without showing much awareness of why it was such a blunted instrument of policy and why the Boer War led to the Esher Committee, the Haldane reforms and finally to one of the best trained armies Britain ever put into the field. He makes the odd mistake: Buller did not win the VC twice. He makes the rash misjudgment: Sir Evelyn Wood was not examining the boots of his men during the Zulu war to see if they were well polished (as Mr Kruger implies he was) but to see if they were strong enough to stand up to the long marches that campaign involved. He is much too lenient to Kitchener, even finding some excuse for his blundering tactics at Paardeberg.

Justifiably, Mr Kruger criticises Buller, but does not show much evidence that he understands why Buller failed in the field. Buller was not simply a champagne-swilling fool. Like many in the Wolseley ring, he was quite a good administrator, but, again like many who were Wolseley's men, he lacked moral courage (though not physical bravery) in the field. A reading by Mr Kruger of Sir Ian Hamilton should have shown him why Buller with all his blunders remained popular with his troops and might have suggested to him that the curse on Buller as a general was his tender-heartedness.

Without putting too fine a point upon it, these judgments (and in this reviewer's opinion misjudgments) do not make Mr Kruger's argument that Lord Roberts failed and, in fact, "gulled" the British public readily acceptable. The points that Mr Kruger seems to have missed are that Pretoria had to be taken; that against the background of rivalry between the Wolseley and Roberts rings Roberts had to move very carefully in his handling of Buller; that the delay at Bloemfontein was at least partly the fault of Kitchener's hurried attempt to re-organise the transport system; that whatever tactics Roberts pursued the Boers were not going to wait to be surrounded and "bagged" as was Cronje; and that whatever campaign Roberts had planned and fought it could not possibly have prevented the Boers, once they had a mind to do so, from adopting guerilla tactics. Those tactics, as Napoleon discovered in Spain, are most costly to counter and any attempt by Roberts to counter them before they actually occurred would have been equally costly.

From Baton to Pen

Frederick Delius

By Thomas Beecham.
Hutchinson. 228 pages. 30s.

SIR THOMAS, in characteristic form, called this "a horrid book" at its celebratory launching this week. This is not at all the right word. It is in some ways a dutiful book, written in fulfilment of a promise made to Jelka Delius thirty years ago. It is also a mixed book. But its great merit is to put into much better perspective the whole character and achievement of Delius, which Philip Heseltine and Eric Fenby by no means managed in their books. Aided by a long account from Jelka about her life with Delius and a store of documents from Delius's house in France, Sir Thomas has produced a work of considerable patient research—perhaps this was what he found the "horrid" part, for there are plenty of pages on which he is enjoying himself hugely.

Sometimes, indeed, rather too much, as when simple ideas lose themselves in language of weighty ceremoniousness. There is a hideous arch-delicacy about his first reference to Delius's physical affliction. But there is also some splendid pate-rattling when he turns to the artistic relations between Philip Heseltine and Delius ("Upon me the letters from both sides have always made an impression that is far from agreeable") and a shrewd comment about Delius's responsibility for seeking to impose on Heseltine a too demanding discipline for a mind unfitted for it. These diversions, however, are not the essence of the book, even though they are splendid Beecham. That Sir Thomas, the incomparable interpreter of Delius's music, should reveal himself to be so devoted and honest a biographer shows him as a master of combined talents. The two "almost different personalities" of Delius in his seventy-two years are clearly portrayed. The young man "handsome, open-hearted, loquacious, amorous and gay" gives place to "the last great apostle in our time of romance, emotion and beauty in music." It is perhaps a slightly excessive assessment, but if Sir Thomas holds this view, it would take a froward spirit to gainsay it.

Personal Approach

The Novels and Plays of Charles Morgan

By H. C. Duffin.
Bowes & Bowes. 221 pages. 21s.

THAT a study of the works of Charles Morgan should be undertaken is reasonable, if only because his continental reading-public is large and enthusiastic. His admirers in this country will no doubt welcome this book by a devotee, who explains just what it is that he likes about Morgan's romantic idealism.

Mr Duffin's approach is unashamedly personal, and he appears to regard the characters of the novels and plays as having an autonomous life. Of Mary Terriford in "The Burning Glass" he remarks, "She only once puts a foot wrong, and that is Morgan's fault, not hers." Those who day-dream about what fictitious character they would like to marry will enjoy his method.

His contention that Morgan is an important writer could be established only by comparison of his works with that of some other twentieth-century novelist; but this Mr Duffin avoids. From the index, one would conclude that he does not so much as mention D. H. Lawrence or E. M. Forster, though in fact their names do occur in passing references, as do those of Conrad and James—Joyce, not unnaturally, is ignored completely. But it is useless to complain that critics neglect or are unfairly condescending about Morgan's work unless it is measured against that of writers who have positively contributed to the development of the English novel during the last forty years.

Disaster at Sea

Collision Course

By Alvin Moscow.
Longmans. 252 pages. 18s.

WHAT is the fascination in these accounts of sudden disaster at sea—in which this excellent firm of publishers seems to have established something of a private corner? The Greek unities control and intensify the drama. There is the abrupt contrast between the regularly ordered voyage and discipline and the chaos and irresolution of disaster. There are the neat misses—the missed radio call, or the good luck that kept X out of his bunk just before the collision. There are the human errors—and the pathetic covering and admission of errors—in sailing a wrong course and extricating passengers from catastrophe. There are mothers separated from babies, old ladies trapped in wreckage whom devoted seamen spend hours trying to free, the sudden collapse of sea-going careers and of the reputations of ships' architects.

All this would have gone for the *Titanic*—as we all know from Walter Lord's "A Night to Remember." But this one was different. As some cynic has said, the collision between the *Andrea Doria* and the *Stockholm* in July, 1956, near the

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Nantucket light was the first radar-assisted collision in shipping history. Mr Moscow's account of the makings of this collision in the quarter of an hour before it happened has the right quality of suspense, built up rather more circumstantially from the bridge of the *Stockholm* than from what was happening on the *Andrea Doria*. The rescue operations in the early hours of a providentially calm morning and the ignominious capsizing of the Italian liner are told with that striving for synoptic quality common to these accounts. The concluding chapters, based on the law suit between Italian Lines and Swedish Lines in the New York Court, are more firmly based on testimony—as far as it went. For early in 1957, three and a half months after the hearing started, the Italians were at the point of having to explain how the *Andrea Doria* capsized. They did not have to do so because the case was settled out of court. The two lines pooled the third-party losses of nearly $6 million and withdrew their counterclaims.

Radar has since been extended to give a true perspective of all objects within range. But the most disquieting section of this book is in its final pages. A further conference on marine rules, says the author, is overdue, and he makes some telling suggestions for making navigation safer. If it is true, as he asserts, that there are about three "near-misses" at sea a day, it seems high time that work on revising the rules started.

OTHER BOOKS

FOREIGN TRADE AND FINANCE. Edited by William R. Allen and Clark Lee Allen. *The Macmillan Company, New York.* 512 pages. 42s.

This is a collection of essays in academic journals on international trade, the balance of payments and the role of exchange rates. The selection is a good one, though it includes only one paper published since 1955. The editors have contributed helpful introductions and commentaries on the main sections.

CASSELL'S SPANISH DICTIONARY. Edited by Edgar Allison Peers, Jose V. Barragan, Francesco A. Vinyals and Jorge Arturo Mora. *Cassell.* 1491 pages. 36s.

The late E. A. Peers started work on this new Spanish dictionary well over twenty years ago; because of the war, the work suffered interruptions and setbacks, and extensive revision was needed before it could finally be published. The result is a thoroughly modern dictionary for Latin American as well as Spanish use, well printed and legible, and exceptionally comprehensive for its price.

FAO'S ROLE IN RURAL WELFARE. By Herman Santa Cruz. *Food and Agriculture Organisation of the United Nations.* 196 pages. 10s. This report is the outcome of a resolution passed by the conference of the Food and Agriculture Organisation of 1957, calling for a review of the social welfare, as against the technical aspects of FAO's activities.

THE CO-OPERATIVE MOVEMENT IN INDIA. By E. M. Hough. 4th edition, revised by K. Madhava Das. *Oxford University Press.* 523 pages. 35s.

SCIENTIFIC RESEARCH IN BRITISH UNIVERSITIES, 1958-59. Department of Scientific and Industrial Research. *Her Majesty's Stationery Office.* 446 pages. 25s.

A PROSE ANTHOLOGY. By Bernard Shaw. *Longmans.* 319 pages. 8s. 6d.

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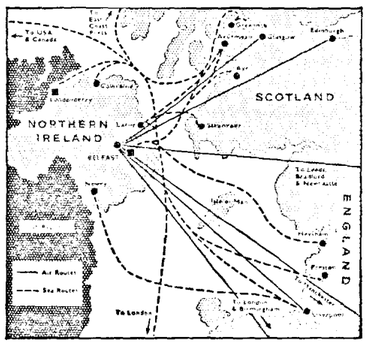

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see overleaf ☛

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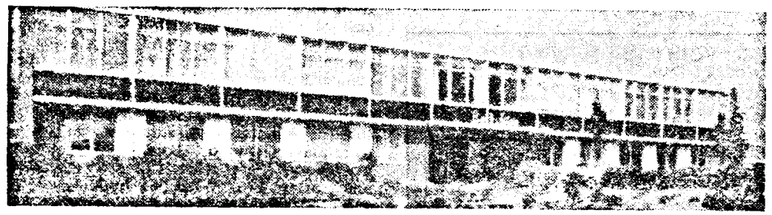
Complete co-operation

We can say without any hesitation that our experience in Northern Ireland has convinced us that there are few places where a manufacturer can build a factory on foreign soil with such complete assurance of local co-operation. When we reached the decision to go ahead in 1948 we and our Scottish associates proceeded with caution, building a relatively small factory of 70,000 square feet floor area with an employment target of 320 by 1951.

While the first factory was being built on a former hill farm near Newtownards, looking over the swift waters of Strangford Lough, we recruited key personnel for training at our parent works in Reading, Berks County, Pennsylvania. They, in turn, trained others in a temporary plant set up in rented premises in Newtownards. The new factory, like the extensions that have been added since, was not built by the government but with our own money and it belongs to us, but we have of course through the years taken full advantage of the provisions of the Northern Ireland Government's aid towards the capital cost of industrial premises and machinery, and their fuel and power rebates. We have also become tenants in recent months of an additional factory they built for us at Dundonald and which we hold at a low rental with an option to buy.

Ferdinand K. Thun, Chairman, Berkshire Knitting (Ulster) Ltd., a subsidiary of Berkshire Knitting Mills, Reading, Pennsylvania

It was Berkshire's desire from the first to minimise the executive and administrative responsibility of the parent company by building up a complete Ulster organisation with administration, technical direction, production and selling being carried out by Ulstermen. That has proved possible. Today, Berkshire Knitting (Ulster) Ltd. is manned almost entirely by Northern Ireland men from the managing director down. So far as I know there is only one American in the concern, a technician who went there from our Reading works as part of a routine round of overseas factories and liked the country so much he married and settled in County Down. Now he manages the Dundonald plant.



Plentiful trainable labour

It is widely known that there is plenty of labour in Northern Ireland and that it is of good quality. Instruction is an expensive process and in stocking manufacture depends on mechanical knowledge and manual dexterity. The low turnover of labour at Newtownards saves us money by keeping down the numbers being trained at any one time. The quickness and adaptability of the local people help to limit the training time and with the fact that Ulster labour can achieve a high degree of skill ensures that a good level of productivity can be maintained. We measure productivity, of course, not just in units produced but in terms of quality as well. There is a training school at Newtownards now, which has indeed been useful to us in training people for some of our other factories.

The floor area of the main Newtownards works, after a number of extensions, is now 120,000 square feet and employs 793 including 458 men. The new Dundonald factory, in which production is just starting, adds another 30,000 square feet to our production space, bringing it to a figure over twice that with which we started, and will add another 150 (half of them men) to the labour force.

Our confidence in the Northern Ireland company's future can be measured to some extent in terms of money invested. Since 1951, when the experimental phase was concluded, about £1,250,000 has been spent on machinery and equipment, and over £100,000 on extending the buildings. Berkshire Knitting (Ulster) Ltd. is today the largest of our nine factories outside the United States and it is one of the six largest plants for making nylon hosiery in the United Kingdom."

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AMERICAN SURVEY

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

Decision Without Settlement

WASHINGTON, DC

THAT exhilarating sense of the great occasion which is so often felt when the Supreme Court of the United States hands down its decision on a subject of vital public interest was curiously absent from last week's decision on the appeal of the steel workers against the injunction sending them back to their plants. Superficially, the ingredients for drama were there. The case involved a strike of 500,000 workers which had closed a basic industry for almost four months. On one side was the government, on the other the powerful steelworkers' trade union. The union's lawyers had unlimbered their ultimate weapon, an attack on the constitutionality of a statute. And the Court abandoned the relaxed pace which usually means that many months pass before it reaches a decision: it formally accepted the appeal on a Friday, demanded printed briefs by Monday, heard arguments on Tuesday, decided on Saturday.

Now the Court has spoken. The government has won its injunction against the strike, the men are returning to work, steel production is slowly being resumed and everywhere there is a sense of anti-climax, of letdown. From the legal point of view this was a spurious "great case": the Supreme Court made it clear that the legal issues were really thin. Beyond that the decision did nothing to settle the great underlying disputes about steel in particular and labour policy in general. Perhaps, then, the case is a happy reminder that even in America there are controversies which cannot be resolved by the courts.

The statute before the Court was the Taft-Hartley Act, to which the trade unions pinned the highly political and highly inaccurate label "slave labour law" after its passage in 1947. The provision being questioned permits the President, when he believes that a strike, if continued, "will imperil the national health or safety," to move in the appropriate federal court for an injunction sending the men back to work for no more than eighty days.

The union's counsel, Mr Arthur Goldberg, had a three-pronged argument against the injunction. He suggested firstly that there was not yet sufficient peril to the nation's health or safety to justify it. He read "health" narrowly, in the sense of physical health rather than economic well-being; as for "safety," he conceded that some military projects might be short of steel, but said that they needed so small a proportion of total production that only a few plants should be ordered to reopen, not the whole industry. Secondly, he argued that, even if the statutory peril existed, the Court should in its discretion refuse the injunction. The President had less painful remedies, said Mr Goldberg, and an injunction might delay a settlement between the steel industry and the union by removing the economic pressure of a strike. Finally, Mr Goldberg claimed that the provision for an emergency injunction was unconstitutional because it put non-judicial duties upon the courts which the American concept of the separation of powers forbade them to assume.

By an 8-to-1 majority the Court put these arguments aside almost curtly. The judgment said that the Court need not define "national health" because the government had clearly proved the peril to the nation's safety. Nor could the courts require the government to "formulate a reorganisation of the affected industry" so that its needs might be met from only a few plants. As for withholding an injunction because other remedies existed or because there might possibly be an adverse effect on collective bargaining, "we do not believe that Congress . . . intended the issuance of injunctions [to] depend upon judicial inquiries of this nature." The constitutional question was dismissed in a paragraph: it was well-established practice for the courts to issue injunctions in support of programmes carried on by the executive branch of government. The dissent, by Mr Justice Douglas, was only on the ground that the government should be required to prove its need for the reopening of more than a few selected plants.

The language of the majority was restrained. Congress had determined "the policy factors involved in the difficult problem of national emergency disputes," and that determination was "of course binding on the courts." With the exception of Mr Justice Douglas, even those members of the Court most ready to override the political branches of government on matters of individual liberty were determinedly deferential here, as the Court has usually been lately on issues of economic and social policy. Indeed, the Justices may have been especially cautious because of their most notable recent divergence from that prevailing course—the decision which held in 1952 that President Truman's seizure of the steel mills was unconstitutional, a decision which, whatever its legal merits, resulted in a damaging steel strike during the Korean war.

THE Court has left the important matters unsettled: the dispute between labour and management on wages and working conditions in the steel industry; and the developing controversy about how strikes causing a national emergency should be handled. At the moment the outlook for the steel negotiations could hardly be worse. The industry is determined to make its point that it is "fighting inflation" by resisting a large wage rise, and it is serious in its demand for changes in work rules that in its view hold back production. The trade union is more than ever determined to have some substantial gains to show for such a lengthy fight and, with the injunction freezing everything for eighty days, no one seems in a hurry to bargain at all. The reckoning will come late in January, when the eighty days will run out and the steelworkers will be legally free to strike again.

At the moment virtually no one regards the Taft-Hartley injunction as an adequate device for dealing with emergency strikes. The unions are bitterly opposed to it, in part because of a memory of injunctions used in the past by unfriendly judges to break trade unions, and in part because the Taft-Hartley provision forces the employees to work without a contract and under the old conditions. The steel companies are unhappy because the mills will just about have had time to return to full production when the threat of a renewed strike materialises. Government officials have made no secret of their belief that the remedy of an injunction is inept because it tends to discourage, rather than to encourage, the final settlement of disputes. The Secretary of Labour, Mr James Mitchell, said as much publicly a month before President Eisenhower invoked the statute. Of the thirteen emergency strikes halted by Taft-Hartley injunctions since 1947, only two are said to have been finally settled as a result of the Act's procedures.

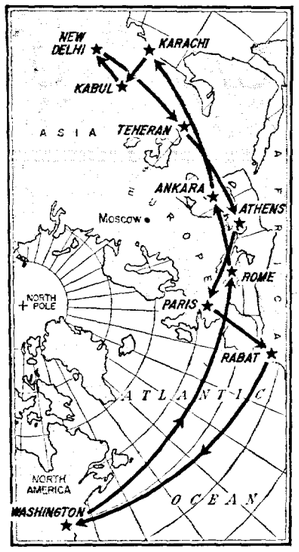
The provision reflects, and suffers from, the circumstances in which it was passed. A Republican Congress, the first in fourteen years, acted just after the initial postwar wave of strikes, the worst in the country's history. Employers then felt that during the war the government had used seizures of industry and other compulsions to advance the demands of the trade unions. The Republicans were suspicious of the Democratic President, Mr Truman. As a result the principal drafter of the Bill, Senator Taft, limited the President's powers narrowly: the seizure of plants was not authorised and boards appointed by the President to investigate disputes were specifically forbidden to make recommendations—a restriction which Senator Taft himself tried later and unsuccessfully to remove. Experts on labour relations are generally agreed that it is folly thus to limit the government to only one course of action, because all sides then expect that action and plan accordingly. The experts would prefer to let the President choose among a variety of remedies for a strike—mediation, seizure, injunction, recommendations, compulsory arbitration.

The difficulty is that this means committing the government to an intervention in labour-management relations which would make a sharp break with the existing ideal of collective bargaining uninfluenced by the government. The Secretary of Labour, commenting on a proposal for compulsory arbitration, has asked "how can you determine wages by government edict without determining prices? And if the government determines wages and prices, we are getting on the road to socialism." Certainly the Eisenhower Administration will move most cautiously in the direction of intervention. The congressional feeling is not yet clear, but a number of Democrats and Republicans with no known love for socialism have called for stronger devices than the Taft-Hartley Act provides. The fact is that the American dream of managers and trade unionists reaching their decisions in private is running up against a growing realisation that there is a public interest in the outcome of the great labour disputes and that the contestants cannot always be trusted to protect that interest.

Grand Tour

UNTIL the addition of Madrid upset the calculations, President Eisenhower's December tour around the periphery of the Communist world was very neat numerically—nine countries, nineteen thousand miles, nineteen days. The inclusion of Spain may be awkward in more important ways, for it suggests to critical observers that the President's trip—officially intended only to encourage better understanding of, and good will for, the United States—is to be followed by demands for more concrete co-operation in the strategy of the cold war; the visit to Spain can be linked with possible future discussions on the establishment of missile bases there. Moreover, there are dangers for the general morale of the North Atlantic Treaty Organisation, and for the propaganda value of the tour itself, in overdoing the courtship of General Franco.

Nevertheless, the rest of the trip has been arranged most tactfully, with everyone on the way to and from India (the place Mr Eisenhower really wants to visit and the place where his visit can do most good) getting at least a few hours of his time, except for the Middle Eastern countries which he presumably does not mind offending. The fact that this is the first time that a President of the United States has been to Asia and that he is coming with the full ceremonial of jet aircraft, motorcades, helicopters and a hundred journalists in attendance, coupled with the attractiveness of Mr Eisenhower's personality, should ensure that his impact and publicity value rival those of Mr Khrushchev's Asian travels. The journey is no easy one for a man of nearly seventy, particularly when at the end of it he must conduct difficult negotiations with



his allies at the western summit meeting in Paris. The trip can only have been undertaken now because important gains are expected from this personal diplomacy—and perhaps also because the President realises that he may not have another suitable opportunity before he leaves office early in 1961.

His excuse that never before has he been able to spare the time is a thin one since governmentally this is the busiest season in Washington, with next year's Budget estimates and legislative programme being drawn up. The President's departure at the beginning of December thus means that two months' hard work is being squeezed into one. This is probably a good thing as far as the most important part of the Budget is concerned, for it cuts short the inter-service battle over the division of the $41 billion or thereabouts allowed for defence. Although spending on missiles is going up, this is the same total as last year and no increase is considered possible if the Budget is to be balanced, as for political reasons it must be. For these reasons it is also expected that appropriations for foreign aid will be reduced. When the President returns to Washington it will be almost, if not entirely, too late for him to reverse this decision, even should his travels have convinced him that it is a mistaken one.

Last Week's Losers

THE state and local elections which took place on November 3rd defied even the party chairmen seeking to identify a trend; the most that can be said is that the Democratic tide so much in evidence in last year's congressional elections does not seem to have receded. In both Indiana and Connecticut, where cities were electing new Mayors, Democrats held their gains and made new ones; the Republicans found some consolation in Ohio; while in New York the score was fairly even. But local eddies washed at the foundations of some of the possible—and impossible—candidates for next year's presidential nominations. To take the latter first, in Kentucky Governor "Happy" Chandler's perennial ambitions collapsed when his arch-enemy in the Democratic party, Mr Combs, won the Governorship by the biggest majority in Kentucky's history. Mr Chandler could not succeed himself and the Republicans had hoped that their man, Mr Robsion, could win through the split in the Democratic ranks. Mr Chandler's disappointment is as keen as theirs, for the Kentucky delegation to the Democratic nominating convention will now support the candidacy of Senator Lyndon Johnson or, if he fails, that of Senator Symington.

In Philadelphia, another ever-blooming candidate, Mr Harold Stassen, who is a Republican, lost ignominiously to Mr Richardson Dilworth in the mayoral election. The ignominy lay less in Mr Stassen's being beaten 2 to 1 than in his unworthy appeal to dislike of the Negroes flooding into the city and to distaste for the higher taxes which Mr Dilworth bravely says will be needed to complete the city's regeneration. Mr Stassen could hardly

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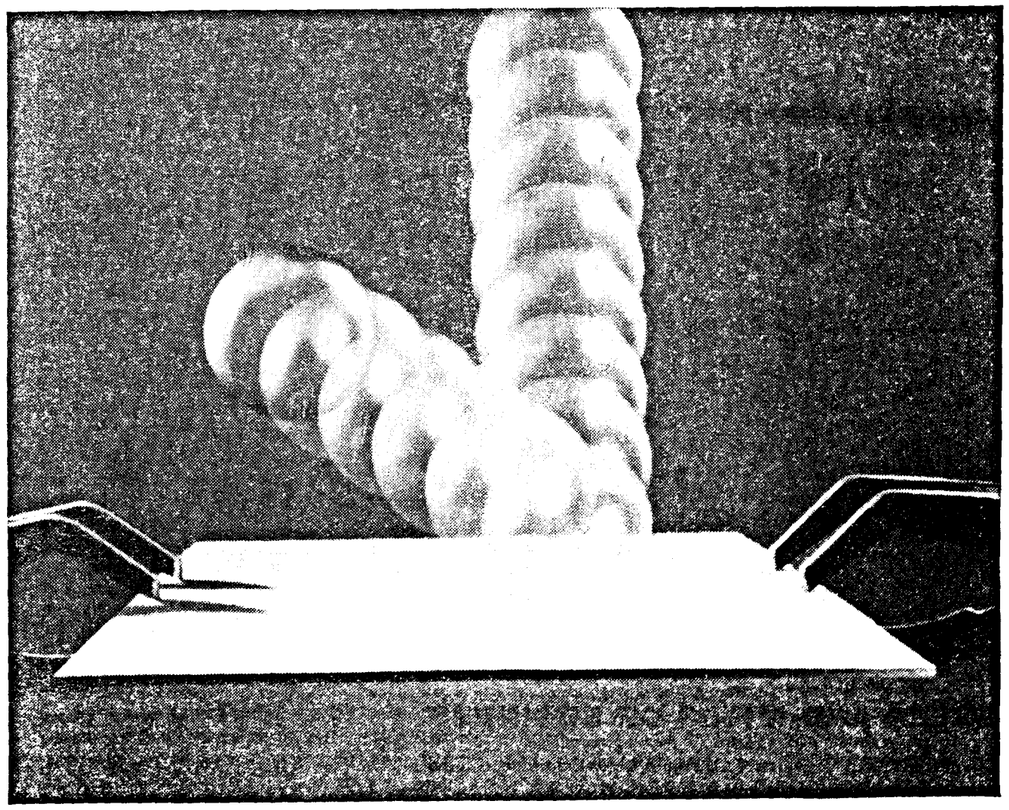

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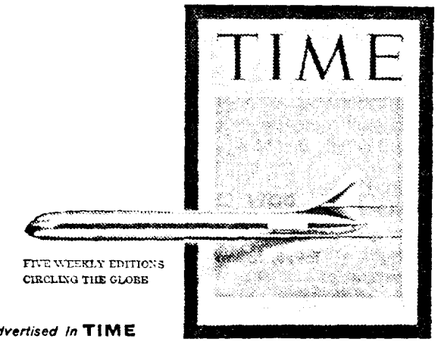

FIVE WEEKLY EDITIONS CIRCLING THE GLOBE

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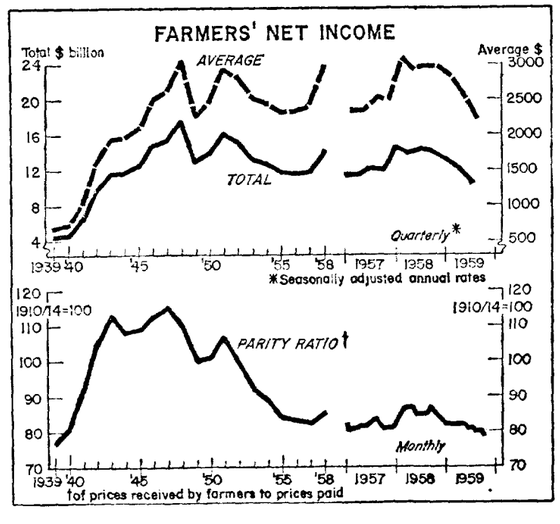
have expected to defeat the popular Mayor, who stands for good government, but it is said that he accepted the almost worthless nomination as a means of ingratiating himself with the Republican organisation and of securing a place on the delegation which will help to choose the Republican presidential candidate next year.

Next door, in New Jersey, Governor Meyner, a possible but improbable Democratic presidential candidate, became a horse of an even darker hue when, for almost the first time, he failed to get his way in the state. The voters turned down his proposal to tap the revenues of the New Jersey Turnpike in order to keep the distressed railways running and the Democrats lost 7 seats in the State Assembly, although they still control it. The real blow to Governor Meyner, however, was the failure of the Democrats to wrest control of the State Senate from the Republicans, particularly as they so nearly succeeded. New Jersey has no Lieutenant Governor and if Mr Meyner, whose second (and, under the law, last) term expires in 1961, were to win a political future in Washington in 1960, either as President or Vice President or as Senator from New Jersey, the Governorship would pass for a year to the Republican President of the State Senate. The Democratic organisation will do its best to prevent this because the Governor has large powers of patronage ; under a Republican many faithful Democrats would lose their jobs.

Down on the Farm

AMERICAN farms may be producing more than ever before this year and American taxpayers may be investing more than ever before in surplus commodities in order to support farm prices, but American farmers are profiting less from this than in any year since 1942 ; in 1960 their total income is expected to decline still more, to only about $10 billion. This is the result partly of increased costs of operation, partly of lower prices especially for maize, hogs, poultry and eggs. Furthermore, the value of what the farmer does earn is declining: the parity ratio, which relates the prices of things he sells to those of things he buys, was lower in October than at any time since August, 1940.

It is against this unfavourable background that President Eisenhower and his determined Secretary of Agriculture, Mr Benson,



are proposing to launch one last full-scale attempt to put American agriculture on a sounder economic basis. The programme is apparently only an expansion and intensification of existing schemes—more land withdrawn from crop production, more research into new uses and markets for farm products, more exports of surpluses, more assistance for low-income farmers and a more realistic basis for price supports. In the last, and most important, field Mr Benson's efforts will probably be concentrated on wheat, still the most troublesome of the surpluses although production this year is about 25 per cent lower than it was last.

But he will find it even more difficult than usual to convince Congress that he has the right answer since the solution he offered for the maize problem has led to a large increase in the surplus and thus to the low prices for maize, and for animals fed on it, which are the chief causes of the fall in farm incomes. This is particularly the case in the Middle West, the region in which Republicans and Democrats compete most closely for the rural vote—and next year is an election year. Mr Benson hopes to mobilise an effective protest among city voters against the high food prices and heavy taxes which result from the present agricultural subsidies. But it will be surprising if such pressure can overcome Congress's customary preference for farmers, particularly when they are doing less well than other people.

Airways Paved with Gold

FROM A SPECIAL CORRESPONDENT

EAST is east, West is west, and the Civil Aeronautics Board has now officially decided that the twain meet in India and Pakistan. But this is only one of many knotty issues to be settled by the CAB in the investigation of air services in the Pacific which was started last February when President Eisenhower ordered it to "present its recommendations to me at the earliest possible date." The earliest date now appears to be about a year away. The first hearings before the examiner did not begin until this month in Honolulu ; more are being held in San Francisco and Washington.

The board's elaborate administrative procedures make for delay, as the British Overseas Airways Corporation found recently ; moreover, the trans-Pacific investigation is only one of a pair of far-reaching route cases now being dealt with. The other, which concerns air service across the southern part of the United States, from Florida to California, is taking much of the already limited time of the board's experts as well as placing a double demand on those airlines which are participating in both sets of hearings.

Each of the cases involves a problem of long-range air policy as well as a large and aggressive airline which has much to gain from a favourable decision. The company which is pushing the board the hardest on the southern transcontinental route is Eastern Airlines. For twenty years the ambition of its founder, Captain Eddie Rickenbacker, has been to see Eastern become the major carrier on this route. After hearings in 1949, a CAB examiner recommended that Eastern be authorised to serve it. But the board over-ruled its examiner and decided instead that service should be provided by interchanges between various carriers. Three of these are still in operation, making the route the last long one in the United States not to be served non-stop or by a single airline.

When the hearings were resumed in September there was added to Captain Rickenbacker's direct testimony, which alone filled nearly 100 pages, the evidence of other witnesses for Eastern Airlines and of spokesmen for five of the other nine airlines applying for the new route—National, TWA, Western, the Flying Tiger Line and a small supplemental company, Universal Airlines ; American, Capital, Continental, Braniff and Delta Airlines had already presented their direct testimony. The record in this case now fills

more than 50 volumes and it promises to be the longest in the history of the CAB.

The chief reason for this exhaustive examination is the great economic value of the routes involved. Four of the carriers estimate that they will gain more than a billion passenger miles if their applications are successful. Six airlines are seeking authority to operate over the whole route; three are asking only that their present services should be extended in part of the area. The six applicants for the long haul estimate that it would add from $35 million to over $128 million a year to their revenues. Interest on the part of cities to be served has also been higher than in any other case that has come before the board. At hearings held in Houston, Los Angeles, and Miami, as well as Washington, 330 community, state, and regional witnesses presented some 4,000 pages of evidence.

TESTIMONY in the Pacific route case is likely to be as detailed and the cross-examination at least as meticulous. So far there are the same elaborate maps of good things to come if the board rules favourably, the same optimistic forecasts of new travellers to be attracted to the air as a result of improved service, and the same insistence by each applicant on its primacy of interest in the area to be served. One difference is that in the southern route case it was the request of the city of Houston, Texas, for a study of its growing need for air transport which prompted the investigation. In the Pacific case it was an unprecedented request from the President. Until now the White House has contented itself with the task of approving or disapproving the decisions of the CAB on international routes, and some legal experts wonder whether the President's letter, and the board's prompt response, may not have settled the long-standing question of whether the CAB is a completely independent agency, or part of the executive branch of government. It is even possible that some disappointed applicant may challenge the board's decision on the ground that it was "improperly" influenced by the White House.

Fourteen airlines have filed applications for Pacific routes and fifteen states and cities have asked to be heard. Pan American Airways, the only carrier authorised by the United States to serve the South Pacific, submitted three thick volumes of evidence in addition to the results of a detailed study of the potential traffic to the Orient. The study, which was compiled by the Stanford Research Institute, indicates that a combination of jet service and economy class fares in the Pacific would lead rapidly to an increase of 47 per cent in air travel. Many travellers going to Europe—who were questioned at Idlewild Airport—confessed to a stronger interest in a trip to the Orient, but felt that it takes too much time and too much money today.

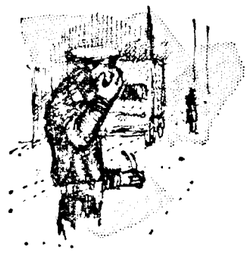
Pan American's testimony, which has been used in press releases although it has not yet been admitted to the record, is intended to support applications both for additional routes in the Pacific and for authority to pick up passengers for such flights in a long list of American cities. The airline points out that it carried 78 per cent of the traffic moving between the United States and the South Pacific in 1948, but that its share has now declined to 34 per cent; to remedy this it wants its routes extended across the United States to the principal cities of the east, connecting there with the line's transatlantic operations. Pan American is particularly concerned over competition by British Commonwealth carriers, which it insists is for all practical purposes a single threat. Both Qantas, the Australian airline, and BOAC offer service across the United States, which Pan American is forbidden to do. Pan American complains

Smog Under Control?

THE recent announcement that a simple and effective device has been developed for eliminating fumes from automobile exhaust pipes may have brought some cheer to the residents of Los Angeles who were then suffering from their first bad smog since mid-April. For climatic and topographical reasons the city is particularly subject to this unpleasant and irritating mixture of smoke and fog and has been struggling to get rid of it for years. Experts now claim that almost 70 per cent of the remaining, and often still serious, smog is caused by unburned petrol vapour from the exhausts of the city's 3 million motor vehicles.

Developed, appropriately, by a local manufacturer of automotive equipment, the new device burns up waste materials in the exhaust and thus gets rid of the hydrocarbons and carbon monoxide which are among the most troublesome air pollutants. Less complicated to make and instal than earlier "afterburners", the invention is also comparatively cheap; it costs between $100 and $200, but even this is probably more than most car owners are prepared to contribute to smog control. However, city officials are expected to press for state legislation making it mandatory to put the device on all cars sold in California.

Among the measures already adopted by Los Angeles are strict regulations to prevent air pollution by oil refineries and other industrial facilities and by private individuals and a law, coming into effect next July, to limit the amount of olefins (contained in high-test fuel) in all petrol



sold in the county. Olefins are supposed to be particularly irritating to the eyes, but the petroleum refiners complain that the new requirement will involve them in a capital investment of $25 million and that equally satisfactory results could be obtained by insisting on the proper maintenance of car engines.

Another recent measure is Operation Fuel Switch: under this scheme industrial users of fuel oil (which has a high sulphur content) change over to natural gas between April and October, the period of hot weather during which Los Angeles is particularly prone to smog—and during which it had no smog this year, the first time the switch was in effect; in the winter months fuel oil can be used except when there is a threat of serious smog.

Los Angeles's experience is being drawn upon by other American cities which are facing similar, even if not such acute, problems of air pollution; it has been estimated that there are 9,500 such communities and that only about 2,000 have ordinances dealing with the difficulty. Attempts at regulating air pollution centre mainly on smoke abatement but they range from control of incinerators in apartment houses in New York to perfume used to mask diesel fumes from buses in Cleveland.

The United States Public Health Service takes samples of air to determine where it is dirtiest and several private groups are studying the effects of pollution, not only on the health of people and animals but also on plants. The chemical industry shares with oil refineries the onus of being the principal culprits, according to popular opinion at least, and in common with other industries is spending large sums on research and control, partly as a public relations project. Altogether it is calculated that damage from air pollution costs the country anything from $4 billion to $7.5 billion a year.

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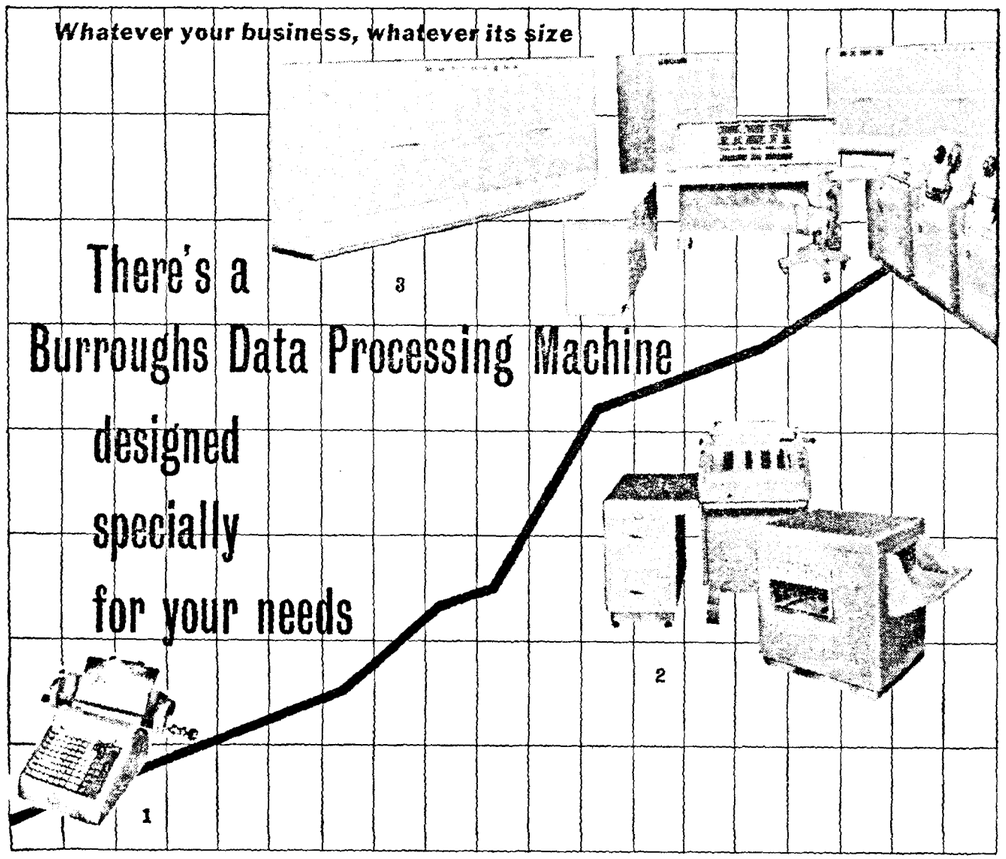

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that it is the only carrier operating across the Pacific, domestic or foreign, which has been confined to the far western gateways.

Secondly, Pan American wants permission to operate to western as well as eastern Australia, in accordance with the bilateral agreement between the United States and Australia. Pan American reports that it has had difficulty routing its passengers to the west of Australia, and therefore has not been able to sell all the space available on its existing route; it contends that Australian favouritism toward Qantas and BOAC can be overcome only by giving Pan American access to western Australia.

Caribbean Fever

IN two successive weekly press conferences the President has confessed to being puzzled and concerned by new outbreaks of anti-Americanism in the Caribbean—last week in Panama, which celebrated its Independence Day by attacking the American Embassy, before that in Cuba, where Señor Castro, the revolutionary leader, whipped up feeling by accusing the United States of complicity in the "bombing" of Havana. The United States is the mainspring of both countries' economies: it pays Panama nearly $2 million a year in return for rights over the Canal Zone, less than the Panamanians want but almost ten times the amount originally agreed, and it buys about a third of its sugar from Cuba at a premium price; the so-called "sugar subsidy" amounts to about $190,000 a year. Yet it is American policy to turn the other cheek, partly because it does not want to chill relations with Latin America as a whole, which have been growing warmer, partly because retaliation might lead to economic and political chaos.

The United States cannot afford to placate Cuba by withdrawing the embargo on the shipment of arms to the Caribbean imposed in March, 1958, when General Batista was still in power, or by relaxing its efforts to persuade European countries not to allow such shipments. There is too much risk of quite small consignments encouraging Cuba and the Dominican Republic to leap at each other's throats and thus to set the Caribbean ablaze. But Washington has ordered a firm watch to be kept on the 200 airports and airstrips in Florida which, at its southernmost point, is less than 100 miles from Cuba. Arms running from Florida was a commonplace when the Castro forces were battling their way to power and the United States, after this experience, might have moved sooner to prevent political refugees from the Castro regime—not all of them Batista men by any means—from using the same springboard. The United States has also arrested Major Diaz Lanz, the former head of the Cuban Air Force, whom Señor Castro wishes to bring back to face a charge of murder growing out of the leaflet raid on Havana and has warned Cuban refugees that a government-in-exile will not be allowed on American soil.

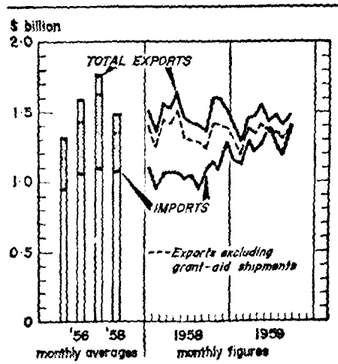
Such concessions may ease the important discussions which must take place soon on compensation for American property now being seized in Cuba. The Institute of Agrarian Reform, which is trying to break up large holdings, has seized about 75,000 acres of land on which American companies (including the Bethlehem Steel Corporation, the largest concessionaire) had mineral or oil rights; sugar properties are also threatened. But unless Cuba pays adequate compensation for seized property, Congress may respond by transferring part of the Cuban sugar quota to friendlier Latin American countries or to domestic producers—although it is plain enough that economic hardship would only strengthen the influence of the Communists in Cuba which Congress fears so much. Unfortunately by his own extravagant language and by the revival of his notorious military courts Señor Castro is fast destroying the remains of the sympathy which American liberals once felt for his cause.

Featherbeds on Rails

BEHIND the suspended strikes in steel and on the docks looms a third, on the railways, which employ in all 800,000 men, far more than the 500,000 involved in the steel strike. A three-year moratorium on changes in wages and working rules ended at the beginning of this month. Long before then the carriers began to take their case to the country in big advertisements which charge that featherbedding, payment for work either not done at all or not needing to be done, costs the railways $500 million a year which ought to be spent on overdue capital improvements. Unlike the steel companies the railways are not riding high on record profits. The steel strike has prevented them from bettering last year's earnings—the lowest in a decade because of the recession—and the competition from road and air transport, which has robbed the railways of so much of their business, prevents them from passing higher costs on to the consumer. None of the other industries now making a stand against wasteful work rules has a sharper incentive for doing so.

Among the horrible examples given by the carriers is a nine-hour run for which the fireman and engineer earn over four days' basic pay because the standard "basic day" was fixed at 100 miles for goods trains and 150 miles for passenger trains in 1920 when speeds averaged 20 miles or less an hour. Other targets are the fireman, who on most trains has no fire to tend, the men who must stand by idle while self-propelling machinery is being used, and other restrictive practices. Such anachronisms affect only the 200,000 operating employees, but for some men and some unions—the firemen for example—they are a matter of economic life or death. Once the aristocrats of labour, the railwaymen have seen 500,000 jobs disappear in the last decade. The unions contend that the examples chosen to make the employers' case are exceptional and that, if the rules need modernising, so do methods of fixing wages; operating employees receive no expenses when they have to spend nights away from home, no holiday or overtime pay.

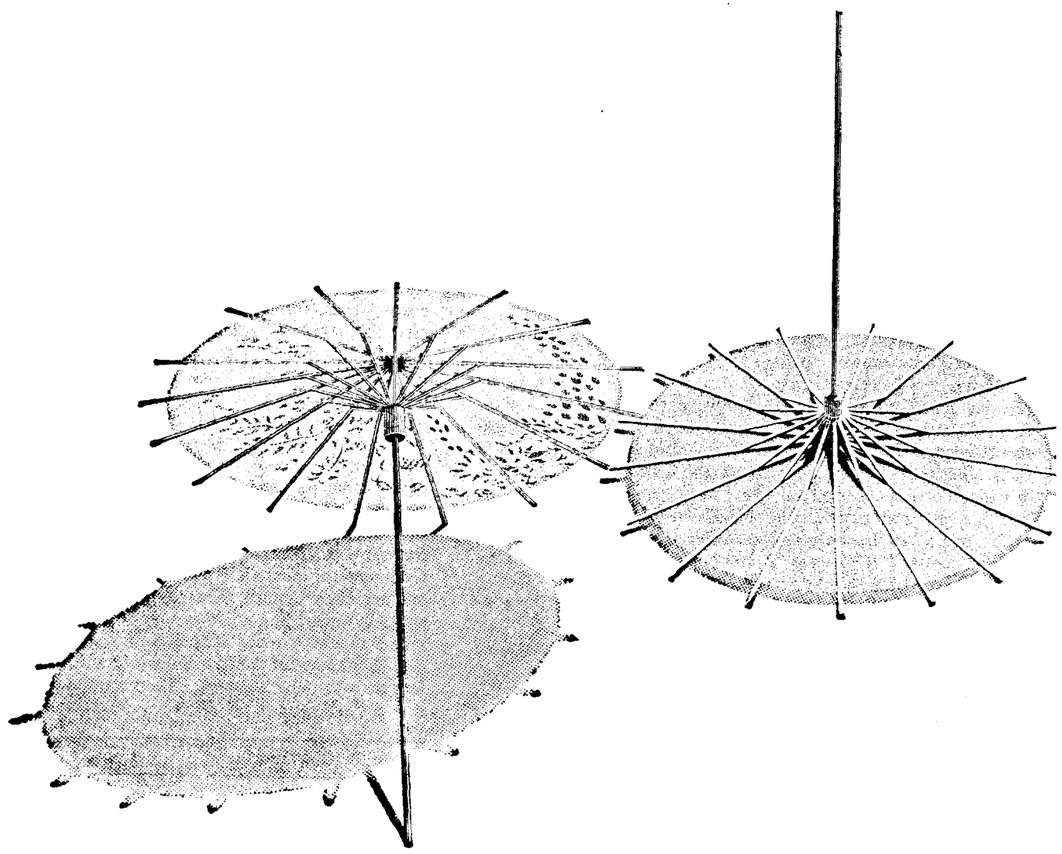
The railways have met the demands of the 23 operating and non-operating unions for a rise in pay with a proposal for a cut of 15 cents an hour, but relief from onerous work rules would be worth a rise. There is likely to be plenty of time, if there is the will, for negotiation. The Railway Labour Act, which until the war was regarded as a model of its kind, contains no provision for the use of injunctions against strikes and is capable of spinning out negotiations until February or March. By then, if the steel strike is settled, the railways may be too busy making up for lost profits to want a strike of their own. But if they are still standing firm they have, for the first time, insurance against strikes affecting less than half the industry. They reason, correctly, that a larger shut-down would bring decisive intervention from Congress.



FOREIGN TRADE OF THE UNITED STATES

In September imports, continuing this year's rising trend, reached an all-time high. But these figures were somewhat inflated, as were those for exports, by advance shipments in anticipation of the dock strike which was then expected in October.

YOU CAN HAVE IT BOTH WA



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THE WORLD OVERSEAS

M. Sekou Touré's Democracy

FROM A CORRESPONDENT LATELY IN GUINEA

M. SEKOU TOURÉ, President of the new west African republic of Guinea, is making his first state visits since his country broke with France a year ago, and it is significant that he should have chosen Washington, London and Bonn. (He is in London now.) He heads one of the most unpredictable of the "uncommitted" Afro-Asian states. In the elaborate west African pattern of possibilities, ideals and conflicts, in which almost nothing is impossible, the success of his little country may well be crucial.

In terms of administrative and technical manpower, and of the development of resources, Guinea was totally unprepared for independence. The French had pursued no concerted policy of Africanisation either of the administration or of private trade, and when they left they withdrew practically everything. There were, for example, no magistrates or judges, no meteorological experts, and scarcely any arms. Nevertheless, Guinea did have one very important asset—a highly efficient party structure. The *Parti Démocratique de Guinée* (PDG) is the Guinea section of the old *Rassemblement Démocratique Africain,* which until comparatively recently united African nationalist movements throughout French Africa. In Guinea, the PDG developed a distinctive dynamism of its own; and this was reflected in the fact that Guinea, alone in French Africa, chose independence when it was offered by General de Gaulle in September, 1958.

Guinea is by design a one-party state. In the words of M. Sekou Touré: "The party is higher than the state." Government policy is ultimately decided by a 17-member politbureau, elected every five years by delegates from regional committees. These regional committees are in turn elected by delegates from the 4,300 village committees into which the country is divided. Thus the politbureau, the supreme organ of the party, is indirectly elected by the party membership. The National Assembly, regional councils and local councils are elected directly, but the ministers or heads of departments are appointed by the president in his capacity as secretary-general of the party, and they are therefore primarily responsible to the party. The minister of the interior appoints to each region an executive officer known as a commandant. Thus policy is decided by the politbureau, enacted by the legislative assembly and executed by the ministers.

It is clear that the real power in Guinea rests with the party. In effect, the elections in which non-party members may vote are no more than a formality, since it is only the PDG that puts up candidates. This system of "*centralised democracy*" is inevitably likened to the political regimes of eastern Europe. The impression is strengthened by frequent use of Marxist language and dialectics by party officials everywhere. M. Sekou Touré's four and a half-hour address to the last party congress clearly revealed his Marxist training, though his analysis was by no means orthodox. Judged by these features alone, the system seems dangerously intolerant of opposition or deviation.

On the other hand, there is at present no sign of opposition to the party, nor is there any sign of suppression of opinion. The police are very much in the background, there is no imprisonment without trial, and the only court empowered to deal with political offences has never been used. At the moment there appears to be both genuine consent and firm authority. How is it achieved? The official answer is that while the party itself cannot be changed, both its policy and its personnel are the creatures of the people. Every major decision of the politbureau is derived from the discussions and resolutions of party committees and congresses. Thus the public execution of thieves is said to have been introduced in response to popular pressure, and is justified by the government almost entirely on this ground. In theory, therefore, the party is democratic in its internal management. The practice remains an open question.

At the moment, however, the overwhelming impression in Guinea is of enthusiastic unity. In face of dire shortages of trained manpower and capital last year, improvisation was essential. Barristers practising in Conakry were immediately made magistrates in place of departed French officials. The only capital that could be mobilised was that latent in the under-employed population. Roads were constructed to connect villages, trees planted to prevent deforestation, schools and dispensaries planned and built—all by the local people and all of it unpaid. This became known as the programme of *investissement humain,* and it is now being organised by the party on a regional and even a national scale.

THE government is following a policy of economic development through the strict control of resources. The *Comptoir Guinéen du Commerce Extérieur* was set up after independence as a state trading organisation with the sole right of import and export. In addition, it has the monopoly of such commodities as rice, flour, sugar, cement, beer and matches, most of which are sold at a controlled price throughout the country. The government claims that these steps were necessary in view of the uncertainty threatened by political and price speculation by the large expatriate trading organisations. Whether or not this is justified, the effect is that private trading is very much on the defensive. As more and more commodities are made the subject of trade agreements by the government, the trading companies have less and less choice as to where they will buy their goods. Most of them continue to operate apparently only in the hope that the *Comptoir* will prove too expensive an experiment, since it is reputed to be working at a heavy loss.

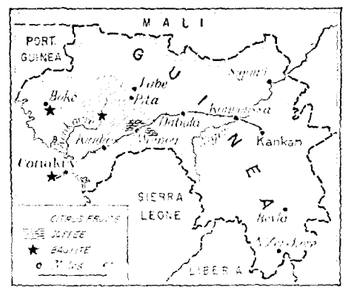
Large companies exploiting the country's mineral resources are still mainly unaffected by the new regime. Agreements with the government guarantee their conditions of operation, and imports are not interfered with. At present this is a convenient arrangement for Guinea. For instance, the big international bauxite consortium, known as Fria (in which the capital is held in the following proportions: USA 48.5 per cent, France 26.5, Britain 10, Switzerland 10 and Germany 5), pays in taxes of various kinds the equivalent of roughly a quarter of the annual budget. And when the alumina comes into production in January, it will provide a valuable source of foreign exchange.

The official economic policies are being pursued everywhere with vigour and an almost puritanical self-sacrifice. A self-imposed

wage freeze by the trade unions is matched by a total lack of ostentatious spending by ministers and officials. The wife of one minister is an over-worked midwife in the crowded hospital at Conakry. Corruption is severely punished at all levels in the party and the government. Nevertheless, these programmes for development and control require resources of both capital and manpower far greater than Guinea can muster on its own. It has had to look beyond its borders.

Trade agreements have been signed in the following chronological sequence: East Germany, Czechoslovakia, Poland, Russia, Hungary, Bulgaria, Morocco and Britain. Signed in principle, but not yet arranged in detail, is an agreement with France covering trade, cultural relations and technical assistance. The sequence of agreements tells its own story: the East stepped in with alacrity to fill the gap left by the French withdrawal. But trade agreements presuppose something to trade in. Some of those with east Europe represent little more than an undertaking to buy as much as possible up to a certain figure. But at present Guinea's needs far outstrip its capacity to export. It has little to offer the East apart from comparatively small quantities of coffee, groundnuts, bananas, diamonds and citrus fruits. Bauxite will be an important export when the Fria scheme comes into operation, but its entire output is in private western hands.

Like many newly independent countries, Guinea is suspicious of outright gifts. "There are no *gifts in the* world—everyone expects a price, and we would rather pay it in cash" was the view of a senior official in the department of external trade. Only three outright gifts have been accepted. The Czechs provided such basic necessities as arms, medical supplies and agricultural implements which had been withdrawn by the French. The Americans sent flour and rice, and the Chinese rice, when famine was threatened by crop failures and trade dislocation. Both these shipments arrived on the same day. Two large loans have been negotiated. The first, a loan of £10 million from Ghana, is repayable at 2 per cent over ten years. The second, from Russia, was for 140 million roubles at 2½ per cent, repayable over 12 years. Long-term agreements have been signed with Czechoslovakia, Poland and Hungary for the construction of factories, flour mills and other small projects, all of them partly credit-financed.



Guinea's greatest need is perhaps for technical and administrative assistance. Yet foreign experts are accepted with the utmost caution. Both western and eastern missions complain of suspicion and reserve. There seems to be little foundation for the belief that Guinea swarms with experts, technicians and officials from eastern Europe; and the only foreigners working within the government administration are two or three Frenchmen. On the other hand, two out of every three Guineans studying overseas are in eastern Europe.

It is difficult to assess the political significance of the economic ties that Guinea has built up. But two things are clear. First, in the position in which it found itself after independence, Guinea had either to be reconciled to stagnation if not chaos, or to seek aid where it could get it. The West offered little or nothing; the East offered as much as Guinea was prepared to take. Secondly, under M. Sekou Touré Guinea is highly unlikely to fall under the dominance of the Soviet block. Independence is still a new and shining asset and Guinea is not prepared to relinquish it. Furthermore, M. Sekou Touré knows that if he were to align himself with Russia he would lose all hope of influence with his west African neighbours. The question, of course, is whether he can hold his position in the face of growing contact with east Europe and China. There are signs that some of his lieutenants are not as firmly uncommitted as he is. His difficulties could be considerably eased by more generous treatment from the West.

Sudan's Divided Army

FROM A CORRESPONDENT LATELY IN KHARTOUM

SOMETHING spectacular was needed to rouse public confidence in the Sudan's military junta before it celebrated its first birthday in power next week. The signing of the Nile waters agreement in Cairo on Sunday seemed to fill the bill, but within 24 hours there were armed clashes in Khartoum as a young officer, Lieutenant-Colonel Ali Hamid, led yet another mutiny.

This is the fourth attempted coup—the first two in March were successful—in a year of army rule and it shows all too clearly the dangers of military meddling in politics. Once the generals start and the brigadiers follow, when will the colonels and the captains move on the capital? While the Sudanese junta has economic recovery and the Nile agreement to its credit, the army's ranks are sadly divided and there is little public confidence in the regime, either among the townsmen who hoped for reform or the tribesmen who sought stability.

Ali Hamid, this week's rebel, is no hotheaded revolutionary. He was one of the most favoured young officers when Generals Abboud and Abdel Wahab came to power in the original November take-over. Sent as military representative in the ministry of information, he hoped to rally popular support from the press, but soon found official policy was to view the press with suspicion. He clashed with his civilian chief who, moving from parliament clerk to military propagandist, had all the abilities of the Vicar of Bray. Since then Ali Hamid, who is pro-British and plays a good game of polo, has nursed his grievances as an instructor at the Infantry School in Omdurman from which he emerged early on Monday at the head of mutinous troops. The strict censorship which has been in existence for a year has not allowed much news of Monday's clash to filter out, but there is no reason to believe that the rebels aimed at anything more than a reshuffle of the junta, the removal of its strongest figure, Brigadier Hassan Beshir, and some freedom of speech, assembly and association.

The army first came to power a year ago at a time when one coalition was collapsing and another was about to be formed. The new one, between Umma, the political expression of the Mahdi's tribal following, and the National Unionist Party led by a former prime minister, Ismail el-Azhari, was likely to give the stability which the old one had failed to provide. Instead the generals took over and the pad of parliament, which softens the blows of sudden change, was lost. In March and again in May sudden changes were attempted within the army but, at the sacrifice of discipline, matters were settled without a shot being fired. In March two brigadiers forced their way into the junta and expelled the former strong man, General Abdel Wahab.

In May another march on Khartoum, this time led by colonels, was called off at the last minute. After the brigadiers and the colonels involved had been brought to trial, a trial of great dignity and full publicity, and had been imprisoned or dismissed, Brigadier Hassan Beshir emerged as the army's new strong man. It also became clear that he would not tolerate any more indisciplined moves and that the next coup, if it came, would be resisted.

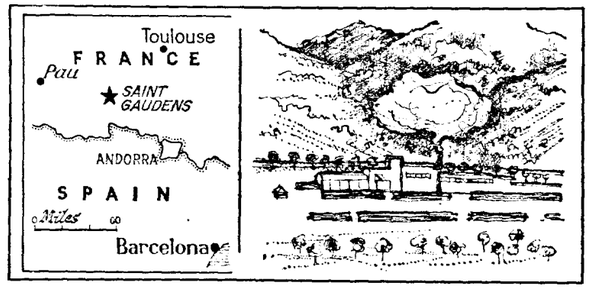
This has now happened and the army celebrates its first anniversary in power with blood on its hands. It also has widespread civil disaffection to face. Only last week a request for the restoration

of trade union rights led to the dismissal of over 200 railway workers and an expression of student opinions caused the university to shut down. Detention without trial, a muzzled press and the ever-present special policeman have alienated what good will there might have been towards the regime among the vocal elements.

Despite this lack of sympathy for the regime as a whole, there is respect for General Abboud who, fifteen years older than the other senior officers, has done his best to keep the army together by conciliation and compromise. Now he is faced with the difficult task of leading the army back to barracks and allowing for some form of popular participation in government. Neither he nor many of his colleagues seek power for its own sake, but the first step away from power, hard to make even from strength, has been made much harder by this week's upsets. Yet only by broadening the base of rule can General Abboud avoid more military upheavals.

The Odoriferous American

FROM A CORRESPONDENT IN THE PYRENEES



EVER since the intrusion of railway sidings and a gasworks into the famous Pyrenean panorama at Pau, described by Lamartine as "*la plus belle vue de terre*," Saint-Gaudens, fifty miles to the east and precisely halfway between Atlantic and Mediterranean, has been grooming itself, if not for the succession to that royal city, at least for viceregal status. Its smart tree-lined boulevards offer a balcony view of a parade of peaks ranging from Bigorre to Ariège. The town's brochures wax lyrical over its unspoiled views, limpid waters and pure, invigorating air. They were printed before the summer of 1959.

France is short of wood-pulp for both civil and military purposes* and in 1955 was urged by its allies to increase its output; the central Pyrenees, blessed with abundant beech forests, water, natural gas and hydro-electric power, seemed the obvious place to put a pulp mill. American capital, governmental and private (Parsons & Whittemore), was made available and a company was formed—*La Cellulose d'Aquitaine.*

A British "Formica" factory had brought new life and prosperity to Quillan, in the eastern Pyrenees; a pulp mill seemed likely to do as much for the central-Pyrenean town lucky enough to acquire it—and battle was joined for the privilege. At first, the gods favoured Muret, home of the socialist ex-President Vincent Auriol. But the people of Muret had recently disgraced themselves by putting an end to twenty somnolent years of Socialist municipal rule and electing a right-wing town council headed by a dissident Radical, M. Jacques Douzans; and the Radical and Socialist party hierarchies—influential, respectively, at the defence ministry and in the departmental (county) council—appear to have decided to punish Muret by supporting the claims of its nearest rival, Radical Saint-Gaudens.

The merchants and municipality of Saint-Gaudens (pop. 8,000) rejoiced; property values soared. A high-powered American cellulose expert came to live in the town, and the mill** took shape.

A few disloyal spirits grumbled that it need not have been sited in the lovely valley beneath the town's main boulevard, but municipal supporters saw no harm in having so magnificent an electoral asset conspicuously in view. The villagers of Miramont, down in the valley, got little sympathy when they complained that the mill was noisy. "*Paysans!*" sniffed the bourgeois Saint-Gaudinois. It was an ominous white cloud, at first no bigger than a man's hand, that wilted the prevailing euphoria. It squatted in the still air over the mill like a visitor from deep space, and grew. One afternoon it obscured the smog-free town's favourite peak and angry voices were raised in the boulevard cafés. Then someone noticed that the majestic Garonne was discoloured below the mill, and fishermen reported that thousands—indeed (they were, after all, fishermen) tens of thousands—of trout were being poisoned. Local *sociétés de pêche* resounded with insurrectionary talk. Villagers whose water supply comes from the Garonne were advised by their mayors to drink nothing but Vichy and wine and send *La Cellulose* their bills. At this point *La Cellulose* played its ace.

An English teacher at the high school excitedly called his pupils to the open classroom window and urged them to take a deep breath. "This," he explained, "is what England smells like on a Sunday morning when ten million open fires are smoking and ten million housewives are boiling cabbage." A little later, to the English smog-and-boiled-cabbage smell were added a seasoning of hydrogen sulphide and a *soupçon* of rotting garlic. The resultant potpourri imposed itself on an area twenty miles across.

Tourists in four declining spas in the district hurriedly paid their bills and fled. Property values plummeted. Municipal supporters urged that more trees be planted to make the mill less conspicuous. In Muret, Mayor Douzans expressed sympathy with the wretched Saint-Gaudinois and drew attention to his own foresight in having avoided attracting the mill to that town. Anti-Americanism, never far from the surface, raised its head. ("The Americans imposed the mill on us because they don't want to poison their own towns.") The Socialists, disunited and dormant since M. Mollet's conversion to *Gaullisme,* pounced on the "scandal" with pathetic glee and defeated the Radical mayor of Saint-Gaudens, who would otherwise have had a walkover, in a departmental council by-election. Warming up, they pointed out that under the Fourth Republic they could at least have ventilated the region's grievance in parliament; under the present system citizens might be forced to take direct action and attack the mill with "plastic."

This was a telling blow. On October 15th the Prefect of Haute-Garonne threatened *La Cellulose* with all the fury of the Fifth Republic if, within three months, it had not solved its pollution problems and surrounded itself with soundproof screens. *La Cellulose* informed the local press hopefully that it might be possible to transform the "boiled cabbage" part of the smell into "some kind of toilet-soap odour." "*Autrement dit,*" commented the general public, "*ça sentira comme un bordel.*" The mill's American expert shook his head sadly. "It's not such a bad odour, surely. In my old firm we called it the bread-and-butter odour."

* France imports 700,000 tons of wood-pulp annually, chiefly from Scandinavia.
** Cost of the mill, $11 million. Projected output 45,000 tons of wood-pulp a year.

Picture on silk

The *tatami*-maker, cross-legged, weaving his sweet-smelling rush mats. The lantern-painter, plying a bright-charged brush. Quaint wooden *kokeshi* dolls—and rich-costumed Kyoto puppets. Pottery and painted fans. Lacquer work and *satsuma*. Even in modern, industry-teeming Japan, the traditional arts apply. And not least in the manufacture of silk . . . the heavy, natural silk of the East. Despite the competition of synthetic fibres, silk production is still an important industry in Japan—and the production of mulberry leaves, sole food of the silkworm, is important for many farmers. Field after field is fringed by its row of mulberry bushes, and the crop ranks eighth in order in Japanese agriculture.

But what is food for one wanted insect is food also for the unwanted: mulberry leaves are equally as attractive to destructive pests as they are to silkworms, and until recently it was estimated that some 10% of the entire crop was lost annually to a variety of insects, particularly the voracious larvae of the mulberry pyralid moth (*Margaronia pyloalis* Walker). Many of these leaf-eating pests attack right up to harvest-time, and for fear of destroying the silkworms also, insecticides which might leave toxic residues cannot be used. '*Shikata ga nai*', the Japanese farmers used to say philosophically. 'There is nothing one can do about it.'

Today, however, the picture on silk has changed. Tests with Phosdrin, Shell's important and new systemic insecticide, have shown that not only can a complete and rapid kill of the pyralid moth be obtained with concentrations as low as 0.025% to 0.05%, but that the mulberry leaves can be fed perfectly safely to the silkworms *within five days of application.* Phosdrin not only kills quickly—it is itself quickly dissipated into harmless compounds. This new Shell pesticide has a vast potential use on crops in all parts of the world threatened with close-to-harvest infestation.

Phosdrin
Trade Mark

Have you a pest problem? Between them, Phosdrin, endrin, aldrin, dieldrin, D-D and Nemagon offer control of virtually every significant pest.

IN AGRICULTURE . . . YOU CAN BE SURE OF SHELL CHEMICALS

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Cat's lick

Not every kind of dirt can be dissolved—or licked away—by traditional methods of cleaning. Nor, where garments are concerned, is wet cleaning always the answer. Many common forms of 'soil'—such as oil and grease—are *insoluble* in water and so cannot be removed by water alone. But hydrocarbon solvents *will* remove them. And solvents of this sort are the basis of modern dry-cleaning techniques. Each year, many thousands of tons of Shell-produced, high-quality hydrocarbon solvents are used by dry-cleaners throughout the world.

Yet, strange as it may sound, even in dry-cleaning, water is still wanted. To cope with water-soluble stains which hydrocarbon solvents cannot disperse, Shell-produced dry-cleaning 'aids' are now in general use in the industry. These 'aids' enable a trace of water to be dispersed throughout the solvent, with the result that the cleaning process can cope with all kinds of 'soil', both soluble and insoluble in water.

Have *you* a chemicals problem, a chemicals need? Call on Shell. Solvents are only one group in a vast and diverse range of industrial chemicals which meet virtually every need. Ask your Shell Company about Shell plastics, detergents, resins, glycols. Base chemicals and additives, synthetic glycerine, synthetic rubber. Shell chemicals serve every industry.

Shell Solvents

The Shell solvent range covers not only the hydrocarbon series serving many extraction industries, dry-cleaning, paints, polishes, printing-inks and rubber—to name only a few—but a wide series of chemical solvents embracing ketones (acetone, methyl ethyl ketone and methyl isobutyl ketone), alcohols and ethers. In each and every case—as you would expect from Shell—purity and chemical stability are exceptional, and the products are manufactured to extremely close specification limits.

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Ceylonese out for Blood

FROM OUR CORRESPONDENT IN COLOMBO

HAVING narrowly survived the no-confidence motion in parliament last week, Mr Dahanayake returned to "Temple Trees," the prime minister's residence, where a protective wall is now being hurriedly built and where army pill-boxes blot the green lawns, to announce that he would not advise a dissolution a day earlier than April, 1961. This was more a pathetic act of defiance than a sign of self-confidence. He is badly trapped and he knows it.

He called the previous night's debate a "terrible indictment." He was right. He and a group of his ministers were accused of a political conspiracy against their murdered leader, Mr Bandaranaike. Cunningly, the Opposition left it in doubt where conspiracy ended and murder began, but the public promptly provided the necessary mental inter-connections. The debate was no debate but a trial, and when it was over the public had given their verdict. For this Mr Dahanayake has only himself to blame.

Mr Bandaranaike died on September 26th. Overnight, he was deified; and even today, hundreds of peasants visit his grave every day, burning incense and offering flowers as if it were a Buddhist shrine. Mr Dahanayake expected to inherit this tremendous fund of sympathy and good will. He played the role of the humble heir. Feigning awe at the greatness thrust upon him, he sang the praises of the man he had once described as a "fascist born and bred." (His favourite designation for Bandaranaike today is "Bodhisatva," that is, a saint on the way to Buddhahood.) But the people soon wearied of his verbal extravagances and apparent reluctance to act firmly in investigating the murder. They were in a mood for blood. The delay in making arrests bred suspicion and doubt, and within a week the country was convulsed with rumour.

The government got panicky. Mr Dahanayake clamped down, upon a press which had given him a fairer deal than it had ever given Mr Bandaranaike, a draconian censorship under which it was not possible to comment, even favourably, on a central school or the public works department. He tried to speak to the nation through Radio Ceylon, but it served him ill. When it broadcast a truncated version of a Manchester *Guardian* leader which contained a few lines favourable to the government, the press openly flouted the censorship and published the article in full. Radio Ceylon was never believed again. The two weeks of censorship encouraged scurrilous pamphleteers and ballad writers, and confirmed the belief that the new prime minister had something to hide. He quickly capitulated, but the damage had already been done.

He has temporarily contained the dissatisfaction within the government's own ranks over the conduct of the murder inquiry. He has said that it would be improper to take any action against Mr de Zoysa, the finance minister, because he is now representing Ceylon at the Commonwealth parliamentary conference in Australia. But in the face of an aggressive opposition, a divided Cabinet, an unfriendly press and a suspicious public, Mr Dahanayake's chances of survival seem poor.

Elections now would favour the leader of the Opposition, Dr N. M. Perera, and his Trotskyist party. Handling the situation with uncanny skill, Dr Perera has stolen the initiative from the rejuvenated right-wing United National party led by the ex-prime minister, Mr Dudley Senanayake. His agitation has been so beautifully timed that many people believe every step taken by the government and every concession to public opinion was the result of his efforts. He, too, has chosen to wear the mantle of Bandaranaike, and it seems to sit so well on his respectably socialist shoulders that he can claim to be the legitimate heir and denounce Mr Dahanayake as a usurper. The present ministers are not Mr Bandaranaike's caretakers, he says, they are his undertakers.

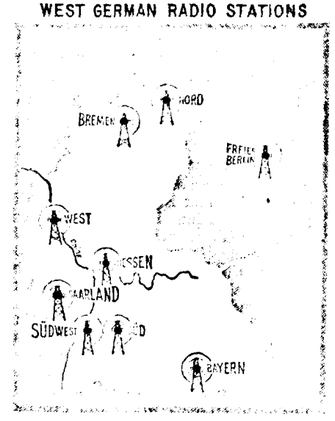
The reaction against political priests that has followed the assassination of Mr Bandaranaike by a Buddhist priest has also benefited Dr Perera. These priests had spearheaded the campaign against his party when it opposed the bill to make Sinhalese the only official language. His party is also the only Sinhalese-led one in which the minorities have any confidence; and it is the best-disciplined party in Ceylon, with great influence over the working class and an intellectual appeal to the youth.

The German Voice

FROM OUR BONN CORRESPONDENT

IT is now the turn of broadcasting to undergo the reappraisal to which the sovereign west Germans are subjecting most of the arrangements once made for them by more or less avuncular occupying powers. It is an agonising reappraisal all right, and may yet go all the wordy way to the constitutional court at Karlsruhe. The combat in parliament was due to open on November 13th with the submission to the Bundesrat (the upper house, composed of representatives of the ten Land governments) of the draft of a federal radio law that would end the present broadcasting monopoly of the Länder. The Land governments contend that the innovations contained in the draft law would infringe the cultural sovereignty allotted them under the Federal Republic's basic law. The ghost of a regimented *Reichsrundfunk*, swaying compliantly to a master-mind's tune, has not been altogether laid.

WEST GERMAN RADIO STATIONS



Nobody seriously disputes that the time has come to make some changes. Although the present system is not without its merits, it is in general cumbersome, complacent, and nationally inadequate. As many as nine companies cater for the fifteen million listening and three million television sets in western Germany. Two operate in what used to be the British zone—the West German Radio and the North German Radio; the first is directed from Cologne, the second from Hamburg. In the former American zone there are four—the Bavarian (Munich), the South German (Stuttgart), the Hesse (Frankfurt), and Radio Bremen. The French-born station at Baden-Baden still operates as the South-West Radio. Radio Saarland is a comparative newcomer. Lastly, there is Radio Free Berlin.

Except for Radio Free Berlin, which is subsidised on the strength of its outpost duties, all these companies pay their way wholly out of the licence fees of 2 and 5 marks collected monthly by the postman from owners of listening and television sets. After they have paid the federal post office for its various technical services, the companies have a total sum of DM 400 million (£34 million) a year between them to work with. But since each company's revenue is determined by the populousness of the Land it is serving, some companies are much richer than others. The West German Radio, for instance, tightly clutching the Ruhr plum in the

licensing pie, is in the gratifying position of being reproached for "hoarding" unspent income that it is estimated to have accumulated to a sum in the region of DM 80 million (£6.8 million). As far as sound broadcasting is concerned, complaints of insufficient competition would probably be unjustified if all the programmes transmitted were audible everywhere. They are not. As for television, the broadcasting companies are at present sworn to joint production. They transmit virtually the same programme, passing the viewer in the course of an evening from one Land studio to another. A system that maintains studios, transmitters and all necessary staff at nine different headquarters in the Republic, to produce only a single programme, is obviously extravagant and unlikely to be working with the maximum of efficiency, either on the stage or behind the scenes.

A much more deeply felt objection to the present dispensation is raised by those who see in it a cause of further attrition of the damaged German national entity. Which of the nine stations can be expected to accept the responsibility of speaking not only for Federal Germany but also for Germany as a whole? The question is considered to be all the more pressing in face of the vigorous, centrally directed broadcasting of the east German Democratic Republic, whose sound and television programmes are beamed evangelically to the uncommitted countries, as well as westward. In the circumstances, it is scarcely surprising that advocates of change like to quote the dictum of Professor Charles A. Siepman, of New York University, on the subject of German broadcasting:

> It is questionable whether anyone other than Germany's worst enemy would wish the present system to continue.

Under the system envisaged in the government's draft law, the existing nine companies in the Länder would be as free to broadcast in future as they have been in the past; and it is expected that they would continue to do so. In addition, there would be three federal broadcasting organisations:

1. The services of **The German Wave** (Deutsche Welle), the long-wave station that is already transmitting on a modest scale under the joint direction of the West German Radio, the Foreign Office, and the Federal Press Office, are to be greatly expanded at the public cost. In vindication of this development much is being made of the Democratic Republic's five-hour daily transmissions to the Arab countries, compared with the German Wave's present twenty minutes daily.
2. **Radio Germany** (Deutschland-Funk). A long-wave station with the responsibility for broadcasting to the whole of Germany and Europe. To be financed partly from a share of the radio licensing revenue. Prospective headquarters: Berlin.
3. **Television Germany** (Deutschland-Fernsehen). A station of all-German range, which will provide the public daily with an alternative programme. Programmes to be produced by contracting companies, with revenue from advertising.

Reasonable as on the whole they sound, these plans, particularly those for television, have evoked suspicion and misgiving in many quarters. The Land broadcasting companies are as unhappy at the prospect of losing part of their income and their audiences, as are their governments at the prospect of having their sovereignty nibbled at. Uneasiness at the possible transgressions of commercial advertising is widespread. But, above all, it is the possibility of exerting political influence through federal broadcasting that is arousing the liveliest controversy. Had not the Christian Democrats been more than ten years in power, and had their egocentric leader shown more inclination to let some of the business of running the country be shared by men of other opinions, the government's intentions would not be quite so suspect as they are now. The draft law promises "non-party" supervision of federal broadcasting through boards a third of whose members would be appointed by the federal government, a third by the Land governments, and a third by politically "neutral" bodies such as the churches and some of the learned societies.

But the Social Democrats, who have been left so much out of things at the top for so long, are not satisfied. They want both federal broadcasting and federal television to be run jointly by the existing companies, in which they have an important say through their representation in Land governments. They concede the federal government's right to have a commanding voice only over the rollings of The German Wave. Apparently they are resolved to fight it out; and in the Bundestag they can muster enough strength to prevent the government obtaining the two thirds majority required for legislation involving changes in the basic law. Confident that by hook or crook it will eventually get its way, the government instructed the minister of posts and communications as long ago as last January to start building the installations. They are already going up.

Laos: The Elusive Wolf

MR HAMMARSKJÖLD has gone to Laos to see things for himself, having made it plain that he is travelling on his own initiative as secretary-general of the United Nations, and not at anyone else's request. His journey cannot do any harm and will probably yield some quiet but constructive suggestions. But it would be foolish to expect too much of it, if only because Russia continues to oppose UN intervention in Laos, on the ground that two of the interested governments—China's and north Vietnam's—are not members.

Mr Malik, the Soviet ambassador in London, called on Mr Profumo, Minister of State, this week, to reiterate this view and to repeat the familiar Soviet argument that the best way to deal with the Laotian situation would be to recall the international commission for Laos. This three-nation body (Poles and Canadians under Indian chairmanship) was set up under the 1954 Geneva agreements that ended the Indo-China war; it adjourned *sine die* sixteen months ago. Mr Profumo replied that the commission could not be recalled since it had adjourned at the request of the Laotian government; and he pointed out that there was nothing in the Geneva agreements to oblige Laos to act as host to the commission against its will. There is nothing new in these positions, and their iteration merely draws fresh attention to the deadlock between the British and Russian foreign offices, as "co-chairmen" of the 1954 Geneva conference and custodians of the agreements.

Mr Hammarskjöld left New York a few days after the publication of the report of the fact-finding sub-committee sent to Laos—against a Soviet veto—by the UN Security Council. To anyone who remembers the feverish atmosphere early in September, when the Laotian government complained to the council that Laos was being invaded from communist north Vietnam, the sub-committee's report must have come as an anti-climax. Those State Department officials who swallowed Laotian intelligence reports at the time must have blushed as deeply as the Laotian officials who passed the reports on (the Foreign Office remained healthily sceptical throughout). In the event, the sub-committee failed to find evidence that Laos had been invaded. It did, on the other hand, find evidence that "various degrees and kinds of support have been accorded to hostile elements from sources on the north Vietnamese side of the border."

Mr Phoui Sananikone's government now finds itself in the position of having cried "wolf" without a beast in sight. But it still faces a formidable internal communist challenge backed from outside. The previous government of Prince Souvanna Phouma was inclined to neutralism, although it sent the international commission packing. Mr Phoui, strongly backed by the new king of Laos, favours near-alignment with the United States, and will shortly bring the communist leader, Prince Souphanouvong, to trial. This course, although it can be defended, is certainly fraught with perils.

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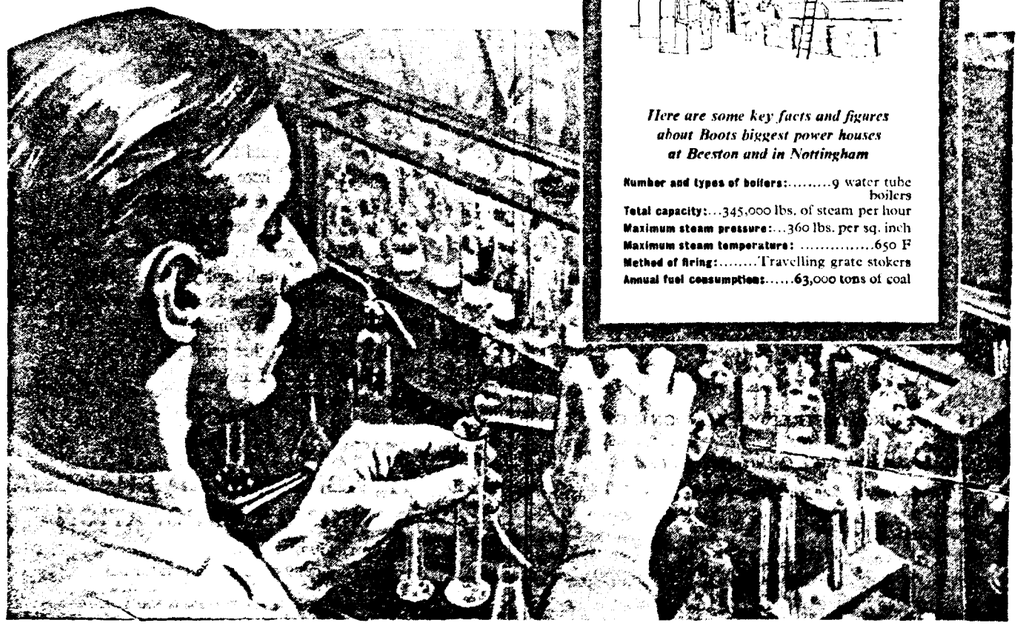

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THE BUSINESS WORLD

Euratom's Diminishing Target

Europe is going cautiously on atomic power—for understandable reasons

THE eclipse of Western Europe as a market for nuclear power on the British pattern tends to be blamed on the formation of Euratom and the close ties it has established with the United States. But this implication largely ignores the difficulties of Euratom itself in selling atomic power from any source, and at any price, to sceptical electricity undertakings in the organisation's six member countries. Euratom inherited an ambitious target, put forward by the three wise men in mid-'57, of 15,000 megawatts of nuclear generating plant to be in commission by 1967; in practice it would not have been easy to get the plants up in a decade. As an economic assessment of Europe's need for nuclear power it has in any case been overtaken by the shift from world shortage to world surplus of fuel in much the same way and for the same reasons as Britain's own nuclear programme, which was drawn up six months earlier. Realism has taken a bigger toll there than here; though Euratom's target still formally stands, its own staff does not count on more than 2,000 megawatts of nuclear plant being commissioned by 1965, with 3,000 megawatts as an outside chance.

This revised estimate includes, first, the 1,000 megawatts of nuclear plant already built, building or about to be built—that is, the French equivalent of Calder Hall at Marcoule, the two nuclear power stations of *Electricité de France* at Chinon, the British-built Italian station at Latina and two nuclear power stations scheduled for Germany and Italy. To this it adds 1,000 megawatts of nuclear plant to be commissioned, with American help, between 1963 and 1965 under the agreement between the United States and Euratom signed last year. The figure of 2,000 megawatts ought to be fairly firm, though there are question marks hanging over some of the bids submitted last week under the US-Euratom scheme. The third block of 1,000 megawatts is, at this stage, the expression of a pious hope that curiosity and the urging of a new technique will induce some public utility concerns to co-operate in putting up stations that they would never be able to justify on purely commercial grounds.

Since the first 1,000 megawatts of capacity is already on order, and the second 1,000 megawatts will be filled out by American suppliers, the further export prospects in Europe for the British atomic groups arise only in this third 1,000 megawatts. They are bound to depend on wider consortiums that bring in continental manufacturers of many items of plant. Even if fuel in Western Europe were suddenly to change back from surplus to shortage, British and American makers of nuclear plant would still face stiff competition from Western Europe's own engineering industries. The speed and skill with which heavy engineering companies with no previous experience are mastering the intricacies of atomic design has come as a big surprise to observers on the continent—and is still almost wholly ignored by those outside it.

Euratom has very extensive powers on paper. Yet it neither buys nor sells nuclear power. It is a hybrid of mixed parentage; it reflects both the quest for political integration in Western Europe and also the economic aim of spreading the cost of nuclear research among a number of countries that could not afford it alone. But this is no trouble-free formula. Scientists sometimes feel that Euratom's political inspiration gets in the way of its practical work. And the politicians are critical because of its lack of visible progress in promoting atomic energy. But it was the politicians that hung round Euratom's neck a contentious treaty that frightened this country out of participating in Euratom and makes so many provisions for special agencies buying, selling, controlling, keeping track of, and generally interfering with nuclear fuels that scientists are impatient and lawyers in despair. France, pursuing its own tough line about atomic development, is refusing to join schemes such as those for fuel distribution which are not now necessary for economic reasons but which were anchored mainly for political reasons in the Treaty of Rome.

WHEN Euratom came into being at the beginning of last year, Western Europe was importing American coal at $20 to $22 a ton. It now costs about $15 a ton landed in Europe—and is competitive still, for although Ruhr coal costs $14 at the pithead, if it has to be carried any considerable distance, the freight makes it uncompetitive with imported American coal. The six countries now hold more than 60 million tons of solid fuel against a "normal" holding of 25 million tons. Few people see much prospect of shifting these massive stocks while fuel oil is so cheap. At a moment when mineral fuels are competing toughly with each other, the Euratom headquarters at Brussels calculate that nuclear power on the American pattern is now probably 40 per cent dearer than electricity from a modern, well-sited thermal power

station ; because of higher capital charges, nuclear power on the British pattern would probably be even more expensive. These findings are in line with similar comparisons made about the cost of nuclear power in Britain for the Select Committee on Estimates. There may be parts of Europe where the high cost of transporting fuel might make atomic energy competitive, even given its high cost. The difficulty is to find them and as the power network spreads across Europe, they will become fewer.

GIVEN high coal stocks and low fuel prices, Europe's need for atomic energy, which seemed so urgent at the time of the Suez crisis, has now receded into the 1970s. It is asserted in Britain that atomic energy may have become competitive with the best thermal stations by 1970 ; on the Continent this is regarded as the date by which a steady 2 per cent compound increase in energy demand will make recourse to atomic energy necessary whether it is competitive or not. Euratom is noticeably more reluctant than the Atomic Energy Authority here to commit itself to estimates of the cost of nuclear power ten years from now.

It follows from this that the nuclear power stations to come into commission on the Continent during the next decade will be largely experimental ones from which experience can be gained. There are three ways of gaining experience. One is to buy direct from Britain or America as the Italians have done. Their British-designed Latina plant is already under construction and early this month the Export-Import Bank finally decided to advance $34 million of the $64 million needed to build the much discussed, frequently postponed plan for a Shippingport-type pressurised water reactor giving 165 megawatts of electricity. This project is being shared between Westinghouse in America and a group of Italian public utilities. The second way is to make use of the US Euratom agreement under which the Export-Import Bank will provide credit up to 40 per cent of the cost, and the Atomic Energy Commission will provide fuel virtually free, for nuclear power stations ordered from the United States. The difficulty here is that the plants must be completed in 1963, which means an immediate start on construction, except for advanced designs where the date for completion is 1965. The closing date for bids was mid-October.

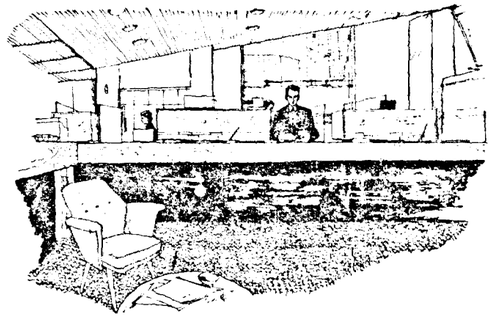
The third way is to go it alone, and it is the one that Euratom's member countries seem to find the most attractive—with France well in the lead. Certainly they have not fallen over themselves to take up the generous American offer. The one cut-and-dried project in by the deadline was for a station ordered from the American General Electric Company before the American offer was made—this is the nuclear power station in Southern Italy to be financed by the World Bank, but brought into the American scheme to get the advantage of cheap nuclear fuel. A firm scheme was put forward from Germany for a power plant designed by North American Aviation and built by its German associates, but the sponsors still have to get the remaining 60 per cent of the money to build it. The French and Belgian electricity authorities who proposed a jointly-owned power station on the Meuse had the money to put it up, but had not agreed on the type of reactor they wanted to build. The other two proposals, for a nuclear power station in West Berlin and for one in Holland are even vaguer ; neither could meet the 1963 deadline and probably not 1965 either. These five projects account for 750 megawatts of the 1,000 megawatt Euratom-US joint programme, so there is some doubt about how much will be built. It will be a great disappointment both to Euratom and to the American sponsors if the American offer is not taken up in full. Yet public utilities can hardly be blamed if they are reluctant to build nuclear power stations when thermal stations give them electricity at 40 per cent lower cost. Left to themselves, they would more probably decide that experience could be bought too dearly, especially with a second generation of nuclear power stations already around the corner.

EURATOM did not exist when the first generation of atomic stations, the Calder Halls and the Dresdens, the Marcoules and the Shippingports, went on the drawing board. One of the main objects in bringing it into being was to see that Western Europe played some part in the development of the second generation. This is a tricky assignment because the organisation must avoid duplicating work already being done in other countries. Yet if it were deliberately to pick reactor types not under development elsewhere, Euratom might find itself with a portfolio of esoteric designs that conceivably were scientifically interesting but remained hopelessly uneconomic. Euratom's research director, M. Guéron, has already expressed concern about duplication and waste in research programmes of the six members—between them they have as many research centres as the United States. He has managed to reduce them by one by taking over the newly opened Italian centre at Ispra to become the Euratom research headquarters. Where possible, he has sub-contracted work to existing laboratories in Holland, France and Germany and seems to be following the same policy in reactor development. That is, he has bought shares for Euratom in the UK Atomic Energy Authority's Dragon project for a Mark III version of Calder Hall at Winfrith Heath and has sent a team to study the AEA's breeder reactor at Dounreay. He is giving a small measure of support to the very advanced type of homogeneous reactor under study in Holland (which Britain and America have both rejected as too hazardous) and the only reactor type that Euratom is likely to develop under its own initiative is one combining heavy water and organic materials like diphenyl.

The significance of this research policy is that it appears to throw out a bridge between Euratom and the Atomic Energy Authority which other men have tried and failed to establish at the diplomatic level. If M. Guéron invests in a British experiment at Winfrith Heath and shows more than polite interest in goings-on at Dounreay, should the AEA return the compliment by buying shares in Euratom's experiment in a heavy water reactor? The AEA believes the expensive organic materials used in moderating this type of reactor decompose at a rate that makes the reactor uneconomic but many Americans think otherwise. But the British atomic power groups should have no illusions that a rapprochement between the AEA and Euratom—desirable as that may still be in itself—would greatly improve their chances of selling atomic plant in Europe. When so generous an offer as the Americans made was such a narrow success, it is surely proof that the only way to sell nuclear power is to make it cheap.

A New Face for Banking

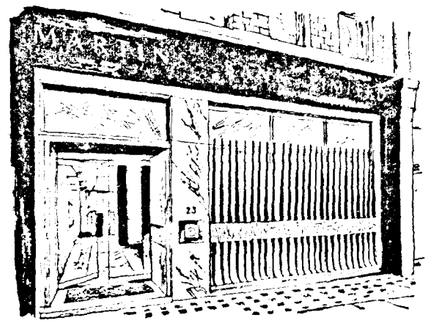
An architectural correspondent finds that the banks have made virtually no attempt to translate their new image into their own housing



National Commercial Bank of Scotland; West End branch, Curzon Street.

THE new banking is with us, and so apparently is the new bank architecture; but there is so far practically no connection between the two. The new identity that the banks are trying to establish in their advertising and publicity is poorly reflected in the more progressively designed bank premises beginning to appear in London and a few favoured sites in the provinces. The reason for the appearance of new bank architecture at this interesting juncture in banking history is simply that no new banks were built in the forties, and practically no repairs done either ; it is only now, as the fifties are drawing to a close, that the back-log of maintenance work has been sufficiently overtaken for new work or major alterations to go ahead. A generation of bank architecture has been missed, and what appears to be a revolutionary change in design actually represents twenty years of natural evolution with the intermediate stages left out.

The only significant exception has been at Martins Bank, which has followed a conscious and deliberate policy of modernisation of architectural design for more than five years. There are men scattered through the hierarchies of the Big Five who insist that Martins should be given credit for starting a trend, and freely admit their admiration for what Martins has done. But employees with views are not the same thing as boards with policies. The present situation is only superficially encouraging. Barclays is still capable of commissioning a mausoleum-like new headquarters ; and there is a general failure among responsible bank executives to appreciate the help they could get from architects abreast of the times if they would only formulate their own needs as bankers in a less hide-bound manner. Much more than merely face-lifting is needed to bring bank premises somewhat more up to date. The whole plan and section of what other trades might call the "point of sale" is under pressure. That may precipitate a genuine revolution in bank design—or an unworkable muddle.



Martins Bank, Garrick Street, Covent Garden.

To start with the obvious problem of mechanisation. Electronic accounting and cheque-handling are surely not far away. This may mean more machinery at the branch bank or less, since expensive lumps of electronic capital equipment may be centralised at head office. In either case, there will be less visible machinery at the branch, since the public banking room is no place for tackle that can be as noisy and heat-producing as some accounting machines. A separate machine room would be desirable. And since the best way of delivering a discontinuous dribble of papers to another room is by using gravity, always at your service and needing no salary or maintenance, the right place for the machine room is underneath the banking hall. So the first lesson is that electronic accounting seems likely to go with multi-level planning.

This conclusion is matched and reinforced by another independent argument for multi-level planning. There is nothing in the natural order of things that requires a bank to stand flat-on to the street at pavement level. The economics strongly urge that the ground-floor frontage of banking premises should be let off as shops. If there is an impressive entrance what more does a bank need ? Martins has already experimented with a bank set back behind shops; Barclays has two "escalator" banks in service with first-floor banking halls. An auxiliary pressure here is the tendency of modern town-planners to abhor a vacuum of darkness in an otherwise brightly lit shopping parade. And since banks are apparently so horrified at the thought of keeping their premises on display after dark, they are that much easier to talk out of their custom-mummified kerb-side location.

There is indeed one world-famous bank that is on illuminated display after dark—the Manufacturers Trust branch in midtown New York, with its all-glass facade disclosing an interior (including the bank safe) that is fabulous even by Madison Avenue standards. Such a building is a very special case, only really suitable for the places where a metropolis puts itself on show. There is good sense in the proposal of one of the big five to create such a branch in Sloane Square, but one hopes that it will profit by the example of the Midland's Mardi-Gras-in-Middlesboro' effort on Piccadilly Circus, and learn how not to do it.

But the special case is a vitally important one, since buildings on central sites of this kind have a far bigger effect on the general public's idea of the bank than any number of ritual fighting displays of classical ornamentation in the comparative secrecy of the City or Wall Street. And the idea of the bank as a progressive institution could be the psychological gold-reserve behind the other new aspect of banking, as a domes-

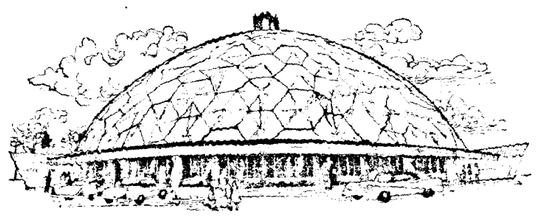
tic service. This aspect of the new banking seems not to be directed at the cloth-cap saver; so far as this mythical survivor from the pre-Welfare state still exists, he is well catered for by the savings banks and the Yorkshire Penny whose Edwardian styling gives the necessary atmosphere of timeless security.

The new domestic banking, with the bank manager as a friendly father-figure, is clearly after the new wage-earning middle class, which finds that its pockets cannot cope with its pay-packet, even when paid out in fivers. Tele-sophisticates, car-owners, Continental holidaymakers, contemporary furnishers, supermarket shoppers—all these are unlikely to warm to a bank that furbishes itself with brass barricades and mahogany, riot-proof counters. They are looking for a smart bank, smart by the standards of the international mass-media, smart like Television House or the Columbia Cinema, smart like Manufacturers Trust.

Contemporary decor may be part of the necessary attraction for this class of client, but it may not be enough. The argument comes back to planning considerations. For clients of this kind, the bank will be a more convenient place to handle wages and hire-purchase, with a general advisory service on financial matters included. The amount of loose money that crosses the counter will hardly be large enough to justify the fortification between the clerk and the customer. Next to the bank door, ritually placed on the corner of two streets almost as if to facilitate get-aways, a girl from one of the big dress-shops may be paying in the previous day's takings, which would be well worth any bandit's trouble. This is not how everybody uses a bank. Why is she doing it there, and not in some private place farther in from the street?

When the function of the counter has become so diversified that it needs more than fortification in some places, and much less than fortification in others, it is time for drastic re-thinking of the planning of public rooms—as well as for a disentanglement of the bank's personal and commercial services, more planned security measures (not just noisier alarms), re-appraisal of the siting and planning of managers' offices, and a lot more besides. The whole architectural conception of "a bank" is due for pulping down and re-fashioning in mid-century terms. In this, accumulated experience is not going to be much help to the banks, because it is based, still, on an early nineteenth-century mercantile dialogue between parties that were financial and social equals, for whom the traditional banking-hall on the kerb was a splendid answer.

Now that the branch bank is the point of delivery of world-wide service and expertise which the client, large or small, cannot hope to command, this concept of the banking hall is no longer adequate. The time seems ripe for outside design talent to come right in, not merely for restyling the lettering, and proposing alternatives to mahogany for the counter tops. Architects may not be as clever as they corporately claim to be, but their revolutions in school and hospital design (in both cases, the clients claimed to know all



Citizens State Bank, Oklahoma City.

the answers, just like bankers) suggest that the application of at least some architectural talents to problems of bank design could prove salutary. Which banking house, big or small, will be the first to realise the magnitude of today's architectural problems and the opportunities they present?

BUSINESS NOTES

STEEL

Stocks on the Turn?

Since motors and the other consumer goods industries are the main elements of the boom now developing in the British economy, it would be in these industries that one would expect to see the first signs of any heavy rebuilding of industrial stocks. In steel that may already be happening, though the evidence as yet does not suggest any very abrupt rise—partly, perhaps, because these industries need all the thin flat steel they can get for day-to-day consumption.

The Iron and Steel Board estimates, from preliminary returns, that total stocks of steel held by steel users and merchants fell by about 150,000 tons in the third quarter of this year. This is the lowest rate of stock reduction during any quarter over the past twelve months; it took place almost entirely in the heavier capital goods industries, shipbuilding, construction, and general engineering, and in basic industries like coal and the railways. Stocks held by motors and other consumer goods firms, and their suppliers appear to have risen just slightly over the three months—as did stocks held by some of the machinery makers.

Merchants and consumers still had 3½ million tons or so of steel in stock at the end of September, about three months' supply. But at the start of the recession eighteen months ago, the total was nearly 4½ million tons, enough for four months' consumption. If consumers in general were to turn over to building their stocks towards that level—which they held to support a lower total level of production of metal goods—the industry might expect a rapid inventory boom. But the variegated pattern of recovery in the economy, so far, has prevented that.

As far as current consumption is concerned, motors and durables are certainly mainly responsible for the sharpening revival in steel production. Output is fast moving towards the highest levels that British steel makers have ever achieved. Last month, at a rate of 441,400 tons a week, it was 3½ per cent higher than in September, nearly a sixth more than in the first half of this year, and more than in any October yet. It was only fractionally below the industry's record month, May 1957. But at that time the steel industry was working at about or just over 100 per cent of capacity—defined as the level the industry prefers to operate at rather than what it could, if pressed, actually achieve—whereas last month its operations had risen to only 92 per cent of capacity that must now be nearing 25 million tons a year.

Despite the teething difficulties that are preventing the industry bringing in extra

capacity at the strip mills as fast as it had hoped, deliveries of sheet steel rose by some 30 per cent over last year in September and there was another substantial increase in October. Deliveries of ferro-concrete bars, light sections, and strip have been rising as fast or more so. But demand for plate has been lagging and the industry may now be doubtful about its earlier forecasts of plate needs. Total consumption of steel in Britain in the third quarter of this year, with the rising rate of home deliveries and imports and the further, though much smaller, drawing down of stocks, must have been well up on last year, perhaps by about 5 per cent, though still a shade or two below the same months of 1957.

IN THE MARKETS

Return to Strength

Equity prices have quickly recovered from the setback they suffered just over a week ago. When prices weakened, buyers came back into the market with the result that by the close on Wednesday the *Financial Times* ordinary index again stood at over 300. Within the week to Thursday's close it had risen from 294.7 to 309.6, passing the previous peak of 302.6 reached at the beginning of the month. *The Economist* indicator also rose to a new peak, gaining 10.8 points to 352.7. The ability of the market to recover so quickly from a so-called technical reaction demonstrates the strength of belief that many investors still have in equities, despite the low yields that many of them offer.

The market, however, now appears to be on a more even keel than at any time since the election: the daily movement in prices is not quite so violent and the number of bargains marked not so large. This return to more normal trading conditions perhaps weakens the case for opening the "House" for another half an hour until 4 o'clock, though clearly it is easier and better to deal on the floor than by telephone. The point stressed by the Stock Exchange Council in turning down a request for an extension of dealing hours was that the problem facing members is not of actual dealing but of coping with the paper work which results from the striking of a bargain.

Both the principal sectors of the market seem to be in good heart: industrial equities have recovered their poise and so, too, have gilt-edged stocks (with the exception of undated issues where speculation on the ludicrous idea that War Loan should be given a definite redemption date was finally scotched by a statement in the House of Lords by Lord Dundee, Minister without Portfolio). This creates a favourable climate in which overseas borrowers can look to the London market for funds. The Australian government, it has been hinted from Melbourne, may come back in the queue. Of more immediate consequence, the Investment Company of Nigeria, one of the rare ventures that the Commonwealth Development Finance Company has found to back, is to place one million of its £1 ordinary shares at par next week. The shares of this company, which is to provide finance and advice to small and medium-sized businesses in Nigeria and which may eventually form the nucleus of a domestic capital market in Nigeria, will be taken up by the institutions, by companies with a special interest in Nigeria, by CDFC and by the Colonial Development Corporation.

In the Balance

A Correspondent cables from Wall Street:

The suspension of the steel strike has not brought any fresh buying wave to the equity market in the United States. The market is evenly balanced, with individual investors and mutual funds still buying common stocks but with banks and tax exempt institutions lightening their equity portfolios a little in favour of high yielding fixed interest stocks. It thus seems most unlikely that equity prices will do anything more than climb slowly and the market could suffer quite sharp setbacks in the event of any unfavourable economic developments.

The Ford Foundation, it has been rumoured, is anxious to diversify its portfolio still further, and it is expected to sell another two million of its Ford Motor shares to the public. Because of the rules of the Securities and Exchange Commission on advance publicity, the Foundation and its underwriters (who were criticised for their handling of the publicity when the very first offer of shares was made to investors) have refused to make any comment on the rumour. But the rumour has been so strong that the price of the Ford Motor stock has been brought down from its peak of $85 to $77. Last March, when the Foundation sold two million shares, the price stood at $56½. The issue of another two million shares may bring as much as $150 million into the Foundation's funds and it is a sign of the times that some of this money is likely to be re-invested in fixed-interest bonds.

LOCAL UNEMPLOYMENT

Major or Marginal?

It was by no means easy, from the debate on the second reading of the Local Employment Bill this week, to judge how important the Government really intends this "major measure" to be. Mr Maudling was not to be drawn into promising early disclosure of even an initial list of the places that the Board of Trade thinks may deserve Government help in attracting industry. He did say that the present Development Areas covered about 20 per cent of the population. That if one took away areas that had been "administratively descheduled" (where the Board of Trade had in practice decided not to offer help), and added the "unemployment places" covered by the 1958 Act that amended earlier legislation on the distribution of industry, it came to about 14 per cent of the country as a whole. And that he would be surprised if the new list departed far "in global terms" from this present percentage. He thought that "no doubt we shall be providing in future estimates more money than at present for these purposes," but was not prepared to guess how much.

He described the bill, which consolidates and slightly extends the Government's powers under existing legislation on the distribution of industry, as "providing a new framework for dealing with the problem of local unemployment." This, reflecting the change in title, led some Opposition speakers to suspect that a change in emphasis had taken place, from interest in the general social and economic pattern of industry throughout the country to concern merely for silted-up inlets from which the tide of industrial change has ebbed. It is true, as Mr Rodgers said, that the bill rejects the possibility once mooted by Professor Cairncross of taking power to promote developing areas as well as declining ones—occasionally "accentuating the positive." But in doing so it is entirely in line with the way that this policy has worked in practice since 1945. The Government's powers have always in fact been exercised to influence industry to move towards places where unemployment was relatively high; the new bill accepts that fact, and abandons the unworkable concept of promoting some ideal distribution of industry throughout Britain's changing economy.

Mr Maudling's enthusiasm for the bill was not very marked. Mr Rodgers assured the House that "the Board of Trade intends to use both its negative and positive powers to the maximum and with the utmost energy and vigour." Mr Heath, on the second day of the debate, was at pains to emphasise that this was a limited bill, not concerned with "the great problem of the movement of industries, of technical training, or of technical developments." The chorus was thus not entirely in tune. Mr Heath, who had the last word, emphasised that this was a marginal problem—and was able to point out that while work is sometimes, by such persuasion, taken to workers, a very large number of people are constantly moving to different places of work (446,000 each year, for example, migrating between the different regions of the Ministry of Labour).

VOTING SHARES

Voluntary Action

Non-voting ordinary shares have a good deal of point for a company in its first period of rapid growth when it is fair to give special defences to the management in order to repel boarders. But what is the

solution when big and long-established companies, often the creation of the abilities of one man or a small group of men, still retain them? Some say an outright ban, on the ground that they are an affront to the basic idea of a property-owning democracy. But there is a short-circuit in this argument too, because the people who hold non-voting shares acquired them knowing their limitation. Opposition to non-voting shares has grown more vocal in the City as the years have passed; it is doubtful if underwriters could be found today for an issue of new non-voting shares. But it is difficult to distinguish between companies where there is any case for preserving the non-voting share and those where it is exploited as a device for disenfranchising the holders of a substantial part of the equity. Yet something needs to be done. The chairman of the Investment Protection Committee of the British Insurance Association, Mr J. F. Bunford, has contended in a letter to *The Times* that

> non-voting shares are something of an anachronism in these days . . . there must be terms fair to both classes of shares upon which the voters and non-voters could be combined in one class, all being entitled to vote on matters affecting the welfare of the company of which they are proprietors.

Mr Bunford will not be alone in supporting the plea made last week by Mr Lionel Fraser that the President of the Board of Trade or whoever is the right authority should

> invite the leaders in the non-voting field to meet him and to see whether they would agree to enfranchisement, if not at once, say progressively over a period of five years.

As Mr Fraser has said, there is a good deal of talk among these men that "If he'll do it, I'll do it," and if the directors of such concerns as Great Universal Stores and Marks and Spencer were to enfranchise all their equity shareholders the days of non-voting ordinary stock would certainly be numbered.

VOTERS AND NON-VOTERS

Ordinary shares	Present equity structure £000s.	Percentage voting*	Jan. 1, 1958	Oct. 8, 1959	Nov. 11, 1959
Daily Mirror:					
Voting	4,002	49·1	22/10½	23/3	27/11½
Non-voting ..	4,150	(50·0)	22/9	22/9	26/7½
GUS:					
Voting	1,361	5·9	33/5	45/–	57/10½
Non-voting ..	21,732	(33·3)	32/7	40/8	54/–
Hoover:					
Voting	1,910	78·6	60/3	80/–	97/3
Non-voting ..	540	(5·4)	59/10½	78/9	96/9
Mks. & Spencer:					
Voting	600	2·8	65/–	85/–	90/6
Non-voting ..	21,113	(13·3)	55/7½	64/–	77/–
Sears Holdings:					
Voting	2,225	21·0	20/–	22/9	27/6
Non-voting ..	8,464	(80·0)	16/4½	19/–	26/–
Thorn Electrical:					
Voting	1,645	75·5	28/–	38/9	45/6
Non-voting ..	534	(00·0)	25/–	34/6	44/1½
Brooke Bond:					
More votes ..	375	...	11/9	12/6	15/6
Less votes ...	9,000	...	9/10½	11/6	13/9¾

* Proportion of voting stock in ordinary capital, with the percentage in brackets showing what it was five years ago.

Enfranchisement has tricky problems. Voting stock normally commands a premium over non-voting stock (bitter experience shows that a vote is often worth paying for quite dearly) and the practice (marked in such recent cases as the House of Fraser and Pye) has been to give some compensation to voting shareholders in return for their loss of votes or control. This has usually been done by giving the voting shareholders an allotment of free scrip. In the past the amount of scrip has borne some relation to the difference in market values—though the logic of this way of calculating the "compensation" is not clear beyond all doubt. The point is important since there are numerous instances where the voting shares are much higher than the non-voting and enfranchisement with compensation on the basis of these values would imply sizeable scrip issues.

MONETARY POLICY

Lords on Radcliffe

INEVITABLY, the debate on the Radcliffe report in the House of Lords on Wednesday was in the nature of a preliminary skirmish. The Government's view will be stated by the Chancellor of the Exchequer in a Commons debate in a few weeks' time, before the Christmas recess — and the Government ought to make sure that the volumes of evidence are made available some days before that debate. It would be a mercy if the level of MPs' debate reached this week's performance in the Lords. Individual reactions were largely predictable; Labour peers and Lord Boothby rubbed their hands at the committee's equivocation about the value of monetary policy, while Lord Brand and Lord Robbins ("They believe in monetary policy, but they do not believe in it very much") shook their heads. But many good points were made, and Lord Pakenham, the ex-Labour minister who is chairman of the National Bank (operating mainly in Ireland) made a welcome appeal to his own party and to the City to tone down their mutual suspicions.

Lord Robbins of Clare Market in his maiden speech as a life peer, expressed many people's doubts about the report, with the telling aid of his characteristic oratory. "I do not know a single economist since the 17th century who has argued that the supply of money is the only factor determining the volume of spending . . . "; The Radcliffe Committee's rather artificial battle against an Aunt Sally has made its mainly sensible points about liquidity harder to follow. Lord Robbins agreed that one should not attach too much value to the spot evidence taken by the committee from businessmen about the influence of interest rates; it might have been better to look to the wealth of proved experience of history or of other countries in recent years.

The influence of 7 per cent Bank rate, naturally and rightly, was stressed by Lord Robbins; and he shares other people's doubts about the recommendations on the Bank of England. His distrust of the proposal that "puts upon the unfortunate Chancellor of the Exchequer the humble functions" of announcing changes in the rate of discount sets the matter in a good perspective. But foreign observers should note that Lord Robbins shares the general view in Britain that "there can be no place for complete independence of the Bank of England"; there cannot be two sovereign states in the economic administration.

URANIUM

Shortage into Surplus

THE understanding between the American and Canadian governments on the supply of uranium offers each side a way out of an awkward poser. Fear of shortage of uranium at first lent urgency to the development of uranium mines in western countries. Even as recently as a year or so ago, world reserves of ore were not believed to exceed 500,000 tons. The opening up of uranium mining in remote and inhospitable places all over the world was then encouraged by high guaranteed prices spread over a term of years long enough to allow the capital cost to be written off. Under this stimulus, proven reserves of high grade ore have been trebled to 1½ million tons and a further 20 million tons of low-grade ore are available as a backstop. Production has risen from about 11,500 tons of uranium oxide a year at the end of 1955 to an estimated 42,000 tons this year. Consumption has increased more slowly, as nuclear power programmes are phased out in Britain and sharply cut elsewhere.

The world price of uranium can be put at about £11,000 a ton, though the price received by each mine varies with its costs and with the bargain it was able to strike at the start of production. The price today in a free market would probably come down to between £5,000 and £6,000 a ton, at which large numbers of mines would be put out of business, especially in the United States. The long-term contracts which support the artificial price expire mainly by 1963; but a few persist to 1966—most of them made by Britain to guarantee fuel supplies for the British nuclear power programme at a time when a uranium shortage was genuinely feared.

Canada is one of the world's three big uranium producers (the others are Australia and South Africa) and its main customer is the United States. But the United States government also has responsibility for large numbers of local producers who were encouraged by generous prices to scratch out every meagre vein. The United States long ago informed Canada that it would not renew its uranium contracts after 1962-63 and was doubtless told that it could not ditch in this way an industry that had been hewn out of the tundra solely to meet American needs. The plan announced during the weekend provides for the phasing out to 1966 of uranium deliveries which should have been completed by 1963. The tonnage remains unchanged as under existing contracts; so does the price; but the mining companies can, if they choose, claim

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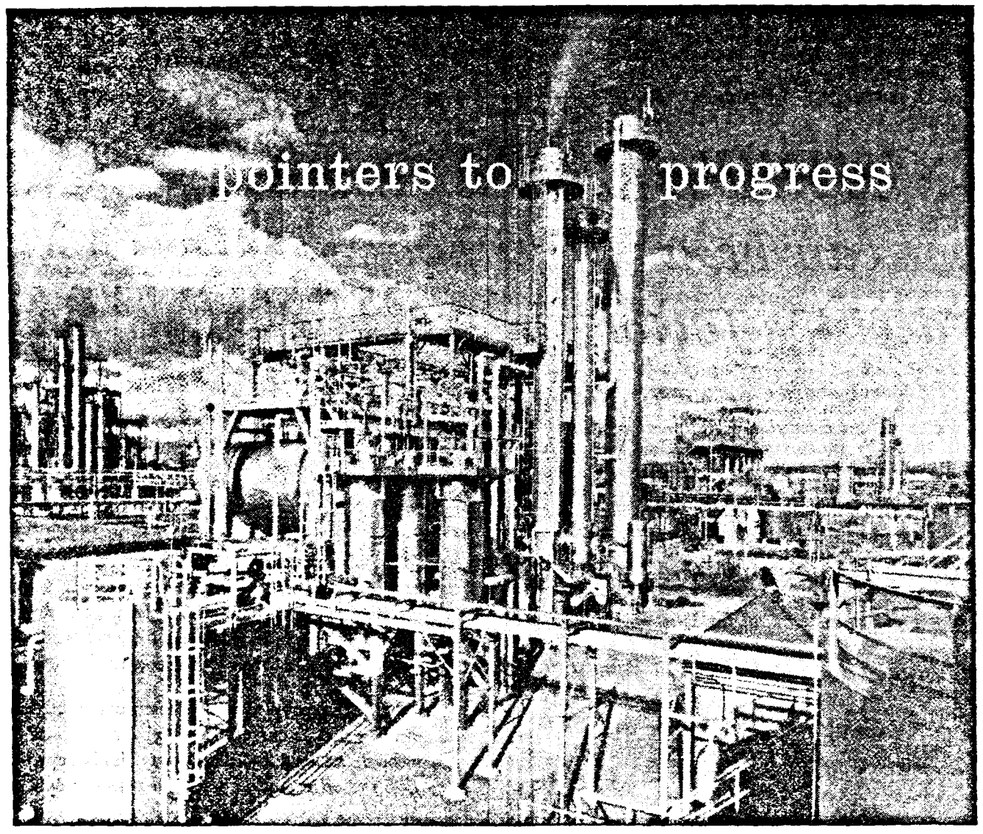

The last ten years have seen the new industry of petroleum chemicals well and truly established on Scottish soil. This great new enterprise owes its origin and development to the foresight, capital resources, scientific skill and management of two leading companies—The British Petroleum Company Limited and The Distillers Company Limited. The organisation jointly formed by them to produce basic raw materials for industry—British Hydrocarbon Chemicals Limited—has already successfully accomplished a major programme of expansion, extending both its output and the diversity of its products. Today petroleum chemicals produced at Grangemouth are basic raw materials in scores of products ranging from drugs to dye-stuffs, fabrics to footwear, paints to plastics . . . assisting industrial development in many fields, and helping everyone to achieve higher standards both in work and in leisure.

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Ethyl Alcohol Raw materials for textiles; synthetic fibres; plastics; paper; leather and food processing industries; pharmaceuticals and fine chemicals. Solvent for industrial finishes. Methylated spirits.

Diethyl Ether Solvent for extraction of oils and alkaloids in the pharmaceutical industry. Anaesthetics.

Isopropyl Alcohol Acetone (solvent for rayon, explosives, lacquers, aircraft dopes, and adhesives.) Intermediate for pharmaceuticals and other fine chemicals.

Tetrapropylene Household and industrial synthetic detergents.

Butadiene Synthetic rubbers and rubber-like plastics. Boot and shoe soles.

*** Polyethylene** Sheet, film and monofilaments: household, medical and laboratory articles.

***Cumene/Phenol** Phenol (resins; insecticides; herbicides; synthetic fibres; lubricating oil additives). Intermediate for dye-stuffs, pharmaceuticals and other fine chemicals.

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the special $2.50 a lb. amortisation allowance now, six years before they actually deliver the uranium. This thick sugar coating has sweetened the pill for the mining companies, of which Rio Tinto is the biggest. The Canadian government is allowing the companies to shuffle contracts round among the most suitable mines; this ought to give the Canadian uranium industry a chance to rationalise its production before it faces the cold realities of the market in 1966. Canadian ore is of higher grade than American, and some Canadian producers should be able to show a profit even if the price were as low as £5,000 a ton.

THE EXCHANGES

Help for the Dollar

THE drain of gold from the United States was checked last week with the help of the International Monetary Fund. The Fund converted $100 million of its own gold reserve into short-term US Treasury securities. This swap, which is not unprecedented and puts the Fund's reserves to profitable use, was also diplomatic for the sustenance it gives to the US gold reserve. It provides an interesting example of the working of the scarce currency clause in conditions quite other than those for which it was designed. Sales of gold by the IMF to a member country were envisaged when the currency of the country in question became scarce and supplies of it available to the Fund could be reinforced in this way. There is no scarcity of dollars today and the dollars that have been obtained by the Fund are in the form of high-yielding securities. Another special prop for America's gold reserves (standing at a mere $19½ billion) will come from Britain's advance repayment of its credit of $250 million from the Export-Import Bank.

With the passing of the seasonal peak in commercial offerings of sterling, there has been a modest though general recovery this week in the rate against most currencies. There has been evidence this week of considerable and persistent commercial demand for sterling; at the same time, withdrawals of funds from London as a result of higher interest rates in New York and Frankfurt appear to have come to an end. The recent high level of exports from the United Kingdom provides one explanation of the demand for sterling. Another is the sharp rise in the prices of such staple sterling area commodities as rubber and tin.

Sterling against the dollar has strengthened over the past week from $2.80¼ to $2.80 7/16. Against the D-Mark there has been an improvement from 11.69 to 11.69½. There has been considerable activity and fluctuation in the market for the Swedish kroner following the decision of the Swedish authorities at the end of last week to widen the tolerance of permissible fluctuations against the US dollar; hitherto these were exceptionally small. This caused a widening of the margin against sterling, which previously was 14.37¼ to 14.59¼ and has now spread to 14.27½ to 14.70. Within this, the rate on Stockholm has come to rest at around 14.52.

UNILEVER

Confusion Worse Confounded

BOTH the ordinary shares of Unilever Limited and Unilever NV are among the growth stocks of the international capital markets. The half-yearly report of the diarchy, revealing higher profits, strongly suggested that the warning given a year ago by the directors—that the total dividends of 17½ per cent for Limited and 15½ per cent for NV paid in 1957 would not necessarily be declared for 1959 on the capital as increased by a 25 scrip issue—had lost much of its potency. The dividend prospect was further confused by the addition of special interims (3½ per cent for Limited and 3 per cent for NV) to the "normal" dividends for 1958 which were at the same rates as for 1957. These special interims were designed to provide some compensation for the fact that the NV scrip issue was taxable in Holland.

Confusion has now been worse confounded by the declaration of bigger interims for 1959 of 8 per cent for Limited and 7 per cent for NV on the capital as increased by the scrip issue. In the past, the directors have indicated what the final payments would be before the end of the financial year had been reached—and have been criticised for doing so. This time, when there would have been a better case for doing so, they have not prejudged the final payments. The market in its present state of mind is not likely to err on the side of caution and the least optimistic assumption it is now making is that the final payment will be 9½ per cent for Limited and 8½ per cent for NV on the enlarged capital. The more optimistic are arguing that, as in 1958, the final dividend will be half as much again as the interims: on that assumption, the final payment of Limited would be 12 per cent, making 20 per cent in all, and for NV 10½ per cent, making 17½ per cent in all. It is anyone's guess, but the market which was bullish before the dividend announcement, with Limited jumping from 131s. to 139s. before a reaction to 135s., remained so on Thursday, when Limited rose to 136s. 3d.

OIL

Competition from North Africa

THE new 22/24-inch pipeline along which Saharan oil from the Hassi Messaoud field is now being pumped to the port of Bougie in Algeria for shipment to France is about 410 miles long: the line under construction from the Edjélé oilfield to the port of Skirra in Tunisia, due for completion next October, will be nearly 485 miles long. Zelten in Libya, where Esso has brought in two highly productive wells and is now surveying possible pipeline routes, is only 100 miles from the nearest point on the coast: and most of the discoveries of Libyan oil, now reported by several of the companies exploring there, have been at depths between 3,000 and 5,000 feet, as against the 11,000 ft. of Hassi Messaoud. This autumn, which will finally bring Saharan oil in the large quantities so long promised to Western Europe, has also signalled the advent of a powerful competitor. The first Libyan pipeline, over so much shorter a distance, may not be long behind that from the Saharan Edjélé field (where the oil is at least at comparable depths) in coming into commission.

However, French plans for the Sahara are firmly committed to a production rising from, say, 1½ million tons this year to 9 million tons next and 23 million tons by 1962. Extra pumping stations will be installed to increase the initial capacity of the two pipelines, from 5 million tons to 14 million tons a year for the line from Hassi Messaoud and from 8 to 17 million tons for that from Edjélé: these would cover the further expansion to "the order of 30 million tons a year" by the middle sixties on which the French are pinning their hopes.

Fulfilment of those hopes depends not upon capacity to supply the oil—proved reserves in the Sahara fields are now put at 475 million tons, plus 800 billion cubic metres of natural gas—as upon the exploiting companies' success in finding markets for it. Since those mainly concerned are owned partly or wholly by the French government, which makes no bones about its intentions to see that refineries operating in France take as much Saharan crude as possible, very substantial markets obviously can be found; but unless consumption in France and in other markets that it can penetrate rises even more sharply than of late, much of this incursion must be at the expense of crude from other sources.

MIDLAND BANK

Term Loans

FOLLOWING its introduction last August of long-term loans to farmers, the Midland Bank has implemented another recommendation of the Radcliffe committee by offering term loans to small businesses generally. In both cases the main difference between term loans and existing credit facilities is one of form. In practice neither farmers nor business men financing buildings or equipment on a bank overdraft would expect to have their overdrafts called in on demand, though the bank is entitled

to do so. There is something to be said from the point of view of the bank itself for recognising a long-term loan for what it is ; and some borrowers may be prepared to pay a little more for the formal assurance that they are not liable for sudden repayment.

The term loans now being offered by the Midland are so far matched by no other bank ; United Dominions Trust has offered similar facilities for many years, though at higher rates. The Midland's loans will be for three to five years for plant and equipment, according to the life of the asset, and up to ten years and possibly longer for acquisition of business premises ; the maximum for farm loans, it may be recalled, is 20 years. Interest will be at 2 per cent over Bank rate, or 6 per cent at present ; this is one per cent more than the normal rate for overdrafts. But the basis of charging will be as favourable to the borrower as is the overdraft system ; interest will be calculated on the actual amount outstanding from day to day. The loans may be recalled only if the borrower fails to keep up his agreed instalments ; this goes a little further than the scheme for farm loans in which the bank retains the right of recall but will exercise it only if it finds that the farm is being mismanaged.

ROADS

The Battle of Staines Bridge

THE controversy surrounding the design of the new Staines bridge took a new—and in some respects more curious—turn this week. Originally Mr John Dayton, a director of the company that built the Chiswick flyover, sharply criticised the design of the flyover as out of date and too expensive. Then the firm submitted an alternative design prepared by an associate company for the Staines bridge, making use of pre-stressed concrete, which would be completed in fifteen months at a cost of £285,000. This design was rejected by the Ministry of Transport, which chose to preserve a twenty-year old design of Sir Edward Lutyens' in a bridge costing £485,000 and taking 21 months to build. The Ministry—and the consulting engineers retained by it—asserted that Mr Dayton's alternative design contained serious defects which made it unsuitable, and added that, even if it had found the design to be sound, it would in fairness have had to invite all the firms tendering for the bridge to submit alternative designs.

Mr Dayton promptly submitted his design to two Danish professors for "evaluation" ; their report, published last week, stated that it was up to date and displayed skill and imagination. In Parliament, the Minister of Transport, Mr Marples, stubbornly defended the choice of the Lutyens design, stating that it was retained on grounds of amenity owing to the historic nature of the site. Finally, Mr Dayton's partner, Mr Eric Ingerslev, who designed the unsuccessful alternative, was accused this week of "unprofessional conduct" by the consulting engineer to the Ministry of Transport, Mr C. W. Glover, on the grounds that the rules of the Institute of Civil Engineers forbid its members to submit designs without disclosing that they are members of contracting firms, and forbid one member from criticising another's work.

Several questions remain to be answered. First, the external Lutyens design was retained, but is now to be built with a steel frame, instead of the original reinforced concrete, which seems bound to have put the cost up. Second, if reopening tenders for the bridge and allowing alternative designs might have saved £200,000, why was this not done ? In rejecting the alternative design, the Ministry stated that "it is important that the consulting engineer

Dots and the Pound

EVERYONE has his own ideas about reforming Britain's money, and Mr James of the Royal Mint has stirred them up again. It is worth looking at the experience of countries that have recently gone through the agonies, and notably that of South Africa. This example suggests that it might be awkward—though it would not be impossible—to keep the pound in a decimal system. One hundredth of a pound would be worth 2.40d., which is too big a unit for the smallest needs. Yet anything smaller would involve complicated fractions, or going to three places of decimals. The South Africans, who are introducing decimal money from February 2nd, 1961, decided that both alternatives are too unwieldy and (reluctantly, they say) will drop the pound in favour of the Rand, worth 10s. Their commission noted that if people could go on talking about the guinea generations after it had gone out of existence there was no reason why the same should not happen with the pound.

In its coinage at least, South Africa will therefore come in step with other countries. Of 48 members of the International Monetary Fund, only five have highest money units worth £1 sterling or more and only one other (Australia) has a unit worth more than 10s. The rest range from the US dollar (7s.) down to Japan's farthing-yen. In the Commonwealth, India, Canada, Ceylon and East Africa already have a decimal system, South Africa is in transition, and New Zealand and Australia are thinking seriously of it.

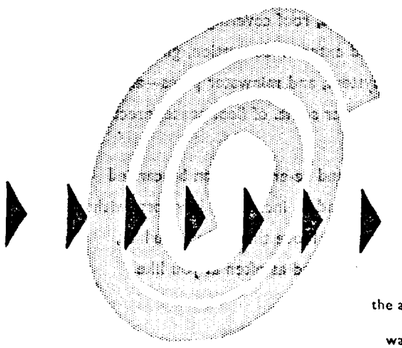
Commissions and committees have been talking about decimal money in South Africa ever since Mr Havenga (then Minister of Finance) drafted a bill in 1932. (In Britain it began a century earlier with Sir John Wrottesley's motion to the Commons in 1824.) In 1952, 1953 and 1956 Mr P. A. Moore, opposition member in the Union Parliament, tried his best and in 1956 the government decided to take the plunge itself, appointing Mr Moore to the commission it set up to find out the best way of doing it.

It decided on the 10s.-cent system. The Rand will be divided into 100 cents, each worth 1.2d. and will include half and quarter cents to keep official price controllers happy. Matches and other goods previously selling for a penny or less may go up 20 per cent in price but, the commission says, "penny-line sweets, for example, would be made bigger and sweeter."

Most of the present coins will stay in use for a period of dual coinage. £1 and 10s. notes will be worth R2 and R1 respectively; new 5s. crowns will be minted to represent 50c ; florins, shillings and sixpences will become 20c, 10c, and 5c ; and 2½c will be represented by the South Africans' much-loved "tickey" which is slim and streamlined compared to the threepenny bit. Only the bronze coins will have new values and need to be replaced. The half-crown is to be dropped.

A decimal coinage board is supervising the change-over. Schools must get new arithmetic books, shops have already been persuaded to mark prices in Rands and cents as well as £ s. d.; public institutions and services will fall into line quickly; and the Minister of Finance is looking around for the £9 million he says it is all going to cost him. The opposition says it will cost the community in all £30 to £40 million. The biggest item in compensation will be payment for the adjustment of 100,000 machines dealing with money—calculators, cash registers and petrol pumps. Old machines will be scrapped, newer ones will be converted: in both cases, unless the cost involved is less than £7 10s., the government will pay. No new companies may import machines. Banks will convert their machines overnight, using special machines now being installed. Other businesses will wait in a queue for the services of mechanics whose training started at the beginning of this year, but whose work will not start until 1961. Machines with more than eight £ columns will not be converted: they can be used for decimals anyway.

But the most important conclusion by South Africa's Decimal Coinage Commission is that the sooner the change is made the less it will cost: once you decide to do it, in this age of machine accounting, it becomes urgent.



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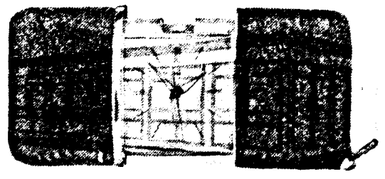

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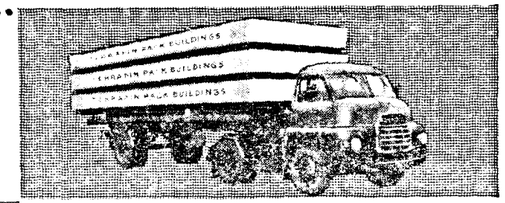

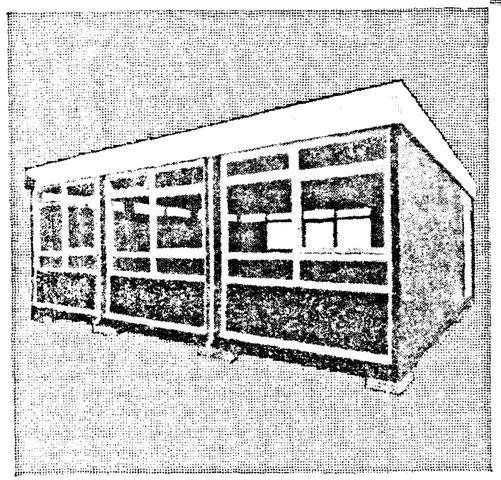

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should be completely independent of the contractor"—but this is far from being proved. Mr Ingerslev and Mr Dayton have made no secret of their collaboration, which appears to have produced a sound design at low cost; by contrast to the civil engineers, the Royal Institute of British Architects has long recognised the advantages of such collaboration. As for the rule that one member should not criticise another's work, it seems merely a restrictive professional practice that can do harm to the public interest. Mr Dayton's criticism—as yet unrefuted—may not have won him the Staines bridge contract; but it might get the country more modern and cheaper bridges in the future.

AIR FARES

War on the South Atlantic

UNDER the stress of intense competition, the internationally agreed structure for air fares on the South Atlantic has broken down with the nine airlines flying to South America bidding for traffic by offering discounts of between 40 and 50 per cent of the standard fare. There has never been enough traffic to justify the number of air services on these routes and any airline proposing to fly to South America from Europe must be prepared, it is said, to lose up to £2½ million yearly on the service. The reopening by BOAC a few months ago of the direct air link to South America in suspense since British South American Airways disappeared in the late forties seems to have been too much for the rules regulating international fares. BOAC reopened its South American services to find work for aircraft, including Comets, that would otherwise have stood idle at London Airport. None of the British independent airlines had been prepared to operate there, even though it would have been theirs for the asking. The Argentine government is now threatening to take action against airlines offering discounts, but the only long-term solution is the withdrawal of some of the services that are offered.

OVERSEAS TRADE

Exports a Record

BRITISH exports were a record last month, jumping up to £306 million fob, almost £60 million above the low September level. Imports rose by £30 million to £360.2 million cif, the highest total this year. With re-exports also rising by nearly £3½ million to £14½ million fob, the apparent visible trade deficit fell sharply to £39½ million from £72½ million the previous month. This last item is no longer included in the provisional trade figures. The Board of Trade points out—as anyone who takes the trouble to study the figures knows—that the apparent deficit is a misleading guide to the visible balance of payments on current account. Now that the Treasury publishes quarterly estimates of the balance of payments the Board feels justified in dropping the apparent visible deficit from its returns.

UNITED KINGDOM TRADE

Recorded values : £ million per month

	Exports fob	Re-exports fob	Imports cif
1958	264·3	11·7	312·5
1958 3rd qtr...	258·6	11·4	312·5
4th „ ..	271·8	11·2	328·2
1959 1st „ ..	263·4	11·1	313·6
2nd „ ..	281·8	10·5	327·8
3rd „ ..	263·2	9·9	327·9
May	299·2	10·2	310·9
June.....	251·6	10·0	331·6
July	267·8	9·3	352·9
August...	255·5	9·3	305·2
September	246·5	11·2	330·1
October *	306·0	14·6	360·2
Jan.-Oct.*	273·1	11·0	326·8

* Provisional.

Another innovation appears this month: the publication of seasonally adjusted figures for overseas trade. After eliminating normal seasonal variation, the Board calculates that British exports in the three months August to October were 3½ per cent higher in value than in the three previous months, while imports showed a rise of four per cent over the same period. On the same basis the average value of exports during the first ten months of the year was four per cent higher than the average for the whole of 1958, and imports were five per cent higher. Those not immovably sceptical of the usefulness of this kind of exercise can find a full explanation of the seasonally adjusted series in last week's *Board of Trade Journal*.

HIRE PURCHASE

European Business

"IN this trade," one of the leading delegates said privately to an inquirer at last week's meeting to found the Association of European Finance Houses, "we never meet except to do business"; and indeed the first indications of business co-operation among founder members were evident before the first meeting. In other ways, too, this venture has characteristic touches. Present members from Britain, Austria, Belgium, France, Germany, Holland, Sweden and Switzerland include both national associations and individual finance houses (United Dominions Trust and Lombard Banking from Britain). A number of the smaller finance houses apparently feel that this is unfair; they would prefer the European body to be simply for the exchange of views and information, and membership confined to the national associations. The trouble here is that while Britain is well supplied with three hire purchase associations some other countries so far have none.

A constitution has apparently been drawn up for Eurofinas (as it has inevitably been called) and a committee appointed with Mr T. J. M. van den Ende, the association's pioneer, as chairman and Mr J. R. T. Gibson Jarvie, joint deputy chairman of UDT, as deputy chairman. But much has still to be decided. There will probably be one vote for each country—what happens if the British associations cannot agree?—and membership fees may also be by country—another matter that will lead to interesting debate. It has not been stated whether fees will be payable by instalments.

Apart from the exchange of views, of which there were already signs in Amsterdam—"Yes, old boy, in America they've introduced instalment financing for bail"—this association is openly intended to lead to new business. The first such arrangement to come to light is an ingenious one. United Dominions Trust has arranged with Kundenkreditbank of Dusseldorf, the largest hire purchase house in Germany, to offer hire purchase facilities in Britain for German goods sold here: Kundenkreditbank will do the same for British goods sold in Germany, and the companies will act as each other's correspondents for this purpose. UDT is arranging similar co-operation with leading houses in other Continental countries. The arrangement can be amicable between the finance houses because it involves new competition not with each other but with other institutions such as merchant banks. Also, no element of foreign exchange is involved. But few people would be surprised to see big United Kingdom houses take the bigger and more venturesome step of acquiring their own stake in a European country on the Continent, particularly in one of the countries in which hire purchase is still underdeveloped. In Holland, for example, the total HP debt is no more than one per cent of national income.

IMPORTS FROM AMERICA

Not Very Much More?

THE widespread removal of restrictions on imports last week has given the country almost complete freedom to buy what it pleases from Western Europe and the dollar area. How much it uses this new freedom, however, is another question, particularly with respect to imports from the United States. US Commerce Department officials have estimated that the maximum increase in exports to Britain next year will be about £18 million, compared with a total last year of £293 million—and it may be much less than that. One of the biggest increases is expected to be in ready-made clothing, in particular the lower-priced lines of women's and children's clothing: these are not only fairly competitive in price (despite import duties ranging from 17½ to

30 per cent) but are often superior in styling and quality to British-made goods.

Imports of American cars and domestic appliances are less likely to rise. Not only are there import duties on these products of 20 to 30 per cent (to which purchase tax must of course be added) but their basic cost is too high to be competitive. In general British toasters, steam irons and coffee percolators cost about half as much, in this country, as do American ones. There is some demand for waffle makers, sandwich toasters and other kitchen gadgetry for which there is no British-made counterpart. This is also true of major appliances, such as giant refrigerators, deep freezes, dishwashers and automatic washing machines. One London department store has been importing these under the token import scheme for several years, and reports that it has lately been unable to meet the demand, even at prices ranging up to £363 for a 16 cubic foot refrigerator-cum-deep-freeze, with automatic defrosting. Where large numbers can be sold, however, it probably remains more economic to manufacture American appliances under license.

In industrial plant and equipment, the high cost of run-of-the-mill American products, makes them generally uncompetitive, both with British and Continental—especially West German—products. Where American designs could not be matched in Europe, there have always been arrangements by which it could be imported—at times in very large quantities. American chemical plant, for example, is now made in Britain by licensees or subsidiaries of American firms; though fewer of these subsidiaries may be formed in the future, it is unlikely that many of those now existing will close.

BUILDING SOCIETIES

Withdrawals Going Up

THE reduction in the rate of interest paid on shares has had some effect on the rate of withdrawal of savings from the building societies. This is apparent in the figures for the third quarter of the 197 member societies of the Building Societies Association. But the table does not show that the rate of withdrawal has been going up, month by month, to an appreciably higher figure in the last few weeks.

DEPOSITS AND ADVANCES

197 Members—Building Societies Association (£ million)

	1959 I	1959 II	1959 III
Shares & deposits			
Gross receipts	117·8	111·7	107·9
Gross withdrawals	56·9	66·5	71·4
Net receipts	60·9	45·2	36·5
Advances	68·5	94·0	112·0
Repayments	68·3	78·4	81·8
Funds			
Liquid assets	336·7	347·3	337·0
Total assets	1,992·5	2,047·3	2,098·1
Liquidity ratio	16·9%	17·0%	16·1%

The slump boom has attracted some savings from the societies and the echoes of the Jasper affair have also prompted a certain amount of withdrawals. Similar trends are revealed in the figures of the Halifax which, not being a member of the association, announced a reduction in its rates a year ago. In the nine months to October 31st it lent £60½ million on advances, with the result that its liquidity ratio fell slightly to 17.4 per cent, and its net receipt of funds at £9 million in the October quarter was slightly down on the £9.3 million net received in the July quarter.

The lending of a record sum of £112 million by members of the Association in the third quarter has made many societies, and especially those whose reserve ratios need attention if they are to retain trustee status, rather more restrictive in their lending. They are also making increasing use of the facilities under the House Purchase Act. Advances under this scheme do not affect their financial condition in qualifying for trustee status. In the third quarter of this year about £5 million was lent by the societies to house purchasers on houses built before 1919 and advances of this character are now running at between £3½ and £4 million a month.

Tightening Up the Law

MEMBERS of the building society movement are now putting their ideas together on the new law promised by the Government, and the association is busy warning investors about "unsound" societies. On one point there seems to be general agreement: the advantages of the title of building society should be enjoyed only by those who keep a strict limit on advances to other than owner-occupiers. Very few societies lend only to owner-occupiers but almost all societies are careful to limit the proportion of other types of advances to a prudent level. Much depends on the quality of the mortgage as well as on the status of the borrower. Only this year the City and Metropolitan, which over the last ten years has lent money to the Chamberlain group of property companies, became a member of the association. The death of Mr W. E. Chamberlain attracted press comment to this fact. Its chairman, Mr F. E. Cleary, has said that these mortgages were "more than amply secured" and that the early repayment of some of them was made not at the request of the society but at the request of the Chamberlain group itself.

The State Building Society, which lent heavily to the Jasper group of companies, has for some time been subject to a "stop order" on its advertising for money and withdrawals by shareholders are limited to a nominal sum. This week the Chief Registrar of Friendly Societies, at the necessary request of a group of shareholders, has appointed an inspector to investigate the affair of the society. The inspector is Mr W. H. Lawson, a past president of the Institute of Chartered Accountants and a chief architect of the merger between the Institute and the Society of Incorporated Accountants.

This is the second investigation which has sprung from the Jasper affair. The first is being conducted by Mr Neville Faulks, QC, into the affairs of the Jasper group of companies; the latest move here is that he, with Mr R. K. Lochhead, a director of Commercial Union Assurance, has been asked to investigate the affairs of Pilot Assurance, an insurance company taken over by H. Jasper and Company in October, 1958. This is the first inquiry into the affairs of an insurance company on the grounds that the company's assets fail to exceed its liabilities by £50,000 or more since provision for such an investigation was made in 1935.

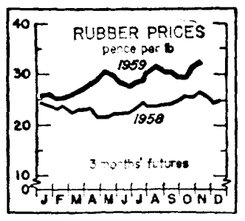
Prosperity in Rubber

IN the last eighteen months the price of the top grade of sheet rubber in London (for three months' delivery) has risen by two-thirds to about 37½d. a lb—leaping up several pence in this week alone. The average cif price for the first ten months of this year, at 2s. 4¼d. a lb, is nearly 5d. above the average for the whole of 1958. Spot still commands a high premium of about 2d. a lb, but the rubber grower does not sell spot. Sales of natural rubber from the American and British strategic stocks have not ended the shortage of spot rubber, and supplies available in the Singapore market have become increasingly light.

World consumption will reach a new record this year of something over 2.1 million tons; though production is not matching consumption it will also reach a record at nearly 2.1 million tons. World consumption includes an estimate of imports into the communist countries of about 475,000 tons, which would be roughly 50,000 tons larger than last year because Russia and China have been buying more.

Efficient estates in Malaya are on velvet at these prices, and the less efficient are also making good profits. As the commodity has risen, so have the prices of rubber shares; the *Financial Times* index has gone up from 124 to 216 in the last year. The favourable outlook has stimulated fresh thinking among both producers and investors. Producers have been merging into larger groups, for example Highlands and Lowlands and Seafield Amalgamated. This has not only brought economies in administration; it has also made their shares more marketable and therefore more attractive to investors, especially the institutions.

Political risks in Malaya have diminished, and hence investors have been willing to accept lower yields. But yields are still high, ranging from 8 to 13 per cent, and even now may not fully discount the increase in profits and dividends to come. Since replanting in Malaya got into its stride the most profitable companies are those which have the highest proportion of their acreage under mature high-yielding trees, and a goodly portion of new trees becoming mature. Some areas of high-yielding trees in full production could show a profit even if prices fell as low as 1s. a lb.



	Total planted acreage	Under new trees Mature %	Under new trees Immature %	Price, Nov.11, 1959	Dividend Times covered	Dividend Yield %
High. & Lowlnds. 2/-	43.800	34	27	8/6	1·6	8·2
Kuala Lumpur £1	22,317	46	25	40/-	0·8	10·2
Labu Cheviot 2/-	14.869	67	23	8/9	1·1	9·1
London Asiatic 2/-	35.725	34	22	8/11½	2·3	7·4
Malacca £1	20.707	45	32	56/6	1·5	8·0
Pataling 2/-	27.301	36	29	9/10½	2·0	7·1
Seafield Amal. 2/-	33.033	59	25	6/3¼	—	8·2
Utd. Sua Betong £1	37.461	56	28	98/-*	1·0	7·7

* Ex dividend.

FOR THE PACIFIC

The Canberra Partner

WHEN the Orient passenger liner *Oriana* was launched at Barrow-in-Furness this month, her partner was on a berth at the Belfast yard of Harland & Wolff Ltd. This vessel, the P & O liner *Canberra*, is due to be launched next March, and both she and the *Oriana* should be in service by the beginning of 1961. There are seven major passenger liners in the fleets of the P & O and Orient, its subsidiary, all of between 22,000 and 30,000 tons gross, and with a speed of 22 knots. The two new ships, designed to meet similar traffic specifications, are, so to say, "two sizes larger and two speeds faster." The *Oriana* is 40,000 tons gross and the *Canberra* 45,000 tons gross; their service speed will be 27½ knots.

This considerable jump is by no means typical of the building programmes of shipping companies. Advances tend to be made from ship to ship by easy stages. But P & O and Orient realised that their seven major liners, all built in the first decade after the war, were proving profitable only because they were bought at prices that shipyards can no longer offer. The conception of the next ships to be built could not, therefore, be developed directly from that of their predecessors: it had to be thought out afresh. The price of the *Canberra* is expected to be about £15 million. Compared with the £6½ million cost of the *Iberia* in 1954, this is an increase of about 50 per cent in cost per ton.

The fresh thinking started with the prospects of developing the trans-Pacific passenger trade, into which the Orient Line made a promising entry in 1954. A joint service in the Pacific, operated by the two companies, was given the name "Orient and Pacific Lines" in 1958. Added to the two companies' existing services to Australasia and the Far East via the Suez Canal, and to North America via Panama, this gave a flexible triangle of Pacific services—North America/Australia/Japan—that could gain in frequency as the traffic grew.

To fit in with these new services and meet the problem posed by present shipbuilding costs, the companies decided to go for larger and faster ships to get the improved economy that results from larger size and the passenger "appeal" attracted by higher speed. These two qualities are linked, since the speed that is practicable without excessive fuel consumption goes up with the length of the ship, and hence with its size. The size chosen gives a draught of 32 ft. 6 in., fully loaded, which is comfortably below the limit of the Suez Canal; and the higher speed allows the voyage from the United Kingdom to Sydney to be done in three weeks instead of nearly four.

New Ideas in Design

THE *Canberra* will have air-conditioned accommodation for 600 first-class and 1,650 tourist-class passengers, as well as for a crew of about 1,000. Provision has also been made for a small amount of cargo. The design of the ship is remarkable, as it incorporates a large number of ideas which are either completely new, or new enough to be described as novel; the chief credit for it is due to a naval architect in his early thirties, Mr John West, who is assistant to the management and technical adviser of the P & O Company. The interior has been designed by Sir Hugh Casson—his first venture in commercial shipping.

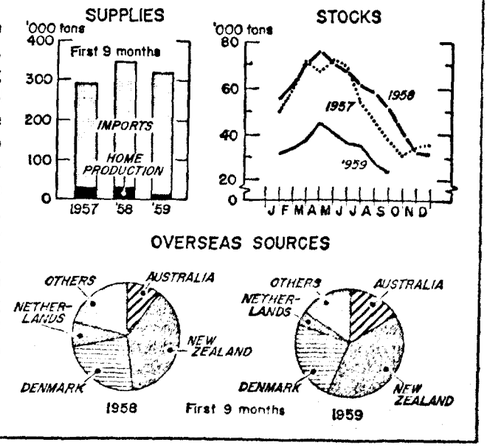
Externally, the most notable feature is the arrangement of twin funnels near the stern. This has been achieved by siting the propelling machinery aft, leaving the midships entirely free for passenger accommodation—which is the best place for it, for convenience of layout and for comfort. This has been done before in only one other British passenger liner, Shaw Savill's *Southern Cross*, and abroad only in liners of a much smaller size. But the appearance of the *Canberra* is also notable in that the lifeboats have been sited three decks lower than usual. They are recessed into the sides of the ship, and are handled by specially designed davits. Placed there, they give the ship a lower centre of gravity and improve the view from the promenade and sports decks. The twin funnels—a controversial feature from the point of view of appearance—also improve amenities because they are slim enough to avoid the downdraught that often blows smuts on to the decks.

The new liner will also have a number of notable structural and internal features. A great deal of weight has been saved by the adoption of a welded aluminium superstructure. More than 1,000 tons of aluminium were used, giving the *Canberra* the biggest superstructure in all-welded aluminium. The saving in weight makes possible an extra cabin deck, which completely offsets the extra cost of this more expensive material. The extensive use of plastic-covered surfaces will virtually eliminate internal painting—which will reduce maintenance costs. And a good deal of scientific research has gone into the development of a soundproof design of bulkhead that will cut down extraneous noises in cabins.

Two sets of ship stabilisers are being fitted. These are now a standard fitting in modern passenger liners. Less common,

The Butter Situation

Last year butter was in surplus, this year it is scarce, owing mainly to the long drought in Europe. Total imports so far this year have fallen by 5¼ per cent to 308,000 tons, though shipments from Australia have risen by more than one-half, and shipments from New Zealand show little change. A relatively small fall in supplies has brought a big rise in prices; New Zealand butter now costs 430s. a cwt. wholesale, 150s. more than a year ago.



however, is the transverse bow propeller which allows the bows of the ship to be moved sideways when manœuvring or berthing. This idea was developed for ferries some time ago, and the *Canberra* and *Oriana* are the first large liners in which it has been used. The propelling machinery of the *Canberra*, which develops a maximum power of 85,000 shp on twin propeller shafts, is unusual in being turbo-electric. This form of drive was popular with the P & O between the wars, but has seldom been used by other lines for ships of this type. The machinery is heavier and more expensive than geared turbines, but by avoiding the need for astern turbines it allows more efficient turbine design, is more flexible, makes the ship more manœuvrable, and reduces the risk of mechanical failure.

TIN MARKET

Speculators Take a View

When American steel and tinplate workers were sent back to work this week tin cost slightly more than it did nearly four months ago, before they came out; throughout the strike it remained steady at about £792 a ton. Yet during this period American consumption of tin dropped by nearly 10,000 tons, while exports from the producing countries were increasing. The manager of the International Tin Council's buffer stock has not had to buy tin to support the market; he has in fact been selling substantial quantities to keep prices steady. Consumption of tin outside the United States has been growing, and some of the big American steel companies did not completely withdraw from the market during the strike. No one outside the council knows exactly how much tin remains in the buffer stock. Private guesses range from well under 10,000 tons to about 11,000 tons. As the maximum stock is 23,200 tons of metal or the equivalent in cash, it would seem prudent that the manager should not be left with much less than 10,000 tons. The council has so far refused to disclose its interpretation of article VII of the agreement—the question whether exports can still be restricted under the scheme even when the buffer stock is less than 10,000 tons, or may fall below it by the end of this year, when the current control period itself ends. There is no justification for this obscurantism, and the council will be expected to make its intentions clear after its meeting on December 1st.

If it were to take the highly questionable view that exports can be controlled, irrespective of the size of the buffer stock, or if the stock is still comfortably above 10,000 tons, it will probably increase export quotas in the first quarter above the current level of 30,000 tons. But it may move cautiously, taking the view that much of the fall in American consumption during the strike will never be made good, and that it will probably be asked to dispose of the remaining 2,500 tons in the British Government's strategic stock from January 1st. The market is evidently less timid; many people believe that tin is going to be short. Tin for three months' delivery touched £803 a ton this week, the highest price for nearly three years, though it fell back later to close on Thursday at £798. The earlier rise followed buying by consumers and the end of the American steel strike; but speculators were also taking a view.

CABLES

Competition Bites Deep

The inroads of the price war in the cable industry upon profit margins can be seen in the half-year results of British Insulated Callender's Cables to last June. Though the price ring was finally abandoned only in April, BICC's rate of profit on turnover was 7.6 per cent compared with 8.5 per cent in the second half of 1958, and 7.5 per cent in the first half—but that was a bad year for the cable industry. Sales rose to £63 million from £57 million and £53 million in the two preceding half years. The latest figures include, however, the sales of Telegraph Construction and Maintenance from January 1, 1959, and of Scottish Cables from April 1st. The interim dividend is being maintained at 4 per cent. The price cut made by the members of the ring, including BICC, in November, 1958, in face of competition from non-member firms may account for much of the fall in margins. The next half-yearly figures should show how much further BICC has had to pare its profit margins: it announced a further round of price cuts at the beginning of June, following those which were made when the ring broke up.

Suggestions that the large companies are in fact now selling below cost were made by Mr L. S. Hargreaves, the chairman of Aerialite, one of the smaller cable makers, in his annual statement this week. He accused the big companies of pushing prices below cost—at least on the bread-and-butter cables—so that the smaller firms would be weakened and perhaps taken over, and present losses could be recouped in a less competitive market. He urged that under-cost selling designed to reduce competition should be made illegal, and added that discussions were now taking place between the big groups and the rest of the industry. Presumably any new agreement on prices would have to be registered under the Restrictive Trade Practices Act. But it appears that no such new agreement can be expected for the present.

TELEVISION

The ITA's Profits

The Independent Television Authority is still smarting under the criticisms made by the Public Accounts Committee of its business arrangements with the programme companies. The PAC thought that these should be charged higher rents; in its accounts for 1958-59 the ITA explains why it is not prepared to do so. The rents charged for the use of the eight transmitters that were working by March 31st this year came to nearly £3 million. This is three times the size of the ITA's outgoings, including payments to the Post Office for the use of its various land lines. When its charter expires in 1964, the ITA will have capital assets, all financed out of current income, worth £5 million, on which it will have provided £2¼ million depreciation; it will hold cash reserves of £4 million ready for the construction of the second network that it is always demanding; it will have passed on £7 million to the Exchequer by way of tax. The terms of the Act that brought it into being, the ITA told the Public Accounts Committee, oblige it to finance its own construction and create a reserve fund—but not deliberately to milk the programme contractors of their profits, however high these may soar.

The ITA's demands for a third channel, or for an ending of restrictions on the number of hours' television that can be transmitted each day, are really part of this same problem. It has had to rebuke contractors for crowding too many advertisements into peak hours (individual transgressions of the "six minutes of commercials per hour averaged over the day" rule were more flagrant than appears in the average figures printed in the ITA's report). The only result is that the contractors, faced with too many advertisers clamouring for an inelastic supply of peak-hour advertising, have simply jacked up their advertising rates—and their profits along with them. The answer to unhealthily inflated profits is an alternative outlet for advertisements—that is a third commercial channel. But whether this would be in the best interests of television in this country and of the viewing public is another matter entirely.

BILL MARKET MERGER ?

Cater-Ryder Talks

Negotiations have recently been started to explore the possibilities of a merger between two old-established discount houses, Cater Brightwen & Co. and Ryders Discount Co. Both are medium-sized houses ranking, by the test of capital resources, fourth and fifth among the twelve houses that are members of the London Discount Market Association. If a satisfactory basis for merger can be found and is duly approved by the shareholders of the two companies, the resultant house would rank as the third largest member of the market—displacing Alexanders from the position among the "Big Three" that it has occupied for many years. At the latest balance sheet dates Cater Brightwen showed capital resources totalling £2.87 million and Ryder showed £2.93 million. But it is

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Estate Manager tells how . . .

Sitting tenants were sitting targets

Yes, they were sitting targets for the burglar — the tenants of my company's flats.

I'll tell you how we realised this. Apart from flats—and offices—we also own a hotel. Now, when we bought the place, it didn't occur to us to check the locks.

Inevitably, I suppose, there came a series of small thefts from rooms. Prodded by the police, we found that the locks were simple to pick, and that keys were going astray.

So we got rid of the lot. Chubb put in a beautiful master key system for us. Every key is different; the chamber-maid can open her own group of rooms; and only the manager's key will unlock every room in the hotel.

After that, we started to worry about our offices and flats. And it was obvious that we'd been 'pound-foolish' with security. So with Chubb's help we surveyed the locks and window fittings—and our sitting tenants no longer present a sitting target to the burglar.

Does that sound expensive? I assure you that it is not. And I happen to have discovered the cost of poor security. Believe me, it is worth anyone's while to hand their security problems over to Chubb. Here is the address . . .

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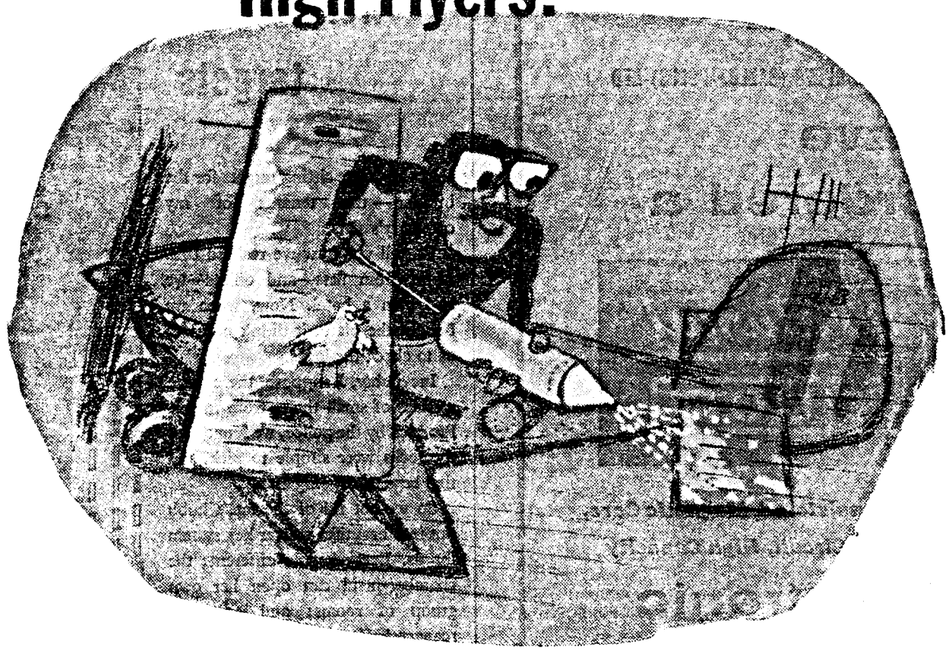
Good News for Hi-Fi High Flyers!



For high-flying hi-fi fans, a splendid vista stretches endlessly ahead. Those twin bugbears of stereo in the stratosphere—ice outside the aircraft and overcrowding inside it—have surrendered to a massed attack from the scientists who work on chemicals from oil. As ever, the Esso Chemicals Division took a keen interest in the fray.

High flying is all right—the sun's usually out and you're clear of the main roads—but it gets a bit parky up there. Ice tends to form on the wings and things. One solution is to spray on a fluid called iso-propyl alcohol, which de-ices the aeroplane. It's made from propylene, of which Esso Chemicals have plenty.

Hi-fi-ing is all right, too, although you used to need a small airship to carry all the necessary equipment. Then transistors came along. Open any transistorised gubbins and you'll probably find the parts embedded in a plastic potting compound. This is an epoxy resin, which also starts out as propylene—of which Esso *still* have plenty. And so stereo in the stratosphere flies slowly into the sunset, de-iced and uncrowded. Yet, it's a rich, full life for hi-fi high flyers. (And Esso Chemicals *still* have lots of propylene. Want some?)

Note to Manufacturers

Besides propylene, we can offer you many other chemicals from oil; they are listed below. If YOUR *business uses chemicals, ask your secretary to contact the Esso Chemicals Department, 50 Stratton Street, London, W1. Telephone: Hyde Park 7030.*

BUTYL RUBBER · AROMATIC SOLVENTS (Solvesso 100 and 150)
ETHYLENE · BUTADIENE · PROPYLENE · NAPHTHENIC ACIDS · 'C' OIL
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DICYCLOPENTADIENE · SULPHUR · HEPTENE · AROMATIC TAR

ESSO MEANS BUSINESS IN CHEMICALS

understood that the combined true capital resources, on the basis of present values, would well surpass £7 million. The combined books, at the balance sheet dates, comprised £36½ million of bonds and £131½ million of bills. The aggregate of £168 million was substantially larger than that shown by Alexanders at end-December last; but comparisons of portfolios based on balance-sheet dates are apt to be misleading, and it is thought that the merged portfolios would not generally be significantly larger than Alexanders'.

A merger of this kind would evidently meet the point that Sir John Musker, Chairman of Cater Brightwen, had in mind when, in his last annual statement, he emphasised the need for the discount houses—and for his company specifically—to command additional capital in order to permit them to function to a greater extent as jobbers in bonds (as distinct from mere holders of them).

WOOL TEXTILES

A Record Year?

JUDGED by volume of output, the British wool textile industry is enjoying its second best postwar year. The recovery started in the autumn of 1958, gathered pace at the beginning of the year, and now shows signs of levelling out. Consumption of raw wool in the first nine months of this year rose to 383 million lb, 16 per cent more than in the same period of 1958, and for the whole year it may reach, or perhaps exceed, the 528 million lb consumed during the Korean boom year of 1950. The worsted and woollen sections have broadly shared in the recovery. Consumption of wool in topmaking, where the worsted process begins, rose by 17 per cent in the first nine months, compared with a year ago, while consumption in woollen spinning was 14 per cent up. The sharp rise in sales of carpets has helped the woollen side, while worsted spinners are benefiting, at the weavers' expense, from the continued vogue for knitted jersey outerwear. In an effort to prevent the Leicester knitting industry from encroaching even further into the outerwear business, some weaving firms in Bradford are now installing knitting machinery. Retail sales of wool textiles, after a late autumn start, now seem to be doing well.

The sharp rise in raw wool prices during the summer, and anticipation—only partly fulfilled—of still higher prices to come, stimulated business throughout the industry. Most firms became well sold forward, and a few have order books longer than ever before. Some topmakers are apt to complain because business has been quieter since then, and because selling margins are low. If their remarks are taken at face value they would be turning wool into tops for nothing, and making a profit solely by their acumen in buying and selling at the right time. In recent weeks, with wool prices fluctuating in a narrow range instead of moving reassuringly upward, that would not have been easy.

Lancashire's old complaints—of the power of big groups of clothing makers and retailers, of weak selling by some firms, and the expansion of Asian textile industries—find muted echoes on the other side of the Pennines. Topmaking certainly seems a crowded occupation, and no doubt the day will come when India and China, now two of our biggest customers for tops, are largely self-sufficient in these products as well as in yarn and cloth. And the move towards larger groups, horizontal or vertical, within the industry is becoming more pronounced. The most recent example is the long drawn-out battle, now won by Lister & Company, for control of the Huddersfield woollen firm, Joseph Hoyle.

RADIO SETS

Competition from Shannon

TRANSISTOR radio receivers are sold in this country for nearly twice the price of a comparable receiver using thermionic valves, the main reason being the cost of the transistors. In Eire, the government has announced that an Irish registered offshoot of the Japanese Sony Corporation is to begin at Shannon the assembly of radio receivers using transistors imported from Japan. Since the rest of the components will be supplied either in Eire or imported from Britain, the finished sets will be able to enter this country duty free, and thus provide the British industry with its first mild taste of the kind of Japanese competition in the home market under which the American radio industry has been squirming for years.

The Eire government has been trying for some time to offset the economic consequences caused by the fact that longer range aircraft overfly Shannon Airport and are threatening it with the same fate that overtook the nearby seaplane base at Foynes. Two years ago it decided to set up a trading estate inside Shannon's free port boundaries and six standard factory bays are under construction, each providing 16,500 square feet, of which 11,000 square feet is assembly space. The factory rented by Sony will be in production early next year, employing 200 people and building up during the next three years to 250,000 sets a year. This is not far short of a quarter of the output of radio sets for the whole British industry.

It is not certain that all these sets will be shipped to Britain. The object of the trading estate is to provide cheap accommodation (at 1s. 3d. a square foot) and a pool of local labour for industries whose products are suitable for air freighting anywhere in the world. Other companies interested in the Shannon experiment make pianos, fabric marking machines, electronic controls for bowling alleys and breed chinchillas. The type of industry that can go to Shannon is obviously limited by the size of accommodation offered, but if the experiment succeeds the free port zone could well be enlarged to take in larger factories. In that case Shannon might become an impressive springboard into the British home market.

TEA PRICES

Plain Tea Costs More

FORTUNE is at last smiling gently on producers of plain tea in North India and Ceylon. The surplus has disappeared, and in the last three months the prices of plain tea in the London auctions have risen by about 1s. to 3s. 8d.-4s. 4d. a lb. If this improvement is maintained most producers will make a fair profit this season, though it will not go far towards reducing past losses of a few producers. The Dooars and Nedeem companies in North India, to take an extreme example, lost £179,000 and £72,000 respectively last year—partly because both suffered from short crops—bringing their accumulated losses to £290,000 and £147,000. While plain tea has been rising, prices of better teas have fallen recently, mainly because of the seasonal decline in the quality of the North Indian crop and partly, perhaps, because buyers are apt to trim their bids for good tea when they have to pay more for the plain tea that is used to cheapen the cost of their blends. The "concertina," as the trade calls it, is thus closing.

This recovery in plain tea has taken many people by surprise. So far world production is only nine million lb smaller than last year, when output for the whole year was 60 million lb larger than in 1957; and Pakistan has fixed its exports this year at a minimum of 20 million lb, which compares with 12 million lb actually exported last year. Yet in Britain, which drinks about one-third of the world's tea, stocks have dropped by 28 million lb, compared with a year ago, to 123 million lb.

Evidently people are drinking more tea. Several countries in the Middle East have bought more tea from India this year, and consumption in India itself has probably risen. But there is still time for world production to catch up, and supplies of plain tea from some African countries are now increasing as their production rises seasonally.

COMPANY AFFAIRS
Comments on pages 671, 672 and 673 on
British Motor — Joseph Lucas
S. Smith & Sons — BSA
Anglo-American Shipping — Courtaulds
Marks and Spencer — Henry Wigfall
Roads Reconstruction — Ind Coope
Beaverbrook Newspapers — Minet Holdings

LONDON AND NEW YORK
Stocks, prices, yields and security indices on pages 674 and 675

LONDON STOCK EXCHANGE
The week's movements reported on page 673

MONEY AND EXCHANGES
Money market report, exchange rates and public finance on page 676

COMPANY MEETINGS

HARRISONS & CROSFIELD LIMITED

SATISFACTORY RISE IN PROFITS

The annual general meeting of Harrisons & Crosfield Limited, will be held on December 8th in London.

The following are extracts from the circulated statement by the Chairman, Sir Leonard Paton, CBE, MC, for the year to June 30, 1959:

Group profit attributable to the Parent Company (after minority interests £1,179) is £1,257,110. Taxation required £632,862 and, adding the amount brought forward from last year, £452,834, makes the balance available £1,077,082. It is proposed to appropriate £248,269 for Capital Reserve and £71,393 to General Reserve, a total of £319,662. Preferential and Management Dividends take net £82,995 and Deferred Ordinary dividend and bonus net £183,751, a total of £266,746, leaving to be carried forward £490,674.

The Directors recommend a Final Dividend of 10 per cent on the Deferred Ordinary Stock, repeating last year's total of 15 per cent for the year. In addition, they recommend the payment of a Bonus of 5 per cent on the Deferred Ordinary Stock. Under the Articles the Directors would have been entitled to draw additional remuneration in respect of the payment of this Bonus, but have waived their right.

GROUP TRADING PROFIT

It is satisfactory to report a rise of £84,000 in profits, after tax, from a year's operation in conditions no more favourable than a year ago. This year the Eastern offices have contributed to the increase and we continue to trade intensively there except where government intervenes.

It is a disturbing manifestation of nationalism when attempts are made to divert certain spheres of trade either to the local government itself or to its own nationals. This checks the normal flow of commerce and in the result tends to retard rather than advance the rise in the standard of living which all of us ardently desire to see the Eastern peoples enjoy.

There are some interesting changes. Group Reserves themselves have increased by £376,052 to £5,030,455.

The Directors consider that out of this £1,463,000 transferred to the parent company's Capital Reserve, £1 million should be made available to Deferred Ordinary Stockholders by way of increase in capital. It is therefore proposed to make to existing holders a free scrip issue of one million fully paid Deferred Ordinary Shares of £1 each (to be converted upon issue into stock) in the proportion of two new £1 shares for every £3 stock held.

After dealing with events in the countries in which the Company has interests, the statement continues:

TEA

Prices.—For the past three years the tea markets of the world have been relatively stable. The average price of all tea sold on the London market during 1958 was slightly over 4s. 7d. per lb compared with 4s. 5¼d. during 1957. Up to the end of October, 1959, the average price has been a little over 4s. 5¼d.

Retail prices in this country were last changed in June, 1957, and the average household packet currently retailing in the region of 6s. to 7s. per lb affords scope for a satisfactory margin to the packer and the retailer. The producer is less fortunate, and in many cases these average prices allow him little if any profit.

Government Imposts.—Export duties and taxes continue to be a burden on producers, but in India some small amelioration has been granted by the reduction of export duty from a flat 7d. per lb to an export duty of 4½d., plus a sliding scale of excise duty on a zonal basis ranging from ¾d. for Cachar, the Terai, Lower Assam and much of South India, to 2½d. for Upper Assam and the Nilgiris. In Ceylon also the export duty has been reduced to 6¼d. plus an *ad valorem* sales tax ranging up to a maximum of 1s. 0⅝d. This is of some advantage to producers of plainer teas but penalises good quality which now bears export duties of 1s. 7d. per lb.

Prospects.—As things are, there seems little cause for the British housewife to fear an increase in the retail price of tea at present. In times of advancing markets, packers are reluctant to increase retail prices owing to the dislocation in their channels of distribution. Understandably, when the market reverses the trend, there is sometimes reluctance to match the fall promptly with a cut in retail prices. Present indications are that any change in the foreseeable future would be downward.

RUBBER

The background to rubber in 1959 has been the improving economic climate in the USA and Western Europe, bringing increased demand, reinforced with strong buying by Communist countries. The general result has been higher prices, and at times a scarcity of supply for near delivery.

Prices.—Prices have continued upwards for the last 18 months with few serious interruptions. Up to October, 1959, No. 1 RSS averaged 29d. per lb compared with 23½d. for the whole of 1958. The premium for spot London over forward positions has been as much as 6d. per lb due to special market factors.

Prospects.—Demand for natural rubber continues satisfactory. Certain countries, notably Japan, have indicated increased requirements and potential demand elsewhere is good. Production of natural can only be increased marginally each year and supplies from the largest producer, Indonesia, are unpredictable. So far as can be seen there should be an outlet for all the natural rubber likely to be produced in 1960.

GENERAL

Profits for the year now current are fully comparable with those at this time last year, but it would be imprudent to suggest now that the pattern will persist until June 30th next. Our operations cover many territories and in each we have to live with the Government of the day. Governments now intervene in all aspects of business more than ever before and action by any one can easily make even established sources of remuneration precarious.

The Company has never been stronger or more ready to grasp new opportunities than today.

MONTAGUE L. MEYER LIMITED

CONSIDERABLY IMPROVED RESULTS

The annual general meeting of Montague L. Meyer Limited was held on November 11th in London.

The following is the circulated statement of the chairman, Mr Montague L. Meyer:

The Accounts for the year ended March 31, 1959, show a net profit before tax of £180,138 and the balance after taxation amounts to £83,275. In addition there is a capital profit of £3,314.

This time last year, for taxation reasons, we did not pay a final dividend on the Ordinary Shares, but on the other hand a first interim dividend of 10 per cent in respect of the year now under review. This was followed by a second interim dividend of 5 per cent, and we now propose a final dividend of 10 per cent, which will bring the average for the two years to the 15 per cent we have paid in recent years.

There has previously been included in the Group Balance Sheet credit for tax relief in respect of trading losses incurred by an overseas subsidiary but the Special Commissioners have held that this cannot be allowed in the particular circumstances. An appeal is being made to the High Court against this decision but it is considered prudent to write off from Profit and Loss Account Balance the amount involved, and also, as this business is being liquidated, the remainder of the investment.

Although the profit for the year under review shows a considerable improvement it is not as good as I expected when I presented last year's accounts, largely because softwood prices fell more than was anticipated, and more than was necessary, during the second half of our financial year. Since then prices have recovered.

I reported to you last year that we had purchased the balance of the Government Strategic Reserve Stock of softwood. Part of this remained unsold at March 31st and has been taken into stock, but I am pleased to inform you that since then it has practically all been disposed of and the whole transaction can be considered as eminently satisfactory.

CURRENT SALES INCREASE

Since the date of the Balance Sheet we have purchased a company which can usefully be run in conjunction with our own and will be a valuable addition to the Group. The markets for all the commodities in which we deal are now very firm; also our purchasing has been good and the volume of sales during the first half of this financial year shows an increase over the same period of last year. Unless therefore something extraordinary occurs I expect to report a further improved position next year.

With these accounts the First Preference and Ordinary Shareholders will be receiving notice of a meeting called to double the Ordinary Capital by means of a scrip Issue. For the reasons I have set out above, the Directors anticipate being able to pay 10 per cent on the doubled Ordinary Capital (equivalent to 20 per cent on the existing Ordinary Capital) for the year we are now in.

The report and accounts were adopted and at the subsequent extraordinary general meeting resolutions increasing the capital of the company to £1,345,000 by the creation of 1,800,000 5s Ordinary shares and capitalising £450,000 for the purpose of a one-for-one scrip issue were approved.

BLYVOORUITZICHT GOLD MINING COMPANY LIMITED

NEW RECORDS ACHIEVED

MR T. REEKIE'S STATEMENT

The Twenty-second Ordinary General Meeting of shareholders will be held in Johannesburg on November 17, 1959. The following is an extract from the circulated statement by the Chairman, Mr T. Reekie, dated November 11, 1959:

WORKING RESULTS

With the improved supply of non-European labour, it was possible to expand operations generally and the results obtained constituted some new records for the Company. The tonnages of ore mined and milled were the highest achieved since the commencement of milling operations in February, 1942, and the production of 877,250 ounces fine of gold exceeded the previous highest output in 1952 by 58,074 ounces. An improvement in yield per ton, following on a further reduction in the underground stoping width and an increase in waste sorting on the surface, contributed to this achievement. The working revenue during the year derived from gold at £10,994,105 was also a record and compares with the previous highest figure of £10,587,604 in 1952, when the net amount received for gold was 7s. 3d. per ounce higher. In line with the increased tempo of operations, however, the working expenditure increased sharply to £4,618,068. Nevertheless the working profit from gold was £6,376,037, an improvement of £1,164,422 on the profit for the previous year.

The increased amount of slime from current gold mining operations was all treated in the uranium plant, but, due to the limitations of the Company's sales quota, the quantity of slime drawn from surface accumulations had to be reduced. The tonnage of slime treated and the uranium output at 668,985 lb was slightly higher than that for the previous year. A reduction in the unit cost of production was achieved as a result of further improvements in operational techniques in the plant, and the working profit from uranium at £1,704,211 exceeded that of the previous year by £123,863. Sales to the Combined Development Agency through the Atomic Energy Board were maintained in terms of the sales quota arrangements. The sulphuric acid plant operated satisfactorily throughout the year and earned a profit of £161,273, which was a small improvement on the previous year's figure.

The total working profit from gold, uranium and acid amounted to £8,241,521, which was an increase of £1,290,596 on the corresponding figure for the previous twelve months, and is the highest annual working profit recorded by the Company.

ACCOUNTS

The total profit before taxation and lease consideration was £8,291,405. The total appropriation of profits for the year amounted to £7,791,141, made up of provisions for taxation and lease consideration totalling £4,559,092, payments in respect of the capital portion of the uranium and acid loans amounting to £514,744, a transfer of £217,305 in connection with expenditure on mining assets less realisation of investments, and £2,500,000 in respect of the two dividends declared during the year. This left £509,264 to be added to the unappropriated balance brought forward from the previous year, and the balance of the Income and Expenditure Account was accordingly £2,990,986 at June 30, 1959.

The Company's loan indebtedness in respect of the amounts borrowed to finance the erection of the uranium and sulphuric acid plants was reduced to £2,583,334 at June 30, 1959. This sum will be repaid in equal quarterly instalments until December 31, 1963, when the cost of both plants will have been fully redeemed.

Net expenditure of a capital nature on mining operations amounted to £246,264. It is estimated that approximately £850,000 will be spent during the current financial year on the sinking and equipping of the new No. 4 Vertical Shaft and its ancillary services, and approximately a further £450,000 on the remainder of the mine and the reduction works.

The gold mining formula tax continued to be levied on the taxable income derived from gold mining, uranium extraction and the production of sulphuric acid. Due mainly to the increase in the working profit for the year, the necessary provision for taxation and mineral lease consideration was £9,29,778 higher at £4,559,092.

Two dividends, of 1s. and 1s. 1d. per share respectively, were declared during the year.

DEVELOPMENT

A considerable increase was achieved in the footage developed in opening up the mine, more particularly in the areas served by the "A" series of sub-incline shafts and to a lesser degree in the north-western zone of undeveloped ground above the 6th level haulage.

The Directors' Report for the year ended June 30, 1959, deals fully with the changed pattern of development work during the year and with the consequential change in the development results obtained. It will, no doubt, be realised that the increase in the footage of exploratory reef development in the lower grade western portion of the mine and the decrease in the amount of reef development in the higher grade central and eastern areas have adversely affected the combined percentage payability and average grade of reef exposed. This change in the pattern underlying recent results is likely to continue as long as the different methods of development referred to above are in operation and, in the circumstances, it will be appreciated that current development results should not be regarded as being of great significance in assessing the position and prospects of the mine.

ORE RESERVE

The payable ore developed increased by approximately 14½ per cent, the values for both gold and uranium being slightly lower mainly due to the inclusion of certain payable, although lower than average grade, blocks in the western portion of the mine. Compared with the ore reserve estimate made a year previously, the available tonnage at June 30, 1959, increased by 5,000 tons to 4,665,000 tons, the stope width was reduced still further from 43.5 to 42.5 inches, and the gold and uranium values were higher by 0.4 dwt per ton and 0.013 lb per ton at 14.7 dwt and 0.529 lb respectively.

THE ENGLISH, SCOTTISH AND AUSTRALIAN BANK

SATISFACTORY OUTCOME OF OPERATIONS

The sixty-seventh annual general meeting of The English, Scottish and Australian Bank, Limited, was held on November 11th in London. The Honourable David F. Brand (the Chairman), presiding.

The following is an extract from his circulated statement: The Australian economy in 1958-59 continued to show the steady rate of expansion which it has evinced over recent years. Twelve months ago the economic outlook was not very promising in the light of falling world prices for many items of Australia's production, but, in the result, the operations of the year can be reported with some satisfaction. A particular and welcome feature had been the high volume of capital sent from overseas for investment in Australia.

The principal changes from last year to be observed in the Bank's balance sheet are an increase of nearly £5 million in Deposits, Current Accounts, etc., and a fall of over £2 million in the Special Account with the Commonwealth Bank of Australia. These additional resources have allowed us to increase our Advances to customers by over £1 million, our investments in British and Australian Government securities by £4 million, and our cash in hand, balances due from other Banks and money at call and short notice by £3 million the balance being offset by a compensating reduction in the combined figures for Cheques in course of collection and Bills Receivable in hand and remittances in transit.

SUBSIDIARY'S GRATIFYING PROGRESS

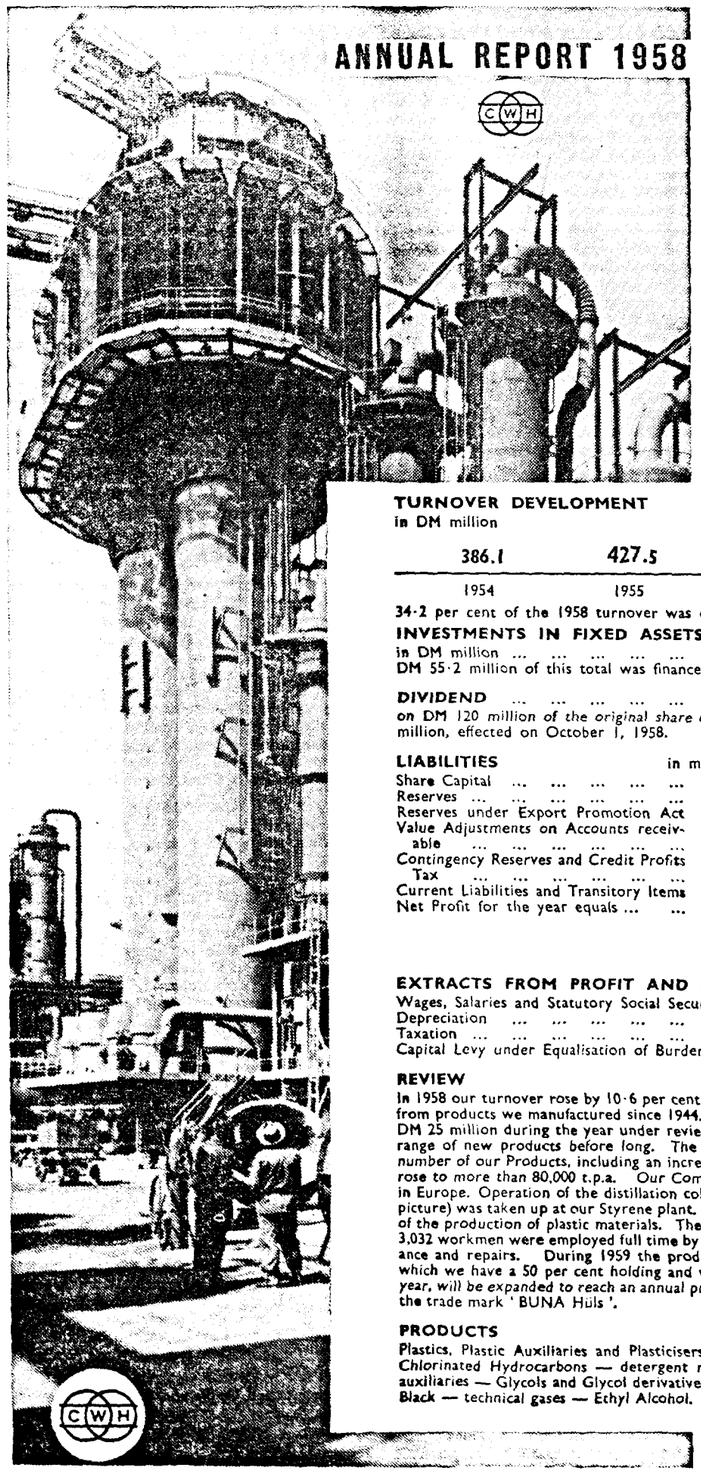
In the Consolidated Balance Sheet I draw your attention to the rise in the outstanding balances under Hire Purchase agreements to over £12½ million. This is a measure of the progress made by the subsidiary, Esanda Limited, and is reflected on the other side of the Consolidated Balance Sheet by an increase to over £10 million in that company's borrowings from the public by issues of Debenture Stock and Unsecured Notes. I feel the results of the company's operations are satisfactory and the growth of that section of the business has been gratifying when it is recalled that slightly less than six years have passed since it was started as a department of the Bank.

The Consolidated Profit and Loss Account shows the profit dealt with in the books of the Bank at £333,227 and a further £81,766 of subsidiaries' profits retained in their accounts. The Group profit for the year is, therefore, £414,993 and appropriations have been made of £45,000 for the Officers' Provident Fund and £122,500 in payment on May 30th last of an interim dividend of 4 per cent, less tax, on the Bank's paid up capital.

The Directors recommend the payment of a final dividend of 5 per cent, less tax, to cost £153,125. If this recommendation is approved there will remain £94,368 of Group profit to be carried forward which, with the amounts brought forward from last year, will make a total of £904,344.

Having regard to the difficulty of increasing revenue to meet the continuing higher costs of operation, I believe we may regard the year's results as reasonably satisfactory.

The report and accounts were adopted.



CHEMISCHE WERKE HÜLS AG

CHAIRMAN OF SUPERVISORY BOARD:
Dr. Hermann Richter

BOARD OF DIRECTORS:
Prof. Dr. Dr. h.c. Paul Baumann, *Chairman*
Dr. Hans Beckmann
Dr. Franz Broich
Arthur Gassberger
Walter Husung
Dr. Hans Kuhfuss
Kurt Roehder
Dr. Friedrich Zobel

TURNOVER DEVELOPMENT
in DM million

1954	1955	1956	1957	1958
386.1	427.5	477.4	523.1	578.4

34·2 per cent of the 1958 turnover was exported.

INVESTMENTS IN FIXED ASSETS
in DM million ... ... 86·5
DM 55·2 million of this total was financed from depreciations.

DIVIDEND 13%
on DM 120 million of the original share capital and 3·25 per cent on the capital increase of DM 30 million, effected on October 1, 1958.

LIABILITIES	in mn. DM	ASSETS	in mn. DM
Share Capital	150·0	Fixed Assets including Participations ...	307·9
Reserves	90·0	Stocks	61·4
Reserves under Export Promotion Act	5·3	Accounts Receivable and Transitory Items	113·3
Value Adjustments on Accounts receivable	56·8	Cash in hand including Securities... ...	56·9
Contingency Reserves and Credit Profits Tax	56·9		
Current Liabilities and Transitory Items	163·9		
Net Profit for the year equals	16·6		
	539·5		539·5

EXTRACTS FROM PROFIT AND LOSS ACCOUNT in mn. DM

Wages, Salaries and Statutory Social Security Payments	88·5
Depreciation	55·4
Taxation	49·8
Capital Levy under Equalisation of Burdens Act	4·8

REVIEW

In 1958 our turnover rose by 10·6 per cent above that of 1957. About 80 per cent of this turnover came from products we manufactured since 1944. Intense **Research Activities**, on which we expended about DM 25 million during the year under review, as well as capital investments, will enable us to bring out a range of new products before long. The market situation called for an **Expansion of Capacity** in a number of our Products, including an increase in the capacity of our Styrene Monomer production which rose to more than 80,000 t.p.a. Our Company thus became the largest Styrene Monomer manufacturer in Europe. Operation of the distillation columns with air-cooled condensers (shown in the accompanying picture) was taken up at our Styrene plant. For the next few years it is proposed to further the expansion of the production of plastic materials. The **Number of Employees** rose to a total of 11,406. A further 3,032 workmen were employed full time by sub-contractors for the erection of new plant, and for maintenance and repairs. During 1959 the production capacity of **Bunawerke Hüls GmbH**, a subsidiary in which we have a 50 per cent holding and which brought out new types of Synthetic Rubber in the past year, will be expanded to reach an annual production of at least 70,000 tons of Synthetic Rubber sold under the trade mark 'BUNA Hüls'.

PRODUCTS

Plastics, Plastic Auxiliaries and Plasticisers, Solvents, and Synthetic Resins (Lacquer raw materials) — Chlorinated Hydrocarbons — detergent raw materials and intermediates — intermediates for textile auxiliaries — Glycols and Glycol derivatives — other organic products — inorganic products and Carbon Black — technical gases — Ethyl Alcohol.

HARMONY GOLD MINING COMPANY LIMITED

OPERATIONS AGAIN SATISFACTORY

MR P. H. ANDERSON ON DEVELOPMENT PROGRAMME

The Ninth Ordinary General Meeting of shareholders will be held in Johannesburg on November 16, 1959. The following is an extract from the circulated statement by the Chairman, Mr P. H. Anderson, dated November 9, 1959:

OPERATIONS AT THE MINE

Operations during the year ended June 30, 1959, were again satisfactory and the tonnage milled was built up steadily from 85,000 tons per month at the beginning of the financial year to 141,000 tons in June, 1959. The average yield per ton milled for gold at 7.962 dwt was lower by 0.061 dwt than the figure for the previous year, while the yield per ton treated for uranium was very slightly higher at 0.504 lb. Largely as a result of the expansion in the scale of operations the working profit from gold increased to £2,120,974, while that from uranium and pyrites increased to £1,891,712, making a total working profit of £4,012,686. This working profit was adversely affected by the necessarily heavy development programme which was planned not only to decrease the back-log from the period when development was restricted by lack of hoisting capacity but also to cater for the further expansion of production. Excluding shaft sinking, there was in fact an increase of 92.5 per cent in off-reef development during the year under review compared with the figure for the previous year. This placed an additional burden on working costs and, in spite of the increased tonnage milled, unit costs increased by 4s. 10d. to 67s. 5d. per ton milled. The usual full analysis of working expenditure is given in the Annual Report for the year under review. A substantial footage in haulages, ore-passes and airways remains to be done, but steady progress has been made since the close of the financial year; 5,265 feet and 5,450 feet of off-reef development have been accomplished on 21 and 25 levels, respectively, and the 25 level twin-haulages had been advanced to a position 3,700 feet west of No. 2 Shaft by September 30, 1959. Nevertheless during the three months ended September 30, 1959, unit working costs decreased to 62s. 10d. per ton milled largely as a result of the higher tonnages now being sent to the mill. Additional long-wall faces are being established in preparation for further expansion and, as Shareholders are aware, this method of stoping has many advantages, not the least of which is improved ventilation on the working face—an important factor in the Orange Free State mines where the geothermic gradient is steeper than on the Rand. The presence of the "Khaki Shale" not far above the reef in the No. 2 Shaft Area has given rise to difficulties in controlling the hanging wall and the average stoping width is higher than it might otherwise have been. Every effort is being made to reduce this width.

EXPANSION IN THE SCALE OF OPERATIONS

The fourth 50,000 ton per month unit of the gold reduction plant is on the point of completion. The sulphuric acid plant, with a rate capacity of 120 tons per day, was completed a few days ago and test-running has commenced. Based on the existing demand it is estimated that profits arising from the sale of acid will be of the order of £150,000 per annum. Foundations for the second rock hoist at No. 2 Shaft have been completed, and it is anticipated that this unit will be commissioned during the first quarter of 1960. The normal hoisting capacity of the mine will then be in excess of 300,000 tons per month.

URANIUM

While the nominal capacity of the uranium plant is 120,000 tons per month it is in fact capable of handling tonnages in excess of this figure, and a monthly throughput of 144,000 tons has already been attained. On the commissioning of the fourth unit of the gold reduction plant it will become necessary to store separately any surplus slime for possible treatment for the extraction of uranium at some future date. The mine is well placed to produce uranium at competitive prices after the expiry of the present contracts.

FINANCE

At July 1, 1958, the balance of the Income and Expenditure Account was £1,566,971; the profit made by the Company during the financial year ended June 30, 1959, after deducting the small tax liability, was £3,844,796, while £500,000 was drawn on loan account from Central Mining Finance Limited, making a total of £5,911,767. Against this, a net amount of £2,531,709 was spent on capital account and £51,292 on trade investments; £1,912,500 was appropriated for dividends and £363,629 was repaid on account of the capital portion of the uranium and pyrites loans, thus leaving a balance of £1,052,637 on the Income and Expenditure Account at June 30, 1959. The Central Mining Finance Limited loan of £2 million which has now been fully drawn is repayable half-yearly in four equal instalments commencing on June 30, 1960.

In my Statement to Shareholders last year, I mentioned that it was considered that capital expenditure during the year under review would approximate £3 million and that a somewhat similar amount would be spent on capital account during the year ending June 30, 1960, in order to complete the expansion programme. In fact, £2,500,000 was spent during the last financial year and a re-assessment of the position indicates expenditures of £2,500,000 and £1,500,000 during the current and following financial years respectively.

TAXATION AND LEASE CONSIDERATION

No Union of South Africa taxation or lease consideration is as yet payable by the Company. The assessed loss for Tax purposes at June 30, 1959, was estimated at £10,285,000, which is some £1,400,000 less than the figure at the end of the previous year.

DIVIDENDS

Since the close of the year Dividend No. 7 of 1s. 3d. per share was declared on September 14, 1959, payable to Shareholders registered in the books of the Company on September 30, 1959.

Groupement de l'Industrie Sidérurgique

G.I.S.

Paris, France

(Iron and Steel Finance)

The Annual General Meeting of G.I.S. was held in Paris on June 20th, and the following are details of the report presented by the Board of Directors:

REVIEW

In spite of deteriorating conditions in world markets, the development rate of the French iron and steel industry remained satisfactory during 1958. In contrast with that of the industries of most other Western countries, French steel output increased by 3.6 per cent as against 1957 (14.6m tons as against 14.1m tons). Turnover increased by 9.5 per cent (Frs 755,000m as against Frs 690,000m). Finally, France's share of the total of the European Coal and Steel Community output increased appreciably and rose from 23.6 per cent to 25.2 per cent last year.

INVESTMENTS

Whilst output continued to increase, the industry once again consolidated its position. The highest level of investment was reached with a total of Frs 94,500m. Rolling equipment accounted for an expenditure of Frs 29,200m, representing 30.9 per cent of total capital investments. The industry also spent Frs 27,300m on the construction and modification of blast furnaces and ore grading and sintering plants (28.9 per cent of total investments) and Frs 11,400m on coking plants and power stations (12.06 per cent of total investments).

LOANS AND GUARANTEES

During the last quarter of 1958, G.I.S. floated a new debenture loan of Frs 29,000m which enabled sums of from Frs 145m to Frs 3,600m to be put at the disposal of 22 member companies. In addition, during the year, G.I.S. gave its guarantee for one loan amounting to Frs 200m which had been granted to a member by the Crédit National. Since it was evident that the investment programme of the French iron and steel industry would require further capital support in the near future, the Meeting was asked to authorise the Board to float further debenture loans to the extent of Frs 50,000m.

PROFIT AND DIVIDEND

The Profit and Loss account showed a net profit of Frs 318,169,679, the profit available for distribution amounting to Frs 307,249,784. It was accordingly proposed to transfer Frs 30m to the general reserves, to distribute Frs 243,589,743 in the form of a net dividend of Frs 125 per share and to carry forward the resulting balance of Frs 33,660,041.

The report, the accounts, and the proposals put forward by the Board of Directors were adopted.

MORPHY-RICHARDS LIMITED

The following is an extract from the Statement of Mr F. P. Bishop, MBE, MP, the Chairman of Morphy-Richards Limited, circulated with the Report and Accounts to be presented to the Annual General Meeting on November 25, 1959:

GROUP TRADING

Group sales, after adjustments for inter-company transactions, were just over £9 million, an increase of 15 per cent on 1958. Trading profit, at £851,000 against £656,000, showed an increase of nearly 30 per cent. Net profit (to which I will refer later) represents this year 7.3 per cent of group sales against 6.1 per cent last year. These figures reveal a definite and welcome change in the trend to which I referred in my last annual statement, and your Board regard them as very satisfactory.

The sales of all your Company's products were well maintained throughout the year. Relaxation of the credit restrictions last autumn has greatly stimulated the demand for refrigerators and spin dryers. But even before that we were producing these items to capacity. Still the pressure of demand continues, and we look forward to obtaining possession of the new factory which, as I reported last year, is being built for us and which we hope will be in production by 1961.

OVERSEAS SUBSIDIARIES

Of the overseas Companies our subsidiary in the United States did very well and has paid a substantial dividend this year. We have acquired the minority interest in Morphy-Richards (Canada) Ltd.

On the other hand we have disposed of 10 per cent of the equity in our South African Company to our South African associates, and this Company also is doing well. I am sorry to have to add that the Australian Company made a loss.

In Europe we have added during the year another wholly owned subsidiary to promote our sales in Holland. Our associated Company in Germany has done well and has paid a dividend on our investment.

BALANCE SHEET

The Balance Sheet reveals that the capital employed now for the first time exceeds £2 million, an increase of £422,000 over 1958.

Most of this increase is due to the conversion of Loan Stock at December 1958, and to the resultant issue of shares and to the premium relating to them. Only £6,762 of our original issue of £500,000 of Loan Stock now remains unconverted, and there are further conversion options at December 31, 1959, and December 31, 1960.

Taxation has again hit us very hard, requiring £352,000 net compared with £266,000 net last year. It would have been more, but for the welcome reduction in the standard rate of income tax in the last Budget, and for this we express our gratitude to the Chancellor.

NET PROFIT AND DIVIDEND

This brings me to the net profit for the year, which is £325,809 after deducting minority interests, as compared with £217,996 in the previous year. Your Board declared an interim dividend of 10 per cent last March, and now recommend a final dividend of 15 per cent. This will make a total distribution of 25 per cent compared with 20 per cent last year.

The increased dividend is payable upon a share capital raised from £713,732 to £845,028 by the conversion of Loan Stock to which I have already referred. It will require £129,395 and will leave a balance to be carried forward in the Consolidated Balance Sheet of £415,991 as against £319,577 last year.

THE OUTLOOK

At this time last year I felt it necessary to be very cautious in my forecast because of the many uncertainties in the outlook. Some of those uncertainties have been removed, and there is undoubtedly a general feeling of optimism about the economic outlook at the moment. That feeling is reflected in our order books, and our sales in the first quarter of the current financial year again show a substantial increase over those in the same period last year.

If these conditions continue, your Board have good reason to hope that the Group net profit may continue to increase while the Company maintains its well-established policy of keeping prices to the consumer at the lowest possible level.

Our Export Department is active in every field, and we are confident that, given reasonably stable conditions, they will not be denied the reward of their efforts.

JOKAI (ASSAM) TEA COMPANY LIMITED

The seventy-ninth annual general meeting of The Jokai (Assam) Tea Company Limited was held on November 6th in London, Mr G. A. Rainey (the chairman) presiding.

The following is an extract from his circulated statement:

Despite early misgiving, shared generally throughout the industry, the result of the 1958 season shows an increase in profit over that for the previous year. The adverse climatic conditions which so badly affected the 1957 crop were not repeated in 1958 and as a result the outturn of tea rose by nearly a million pounds, yielding £164,000 in additional proceeds.

In view of the average drop in London of 5½d. per lb for Assam teas during the season, the fact that the average price obtained for our company's teas was only 2.35d. per lb down is a sure indication that our reputation for good quality was maintained, and that there is always a market for quality tea in London. Calcutta prices too were satisfactory, averaging 36.55d., as against 36.71d.

The profit for the year amounts to £531,766, which, with an adjustment in respect of over-provisions on previous years, amounting to £32,232 gives a gross profit of £563,998. A final dividend on the Ordinary shares of 7 per cent free of tax is recommended making 10 per cent for the year.

In reviewing your Nyasaland interests, I am pleased to say that the year to June 30, 1959, is expected to show a satisfactory result, the crop at some 2,600,000 lb being approximately 800,000 lb more than for the previous year.

The report was adopted.

BRITISH ASSETS TRUST LIMITED

REMOVAL OF POLITICAL UNCERTAINTY WELCOMED

MR ALASTAIR C. BLAIR'S REVIEW

The Sixty-Second Annual General Meeting of British Assets Trust Limited will be held on December 3, 1959 at the registered office of the Company, 9 Charlotte Square, Edinburgh.

The following is the review by the Chairman, Mr Alastair C. Blair, CVO, WS, which has been circulated with the Report and Accounts for the year ended September 30, 1959.

During the past year our thoughts have been affected continually by politics and our actions have always had the Election in the background. It is a great relief to us, as it must be to industry, to know that we can now plan for five years ahead, and I hope that industry will progress as much during the next five years as it has during the past five. Investing for a Company as large as ours must be a long-term affair and it becomes very difficult when one can only look ahead for a few months. Although there were many uncertainties during the year, we had to continue making decisions, and in these we have been guided by our belief which we have held for a year or two that British Ordinary Shares have been undervalued in relation to earnings and prospects as compared with American Equities. We also took the view that the dangers of steel renationalisation were not as serious as many thought. Now that the Election is behind us we feel confident that we have been right along both these lines and we are hopeful that in consequence our income may continue its upward trend.

SATISFACTORY INCREASE IN INCOME

The Accounts show a small but satisfactory increase in our income in this past year which would have looked bigger but for the reduction in the rate of Income Tax. This was most welcome but as our Dollar income is now grossed up at a lower rate our total income was inevitably affected downwards.

Our Valuation at £26,040,000 is higher than ever before. On current post-Election prices it would be a good deal higher still. In particular our UK Steel holdings, which stand in our books at £782,000, totalled in value at October 14th, £1,875,000 which is very satisfactory, and we look for increased income from this source as the years go on. The Dollar proportion of our Valuation is now only 35.4 per cent as against last year's figure of 38.6 per cent. This is not due this year to our bringing money back to this Country but to the larger appreciation that has taken place in the British holdings. Canadian Stock Markets have had a very disappointing year and Canada still has many problems to clear up before the economy can go ahead again as it doubtless will do before long.

DISTRIBUTION OF INVESTMENTS

On page 11 of the accounts we give a table showing the number and size of our investments in ordinary and common stocks, and their spread between different industries. Of our total of 214 holdings, 75 were in the USA, 19 in Canada, and the remaining 120 in the Sterling area. Of the 15 largest holdings, only 1 was in America. This reflects our view that there has been more to go for in British Ordinary Shares, and our 14 largest British holdings have certainly proved to be dynamic investments. But you will see that not all our holdings are large and we are quite prepared to invest in smaller Companies provided we obtain information and co-operation on matters which interest us.

MIDLAND INDUSTRIES LIMITED

SCRIP ISSUE APPROVED

The thirteenth annual general meeting of Midland Industries Limited was held on November 10th at Wolverhampton. Mr J. H. Bean, CBE (the chairman), presiding.

The following is an extract from his circulated statement:

I am pleased to report an increase in the net profit of the organisation for the year ended June 30, 1959. The general trading recession with which industry had to contend for the greater part of last year, continued throughout the whole of the year. In spite of this, both your Company and Bettles & Sons Limited increased their total turnover, though in certain manufactures, at reduced profit margins.

New subsidiaries, Boston Marine and General Engineering Co. Ltd., and Boston Marine Patents Co. Ltd., were acquired with effect from October 1, 1958, but control of operations began only in March, 1959, and the contribution to profits for their nine months trading period was comparatively small.

Group trading profits have increased by over £9,000 to £131,701 and net profits after taxation have also increased from £57,346 to £68,027. Your Directors recommend a final ordinary dividend of 4½d. per share less tax making a total of 7d. per share less tax for the year.

The financial position of the Group remains strong and the capital employed in the business has again increased. Your Directors have accordingly decided to recommend for the third year in succession a further bonus issue of Ordinary Shares by way of capitalisation of reserves of four new Ordinary Shares for every twenty-five held.

The lingering effects of the Government's tight money policy and consequent limiting of industrial expansion calling for the use of our 'MIL' steam fittings, has had some effect on this division and the anticipated increase in turnover on this equipment has not been fulfilled. Indications during the past month show a gradual recovery and it is anticipated that last year's turnover in this section will be maintained and possibly increased during the current year.

The sales of the Agricultural Loader with its existing range of attachments have increased substantially over last year. The Industrial Loader has gained some popularity overseas, particularly in Scandinavia. The Buckrake mentioned in my last Statement has been well received by the farming community and we have experienced an increasing demand for this versatile implement. It is proposed during the year to introduce a patented Spring Tine Cultivator which has undergone extensive trials both at home and overseas.

The report was adopted and at the subsequent extraordinary general meeting the proposed scrip issue was approved.

MIDHURST WHITES
(BRICK MANUFACTURERS)

The twenty-second annual general meeting of Midhurst Whites Ltd., was held on November 5th at Midhurst.

Mr E. Macartney, FCA, chairman, in the course of his speech said: I have pleasure in presenting the annual accounts together with the Directors' Report for the year ended March 31, 1959. It is a source of some gratification that despite the unfavourable conditions prevailing during most of the year under review, your Directors are able to report a modest increase in turnover and profit on the year's trading.

Our Brick sales kept to a reasonable level and Agricultural Lime sales, bearing in mind conditions, contributed their fair quota to the year's trading. The sales of Hi-Duty Load Bearing Bricks are increasing year by year and as time goes on your Directors expect to attract a continuing increasing market.

The net profit for the year before taxation amounts to £25,689, an increase of £1,284 over the figure of the previous year. There is an available sum of £64,593. Your Directors recommend a dividend of 22½ per cent, less Income Tax (an increase of 2½ per cent).

The fixed assets have been kept up to date with modern requirements and the Plant maintained in a high state of repair to enable it to meet the heavy working conditions with which it has to contend.

The current year's trading so far is most encouraging. Turnover has reached a high level and the weather having provided remarkable conditions, the Company's trading is showing to advantage. The report was adopted.

JOHN I. THORNYCROFT & CO.

The Fifty-Eighth Annual General Meeting of John I. Thornycroft & Co., Limited, will be held on December 2nd in London.

The following is an extract from the circulated statement of Sir John E. Thornycroft, KBE, Governing Director and Chairman, for the year to July 31, 1959:

It is very disappointing that the Company has made an overall loss. The Southampton organisation made a profit, as did the Singapore Branch.

Your Board during the year decided as a policy to intensify efforts for maximum capacity chassis in the 4, 6 and 8 wheel classes, and specialist vehicles for home and overseas use. This has necessitated making a realistic valuation of stock and work in progress, and writing off special tools, jigs and fixtures which it had been thought could have been done over a much greater number of units during the next four or five years. The total value of tools, jigs, patterns and fixtures carried in the balance-sheet value of the stock and work in progress item now only amounts to approximately £50,000. Implementing this policy, with the losses on sales during the year, accounts for the unsatisfactory results of Transport Equipment (Thornycroft) Limited.

The Transport Equipment Company has a number of basic chassis types in their Mighty Antar, Big Ben, Nubian and Trusty classes, whose technical specification and performance is competitive and planned to meet future operator requirements on the new motor-ways at home, and off the road performance in export markets. The latter are finding favour with oil and transport companies overseas, and orders have recently been received from Argentine, Libya and Kuwait, and we are hopeful of obtaining an increasing number of orders during the year.

Very few ship orders are being placed, and competition can only be described as "cut throat." Shipowners are now expecting fixed prices, and until all our sub-contractors are prepared to accept fixed prices from us for periods covering the building period of a vessel, it must mean that serious risks are taken if main contractors accept contracts on this basis. Continental and Japanese competition for the smaller classes of vessels, not necessarily built to the same standard as our usual practice, makes orders very difficult to obtain.

DALGETY AND COMPANY LIMITED

INCREASED PROFIT IN FACE OF DIFFICULTIES

The Annual General Meeting of Dalgety and Company Limited will be held on December 3rd in London.

The following are extracts from the circulated statement of the chairman, Lieutenant Colonel C. P. Dawnay, CBE, MVO:

The year has been a difficult one as a result of lower wool prices and adverse seasonal conditions in certain parts of Australia and New Zealand. These factors caused a very substantial rise in Advances which necessitated the raising of additional capital. I am glad to report, however, that in spite of the difficult trading conditions we have had to face, the net profit for the group after taxation increased by £27,660 to £853,495.

DOMESTIC

Mr K. R. Elder, the General Manager for Australia, retired in March on reaching the age of sixty-five, having served the Company for over forty-eight years, and since 1947 as Chief Executive Officer in Australia. The past twelve years have been years of exceptional progress both in the expansion of the Australian economy and in the growth of our business. The number of our staffed offices in Australia has increased from 78 to 190 and our staff by over 1,000; a quarter of a million more bales of wool are now passing through our wool stores; the average number of livestock handled has risen by some two million annually and the value of our merchandise turnover has quadrupled.

On his retirement Mr Elder accepted a seat on the Board in London and has taken up residence in this country. He has agreed to help us at London Office in an Executive capacity for a short while, and his wisdom and experience will be of great value to us in this connection.

DEVELOPMENT

The Company has continued to expand its business in all the territories in which it operates and now has 17 wholly-owned subsidiaries. A number of these have been formed to undertake the control and development of the Group's premises, but two recent acquisitions require to be mentioned.

In January we purchased all the capital of Henry Franklin Limited

England. This small Company, operating in Huntingdonshire, Cambridgeshire, Bedfordshire and Hertfordshire, trades as Grain and Seed Merchants and manufacturers and distributors of concentrated animal foods. These activities are similar in many respects to those performed by our branches overseas and we are confident that, in conjunction with our principal UK subsidiary, Dalgety London Limited, this business will continue to expand and will contribute useful profits.

We have also taken steps recently to acquire a majority shareholding in The African Mercantile Company, Limited, a business similar in many respects to our own in East Africa. With eleven branches and sub-branches throughout Kenya, Tanganyika, Uganda and Zanzibar, African Mercantile handles merchandise and represents a number of the leading shipping companies whose vessels serve East Africa.

TRADING ACTIVITIES

Following the substantial drop in wool prices reported last year, the market continued to fall steadily until January, and although there was a welcome revival in the last quarter of the wool selling season which lifted prices above those ruling at the opening of the season, the average price in both Australia and New Zealand was 22 per cent below 1957-58. The effect of this was partly offset by an increase in the size of the clip, and the Company handled an additional 75,000 bales of wool.

FINANCE AND ACCOUNTS

I referred last year to the probability that we should soon find it expedient to raise further capital, and in the event your Directors decided to raise some £6 million by the issue of 1,650,000 Ordinary Shares at 24s. per share; £3 million 6 per cent Debenture Stock 1979-84 at par, and £A1,500,000 7 per cent Australian Secured Notes at par.

These issues have all been completed and the proceeds thereof, as will be seen from the Balance Sheet, have enabled us materially to reduce our Bank Overdrafts, and generally to improve our liquid position.

OUTLOOK

Except for South Australia and South-West Queensland, which are very dry, seasonal conditions are generally satisfactory, and with an encouraging start to the Wool Selling season, prospects can be said to be reasonably promising.

The Company is now in a strong financial position and, with the wider spread of our interests, we look forward with renewed confidence to the future.

AIR SUBSCRIPTION RATES
22 RYDER STREET, LONDON, S.W.1

	Airmail	Air Freight*
Australia, New Zealand	£10 6s.	—
Canada	—	$25 or $9
Ceylon	£9 0s.	—
China	£10 6s.	—
East Africa	£9 0s.	£7 10s.
Egypt	£7 15s.	—
Europe	£6 0s.	—
Ghana	£9 0s.	£6 10s.
Gibraltar, Malta	£5 0s.	—
Hongkong	—	£8 15s.
India	£9 0s.	£7 10s.
Indonesia	£9 0s.	—
Iran, Iraq, Israel	£7 15s.	—
Japan	£10 6s.	—
Jordan and Lebanon	£7 15s.	—
Malaya	£9 0s.	—
Nigeria	£9 0s.	£6 10s.
Pakistan	£9 0s.	—
Philippines	£10 6s.	—
Rhodesia (N and S.)	£9 0s.	—
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Notice is hereby given that the Transfer Books of the 5½ per cent. Cumulative Preference Stock and the 5 per cent. Second Cumulative Preference Stock will be closed from Saturday, December 5, 1959, to Saturday, December 19, 1959, both days inclusive.
By Order of the Board,
R. A. STONHAM,
Secretary.
Invicta Works,
Grantham.
November 3, 1959.

REQUIRED, one copy of "BRITAIN'S INDUSTRIAL FUTURE" (1928 YELLOW BOOK).—Offers to Box 1234.

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PARTNERSHIP OPENING exists on the statistical side of one of the larger and well-established member firms of the London Stock Exchange. Applicants must have considerable experience and other qualifications inherent to the position which affords an exceptional opportunity. Replies will be treated with the strictest confidence.—Write Box NV/56, c/o 95 Bishopsgate, E.C.2.

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Applications are invited for two LECTURESHIPS or ASSISTANT LECTURESHIPS in Social Administration (one particularly concerned with industrial relations). Salary scale for Lectureships £900 x £50-£1,350; then, subject to review, £1,425 x £75-£1,650; plus £60 London Allowance; for Assistant Lectureships £700 x £50-£850; plus £60 London Allowance; with superannuation benefits and family allowances in both cases. In assessing the starting salary consideration will be given to age and experience. Candidates are invited to indicate their special fields of interest.
Applications, with the names of three referees, should be received not later than November 27, 1959, by the Secretary, The London School of Economics and Political Science, Houghton Street, Aldwych, W.C.2, from whom further particulars may be obtained.

Large Oil Company centred in London requires a

RESEARCH MATHEMATICIAN

for the study of flow of compressible, viscous fluids through porous media. Familiarity with heat transfer theory and boundary value problems desirable. Interest in pure mathematics helpful. Qualifications: preferably Ph.D. but First Class Honours degree might be considered. This is intellectually challenging work with attractive financial prospects.—Write in detail, quoting No. 855, to Box No. 2982, c/o Charles Barker & Sons, Ltd., Gateway House, London, E.C.4.

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Applications are invited for the post of LECTURER or ASSISTANT LECTURER IN GOVERNMENT with special reference to public administration). Salary scales: Lecturer £900-£1,650 per annum, initial salary according to qualifications and experience; Assistant Lecturer £700-£850 per annum. Membership of F.S.S.U. and Children's Allowance Scheme. Applications should be sent not later than December 14, 1959, to the Registrar, The University, Manchester, 13, from whom further particulars and forms of application may be obtained.

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Applications are invited for a LECTURER IN ECONOMIC HISTORY. Salary scale £900 to £1,650, with appropriate placing. F.S.S.U. and child allowance.
Particulars from the Secretary, The University, Aberdeen, with whom applications (8 copies) should be lodged by November 28, 1959. Applicants outside the British Isles may submit one copy of application.

LEADING firm of Stockbrokers requires experienced INVESTMENT STATISTICIAN preferably, but not necessarily with professional or academic qualification. Good prospects and working conditions.—Write giving details of age, qualifications, experience and previous employment to Box TE.421, c/o 191 Gresham House, E.C.2.

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under age limit 35 years, having passed Final examinations of recognised accounting body for advanced accounting duties. Experience of machine accounting procedure preferred. The applicant should be prepared to serve in an Overseas Subsidiary after a minimum of two years.
Profit participation and non-contributory pension schemes in operation.
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Applications are invited for this newly-created position in the Faculty of Economics in the University of Western Australia. The person appointed should have proficiency in the field of government, with special interest in Public Administration.
Salary scale: £A2,150 to £A2,500 p.a.
Conditions of appointment and general information are obtainable from the Association of Universities of the British Commonwealth, 36 Gordon Square, London, W.C.1.
Applications close on December 15, 1959.

WOLVERHAMPTON & STAFFORDSHIRE COLLEGE OF TECHNOLOGY

LECTURER required as soon as possible for Management Studies. Candidates should have recent executive experience in industry and possess appropriate academic and/or professional qualifications. Salary within scale £1,370 to £1,550.
For further information write (enclosing stamped addressed envelope) to G. W. R. Lines, Esq., Clerk to the Joint Education Committee, Education Offices, North Street, Wolverhampton. Closing date for applications November 23, 1959.

For further appointments and other classified advertisements see pages 680 and 681

UNIVERSITY OF ADELAIDE
READER IN BIOMETRICS

Applications are invited for the above appointment at the Waite Agricultural Research Institute.
Salary scale: £A2,600-£60-£2,800, with provision for superannuation on the F.S.S.U. basis. The initial salary is fixed within the scale in relation to the successful candidate's qualifications and experience.
General terms of appointment and a statement about the post may be had from the Secretary of the University or from the Secretary, Association of Universities of the British Commonwealth, 36 Gordon Square, London, W.C.1. The University Calendar may be consulted in the Library of any University which is a member of the A.U.B.C.; housing help is available; further information about the University or the post will gladly be supplied on request to the Registrar.
Applications, in duplicate, giving the information listed in the last paragraph of the general conditions, should be lodged with the Registrar, The University of Adelaide, Adelaide, South Australia, not later than *December 7*, 1959.

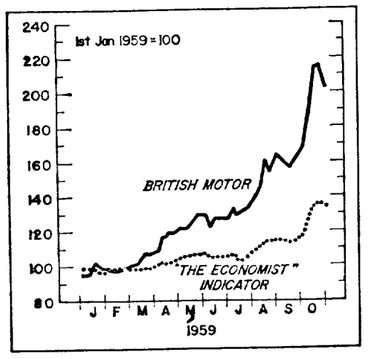
COMPANY AFFAIRS

Stepping on the Gas

IT seems that the motor boom will have a delayed-action effect on the **British Motor Corporation.** On the heels of record profits from Rootes and Standard the fall in trading profits from £24,549,239 to £20,315,465 may at first sight seem surprising. But the decline in earnings is entirely due to the fall in production from 504,712 to 486,048 vehicles, caused by the change over to "an unprecedented number of new models." At the time of the 30 per cent scrip issue last May the directors forecast a final dividend of "not less than 10 per cent." In the event, the final dividend of 12½ per cent, which makes the total payment 18¼ per cent, compared with an equivalent of 13½ per cent, shows that the directors are confident that in the current year BMC will earn big profits from its new models.

Current production figures certainly suggest that this will be so. Since August 1st 147,309 vehicles have been produced, against 118,304 in the same period last year. This represents an increase of no less than 25 per cent. Moreover the current production rate is now around 14,000 a week, which if it is maintained points to an annual rate of around 700,000 vehicles. The directors' declared intention is to raise production to 1 million vehicles a year by 1961.

Net earnings — £8,732,417, against £9,413,651—have not fallen so sharply as trading profits because the tax charge has declined from £11,459,650 to £8,392,567. The depreciation charge has risen from £3,853,439 to £4,664,064, reflecting the heavy installation of new plant and machinery for the group's new models. The market now hopes that a dividend of 20 per cent is the least that can be expected in 1959-60; this would put the 5s. ordinary shares at 21s. 9d. on a yield basis of 4.65 per cent, compared with 4.3 per cent offered on the actual 1958-59 dividend, covered 1½ times by earnings. As the chart shows, BMC's ordinary shares, along with other motor equities, have risen more steeply than the average run of blue-chips. Investors in motor equities, even though the industry is booming, must now consider whether this rate of advance can possibly be maintained.



★

IN raising the effective ordinary dividend from 10 per cent to 12½ per cent for the year to July 31st the directors of **Joseph Lucas** appear, at last, to be loosening the purse strings. Gross profits before tax advanced by about 5½ per cent, from £6,873,545 to £7,258,619, and net profits have risen from £2,241,956 to £2,527,437. Earnings of 38 per cent (against 35 per cent) still cover the dividend about three times. The £1 ordinary shares at 68s. 6d. yield 3.7 per cent.

Like **Birmid,** whose gross profits went up from £1,953,080 to £2,129,465 and which raised its ordinary dividend from 17½ to 20 per cent, Lucas has recently been forced to face the fact that orders from one of its main customers, the aircraft industry, are dwindling and shareholders will no doubt be particularly interested in the directors' plans for diversifying the business more widely—plans which Mr A. B. Waring, the chairman, said were "in progress" in his last report. Clearly the advance in the group's earnings is almost entirely due to the prosperity of its chief customer, the motor industry. Production of motor cars as well as commercial vehicles is running at record levels and, at the same time, the growing popularity of mopeds and scooters (as underlined by BSA's results) should also have helped to boost the group's sales.

★

LIKE Joseph Lucas, **S. Smith and Sons,** as a maker of electrical accessories, depends for much of its profits on the motor business. Profits in the year to August 31st advanced—before tax by 6½ per cent, from £3,382,306 to £3,603,977, and after tax from £1,603,101 to £1,907,730. The ordinary dividend of 12½ per cent paid in 1957-58 (including a special profits tax interim of 2½ per cent) was covered about 3¾ times by earnings and in buying the 4s. shares up to 21s. 6d. investors were anticipating much more liberal dividends this year. They have not been disappointed, for the total payment has been raised to 17½ per cent. It is still covered over three times by earnings and gives a yield of 3½ per cent on the 4s. shares at 20s. 9d.

BSA

ON the news of the increase in BSA's ordinary dividend from 11½ per cent to 12½ per cent and of the advance in its trading profits from £2,261,707 to £2,469,819, its £1 stock units were marked up by 3s. 9d. to 56s. 3d. On Monday, however, some investors apparently thought a yield of 4½ per cent was on the high side for a firm whose immediate prospects are likely to be better than its 1958-59 trading experience, and came in to buy, pushing the price up by 3s. 3d. to 59s. 9d. and bringing the yield down to 4.2 per cent.

Clearly, the machine tool section of the business, in common with the rest of that industry, has had a slack period, but there are now some signs of a recovery. The outlook for the steel section is also more encouraging: the £1,500,000 development programme in Sheffield, which is now nearing completion, will mean that this division of the business will become less dependent on the aircraft industry, to which it supplies high-quality steel for jet engines. Daimler's new V 8 sports model has been doing well in America and is to be introduced to the home market early next year. The hire purchase boom has brought in its train bigger sales of motor cycles and motor scooters.

ANGLO-AMERICAN SHIPPING

A NEW Anglo-American joint shipping venture was announced this week with the formation of the Anglo-American Shipping Company, incorporated in Bermuda as a subsidiary of Norness Shipping Inc. The total capital of £7,500,000 will comprise £5 million of 7 per cent redeemable loan stock (repayable at par in 18 equal half-yearly instalments between 1968-77) and £2,500,000 of £1 (Bermudan) ordinary shares. M. Samuel and Co is to place, through the brokers, Hoare and Company and Joseph Sebag, 50,000 newly created units (each unit representing £90 of the loan stock and 10 £1 ordinary shares) at a price of £100 a unit. Only a nominal amount is expected to be available in the market when dealings begin and about 30,300 units will be taken up by two American institutions.

Of the company's fleet of five ships, four are still under construction, two oil tankers in Japan, one bulk carrier in West Germany and another tanker in Holland. Delivery dates range from 1960 to 1962. The completed vessel, which was built in Sunderland in 1957, is now trading and long-term charters of up to fifteen years have been arranged for the rest of the ships. The new £5 million issue will help to finance the cost of these new vessels, expected to be in the region of £13,335,000. The directors say that the net annual income from the

fleet after depreciation should be adequate to meet the servicing charge of the stock now being issued, and that by 1968 the written down value of the fleet will be around £9 million; from then on they say the company should be able "to accumulate substantial reserves."

For the first few years the group's income will therefore be applied to paying interest on the loan stock, repaying any bank overdrafts, and in redeeming and servicing the £6 million note issue which is also eventually to be made to help finance the building programme. The directors expect that when the accounts include income from all the ships they will be able to pay a dividend of 6 per cent on the ordinary capital.

It was originally intended to register Anglo-American Shipping in London. Certainly the 40 per cent investment allowance for new ships is attractive enough. But in order to secure the help of the two American institutions it was decided to register the company, whose ships are registered in London and carry British crews, in Bermuda. Although American investors can offset tax deducted in the United Kingdom against their liability in the United States this facility is not of much attraction to institutions which do not have to pay high taxes in the United States. Thus, since there is no income tax in Bermuda (and the company has secured an undertaking from the Government that even if income tax is introduced, it will be exempt from it at least until 1986) the American institutions will receive their interest payments free of tax. The reason for American participation is apparently that it was impossible to raise all the necessary funds on the London market; at the same time, as Mr Naess, a director of the new company and chairman of Naess Shipping, has pointed out, to operate a shipping company under a British flag which was financed entirely by American capital would invite the criticism of using the Red Duster as a flag of convenience.

MARKS AND SPENCER

PROGRESSIVE dividend increases and steadily rising profits have kept the "A" ordinary shares of Marks and Spencer among the growth stocks of the British market. The yield on them has been low for a good number of years but never quite so low as it is at the moment, for the shares have been active in the post-election boom. This week the interim dividend was left unchanged at 12½ per cent but it is payable on the ordinary capital as increased by a 20 per cent scrip issue. In 1958-59, the final dividend was 25 per cent and the total payment was covered just under twice by earnings. The least optimistic assumption that can be made for 1959-60 is that the total payment will be 37½ per cent on the enlarged capital. On that assumption the 5s. "A" shares at 76s. yield 2½ per cent.

Earnings must continue to grow to justify a yield as low as this. Unfortunately, Marks and Spencer does not publish any interim profit figures, the directors contenting themselves with the statement that turnover at £67,637,000 in the six months to September 30th was up by 4½ per cent on the turnover of £64,707,000 in the same period last year. The growth in sales in the face of further price cuts is a good omen. But the important question is whether profit margins have improved, as they did last year, even though prices have been reduced. The directors might surely give some indications of the half-year's results.

COURTAULDS

ALTHOUGH it was generally expected that Courtauld's first half-yearly statement would reflect the recovery in the textile trade the market was taken by surprise by the exceptionally strong recovery in profits revealed by this statement. On this satisfactory showing jobbers immediately marked the £1 ordinary shares up 7s. 6d. to a new peak of 59s. 3d. In the six months that ended on September 30th the group trading profits rose from £5,427,000 to £9,154,000: trading profits in the preceding six months were £8,112,000. The interim dividend has been raised from 7.2d. to 1s. 4d. per share (or from 3 per cent to 5 per cent).

The half-yearly profit figures suggest that in 1959-60 earnings should be in the region of 28 per cent, compared with 18 per cent in 1958-59. On this basis the market's hope is for a 10 per cent final payment (against 6⅔ per cent) and this would put the £1 ordinary shares at 59s. 3d. on a prospective yield of around 4 per cent, covered just over twice.

The directors say that profits from all the group's products have risen—including those of British Celanese. Obviously, this year's wonderful summer has helped the textile trade out of the recession which hit it in 1958, but other factors have made their contribution. The ending of the credit squeeze which sparked off the boom in the motor trade led to bigger sales of Courtauld's viscose rayon to the tyre manufacturers, and the carpet makers, who have been sharing in the boom in consumer durables, have bought more rayon staple. At the same time, a ceiling on imports from the Commonwealth and ending of uncertainty over the yarn price agreement earlier this year have done much to restore confidence to the textile trade. The Government's rationalisation plan for the cotton industry meant that most merchants stocked up heavily, while the cut in the price of rayon staple from 24d. a pound to 22d. a pound last Spring has apparently stimulated sales appreciably.

An important factor in considering Courtaulds' future earning potential is the success of its diversification plans. So far Group Developments has only spent some £3 million—its latest bid, for National Plastics, was announced last week—and clearly it is too early yet to judge what contribution to the group's earnings can be expected from these plans. The last balance sheet showed liquid resources of about £29 million, so that the directors have plenty of elbow room to plan and to carry through further acquisitions in their quest for a more diversified business.

The Sky and the Limits

OF recent new issues two have raced far ahead of the field. From the stable of Neville Industrial Securities came an offer by **Henry Wigfall and Sons**, retailers of radio, television and domestic electrical equipment in the North East and the Midlands, of 1,200,000 ordinary shares of 5s. each at 10s. per share. At that price the yield was 7½ per cent on a forecast dividend of 15 per cent. Since the issue the price of the shares had risen almost without pause, bringing the yield down to 1½ per cent. The business is no doubt expanding, but there seemed to be nothing to warrant a rise as rapid as this, particularly as the directors said in the prospectus that they did not expect the unusually high demand in the early months of this year to be maintained. Last week the shares fell back to 32s. 7½d., only to rocket up again to 47s. 1½d. following a broker's report that the company's basis of depreciation for goods out on hire is to write off the cost in three annual instalments. If the more normal basis were used the broker estimated that earnings would be four times as high as they are shown in the books. It is a mark of the hold that speculation now has on the market that when a conjectural calculation about what a change in accounting methods might bring should produce such a big rise in the market price.

Ordinary shares in **Minet Holdings** were placed at 6s. 3d. each less than a month ago and within a fortnight they were quoted at 34s. 6d. The company was recently formed to acquire the entire share capital of J. H. Minet and Company, a leading firm of Lloyds brokers, for one million 4s. ordinary shares (of which only 150,000 were placed) and a loan of £800,000. Of this sum £130,000 carries interest at the rate of 10 per cent per annum while the rest is interest free. In view of this loan commitment the directors have said that "a conservative dividend policy must be followed for some years." At 6s. 3d. the shares offered a yield of 6⅓ per cent on the forecast dividend of 10 per cent; at 34s. 6d. the return was just over one per cent. Although it is covered over fourteen times by earnings, investors buying at this high level seem likely to have to wait at least five years (until the loan is repaid) before they can hope to receive a fair return on their investment. It is hardly surprising that the price has since fallen back to 31s. 9d.

IND COOPE

IN raising the ordinary dividend from 14 per cent to 15½ per cent the directors of Ind Coope are distributing to shareholders what may seem like an "exceptional summer" bonus. Nobody doubts that the brewers have done well this year with the fine summer arresting, at least temporarily, the secular decline in beer consumption. The Chancellor's reduction in beer duty has also helped.

The directors of Ind Coope say that in the first eight months of the financial year trading profits were below those of the previous year and it was not until the spring that conditions improved considerably. They add that they hope this improvement will continue. The yield of 4.1 per cent on the 5s. units at 18s. 7½d. suggests in fact that investors are confident that, whatever happens to the smaller breweries, the big and well-managed ones such as Ind Coope will retain and possibly increase their share of the market. But brewing is a competitive industry in which almost all the companies, big and small, are seeking to hold on to their share of the market by making their public houses more attractive and by trying to push the sale of bottled beers. Almost all of them are trying to cut costs by rationalising and modernising their production and distribution facilities. Much will therefore depend upon the success of the rationalisation policies Ind Coope has adopted in absorbing other breweries. The merger with Taylor Walker earlier this year, the sale of some 159 public houses to Phipps Northampton Brewery and the launching of "Skol" lager and "Long Life" canned beer show how thrustful the directors of Ind Coope have been and the thoroughgoing methods of reorganisation they have adopted show how willing they are to tackle the problems now facing the industry.

The group's trading profits for the year ended August 29th rose from £4,627,361 to £5,588,881, the latter figure including £802,468 from the Taylor Walker group for eight months from January 1st. Net earnings at £2,122,853 compare with £1,678,562, and after the payment of dividends of £158,821 to former shareholders of Taylor Walker and of £90,332 to minority interests, the net surplus is £1,873,700, compared with £1,639,576.

BEAVERBROOK NEWSPAPERS

NEWSPAPERS are growing in size rather than circulation and this is reflected in the narrowing of the gap between advertising revenue and total sales revenue for Beaverbrook Newspapers. In spite of the increase in the selling price of papers in 1957, its net income from advertising is now approaching the net income from sales. After deducting the discount to newsagents and the commission paid to advertising agents, the company's accounts show a rise in net sales income of 16.9 per cent, from £10,690,350 to £12,502,121, over the year ended June 30, 1958. In the same period net advertising revenue rose by 7.2 per cent, from £9,504,483 to £10,186,871. In the latest year total sales revenue rose by only 4.8 per cent, to £13,046,634, while revenue from advertising rose by 9.2 per cent to £12,633,402. The latest figure takes account of a full year at higher prices for newspapers, compared with only eight months in 1957-58. The bigger papers have come at a time when the price of newsprint is only slightly lower.

Circulation:	Daily Express	Sunday Express	Evening Standard	Evening Citizen
Sept., 1958	4,106,247	3,426,402	592,944	220,201
Sept., 1959	4,133,842	3,489,248	581,327	222,220
Advertising Revenue:				
1957-58 (£'000)	7,867	2,473	2,367	660
1958-59 (£'000)	8,539	2,754	2,627	674

The effect on profits has been that before tax profits have risen from £1,244,062 to £1,554,515 and after tax from £556,040 to £814,948. The company's policy has been to pay for new plant, buildings and machinery out of earnings and over the past three years £2,342,941 has been spent in this way. The board is considering a new expansion programme; to provide against this possible contingency the company's authorised capital is to be raised to £3,275,000 by the creation of 1 million new 5s. ordinary shares. At 25s. the Beaverbrook ordinary shares yield 5 per cent on a dividend of 25 per cent.

ROADS RECONSTRUCTION

THE directors of Roads Reconstruction have now made a full and convincing reply to the partial bid by Thomas Roberts (Westminster) for one half of the preference and ordinary capital of the company. They point out that, if the bid were successful, shareholders would be left simply as minority shareholders in an exempt private company. The price of 32s. 6d. offered for the shares, they say, is inadequate as, following the revaluation of fixed assets, the net asset value of the shares is now equivalent to 40s. per share and profits for the year are expected to be a record.

The directors propose to back up their arguments with action, promising a one-for-three scrip issue and a subdivision of the ordinary 10s. shares into 2s. 6d. shares, each with a vote. In addition, preference shareholders are offered an increase in the rate of dividend from 6 per cent to 7½ per cent together with the issue of one 2s. 6d. ordinary share as compensation for the proposed alteration of their voting rights (at present they hold a full vote) to the more usual ones for preference shares. Existing ordinary shareholders would then hold 88.9 per cent of the total votes and the preference holders 11.1 per cent. The directors hope to pay a final dividend of 6 per cent on the increased capital, thus making the total ordinary dividend on the present capital equivalent to 14 per cent, compared with 10 per cent paid last year. It now seems unlikely that the bid will be successful, but at least shareholders can be pleased that—presumably as a direct result of this bid—the directors have decided upon a more generous policy.

London Stock Exchange

FIRST DEALINGS:	Oct. 28	Nov. 11	Nov. 23
LAST DEALINGS:	Nov. 10	Nov. 20	Dec. 4
ACCOUNT DAY:	Nov. 17	Dec. 1	Dec. 17

OVER the week to Wednesday's close both industrial equities and gilt edged stocks advanced on a broad front with private and institutional demand strong enough to absorb the small amount of profit-taking which developed at the end of the account on Monday. At the beginning of the new account (which ends on Friday, November 20th) jobbers marked up prices before dealings began in anticipation of a fair amount of speculative demand and over the week to Wednesday's close *The Economist* ordinary share indicator rose by 10.8 points to a new "high" of 352.7.

Some switching to equities on Wednesday combined with the Government's decision not to give a definite redemption date to War Loan made for a quieter gilt-edged market. Although the War Loan decision caused some selling by speculators over the week 3½ per cent War Loan actually gained ⅞ net to 67⅛. Throughout the week short-dated stocks have been in demand but selling developed on Wednesday so that over the week 4½ per cent Conversion 1964 made a net loss of ¼ at 100 1/16. In medium-dated stocks 4 per cent Gas (1969-72) put on 1/16 at 91 7/16. Among home corporation loans the premium on the new 5¼ per cent Middlesex loan fell from 1 1/16 to 1⅛.

A spate of satisfactory company results helped most of the leaders in the industrial equity market to show good gains over the week. Steels were particularly strong with some institutional buying on yield considerations. Colvilles improved 4s. 1½d. to 61s. 7½d. Stewarts and Lloyds put on 1s. 10½d. at 53s. 7½d. and Steel Company of Wales closed on Wednesday the same amount better at 46s. 1½d. Dorman Long showed the biggest gain at 60s. 10½d.—a rise of 4s. 1½d. on the week. Stores shares were also active on the latest buoyant retail trade figures with Marks and Spencer "A" 3s. 6d. better at 77s. and House of Fraser 2s. up at 48s. Gamage made the biggest rise, jumping 10s. 9d. to a new peak of 106s. GUS "A" improved 2s. 10½d. to 57s. 10½d. In motors, American buying helped Ford to put on 7s. to 105s. 6d. and in electricals EMI improved 9s. 9d. to 69s. 6d. and GEC were 9d. higher at 42s. 9d. ICI jumped 3s. 3d. to 56s. 3d. Shipping shares were one of the dullest sections but, exceptionally, Cunard advanced 1s. to 19s. 6d. and Furness Withy improved 2s. 6d. at 38s. 9d.

Oils were also dull and weakened further on rumours that Russia had offered Iran a 85 per cent participation for oil exploration rights. British Petroleum lost 4s. to 51s. 9d., Burmah dropped 2s. 9d. to 45s. 6d. and Shell eased 4s. 3d. to 142s. 3d. Gold shares lost ground on the Paarl rioting. Even so, buying from the Cape was sufficiently strong to raise "Johnnies" 2s. 3d. to 78s. 3d. Among diamond shares, De Beers put on 2s. 6d. at 199s. 4½d.

LONDON AND NEW YORK STOCKS

Prices, 1959 High	Prices, 1959 Low	BRITISH FUNDS AND GUARANTEED STOCKS	Price, Nov. 4, 1959	Price, Nov. 11, 1959	Net Yield, Nov. 11, 1959 §	Gross Yield, Nov. 11, 1959
					£ s. d.	£ s. d.
98½	96¹¹/₁₆	Funding 2½% 1956-61	98¹³/₃₂	98½	2 11 1	3 11 9
99¹/₁₆	98¹¹/₃₂	Exchequer 2½% 1960	99.11.11	99.12.9	1 17 5	3 7 5
100¹/₁₆	99⅝	Exchequer 3½% 1960	99.17.6	99.17.9	1 19 4	3 7 4
101¹¹/₃₂	100⅛	Conversion 4½% 1962	100¹⁵/₁₆	101¹/₁₆	2 1 5	3 19 9
96⅜	94⁷/₁₆	Exchequer 3% 1962-63	96⁷/₃₂	96⅜	2 18 9	4 2 0
93⅜	91⅜	Exchequer 2½% 1963-64	93⅝₃₂	93⅝	3 3 6	4 3 8
101¹⅝	100⅜	Conversion 4½% 1963	101¹¹/₃₂	101¹¹/₁₆	2 9 3	4 4 9
100¹/₁₆	99⅛	Conversion 4½% 1964	100¼	100⅛	2 13 5	4 8 2
92¹⁵/₁₆	89⅞	Savings Bonds 3% 1955-65	92³/₁₆	92⅝	3 6 10	3 12 4
85¹³/₁₆	82¾	Funding 3% 1959-69	84⅞	85⅞	3 14 0	4 19 9
93⅜	89¹/₁₆	Funding 4% 1960-90	93⅛	93⅜	3 13 0	4 8 11
84⅛	80¾	Savings Bonds 3% 1960-70	84⅝	84⅝	3 13 0	4 19 4
86	83	Savings Bonds 2½% 1964-67	85⅜	85¹³/₁₆	3 14 8	4 15 11
78¹¹/₁₆	75¹/₁₆	Savings Bonds 3% 1965-75	77⅜	78⅝	3 13 6	5 1 0
105¹¹/₁₆	102½	Exchequer 5½% 1966	104¾	104¹⅝	2 12 3	4 15 0
86¾	83¼	Funding 3% 1966-68	86⅞	86¾	3 14 0	5 0 3
98⅛	95	Victory 4% 1920-76	95½	96	4 3 0	4 13 6
90⅜	87½	Conversion 3½% 1969	89⅞	90³/₁₆	3 8 10	4 18 5
103¹³/₁₆	98⅜	Conversion 5¼% 1974	103¹¹/₁₆	102⅝	3 0 5	5 0 3
81⅜	76⅞	Treasury 3½% 1977-80	80⅞	80¹/₁₆	3 9 11	5 0 11
80⅜	76⅞	Treasury 3½% 1979-81	79¾	80⅜	3 9 11	5 1 9
107¹/₁₆	101⅛	Funding 5½% 1982-84	106¹¹/₁₆	107¹/₁₆	3 9 0	5 2 0
68¼	64½	Redemption 3% 1986-96	67⅝	68⅛	3 7 3	4 17 11
98⅛	92⅞	Treasury 5% 1986-89	97¹³/₁₆	98	3 3 7	5 3 2
74⅞	70½	Funding 3½% 1999-2004	74¼	74¹³/₁₆	3 4 11	4 19 6
77¹⁵/₁₆	72¼	Consols 4% ..... after Feb. 1957	76⅞	77	3 4 3	5 5 6
68¹³/₁₆	64¹¹/₁₆	War Loan 3½% ..... after 1952	67¹³/₁₆	67³/₈	3 4 3	5 5 8
68¹¹/₁₆	63¹³/₁₆	Conv. 3½% ..... after Apr. 1961	67⅞	67½	3 3 9	5 4 4
60	55¼	Treasury 3% ..... after Apr. 1966	58⅜	59	3 2 6	5 2 3
53⅝	49¼	Consols 2½%	52	52⅛	2 18 11	4 16 5
51⅛	47⅛	Treasury 2½% ..... after Apr. 1975	50	50¹/₁₆	3 1 5	5 0 6
98	94	British Electric 4½% 1967-69	97¼	98	3 1 7	4 18 2
80¹¹/₁₆	77¼	British Electric 3% 1968-73	80⅛	80¹¹/₁₆	3 14 0	5 0 9
77¹¹/₁₆	74⅛	British Electric 3½% 1974-77	77	77¹¹/₁₆	3 12 1	4 19 7
91⅜	87½	British Electric 4¼% 1974-79	90⅞	91⅜	3 4 1	4 19 4
80⅛	77⅜	British Electric 3½% 1976-79	80¼*	80³/₁₆*	3 9 8	5 0 8
91⅜	87⅛	British Gas 4% 1969-72	90⅞	91⅜	3 6 7	5 0 4
87⅞	84¾	British Gas 3½% 1969-71	87¼	87³/₁₆	3 8 11	4 18 10
69⅞	65	British Gas 3% 1990-95	69⅛	68⅞	3 6 11	4 17 11
80¹¹/₁₆	77¼	British Transport 3% 1960-73	80⅛	80¹¹/₁₆	3 14 0	5 0 9
89⅝	84⅛	British Transport 4% 1972-77	88¾	89⅝	3 5 9	5 0 3
70⅛	66¹/₁₆	British Transport 3% 1978-88	69¾	69⅛	3 11 3	5 1 7

Prices, 1959 High	Prices, 1959 Low	FIXED INTEREST STOCKS	Price, Nov. 4, 1959	Price, Nov. 11, 1959	Yield, Nov. 11, 1959
					£ s. d.
		DOMINION AND COLONIAL			
103¹¹/₁₆	99⅜	Australia 4½% 1960-62	101¾	100⅞	4 7 0
107⅜	103¾	Australia 6% 1974-76	106¾	107⅜	5 5 0
77	73	Ceylon 4% 1973-75	74¼	74½	6 14 0
104½	99½	Jamaica 6% 1977-82	104	104½	5 14 5
107⅝	104¼	New Zealand 6% 1976-80	107¼	107½	5 7 0
101⅞	93	Rhodesia and Nyasaland 6% 1976-79	96	96	6 7 10
75	69½	Southern Rhodesia 2½% 1965-70	74½	74¾	5 12 0
		CORPORATION AND PUBLIC BOARDS			
103½	100⁷/₁₆	Agricultural Mortgage 5½% 1980-85	103	103	5 8 0
105	102¼	Birmingham 5¾% 1974-76	105	105	5 9 2
94½	92⅛	Bristol 3% 1965-70	94*	94	4 13 0
98½	94½	Glasgow 4¼% 1966-68	97¾*	98	4 19 0
102½	99¼	Corporation of London 5¼% 1976-79	99½*	99¾	5 4 0
57	52¾	L.C.C. 3% ..... after 1920	55¼*	55¾	5 6 0
64½	59¾	Metropolitan Water Board 'B' 3% 1934-2003	63½	63¾	5 1 0
		FOREIGN BONDS			
113¼	101¼	German 7% 1924 (British Enfaced 5%)	107¾	108¼	...
198½	177	German 5½% 1930 (Enfaced 4½%)	194	196	...
48	22¼	Greek 7% Refugee 1924	43½	44¼	Nil
169¼	157	Japan 5% (Enfaced) 1907	160¼	160½	...
118¾	112¾	Japan 6% (Enfaced) 1924	112½	113	...
59	55	Uruguay 3½% Bonds (Assented)	55¾*	56	...

NEW YORK CLOSING PRICES

	Nov. 4 $	Nov. 11 $		Nov. 4 $	Nov. 11 $		Nov. 4 $	Nov. 11 $
Ath. Topeka.....	25⅜	26	Boeing.....	31⅛	34⅝	Inter. Nickel....	98⅝	100
Can. Pacific.....	26⅛	25⅞	Celanese.....	25½	26½	Inter. Paper....	135¼	134½
Pennsylvania.....	16	15⅞	Chrysler.....	59	63⅝	Kennecott.....	94⅞	95¼
Union Pacific.....	30¾	30¼	Col. Palmolive..	36⅜	37⅜	Monsanto.....	50½	50½
Amer. Electric....	46¼	45⅞	Crown Zeller....	54	54¾	Nat. Distillers ..	31⅞	32⅜
Am. Tel. & Tel...	78⅝	78¼	Distillers Seag..	33⅞	33⅝	Pan-American...	22⅞	22
Cons. Edison.....	59⅜	60¼	Douglas.....	38½	40⅞	Procter Gamble.	85¾	85¼
Int. Tel. & Tel...	38	39¼	Du Pont.....	258	259⅞	Radio Corpn....	64¾	66¼
Standard Gas.....	4¾	4⅝	East. Kodak.....	96½	97¼	Sears Roebuck...	47½	49½
United Corpn....	8⅛	8⅛	Ford Motor.....	81⅛	76⅝	Shell Oil.....	71⅜	72⅜
Western Union..	43½	46½	Gen. Electric....	81¼	83⅝	Socony-Mobil	40¾	40¼
Alcoa.....	97⅜	98⅞	General Foods ..	102½	101¼	Stand. Oil Ind. ..	42	41⅞
Aluminium.....	31⅜	31⅜	General Motors .	52¼	51¾	Stand. Oil N.J....	47¾*	47⅞
Amer. Can.....	41¾	41½	Goodyear.....	142	138	20th Cent. Fox...	32¾	31
Am. Smelting....	49	51¼	Gulf Oil.....	116⅛	115¼	Union Carbide...	137	138⅜
Am. Viscose.....	44½	43½	Heinz.....	85½	85	U.S. Steel.....	98⅝	97
Anaconda.....	63	62⅞	Int. Bus. Mach....	406½	410¼	West. Electric....	97½*	98⅛
Beth. Steel.....	55*	54⅝	Int. Harvester...	49¾	49¾	Woolworth.....	58¼	56½

* Ex dividend. † Tax free. ‡ Assumed average life 9 years. § Less tax at 7s. 9d. in £. ‖ Ex capitalisation. ¶ Ex rights. ‡‡ Ex all. (a) Interim dividend. (b) Final dividend. (c) Year's dividend. (d) Capital distribution 1s. 6d. per share. (e) To earliest date. (f) Flat yield. (g) Equivalent to 7·2 sterling. (h) After Rhodesian tax. (i) To latest date. (p) Assented stock.

Prices, 1959 High	Prices, 1959 Low	Last Two Dividends (a) (b) (c)		ORDINARY STOCKS	Price, Nov. 4 1959	Price, Nov. 11 1959	Yield, Nov. 11 1959
		%	%				
				STEEL AND ENGINEERING			
61/7½	28/11½	8 b	6 a	Colvilles..... £1	57/6	61/7½	4·54
61/3	26/6	4 a	8 b	Dorman Long..... £1	56/9	60/10½	3·94
51/–	20/9	9 c	3¾ a	Steel Co. of Wales..... £1	44/3	46/1½	4·34**
54/–	25/–	3 a	8 b	Stewarts & Lloyds..... £1	51/9¾	53/7½	4·10
70/–	23/4½	6⅔ b	4 a	John Summers..... £1	63/11½	69/4½	3·07
75/9	24/9	8½ b	4 a	United Steel..... £1	69/4½	74/10½	2·34
45/9	30/8¼	6 b	4 a	John Brown..... £1	45/9	44/–	4·55
10/–	7/–	11 b	3 a	Cammell Laird..... 5/–	7/3	7/4½	9·50
35/6	25/6	7½ b	2½ a	Swan Hunter..... £1	32/9	32/3	6·20
36/6	27/2¼	7½ b	2½ a	Vickers..... £1	31/4½	30/11½	6·64
96/–	60/6	10 b	5 a	Averys..... £1	95/–	95/6*	3·14
27/–	16/–	†4¾ a b	†1⅞ a	Coventry Gauge..... 10/–	26/9	26/–	3·93
54/6	36/6	12 a	4 b	Alfred Herbert..... £1	53/6	54/6	3·60
29/6	16/9	5 a	12½ b	Ransome & Marles..... 5/–	25/9	27/6*	3·18
56/–	39/9	3 a	9½ b	Renold Chains..... £1	55/11½	54/9	4·57
63/–	37/–	3¾ a	8¾ b	Allied Ironfounders..... £1	56/3	61/–	4·10
44/–	23/7½	8½ a	4½ a	Babcock & Wilcox..... £1	44/9*	43/9	5·26
105/–	43/11½	10 c	15 c	Davy-United..... £1	101/–	105/–	2·86
84/–	51/3	4 a	9 b	Guest Keen..... £1	79/3	83/3	3·12
30/–	44/7½	3½ a	5½ b	Metal Box..... £1	75/–	77/–	2·25
58/–	42/6	4¾ b	4¾ a	C. A. Parsons..... £1	52/–	52/6	3·33
25/9	19/–	15 b	7½ a	John Thompson..... 5/–	19/–	19/9	5·70
120/6	72/–	7½ a	12½ b	Tube Investments..... £1	115/3	119/3*	3·35
				BUILDING, etc.			
80/–	39/9	10 c	4 b	Associated Portland..... £1	69/6*	74/3	2·59
28/3	15/–	3½ a	6⅔ b	British Plaster Board..... 10/–	27/–	28/–	3·57
98/11½	59/7½	5 a	10 b	Richard Costain..... £1	91/10½	98/11½	3·06
94/–	61/3	6 a	11 b	London Brick..... £1	90/–	94/–	3·78
121/3	79/9	5 a	15 b	Wall Paper Defd..... £1	118/9*	120/–*	3·33
				CHEMICALS AND PAINT			
30/6	16/–	13·6c	4·8a	Albright & Wilson..... 5/–	28/6	28/9	2·37
24/7½	15/3	5⅝ b	2¹¹/₃₂a	Borax Defd..... 5/–	18/3	18/–	2·43
9/9	6/10½	12½ b	7½ a	Brit. Ind. Plastics..... 2/–	9/7½	9/3	4·32
75/3	43/10½	4 a	8 b	Fisons..... £1	70/6	75/3	3·19
56/9	33/10½	5½ b	3¾ a	I.C.I..... £1	53/3	56/9	3·20
17/9	12/7½	6 a	14 b	International Paints..... 4/–	15/3	15/3	5·25
23/3	15/11½	8½ b	5 a	Monsanto..... 5/–	21/11½	21/7½	3·12
32/–	18/6	5 a	11⅔ b	Pinchin Johnson..... 10/–	27/9	28/3	5·90
				ELECTRICAL AND RADIO			
67/–	54/–	15 c	5 a	A.E.I..... £1	63/3	63/3	4·74
61/–	46/3	9½ b	4 a	B.I.C.C..... £1	52/–	56/–	4·82
49/6	37/4½	20 c	5⅝ a	Decca Record..... 10/–	48/11½	49/3	4·06
69/9	47/4½	5 a	15 b	E.M.I..... 10/–	59/9*	69/6	2·88
51/–	38/–	9½ c	3 a	English Electric..... £1	46/3	46/–	4·06
48/9	30/–	3 a	7 b	General Electric..... £1	42/–	42/9	4·44
21/11½	13/9	12½ c	12½ c	Pye Defd..... 5/–	20/3	21/11½	2·96
98/6	84/6	6½ a	11 b	A. Reyrolle..... £1	91/–	90/9	3·86
				MOTORS AND AIRCRAFT			
23/4½	10/–	5¾ a	12½ b	British Motor..... 5/–	21/7½	20/10½*	4·37
105/6	50/3	8½ b	5 a	Ford Motor..... £1	98/3	105/6	2·56
74/–	44/–	12½ c	12½ c	Leyland Motor..... £1	72/6	72/9	3·44
18/11½	7/3	8 c	12 c	Rootes Motors..... 4/–	15/–*	14/6	3·31
12/11½	5/11¼	12 c	12 c	Standard-Triumph..... 5/–	11/11½	11/–*	4·09**
29/–	18/3	3½ a	9⅔ b	Dunlop Rubber..... 10/–	27/7½	27/3	4·77
70/–	44/3	2½ a	10 b	Joseph Lucas..... £1	67/–	68/–*	3·68
44/–	23/7½	17½ a b	9 a	Pressed Steel..... 5/–	41/3	44/–*	3·01
86/3	48/11½	20 c	30 c	Triplex Holdings..... £1	85/9	86/–	3·49
12/9	8/3	3½ a	6½ b	Bristol Aeroplane..... 10/–	11/10½	11/21¼	8·94
20/9	12/11¼	7½ c	Nil	De Havilland..... £1	14/6	14/21¼	....
45/03¼	34/9	15 a	16½ b	Dowty Group..... 10/–	42/3	42/–	4·48
34/–	26/11½	7 b	3 a	Hawker Siddeley..... £1	28/11½	30/7½	4·53
53/11½	41/3	7½ b	2½ a	Rolls-Royce..... £1	43/9	44/–*	4·55
				PAPER AND NEWSPAPERS			
69/6	44/6	12½ c	5 a	Bowater Paper..... £1	66/6	68/–	3·68
57/–	42/6	9 b	5 a	Albert E. Reed..... £1	54/6	56/6*	4·96
34/11½	22/–	5 b	3 a	Spicers..... £1	30/3	32/10½	4·87
29/–	21/–	15 b	10 a	Daily Mirror 'A'..... 5/–	27/–	26/7½*	4·69
37/–	24/6	12½ a	12½ b	Odhams Press..... 10/–	35/3	36/–	4·86
				TEXTILES			
34/9	22/–	2½ a	7½ b	J. & P. Coats..... £1	33/–	34/9	5·76
32/9	18/3	5 a	5 b	Fine Spinners..... £1	31/–	32/9	6·11
68/4½	35/4½	12½ b	5 a	Lancashire Cotton..... £1	64/9	65/6	5·34
60,–	35/4½	2½ a	13½ b	Patons & Baldwins..... £1	58/3	57/3	5·59
7/1½	4/3	10 c	8 c	Salts (Saltaire)..... 5/–	7/0¾	7/1½	5·61
76/3	50/–	10 b	5 a	Woolcombers..... £1	70/–	68/11½	4·40
19/11½	14/7½	Nil c	3 a	Bradford Dyers..... £1	17/9	17/6	....
56/6	37/–	22½ c	12½ c	Calico Printers..... £1	51/3	56/6	7·96
59/3	31/3	6½ b	5 a	Courtaulds..... £1	51/9	58/4½*	4·00
16/6	10/–	10 b	4 a	Jute Industries..... 10/–	16/3	16/–	8·75
35/6	24/6	7½ c	7½ c	Tootal..... £1	29/6	29/6	5·08
				DRAPERY AND STORES			
31/6	19/7½	16 c	3 a	Boots Pure Drug..... 5/–	29/6	29/3	2·74
49/4½	27/9	5 a	11½ b	Debenhams..... 10/–	45/9	49/4½	3·37
54/3	28/7½	7½ a	2¹¹/₃₂b	G.U.S. 'A'..... 5/–	55/–	54/–¾	3·24
48/7½	31/9	40 c	15 a	House of Fraser..... 5/–	46/–	46/–	4·17
30/6	16/3	16 c	7½ a	Lewis's Investment..... 4/–	29/9	30/4½	2·63**
77/–	41/4½	20 83b	12½ c	Marks & Spencer 'A'..... 5/–	73/6	77/–	2·16
49/6	32/7½	22½ b	12½ a	United Drapery..... 5/–	47/9*	49/–	3·57
55/–	47/3	26⅔ b	13½ a	Woolworth..... 5/–	60/–	63/–	3·17

Prices, 1959 High	Prices, 1959 Low	Last Two Dividends (a) (b) (c)		ORDINARY STOCKS	Price, Nov. 4, 1959	Price, Nov. 11, 1959	Yield, Nov. 11, 1959
		%	%				
				BANKING			
62/6	44/63¼	5 b	5 a	Barclays..... £1	60/9	62/–	3·23
64/9	40/3	10 c	5 a	Lloyds..... £1	63/–	64/9	3·09
84/3	60/11½	12½ c	7½ a	Midland..... £1	78/9	84/3	3·56**
90/3	54/–	10 c	5 a	National Provincial..... £1	86/3	90/3	2·66**
56/6	37/9	10 c	5 a	Westminster 'B'..... £1	54/9	55/6	3·60
81/6	54/3	9½ b	8½ a	District..... £1	81/6	81/–	3·46**
28/9	17/–	16 c	8 a	Martins..... 5/–	26/4½	28/9	2·78
72/3	52/3	...	...	Nat. Comm. Bk. Scot..... 10/–	72/–	68/6	2·19**
96/–	67/6	9 b	8a	Royal Bank of Scotland..... £1	90/6	89/6	3·80
56/9	37/9	5 b	4 a	Barclays D.C.O..... £1	51/6	56/9	3·17
60/6	43/9	7½ a	7½ b	Chartered Bank..... £1	58/6	56/9	5·29
£34⅜	£27⅝	$2·10c	$2·25c	Royal Bank of Canada..... $10	£30⅜	£29½	2·87
£23½	£18⁷/₁₆	$1·60c	$1·65c	Bank of Montreal..... $10	£21⅜	£21⅛	2·95
41	30½	9 c	9 c	Bank of New South Wales..£20	39½*	39	3·69**
48/3	32/3	6 b	4 a	Bank of London & S. Amer..£1	47/6	48/3	4·15
				FINANCIAL			
41/–	28/41½	5 b	2½ a	Alexanders..... £1	40/–	41/–	3·66
55/–	41/3	7 b	6½ a	National Discount 'B'..... £1	55/–	53/6	4·67
62/9	49/–	6¼ b	6¼ a	Union Discount..... £1	62/6	60/9	4·12
61/3	40/9	21½ b	20 a	Commercial Union..... 5/–	60/9	61/3	3·40
185/–	127/6	15 b	12½ a	Employers Liability..... £1	176·10½	180/–	3·06
226/3	160/–	†32·35c	†41·17c	Equity & Law..... 8/6	221/3	226/3	2·53
356/3	192/6	60 b	40 a	Legal & General..... 5/–	345/–	342·6	1·46
157/6	112/6	50 b	20 a	Pearl..... 5/–	152/6	157·6	3·64
350/–	210/–	†14·71c	†16·21c	Prudential 'A'..... 4/–	335/–	327·6	3·25
100/6	59/11½	10 b	8 a	Royal Exchange..... £1	99/–	100/–	3·20**
46/–	16·21¼	8¾ b	7½ a	Bowmaker..... 5/–	40·9	42·6	2·94
42/6	18·7½	8½ b	8½ a	Lombard Banking..... 5/–	38/–	40/–	2·13
220/–	113/6	4 a	21 b	U.D.T..... £1	205/–	210/–	2·38
48/–	34·9	25 b	10 a	B.E.T. 'A' Defd..... 5/–	46/–*	46/–	3·80
18/3	12/6	10 c	10 c	Cable & Wireless..... 5/–	18/3	18/–	2·78
32·9	19/3	2 a	4½ b	Land Securities..... 10/–	29/–	30/–	2·17
28/6	14/7½	4¼ a	4¼ b	London & County..... 10/–	25/6	25/9	3·23
				FOOD, DRINK AND TOBACCO			
37/6	22/6	15 c	18 c	Allied Bakeries 'A'..... 5/–	35/9	35/6	2·54
46/6	23/41½	24 c	8 a	Beecham Group..... 5/–	45/6	46/6	2·58
14/3	10/6	2½ a	7½ b	International Tea..... 5/–	13/1½	13/3	3·77
91/–	69/–	9½ b	5 a	J. Lyons 'A'..... £1	80/3	79/9	3·55
24/6	18/10½	5 b	5 a	Ranks..... 10/–	24/–	24/4½	4·10
33/3	18/11½	12½ b	5 a	Schweppes..... 5/–	32/–	31/6	3·17**
59/9	42/–	7½ a	23⅓ b	Tate & Lyle..... £1	55/3	59/9	3·51
16/–	10/10½	...	...	Unigate..... 5/–	15/1½	15/–	3·33**
79/6	43/9	36 b	10 a	Bass..... 5/–	79/–	77/–	2·99
36/–	23/10½	4 a	8½ b	Distillers..... 10/–	33/3	35/9	3·50
24/6	14/7½	11 b	6 a	Flowers..... 5/–	23/3	24/6	3·47
82/6	54/–	18 b	10 a	Guinness..... 10/–	78/–	78/6	3·57
20/3	12/7½	4 a	11½ b	Ind Coope & Allsopp..... 5/–	20/–	18/7½*	4·16
90/–	38/9	6¾ b	3¾ a	Watney Mann Defd..... £1	87/–	87/–	3·45
137/–	100/–	17 b	8 a	Whitbread 'A'..... £1	133/9	130/–*	3·85
68/11½	51/41½	†17½ c	†10⅝ a	British Amer. Tobacco 10/–	65/–	64/9	4·41
42/6	26/8¼	13½ b	3½ a	Gallaher..... 10/–	40/3	40/6	4·11
71/–	54/3	12½ b	8½ a	Imperial Tobacco..... £1	68/–	68/3	6·15

Prices, 1959 High	Prices, 1959 Low	Last Two Dividends (a) (b) (c)		ORDINARY STOCKS	Price, Nov. 4, 1959	Price, Nov. 11, 1959	Yield, Nov. 11, 1959
		%	%				
				MISCELLANEOUS			
53/9	37/9	20 a	40 b	Assoc. Brit. Picture..... 5/–	52/6	53/9	5·58
42/6	28/7½	3½ a	5 b	British Match..... £1	42/–	41/6	4·01
79/6	49/6	8 b	4 a	British Oxygen..... £1	77/6	77/6	3·10
11/3	8/8¼	18 c	6 a	British Ropes..... 2/6	11/–	11/–	4·00
60/6	35/9	5½ a	8½ b	Glaxo..... 10/–	58/6	60/6	2·31
42/9	56/4½	50 b	10 a	Hoover 'A'..... 5/–	93/9	96/9	3·10
232/6	172/6	32·18 c	16·53 a	Hudson's Bay..... £1	220/–*	215/–	2·99
14/7½	10/–	5 c	10 c	Rank Organisation..... 5/–	14/–	14/–	3·57
26/–	13/–	18 c	20 c	Sears 'A'..... 5/–	25/3	26/–	3·85
20/–	11/33¼	6·36	7¼ a	Thomar Tilling..... 4/–	17·3*	17/6	3·11
93/6	69/41½	10 b	5 a	Turner & Newall..... £1	91/6	93/3	3·22
139/–	86/7½	16·8c	8 a	Unilever..... £1	126/6	135/–	2·49
11/6	9/9	10·4c	3¼ a	United Glass..... 5/–	11/6	11/6	4·52
43/6	31/9	†10⅝ b	†4½ a	United Molasses..... 10/–	42/9	41/9*	5·87
				OIL			
58/6	49/–	†8¾ c	†3½ a	British Petroleum..... £1	55/9	51/9	5·52
50/3	37/9	†4¾ b	†2½ a	Burmah Oil..... £1	48/3	45·6*	4·93
£17¾	£14⅝	17½ b	7½ a	Royal Dutch..... 20 fl.	£15½	£14⁹/₁₆	3·19
153/–	131/–	†13¾ b	15 a	Shell Transport..... £1	147/6	142·3	4·30
73/6	53/9	....	....	Ultramar..... 10/–	58/–	56·9	.... d
50/3	35/6	15 b	7½ a	Wakefield C.C..... 10/–	49/–	50/3	4·48
				SHIPPING			
46/6	36/6	13½ b	6½ a	Brit. & Com'wealth. 10/–	39/3	41·6*	4·82
21/3	17/3	8 c	Nil a	Cunard..... £1	18·6	19·6	8·21
32/9	29/6	10 c	10 c	Furness Withy..... £1	36/3	38·9	5·16
20·6	14·9	10 a	10 b	London & Overseas..... 5/–	17·6	17·6	5·71
43/3	31/6	8 b	3 a	P & O Defd..... £1	39/–	41·6	5·30
17·9	13/3	5 c	2½ c	Reardon Smith..... 10/–	17/–	17/–	1·47
25/9	19/–	7½ c	9 c	Royal Mail..... £1	23/3	23/6	6·81
				MINES			
212/6	165/–	60 b	20 a	Anglo-American..... 10/–	207/6	205/–	3·90
147/6	113/9	20 b	10 a	General Mining..... £1	141·10*	141·3	4·25
80/9	49/41½	100 b	40 a	Union Corporation..... 2/6	80/–*	77·6*	4·52
33/41½	26·10½	50 b	45 a	Dagnaforntein..... 5/–	27/11½	26·10½	17·67
198/11½	111·10½	70 a	90 b	Free State Geduld..... 5/–	179/41½	180/–	4·44
71/6	56/9	35 b	35 a	Hartebeestfontein..... 10/–	62/–	58·3	12·02
80/11½	61/10½	50 a	60 b	President Brand..... 5/–	78/7½	77·41½	7·11
180/–	119/41½	70 a	100 b	Western Holdings..... 5/–	165/–	161/3	5·27
75/9	57/51¼	12½ b	5 a	Consolidated Zinc..... £1	73/6	73/3	4·10
200/–	121/3	120 b	100 a	De Beers Defd. Reg. 5/–	196·10½	199·41½	5·57
$187¾	$

Money and Exchanges

EXCHEQUER RETURNS

For the week ended November 7, 1959, there was an "above-line" surplus (after allowing for sinking funds) of £17,924,000 compared with a deficit of £16,552,000 in the previous week and a surplus of £35,798,000 in the corresponding period of last year. There was a net expenditure "below-line" of £19,757,000 leaving a total cumulative deficit to date of £684,104,000 compared with £580,543,000 in 1958–59.

£'000	Estimate 1959-60	April 1, 1958, to Nov. 8, 1958	April 1, 1959, to Nov. 7, 1959	Week ended Nov. 8, 1958	Week ended Nov. 7, 1959
Ord. Revenue					
Income Tax	2147,000	780,216	780,732	11,470	17,151
Surtax	171,000	44,500	45,600	1,300	1,300
Death Duties	195,000	105,600	131,000	3,500	3,500
Stamps	68,000	34,600	53,200	1,100	1,800
Profits tax, EPT and EPL	274,000	183,800	171,100	7,100	7,300
Other Inland Revenue Duties	1,000	120	110	...	...
Total Inland Revenue	2856,000	1148,836	1181,742	24,470	31,051
Customs	1285,500	790,196	839,510	24,112	28,631
Excise	864,500	566,165	527,475	58,170	36,795
Total Customs and Excise	2150,000	1356,361	1366,985	82,282	65,426
Motor Duties	104,000	28,815	28,020	3,032	3,069
PO (Net Receipts)	...	...	...	...	...
Broadcast Licences	35,000	15,400	16,700	...	...
Sundry Loans	30,000	25,866	31,102	427	4,197
Miscellaneous	150,000	52,952	73,270	626	559
Total	5325,000	2628,230	2697,819	110837	104302
Ord Expenditure					
Debt Interest	600,000	399,296	339,481	5,635	20,250
Payments to Northern Ireland Exchequer	79,000	42,765	45,471	2,631	2,678
Other Consolidated Funds	10,000	4,815	5,297	3	...
Supply Services	4523,531	2442,340	2560,931	65,800	62,200
Total	5212,531	2889,236	2931,180	74,069	85,128
Sinking Funds	39,000	21,493	22,056	970	1,250
"Above-line" Surplus or Deficit		—	—	+	+
		282,499	275,417	35,798	17,924
"Below-line" Net Expenditure*		298,044	409,687	8,913	19,757
Total Surplus or Deficit		580,543	684,104	26,885	1,833
Net receipts from:					
Tax Reserve Certificates		175,248	118,544	3,203	5,871
Savings Certificates		80,100	50,700	2,700	800
Defence Bonds		48,640	87,607	357	2,476
Premium Savings Bonds		43,065	31,980	2,250	810
Total		347,053	288,831	8,510	9,957

* *Net receipts of the Civil Contingencies fund £10 million in 1959–60 compared with £14 million in 1958–59.*

FLOATING DEBT

(£ million)

	Treasury Bills		Ways and Means Advances		Total Floating Debt
	Tender	Tap	Public Dept.	Bank of England	
1958					
Nov. 8	3,350 0	1,739·5	166·7	...	5,256 2
1959					
Aug. 8	3,130 0	2,076·1	234·5	...	5,440 6
,, 15	3,160 0	1,938·7	240·9	...	5,339 6
,, 22	3,220 0	1,886·7	247·1	...	5,353 9
,, 29	3,250 0	1,891·2	214·5	3·0	5,358 7
Sept. 5	3,260 0	1,886·4	247·1	1·3	5,394·8
,, 12	3,280 0	1,911·0	227·1	3·8	5,421·9
,, 19	3,310 0	1,911·6	232 0	...	5,453·6
,, 30		5,298·3	270·1	1·8	5,570 1
Oct. 3	3,370 0	1,936·3	247·5	3·0	5,556·8
,, 10	3,390 0	1,954·2	259·7	...	5,603·9
,, 17	3,430 0	2,016·0	241·4	...	5,687·4
,, 24	3,430 0	2,052·7	217·8	...	5,700·5
,, 31	3,460·0	2,114·0	202·5	...	5,776·4
Nov. 7	3,520·0	2,023·4	227·1	...	5,770·5

THE MONEY MARKET

At last Friday's Treasury bill tender the syndicate raised its bid for 91-day bills by 1d. to £99 3s. 2d. and the average rate on the whole allotment dropped by almost 4d. to £3 7s. 4.62d. The offer of £290 million again included £50 million of 63-day bills for which the discount market raised its bid by 2d. to £99 8s. 2d., and the average rate of discount for these bills fell by just over 1s. to £3 8s. 5.31d. The market was allotted 53 per cent of its applications for the 91-day bills and 75 per cent of those for the shorter dated maturities; the total allotment rate was about 57 per cent.

The discount rate on the United States Treasury's 91-day bills dropped from 4.137 per cent to 4.089 per cent; the rate on 182-day bills rose from 4.437 to 4.534 per cent.

Credit has been generally short in the money market and on Monday and Tuesday the authorities gave fairly large special aid. Although calling was lighter on Wednesday credit was still scarce and with no official help being given one or two houses had to borrow very small amounts from the Bank. Rates for fresh money have ranged up to 3⅜ per cent with January maturities at 3 5/16 per cent.

MONEY RATES

LONDON

	%		%
Bank rate (from 4½%, 20/11/58)	4	**Discount rates:**	
Deposit rates (max.):		Bank bills:	
Banks	2	60 days	3 1/32–3 5/16
Discount houses	2–2¼	3 months	3 1/32–3 5/16
Money:		4 months	3 1/32–3 5/16
Day-to-Day	2 3/8–3 3/8	6 months	3 1/32–3 3/8
Treasury Bills:		Fine trade bills:	
2 months	3 3/8	3 months	4 1/4–5
3 months	3 3/8	4 months	4 1/4–5
		6 months	4 1/2–5 1/4

NEW YORK

	%		%
Official discount rate: (from 3½%, 10/9/59)	4	**Treasury Bills:** November 2	4·137
		,, 9	4·089

BANK OF ENGLAND RETURNS

(£ million)	Nov. 12, 1958	Nov. 4, 1959	Nov. 11, 1959
*Issue Department**:			
Notes in circulation	2,026·4	2,119·8	2,126·9
Notes in banking dept.	24·0	55·6	48·5
Govt. debt and securities*	2,046·5	2,172·0	2,172·0
Other securities	0·7	0·7	0·8
Gold coin and bullion	0·4	0·4	0·4
Coin other than gold coin	2·8	2·3	2·3
Banking Department:			
Deposits:			
Public accounts	10·2	12·6	10·5
Bankers	238·0	269·7	252·1
Others	67·0	63·8	63 8
Total	315·2	346·1	326·4
Securities:			
Government	283·3	268·3	266·4
Discounts and advances	4·3	18·1	7·4
Other	21·5	21·1	21·0
Total	309·1	307·5	294·8
Banking department reserve	25·0	56·6	49 4
"Proportion"	% 7·8	% 16·3	% 15·1

* Government debt is £11,015,100, capital £14,553,000. *Fiduciary issue increased by £50 million to £2,175 million on November 4th.*

TREASURY BILL TENDERS

Date of Tender	Amount (£ million) Offered		Applied for	Three Months' Bills Average Rate of Allotment	Allotted at Max. Rate*
	91 day	*63 day*		s. d.	%
1958 Nov. 7	270·0	...	433·7	71 7·04	45
1959	*91 day*				
Aug. 7	230·0		368·8	69 7·97	52
,, 14	250·0		407·2	69 8·13	44
,, 21	260·0		414·3	69 8·39	49
,, 28	270·0		413·4	69 9·03	61
Sept. 4	290·0		396·4	69 9·53	80
,, 11	290·0		453·5	69 8·47	51
,, 18	290·0		428·5	69 8·13	56
,, 25	290·0		430·0	69 5·24	64
Oct. 2	280·0		411·6	69 10·48	54
,, 9	290·0		433·2	68 9·00	66
,, 16	270·0‡		444·4	68 4·91	34
,, 23	260·0		456·5	68 6·74	37
	91 day	*63 day*			
,, 30	220·0	50·0	461·6	67 8·53	54
Nov. 6	240·0	50·0	464·9	67 4·62	53

* *On November 6th tenders for 91 day bills at £99 3s. 2d. secured 53 per cent, 63 day bills at £99 8s. 2d. secured 75 per cent, higher tenders being allotted in full. The offer this week was for £230 mn. of 91 day bills and £60 mn. of 63 day bills.* ‡ Allotment cut by £20 mn.

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

	Official Rates	Market Rates: Spot					
	November 11	November 5	November 6	November 7	November 9	November 10	November 11
United States $	2·78–2·82	2·80 3/16–5/16	2·80 1/4–3/8	2·80 3/16–5/16	2·80 5/16–7/16	2·80 3/8–1/2	2·80 5/16–7/16
Canadian $	...	2·65 3/16–5/16	2·65 1/4–3/8	2·65 3/16–5/16	2·65 3/8–1/2	2·65 3/8–1/2	2·65 5/16–7/16
French Fr.	13·622–14·027	13·74 5/8–7/8	13·75–1/4	13·75–1/4	13·75 1/4–1/2	13·75 3/8–7/8	13·75 3/8–5/8
Swiss Fr.	11·94–12·54 7/8	12·15–1/4	12·15 3/4–16	12·16 1/8–3/8	12·15 7/8–16 1/8	12·15 3/4–16	12·15 7/8–5/8
Belgian Fr.	137·96–142·05	140·15–20	140·17 1/2–22 1/2	140·15–20	140·15–20	140·17 1/2–22 1/2	140·12 1/2–17 1/2
Dutch Gld.	10·48–10·80	10·59 1/8–3/8	10·59 3/8–5/8	10·59 1/8–3/8	10·59 1/4–1/2	10·58 5/8–7/8	10·58 3/4–59
W. Ger. D-Mk.	11·59 1/4–11·92 3/4	11·68 1/2–69	11·68 7/8–69 1/8	11·68 7/8–69 1/8	11·69–1/4	11·69 3/8–7/8	11·69 3/8–5/8
Portug. Esc.	79·00 3/4–82·00 1/2	80·15–30	80·15–30	80·15–30	80·15–30	80·15–30	80·15–30
Italian Lire	1725–1775	1739 1/4–1/2	1739 3/4–40	1739 1/2–3/4	1739 3/8–5/8	1740 1/8–3/8	1739 5/8–40 1/8
Swedish Kr.	14·37 1/4–14·59 1/4	14·49 1/2–3/4	14·52–1/4	14·52–1/4	14·52 1/8–3/8	14·52 1/8–3/8	14·52–1/4
Danish Kr.	19·06 1/2–19·62	19·33 1/4–1/2	19·33 3/8–5/8	19·33 3/8–5/8	19·33 1/4–1/2	19·33 1/4–1/2	19·33 3/8–5/8
Norwegian Kr.	19·71–20·30 1/2	20·00 1/2–3/4	20·00 1/2–3/4	20·00 1/2–3/4	20·00 1/2–3/4	20·00 3/4–01	20·00 3/4–01
One Month Forward Rates							
United States $		1/8–1/4c. dis	1/8–1/4c. dis	1/8–1/4c. dis	1/8–1/4c. dis	1/8–1/4c. dis	1/8–1/4c. dis
Canadian $		5/16–7/16c. dis	5/16–7/16c. dis	5/16–7/16c. dis	3/8–1/2c. dis	3/8–1/2c. dis	5/16–7/16c. dis
French Fr.		1/2–1c. dis	1/2–1c. dis	1/2–1c. dis	1/2–1c. dis	3/4–1 1/4c. dis	3/4–1 1/4c. dis
Swiss Fr.		1/4c. pm–par	1/4c. pm–par	1/4c. pm–1/4c. dis	3/8–1/4c. pm	1/2–1/4c. pm	1/2–1/4c. pm
Belgian Fr.		2–7c. dis	5–10c. dis	7–12c. dis	5–10c. dis	2–7c. dis	1–6c. dis
Dutch Gld.		3/4–1/2c. pm	3/8–3/4c. pm	3/8–3/4c. pm	5/8–3/4c. pm	1/2–1/4c. pm	5/8–3/4c. pm
W. German D-Mk.		7/8–1 1/4pf. dis	3/4–1 1/4pf. dis	3/4–1 1/4pf. dis	5/8–7/8pf. dis	1/2–3/4pf. dis	1/2–3/4pf. dis
Three Months Forward Rates							
United States $		1/2–5c. dis	1/2–5c. dis	1/2–5c. dis	1/2–5c. dis	1/2–5c. dis	1/2–5c. dis
Canadian $		13/4–15 1/4c. dis	13/16–15 1/16c. dis	13/16–15 1/16c. dis	13/16–15 1/4c. dis	13/16–15 1/16c. dis	13/16–15 1/16c. dis
Swiss Fr.		3/4–1/4c. pm	1/4c. pm–par	1/4c. pm–1/4c. dis	3/8–1/4c. pm	3/4–1/2c. pm	5/8–3/8c. pm
W. German D-Mk.		1 3/4–2 1/4pf. dis	1 7/8–2 3/8pf. dis	1 7/8–2 3/8pf. dis	1 5/8–1 7/8pf. dis	1 1/2–1 3/4pf. dis	1 5/8–1 7/8pf. dis
Gold Price at Fixing							
Price (s. d. per fine oz.)		250/2 1/4	250/2 1/2	...	250/2	250/1	250/–

* *On November 6th tenders for 91 day bills at £99 3s. 2d. secured 53 per cent, 63 day bills at £99 8s. 2d. secured 75 per cent, higher tenders being allotted in full. The offer this week was for £230 mn. of 91 day bills and £60 mn. of 63 day bills.* ‡ Allotment cut by £20 mn.

Western Europe

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

BRITISH

Prices and Wages	Oct. 31st	External Trade	Nov. 7th
Manpower and Output	Oct. 17th	Industrial Profits	Oct. 24th

OVERSEAS

Western Europe	This week	United States	Oct. 10th

	Austria	Belgium	Denmark	France	Germany, FR	Greece	Ireland	Italy	Nether-lands	Norway	Sweden	Turkey	United Kingdom
INDUSTRIAL PRODUCTION (1) (1953=100)													
1948	54	87	82	79	...	52	70	62	70	70	90	69	83
1957	146	123	120	145	147	145	102	136	126	128	118	139	115
1958	150	115	120	153	152	161	104	143	126	124	118	...	114
1959, March	144	118	126	156	156	162	103[3]	154	133	120	127	...	117
,, April	162	120	129	163	160	167	...	158	139	136	126	...	122
,, May	142	119	131	169	163	163	...	154	136	122	124	...	119
,, June	165	121	135	167	162	162	...	154	145	141	127	...	122
,, July	...	...	90	...	152	...	...	...	139	91	66	...	109[8]
VALUE OF EXTERNAL TRADE (2)													
Monthly averages or calendar months	mn. schillings	mn. francs	mn. kroner	'000 mn. francs	mn. D. marks	mn. drachmas	mn. £	'000 mn. lire	mn. guilders	mn. kroner	mn. kroner	mn. lira	mn. £
	Imports (c.i.f.)												
1948	243	7,249	285[14]	56·08	264[15]	152[17]	11·4	70·36	414	310[14]	413[14]	64·2	168 0[20]
1957	2,445	14,302	782[14]	187·32	2,624	1,311	15·4	191·33	1,500	759[14]	1,047[14]	92·7	326 1
1958	2,326	13,037	739	196·15	2,576	1,412	16·5	165·05	1,148	779[14]	1,021[14]	73·5	300 9
1959, March	2,317	14,992	739	208·57	2,591	1,358	18·4	157·71	1,163	854	913	105·6	309 7
,, April	2,527	13,934	979	227·24	2,900	1,401	19·2	182·86	1,325	848	1,093	88·5	334 5
,, May	2,154	12,790	794	195·83	2,849	1,944	17·1	179·89	1,130	693	982	96·8	300 7
,, June	2,598	14,714	928	221·99	2,826	1,358	16·8	159·54	1,310	785	1,008	103·3	321 6
,, July	2,551	13,206	898	200·80	2,971	...	...	173·07	1,300	823	931	95·2	343 6[9]
	Exports (f.o.b.)												
1948	165	6,171	228[14]	36·18	151[15]	39[17]	4·1	47·99	226	172[14]	332[14]	45·9	131 6[20]
1957	2,120	13,275	676[14]	155·72	2,996	549	10·9	132·80	981	489[14]	922[14]	80·6	274 2
1958	1,989	12,689	742	179·13	3,081	579	10·9	132·10	1,019	443[14]	901[14]	57·7	264 3
1959, March	2,073	12,824	718	213·73	3,045	359	10·6	138·74	1,073	497	825	120·0	270 7
,, April	2,048	14,462	717	235·46	3,302	328	9·9	150·27	1,108	531	931	64·7	295 6
,, May	1,996	12,511	727	225·63	3,384	377	9·4	123·83	1,059	470	1,034	95·6	299 2
,, June	2,176	13,523	790	241·21	3,367	366	10·5	129·38	1,135	440	970	67·3	251 6
,, July	2,166	14,697[14]	742	228·16	3,377	...	...	161·70	1,058	462	940	45·7	287 8[10]
COST OF LIVING (5) (1953=100)													
1948	50[19]	95	81	60	93	63	79	86	78[18]	74	77	89	77
1957	112	107	116	106	106	129	112	110	115	112	113	152	116
1958	114	108	117	122	110	131	117	113	117	118	119	171	119
1959, April	114	109	119	128	110	133	...	112	116	119	119	208	120
,, May	115	109	...	127	110	133	118	112	116	120	119	208	119
,, June	118	110	...	128	110	133	...	112	117	120	119	216	120
,, July	117	110	119	128	112	134	...	112	119	120	119	...	119
,, August	116	110	...	...	112	...	...	...	...	121	120	...	120[11]
EXPORT PRICES (6) (1953 100)													
1948	42	95	91	68	...	...	78	103	97	84	76	91	77
1957	105	106	102	106	103	140	98	102	105	119	103	...	110
1958	103	99	100	116	103	137	100	101	102	110	102	...	109
1959 April	103	95	...	125[4]	101	111	105	98	99	...	99[4]	...	108
,, May	101	95	...		101	115	106	99	100	...		...	108
,, June	99	...	...		100	130	106	98	99	...		...	108
,, July	100	...	...	...	100	...	...	...	100	...	...	...	107[12]
GOLD AND FOREIGN EXCHANGE HOLDINGS (7) (mn. US Dollars, end of period)													
1948	62	938	84·0	...	295	...	209	539	343	140·6	233	192	1,856
1957	510	1,132	171·9	645	5,644	196·4	252	1,532	1,056	184·6	456	315	2,273
1958	665	1,484	229·7	1,050	6,322	176·0	262	2,321	1,493	243·3	473	297	3,069
1959, May	693	1,472	232·1	1,504	5,553	189·7	257	2,703	1,374	237·6	488	327	3,119
,, June	706	1,448	255·0	1,634	5,529	189·0	245	...	1,374	236·8	497	312	3,172
,, July	735	1,435	269·0	1,773	5,514	191·6	253	...	1,390	232·2	500	286	3,220
,, August	754	1,477	249·8	1,875	...	...	253	...	1,384	...	486	...	3,248[13]

(1) This covers mining, manufacturing, electricity and manufactured gas with the following exceptions: Denmark excludes mining; Greece, mining and manufactured gas; Ireland and Sweden, electricity and manufactured gas; and Austria manufactured gas. Germany excludes West Berlin. (2) Special trade (*excluding re-exports*) with the exception of Ireland, Denmark, Norway and Sweden, which cover general trade. Belgium includes Luxemburg. Italy includes Trieste. France includes the Saar until July 5, 1959. (3) Average for first quarter. (4) Average for second quarter. (5) In capital cities only for France, Greece and Turkey; and Austria prior to March, 1959; Austria (prior to March, 1959) and Belgium exclude rent; Denmark includes direct taxes; Ireland based on August, 1953=100. (6) Index numbers of unit value which are influenced by changes in the composition of trade as well as price movements. Ireland seasonally adjusted. (7) Holdings of the government and central bank. *Foreign exchange figures for Norway exclude government holdings; Norway and Sweden include foreign investments; Ireland includes some long-term securities.* (8) August, 105; September, 123. (9) August, 295·9; September, 318·9; October, 345·6. (10) August, 255·5; September, 246·5; October, 306·0. (11) September, 119. (12) August, *107*; September, 108. (13) September, 3,284; October, 3,024. (14) Special trade. (15) Bizonal area. (16) August, 11,460. (17) Thousand million old drachmas. (18) Including direct taxes. (19) July to December. (20) Including trade with the Channel Islands and United Kingdom whale fisheries.

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UNIVERSITY OF OXFORD. INSTITUTE FOR RESEARCH IN AGRICULTURAL ECONOMICS. Vacancies will exist January 1, 1960, and subsequently for research workers, possibly with some teaching duties. Economics degree with knowledge of statistical methods desirable, but applications will be considered from other graduates in associated fields. Applications are specially invited from those with qualifications or experience in (a) markets for farm products, (b) agricultural land use and theory of location. Appointment in first instances will be until June, 1961, but if work is satisfactory may be extended to a term not exceeding six years in all. Salary £950-£1,150 according to qualifications and experience. Applications to be submitted to the Secretary of the Institute before November 25, 1959.

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Applications are invited for the appointment of DEPUTY FINANCE OFFICER to the Committee.

Candidates should possess a recognised accountancy qualification and experience in hospital or public service financial administration will be an advantage.

The salary scale for the Group is that applicable to 50½-60 points.

Applications, stating age and full particulars of qualifications and experience, together with the names of three referees, should be sent to the Group Secretary, Royal Infirmary, Preston, Lancs, not later than November 30, 1959.

THE UNIVERSITY OF MANCHESTER

Applications are invited for the posts of LECTURER IN SOCIAL ANTHROPOLOGY and LECTURER IN GENERAL SOCIOLOGY in the Faculty of Economic and Social Studies. Salary on a scale £900 to £1,650 per annum with membership of F.S.S.U. and Children's Allowance Scheme. Initial salary according to qualifications and experience.—Applications should be sent, not later than December 12, 1959, to the Registrar, the University, Manchester 13, from whom further particulars and forms of application may be obtained.

SEVERALLS HOSPITAL MANAGEMENT COMMITTEE, COLCHESTER, ESSEX

Applications are invited for the post of SENIOR ADMINISTRATIVE ASSISTANT at the above mental hospital. Candidates must have a wide experience of hospital administration and finance, as the duties include preparation of final accounts. Possession of a recognised professional qualification essential.

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E. L. RUSSELL,
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For other appointments see page 6

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HUMAN AND INDUSTRIAL RELATIONS	5	" "	February 8th
WORK MEASUREMENT AND INCENTIVES	5	" "	February 15th
SENIOR MANAGEMENT	4	" "	February 22nd
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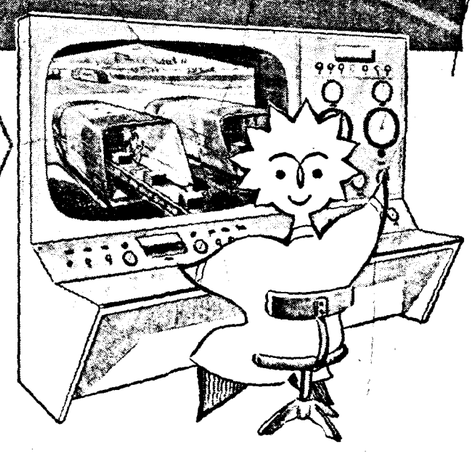

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The Show Must Go On

The uncertainty over the summit must not be allowed to impede the essential Russo-American exchanges (page 699)

Redressing the Balance

Bridging the great divide between rich nations and poor now calls the Old World into action to redress the unbalances which will no longer be wholly carried by the New (page 702)

Petticoat Battleground

The big crunch in printing and publishing concerns the mass-read women's magazines (page 715)

A Tax on London?
(page 704)

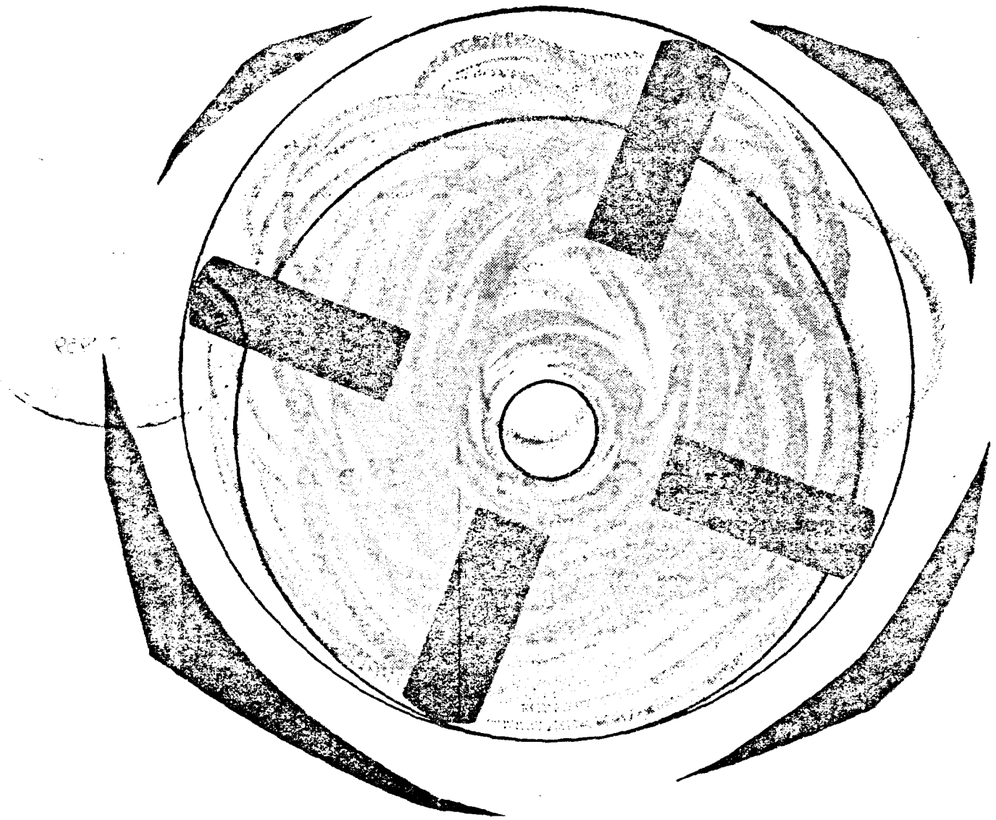
The Liberals' Next Step

Some suggestions about the best strategy for Mr Grimond in the new Parliament (page 704)

£ Money for Government $ *International Banking and Finance (pages 767 to 800)*

World Politics and Business

The Economist · 22. Ryder Street · St. James's · London · S.W.1



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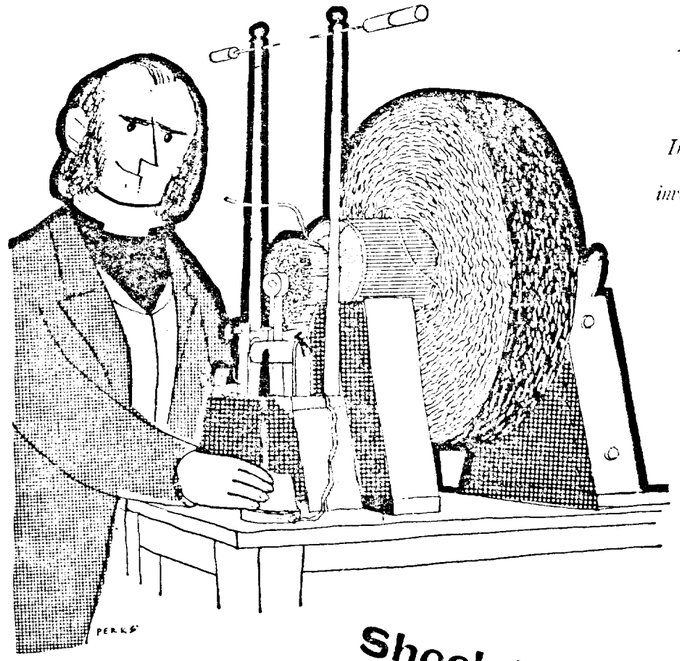

ANNUS MIRABILIS

In 1836 Callan, inspired by the work of Faraday, invented the induction coil, ancestor of the transformer of today. His instrument consisted of two separate windings on an iron core, and by means of an interrupter he induced a current of very high e.m.f. in the secondary circuit. Callan paid great attention to insulation, using a paste made from wax and gutta percha.

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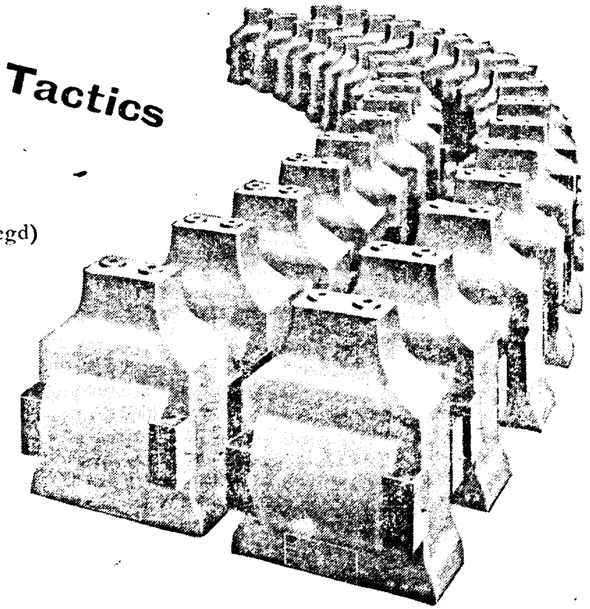

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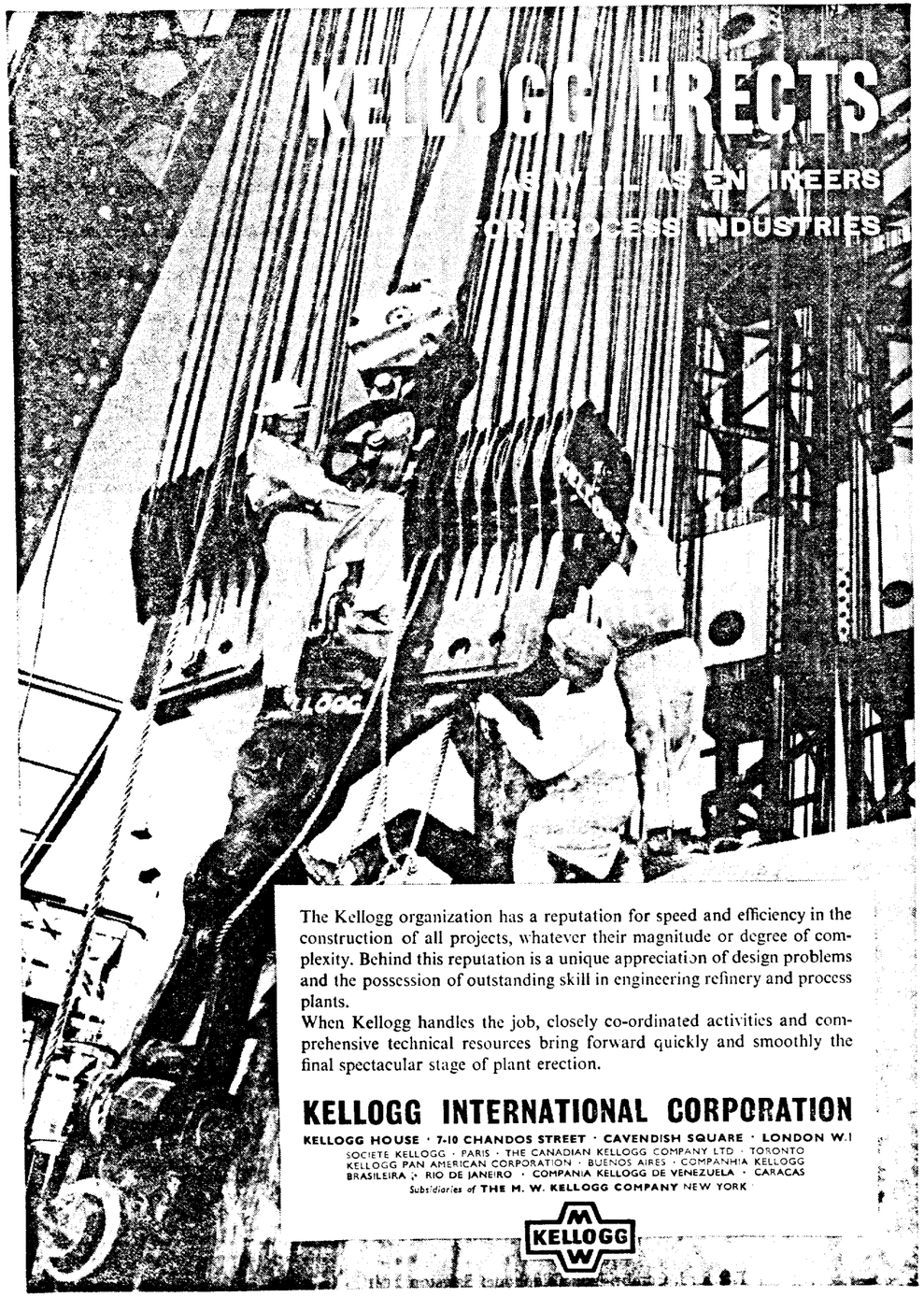

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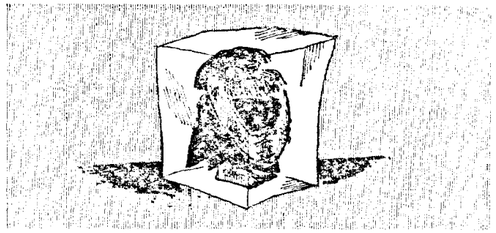
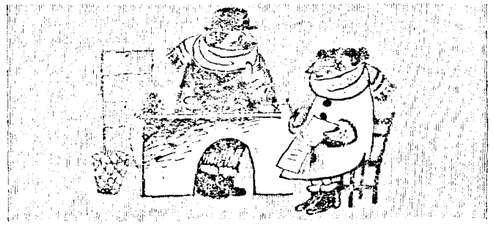
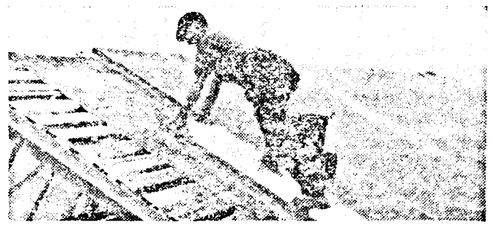


Ever since the Ice Age . . .

uninsulated buildings have made it seem . . .



that the Ice Age is still here.



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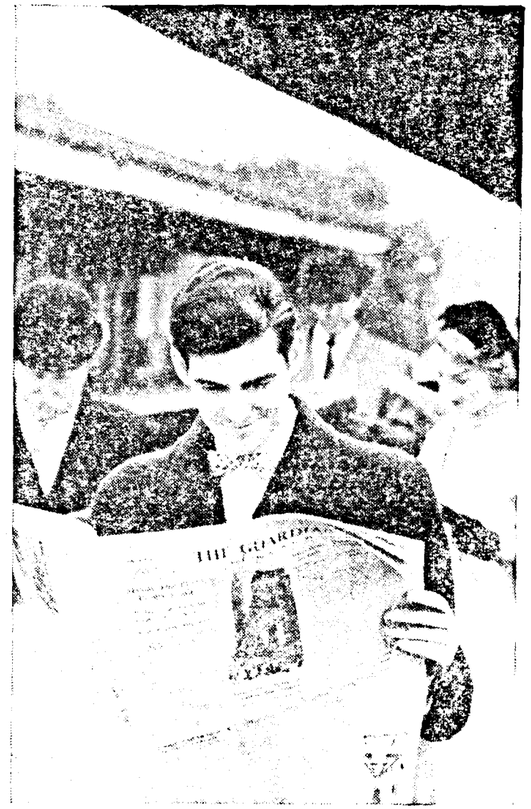

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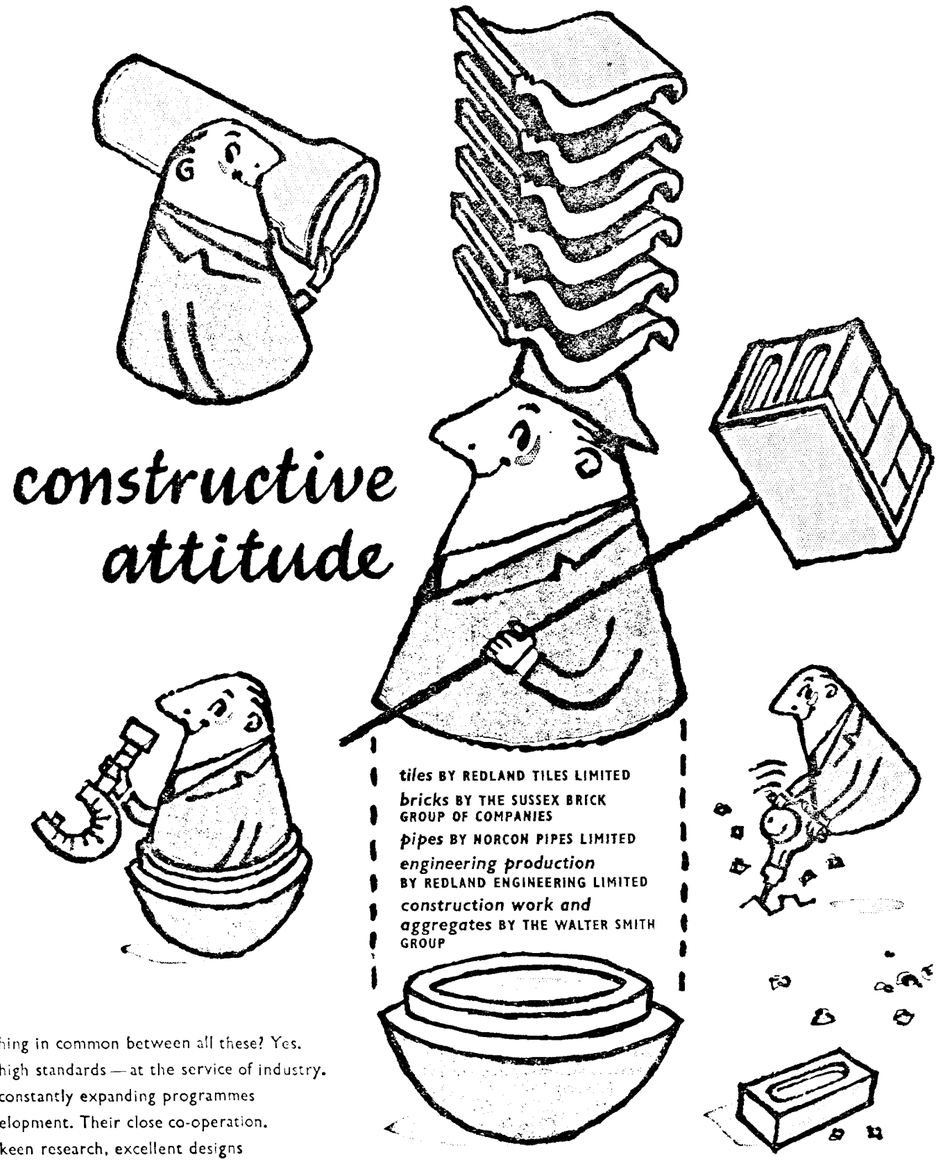

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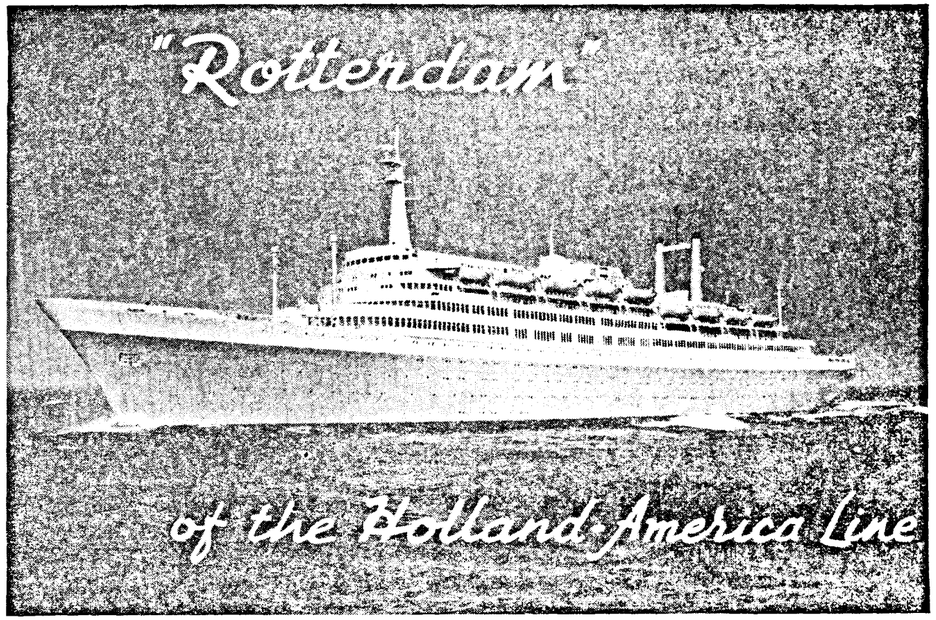

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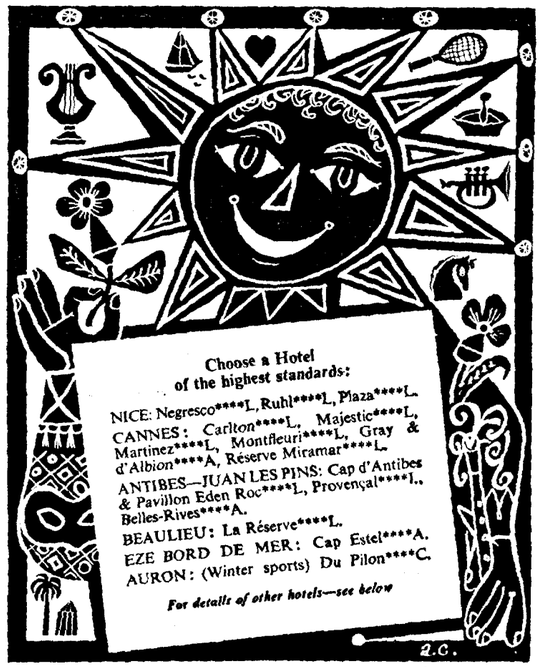

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RECAPTURE THE FIRE OF YOUR YOUTH—GO FESTIVE ON THIS EXHILARATING COAST.

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NICE CARNIVAL Festivities, February 28—March 3 (Battles of Flowers, February 25 and March 3); International Race Meetings (Trotting and Chasing) during January, February and March; International Horse Show, April 23—May 1; International Lions Club Gala in December; Easter Monday Battle of Flowers, April 18; International Tennis Tournament in April. CASINO MUNICIPAL. "Nuit de Nice" February 25; PALAIS DE LA MÉDITERRANÉE, weekly—theatre, comedy, concerts, recitals—Christmas & New Year Galas—"Nuit du Beaujolais" April 2. Painting and Sculpture Exhibitions.

MONTE CARLO CONCERTS from Nov. to the end of April; THEATRE, season of successful plays from Dec. 1 to end April; BALLET season, with outstanding stars, during the Christmas and Easter periods; OPERA season, end Jan. to end March; GALAS at International Sporting Club, Dec. 24 and 31, and January 6, regular Gala Dinners and Balls; MONTE CARLO RALLY Jan. 20 to 27; also Pigeon Shooting, Golf, Tennis, Yachting and Ball Trap Competitions.

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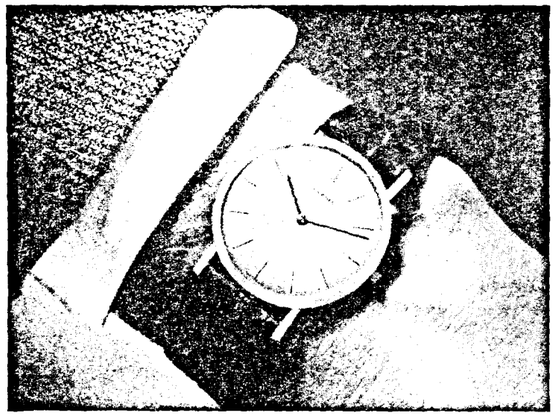

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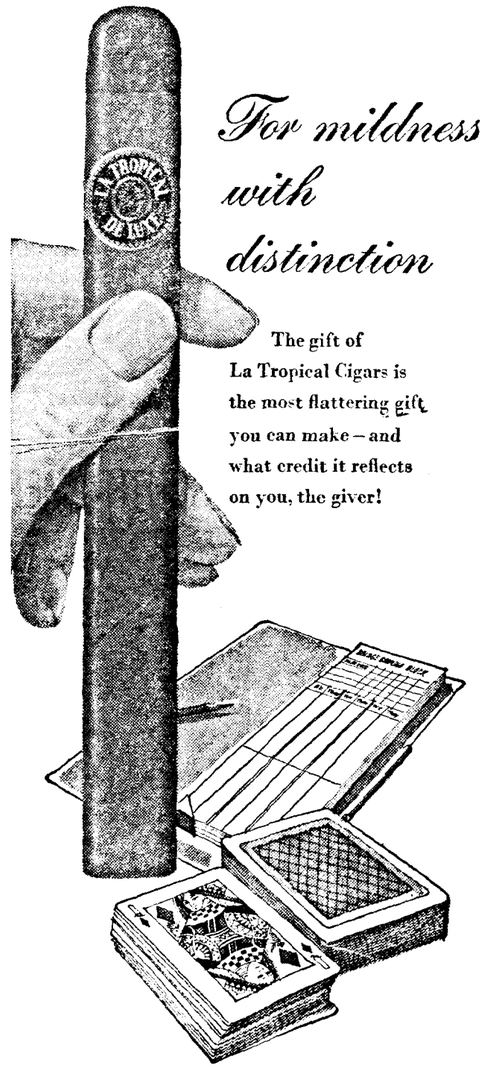

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THE ECONOMIST NOVEMBER 21, 1959

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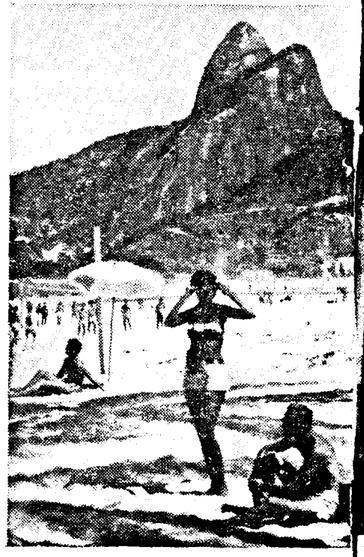

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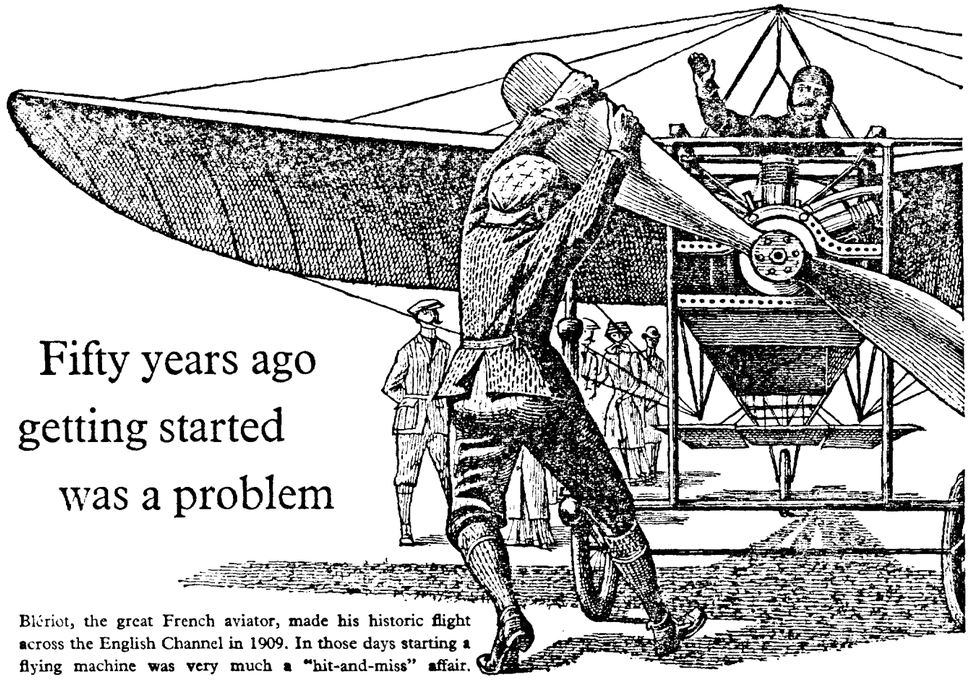
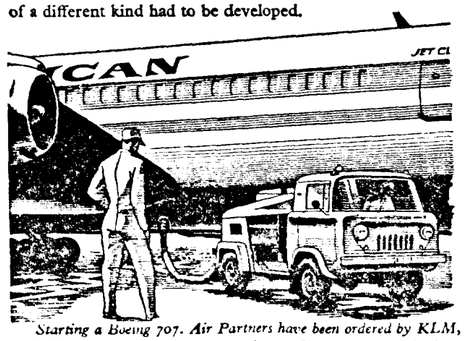


Fifty years ago getting started was a problem

Blériot, the great French aviator, made his historic flight across the English Channel in 1909. In those days starting a flying machine was very much a "hit-and-miss" affair. Somebody had to swing the propeller—and get out of the way when the engine fired.

The first World War established the importance of the aeroplane beyond all shadow of doubt. As aircraft and engines became bigger and more powerful, the problem of starting them developed into a highly specialised subject; and with the introduction of jet and turbo-jet engines, starting devices of a different kind had to be developed.



Starting a Boeing 707. Air Partners have been ordered by KLM, SAS, Sabena, Air India, Canadair, and Tasman Empire Airlines.

As the world's largest manufacturer of compressed air equipment Atlas Copco designed the Air Partner—a mobile rotary screw compressor—to service the giant jet airliners now coming into service. The Air Partner is both simple and safe and has eliminated all starting difficulties.

HOW THE AIR PARTNER WORKS

With a steady flow of hot air, completely clean and oilfree, the Air Partner starts the main jet engines in a few seconds by way of an air-driven turbine starter. The Air Partner can also be used for air-conditioning the passenger cabin and cockpit, and for de-icing wings and fuselage. Simplicity of design means that airline personnel anywhere in the world can maintain and service this unit. In addition, overhauls are kept to a minimum. With this type of compressor—where the screws which compress the air never touch—10,000 hours is the average running period between overhauls.

The Atlas Copco Group of Companies is responsible for the manufacture of compressed air equipment and its distribution and servicing in 90 countries throughout the world. Group Headquarters: Atlas Copco AB, Stockholm 1, Sweden.

Atlas Copco puts compressed air to work for the world

54

The Economist

NOVEMBER 21, 1959

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VOLUME CXCIII . NUMBER 6065.

The Show Must Go On

THE Lancers are very well in their way. Ritual and rhythm seem self-perpetuating; and men take comfort from their very continuity. It is when the music stops, when the circumnavigating and circumlocuting cease, that diplomacy becomes urgent again. The last time the music stopped was just a year ago: on November 10, 1958, Mr Khrushchev demanded the withdrawal of allied troops from west Berlin. This is the uncomfortable memory that Mr Macmillan's dancing phrases at Guildhall on Monday night could not conceal; nor is it in the interest of the British endeavour to secure as early a summit as possible that it should be hidden. It has been the Government's contention all along that the search for an agreement on Berlin's future should be the proper and immediate purpose of east-west exchanges. This purpose remains, and Moscow's latest blast against Dr Adenauer suggests that Mr Khrushchev does not mean to let go lightly. It is the real reason why, as the Prime Minister has put it, we are "doing the Lancers" now.

This year's diplomatic visiting has spared Berlin, and by so doing has spared the West the pain of making up its mind on a positive, and agreed, policy on the city's status. One price that was paid for this temporary moratorium was the invitation to Mr Khrushchev to visit Washington. The invitation was, in itself, a necessary and commendable stroke in east-west relations; on the encouragement of direct Russo-American talks the world's best hopes of a general detente depend. Even so, the fact that it was plainly extracted from the United States as a result of Soviet pressure on Berlin means that it must be seen as a concession: the price for buying time. Nor is Mr Khrushchev likely to forget this. The danger now is of losing time unnecessarily, or delaying or hesitating until some unexpected crisis arrives, perhaps in Iraq or the Formosa Strait, that would, almost involuntarily, impel East and West to fall back again for a period into their accustomed rigidity and distrust.

Not everything can be insured against. Not every dispute outside Europe can be pressed into service, as General de Gaulle has seemed to suggest, as a test of Mr Khrushchev's good will by making him restrain his Chinese allies or adhere to a policy of live and let live in the Middle East. So long as Mr Khrushchev is personally content to visit Paris as late as mid-March, the momentum of the east-west detente cannot be said to be in serious danger. But the timetable for useful exchanges next year is restricted. Even with the best will in the world the great powers still cannot pretend that they can ensure the most favourable constellation of events for a summit meeting six months ahead. Would President Eisenhower, or Mr Khrushchev for that matter, be able to talk sanely and realistically at the summit on Berlin if the Caribbean countries were then on fire? There is a point where the deliberation on which General de Gaulle and Dr Adenauer insist becomes a gamble on everyone else's good behaviour.

Even so, Mr Macmillan has again found it politic to bow to certain of the demands from Bonn and Paris. The necessity may be explained by the current effort to improve the mood of British relations with the Continent. After his experiences across the Channel, Mr Selwyn Lloyd was even moved this week to rebuke Mr Bevan for his inconvenient questions on the imminence of east-west talks: "I would only say to the right hon. gentleman that the purpose is not to have a summit meeting just for the sake of having a summit meeting."

This is exactly what General de Gaulle has been saying. But just what the summit is intended to do is still an open question inside the alliance ; and it may take more than the western preparatory talks in Paris next month to resolve it. General de Gaulle persists in envisaging a conference on the apocalyptic plane of Munich and Yalta. In this sense, his desire for massive preparation is entirely explicable. Dr Adenauer, too, has argued that if the new summit turned out to be like the one of July, 1955, things would be much worse afterwards than before. For this reason, apparently, he has publicly suggested that the allies should prepare for it " as the American trade unions prepared for their meeting with Mr Khrushchev."

From this to Mr Macmillan's musings aloud at Guildhall on the leisurely pace and protracted confabulations of the Congress of Vienna seems an impossibly wide step in outlook and intention. But this time Mr Macmillan is likely to have his way in the end, because it is the practicable way. The argument for a series of summits is bound to become more attractive as the limited possibilities inherent in a single meeting emerge. The best way to end an indecisive conference is, as Mr Macmillan said on Monday, to arrange for another. To settle for a single conference is to settle for failure in advance. The series idea may appeal to Mr Khrushchev all the more in view of the fact that, whenever the summit may be next year, it must be the last major conference of Mr Eisenhower's effective presidency. The need to ensure a continuity of exchanges into 1961, when Mr Eisenhower's successor must take on his responsibilities, if not his policies, is evidently desirable.

If this continuity is assured, the exact agenda for the first summit need not be unduly precise. Dr Adenauer has argued flatly that Berlin should not be on the agenda at all. While he now appears to have agreed that it could be included in a composite item on the German question as a whole, west German policy must still be expected to try to steer the allies away from this issue and towards general disarmament. The emphasis on disarmament is not an illogical approach to the general German problem, but the first admitted aim of the summit series must be to reach an accommodation on Berlin itself, preserving the western position there against threats like that of a year ago. It may be easier to do this without tying it to other complexities.

FOR the moment, Mr Khrushchev himself is not insisting on an immediate settlement of Berlin's status, or on a fixed date for the actual summit. He may have preoccupations of his own over China ; Poland, too, is now in uncertain evolution under Mr Gomulka's new team. But he may also calculate that if he is ultimately to confront all the western leaders in full fig at the summit, it is in his own interest both to take the measure of the redoubtable General de Gaulle and to give the West time to mull its own differences over. But it is the confrontation with the American leader that matters most to him, and Mr Khrushchev must be aware of how soon the vortex of domestic politics must claim Mr Eisenhower's energies. It would be rare in a retiring president not to attempt to secure the continuance of his policies under his successor. The pressure on Mr Eisenhower to join in the battle will be strong. It might be possible, and could even be considered politically astute, for him to attend a summit meeting after the party conventions in July. But no one could be sure what weight Mr Eisenhower's word could then carry in the world.

The longer the summit is put off, the less reliance Mr Khrushchev is likely to put on any understanding reached with any American except the next president. This danger equally affects the value of Mr Eisenhower's personal visit to Moscow next spring. When the time of this visit was arranged, it was assumed that the summit would be held this year. Mr Eisenhower would thus have been assured of two separate opportunities to press his diplomatic initiative home. Now both run the danger of coming on top of each other at a time when the end of his authority is in sight.

These considerations argue powerfully for Mr Eisenhower's arrival in Moscow to be brought as far forward as possible. The real diplomatic priority is to ensure that this initiative does not run to waste while British, French and Germans jostle for a place, or a say, in the inner directorate of world affairs. While the summit for four hangs fire, the advantages of the summit for two become even more self-evident. It does not seem to be indecently hasty or appeasing to suggest that Mr Eisenhower might consider a visit to Russia immediately after he has dealt with the resumption of Congress next January.

He may not, in that case, see the countryside, and he may not be able to take his grandchildren. But he would ensure that contact was being maintained, that new difficulties and tensions could be tackled early on, and that a steady momentum was kept up in other negotiations. Such a visit would have a particularly powerful effect on the opening of the ten-nation disarmament talks at Geneva. If everything is left to the early summer, the clock may beat us all.

Now We Are " Visiting " . . .

THE diplomatic dance card is filling up rapidly, with the American elections looming large after mid-July, and neither May nor June has been left wholly free for a summit conference. The chief dates (unconfirmed arrangements in *italics*) are :

December 1-2 : Dr Adenauer in Paris.
December 1-3 : Signor Segni (Italian prime minister) in London.
December 4-22 : President Eisenhower's tour of eleven states in Asia, north Africa and western Europe.
December 15-17 : Nato ministerial council in Paris.
December 19-21 : Western summit meeting in Paris, followed by resumed Nato ministerial council meeting.
January : Mr Macmillan in Ghana, Nigeria, Rhodesia and South Africa.
January : President Gronchi of Italy in Moscow.
January or February : Ten-power disarmament commission at Geneva.
March 15-27 : Mr Khrushchev in Paris.
April 5-8 : President de Gaulle in London.
Late April (25th suggested) : President de Gaulle in Washington and Ottawa.
Early May : Commonwealth premiers in London.
Mid-May : Nato ministerial council at Istanbul.
May 18-26 : Seato ministerial council in Washington.
May or June : President Eisenhower in Moscow.
July 11-15 : Democratic party convention at Los Angeles.
July 25-29 : Republican party convention at Chicago.
November 8 : United States presidential election.

The Liberals' Next Steps

The Liberals' prime tactical need now is to replace Labour as the main left wing party in suburban, light industrial and some rural constituencies

THE Conservatives and Labour have had a lot of advice thrown at them by armchair strategists since the election. The Liberals have been rather neglected. Yet the future of British politics will be greatly affected by whether they make the right decisions about their next steps.

The Liberals' great gain from the recent election is that it looks as if they can now expect to get between 15 and 20 per cent of the vote in most constituencies that they contest, and a little more than that in perhaps thirty or forty constituencies which are particularly favourable for them ; this is a considerable advance on the 8 to 12 per cent of the vote which was all they seemed able to expect ten years ago. If they could now improve their expectations to between 25 and 30 per cent of the vote in most constituencies, and to rather over 30 per cent in particularly favourable ones, their status as a national party would be transformed. They would come to be widely regarded as serious national contenders for parliamentary representation, instead of remaining still mainly a receptacle for protest votes. In a close-fought three-cornered contest, any candidate who might get over 33⅓ per cent of the vote has a chance of getting in.

To get the extra tithe of the electorate that they need the Liberals will have to fish successfully in two streams. The first stream will contain the shoal of former Conservative voters who, to judge from all past experience, will soon be swinging away from the government of the day. With the Labour party in its present state, these should be fairly easy fish for the Liberals to catch at by-elections. But the last Parliament suggested that they are not very permanent catches ; in general elections—if the Liberals follow the same tactics as last time—many of them are only too likely to go back to the Conservatives again.

The second stream from which the Liberals need to draw support contains those people who voted Labour last time, but might now be looking for a better hole to go to. The present Labour party is quite capable of continuing to lose 2 or 3 per cent of its voters every five years, unusual though this is for a party to do while in opposition, and the Liberals should be well placed to pick up some of them. But the only circumstances in which defections from Labour to the Liberals would be likely to be really large would be if people came to see that in some areas the Liberals have a much better chance than Labour of turning a Tory MP out. The Liberals' prime tactical need now is to beat down Labour in suburban, light industrial and some rural constituencies—in order to get into a better position to fight the Conservatives there.

If this analysis is broadly right, it has relevance to the decisions the Liberals will have to make about where and on what issues to fight by-elections in the new Parliament. It happens that the first by-election to fall due will be in Harrow West, where the Conservatives had a majority of 18,000 last time. If any semblance of a local Liberal organisation can be drawn together, this would seem to be just the sort of constituency that the Liberals ought to fight, and to do so with one principal message. To the largely Tory people of this comfortable suburb the Liberals should emphasise that the purpose of early by-elections in this Parliament will not be to elect a new government ; if these by-elections have any national purpose at all, it will be to elect a new Opposition. Nobody is going to interpret any fall in the Conservative majority at West Harrow as a sign that the new Government has lost a lot of popularity in its first few weeks ; what people are going to look for most eagerly is who comes second. If Labour could be driven down to the bottom of the poll in this sort of constituency as a matter of course, then people would quickly come to look upon the Liberals as the natural party to whom to give an anti-Conservative vote.

The Liberal image, when Liberals themselves do not blur it, is that of a party which is to the left of the Tories, but which does not believe in socialism, is not tied hand and foot to the trade unions, and does not need to support protectionism for vested interests. This is the sort of image that a large majority of the country's (and Harrow's) Tory voters would prefer to Labour's as the principal opposition ; a respectable minority of them would actually like to see it having more influence on the government of the day. It is also the sort of force that a sizeable proportion of Labour's voters of last month would, at heart, prefer to socialism, if only they thought that it could be made an effective instrument. There is here a sound and comprehensible argument for Liberals to plug: to help build up this new sort of opposition might be the best contribution that could be made at Harrow by those Conservatives who believe that a permanent Conservative government is neither a desirable nor possible thing, as well as by those anti-Conservatives who feel this even more strongly. But if the Liberals' main aim is to replace socialism in this way, they should be explicit about it. They should say:

> We have not come here to propose a marriage to the present Labour party. We have come here to invite the people of West Harrow to attend with us at its obsequies, and to dance with us upon its grave.

THERE are two possible reasons why this sort of campaign might not at all accord with some Liberals' plans. One would be if they believed that, provided they are not too rude to Labour, some sort of Lib-Lab pact about not fighting each other in particular constituencies might consequently emerge. This idea is an intellectuals' delusion ; there is no prospect of a major " compact of the left " because Liberal leaders have nothing to deliver to Mr Gaitskell in it. While Labour stays in its present unpopular state, most Liberals who have no candidate of their own to vote for proceed to vote for the Tory ; it is clear that this is what happened in most of the constituencies last month where Liberal candidates dropped out compared with 1955. Admittedly, this would no longer be true

if Labour itself became more liberal and more attractive to the floating voter—but, if it did, Labour could and would get back to power without needing help from Mr Grimond.

The second possible argument against the tactics suggested above is that the Liberal leadership may feel that their main effort now ought not to be directed towards making a dramatically controversial impact in hopeless seats, but towards making a "responsible" impact in immediately winnable ones. If Mr Grimond were asked what he regards as his party's principal need for 1960, he might say that it is to recruit just enough voters in one or two particularly favourable constituencies to get one or two more Liberal MPs into Parliament. The present Liberal parliamentary party of six is a desperately small band, especially as only three (at most) of the six are particularly effective in the House ; and, of course, if a by-election falls due in any winnable seat, the Liberals should enthusiastically fight it. But there would be grave dangers in making it the main focus of Liberal attention to pick up one or two more seats, instead of concentrating on trying to advance along a broad front. Any close student of the last election could fairly readily see why some of the seats in which the Liberals did most disappointingly were the seats they had had most hope of winning.

The trouble is that when a Liberal candidate is trying to win a marginal seat, his emphasis turns fatally easily from preaching a distinctive faith towards trying not to annoy small local groups of people, from leading a protest movement against the other two parties to flattering them by imitation ; he is apt to compromise himself with promises of local protectionism, or by pretending that he would strive to divert a disproportionate share of national expenditure to his particular constituents (although those constituents know quite well that he could not deliver it).

The supreme examples of this mistake by the Liberals were in the Rochdale and Torrington by-elections in 1958, when the eyes of the country were suddenly on them, and the Liberals (with promises of cotton protectionism and agricultural protectionism) undoubtedly drifted towards giving the impression that they were ready to be all things to all men ; the result was that they came to mean nothing very distinctive to anybody. Many votes that were easy to come by in these circumstances were bound to be easy to go away again later. Something of the same mistake of excessive opportunism was repeated in some western constituencies during the general election ; certainly the Tories think that one reason why their candidates did well there was because the Liberals (like Mr Gaitskell with his income tax pledge) promised too much.

The strategy for the broad front advance, for recruiting the extra ten per cent of support in every constituency, would be altogether different. Its recipe would be not to placate, but to attract attention ; its best tactics would be to emphasise the anti-protectionism in Liberalism (which could now have a remarkable resurgence of popularity in urban areas), the refusal in it to kow-tow before any instances of trade union tyranny, the sharp insistence in it on some things that the other two parties dare not say. The proper way of enunciating the policy of a small but barnstorming party (as also, incidentally, of writing a leading article) is to simplify and then exaggerate ; the easy temptation for a defensive politician, who is trawling for a few hundred votes, is to obfuscate and then water down.

Throughout their history, from the days of Bright and Cobden to the early days of Lloyd George, the Liberals have been most successful when they have followed the first or barnstorming tactics. In the last Parliament they slowed down the pace of their advance when they slid back for a time, and in some places, to the second or trawling tactics. In this Parliament, the single most important determination of the Liberal party should be not to make that mistake again.

Redressing the Balance

American reluctance to go on carrying almost alone the burden of general economic aid, and the pressing needs of the under-developed countries themselves, put a new obligation on new-rich Europe

THE strength of the American economy, as of American arms, is something that Europeans have come to take for granted. To hear of American requests for aid has therefore been something of a shock. True, the Americans are not asking for aid for themselves. What is wanted is that the European countries should shoulder a bigger share of the burden of helping the undeveloped world. But the ground for their plea is very much an American one. The United States, they point out, is running up a net payments deficit of $4-5 billion in the current year.

The appeal plainly demands a dual response: first, demonstrative acts from European countries to help the American administration through its present problem (the British liberalisation of dollar imports has made a start on this); and, secondly, a steady growth in the European contribution to the undeveloped countries, with the objective not simply of making good any American cuts, but of increasing the total. For fifteen years the United States has carried almost all the burden. In the next decade some of the responsibility for leadership, as well as for providing cash, will fall on Europe. It seems worth while to start discussing some of the suggestions on how to set about it.

A FIRST principle is that any new effort by the Europeans should be made collective at the giving end. A joint demonstration of the will to co-operate would have a valuable impact in America. It would also have a value of its own. Earlier this year the commission of the European Community proposed that co-operation in helping the undeveloped countries might be one of the ways in which the Six and the outsiders in western Europe might work together. In March President de Gaulle spoke at length on Europe's mission in the young countries. In the efforts that London is now making to

establish better relationships with Paris and Bonn, the time will be spent more profitably in discussing a collective effort in the undeveloped countries, where a real common interest is apparent, than in picking over old differences which offer no hope of improvement.

Any really massive increase in collective European aid would probably imply a much greater merging of "sovereignties" between the European states. But the immediate problem is to see what can be done within the political limitations of today. There are plenty of institutions already. One useful step might be to make the Organisation for European Economic Co-operation, at present languishing for want of a job, the setting for a confrontation of aid policies. The aim would be to divert to a new purpose the familiar OEEC "shame mechanism" that has been so effective a lever of trade liberalisation in the past. One useful possible gesture from Britain might be a proposal to allocate a certain percentage of national income to certain specified forms of aid, if other European countries do the same. A small increase by some countries might win a large response from others.

One necessary concession here would be for Britain to allow OEEC to judge how much of the investment we undertake in the Commonwealth can justly be counted as aid, and not to insist that the British Chancellor's classification of this must be taken at its face value. It may be inevitable that the ex-colonial powers—France and Britain—do more for countries in their old spheres of influence than for others ; but, if they hope to get the Germans or the Swiss to join in a collective effort, they must expect to see their own efforts scrutinised to ensure that these are designed to promote development not to preserve spheres of influence.

HOW can the undeveloped countries best be helped ? There are powerful arguments for the view that the most useful single step that could be taken to help the developing countries through the "take-off" period would be an enlargement of the size and functions of the International Monetary Fund to enable it to help bridge both the chronic and special payments "gaps" of the young countries. If development really gets going in these countries, one must expect the combined balance of payments deficits of free Africa and Asia to expand, especially in years when raw material prices are low. As the creation of new industries in developing countries creates new demands for foreign materials, equipment and consumer goods, or diverts supplies from exports, it would not be surprising, even in a well-ordered world, to see their combined deficits growing by, say, £1,000 million or so a year at the worst stage of the raw material cycle.

If developing countries that were following financial policies of which the IMF approves were allowed special stand-by credits in excess of their statutory drawing rights, the burden of these deficits would in effect be borne by piling up to £1,000 million a year of extra inflationary pressure on the world economy when raw material prices are low ; at such times a dose of international Keynesianism would not be intolerable in a world whose total of national incomes is many hundred times this amount. One snag is that IMF is at present designed to deal only with short-term difficulties. But some form of increase in international liquidity may be a pre-condition for a major increase in orthodox capital exports.

Another technique that might be used more can be called the consortium approach. Twice in the last three years a group of creditor countries has got together to help out India when its reserves have been approaching exhaustion ; a third operation seems on the cards. But these have all been emergency operations. Could not the same group approach be used before the development plans get under way, and before trouble is at hand, so that the creditor nations could discuss and analyse the plans with the receiving countries ? They might have to suggest that the plans be cut down ; but they could guarantee that the more limited targets agreed could really be achieved, both in terms of foreign exchange and of investment capital. Once again, OEEC, where the developed industrial countries of Europe as well as the United States and Canada meet together, might well be, on occasion, an appropriate setting for such collective enterprises.

JUST as in Europe a happy combination of aid and trade liberalisation in OEEC helped to generate postwar recovery, so in the less developed world a regional approach using some of the same tools could be made to contribute to economic growth. In Latin America a free trade area is to start operations in February. The new Latin American Bank provides a way of channelling North American capital into the area in a form where there are, demonstrably, no strings and where it is made to back a co-operative effort. Conceivably, the European community could be got to contribute to another regional development by joining in the Colombo plan.

Ambitious regional development arrangements may soon be even more urgently needed in Africa. At present, as the African states pick their way down the rocky path to independence, they still tend to depend for development capital on their former imperial rulers. But the European community as a group is now beginning to play a part in African development. As the states of black Africa form new groupings, as they may well do, the case may grow stronger for a regional organisation which covers the whole, with an African development bank at its heart. The new United Nations Commission for Africa may be the right body to see to this.

None of these possible approaches provides a blueprint for Europe's aid effort ; private investment has a crucial part to play as well ; the work of a great many valuable institutions—the World Bank, the new International Development Association—must be expanded and pushed forward too. And, all the time, it has to be understood that trade, or the readiness to open markets to the produce and the goods of the developing countries, is the indispensable complement and sequel to western aid in development, however it may be given. Europe needs to be very careful that its advance towards freer internal trade does not lead to greater protectionism against the outside world ; it should have a special concern to discourage the spread of another sort of illiberalism now evident in the United States: that of tying aid and loans to purchases in the donor country.

The responsibility which Europe, no less than America, has now to recognise to the poverty-stricken outside world is the simplest self-interest as well. With six-sevenths of the world's population enjoying only half its income, the biggest fissure in the world is not between East and West ; it is between rich and poor.

A Tax on London?

More and more people are travelling longer distances every day to more and more jobs in London. How should the congestion be relieved?

EVEN before the war many thought that the limit had been reached for daily travel into central London. They were wrong. Since 1952 nearly a quarter of a million people have moved their homes out of the main built-up area of Greater London, but nearly a quarter of a million new jobs have been created there. Within the smaller area of the County of London, the latest and very comprehensive planning survey conducted by the London County Council estimates that office employment has been increasing by 15,000 jobs a year (about 2 per cent), and that projects already in hand will maintain this rate of growth for at least some more years. By contrast, population within the county is declining by 20,000 a year and is expected to go on doing so.

Cumulatively, these trends are producing a steady increase in the length of journeys to work. More and more London workers are moving out beyond the green belt to places between 20 and 60 miles from Charing Cross. Probably, on present trends, another 100,000 families will do so in the next decade. But, in addition, there is the further problem that the suburban supply of typists and clerks has been virtually exhausted. London now has brimfull employment, so that the large extra office staffs that will be needed must be recruited from distant points. In the near future everything points to a further and truly dramatic increase in the volume of long-distance commuting.

Can public transport hope to handle it? Those who forecast that it will collapse under the strain may be mistaken as they have been in the past. For a start, railway electrification will help to open up new areas to the north and east of London (British Railways are already cheerfully exhorting London workers to travel 1¾ hours each way each day to the Essex coast). Much more dramatic innovations may be around the corner—such as helicopters and monorails to carry commuters from key points at the edge of London (where they could park their cars) directly to the centre. It is not the technical problems that should cause grave anxiety so much as the broader effects of these developments.

They would scatter suburbia throughout the whole of south-east England and beyond. They would commit a large army of workers to spending a quarter of their waking lives on travel. Moreover, while the extended transport system might work technically, it would produce still more crowding and fatigue, noise and inconvenience, while time-wasting breakdowns would become more frequent. Enormous capital investment would also be necessary; and even if it were not subsidised from the outset there is a strong possibility that it would become so through commuters' resistance to paying the full economic fares that would be necessary.

HERE is a situation that calls for some urgent public thinking. Can anything be done to encourage more people to live in London instead of merely working there? The present exodus from the area is caused primarily by housing pressure. In the County of London alone there are still more than 200,000 families who share accommodation, and there are very many more families who (as living standards rise) will want a better house in pleasanter surroundings. How are they to get them? It is true that some houses and flats in London are still grossly underoccupied by elderly retired people, who would have moved out long ago if they had not exercised uneconomic squatters' rights under the Rent Restriction Acts; a further measure of rent decontrol could have helped existing accommodation to be used more efficiently, had the Conservatives in their election manifesto not foolishly ruled this out. But the new dwellings which are also required on a large scale could be built in Greater London itself only by a massive redevelopment of existing properties. And any such programme must somehow overcome two formidable snags.

First, there is the problem of density. Redevelopment will bring more Londoners closer to their work only if the number of new dwellings provided substantially exceeds the number of families who are displaced from the old properties. Since the war most housing developments in London have been public projects, which have dealt mainly—and rightly—with highly congested areas; in consequence, they have generally reduced, instead of increasing, the local population. The exceptions to this rule have not been particularly commendable on economic grounds. The skyscraper flats being built by the LCC and some boroughs are unpopular with many working families and involve inordinate subsidies, amounting currently (in the case of the LCC) to over £100 a flat per year. Only a prodigal government and a wealthy local authority could contemplate increasing such sums.

In the case of private projects, the problem is rather different. These projects do increase total accommodation, and the advantages of living in a flat somewhere near central London are being increasingly appreciated. Not only is the tiring journey to work avoided, but the magnificent amenities of central London—the shops, the theatres, and the parks—can be easily enjoyed. This way of life has a special appeal to the growing number of couples whose children have grown up. As in America, an increasing number of two-house families, who split their time between a London flat and a country house or cottage, will also appear. In line with these possibilities, the LCC is sensibly considering re-zoning the residential areas adjacent to the Royal Parks at higher densities.

The basic snag is cost. Sites are expensive in London, and flat construction in England as a whole is far too costly. Only this week the Barbican scheme has been finally approved by the City of London; the economic rent for a one-room flat in the Barbican is estimated at nearly £200 a year. This is much the same as that for an entire unsubsidised house in Hemel Hempstead. Such figures help to explain why only about 1,000 new dwellings a year are being built by private enterprise in the County of London.

Thus new housing within London caters at present for only two groups. There are luxury flats for the relatively rich, and heavily subsidised flats for the relatively poor. The great majority of Londoners fall in neither group. Even most of those on public housing lists cannot now hope for a dwelling in London because neither sites nor finance are available. The only way for any of these people to get a new dwelling is to move out 20 miles—which is what they are doing.

Clearly, something more should be done to clear old properties and build new dwellings that are within the financial reach of this vast middle-class. Equally clearly, that something is bound to be rigidly limited by the continued factors of cost and density. Any action will require an easing of the legal restrictions (including remaining rent controls) which at present inhibit private developers from acquiring and clearing sites of a reasonable size. Probably, some new injection of public subsidy for particular types of development should also be considered. The best results, though not spectacular ones, are to be had not from tall flat projects near the centre (which can and should remain in the unsubsidised luxury category), but from the replacement of decayed Victorian properties and their large gardens by modern houses, maisonettes and small blocks of flats.

IT is possible that by such means the exodus from London might eventually be slowed down. It is inconceivable that it can be reversed. The urbanites who advocate such things are living in an ivory skyscraper of their own making, oblivious to the realities of costs and tastes. But this conclusion emphasises the need for a different line of action—action to check the further growth of employment within London.

The Government has promised to take a "sterner view" of future applications for industrial development in London. The Labour party is right in saying that it is quite as necessary for the functioning of London, as for the needs of the depressed areas, that these words should be made good. But the office boom is a harder nut to crack. Any wholesale prohibition of new office development would be quite absurd. What is needed is to bring home to employers the very real advantages of shifting all or some of their activities at least to the suburbs, and preferably to new or provincial towns. An increasing number of firms are seeing this point—quite a number, for example, are going to Hemel Hempstead. Warnings and exhortations can speed up this movement, and it is right for Mr Brooke to help the LCC in this respect. But more is needed, and the time is ripe for a new suggestion.

Instead of relying on a further tightening of planning controls—which tends to be economically arbitrary—might not the best weapon be something like the local payroll tax levied in many American cities? A supplement might be added to the national insurance contribution which employers have to pay, whenever the insured employee concerned is obliged to work in central London. This would deliver to the right address the bill for the rising indirect costs of congestion in the city, and it would gradually induce a shift of some economic activity out of the central area. That would be very much to the good. Unless unpalatable and unorthodox measures are taken soon, megalopolis may seize up.

NOTES OF THE WEEK

BRITAIN IN EUROPE

From Adenauer to Stockholm

AS a means of damping down some of the more extreme misconceptions and resentments about each other, the Anglo-German encounter this week can be counted a success. Dr Adenauer has had a fairly good press in Britain this week and a not unfriendly welcome. He himself has evidently made an effort to be courteous to Britain both before and during his visit. It is less certain how much progress was made in narrowing differences. Dr Adenauer was glad to find that Britain has dropped disengagement from its current policies, but he continued to push for the exclusion of Berlin from the summit talks, or at least for minimising discussion about it. He made clear to Mr Macmillan that he would do everything he could, short of a break with France, to ensure that the six-nation European Economic Community's external policies were liberal ones; but he held out no hope at all of any special commercial relationship between Britain, the other "outsider" Europeans and the community.

The timetable of his visit, indeed, presented certain ironies. On Tuesday morning the Cabinet took a number of final decisions on the new Free Trade Association of the "outer seven." Mr Macmillan left the meeting to meet Dr Adenauer at Victoria. Next day, after Herr von Brentano and Mr Selwyn Lloyd had settled down to talk over specific points, Mr Maudling and Mr Amory were off to Stockholm. Just when the British government is making genuine efforts to improve relations with the Six, ministers have been putting finishing touches to the rival grouping of the Seven.

The drafting of the EFTA convention in so short a space of time is a remarkable technical feat. True, the bulk of the work had already been done, for the draft follows very closely the earlier free trade area plan. The current meeting of ministers has only to tie up some relatively minor points; a decision on fish fillets—probably a British concession; a decision on the site of the new group's headquarters—probably (and ironically) Paris.

The Finnish parliament has responded to the situation by a decision to seek commercial access to the grouping but not formal membership. When Mr Mikoyan visited Helsinki he made plain Russia's dislike of all such western groupings, but showed a certain tolerance for Finland's economic plight. Ways of giving Finnish goods free trade area treatment without an institutional tie-up can be devised. They would have the added advantage of not inhibiting any later political deal between the Seven and the Six. But at present even the approach to such a deal is nowhere in sight.

UNITED ARAB REPUBLIC

Winds that Blow Softly

ALTHOUGH manifestly inconvenient to both governments, the three-year estrangement between London and Cairo still drags on. On a visit to Cuba earlier this month, the UAR foreign minister, Dr Fawzi, said that the resumption of diplomatic ties was "in the wind", and on Sunday one of his spokesmen in Cairo cheerfully predicted diplomatic relations at chargé d'affaires level before the end of the year. The British, for their part, have long made it clear that they would like the small property commission that is working in Cairo under Mr Colin Crowe transformed

and enlarged into a diplomatic mission But while British diehards have by now accepted the inevitability of an official reconciliation with President Nasser, in Cairo the ground has been less well prepared for bypassing their Egyptian counterparts.

No doubt with this in mind, President Nasser keeps up his stance of being wooed and not wooing; last week *Al Ahram* impressed on its readers how busy the Canadians have been in putting forward the British case for resumption of official relations. But the president has made it more difficult to effect any real change in the situation by continuing to project the image of the British government as the sinister grey eminence behind the "anti-Arab" activities of General Qasim.

Now that there is a lull in anti-American propaganda, and the useful dichotomy between international communism and the Arab communist parties has been re-established, the British stand out once more as the chief villains in Cairo's picture of the Middle East. The wind felt by Dr Fawzi and his henchmen has not yet blown into the radio station. Cairo radio has made no suggestion that diplomatic relations are desirable; on the contrary it is still portraying Britain as the most implacably hostile of imperialist powers.

Egyptian suspicions and susceptibilities, coupled with British *insouciance*, have imposed a lethargic tempo. One hope of acceleration lies in the rather different mood in Alexandria, where the cotton community has been putting out feelers for the recovery of its British markets. Last season, British purchasers returned to the market, although in a relatively small way, and more recently a group of Lancashire spinners and merchants have been in Egypt to talk about the future. The pull of trade may sooner or later hurry the politicians towards the goal that they are approaching with such circumspection.

IRAQ

The Fertile Crescent Again

GENERAL QASIM seems to have forgotten that his gaols are full of people accused of plotting an Iraqi takeover of Syria. On Monday he joined company with a long line of distinguished, but dead, Arab rulers by reviving their "fertile crescent" scheme for uniting Iraq, Syria and Jordan.

If the late King Abdullah of Jordan had been allowed a free hand, the union would have been brought about a dozen years ago. His part was to unite Syria and Jordan, but he failed because his British mentors feared, rightly, that such a move would outrage the already bruised sensibilities of the French. In 1949 Nuri es-Said and President Hashim al-Atasi signed an agreement to unite Syria and Iraq; but Syrian army officers objected to the terms. In 1957, when Syria appeared to be falling into communist hands, there were stories of an Iraqi plan to invade it. That plan, if it ever existed, came to an end when Syria gave up its independence in February, 1958, and became President Nasser's northern province.

The Egyptians and Saudis have long been against the fertile crescent scheme. The Egyptians wanted no strong competition for the position of leading Arab state, and the Saudis were afraid of a resurgence of Hashemite power. Long before President Nasser was ever heard of there were Egyptian agents, often paid for with Saudi money, operating in Syria with instructions to kill anyone who made too much noise about the fertile crescent scheme.

In the past, opponents of the scheme have always been able to damn it as a creation of western imperialism—inspired by the British or the Americans in order to keep the Egyptians in their place. Now it has been proposed by an Arab leader who cannot, for all the Egyptian allegations to the contrary, be accused of being in league with the West. The Egyptians and Saudis will have to find another reason why the scheme is an evil one. For his part, General Qasim will have to prove that he is actually in control of Iraq before he is likely to gain many followers in Syria or Jordan.

PARLIAMENTARY PENSIONS

Westminster Wildcats

IT seems a great shame that Lord Dunrossil, who has earned the traditional Speaker's pension every bit as much as his predecessors, should have been made the butt of Labour backbenchers' resentment at the inadequate provision for MPs' pensions. It is gratuitously offensive to imply that Lord Dunrossil accepted a great ceremonial office like the Governor-Generalship of Australia in order to get extra money. In actual fact, according to the Australians, he will have little or nothing left out of his gubernatorial salary of £8,000 (or £10,000 in Australian money) by the time he has met his expenses.

Nevertheless Labour backbenchers do have a legitimate and long-standing grievance, which they have evidently decided to plug on every available occasion. (A group of them have also put down a motion opposing the increase in judicial pensions.) By far the best course now would be for the Government to ask Parliament to pocket its pride and refer to an expert outside inquiry the question of formulating and recommending any MPs' pension scheme. Any outside committee would almost certainly agree that MPs' salaries are not adequate to permit private saving, and that there is a positive public interest in making it possible for some parliamentary veterans to retire earlier than they do. But a straight pensions entitlement —say of £750 a year after ten years of "service," and more after fifteen years— is not necessarily the right solution; it could induce some MPs to build up extra years in the House, and occasionally (e.g. in May, 1955, which was nine years and eleven months after the 1945 election) it could even give rise to an undesirable source of pressure on a Prime Minister in deciding when not to go to the country.

Other technical complications arise from MPs' peculiar terms of employment, their insecurity of tenure and the fact that they may be deprived of their source of income, without the right to draw unemployment pay, at a time of life when they find it difficult to get any job where a private pensions plan is in operation. Sometimes what an ex-member needs after an electoral defeat in middle age is a lump sum to help him in his resettlement; special arrangements should probably be made to enable him to commute all or part of any parliamentary pension. Again, the actuarial cost to the nation of any non-contributory pensions plan for MPs ought to be publicised, even though it should not be begrudged; a select committee of MPs themselves would not be well equipped to work this out. The politicians have been so invariably ham-handed about their pay, and the general public so invariably wrong-headed, that it is high time for the problems to be calmly weighed and recommendations presented, by an expert neutral committee outside the House.

BETTING

Liberty by Licence

SADLY, the second reading debate on the Betting and Gaming Bill was not a good advertisement for the efficiency of an unwhipped Parliament as a legislative body. It is long odds that the least workable sections of the bill will be its rather unctuous provisions about gaming, but few MPs chose to talk about them. Instead attention was almost wholly—and very muddledly—concentrated on detailed criticisms of the new provisions for cash betting. But this is the one part of the bill that, administratively speaking, the Government has surely got just about right.

The agreed aim of a majority of the House and the country is to bring cash betting into the open, in order to control it; the best way to do that is to license bookmakers and cash betting shops, so that undesirable tendencies in this mugs' (and sometimes thugs') business can be checked by the effective threat of taking licences away. A feature of the debate was the large number of MPs who wandered down a blind alley with arguments about how bets were to be taken to the shops. Most bets will obviously be taken there by people who collect orders in factories and other work places; the bill specifically allows the betting shops to pay commissions to these agents. The suggestion by some MPs that these factory runners should be licensed would be quite unworkable; the licence would merely become a black market counter in a business where black markets could lead straight to violent

crime. It should be much easier to control shops by licences than to control tens of thousands of runners, some of whom could justly claim that they were merely collecting bets for their friends. Some liberal-minded MPs argued that if the Government is to allow bets to be collected by runners in the factories and on housing estates, it should allow them also to be collected by runners waiting on the street corners. But two royal commissions have agreed that the streets are not the right place for betting; the runners who gather on the streets—some of them obvious undesirables—control the illegal trade at present, and it will be much better to clear them away as the new system starts. Another complaint was that restaurants and other places with television sets or press agency tapes near betting shops may become congregation points for regular gamblers; it is better that they should congregate there than in the shops themselves, where they would make the police's task of controlling the shops much more difficult. On all of these points, Mr Butler should stick to his guns.

PENSIONS

The Cost of Not Earning

FOR the second time this year the Government is to raise the amounts which pensioners and widows can earn without having their pensions reduced. Henceforth old age pensioners and childless widows can earn £3 10s. a week from a part-time job before suffering any deductions from their pension, and £6 10s. a week before their pension is totally extinguished; the equivalent permitted earnings for widowed mothers will be £5 a week before suffering any deductions and £8 a week before their personal pensions (as distinct from special child allowances) are extinguished. The reason why the Government has not gone any further in its relaxations is presumably that some people in Whitehall still cling to the principle that people who have a normally-paid full-time job should not draw these pensions.

Yet the economic justification for retaining the earnings rule at all needs to be constantly re-examined. The only old age pensioners affected by it are those in the first five years after reaching normal retirement age; after 70 for a man or 65 for a woman, one can draw the pension as of right. There are now some 400,000 women between the ages of 60 and 65 and men between 65 and 70 who are still in full-time employment; it is almost entirely because of the expense of allowing these 400,000 people suddenly to draw their pension that the Government says that the "cost" of abolishing the earnings and retirement rules would be a full £100 million a year.

But this would be the "cost" to the national insurance fund. The cost to the economy of the country would be this amount *minus* the addition that would be made to the national income if more pensioners were attracted back into employment. It is difficult to say what this addition would be. During the recent recession it might not have been great, because the laying off of old people on to the retirement pension was one way (although socially not necessarily a desirable way) of "absorbing" unemployment. But during a period of industrial re-expansion such as the present, the re-attraction of some pensioners into active employment might be very valuable. Could not one small and humane experiment to test the real working of the earnings rule now be made? A backbench Labour MP has put down a private member's bill which would abolish the earnings limit altogether for widowed mothers. One would like to see the Government support it.

CYPRUS

How Many Pilots?

CYPRUS'S progress towards independence continues to be patchy; but is a good deal more promising than it was a month ago, after Archbishop Makarios had suspended the constitutional commission in protest against the discovery of a Turkish caique full of arms just off the coast. The British appeal, supported by the Greek and Turkish leaders, for the surrender of arms by both sides was not a great success; but at any rate confidence between the two communities was sufficiently restored for the commission to resume early this month. Moreover, last week the commission pulled a welcome and unexpected rabbit out of its hat—an agreement on the long disputed question of the powers of the Turkish vice-president.

On the other hand, the British and the Cypriots are still negotiating over the exact size of the British bases. The military have scaled down their original requirements a good deal, but not enough for Archbishop Makarios, who unfortunately has committed himself to the stand that not a single Cypriot must remain under British sovereignty. His ability to compromise will not be improved by the development of open opposition to him among the Greek Cypriots. Last Sunday, at a public meeting in Nicosia, it was decided to form a new party, the Democratic Union. Its joint sponsors are Dr Dervis, the extreme right wing mayor of Nicosia, and Mr John Clerides, QC, a respected "elder statesman"; its backers seem to be a very mixed bag with, one suspects, very mixed motives. The new party will be pledged to support a presidential candidate in opposition to the "dictatorial" Makarios. For his part, the archbishop believes that if he can unite all shades of opinion behind him the launching of the new republic in February will be reasonably smooth, whereas to have several pilots contending for the helm might be disastrous. He may well be right.

CHINA

Mao Stays Put

THERE is plenty of evidence of an "opposition" within the Chinese Communist party, but none to suggest that it has imperilled Mao Tse-tung's leadership. It would indeed have been surprising, even in a communist country, if last year's formidable economic and social undertakings had not aroused misgivings. To "leap forward" while simultaneously communising peasants by the hundred million—all within the framework of an economy that remains primitive—evidently sounded adventurous to many Chinese communists when it was first proposed. Undaunted, the leadership kept widening the ditch to be leaped over, claimed that the "great leap" had nevertheless been made, then ignominiously admitted that it had fallen short.

In a democracy, at any rate on the eve of elections, this kind of situation would have strengthened the opposition. In a communist country, it does nothing of the kind. The "opposition" was wrong to point out the dangers, and still wrong when events justified its apprehensions. Nor should it be assumed that its policy is being adopted by the main body of the leadership. The staggering admissions of statistical errors made by the party's central committee in August were followed by scaled-down economic targets for 1959, but the basic policy remained unchanged: the commune system is to be consolidated, with only minor concessions to individualism and the desire for privacy, and the second five year plan, which ends in 1962, is still meant to be fulfilled ahead of schedule.

The present drive against "right-wing opportunists" needs to be seen against this background. A recent article in *Red Flag* denounced these "opportunists" for opposing the "socialist road" and praised Mao Tse-tung's leadership. The Peking *People's Daily* said that Mao's "correct line" had made possible an even bigger leap forward this winter than last.

The ban now imposed on the export of all communist China's newspapers except the *People's Daily* suggests that internal dissensions may be embarrassingly visible, But Mao is still boss; and he will presumably be able to preserve his Mona Lisa silence rather longer than, say, Mr Gaitskell.

JUDICIAL PENSIONS

More Room on the Bench

UNDER the Act of Settlement of 1700, high court judges have hitherto held office during their good behaviour and have been removable only by a joint address of both Houses of Parliament, This principle is technically altered by the new Judicial Pensions Bill, which, among other things,

will set a limit to the activity of judicial limpets who remain in office long after their powers—and what is worse, their tempers—have failed them.

To do this, a somewhat arbitrary retirement age of 75 is set for all holders of high judicial office (the Lord Chancellor, who is essentially a political appointee, excepted). A reform advocated by two past commissions has thus been brought about; and judges of the supreme court have been brought more into line with county court judges and magistrates (whose retiring age is 72). For puisne judges a rigid upper age limit is certainly sensible. But it might be worth discussing in committee whether a discretionary extension might not sometimes usefully be made in the more academic atmosphere of the Court of Appeal, in order to avoid the loss of valuable legal services. Existing judges are not affected by the 75 year limit, but if they were, Viscount Simonds (76), Mr Justice Cassells (82), and Mr Justice Vaisey (82), would all be serious losses. Mr Justice Wallington (84) and Mr Justice Hilbery (76) would also be obliged to retire.

The second object of the bill is to increase judges' pensions. This will be only the second increase in judicial emoluments in 125 years, the former increase being in 1954. High court judges will become eligible for a maximum pension of £4,000 a year, compared with the present £2,625. Another improvement is the introduction of a graduated pension scale. Formerly, judges could draw a pension only after fifteen years of service; the obvious danger of incapacitated judges remaining in office solely to acquire pension rights was met by a provision—unique to this department of state—that permanent infirmity entitled a judge to a full pension, irrespective of years of service. Present judges who become permanently infirm may still take advantage of this provision, but it will not apply to new judicial appointments. New and old judges may now retire at seventy if they wish, and draw a pension proportioned to their years of service.

POLICE

Quis Custodiet . .

THE Opposition was completely justified in staging Wednesday's important debate on the relations between the police and public. The answer to those who objected to the debate's form is that only a censure motion could have forced the Government to give adequate time with sufficient urgency; and the motion had to concentrate on the narrow issue of the spending of £300 of public money to settle the case of *Garratt v Eastmond* because that was the only point in the chain at which a Minister could be held responsible. Indeed the difficulty of establishing the responsibility of anyone who will answer publicly for questionable actions by the police is the essence of the whole problem.

Very wisely, Mr Butler elected not to treat the issue narrowly. Acknowledging the

Toying With Christmas

WITH only a month to go until Christmas, the great commercial machine that sells the presents is now beginning to hum. Many consumer goods industries are highly geared to Christmas, but none more so than toys. British toy manufacturers sell about 40 per cent of their output in the four weeks before December 25th. Recently, in a London hotel, their trade association held a preview of their wares.

The most striking thing about the toys on view was their conservatism. Gone were the space-suits and X-ray guns of two years ago; even plastic sten guns, revolvers and flame-throwers, the industry's former answer to the war craze among schoolboys, were not much in evidence. Instead, displays centred on teddy bears, dolls, snakes and ladders, scale models and electric trains—items that remain the staples of the industry. The manufacturers say that this reflects the conservatism of the average child: market surveys have found that most British children are just not interested in the moon. Some critics will say that it also reflects the conservatism of the average British producer, who prefers to give face lifts to traditional toys rather than to produce new ideas; such novelties as there are are very often imported from places like Hongkong or Japan.

But beneath the surface, toys, and the industry with them, are changing fast. The materials used reflect this. A teddy bear which used to be made of cotton cloth and wood shavings now comes in rayon with a foam rubber inside. The latest version can be put through a mangle. Plastic is gaining steadily in use and is now the basic material of nearly a third of all toys, compared with less than a sixth in 1949; it may be more easily breakable than some traditional materials, but the modern child is said to break anything. Some of the dolls have changed almost out of recognition. Instead of being the coy, even retiring, creatures of prewar years, they now come dressed to current fashion, Gina Lollobrigida hair-dos, emphasised bosoms, high-heeled shoes, short skirts and all. There has also been an increase in do-it-yourself kits, as long as no more remains to be done oneself than glue a few parts together. Regrettably, the market for real modellers seems almost as thin as ever.

The changes in the industry itself have been even more profound. The day of the backroom manufacturer seems to be nearly over; lucky breaks, like the hula-hoop boom which made a fortune for a few people in the plastic tubing business, are few and far between. Instead, industrial concentration, hard headed programming and assembly-line production lie behind the tinselly products on the toy-shop counter. Competition from abroad, however, is increasing—a fact that some British producers find hard to bear. Their counter-offensive was proclaimed in the hand-out: their display, they said, was "designed to show the advantages of the buying of British toys in preference to those from abroad."

With this rationalisation in production has come a great increase of sales. At home, sales are now running at over £60 million a year; exports are doing well too. The status of children in the home is changing from underdog to aristocrat; the lavish mutual presentation of gifts at children's parties brings a sparkle to any toy manufacturer's eye. The average child now seems to have about £6 a year spent on his toys, more than twice as much in real terms as before the war. But less than half of this money ever reaches the manufacturer. A small toy for which he might get 30s. a gross (2½d. each) sells, after the wholesaler has taken 33⅓ per cent, purchase tax 25 per cent, and the retailer 50 per cent on the wholesale price, at 70s a gross (6d each). The gradual elimination of the wholesaler which is at present taking place may lower these enormous margins a little, but not much.

The main reason for the growing sales of toys has been the great growth of the working class market. Some toy producers say that the average working-class child is actually given more toys, as well as being pushed in a smarter pram, than one in the middle classes. A really expensive doll is liable to sell as well in a dock area as in Harrods. By contrast, of course, the middle class parent spends much more on things like children's books and gramophone records, not to mention schooling.

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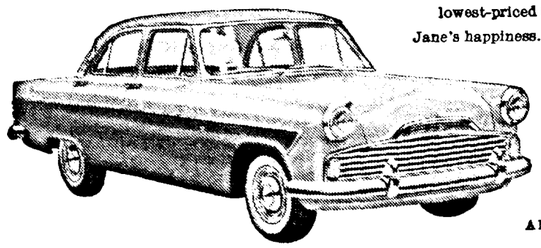

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very worrying increase of scepticism about the wonderfulness of the British police, he proposed an independent inquiry to cover the whole field of police organisation. Whatever may be the other matters, such as the difficulties of police recruitment, that it investigates, the quality of this inquiry's work will be judged by its ability to grasp one central constitutional nettle. As police authority for the Metropolitan Police Area, Mr Butler, like local authority watch committees elsewhere, has strictly circumscribed powers. He has no more right to interfere with the way Sir Joseph Simpson, the Metropolitan Police Commissioner, does his job than the Nottingham watch committee had to interfere with Captain Popkess. It is said, plausibly, that if Mr Butler—or, still worse, local authorities—could interfere (and could therefore be questioned) this would be a start on the road to a political police.

But who then can require Sir Joseph Simpson (or any chief constable) to explain himself if his actions seem on their face difficult to understand? Apparently no one. An aggrieved citizen can, as Mr Garratt did, bring a civil suit against the particular constable involved (not against the police force, or the commissioner). But in a civil suit all the pressure is, usually rightly, in favour of settlement out of court; the public interest in having the facts of a disturbing case established once for all may therefore not coincide at all with the private interest of the two parties. It might well be thought, as Mr Silverman argued cogently in the debate, that a policeman whose private interest would (on the best legal advice) be best served by a settlement out of court, would almost automatically attract to himself a disciplinary inquiry.

African Personality

PRESIDENT SÉKOU TOURÉ of the Republic of Guinea gave a good account of himself in London last week. His first visit was advantageously timed—just ahead of his first visit to Moscow. To some people, M. Sékou Touré's lack of acquaintance with the Russians came as a slight surprise; for since Guinea voted overwhelmingly "non" to General de Gaulle's proposals for a Franco-African community, news from Guinea has persistently built up the impression that it was becoming a one-party people's democracy, in essentials organised as Africa's first communist state—whether fairly may be judged from a correspondent's account of it published in *The Economist* last week.

The engineer of it all, the trade union leader selected by M. Félix Houphouet-Boigny to organise Guinea, revealed himself as an engaging figure, leading his entourage of ministers and newly accredited ambassadors through the measured round of receptions and parties with a modest dignity which won him effortlessly the respect which he specifically demands for *la personalite africaine*. His speeches and pronouncements disclosed to his hosts a very different type of African mentality from that which emerges as a rule from a British colony passing through the last stages of its metamorphosis into an independent state in (or outside) the Commonwealth. M. Sékou Touré was happy to lecture at length (though even an hour's discourse is short compared with what his fellow Guineans expect and enjoy from him) on the theory of African political evolution with a facility for abstract concepts which may well be called marxist, and a feeling for poetic generalisations which are very French. This provided a very different flavour from the constitutional and economic pragmatism which is the cast of thought of an Awolowo, a Nkrumah or a Mboya; the nearest comparison on the Commonwealth side is not African at all, but Asian. There were moments reminiscent of Mr Nehru in M. Sékou Touré's moralisings.

Perhaps M. Sékou Touré found himself as startled by blunt Anglo-Saxon inquiries as to whether he hoped to get a loan and for how much; what his relation with the Commonwealth was through the union with Ghana; how he stood with the West; what he wanted to buy and sell and whether he would stay in the franc zone. He patiently returned again and again to the point that his basic policy was to win respect for the African personality emergent after centuries of cultural and colonial disintegration; it was to that, not for more obvious political ends or for economic self-interest, that Guinea had chosen the abrupt, hard path of total independence. (By all accounts, the Guinean government reinforced the point in a practical way by sticking out for the last inch of protocol on the visit, and won its arguments in a way that President Tubman never has.) It is a point to take, since it was made so strongly: an exordium to Foreign Office dealings with the newly independent African states which do not rate for the now-you're-an-insider, top clubman treatment of the Commonwealth Relations Office.

In his marxist training, M. Sékou Touré has a common background with Dr Nkrumah, M. Houphouet-Boigny (whom he never criticises personally, though over de Gaulle and the community they are irreconcilably opposed) or Mr Nehru; and all these have made their own terms with their education. M. Sékou Touré is firmly non-committal, with a French articulateness, about his future relations with East and West. But, as the first French African leader of an independent west African state, his attitude provokes the question whether the real division in Africa is going to be between French and English states. M. Sékou Touré denied it. He tried to make a point out of his own very limited French education. He prefers to be called "Mr President" when in Britain, not "M. le President." He evidently fears that French culture can box the new Africa in; he wants to reach out to the world, and his chosen instrument is English, both as a world language and the most widely spoken European language in Africa. He is having it taught as a second language in Guinean schools—which will have the effect of further annoying General de Gaulle, who is, of course, convinced that what shapes Africa today, as at the time of Fashoda, is Anglo-French rivalry.

But M. Sékou Touré's choice is certainly right for French Africa, and the wider federal groupings he hopes for. It is not a case of the general's folly being England's opportunity (though M. Sékou Touré was obviously impressed by seeing Dr Nkrumah living in a British governor's residence exactly as the last governor did—"even the ashtrays are the same"—compared with the French walk-out from Guinea—"taking even all the copies of the *code*"). But it is entirely right for the Foreign Office to offer help through the British Council in teaching English. (Can Dr Charles Hill also supply some paperback classics, and the universities find some places for Guinean students?) The Foreign Office should gently press for a separate Guinean embassy in London as soon as possible to facilitate these exchanges—M. Sékou Touré urged people to visit Guinea, but perhaps does not realise the present complications of getting a visa in London. And undoubtedly the personal link with the president must be maintained: for very clearly his leadership in Africa will not be confined to Guinea.

The commissioner thought otherwise. Is there any proper constitutional way in which the commissioner can be required to account to the public for such a decision (which, for all one knows, may be soundly based)?

RHODESIA AND NYASALAND

African Explorers

It looks as though the Prime Minister will form his own impressions of the situation in Central Africa before the Monckton commission gets started. He is wise not to make his January visit too pointedly a central African one. By going to Ghana and South Africa—the two independent Commonwealth states in that continent as well as Nigeria, soon to be the third and biggest—he is holding the diplomatic balance. Meanwhile Lord Monckton must be wondering when his commission can set off. Mr Gaitskell is still apparently scrutinising the claims of the African names claimed by the Government to be "representative," and is pressing for an amendment of the commission's brief to enable it to consider the possibility of Nyasaland's secession from the federation. Sir Edgar Whitehead is at hand to urge Mr Macleod to agree to no such thing; and Mr Orton Chirwa, the president of the Malawi Congress party in Nyasaland, is also in London to point to the 15,000 loyal Bandamen recruited to his banner in a few weeks as a hint that secession must come.

Sir Edgar Whitehead is ostensibly here to get rid of the remaining clauses in Southern Rhodesia's constitution that give Britain a veto on local legislation on certain aspects of native affairs. As this veto has been a dead letter for years, it may not be unfair to surmise that Sir Edgar is here primarily as Sir Roy Welensky's envoy: to spy out the land, perhaps to discuss Mr Macmillan's trip, and to discover why a Conservative majority of 100 should not secure a full backing for Sir Roy's and Sir Edgar's case at the 1960 conference. Hints that, after all, this might not be so have worried Rhodesian political leaders lately. Perhaps to disguise his mission, Sir Edgar has issued a strong propaganda statement extolling Southern Rhodesia's native policy, with a sidekick at the wretched Colonial Office which he accused this week of neglecting Nyasaland for 60 years (Mr Macmillan can check this). Sir Edgar has been a dynamic and in some ways a liberal, if schoolmasterly, prime minister; but even his enlightened legislation on trade unions and apprenticeship cannot expunge troubled memories here of the illiberal acts that he passed during the emergency. He might be wiser, at least behind the scenes, to adopt a less uncompromisingly satisfied line.

SOUTH AFRICA

Timely Swan Song

The new Progressive party, of which the core is the ten breakaway United party MPs, has done well to adopt unhesitatingly a policy which offers political opportunity to all races—if not absolute equality—regardless of the fate which this will bring down on it from a purely white electorate at the next elections. Its "historic role" is quite evidently to voice in parliament truths which the UP never dared to voice, and accept the certainty that this can only be done for the duration of the present parliament's life. These will be vital years, in which an uninhibited and sustained swan song by the Progressives is far more important than their subsequent survival as MPs.

The party has come out for a common voters' roll, with property qualifications and entrenched safeguards (not yet explained) for the various racial groups. It demands abolition of the pass laws and all the oppressive machinery of racial segregation. As persons of any race may join the party, its MPs will again be able to meet people of all communities and voice their grievances. The Progressives have had to compromise on one thing—the republic, which splits their ranks as it does the other parties' (and has lost them one member); but if republicanism were a condition of liberalism in South Africa, few people in this country would have anything but a welcome for it.

As things are, the liberalism of British rule in the three High Commission protectorates is now giving them the role of political asylums for refugees from South African apartheid laws. Wisely, the Union government is playing ball over this. It has got round the awkward case of Mrs Mafekeng by letting her family join her after her escape to Basutoland. The case of the Christian couple who adopted a coloured waif abandoned in a church has been dealt with by letting them take the child to Britain. Britain's vestigial links with South Africa are indeed a boon to Dr Verwoerd and his colleagues, and likely to remain so.

HOMOSEXUALITY

Merely Unlawful?

None of the MPs lucky in the ballot for private members' bills this session has had the courage to sponsor a bill implementing the neglected recommendation of the Wolfenden committee, that homosexual acts taking place in private between adult males should no longer be a criminal offence. At least one possible draft of such a bill was toted around, but everybody knows the difficulty in finding a sponsor. Enlightened people can go on explaining until they are blue in the face that the change would not be tantamount to conferring the moral approval of the community on homosexual conduct; they can show that it is a symptom of totalitarian countries to assume that morality derives from the law, rather than from conscience or religious belief; they can keep on pointing out that the purpose of a bill would not be

The Economist

NOVEMBER 19, 1859

FRIENDLY SOCIETIES IN DIFFICULTIES

The large accumulations which the working classes have invested in their Friendly Societies are the topic on which those who wish to eulogise those classes most frequently insist, and the bad management of those societies is the point on which those who wish to depreciate those classes most frequently insist. The working classes, the latter tell us, save no doubt, but they are quite ignorant of the proper mode in which their savings should be invested; they desire, and properly desire, to make provision against sickness and against old age, but the societies from which they expect to obtain that provision are not unfrequently insolvent. The evidence, it is said, which we now have respecting the working classes on this point, prove that they have the steadiness to save, but that they have not, as yet, the sagacity to use their savings well. We fear that the main fact which is thus alleged against the working classes is very true. All the evidence on the subject which is of any value goes to show that a large number of Friendly Societies are on the verge of insolvency, if not actually insolvent; and that, in consequence, many of the steadiest and best of the working classes will never obtain the provision against sickness and old age which is justly due to them, and which they have calculated upon having. But, although we are quite sure that this is so, we are disposed to deny the inference respecting the lower classes which it is attempted to derive from it. We believe that the insolvency of the Friendly Societies by no means shows that those who contribute to them are less intelligent than they could in reason have been expected to be . . . and that it is not a reproach to the working classes that they have not succeeded in an attempt in which the higher classes could afford them no guidance, and most probably would have equally failed. We have, as we have frequently explained, no romantic ideas about the working classes. When it was not popular to do so, we took occasion to point out the greatness of their characteristic faults and the dangerous direction of their tendencies. But we are anxious that they should be censured only for their real faults, which are great enough, and not for mistakes which are venial, and would, it is probable, have been committed by others.

"... him who asks of the rustic the name of his native village."

Extracts from a 1907 Motoring Guide Book
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"It is not always possible to identify on a map the village through which the car is passing, nor always easy to consult the map even when travelling at moderate speed. Blessed be the villages that proclaim their titles, even by modest boards on the post-offices, as many do in East Anglia, for by such boards is the traveller saved from the scorn poured upon him who asks of the rustic the name of his native village. This is an almost universal phenomenon, so frequent in occurrence that one is tempted to speculate as to its origin; and that may be that the normal rustic, painfully conscious of the narrow limits of his own knowledge, feels that he has encountered a fool indeed when he meets anybody who is more ignorant than himself, although it be but as to a single and quite trivial point."

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to render homosexual conduct morally or socially desirable, but simply to state that the law is not an appropriate instrument for regulating it, a task better discharged in the confessional or consulting room than in court. But at the end of all this explanation, a large section of the brute public would still assume that the sponsor of such a bill was "in favour of queers."

One need is to find a form of words for the bill itself which would show that this is not true. A possible form is suggested in a pamphlet just published by the Church of England Moral Welfare Council.* The author points out that in addition to crimes which the law punishes, and sins of which it takes no cognisance, there is a class of immoral acts which the courts characterise as "unlawful." Contracts concerning unlawful acts (adultery is an example) will not be enforced by the courts, and such acts may give rise to the crime of conspiracy if committed in combination. If certain homosexual acts ceased to be crimes, they would automatically fall into this category, as acts contrary to the fundamental principles on which the law rests. To put the matter beyond all doubt, however, the author suggests that any statute implementing the Wolfenden proposals should specifically declare that the practice of homosexuality, whether male or female, is unlawful, before going on to specify under what conditions it should be treated as a crime. This is a suggestion which any MP who eventually has the courage to introduce such a bill would do well to consider.

**What is Unlawful?* By Quentin Edwards. Church Information Office. 1s. 6d.

JUGOSLAVIA

Dr Dedijer Goes to Manchester

AFTER several unsuccessful applications, Dr Vladimir Dedijer, a former member of the central committee of the Jugoslav communist party, has at last been given a passport so that he can take up a one-year research fellowship offered him two years ago by Manchester University. Dr Dedijer, the biographer of Marshal Tito and the friend of Mr Djilas, fell into disgrace in January, 1954, when Mr Djilas was expelled from the central committee for his heretical views; Dr Dedijer was the only member of the committee to defend his right to criticise the regime. A year later both men were given suspended sentences of imprisonment after they had given interviews critical of the regime to western newspapers. Since then Dr Dedijer has remained in obscurity, but out of prison; Mr Djilas's incautious pronouncements, however, landed him in prison nearly three years ago.

Dr Dedijer's appointment in Manchester is entirely non-political; the subject of his researches is to be the history of the Jugoslav partisan war. The Jugoslav government's initial refusal to give him a passport was believed to be due to criticism of the Soviet Union that Dr Dedijer had made during a lecture tour in Sweden early in 1957. It can also be fairly ascribed, at least in part, to the strong reluctance which the present regime, so willing to experiment in the economic sphere, so sturdily independent in the foreign field, has shown to any appreciable loosening of the country's political strait-jacket. The Jugoslav government is not likely to have experienced any change of heart about the country's political evolution; more probably, it has relented towards Dr Dedijer from a feeling of increased self-confidence and security. Still, the decision is welcome. If it heralds a more lenient attitude to Mr Djilas, it will be more welcome still.

BOOKS

A Dissimilar Namesake

The President's Cabinet

By Richard F. Fenno.
Harvard University Press. London: *Oxford University Press.* 339 pages. 45s.

THE American cabinet is a curious entity, whose title and mythology suggest an identity with the British cabinet which known of present-day practice support. It is not a real collectivity; it seldom decides, it imperfectly co-ordinates and it neither requires nor confers distinction on its membership. It exists as a crossroad for pressures and as an intermittently useful device for alleviating the President's political and administrative burdens. "At its worst, it is both useful and unmovable; at its best, it suffers from inherent incapacities." This is Mr Fenno's considered conclusion and in the preceding pages of his most enlightening and realistic book he explains why he thinks so.

A good deal of what he tells us we knew, in a general way, before. The national disposition to talk, which has so immensely stimulated and assisted the study of governmental institutions in the United States, has already made available a wealth of material about previous cabinets and even, in the case of the Eisenhower administration, has laid bare many of the "secrets" of a contemporary one. However, until Mr Fenno came along no one had sifted this information and put down what it had to tell us about the nature and role of the cabinet in the twentieth century. All the clichés about filling a gap and putting us in debt should be read by anyone who wants to understand modern American government.

In addition, there is a direct topical interest about Mr Fenno's findings on the Eisenhower cabinet, which supplement published sources with material drawn from discussion with White House officials. Mr Fenno presents a graphic picture of the extraordinary sessions, replete with visual aids, which seem to employ the techniques of both Dr Frank Buchman and Madison Avenue for the purpose of enabling any department head to "sell" his proposals to his colleagues. Although Mr Fenno shows considerable restraint in his comments on these goings-on he makes it quite clear that for all the talk about staff work and team spirit, the Eisenhower cabinet is practically inoperative as a forum for discussion, decision or co-ordination. From this it follows as a hardly surprising conclusion that "the Eisenhower cabinet probably spends less time and assigns less importance to the area of foreign relations in its discussions than any other cabinet of the period" (that is, since Wilson).

The cabinet is in fact, as Mr Fenno's title properly reminds us, only what the President of the day wants it to be. More than this; even if the President should wish to elevate it to the position as an organ of consultation, debate and party control that is occupied by its British namesake, there are restrictions imposed by the nature of American political life and institutions to prevent him. This Mr Fenno admirably illustrates by a wealth of examples and by cobwebbing factors. He shows how cabinets repeatedly fail to live up to popular myth about themselves and why they must so fail—because "in America there is simply no recognised reservoir of public men from which cabinet leaders are drawn"; because the President casts too

THE PAPER BULLETIN

The October issue of this quarterly bulletin contains Special Reports on

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big a shade for even the greatest cabinet member to grow very tall; because the centrifugal pressures of American politics pull cabinet members away from the general public to particular publics; because Congress is always there making hay of the neatest organisational blueprint and forcing every cabinet member to serve at least two masters, the man in the White House and the congressional committee. This and more are shown to great advantage in these pages.

One small point remains obscure. "The continued introduction of new members without compensating reductions may subject the cabinet to acute institutional indigestion and render it unwieldy as a vehicle for group thinking." (p. 100.) Does Mr Fenno mean that a cabinet ought to move on its stomach?

Leader of the Terror

Grivas: Portrait of a Terrorist

By Dudley Barker.
Cresset Press. 202 pages. 21s.

Grivas and the Story of Eoka

By W. Byford-Jones.
Hale. 192 pages. 21s.

GENERAL GEORGE GRIVAS is now waiting in Athens—so it is widely believed—for the propitious moment to launch a campaign that he hopes will bring him to supreme political power in Greece. His chances of success may not be very bright, but the story of his career so far does much to explain why, after four gruelling years of danger and privation in Cyprus, this ageing man of 61 should still feel tempted to encounter the wear and tear of political life.

As he looks back over his career, he cannot find much cause for satisfaction. Born a Cypriot, he became a naturalised Greek in order to further his ambitions as a professional soldier. But his career in the Greek army was abruptly and unexpectedly cut short in March 1945, when he was put [illegible] had let himself get too deeply involved in extreme right wing politics. He then tried to make his mark in politics, but on three separate occasions, in 1946, 1950 and 1951, he failed to get elected to parliament. After that he found an outlet for his frustrated ambition in working out in great detail (and after close study of communist guerilla and terrorist methods) a campaign for the union of Cyprus with Greece. Late in 1954 he was smuggled into Cyprus to put it into operation.

General Grivas did not imagine that the British could be got rid of by means of an armed Cypriot rising. But he hoped that a carefully graduated campaign of sabotage and murder, combined with intensive propaganda both in the island and abroad, would stir up the Cypriots into a more active desire to get rid of the British, make the position of the British increasingly difficult and finally provoke them into such reprisals that international public opinion, particularly at the United Nations, could be sufficiently strongly mobilised against them to force them to go. Grivas has succeeded in getting rid of the British, but not in uniting Cyprus with Greece; he returned to Athens a disappointed and embittered man.

Mr Dudley Barker has never met Grivas and claims no first-hand personal knowledge of any events in his career. But he has interviewed many of those who have, and he has produced a straightforward and well-balanced account of Grivas's early career, and, in much more detail, of his campaign in Cyprus. His matter-of-fact narrative emphasises, if anything, the cowardly and cold-blooded brutality of the methods that Grivas trained his gunmen to use. At the same time his objective account of the Eoka leader's mentality and background, and his description of the often unsatisfactory material with which he had to work, both explain, without excusing, the methods he used and emphasise how much the whole campaign depended on the energy and driving power of one man. It is a pity that this book does not have either an index or a map.

Colonel Byford-Jones has met Grivas, both before and after the emergency and has visited the island several times. Oddly enough, this has turned out to be more a disadvantage than an advantage. The author's accounts of his personal experiences tend to obstruct the narrative and confuse rather than illuminate the analysis of the situation during the emergency; they also betray a personal conceit that is always irritating and sometimes surprisingly naïve. Moreover the useful and serious material that the book contains is too often obscured by the melodramatic and often over-excited manner in which much of the story is presented. There are one or two mistakes; the extreme left-wing EDA did not emerge as the strongest party after the 1958 Greek elections and the Governor of Cyprus during the war was called Sir Charles, not Sir William, Woolley.

Turtle Bay Turmoil

The United Nations as a Political Institution

By H. G. Nicholas.
Oxford University Press. 224 pages. 21s.

"HAVE we too often treated the UN as a club, too seldom as a stage? (A club, moreover, in which the main object of membership is to dodge the bores?)" The answer to Mr Nicholas's question is Yes. For that reason alone his book should be read both by the members of the British delegation at Turtle Bay, and by all who have to do with the shaping of their instructions.

Heaven knows, the bores are certainly dodgeworthy. The soporific flow of banalities was bad enough at prewar Geneva; in a United Nations Assembly of 82 members, many of them new to sovereignty, eager to make their mark, and not yet weary of useless eloquence, the logorrhoea is a raging torrent. Understandably, many veterans of the vanished League of Nations still sigh for its relative manageability—and for its European "tone." But a government that wants to succeed, not suffer, at the United Nations ought instantly to transfer to some other post any of its representatives who is thus heard to sigh. "The postures of injured innocence" are the worst possible ones to adopt there. Mercifully, Britain's spokesmen now seem increasingly aware of these perils and possibilities; passive stonewalling is yielding to a more imaginative and active technique—especially in colonial matters.

Mr Nicholas's crisp account of how the United Nations really (as opposed to ostensibly) works should help both the practitioners of this technique and those who observe their struggles. It is not only far more readable than the many ponderous tomes already in print that purport to analyse the UN's workings, but also more penetrating. His comparisons are as illuminating as his occasional vivid word-pictures. He contrasts the Assembly with the House of Commons. He shows how the Security Council's handling of disputes resembles a government's approach—often equally unimpressive—to a labour dispute which, everyone knows, will in the end have to be settled by the usual bargaining between the parties concerned. He shows the parallels between the lobbying and vote-trading of the United Nations delegations and the similar processes of an American nominating convention.

Perhaps he overrates the role of the Secretariat. Few would quarrel with his remarks about Mr Hammarskjöld, "as subtle in his processes as his predecessor was crude," about the "perilous role" that the Secretary-General has had thrust upon him, and about the team of officials who "act as his antennae and sounding-boards" by keeping personal contact with delegates. But, as members of the Secretariat would themselves readily admit, they are not the only professional pourers of oil on the turbulent waters of Turtle Bay. Mention the delegates, who can be relied on to coax their more intransigent colleagues out of extreme positions, sometimes with startling success. One of the most heartening signs at the Assembly nowadays is the recruitment to this informal "fire brigade" of conciliators of a number of the "new nations," who had been expected to put all their energies into faction-fighting. But perhaps this story is not yet ready for telling.

Whodunit

The Campden Wonder

Edited by George Clark.
Oxford University Press. 155 pages. 18s.

THE Campden Wonder is one of the deathless mysteries. In 1660 William Harrison, the elderly and respectable steward of a rich lady in Chipping Campden, disappeared. His servant, John Perry, was suspected of murder and arrested. He accused his mother and brother of murdering Harrison and by so doing implicated himself as accessory. All three were tried for robbery and murder. On advice, they pleaded guilty to robbery, since they would benefit immediately from a recent indemnity. The judge refused to allow the charge of murder to proceed, since the body had not been found. Later, before another judge, they were charged again with murder, found guilty and hanged. Apart from the formal plea of guilty to the charge of robbery, which they afterwards repudiated, the mother and brother strenuously maintained their innocence throughout. Some two years later Harrison turned up, telling a most incredible story of having been kidnapped and sold as a slave in Turkey, whence in due course he escaped. He survived for some years as a respected resident of Chipping Campden; but there is a rumour that his wife hanged herself shortly after his return. The story is recorded in a pamphlet by Sir Thomas Overbury, a local magistrate.

It is a strange tale, which has mystified generations. Why did John Perry send himself and his closest relatives to the gallows for a crime which no one committed? What really happened to Harrison, since his story is past belief? Many essays, plays and novels have been written about the case. Sir George Clark, in an elegant little volume, has brought the main threads together. He republishes Overbury's original account and two of the best studies, by John Paget, who wrote an article on the case in 1860, and by Andrew Lang. He adds some new evidence, but it throws little further light. The court record and some signatures of Harrison from the records of the local grammar school, both recently discovered, prove at least that he existed and was absent during the crucial years, and that the Perrys were hanged for his murder. At least that eliminates one theory, that the story is pure fiction from beginning to end. Sir George adds a chapter by the late Lord Maugham on the legal aspects of the case—interesting but not leading towards a solution—and a not very informative psychological chapter by Dr Russell Davis.

So there it is. The reader's guess is as good as anyone's. Let him try: it is a fascinating game.

Savoyard in India

Fountain of the Elephants

By Desmond Young.
Collins. 319 pages. 18s.

BENOIT LEBORGNE, born in Chambéry, Savoy, in 1751, the son of an obscure tradesman, was honest, ambitious and adventurous. At 45, he was a millionaire, and unhappily married to an aristocratic termagant, who was ashamed of his origins. He consoled himself by devoting to good works the thirty years of life that remained to him, thus earning the exotic memorial erected at Chambéry by his grateful compatriots, which provides this biography with its title.

Leborgne started life by styling himself de Boigne and then securing a commission in Louis XVI's Irish Brigade. He left this after some years for service in the Russia of the Empress Catherine and of Potemkin, was taken prisoner by the Turks, turned up (in mysterious circumstances on which Mr Young throws new light) in India, where he persuaded Warren Hastings (no mean judge of men) to entrust him with an espionage mission overland to Russia. Next, he had all his baggage stolen and found himself penniless in Northern India at a time when roving brigands and war lords made such a loss more than usually disastrous. Eventually, after further vicissitudes, he joined Mahadaji Sindhia, the ambitious Maratha chieftain who was engaged in carving a new kingdom out of the disintegrating Mughal Empire.

De Boigne proved so outstanding an organiser, administrator and military leader that he made Sindhia the most powerful force in India outside the territories of the East India Company. Surrounded by intrigues and sordid temptations, which proved the undoing of innumerable other European adventurers, de Boigne was undeviatingly loyal to his master. Sindhia responded by giving de Boigne his wholehearted confidence, making him his Commander-in-Chief and loading him with riches. The mutual respect and trust that existed between the Englishman, Warren Hastings, the Indian, Sindhia, and the Savoyard, de Boigne, would have been rare between men of different races in any age, but it shines the brighter in eighteenth century India, pullulating with chieftains striving to fill with naked power the vacuum left by the Mughals. That within a few years of de Boigne's retirement and Sindhia's death the whole of their work was wiped out may have reduced their historical importance, but it adds to the dramatic interest of their story.

Mr Young's interpretations of character and motive, and his judgments, shrewd yet tolerant and humane, reveal the insight into men and affairs that comes from first-hand experience in positions of vantage and responsibility. For the general background of the period he draws on the established authorities, but in search of the more obscure facts of de Boigne's life he has carried out, over many years, painstaking and scholarly investigations in India, the Middle East, France and England. Among his metamorphoses, Mr Young has not been an editor for nothing, and he communicates his journalist's zest in the pursuit of a "story." Graphically he describes the twists and turns of the trail, gradually allowing us to unravel the truth with him so that many of these pages have the fascination of a good detective novel. As history his book, though not to be despised, is not terribly important. As civilised entertainment, it is outstanding.

Two for the Samovar

Entertainment in Russia

By Faubion Bowers. *Nelson.* 227 pages. 42s.

My Russian Journey

By Santha Rama Rau. *Gollancz.* 300 pages. 21s.

"WE would have looked odd anywhere —one child of four, dressed as a cowboy, one very beautiful Negro girl, one Indian, one American." In Russia, the Bowers family drew every eye, and was off to a flying start in the game of making new friends. Mr Bowers had two further advantages. As an American authority on international drama and dance, he gained access to Soviet theatrical and musical circles, and even had a revealing though chilly interview with Miss Ulanova. He also speaks enough Russian to get about on his own. "You have been in Leningrad nearly one week, and you have not applied until now to the Service Bureau," complained the indignant Intourist bear-leader. His survey of modern Russian ballet, drama, opera, dance, and concert music, with briefer notes on cinema, circus, operetta and variety, is thus no mere formal catalogue, but a penetrating study enriched by apt anecdotes from behind the scenes, and by the surprisingly blunt comments of the Russians themselves.

Mrs Bowers (or Miss Rau), with three travel books and a good novel to her credit already, did not just come along for the ride with their small son and his nurse. As an Indian, she confesses to frankly preferring the disorderly, haggling bazaars of Tashkent to the institutional visits which Intourist likes to prescribe. People as people were what she looked for in Russia, and she certainly found them. Youngsters already enmeshed in "the managing-to-stay-away-from-deadly-jobs-in-the-provinces race"; ordinary folk who spent their days off just "walking about"—home being overcrowded, entertainment too repetitive, sports too organised and disciplined; small silent children, already disciplined by variations on the stern theme, "*U nas nye plachet*" (*we* don't cry); breathtakingly generous individuals; others with a touching eagerness for contact with the outside world.

She learnt something of the problems of young lovers who have no privacy for wooing at home, no snug cinemas or pubs or cocktail bars—and no right to use a hotel in their own home towns. She endured, fascinated but baffled, the ordeal of trying to collect a parcel sent to Moscow from abroad. She noted the "frightening number of uniforms on all Russian streets." Telling her of the years of the worst terror, a Russian remarked that now it was better because "Khrushchev is a liberal too"; and she came away convinced that in a communist context he is, and that the loosening-up process he has started cannot now be reversed.

"Ah, writers—I knew you were rich. All writers are rich," said one of the Bowers's new friends. The gulf between the privileged security of the approved Soviet intellectual or artiste and the bleak life of the masses for whom he claims to speak emerges in both these books. Mr Bowers admires, and admirably evokes, the splendours of the Bolshoi and Art Theatres; but he found many Russians wearying of such "ingrown" perfection. One told him: "When I heard *Porgy and Bess*, I *felt* opera for the first time." Another complained: "*It's like forcible feeding.*" Muscovites stampeded to see an operetta which had been officially dubbed "degenerate"; they applauded every crack about the Party and the regime in Mayakovsky's long-banned plays and in other newly daring dramas. There was warm applause, and something visibly like relief, when one tired ballerina actually fumbled; a mere mistake has more human appeal than icy faultlessness, and Russian audiences are now demanding the human touch.

Mr Bowers thinks they will get more of it. "The eked-out happy ending" and compulsory optimism may persist on Soviet stages, but something more personal is seeping in, and though the Party is still usually right, love is now apt to triumph over the prigs and sneaks that the Party has bred. As to the limitless resources and perfect teamwork of the present system, Mr Bowers's diligent study leaves him with a suspicion that western actors and producers who naturally dream of complete state-sponsored security might change their minds if they saw how it has worked out in Russia.

Creator of Uruguay

Artigas and the Emancipation of Uruguay

By John Street.
Cambridge University Press. 420 pages. 52s. 6d.

ALTHOUGH Sir Home Popham's invasion of the River Plate in 1806 ended in disaster, it opened up brilliant prospects for British trade. Merchants in Britain hastened to embark, eager to make their fortunes in the New Arcadia, which Spain was losing. Rivalry between Brazil and Buenos Aires for control of the estuary, however, threatened to disrupt this valuable commerce, and over a long period Castlereagh and Canning devoted earnest attention to the problem. Eventually, in 1828, as a result of British mediation, the independent buffer state of Uruguay was created at the entrance to the Plate. Of course, no amount of painstaking negotiation by Ponsonby and others could have brought a new nation into existence around Montevideo had the local people not come to desire it. The man who did more than anyone else to foster a feeling of nationhood was the Uruguayan *caudillo* José Gervasio Artigas. He fought the Spaniards, the centralist forces from Buenos Aires and the Portuguese from Brazil to prevent them from dominating the Plate's eastern bank. He was in exile in Paraguay when Uruguay was born.

Dr Street has skilfully woven the biography of Artigas into the complex story of Uruguay's "emancipation" ("creation" is a better word). It is evident that, as he read the original documents in the archives of four countries, Dr Street developed admiration and even affection for the hero. One cannot fail to be impressed, indeed, by the guerilla leader who, living in rough and anarchic times, was able to give so much wise counsel on the need for federation (rather than centralisation) in the Plate; sought to increase the prosperity of his people by encouraging international trade (notably, with Great Britain); and tried, with the quite inadequate means at his disposal, to spread education. Artigas said that he found paper work tiresome; but, from his wild encampment at Purificación, he wrote — or dictated — a mass of memoranda for the guidance of his lieutenants in the vast area which, for some years, he strove to hold together. When issuing regulations for the distribution of land in the interior of Uruguay, he gave instructions that the settlers should be chosen from those whose need was greatest:

> The most unfortunate shall be the most privileged. Consequently free negroes, Indians, and poor creoles, all may be granted *estancia* lots, if with their work and their probity they are inclined towards their own happiness and that of the Province.

Artigas was denounced by his enemies as a bloodthirsty tyrant, who bound his victims in the hides of newly slain cattle, with only their heads exposed, leaving them in the sun to be squeezed to death as the hide dried and contracted. There is no reliable evidence that he himself was guilty of these enormities. Nor, unfortunately, does an authentic portrait of Artigas exist —apart from a sketch that was made, when he was very old, of his emaciated and toothless head, with the aquiline nose that had always been his most distinctive feature. Dr Street—doubtless out of respect for the virile hero—has not included that drawing among this book's illustrations, most of which are reproductions of Vidal's well-known water-colours of scenery.

OTHER BOOKS

Paperbacks:—

PAINTING IN THE FAR EAST. By Laurence Binyon. New York: *Dover Publications.* London: *Constable.* 317 pages. 16s.

This introduction to the history of pictorial art in Asia, particularly in China and Japan, is a reprint of the 1923 edition. There are some forty illustrations but unfortunately all in black and white, which does less than justice to the delicacy of the brushwork.

THE EYE OF THE EAGLE. By G. H. Dury. *Penguin.* 284 pages. 5s.

This well-written and copiously illustrated handbook is an introduction to geomorphology, the study of landscape formation, for the general reader.

THE NARRATIVE POEMS. William Shakespeare. Edited by G. B. Harrison. *Penguin.* 166 pages. 2s. 6d.

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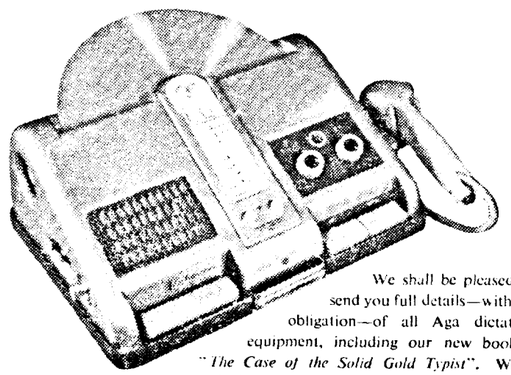

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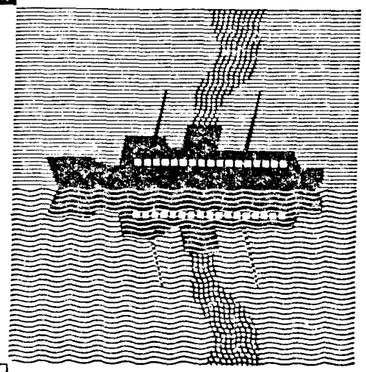

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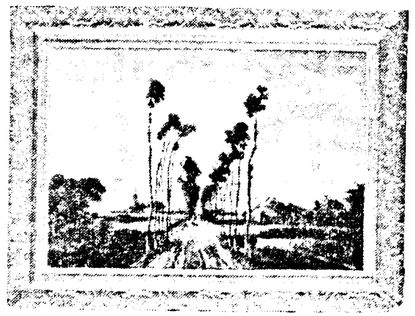

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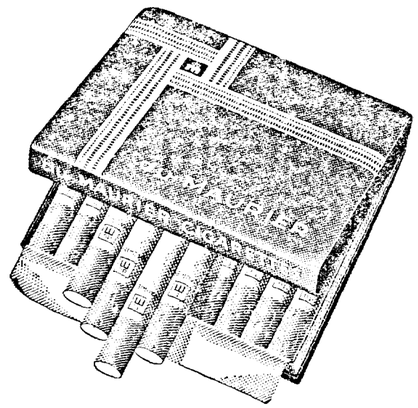

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LETTERS

New Tongues for Old

SIR—In your admirable article on the desirability of making provision for the study of contemporary Asia and Africa and their languages in our formal system of education, you refer to the fact that few schoolteachers can give advice about these studies. May I add that the School of Oriental and African Studies has arranged a series of conferences with the heads of independent and grammar schools in order to describe the university courses, places and scholarships that are offered, and the career opportunities that are open? Conferences of this kind have already been held in London, Liverpool, Bristol, Sheffield and Leicester and one is soon to be held in Glasgow. We are willing to hold such conferences in any part of the United Kingdom.

We are also at present beginning an investigation of the best ways of introducing these studies into the curricula of schools, and will provide on request short book lists on Asia and Africa for school libraries.—Yours faithfully,

C. H. PHILIPS
School of Oriental and African Studies, London, WC1

SIR—While in general agreeing with the article "New Tongues For Old," I would like in self-defence to state very briefly the circumstances which have impeded the teaching of modern Arabic at Cambridge. Your readers will be aware that large additional moneys were made available to universities for the development of oriental studies following the adoption by Parliament of the Scarborough report, and that the lion's share of these moneys went to a single institution, the London School of Oriental and African Studies. The very modest expansion effected at Cambridge was brought to an abrupt halt in 1951, and well-conceived plans for the orderly introduction of modern studies were thus almost completely nullified. Repeated representations made since that date for provision to teach modern Arabic have been repeatedly negatived. So far as Arabic teaching at Cambridge is concerned, failure to "modernise" the syllabus has certainly not been due to any unawareness of the urgency of the need on the part of—Yours faithfully,

A. J. ARBERRY
Professor of Arabic
Pembroke College, Cambridge

Europe's Post-war Liquidity

SIR—Your feature on this subject, undertaking to compare and contrast price and money supply movements among the United Kingdom, France and Germany, is confusing in one respect. A chart depicting liquidity, as measured by money supply divided by gross national product in current prices, is said to be limited in that it "takes no account of the velocity with which money circulates. . . ." But money supply divided by gross national product is the reciprocal of "velocity," in one of its definitions—namely, income velocity.

What your chart shows is that in Germany the currency reform reduced cash balances drastically, permitting little further rise in velocity, while in France rapid overt inflation immediately after the war reduced the value of cash balances relative to the value of current output and incomes so that there was little further margin for velocity to advance. In the United Kingdom, as in the United States, the monetary overhang from the war was reduced only gradually as current income (reflecting both rising prices and expanding real product) increased more rapidly than the monetary authorities permitted money supply to rise. This was reflected in increasing velocity. How long this can and will continue is an important question which you did not undertake either to ask or to answer.

In this connection, it may be noted that the Radcliffe Commission found no reason "for supposing, or any experience in monetary history indicating, that there is any limit to the velocity of circulation——" (page 133). Yet your chart, showing the reciprocal of income velocity, presents just such evidence in showing that in both France and Germany such a limit was apparently reached.—Yours faithfully,

ROBERT SOLOMON
Federal Reserve System, Washington, DC

West Indies

SIR—I should like, if I may, to comment on the letter from Dr Nevin. For while I think that his points concerning currency, migrants' remittances and the loss of skilled workers are well taken, he does, in my opinion, proceed to protest too much with regard to your own comments on Jamaica's attitude to a Customs Union.

The purposes of a West Indian federation are two-fold: the achievement of nationhood and the improvement of economic standards within the region. As the Governor General said when opening the recent Inter-Governmental Conference: "It would be idle to suppose that the fundamental requirements of nationhood exist in the West Indies today or that they can do so until the Federal Government has the strength and authority to speak with a sure and confident voice for the West Indies as a whole." A working customs union is a *sine qua non* of West Indian development. It is not possible unless Jamaica is prepared to move towards internal free trade. A federation where Jamaicans are not, for example, permitted to import rum from Trinidad or Barbados or severely restricted in importing textiles from Trinidad—as is now the case—would not contribute to either the achievement of nationhood or the improvement of economic conditions in the region. Nor would it help Barbados or Grenada if they were obliged to raise their tariffs to the level of the Jamaican tariff and got no *quid pro quo* from Jamaica for so doing.

All this is well realised in Jamaica where, unfortunately, the present high protectionism is regarded as the essential cause of their boom conditions and any reduction, even to help other federal territories, is not countenanced by either political party. As Dr Nevin will know from personal experience, a lowering of the Jamaican tariff could easily promote imports. It is not the loss of revenue from imports under a customs union that mainly worries the Jamaicans. Nor is it so much any likely outlawing of quotas following membership of GATT (which is hardly severe any longer on underdeveloped territories). It is simply unwillingness to adjust the economy to permit of internal free trade and unreadiness to take over from the United Kingdom the subsidisation of those units still unable to balance their budgets. If Dr Nevin does not want federation, he should say so; if he does, Jamaica must accept some minimum obligations to make it a reality.—Yours faithfully,

D. J. MORGAN
University of Manchester

Pravda on Rostow

SIR—You are clearly not familiar with the conventions of Soviet journalism, or you would not have troubled to reprint Mr Zhukov's characteristic abuse of Professor Rostow. Articles in *Pravda* are not meant to further the discussion of theoretical problems, but to furnish an outlet for the accumulated bile of the party's *agitprop* section. For a more considered estimate of the subject we shall have to await the comments likely to appear in more specialised journals. Soviet economists—unlike *Pravda* editors—are quite capable of understanding Keynesian modes of reasoning, though naturally restrained in their public utterances. A political spokesman like Mr Zhukov, on the other hand, can hardly be expected to react otherwise than he has done. The official investment in Leninist orthodoxy is too heavy to permit any major concessions to a different viewpoint. Indeed, thought-control could hardly be maintained if debate were to become genuine and the arguments of opponents to be met with something other than standardised abuse.

At the same time it seems a pity to one of your readers that you are apparently inclined to follow Professor Rostow's own example in picking a quite pointless quarrel over Marxism. As I ventured to point out in a letter which you published, the weak side of Professor Rostow's argument is his

sociology, or rather the absence of a genuinely sociological analysis. One need not be a Marxist—let alone a Leninist—to think that there is something extremely odd about a theory of development which systematically ignores social realities such as class conflict. The explanation would seem to be that the discussion of such topics is taboo in the United States. This naturally lays American writers open to polemical gibes in *Pravda*, which in turn help to promote the mistaken impression that the whole quarrel is over what took place in the nineteenth century. We shall not get very far with this discussion until American academics get over the compulsive habit of proving Marx wrong, with the help of arguments so naïve that even the editor of *Pravda* can dispose of them. Why not drop this subject and instead turn to the much more fruitful topic of structural similarities among all types of modern bureaucratised societies?—Yours faithfully,

London, NW3 G. L. ARNOLD

Marine Engines

SIR—Last week your comments on the new P and O Group liners concluded with a brief synopsis of the pros and cons of turbo-electric propulsion machinery *vis-à-vis* geared turbines, including the statement that the former reduces the risk of mechanical failure.

In turbo-electric machinery the mechanical gearing is replaced by an electric motor and electric generator, and the fact that the risk of breakdown is transferred from mechanical to electrical equipment does not necessarily imply any overall improvement in reliability, which is the shipowners' real concern.—Yours faithfully,

J. G. C. GIVEN

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The Role of the State

SIR—Professor Schwartz's letter in your issue of November 14th states that "the public interest may well run counter to that of both management and shareholders." One's whole concept of government is based on whether one accepts this statement or not.

For those who believe that "what is good for General Motors is good for the United States," the country's economic life must be left to businessmen (using the term in its widest sense) with government only interfering to protect against fraud or violence. The absorption of a less successful business by a more successful one must, according to this thesis, result not only in profit to the expanding concern but also to the country. Similarly, for ignorant or comatose shareholders to be replaced by wiser and wider-awake ones must also be to the ultimate benefit of the community in which they all live. So there can be no justification for government interference—so long as there is no question of fraud or misrepresentation.

The converse of this doctrine is "the gentleman in Whitehall knows best." This gentleman is the representative of the whole community—and if he does not in fact represent the community it is in the first instance the fault of the politicians whose policies he is paid to carry out, and ultimately of the electors who put the politicians there to represent them. His interference can only be supported by those who believe, as Professor Schwartz does, that there can be a long-term conflict between public interest and private profit. Once this has been accepted the theoretical justification for state control has been swallowed. It is then no longer a question of argument concerning doctrine but purely a question of how best to ensure that the gentleman in Whitehall does his job properly. But I wonder how many of those who are prepared to discuss means of protecting shareholders from take-over bidders, house-buyers from unqualified house agents, or even inefficient businesses from more efficient competitors would admit that they had accepted the principle of state control.—Yours faithfully,

Cambridge H. D. WALSTON

Turkey

SIR—The interesting article "Turkey's Perpetual Emotions" provokes me to some comments.

Your correspondent sums up the shortcomings of the main opposition party, the Republican People's Party as the failure to produce an alternative comprehensive social and economic programme. From this, your correspondent, with some significant reservations, tends to draw the conclusion that the political struggle in Turkey is mainly one about personalities, about who gets effective control.

Although its economic programme has not been worked out in detail (no opposition party anywhere can be expected to produce a comprehensive economic plan before coming to power), the Republican People's Party has consistently stood for certain main principles in the political, economic and social fields. These would constitute a political programme, even by Western European standards.

In politics, it stands for parliamentary democracy safeguarding the basic rights of individuals and the independence of the judiciary and of the universities. Even under single party rule, necessitated by the transition from a society obsolete in some respects to a modern and secular state, the aim of the Republican People's Party had been to lay down the foundations for parliamentary democracy in Turkey. In economics, it stands for a well defined and harmoniously operating mixed system of private and state ownership together with overall development planning. It has always been against inflationary methods of financing expenditure. It was proved right when the mistakes of inflationary policy were recognised with the stabilisation programme of 1958.

In social affairs, it stands for the recognition to labour of the rights of association and of strike. In addition, its aim is to broaden the basis of education, to maintain and, if possible, improve social services and to prevent further increases in the inequality of incomes. As the party which has been responsible for the profound social, economic and political transformation of Turkey since 1923 and also for introducing the income tax in 1949, the Republican Party is aware of the increased efforts which the execution of this programme will demand from the country.—Yours faithfully,

Ankara OSMAN OKYAR
Director PRP Research Unit

Engineers' Salaries

SIR—The Engineers' Guild survey has revealed the miserable level of salaries paid to professional engineers in this country. Your deduction that this implies that there is no shortage of engineers is quite possibly correct. Certainly, if we are satisfied with our present rate of technological development; if our industrial productivity is to remain stagnant; if we are content to build one motorway and one obsolete bridge every two years or so—then we have plenty of engineers. If, on the other hand, we seriously aim to double our standard of living in the measurable future, then there *will* be a shortage of engineers, and it will be acute.—Yours faithfully,

North Harrow J. K. RICKARD

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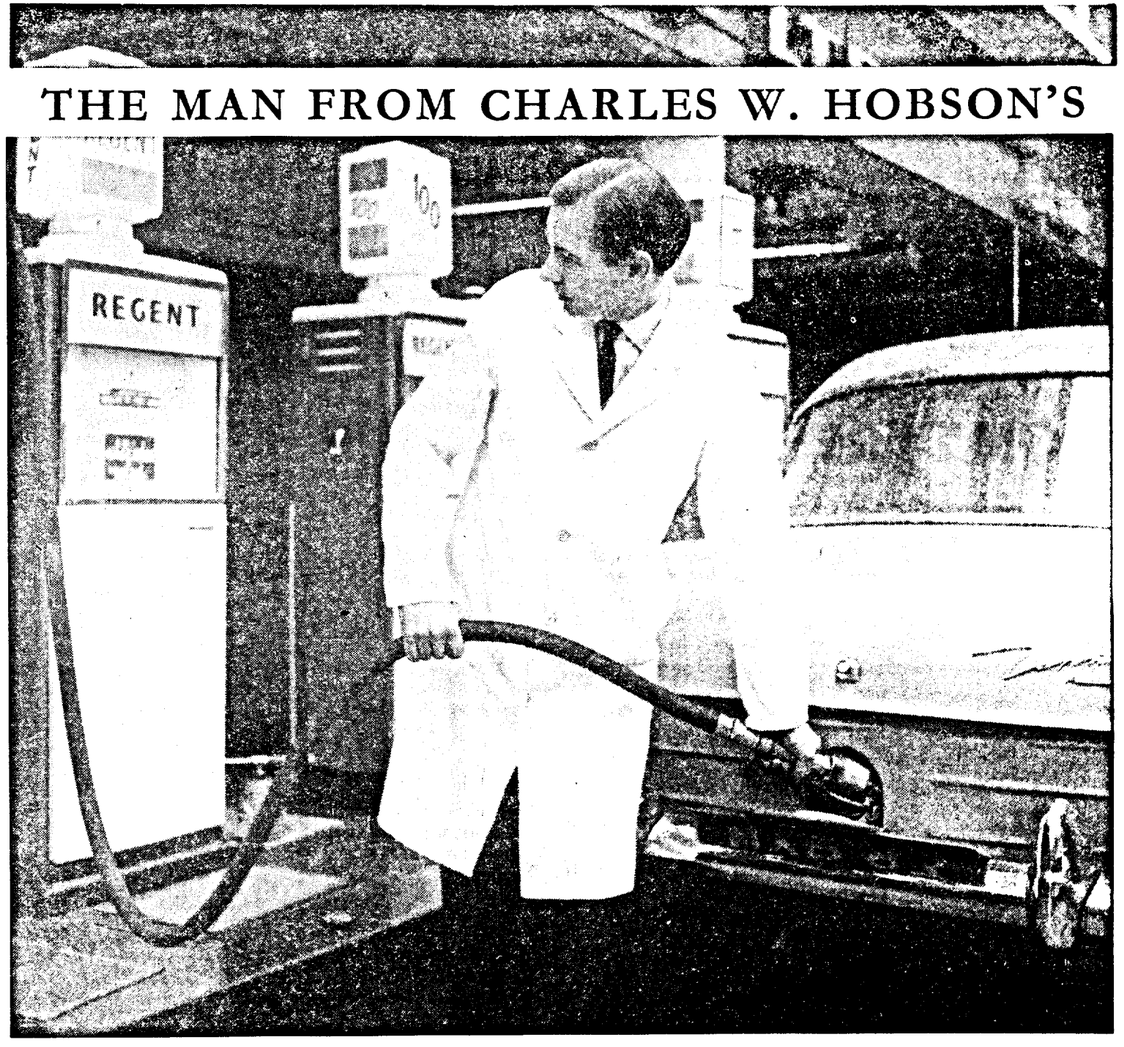

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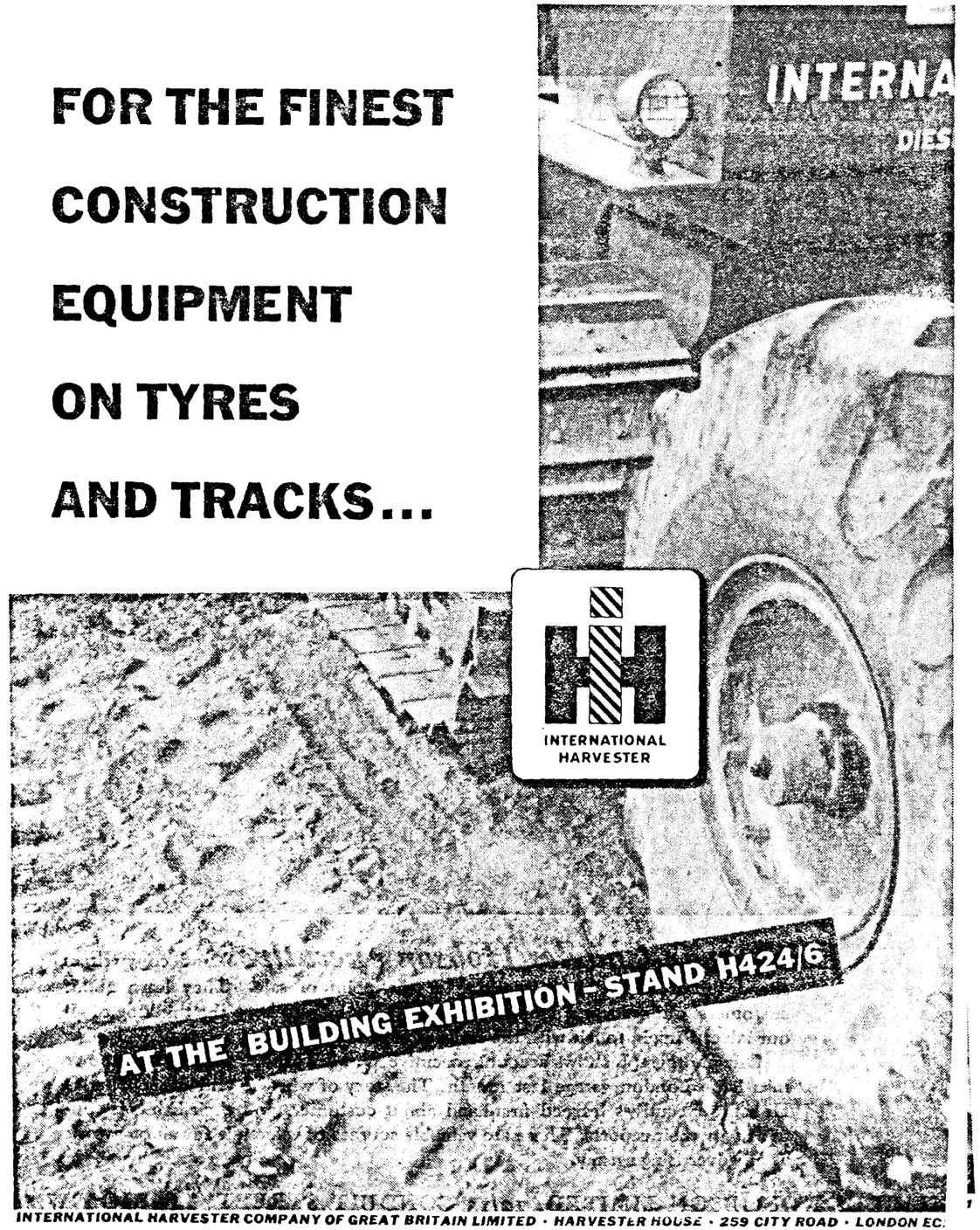

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An American Tragedy?

WASHINGTON, DC

ONE of the commonest charges against Mr Charles Van Doren is that he has betrayed his fellow-intellectuals. By deceiving the millions of people who thought that the television question-and-answer show on which he appeared was a genuine test of knowledge, he has trodden underfoot that still tender shoot, popular respect for academic learning: so runs the argument of Mr Marquis Childs and other commentators. In fact, Mr Van Doren may have done more for the intellectuals who want to raise the standard of American television than he, or they, yet realise.

This is because, as was found by the radicals who sought to reform American capitalism towards the end of the last century, it takes the most dramatic exposure of misdoings to persuade the Americans to regulate what they have hitherto preferred to leave unregulated. Television is perhaps the last great hunting ground of the dinosaurs of *laisser faire*. If anything can lead to its being brought under control—and it is far from certain that anything can—it may be the aristotelian tragedy, enacted almost entirely in front of the cameras, of Mr Van Doren, a high-born young man brought low by a fatal weakness.

For a people with a reputation for being cynical, the Americans are very angry. The revelations, which reached a climax with Mr Van Doren's confession to a congressional subcommittee this month, and which are likely to be continued next month, have hit the country even harder than the affair of Mr Sherman Adams and Mr Goldfine last year. That was "politics"; this is the mass bamboozling of a nation by its favourite piece of sitting-room furniture. The indignation has been voiced by virtually all the newspaper columnists and the suggestion of one of them, Mr Roscoe Drummond, apparently persuaded about one televiewer in ten to switch off his set at 10 o'clock on Tuesday night as a demonstration of protest. *Time* magazine has been unwontedly waspish about the effect of the profit motive on television and the correspondence columns of the press, which ran dry throughout the Berlin crisis, are in full spate. Even the readers of the *New York Daily News*, a group of hard-boiled non-eggheads, show a majority against the view that the deception was justified in the holy name of entertainment.

This defence has been put forward by a number of people, most boldly by Mr Albert Freedman, the producer of the programme which led Mr Van Doren off the straight and narrow path. The carefully rehearsed question-and-answer show, runs the theory, was like a film or a magician's trick; and the money the contestants won by appearing to dredge their memories for the answers was simply their pay for being convincing actors. This naïve defence ignores the fact that no sane adult in a cinema or theatre thinks that the characters in the film are real or that the magician is truly cutting the lady in half, whereas the suspense in the "Twenty One" show depended largely on the general understanding that the contestants' agonies were genuine.

Most Americans see this distinction. But their reaction is not merely one of anger at having been deceived. There is also a widening suspicion that this is a specifically American tragedy: that the ease with which Mr Van Doren and the others were corrupted is the seamy side of a society which puts too much emphasis on material success. Thus poor Mr Van Doren is already, for many of his countrymen, a figure in the cold war, a symbol of the weaknesses through which Mr Khrushchev hopes to bury them.

There is likely, therefore, to be considerable pressure for reform when Congress reassembles in January. Comparatively few people are as restrained as the *Wall Street Journal*, which holds that no legislation is needed because the corruption has been killed by exposure. By now, no doubt, the surviving question-and-answer programmes are as clean as a whistle; but Congress's investigations, flitting like butterflies from flower to flower, provide a rather haphazard kind of exposure.

THE extent to which reform is likely to be achieved depends on which of two problems the reformers try to solve. The first is the problem of deception, involving those practices which, while falling short of actionable fraud, are designed to attract audiences by pretending that what they are seeing or hearing is something other than what it really is. The other problem is that of trying to haul the cultural level of television programmes out of the swamp of mass entertainment; although the recent exposures have turned some reformers' eyes hopefully in this direction, they will find such a task far more difficult.

One of the most encouraging results of the current heart-searching is the admission by Dr Frank Stanton, the head of the Columbia Broadcasting System, that the problem of deception goes far beyond the question-and-answer programmes. It includes the pretence that rehearsed discussions are really unrehearsed, the use of recorded laughter to prop up comedians' flat jokes, the practice of telling audiences when to applaud, and that strange no-man's land, somewhere between honest exaggeration and downright misrepresentation, where so many advertisements hover. The sensitive televiewer, sitting with finger-nails pressed into palms, might offer to extend the list indefinitely.

The Federal Trade Commission's closer watch on advertising has already discovered one ingenious advertiser who apparently tried to show how easy it was to see through his car windows by rolling them down before pointing the cameras at them. The Federal Communications Commission, which has a vague responsibility for watching over the contents of television programmes, is widening an inquiry which it is already conducting to take in some of these subjects. Unfortunately, many of Dr Stanton's colleagues, even in his own company, regard such devices as necessary and legitimate tools of their trade.

Some of the legislation being offered is designed to prevent a repetition of the trickery in the question-and-answer shows, making it punishable by imprisonment, fines or banishments from the ether, but it is a little late to lock that particular stable door. The hope of establishing some more flexible kind of control over television's bad habits depends chiefly on extending the functions of the Federal Communications Commission. This is not going to be easy. The commission is prohibited by the statute which created it from engaging in "censorship"; although the meaning of the word in this context has not yet been determined by the Supreme Court, Mr John Doerfer, the commission's chairman, is

known to be conservative in his own interpretation. The Supreme Court said in 1943 that the commission has the "burden of determining the composition" of broadcast traffic. But it has also ruled in another case that the commission has no supervisory control over programmes.

If this singularly reluctant knight is to be sent into action against the dragon, there are two or three extra weapons with which he might be equipped. At the moment the 560-odd local stations are the only part of the television system over which the commission has any control; their licences must be renewed every three years. There is widespread support for the belief that the three great networks, which supply a large part of the programmes which the local stations show, should also be brought under the commission's eye. But, if they were, it would almost certainly be necessary to give the commission wider sanctions beyond the single, ultimate, weapon which it now possesses, the right not to renew a broadcasting licence. No local television station has ever had its licence revoked and the commission's reluctance to resort to such extreme measures would be far stronger in the case of the enormously rich and powerful networks. One suggestion is that when the commission disapproves of particular practices it should be entitled, like the Federal Trade Commission, to issue "cease and desist" orders which can be enforced in the courts.

Unless and until Mr Doerfer is replaced by someone more eager to test the extent of the FCC's present powers, it may also be necessary for Congress to spell out more closely the "public interest, convenience and necessity" of which the commission is the appointed guardian. Some experienced legislators think that this might be done best by setting out the kind of programmes which the commission should seek to encourage; it would then be up to the commission to push its demand for improvements as far as it could in each individual case. Those who know just how much public indignation is required in contemporary America to generate a given amount of reform suspect that something along these lines—rather than, say, the more idealistic proposal to set up a public service network on the model of the British Broadcasting Corporation—is the best the reformers can hope for.

Herter in Hot Water

THE critics who complain that in the present Administration foreign travel takes the place of foreign policy may or may not be justified, but it is at least true that it is more difficult than it used to be to find out what the Administration thinks its foreign policy is. Nothing about Mr Dulles is more missed than his regular wide-ranging press conferences, full of food for thought, even if sometimes it was indigestible. The new Secretary of State, Mr Christian Herter, has held only three press conferences since he succeeded Mr Dulles in April and the most recent of these demonstrated why he distrusts this method of giving information.

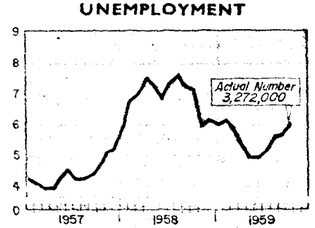
A trained diplomat who believes in working behind the scenes, better at negotiation and committee work than at public appearances, Mr Herter does not shine at a press conference. Last week, when asked about his attitude to the border dispute between India and China, he replied that the United States was taking no position since it had not been appealed to and since it had no official knowledge of the rights or wrongs of the matter. This coldly correct answer shocked the friends of India and Mr Herter later stated, somewhat apologetically, that whatever the legal aspect of the issue he condemned the Chinese Communists morally for using force. While Mr Herter's candour may mean that President Eisenhower's popular reception in India next month will be less enthusiastic than it might have been, Mr Nehru himself can hardly complain if he is hoist with his own neutrality. Indeed, it has been suggested that he may find Mr Herter's impartiality helpful in damping down those Indians who are demanding war against the Chinese aggressor.

In the war at home, against Washington's current strong man, Mr Anderson, the Secretary of the Treasury, Mr Herter is far from neutral as his speeches this week have shown. Opening the annual National Foreign Trade Convention, he announced that no basic changes were contemplated in the procurement policies of the International Co-operation Administration, which handles the economic side of foreign aid. He has had to allow one small concession to Mr Anderson but for the present Mr Herter has repelled the main effort to extend to the ICA the so-called "Buy American" policy which has been promulgated for the Development Loan Fund in order to strengthen the American balance of payments. Next day Mr Herter assured representatives of the North Atlantic Treaty countries that balance-of-payments difficulties would not lead to any reduction in American support of Nato. But balance-of-budget difficulties still may; although Mr Herter did not mention these, his struggles with Mr Anderson are not yet over—and with Congress they have not yet begun.

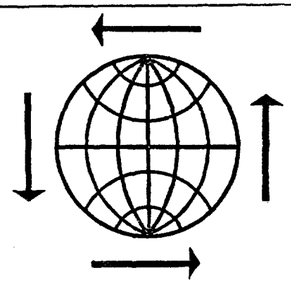
Steel Truce

LAST week steel began to flow more rapidly and more smoothly than the industry had dared to hope after 116 days of idleness and with men who were working only because the courts had forced them to return for 80 days. At the end of the first week production of ingots had reached 45.9 per cent of capacity; this week at nearly 80 per cent it is far more than was forecast at first. Partly this is because damage to the furnaces is much less than was feared; partly it is because the men, even those wearing armbands reading "Ike's slaves," seem to be glad to be back on the job and earning something for Christmas. In this they will be luckier than many of the 500,000 workers laid off in the steel-using industries. The General Motors Corporation, the biggest producer of automobiles in the world, stopped making any cars last week and does not expect to begin again until the middle of December. It will take at least that long to restart the flow of steel sheets and other products, even to such a valued customer. A full and balanced flow of steel products, which take about six weeks to produce, is not likely before Christmas and the shortages caused by the strike probably will not be made good completely until March. Mr Mitchell, the Secretary of Labour, may have had to eat his hat (in cake) because unemployment did not fall below 3 million in October, but the November figures are likely to be worse.

Hardship in the steel and automobile centres is hardly visible in the retail trade figures for the country as a whole, which were 3 per cent higher in October, on a



Seasonally adjusted, as percentage of labour force



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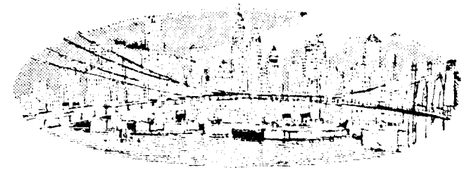

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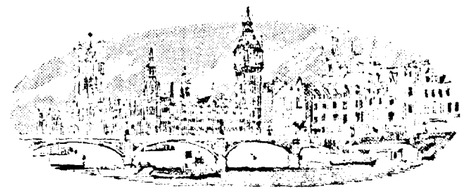

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seasonally adjusted basis, than they had been in September and 9 per cent higher than they were a year earlier. Industrial production has edged downward a point, and the gross national product fell from the record annual rate of $484.5 billion in the second quarter to $478.6 billion in the third; but the second quarter was inflated by preparations for the steel strike, and these reductions may prove to be no more than postponements of activity.

Hopes that the boom will roll on to new heights in 1960 may be disappointed, however, if the steel strikers walk out again on January 26th, as they threaten to do if a settlement has not been reached when the court injunction is lifted. Mediation begins again next week and the President, as he must under the law, has reconvened his special board of inquiry, but it lacks the legal power to recommend a settlement. The chief hope at present is that neither side looks forward to the measures of compulsion which the President may recommend and Congress pass if the strike breaks out again. The proposal for a "summit conference" between labour and management which Mr Meany, the head of the American Federation of Labour and Congress of Industrial Organisations, has put forward and which the President seems inclined to accept, is an effort to avert this lightning.

Prospecting in the West

GOVERNOR ROCKEFELLER of New York got little change out of California's Republicans last week when he invaded the home state of his entrenched rival for the Republican presidential nomination. Mr Nixon. The "No Trespassing" signs bloomed on nearly every professional Republican lapel in the shape of "Stick with Dick" emblems; in Los Angeles Mr Rockefeller spoke with a huge portrait of the Vice President looming behind him. The Governor's attractiveness in informal exchanges was as great as ever, but the serious speeches assembled by a rather high-flown group of ghosts—including Mr Emmet Hughes, author of "America the Vincible," did not set the Sierras on fire.

The New Yorker had a warmer welcome in neighbouring Oregon, where the Governor, Mr Hatfield, could not hope for the vice-presidential nomination if Mr Nixon were the candidate, and in Washington. But the trip could only have confirmed Mr Rockefeller's suspicion that he had nothing to hope for from the Republican professional politicians, who are pledged almost to a man to the Vice President. Mr Rockefeller's only hope is to go over their heads to individual party members, which explains why Oregon and California were his first ports of call and why Wisconsin will be prominent in the mid-western trip which he expects to make in December. All three states have presidential primaries, at which members of the party express their preferences about its candidates, though these are not held until after the New Hampshire primary in March; this is the first hurdle which the Governor must make up his mind to take. For such voters Mr Rockefeller has made it absolutely clear that he would not accept the vice-presidential nomination, which he says is a less responsible job than the one he now holds. And he has gone on vigorously sharpening the differences between himself and the Vice President by emphasising more rapid economic growth as the way to spend more on education, defence, and other services while eventually

Solution for New Metals

FROM A CORRESPONDENT IN LOS ANGELES

WHAT happens when materials to be machined are as hard as the cutting steel of machine tools, or even harder? This is no academic question since the stainless steel, titanium and exotic metals needed to construct the latest supersonic aircraft and missiles are too tough for standard machining methods. The solution is provided by chemical milling, a young but fast-growing industry mainly centred in southern California.

The method was inspired by photo-engraving. This process for producing patterns by chemical treatment has been adapted—on a much grander scale—to the milling of parts made from hard metals. In chemical milling the complete piece is covered with a protective coating; this is removed from the parts to be machined and the piece is then immersed in a chemical solution. The unmasked parts are etched away by the fluid. The process can be controlled by varying the strength of the solution, the period of immersion and other factors.

Although this is the only way that certain very hard materials can be "machined," other advantages over machine tool milling are claimed for the process. Closer tolerances are possible, down to .002 of an inch, and milling is more uniform. Parts may be treated simultaneously, reducing costs. There are no restrictions as to shape, direction of cut or radius, or on the treatment of contoured surfaces, as there are with tool milling. Finally, chemical milling can be used to etch away metal merely to reduce its weight, which would be prohibitively costly with machine tooling. This is of basic importance to aircraft and missiles, which require parts combining lightness with great strength.

As an industry chemical milling is only a little over five years old. The process was developed by North American Aviation Inc., which applied for patents on it late in 1953; now more than 40 companies are licensed to use it, including all the big aircraft firms: Boeing, Douglas, Lockheed, the Convair Division of General Dynamics, Grumman, Northrop, Martin, Ryan, as well as North American itself. Many smaller specialist firms have also entered the field and are experimenting with new ways of applying the process.

THEIR combined sales in chemical milling were only about $5 million last year and most companies in the business have other interests. But the market is expanding rapidly and sales in 1959 are expected to show a marked increase over those last year. The government, of course, is the principal customer. Chemical milling is being used on parts of all the advanced missiles now in production. It will also be used on components of the B-70 bomber which is designed to fly at 2,000 miles an hour. To make such a speed possible it will be constructed of stainless steel, which presupposes the use of the chemical process for milling. The growing demand for the process, as defence moves into the supersonic age, is leading chemical milling companies to expand their capacity. In their forward planning, all are concentrating on improving the application of the process to titanium, zirconium, beryllium, and other rarer metals.

Though at present the fortunes of the industry are tied closely to defence, its research programme is concerned with a potential civilian market. There is the prospect of supersonic commercial airliners—Lockheed has announced plans for such a transport—and chemical milling may have uses outside the aircraft industry. The process can be applied to all kinds of metals; since it is used widely on aluminium and magnesium parts for aircraft, it could mill the same metals for other purposes, such as aluminium panels for facing or display. The market will be even broader if efforts to reduce the cost of the process are successful. For the next few years, however, the industry may be hard pressed to keep pace with all the military demands, even if its capacity were to be doubled.

reducing taxes. His insistence that "the purpose of America must surely be something more than personal comfort" and his suggestion that further reductions in the work-week should be postponed carry a barb when it is remembered that it is not long since Mr Nixon was advocating a four-day week.

Mr Rockefeller has no time to lose if he is to catch up with the Vice President. But Mr Nixon, in spite of his head start, has been rallying his troops in Indiana and Wisconsin, and casting apparently "benevolent" reflections upon Mr Rockefeller's inexperience in government and in national campaigning. Meanwhile a "New Yorkers for Nixon" headquarters has been set up, which includes among its founders many of President Eisenhower's wealthy supporters. Moreover, when the Nixon campaign begins to move, it will do so with the slickness associated with Mr Leonard Hall, Mr Eisenhower's own accomplished organiser of victory.

Rights versus Responsibilities

THE federal government is determined not to acquiesce in Mississippi's refusal to let justice take its course in last April's lynching case, when a young Negro, accused of raping a white woman, was taken from the county goal at Poplarville and murdered. Last week the local grand jury, apparently believing that to lynch in such circumstances was no crime, adjourned without hearing the testimony of agents of the Federal Bureau of Investigation who had studied the case thoroughly and had named a number of suspects in their report to the State Governor. Their "interference" was much resented in Mississippi. They did not find evidence, however, that any federal statute—the kidnapping laws, for example—had been violated and therefore the United States Department of Justice did not enter the case at that time. But now the department has asked that a special grand jury be summoned to hear the FBI's evidence and, it is hoped (probably vainly), to bring indictments. Moreover the Attorney General of the United States has said that the "travesty" of justice in Mississippi may lead him to recommend additional legislation on civil rights.

Meanwhile the existing legislation, passed in 1957, is getting its teeth into some of the other states which put their rights before their responsibilities. In Memphis, Tennessee, the Department of Justice has just filed the first suit under the Act against interference with the actual process of voting. The voting cases brought under the Act so far, which are now before the Supreme Court, deal with interference with the right of Negroes to register for voting, not with the final casting of ballots. Democratic party officials in Fayette County are alleged to have prevented Negroes from voting last August in the "white" primary election in which the party's candidates for local offices were being chosen; since in this part of Tennessee Democratic candidates are automatically elected, this action had the effect of disfranchising Negro voters. In this suit the federal government is intervening in a purely local election, in which no federal offices were at stake. This confirms the worst fears of the southern opponents of the 1957 Act who realised that it would intensify the attack on the indirect methods which are the modern way of maintaining white supremacy.

Hectoring the CAB

FROM A SPECIAL CORRESPONDENT

SINCE Congress established the five-man Civil Aeronautics Board in 1938, to encourage and regulate the growth of civil aviation, a total of twenty-four members have served on this independent, bipartisan commission. Some finished their six-year terms of office and were not reappointed by the President; others left before completing their terms, sometimes to become federal judges or to take better paying jobs with airline companies. But until Mr Louis Hector resigned last September, no one had ever given up one of these $20,000-a-year posts because he had decided that the board was not competent "to regulate a vital national industry in the public interest."

Mr Hector was no old and embittered political hack, wearied with the responsibilities of work on an administrative tribunal, but a brilliant young lawyer and former Rhodes scholar. He served on the board with distinction for two-and-a-half years before leaving what he was by then convinced was a hopelessly ineffective organisation. In his letter of resignation he told the President:

> The CAB is a creature imprisoned by its own structure and procedure. It is unable to form a clear policy. It is unable to make sound and comprehensive plans. It is unable to administer its affairs with vigour and dispatch.

To support his charges Mr Hector appended a seventy-page bill of particulars.

One of his most damning accusations was that the board makes a great show of court-room form and procedure, but that in fact it lacks judicial substance when allocating air routes and regulating fares, its main functions with the investigation of accidents. This view is shared by almost every lawyer who argues before it. Its inconsistent policy in awarding routes was cited by Mr Hector as particular evidence of its generally muddle-headed thinking.

MR HECTOR argued that the faults in the CAB, and in other regulatory commissions as well, are structural, arising from imperfect laws and procedures; "not with the Founding Fathers as members of the board do I think the CAB as now organised could fulfil its obligations to the American people." Nevertheless there are others, equally sincere but less kind, who believe that with better qualified members the board would work better.

By submitting his resignation without warning Mr Hector exposed a major weakness in both the current membership of the board and in the President's failure to take appointments to it seriously. At the time of Mr Hector's abrupt departure, not only was another, 74-year-old member, Mr Denny, anxious to retire, but the chairman, Mr James Durfee, had been promoted to a federal judgeship and was only waiting for confirmation by the Senate before resigning also. This left only two members to carry on the continuing work of the board and two members do not make a quorum. In addition these particular two members are poles apart: Mr Joseph Minetti is a lean, angular Democrat from New York City, while Mr Chan Gurney is a short, rotund, small-town Republican from South Dakota. Thus the net effect of Mr Hector's departure, and the incipient departure of both the chairman and Mr Denny, has been to paralyse the board. No arguments have been heard and no decisions handed down.

Now at last the President has appointed replacements to fill the board, at least until Mr Durfee goes. Mr Denny has been succeeded by Mr Whitney Gillilland, a Republican from Iowa who has had several governmental posts but has no previous experience of aviation or of a federal regulatory agency. But Mr Alan Boyd, who will fill out the three remaining years of Mr Hector's term and is also a young Democratic lawyer from Miami, was an air transport pilot in both the last world war and in Korea; moreover, he has been chairman of the Florida Railway and Public Utilities Commission and thus has some regulatory experience.

Both of the new members were sworn into office this week in what the Justice who administered the oath called "a double ring ceremony." It will not take long for the aviation industry to find out whether the two new boys can raise the standards of the board or whether, as Mr Hector claimed when he resigned, "to get the regulatory job done properly, a basic overhaul is necessary."

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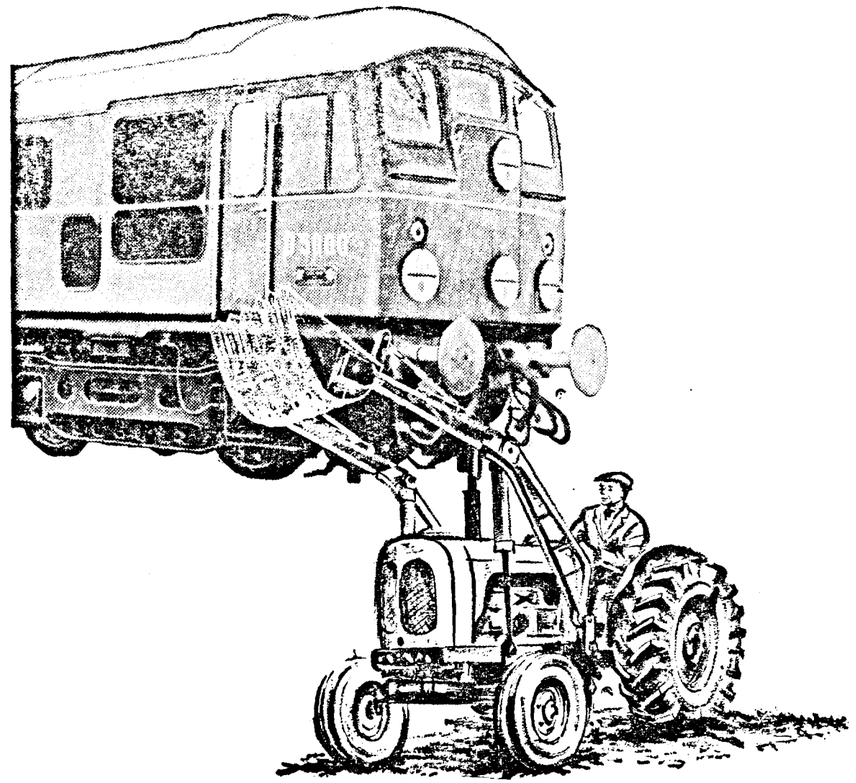

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Classless Consumers

THAT Soviet leaders promise improved living standards for their people is due in part to the impact of the prosperity of American workers. A recent study from the Department of Labour* of the transformation in their living and buying habits and those of their families since the beginning of the century shows a revolutionary advance both from economic and social standpoints.

The typical labourer of 1901 worked an average of 72 hours a week and 84-hour weeks were not uncommon. Today an American worker produces three times as much in 40 hours as his grandfather did in 70, while his wages, in spite of higher prices, buy two-and-one-quarter times as many goods and services. At the turn of the century the worker spent most of his income on the basic requirements—food, shelter and clothing. The balance had to cover all his other expenditures and provide for savings as well. Haunted by periodic unemployment and fear of a penniless old age, the worker in 1901 put aside whatever small amount he could spare "for a rainy day"; the social security benefits of today's wage-earner were completely unknown.

Rising wages have made it possible for the worker to spend a smaller proportion of his income on basic essentials and more on achieving a better and more comfortable mode of living, as Henry Ford predicted. Introducing the five-day week in his company in 1926, he argued that with increasing productivity a shorter working day would give the worker "more food, more and better goods, more books, more music—more of everything."

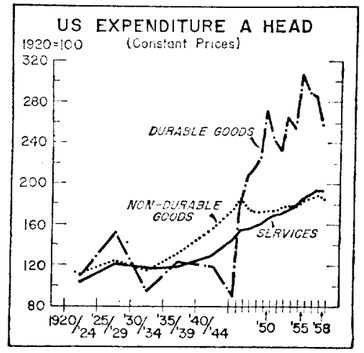
The changed pattern of the worker's expenditures reflects his growing importance as a consumer. At the turn of the century 43 per cent of his income went for food, despite the fact that his diet was based on potatoes, served according to an early survey "regularly for breakfast as well as at lunch and dinner." The 31 per cent he spent in 1950 bought better and more varied food than was available on the best tables fifty years before.

Travel, except on foot, was largely beyond the experience of the industrial worker of 1900. Even the growth of railway and urban tram lines found him spending less than 2 per cent for transport as late as the first World War. Today the popularity of the motor car has made transport the ranking item in the family budget after food and housing, accounting for one of every seven dollars spent. Nor does all of this go on motor cars; while the money spent for rail tickets has declined, outlays for travel by air and sea are on the increase.

The difference in standards of housing offers an even greater contrast between the worker of 1900 and today. As he prospered during the early years of the century he moved his family from the cramped and unhealthy conditions of the factory slums to a two-family terrace house in a "working class" neighbourhood, and in more recent years into one of the new suburban developments where, for the first time, he became a property owner. Today, through the expansion of low-cost mortgage facilities and instalment buying, three out of five workers own their homes; in their new communities they participate in the same activities as their white-collar neighbours and, not less important, send their children to the same schools.

As a consumer today's worker, with his higher wages and increased free time, constitutes with his family the most important group in the economy and his pattern of expenditure differs only slightly from that of Americans as a whole.**

The greatest gain in consumption has been in durable goods which have also shown, somewhat naturally, the most variation in the short run. Although industry may occasionally look upon the average consumer as an automatic spending device, it has not yet succeeded in gauging accurately just what and when he will buy, at least where durable goods are concerned. The consumer-led buying spree in 1955 touched off the over-expansion that culminated in the recession in 1957. A year later, when other sectors of the economy were showing improvement, the automobile industry (which had set the pace in 1955) lagged behind, apparently because the new models did not appeal to the potential customers.

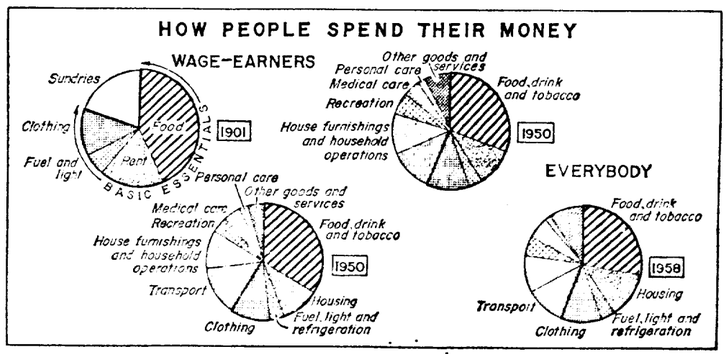


Expenditures for non-durable goods and for services, now running at a rate of 40 and 32 per cent respectively of total spending, are much more predictable and "recession-proof" than hard goods. A year-by-year comparison over the past thirty years shows that, while the volume of consumption has gained, there has been only a small variation in the share of total income absorbed by these two categories.

The revolution of the past fifty years in the buying habits of workers, and therefore consumers, has been produced through the interaction of a number of factors, including increased productivity, higher wages and the availability of credit. Yesterday's luxuries have become today's necessities and frequently in terms not of just one of an item, such as a motor car or television set, but of two or even three to a family. The social evolution that has accompanied the revolution in consumption is equally significant. While the Soviet worker's paradise has become increasingly stratified, his American counterpart has achieved a virtually classless society where, in spite of a few remaining extremes of both poverty and wealth, on the whole the worker, the salaried employee and the business and professional man eat the same foods, live in similarly equipped and comfortable homes, drive the same cars and have the same leisure time interests and activities.

* "How American Buying Habits Change," US Dept. of Labour, 1959. $1.00. 253 pages.

** Consumer Purchasing and Income Patterns," *Survey of Current Business*, US Dept. of Commerce, March, 1959.



AVERAGE ANNUAL EXPENDITURE
($ a head)

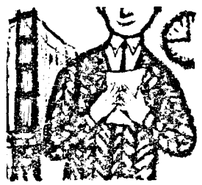
	1950 $	1958 $
Total food and drink	364·2	440·1
Food and drink consumed out	77·5	90·2
Tobacco	29·2	36·6
Clothing	156·9	180·7
Personal care	16·2	24·4
Housing	139·8	218·3
Furniture and household goods	104·9	114·1
Fuel and light	46·1	65·8
Medical care	64·0	102·4
Cars (including running costs)	142·7	174·8
Other transport	19·8	18·3
Radio and television	18·1	21·9
Other recreation	56·3	75·6
Education	11·9	19·7
Foreign travel	6·1	10·9
Total	$1,285·7	$1,683·0

Instant Letters

AFTER instant coffee and instant tea, instant letters are on the way. This is something which the gigantic American continent and the slow-moving American postal system need a great deal more. The Post Office is spending close to $400,000 this year to develop a facsimile system whereby letters and documents fed into an electronic machine on one side of the continent could be sent in a flash, over the air-waves, to the other, where a second machine would reproduce them exactly, hand-writing and all. Because of the time difference, letters sent from the east to the west coast would actually arrive theoretically before they were written. Experimental letters are now being sent over a wire connecting Washington, DC, with Los Angeles, but if the system is ever in full swing wires will hardly carry the load of 20 or 30 billion letters a year.

This high-speed "fax-mail" could be a reality in five years, the Post Office estimates; at present it plans to limit the service to 178 cities which contain two-thirds of the population. But there are difficulties to overcome. One, the fear that letters would be secret no longer and might be subject to government censorship or malicious prying, should be banished by perfecting machines to do the whole job, probably even without unsealing the letter. The greater danger is that the invention may be suppressed, or at least delayed, to protect the vested interests of the railways and airlines, which carry the post today, and of the telephone and telegraph companies whose more costly services are threatened. Facsimile systems are already in use for industry and the armed forces and on December 1st the Western Union Company plans to open to the public one which will link New York, Washington, Chicago, San Francisco and Los Angeles. It will transmit material more cheaply than the telegraph, but it will be many times more expensive than the Post Office system: $8 or so for a 600-word page, compared with a fee which certainly will be no more than the present 7 cent rate for air mail and may be much less. Possibly the opposition from private enterprise will be softened by the announcement of the Post Office that, if it sets up a facsimile service, the facilities of Western Union and the American Telephone and Telegraph Company will be used.

A drawback of another kind is that no matter how rapidly or how secretly a letter spans the continent, it will face, at the other end, the ordeal of local delivery. Washington is only now rousing itself to ensure that letters posted before 5 o'clock in the afternoon are received the next morning in the immediate vicinity—and even this need not mean before a businessman leaves for the office.



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SHORTER NOTES

Next June, just before the presidential nominating conventions, voters in North Dakota may signal which way the tide is flowing in the farm states when they elect a successor to Senator Langer, nominally a Republican, who died last week with five years of his term still to run. The Republican Governor will make an interim appointment, but recent Democratic gains in this Republican state make the election result doubtful. Senator Langer was launched on his career by the Nonpartisan Political League and was a sturdy friend of the farmer, but of almost nothing else—certainly not of consistency. He cast one of the two votes against the United Nations, opposed lend-lease, conscription and foreign aid, but defied his party to vote against the Taft-Hartley Act and against the confirmation of Mr Lewis Strauss as Secretary of Commerce. He won four terms in the Senate in spite of charges (of which he was acquitted) of corruption in state politics.

* * *

New York, not Washington, will hold a World's Fair in 1964. A commission appointed by the President took only six days to decide in favour of New York, which has a ready-made site (that of the 1939 fair), more accommodation for visitors, and more money. Austria, the only foreign competitor, has withdrawn. To finance the fair, the planners expect to sell $150 million of bonds, largely to businesses which will benefit from it, and to take in $200 million from leases, concessions and admissions.

* * *

The narrow stretch of water, through which all ships entering and leaving the great New York-New Jersey harbour must file, is to be spanned by a double decker suspension bridge carrying twelve lanes of traffic. By a mere 60 feet it will deprive San Francisco's Golden Gate Bridge of its title as the world's longest suspension bridge. The new bridge, which with approaches at either end will run three miles and cost $320 million, will link two boroughs of New York—Brooklyn and Staten Island—and will enable coastal traffic to by-pass congested Manhattan. So far more energy has been spent on naming than on building the bridge. One faction would call it after the early Florentine explorer Verrazano; the Staten Island Chamber of Commerce chartered a plane to carry a tail streamer which read: "Name it the Staten Island Bridge"; and the more literal-minded have opted for the Narrows Bridge.

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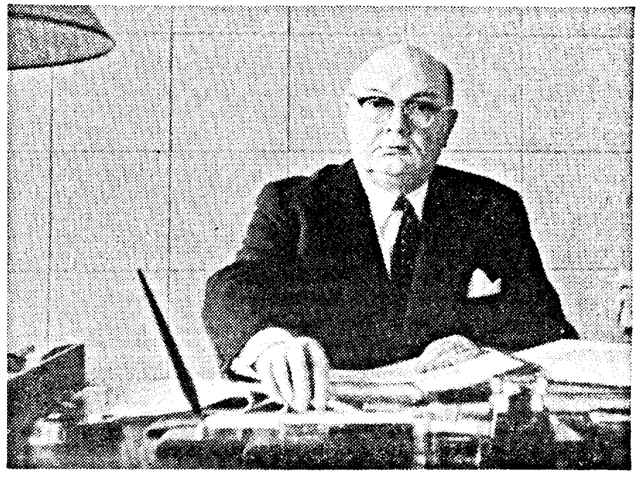

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Above—Dr. Ludwig Erhard, reported on his tour through Asia.

Left—Paul-Henri Spaak described progress made by NATO during its first ten years.

Below—Archbishop Makarios stated his views on settlement in Cyprus.

Photographed by Michael Rougier

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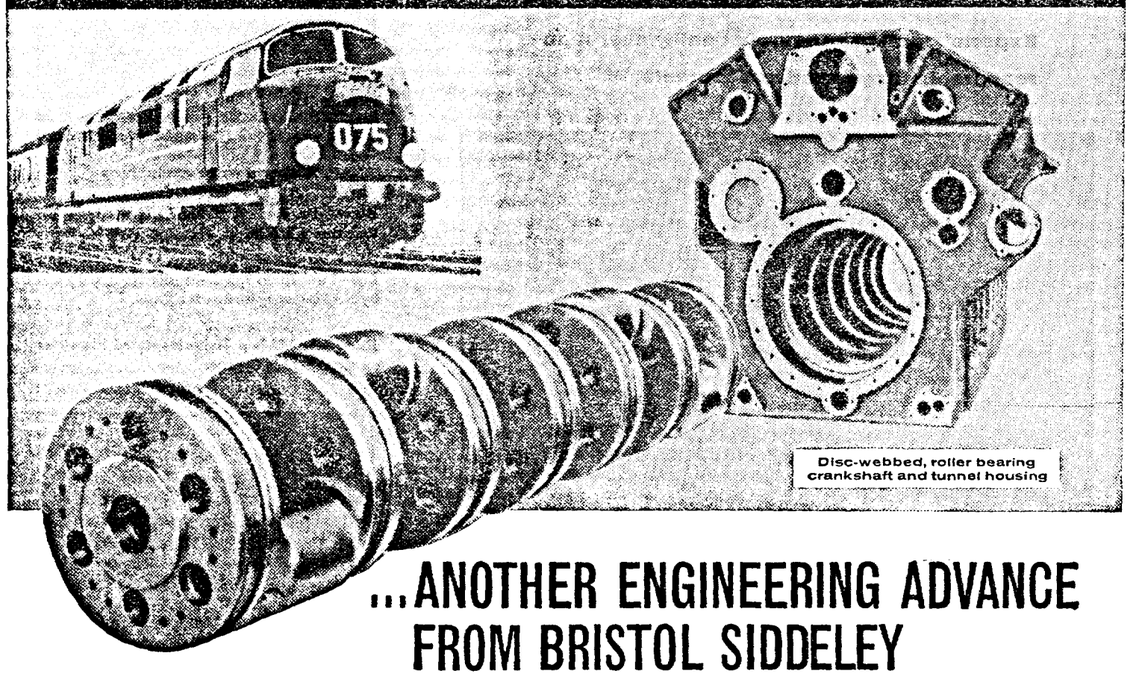

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THE WORLD OVERSEAS

German Socialists Face the Facts

FROM OUR CORRESPONDENT

"MOVE with the times—move with the SPD"; the west German Social Democrats have just under two years in which to convince the electorate of the validity of their claim to be better qualified than the Christian Democratic Union to govern the two-thirds of Germany that is more or less free to run its own affairs. The framework of their argument was set up with remarkably little disputation at an extraordinary party conference at Bad Godesberg last weekend. A new basic party programme—there have been only five such statements over the last hundred years—was approved by 324 votes to 16.

Although it leaves many tactical decisions open, it repudiates an inexorably binding marxist strategy. Acknowledgment of the debt owed to the early fathers was paid with due piety in an exhibition of faded photographs and manuscripts mounted in the entrance hall. These officially branded curiosities, confined respectfully to the glass case, were scarcely heeded by the delegates (more than half of them under fifty years old) hurrying by to tackle the business of today. The business is pressing, as most socialists between Scandinavia and Israel well appreciate. So pressing that it even kept some friends away. There was a message from Mr Morgan Phillips, regretting the Labour party's inability to send a delegation, the chief reason being "our party's almost total preoccupation with the drafting of a new party programme which is to form the basis of discussion at our conference." There were murmurs of sympathy with a fraternal party likewise consecutively thrice rejected.

Herbert Wehner, a repentant one-time communist, was the outstanding performer at Godesberg; but not, as might have been expected, by reason of importunate representation of the left. At the Stuttgart conference last year he was elected one of the party's two deputy chairmen with the express object of gingering up Herr Ollenhauer's savourless leadership. Herr Ollenhauer has since modestly waived his claim to head any government that might be formed under socialist auspices, and has thus made way for a more forceful personality to pose in 1961 as the party's alternative to Dr Adenauer. Yet it says much for Herr Ollenhauer's quietly continuing influence as chairman that it was the uncomfortable Herr Wehner who played the chief part at Godesberg in persuading the bulk of the left wing to jettison long-cherished articles of faith for the sake of arriving nearer the approaches to power. His impassioned intervention in the debates on nationalisation and defence won over most doubters to the side of the executive.

In the sentence-by-sentence scrutiny of the new programme only two delegates voted against the passage laying down that

> the consumer's freedom of choice and the worker's freedom to choose his job are fundamentals of a socialist economic policy, while free enterprise and free competition are important features of it.

The party's economic specialist, Dr Heinrich Deist, had tried previously to elucidate the executive's cautious views on ownership. Public ownership of key industries was, he submitted, only the last of several means of exercising control; and he pointed to the sweet powers of a socialist minister of finance, and to those of the trades unions, wieldable through co-determination and other opportunities. With some justification, the unwavering nationalisers reproached the platform for equivocations that would be the cause of interminable dissension. But the majority appreciated that the new pronouncement, if not altogether clear, was at any rate clearer than anything that was voiced at Stuttgart last year, and would at the same time leave the leadership with some useful ground for manœuvre.

The conference gave almost as much time and care to formulating its attitude towards defence as it did to its views on economic controls. Confused, and at times strongly opposed, ideas within the party have long given it too irresponsible an air to win the confidence of voters living next door to the realities of communist east Germany and Czechoslovakia. The new formulation affirms the necessity for defence, treats conscription solely as an issue of temporary expediency, and rejects the use of "weapons of mass destruction." The platform aired its hopes that a socialist minister of defence would be spared the nuclear dilemma by the creation of a zone of controlled disarmament embracing the whole of Germany. In the meantime, it would be too much to expect the United States forces in Germany to spike their atomic guns in a lone act of renunciation.

Some of the old guard saw only a base opportunism in the executive's attempt to present a party shorn of its marxist beard and ready to cut a dash in uniform. They were uneasy at the respectful bow made to the churches, even though it was qualified by a demand for reciprocal consideration for unbelievers. They will be heard more loudly in the coming months when the new programme is discussed by local organisations. But they have been irreparably defeated, and they know it. As for their charge that too much has been left obscure, Herr Ollenhauer has promised prodigies of illumination when the party brass meet early next year to hammer out detailed election and government programmes based on the Godesberg directive.

It was noticeable that the platform was taking pains to efface the picture of disunity at the top that emerged sharply at the last party conference. The invidious business of forming a shadow cabinet is still being avoided, even though many party members contend that the electorate should be given an opportunity to become better acquainted with the men who could take over from Dr Adenauer's team. The ticklish issue whether Professor Carlo Schmid or Herr Willy Brandt should be presented for the chancellorship is being left for discussion nearer the hour. It is a melancholy thought, but it is none the less possible that Herr Brandt may still be urgently needed in Berlin in 1961.

Polish Writers in Jeopardy

MR ROSENTHAL, Warsaw correspondent of the *New York Times*, has been expelled for reporting "very deeply and in detail about the internal situation." Mr Rosenthal has certainly been writing very perceptive reports, particularly on Poland's economic difficulties and recent changes in the leadership. The authorities

did not challenge their accuracy; apparently he has just done his job as a journalist too well. (Another American remarked that the reasons Poland gave for his expulsion read like a citation for a Pulitzer prize.)

In his last reports Mr Rosenthal dealt with the fears and outspoken protests of Polish writers faced with a tightening censorship and increasing financial pressures. Perhaps he sealed his fate by revealing a striking case of Russian interference. The Soviet ambassador in Warsaw, he reported, had collected a group of Polish journalists and denounced to them their country's preference for western culture.

Mr Gomulka, as Mr Rosenthal reported, was certainly not pleased with this interference; but the Soviet envoy may have been encouraged to lay down the law both by his masters in Moscow and by recent actions of the Polish leaders. Moscow has always resented the freedom allowed to artists in Gomulka's Poland, and has treated Polish publications as carriers of "revisionist" germs. It may have considered that the tightening of political controls after the recent economic crisis made this a good moment to prod Mr Gomulka into taking further action against his intellectuals.

Official Polish spokesmen claim that the writers are dissatisfied because they are being asked to share in the general austerity. The writers reply that censorship is not an economic matter, and that financial pressures are being used to secure conformity. They point to significant changes in the leadership, particularly the replacement of Mr Morawski, who had control of cultural matters in the party secretariat during the liberal period, by Mr Ochab. They see the appointment of General Witaszewski as deputy chief of staff in charge of intelligence services as the symbolic return to power of a Stalinist. Many writers are said to be contemplating a boycott of the congress of their union early next month.

Gaullists Mull it Over

FROM OUR SPECIAL CORRESPONDENT IN BORDEAUX

THE author of the famous *Essays* was once mayor of Bordeaux. And Montaigne's detached scepticism was perhaps the best mood for those trying to understand the strange show presented in the town last weekend—the first congress of the neo-Gaullist UNR. This bewildering party claims the French head of state as its patron; it has within its ranks the president of the Assembly, the prime minister and many members of the cabinet. Its only function is to obey faithfully. The UNR has the trimmings of power and no power of decision. Appearances were deceptive in another way. All motions were finally carried almost unanimously. But this semblance of unity was reached after three days of crises and shouting, of insults and fisticuffs.

The bitterness of the debates can only be understood against the party's background. It is the heir of the Gaullist Rally (or RPF), which reached its peak in 1947 and then gradually vanished. Two years ago it was reduced to a handful of parliamentarians. It owes its revival to the Algerian *coup* and its parliamentary strength (210 deputies) to the implicit patronage of the triumphant general. For a time the UNR could couple "Long Live de Gaulle" with "French Algeria." Now that the general is seeking to extricate France from the war by promising Algerians self-determination, many neo-gaullists are worried, while some would even try to force the party to stick to its previous line.

M. Ali Mallem, the Moslem Algerian deputy, provided at the start a good illustration of the party's inner contradictions. He produced a lengthy and very bold report on the Algerian situation, emphatically dotting some of the awkward i's. The gist of his argument was that the president must negotiate with men who really represent the Algerian people and not with "prefabricated deputies." Yet on Friday evening, in the Algerian committee, M. Mallem said exactly the opposite: "We are not prefabricated deputies."

M. Mallem's retreat was induced by the mood of his audience. At that Friday session the secretive M. Soustelle, reluctant to commit himself as long as the issue is in doubt, made an open bid for the leadership of the opposition which was trying to tie the general's hands over Algeria. He continued his efforts during the last two days of plenary sessions when the congress moved to a sports arena on the other side of the Garonne. He would suddenly walk out in protest and then return to the microphone on the ground that it was "his duty to intervene"; or he would wave his hand to his too vociferous supporters to stop their rhythmic chanting of *sooss-tell*. But his outbursts were carefully calculated. He did not give the impression of a man spoiling for an immediate fight, but of a tactician acting for the record and thinking already of the succession to the general.

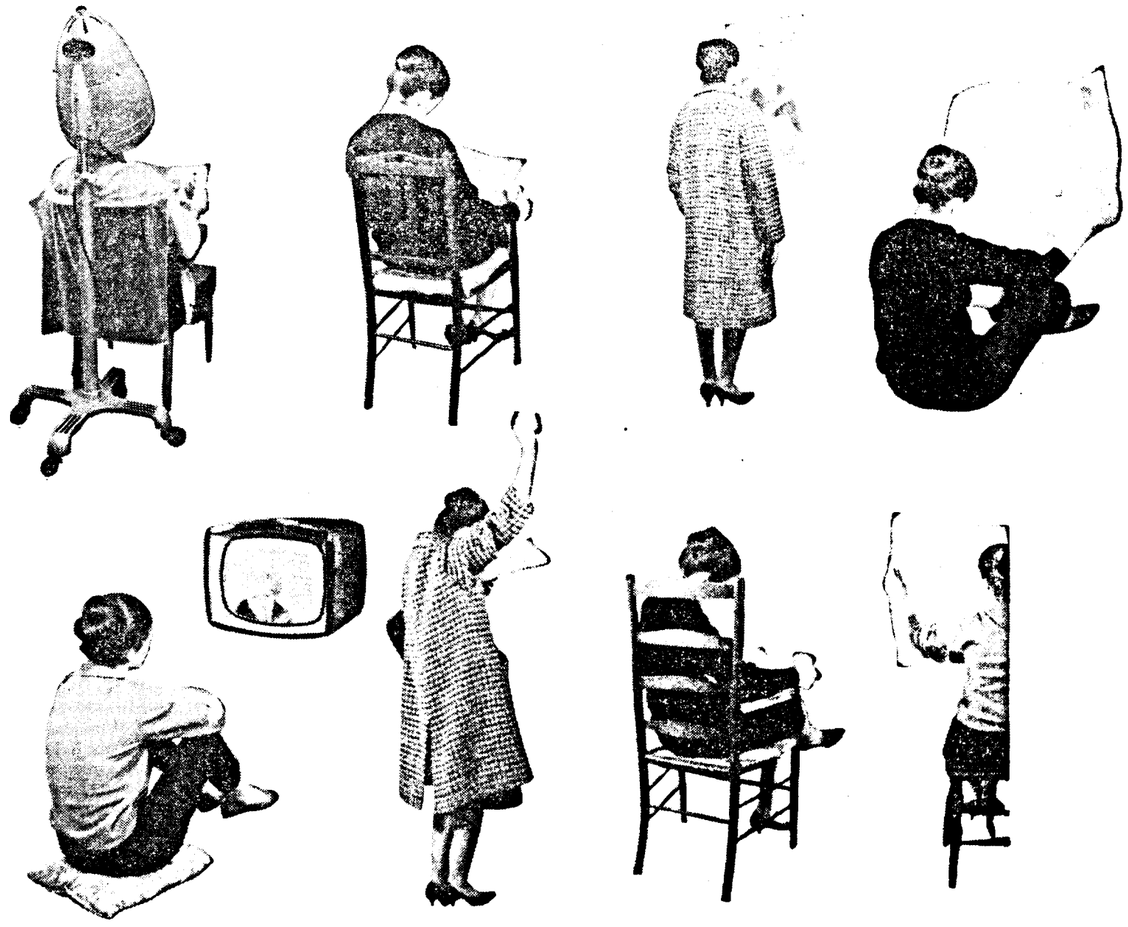
Such tactics were realistic. M. Soustelle's views on Algeria may correspond to the mood of the rank and file. But the UNR machine has nothing to learn from the political parties it despises about packing an assembly or the use of the block vote. In the lobbies the opposition uttered bitter complaints that the orthodox federation of the Seine, for instance, miraculously recruited a few thousand new members on the eve of the congress. And when it came to the election of the leading bodies in Bordeaux, the advocates of unconditional obedience to the general easily won the day and left little room for the friends of M. Soustelle.

M. SOUSTELLE had another reason for caution. He could not hope to break the spell of the general's personality. He was, in fact, careful to justify all his statements by years of gaullist fidelity. Other names and subjects (such as national greatness, contempt for the United Nations and the Anglo-American "good offices" mission in Tunisia last year; praise for the army and assurances of an eternal French presence in Algeria) were bound to set off applause. But nothing could compare with the enthusiasm aroused by the magic name of de Gaulle.

The official speakers were disarmingly frank about the party's dependence on its unofficial leader. The head of the parliamentary group said plainly that there was a large number of UNR deputies in the Chamber because people "had voted for him, not for us." M. Chaban-Delmas—the handsome mayor of Bordeaux, ex-general, ex-rugger international—tried to summarise the UNR's duty in a formula: "to follow de Gaulle and anticipate events." In the circumstances, it was hard for M. Chalandon, the young financier who until the congress had managed the affairs of UNR as its general secretary, to define a programme. He talked of industrial expansion, of workers' advancement and even claimed the association "capital-labour" as a gaullist invention (Mussolini's heirs might sue him for infringement of copyright), but he had an impossible task in trying to reconcile a programme with absolute fidelity to a man who does not care to reveal his designs. Without a draft from the Elysée, the orthodox UNR leaders must resign themselves to crystal gazing.

In between sessions delegates, with their badges, were easily distinguishable in the coffee-houses and restaurants of the town. It was a motley crowd. Poujadist shopkeepers, arguing about the threat of multiple and department stores, rubbed shoulders with ambitious dandies, the would-be Rastignacs of the new regime. Respectable middle-class ladies, ecstatic at the very mention of the general, mingled with strong-arm specialists who would have fitted perfectly into the setting of Chicago speakeasies at the time of prohibition. There were some ex-army types and a contingent of the small, slightly jingoist, beret-wearing Frenchmen who usually dominate Radical congresses.

The Facts of Graphis



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It rained in Bordeaux on Sunday. Those who did not rush back to Paris or the provinces after the congress had ended could return to the Alhambra, where M. Mallem had performed, to watch a personal appearance of Fernandel. But the UNR is no laughing matter. The trouble with dependence on a leader is that it acts as a screen. The immediate lesson of the congress is that General de Gaulle can rely on obedient UNR battalions and can, therefore, play the parliamentary game, while keeping absolute power. But it is impossible to tell what would happen to this strange party—which some want to transform into a mass movement—under the spur of such events as an economic crisis, the revival of the opposition, real trouble over Algeria or the departure of its leader. Some members are content with the gaullist victory at the congress. Others, and they are not just the lunatic fringe, frankly feel that the French monarch is too enlightened for them.

Testing Time for Kenya's New Governor

FROM A CORRESPONDENT IN NAIROBI

In his first speech to the Kenya Legislative Council last week the new governor, Sir Patrick Renison, announced that he intended to end the state of emergency declared in October, 1952. He said that the law would be reinforced to provide "a fully effective first line of defence against incipient lawlessness" and that measures would be introduced to enable the government of Kenya "to deal promptly and effectively with threats to public security as they may develop." The European reaction was typified by Mr Michael Blundell, who said that the governor was to be congratulated on the measures, but that "ultimately the public would judge them entirely on their success in maintaining law and order." In general, Asian opinion welcomed the governor's speech.

But the African elected members were dismayed at the threat to the Africans that they believed to be implicit in the new measures and which they thought to be underlined by the statements of Europeans. The fact that there are to be regulations under permanent legislation for the continued control of political organisations and of public meetings meant to them that purely African political movements like the Kenya Independence Movement would continue to be banned, and that the restrictions on public meetings, which, they claim, have prevented them from showing the true depth of African feeling on many matters, would not be lifted. The governor said that he hoped he would not need to use these controls and that he intended to give "sufficient rope" to see "how much, if at all, they must be used." But the African members point to an increasing number of prosecutions of Africans, including the "procession" charge against six elected members and the conviction of Lawrence Oguda, elected member for Nyanza South, as signs that control and "toughness" are dominant in a government which they regard as strongly influenced by four "local" European Ministers, all members of the New Kenya Group. In replying to these protests government speakers said that during the past 18 months the emergency powers had been considerably relaxed and that only those powers absolutely essential to the maintenance of law and order would be included in the new legislation.

Sir Patrick Renison

Mr Oguda was charged with sedition on the grounds that he had referred to the American War of Independence as an illustration of the fact that "people" always had to "fight for independence" and had suggested that if the constitutional conference next January failed, the Africans might refuse to pay the personal tax. His conviction—he is appealing against a sentence of 12 months' imprisonment—has undoubtedly increased the African elected leaders' fears about their own position in the political battle. Against this background, African opposition to the government seems likely to grow more bitter, unless Sir Patrick Renison can establish confidence and some personal relationship with the African leaders as he did with Dr Jagan in British Guiana. But Sir Patrick has not much time left before the constitutional conference.

The ending of the emergency has come in the middle of the controversy over Sessional Paper No. 10, which is designed to lead to the gradual opening of the white Highlands to non-European farmers. Local boards will examine all non-European applicants and can turn them down if—in the words of the Paper—

> the information before the Board, including any proposals for development submitted by the applicant, indicates that the proposed transferee is unlikely, for any reason, to be a good farmer of the holding.

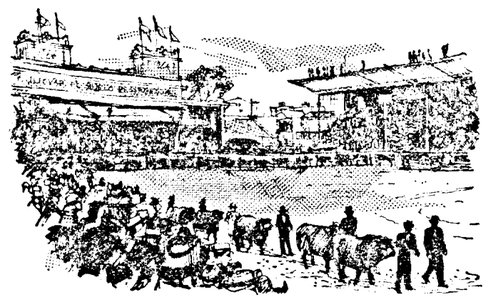
Rejected applicants can appeal to the governor for a final decision. After a lot of argument many meetings of Europeans have accepted the paper in principle but object strongly to the details. The divisional and regional boards are to be appointed by the minister of lands, from a panel of names sent in by bodies completely or overwhelmingly European in constitution. The Europeans are pressing for the boards to be elected by the local farmers; the United Party led by Group Captain Briggs is also asking that there should be no appeal to the governor if "either of the two lower boards has refused to sanction a transaction." Both African and Asian elected members are now saying that control will be in the hands of the local Europeans; the United Party's suggestion would certainly place it there completely.

Group Captain Briggs claims that "certain prominent European members of the New Kenya Group have stated at joint meetings with us that for various reasons they agree that it must be made possible for transfers in land to be refused on grounds of race at the discretion of the control boards." This has been denied by the New Kenya Group in a statement which says that "race of itself" should not be a cause of refusal. This still leaves the complication that race must be taken into account and if the European members of the group insist on this type of qualification, there will be discussion with, and possibly the resignation of, many of its Asian and African members. In any case, say the African elected members, the thing is a farce as far as we are concerned: we cannot afford to buy the land whilst the Europeans are getting freehold title. In fact, the existing leases are mainly on a 999-year basis, but it is true that very few Africans will be able to afford to buy. Many Asians have the cash, if they could persuade a European farmer to face a divisional board with his desire to sell to them, but very few Africans would be able to enter the Highlands except as tenants of European landlords. So Africans demand government finance to help the African buyer.

Suspicion that European influence inside and pressure outside the government is succeeding has been deepened by the statement that

> it is not the government's intention to press for the debate until ample opportunity has also been given to interested bodies to make clear to the government their views on the details of the proposals.

Thus, Kenya's new governor already faces his first severe test, for on his decisions may depend not merely the atmosphere at the constitutional conference but whether any African elected member will be prepared to attend it.



Meatless Days in Argentina

BY A CORRESPONDENT

A ceremonial duty of every Argentine president for the past seventy-five years has been to lead his cabinet, escorted by the presidential guard, round the ring at the cattle show held each August at Palermo. His presence there, among the pedigree Durhams, Shorthorns, Aberdeen Anguses, and their aristocratic owners, sets an official seal on a proud nation's chief glory: its superb livestock and its position as the world's leading meat exporter.

The Argentines' pride and satisfaction in their famous industry reached a climax during and after the second world war. While the rest of the world went on short rations, beef became cheaper and more plentiful than ever along the River Plate. Restaurants in Buenos Aires served steaks two inches thick and so wide they overflowed the plate, unskilled workers and farm labourers could afford to eat 3 or 4 lb of meat a day, and the very dogs, gorged on "waste products" like liver and kidneys, refused to touch any other food. The *asado* (meat broiled over an open fire) became an essential part of life; when an Argentine arranged a christening, a marriage, a political meeting, or a funeral, he was expected to provide a *kilo* of meat for every guest. Yet enough beef was left over to raise exports and foreign exchange reserves to record levels.

General Perón and his economic advisers, although they took advantage of the meat surplus, were not happy about what they called the colonial nature of the industry. "The English," the general said, "are trying to keep us a race of shepherds and cattle-drovers." The government's slaughterhouse monopoly fixed the prices paid to farmers so low that many of them were forced out of business; they and their *peones* moved to the cities to find work in the subsidised and tariff-protected industries of the "New Argentina." This policy also had political advantages: the wealthy ranch-owners suffered most, while the masses were provided with cheap food. A *peronista* marching song boasted that under the general's rule bellies were full:

Con Perón y con Evita
La pancita es llenita

The governments that came after General Perón hesitated to make any changes in his agricultural policies. Exports continued to be high, and the fixed prices encouraged a rapidly growing population to consume more and more beef. As a result, the stock of cattle on the *pampa* melted away:

	1955	1956	1957	1958
Cattle exported. (thousands)	1,800	2,500	2,500	2,600
Home consumption (thousands)	8,200	9,100	9,400	9,500
Consumption... (lbs. a head)	196	209	205	201
Cattle on range. (thousands)	—	46,950	43,980	40,500

This suicidal rate of slaughter clearly could not be allowed to continue, but until this year the government lacked the moral authority to impose a workable system of rationing. Meatless Tuesdays and Thursdays during which shops and restaurants were permitted to sell only fish, poultry, pork, and lamb, were tried but proved a failure; housewives simply bought a double supply of beef twice a week. At last, in December, 1958, President Frondizi abolished price controls and took steps that were designed to cut exports by 40 per cent. Within a week prices doubled and continued upwards. The index of retail meat prices (1943 = 100) rose from 882 in June, 1958, to 2,900 in December, 1958, and to 4,350 by June, 1959.

Public response was one of disbelief and shock. Well-to-do families continued to eat meat as before, but the majority of the population had to cut its meat consumption by half, and the poorest families could afford it only two or three times a week. Fish, chicken and pork have never been eaten much in Argentina, and since they cost almost as much as beef, the middle and lower classes have turned, unhappily, to bread, potatoes, spaghetti, and various dishes made of maize. A new cookery book of austerity recipes has become a best seller by extolling the virtues of vegetarianism, and the government has solemnly pointed out that "there are millions of people all over the world who enjoy excellent health although they eat meat only three or four times a week." Meat consumption this year is estimated to be about 140 lb a head (compared with 55 lb in Germany and 12 lb in Italy); the universal complaint is that "I always feel hungry."

This gastronomical frustration has undoubtedly had important, if not precisely measurable, political results. President Frondizi, who was elected last year, is now booed when he appears in newsreels. His Intransigent Radical party, which controls a majority of the lower house and every seat in the senate, is badly shaken: in provincial elections in Mendoza last August it fell to fourth place, barely ahead of the Communists. Peronism is making heavy gains among workers who have had to give up their *asados*, stew and sausages.

Marshal Tito's Cornucopia

FROM A CORRESPONDENT

"You must write the success story of Jugoslav agriculture," said my host as our lorry bounced along the dusty road between endless rows of tall maize plants. He was not a Jugoslav, but a visiting specialist in hybrid maize who had come to look at the results of its introduction to Jugoslavia from the United States. He examined the corn cobs with expert fingers, and found them very good. Between the rows of maize were giant golden pumpkins, and if we stood up and looked across the Vojvodina, the grain-belt of Jugoslavia, the maize fields stretched away to the horizon.

"Of course you must not judge Jugoslavia by the Vojvodina," I was told; great areas of the country—the karst region behind the beautiful Dalmatian coast, the black mountains of Montenegro—have very poor crops. Even in relatively good areas yield might not be expected to be as high as in the Vojvodina. Also, the maize fields we had examined had belonged to a state farm, and their standard of cultivation is greatly in advance of the national average.

But as one travels in other parts of the country—Slovenia, Croatia, Serbia, Bosnia—it becomes quite obvious that Jugoslav agriculture in all its sectors—state farms, co-operative farms and private holdings—is having an unprecedented success. The wheat harvest from Italian seed has been good (4 million tons), fruit is abundant, and it is possible that the maize harvest this year—a

year of indifferent weather in Jugoslavia—will produce 7 million tons, with a surplus for export exceeding the 550,000 tons of 1957, the year of perfect weather and bumper crops.

New building is going on everywhere, even in poorer regions, and not only on state and co-operative farms. A private peasant, whom your correspondent has known for years, who has the maximum permitted holding of 10 hectares (some of it poor land and some orchard and vineyard) has just replaced his earth-floored, one-roomed hovel by a new two-roomed brick-built house with a large storeroom in the roof. Thousands of other peasants are doing the same. Even the interiors of their houses are being transformed; many that used to be bare, have pots and pans (some traditional, most standard articles from the big store), curtains, ornaments (mostly hideous and modern) and furniture.

Some of this prosperity is due to the fact that a new class is emerging in the countryside—the semi-peasant, the family that has at least one member working in the nearby factory (heavy and light industry being dispersed throughout the country) and bringing in a regular wage. But the other reason is that, with modern knowledge and techniques, peasants are getting more out of their land and they can be certain of selling all they produce, with the possible exception of fruit. There is also plenty in the shops for them to spend their money on: good textiles, all sorts of household goods and gadgets, bicycles, washing machines, refrigerators, even television sets, motor cars and motor bikes. It is true that most peasants prefer to spend their money on their homes and land, and the roads in the interior are too bad for motorised transport, even if they made enough to buy a car, but the vision for the future is there for all to see. Primitive husbandry, antique wooden implements, home-made traditional clothes and ancient superstition are still to be found, but sociologists and ethnographical experts who wish to see them as part of a living tradition will have to hurry, for they are fast disappearing.

This new prosperity is all the more surprising since agriculture in Jugoslavia until the early nineteen-fifties was the Cinderella of Jugoslav planning, neglected in favour of her ugly sisters heavy and light industry. The planners (like Dr Bakaric) who fought for increased agricultural investments and a less doctrinaire attitude to the peasants had a long struggle before they got full backing. Changes were cautious and improvement so gradual that it was not until last year that the general trend of success became undeniably clear.

Tractor stations were abolished as far back as 1950 ; in 1951 there were 6,250 tractors in the whole country, now there are 28,000 (all owned by the "socialist" sector, but they can be hired out to private peasants). The unpopular and uneconomic co-operative farms were allowed to be disbanded in 1953, a cadastral tax on prewar land values instead of a punitive tax on profits came in 1957, and these two measures did more than anything to restore the peasants' confidence and make them inclined to respond to official exhortations to grow more. Fertilisers were offered at cheap, subsidised prices ; in 1952 80,000 tons of fertiliser were used, in 1959 over 1 million tons. Improved seed was sold cheaply and new breeds of stock were made available: pigs from England, Friesian and Emmenthal cattle, horses, poultry. Much of this was made possible by western economic aid, which also helped to establish tractor and fertiliser factories in Jugoslavia.

The results have abundantly justified these efforts. Statistics (admitted by critical foreign observers to be reliable) are even more telling than the atmosphere of bucolic euphoria induced by a succession of Breughel-like harvest scenes. Grain yield has increased every year since 1954, regardless of weather, as is shown in the following table:

CROP YIELD PER HECTARE (in tons)

	1954	1955	1956	1957	1958
WHEAT					
National average.....	0·75	1·28	0·99	1·59	1·23
State Farms	0·94 (25)	1·8 (40)	1·54 (53)	2·33 (40)	2·43 (98)
Working Co-operatives	0·96	1·7	1·52	2·21	2·23
MAIZE					
National average.....	1·22	1·6	1·3	2·2	1·65
State Farms	1·85 (50)	2·1 (30)	2·15 (65)	3·8 (73)	4·2 (154)
Working Co-operatives	1·8	2·0	2·3	3·6	3·9

(Figures in brackets are per cent above National Average)

One outstanding point about these figures is that the greatest increases have come in the "socialist" sector—the state farms, the few working co-operatives, the land worked by the general co-operatives. Such farms have many advantages not enjoyed by private owners, such as priorities, with a rebate on the cost of all supplies, their own tractors (usually one to 50-60 hectares on the state farms) and other heavy machinery which private peasants are not allowed to own but may hire—which often means taking a turn when conditions are not so favourable. State farms can employ as many seasonal workers as they need from the reservoir of (by western standards) cheap labour in the poorer parts of the country (Macedonia and Montenegro, where the unemployed are anything from 10-17 per cent of the total population).

Wages range from 15,000 dinars (about £15) a month for a skilled, to 7,000 dinars for an unskilled, worker, and there is no obligation to provide accommodation, as in the case of English hop-pickers. In some cases it is still cheaper to employ human labour than to buy new machines. State farms also pay lower taxes than private peasants (whose taxes average 12,000 dinars per hectare), and perhaps most important of all, the state farms are large compact estates instead of being divided into the wasteful strip system that is still the bane of many private holdings.

But the whole "socialist" sector in agriculture only represents 8 per cent of the total (23 per cent in the Vojvodina), and if agricultural output is to go on improving so that Jugoslavia can become a major food exporting country—which is the aim of present planning—a great part of the increased production will have to come from the private peasants. The drive is now on to cajole, entice or bully them into producing more of the kind of produce the state can sell on world markets. Improvement in livestock breeding, with an eye on the beef market, is the next big aim, and here again, state farms are expected to take the lead. Some have already made highly successful experiments with special fodder crops and silage from green maize. Private peasants are encouraged to follow suit. But as a threat to the recalcitrant, ignorant or lazy, minimum standards of cultivation are to be fixed according to local conditions. Peasants who persistently fall below these standards are liable to have their land taken away for periods of up to three years. And in case this may be thought a savage communist measure, the minister of agriculture insists that it is no worse than some English regulations.

Yet in spite of this threat the atmosphere is good in agricultural circles (private and official) in Jugoslavia. Success breeds success and confidence, and providing the present relaxed political atmosphere continues, Jugoslav agriculture may be expected to develop within a few years into a kind of communist version of Denmark.

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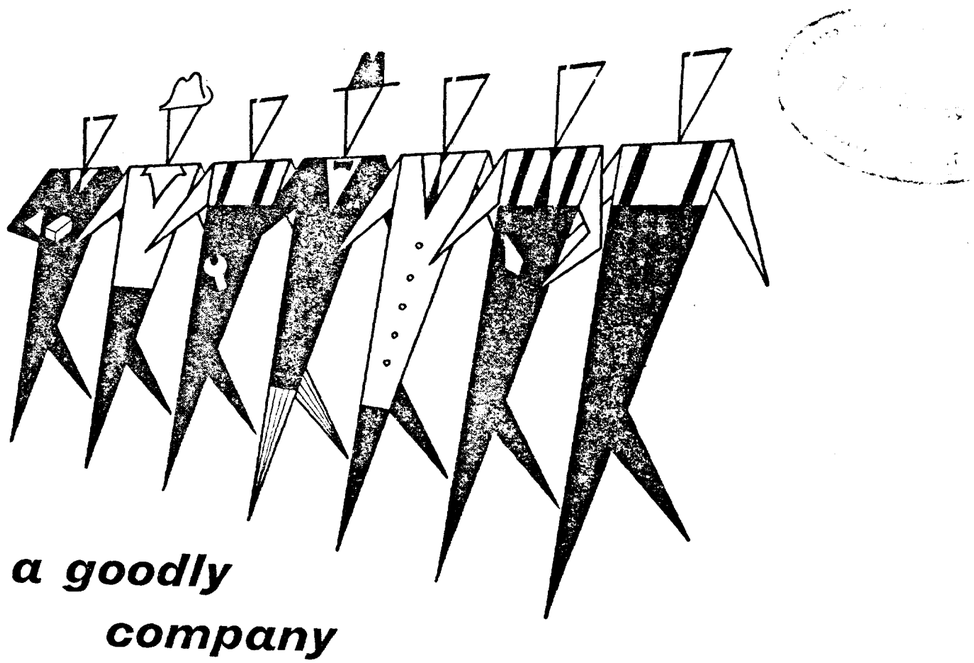

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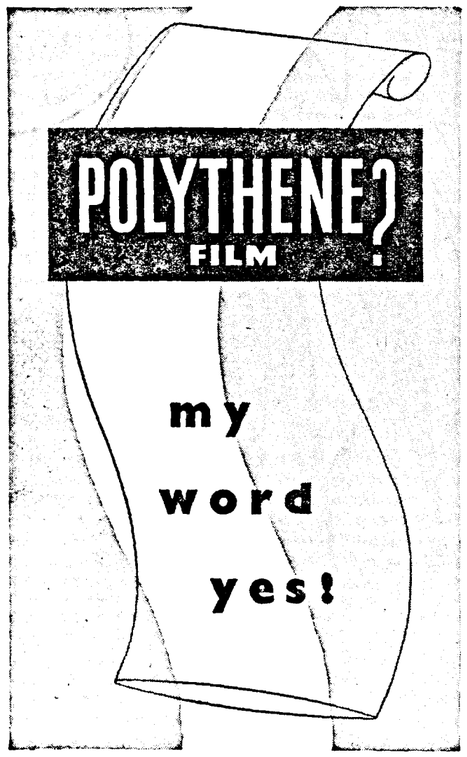

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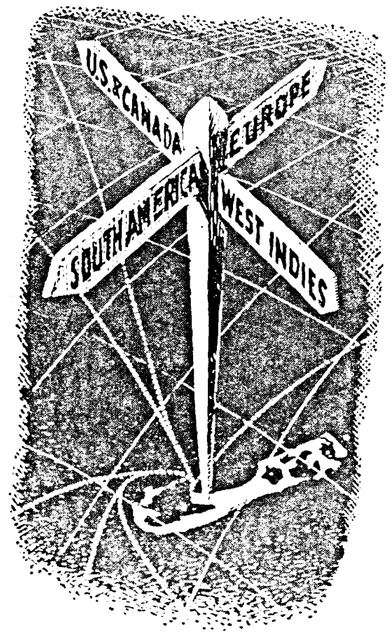

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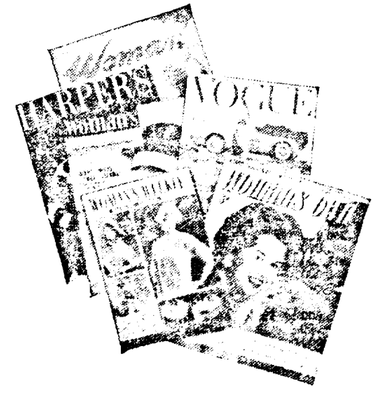
THE BUSINESS WORLD

Petticoat Battleground

It is nearly a year since the Daily Mirror group bought the somnolent business of Amalgamated Press, now renamed Fleetway, swept through its offices with the crusading vigour of a new broom and provoked a series of mergers in the magazine publishing world. To scotch the possibility of further empire building by the Mirror, Odhams Press bought up in rapid succession the Hulton and then the much bigger Newnes publishing business. In neither case were Odhams or the Daily Mirror group interested in specialised journals or popular, general interest magazines of the now defunct *Picture Post* type ; these have proved too vulnerable to competition from television. The prizes they coveted were the magazines written exclusively for women, in particular the half-dozen mass-circulation weeklies and some of the more promising monthlies that looked as if they would become weeklies in their turn.

The table on the next page shows that Odhams now controls four of the six best-known weekly papers, which between them have a circulation of between 10 and 11 million copies a week. Odhams founded the biggest seller of them all, the magazine *Woman*, twenty years ago. It has had many imitators, but none quite able to cap its steady sale of more than three million copies a week, year in, year out. The corresponding Newnes's paper *Woman's Own*, has roughly three quarters the sale of *Woman*. Odhams and Newnes each launched a new woman's paper a year ago, *Woman's Realm* and *Woman's Day*, to accommodate advertising for which there was no space in their established magazines ; these have reached, respectively, circulations of slightly more and slightly less than a million copies a week.



The two large circulation weeklies acquired by the Daily Mirror through Fleetway have nothing like the success of the Odhams and Newnes best sellers, although one of them, *Woman's Illustrated*, is written to much the same formula. The second, *Woman's Weekly*, is in complete contrast to the five already mentioned. Its pages are smaller and fewer ; they are totally without colour and they are printed throughout by letterpress. The bright photogravure printing of the other mass-circulation weeklies is held to explain their popularity with advertisers and readers ; the substantial sales of *Woman's Weekly*, which has none of these advantages, are something that the publishing trade regards with awe. The possible development of these two magazines, going gay with colour, say, and aggressively looking for more circulation would involve the trickiest question of all : who could print them ?

The attraction of Amalgamated Press for the Daily Mirror group must have been partly in the scope that the Mirror's planners could see for developing the less vigorous of the Amalgamated Press magazines, and these two weeklies in particular. Drastic changes have already been made inside the Fleetway organisation and bigger ones are contemplated. Odhams, on the other hand, acquired two empires in being when it bought controlling interests in Hulton and Newnes ; and so far as there has yet been any manifestation of policy towards its new properties, this has been to co-ordinate some common services and leave the separate publishing houses to compete for sales among themselves on what is described inside Odhams as the "Unilever pattern."

Both Fleetway and Odhams, however, share a common worry. Their magazines, weekly and monthly, are written largely for women who do a good deal of housekeeping. But there is a sizeable group of high-spending young women and girls without such domestic ties—for whom the hideous name of "teenage women" has been thought up. The National Magazine Company, the third largest publisher of woman's magazines in this country but a great deal smaller than Odhams or Fleetway, has paid considerable attention to this market. Its two newest magazines, *Vanity Fair* and *She*, are produced for just such young women. *Vanity Fair* was a resounding success from the outset, although very little was spent on promoting it. *She*, after a shaky start and a much more expensive launching, is also doing well—and has been described by one of the National Magazine Company's competitors as one of the most interesting experiments in publishing since the war.

Neither Fleetway nor Odhams intends to leave the National Magazine Company in sole possession of this market, but their plans for producing new magazines for the "teenage woman"

seem to be running into difficulties. A new weekly magazine from Odhams appears to have been put into cold storage for the time being; Fleetway is producing such a magazine, *Honey*, in the spring but it will be monthly, not weekly; and although monthly magazines are profitable and can have sizeable circulations, it is the weekly magazines that earn the really big money. Meanwhile *Vanity Fair*, nominally a monthly, is appearing much more often than twelve times a year; there have, for example, been two issues in the past four weeks. This could be the first step towards turning it into a fortnightly publication like the lushly produced and radically improved *Queen*.

HONEY is a monthly from necessity not choice; the capacity could not be secured to print, in colour, fifty-two issues a year. This shortage of colour printing capacity is the most important single factor in the market for women's magazines today. It makes it impossible for any publisher quickly to launch a new mass-circulation weekly to compete with those already on the market—and on the presses. This is in any case an expensive business; the annual printing bill for a new weekly produced at the relatively modest rate of one million copies a week would run to about £2½ million and nearly £500,000 would have to be spent on advertising and promoting the new magazine. A large, rotary photogravure press for colour printing costing £750,000 can produce 200,000 copies of the average woman's weekly paper every 24 hours, working round the clock. Publishers aiming at mass circulations well above the million mark in fact require the almost exclusive use of two or three such presses and the composing room and photographic facilities needed to set up a paper this size. There is enough slack in the printing industry to turn out new colour weeklies (like children's comics) if their circulation is kept well below the million, but circulations running above the million need new plant, and that takes at least eighteen months to lay down.

Any printer, therefore, undertakes considerable financial risk in installing new capacity to print a new magazine—and he has to do this long before he knows whether the magazine will be a commercial success. Nearly all the best-known woman's magazines in this country are printed in one of three printing plants. Of these, two are owned by the publishers, Odhams and Fleetway. Only the third, Sun Printers at Watford (a subsidiary of Hazell Sun Ltd.) is independent and does work in markedly varying proportions for both the big groups.

It is not, however, machine capacity alone that limits the number and size of colour weeklies. The key worker in photogravure printing is the colour retoucher, who prepares and touches up the colour pages. There are perhaps 700 of them and they form one of the printing industry's tightest craft unions with strict rules about recruitment and entry. About two-thirds of them work at Watford in the neighbouring printing works of Sun and Odhams and their earnings average £30 a week. With more colour retouchers, many magazines now printed monthly could and probably would be converted into weeklies; but, as matters now stand, it is impossible to prepare their colour pages in this country, and the print unions will not handle those prepared abroad.

Some of this work can be mechanised. There are experimental electronic colour-retouching machines which, it is claimed, would reduce the need for hand labour by as much as 30 per cent. But this would merely widen the bottleneck a little and allow more work to flow through; it does not remove the restriction itself. The only cure for the industry's labour shortage may lie in supplementing the existing photogravure plants by adding the web-fed offset system of colour printing that is becoming increasingly popular in the United States. If such presses were ordered now, it would still be three to four years before they were installed and working.

For independent printers like Sun or the Bemrose company at Liverpool, the business of printing such mass-circulation magazines carries its own special hazards. The ordinary commercial risk of a paper dying can be hedged by long-term printing contracts which secure that if a multiple publisher killed a magazine he would replace it with other work for the printers. But there is also the problem of the number of titles and the tendency for women to buy more than one. Is this necessarily permanent? The phenomenal jump in sales of these magazines is thought to be one aspect of the increased spending power of their women readers, with the magazines fulfilling the twin function of catalogue and advisory service. Most publishers think there are far too many magazines on the market, especially monthlies, and yet the number of titles continues to multiply.

It makes a deal of difference to the way in which a printer lays out his works whether women are going to give their custom to one or two mass-circulation giants as they have done in the past, or to spread it among several sizeable publications. If the remarkable success of the two newest Odhams-Newnes woman's weeklies were to be the beginning of a change by women towards buying more titles each week, it would follow that printers would have to provide a bigger ratio of composing and photographic facilities to press capacity than they would do if the demand continued to be concentrated on one or two giant-circulation magazines. Either way, large sums are involved. The difficulty of making the right guess may explain why even the biggest magazine groups are showing some preference for employing independent printers rather than increasing printing capacity at their own works.

Publisher	Price	Circulation	Printer	Advertising rate Black and white £	Advertising rate Colour £
ODHAMS :—					
Ideal Home (M)	2s. 3d.	241,000	Odhams Press	500	700
Housewife (M)	2s. 0d.	194,000	" "	352	...
Everywoman (M)	1s. 6d.	302,000	" "	410	620
Mother (M)	1s. 3d.	66,000	" "	105	...
Woman (W)	5d.	3,173,000	" "	2,650	3,750
Woman's Realm (W)	4½d.	1,197,000	" "	940	1,375
NEWNES :—					
Modern Woman (M)	1s. 6d.	181,000		240	360
Woman's Own (W)	5d.	2,405,000	Hazell Sun	1,930	2,800
Woman's Day (W)	5d.	918,000	"	720	1,000
FLEETWAY :—					
Woman and Home (M)	1s. 6d.	694,000	Fleetway	600	1,250
Woman and Beauty (M)	1s. 6d.	129,000	Hazell Sun	220	340
Woman' Journal (M)	2s. 6d.	266,000	Fleetway	400	600
Woman's Illustrated (W)	5d.	801,000	"	540	850
Woman's Weekly (W)	4½d.	1,512,000	"	825	...
*Honey (M)	1s. 6d.	250,000	"	220	340
NATIONAL MAGAZINE CO. :—					
Harpers Bazaar (M)	3s. 6d.	55,000	Sir Joseph Causton	245	380
Good Housekeeping (M)	2s. 0d.	194,000	Hazell, Sun	440	650
Vanity Fair (M)	1s. 6d.	197,000	"	375	610
She (M)	1s. 3d.	291,000	"	395	585
House Beautiful (M)	1s. 6d.	121,000	"	200	300
CONDE NAST :—					
Vogue (M)	2s. 6d.	160,000	"	396	590
House & Garden (M)	3s. 0d.	46,000	"	150	260
CROMWELL PUBLISHING CO. :—					
Queen (F)	2s. 0d.	52,000	Gale & Polden	250†	400†
ILLUSTRATED NEWSPAPERS :—					
Tatler (W)	2s. 0d.	50,000§	Odhams Press	220	330
THE LADY, LTD. :—					
Lady (W)	8d.	89,000	Loxley Bros.	90–110‡	...

* Due next spring. † After December 1. ‡ After January 1. § Estimated. (M) monthly; (F) fortnightly; (W) weekly.

At present, Daily Mirror 5s. ordinary shares stand at 28s. 10½d. to yield 4.3 per cent; Odhams 10s. ordinary at 36s. yield 4.9 per cent; but Hazell Sun 5s. ordinary shares at 16s. 6d. yield only 3.6 per cent on the basis of a 12 per cent dividend. This follows heavy buying of Hazell Sun shares in recent weeks, even though under present conditions it would seem almost impossible for either its customers or an outsider to make a takeover bid with any prospect of success. The danger to an independent printer like Sun comes not from outside bidders but in judging correctly the outcome of any war to the death that might be declared by Fleetway on Odhams' four entrenched mass-circulation weeklies. Assuming Fleetway can find the printing capacity it needs, the group is hardly going to be satisfied with circulations much below two million for either of its two weeklies, but is there room for six large weeklies in the present market? If there is not room for six weeklies, either Fleetway burns its fingers or one or other of the Odhams-Newnes weeklies will have to go.

Policy for Small Firms?

A correspondent raises the question whether Britain could do with a Poujade

NOWHERE outside the retail trade and perhaps agriculture does "small business," as a distinct economic interest in the community or even as a pressure group trying to promote one, play much part in the British political economy. It is there all right, at the base of the industrial pyramid: there are some 155,000 "manufacturing establishments" employing fewer than 10 people apiece, and establishments employing less than 100 may employ some 25 per cent of the industrial labour force and account for rather more than 20 per cent of its output. From time to time its access to finance has received the anxious attention of expert committees, from Macmillan to Radcliffe: of late its technical efficiency has become the concern of a special service of industrial consultancy sponsored by the British Productivity Council and the National Union of Manufacturers. Occasionally, as an aspect of property-owning democracy, it wins an odd kind word from a politician. But certainly neither the Government nor any organised body of influence in Britain has any deliberate policy of fostering the small firm.

Nobody can in fact give a clear-cut definition of a small firm. Considerable attention has been paid to the far end of the industrial spectrum: as for example when the National Institute of Economic and Social Research a few years ago listed about 500 of Britain's largest companies, the manufacturing firms among which, it appeared might be responsible for more than 40 per cent of the manufacturing output of this country. (By this year, the Institute of Economic Affairs recently estimated, 40 of the 512 had ceased to exist as separate entities, and "the largest 500" would by now have a substantial proportion of new members who had outgrown some on the earlier list.) At the micro-cellular end of industry's size range, much less is known: establishments employing fewer than 10 people fill in no detailed Census of Production returns. Even in retailing, where the National Council of Small Shopkeepers does exist to proclaim a special interest, one cannot assume, for example, that all the "independent retailers" in the trade statistics are in fact small firms. Smallness, again, is a relative term: the turnover of a small wholesaler, for example, might well exceed that of a sizeable factory, while his capital employed need not necessarily be more than the cost of installing a telephone; a repair organisation, on the other hand, may "add as much value" as a small factory, in a much lower turnover. Nor is it easy to generalise about trends towards increased concentration or relative growth in importance of larger business units. A recent attempt to repeat the pioneer study of industrial concentration made by Messrs. Leak and Maizels at the end of the war did not leave their successors wholly sure whether British business had become more concentrated or less.

BRITAIN'S comparative indifference, economically and politically, to these smallest among its productive undertakings is in curious contrast to the attention lavished on them in other free economies. The United Kingdom, indeed, is almost the only country in the West that has no official policy or organisation concerned with small firms. The origins of America's Small Business Administration go back to war conditions, but it has now been placed on a permanent footing. The Small Business Act of 1953 says:

> It is the declared policy of the Congress that the Government should aid, counsel, assist and protect so far as is possible the interests of small business concerns, in order to preserve free competitive enterprise, to ensure that a fair proportion of the total purchases and contracts for supplies and services for the Government be placed with small-business enterprises, and to maintain and strengthen the overall economy of the Nation.

Even in that land of big business the vast majority of firms are surprisingly small. Surveys have shown that nearly eighty per cent of the manufacturing firms in the USA employ fewer than 19 people; and among commercial firms the figure is well over ninety per cent. But the SBA does not define its clients simply

by attention to employment; it takes a combination of this and of turnover, of which the most important criterion that the firm in question does not dominate the trade. Aptly enough the Americans talk of small chickens and small elephants: in certain circumstances they would define a firm employing up to a thousand people as small.

The Small Business Administration has an annual budget of $250 million, and is extremely active. It provides technical and business advice to the firms which it certifies as "small." It promotes better management methods, and makes arrangements for short- and long-term loans either from its own funds or in collaboration with commercial banks. It also ensures that a "fair" proportion of Government orders and contracts are obtained by the firms for whose benefit it is set up. The Americans do not only pay lip-service to the principle that competition should be fostered; they also give the small man a real chance to make it come true.

SIMILAR organisations exist in practically all Western European countries. They are much older than their American counterpart and mostly trace their roots back to ancient craft organisations; yet they are not in the least reminiscent of the guilds in their modern structure and aims. Definitions vary from country to country. In Germany a small business is characterised by the owner having served his time as an apprentice and having taken the recognised examinations; his name is inscribed on a register and his rights and duties are defined by a constantly adapted body of legislation, which in particular stresses the regulation of apprenticeship; it has been claimed that nearly two-thirds of all properly trained apprentices in Germany serve their time in small firms. Roughly 750,000 firms, employing a total of about 4 million people, are recognised as small there; they are compulsorily, and quite powerfully organised..

In Sweden, too, the Swedish Artisans and Small Industry Organisation constitutes a power in the land; it has a membership of 35,000 firms, excluding overlapping membership. There are in all 115,000 firms in Sweden that employ less than fifty people each and of these 110,000 employ less than 25 people each; the total employment in the 115,000 firms is 500,000 people. Switzerland (in 1955) had 239,000 firms employing twenty or fewer people, as against 13,156 firms employing more than twenty people; the first group employed about 48 per cent of all the country's industrial workers. In France *artisanat* is legally defined; there are about 850,000 "entreprises artisanales," training at any one time about 150,000 apprentices. Like Germany, France has public bodies, the *Chambres de Métiers*, which are a form of compulsory trade association for these enterprises. Easily the most comprehensive definitions are used in Belgium, where a Minister of the Middle Classes, mainly concerned with small businesses, is a member of the Government, and in Holland where important institutions for the *Middenstand* foster small businesses. There is even an international Federation of Master Craftsmen, Small and Medium Enterprises whose headquarters are in Berne.

In the United States and the Continental countries help for small businesses is a reality and available on request. One of the principal tasks of the organisations mentioned above is consultation with Government departments. They are consulted or approach the Government concerned when economic legislation or taxation affecting small firms are under discussion. The organisations and the institutes linked with them do research on management problems such as inter-firm comparisons. The results of research into small business problems are then made freely available to small firms. American and Continental universities always appear ready to help business and many Continental universities like Munich, Vienna, St. Gall and many others have special institutes dealing with the problems of small business.

In many Continental countries the training of apprentices and in particular the problems of release from employment for further education and training at technical colleges, have a long tradition as well as legislation behind them; there appear to be very few of the difficulties still often encountered in this country. Being used to acting together in some respects, small businesses on the Continent have organised measures for mutual assistance. In some cases co-operative purchasing is employed to cheapen equipment, raw materials and semi-manufactured goods. Switzerland and Sweden run book-keeping centres where the accounts of small firms are speedily and regularly produced a few days after the primary records are sent in. Credit Guarantee Co-operatives, *Banques Populaires* and similar financial institutions offer cheap long-term credits for equipment, buildings and working capital on conditions specially adapted to the needs of small firms, thus providing a parallel to the activities of the American Small Business Administration.

DOES Britain need anything of the kind? The simplest answer is that its small businessmen do not seem to think so. The "social structure" of British business, for the present, seems to encourage the small-scale entrepreneur to identify his interests with those of the giant in public and in organisations, even though he may quite often grumble about his big brothers in private. It should not be ignored that the Socialist challenge to business, in its passing postwar heyday, was to big and small alike and gave an incentive to close ranks: the road hauliers and coal merchants were threatened with the same fate as the steelmasters.

If a sharpening of competition were generally to follow upon the abrogation of restrictive trade practices, as it has here and there, some issues might arise where the interests of bigness versus the small man come clearly into conflict. There is, no doubt, vast room for improvement in management and technique among Britain's thousands of small firms (though whether the country has the talent available, in every sense, to make all the boys in the class come out top is another matter). Encouragement for the individual innovator may well benefit the country's technical resources. But in political and social terms, again, conditions in which it would be easy for the bright young man to think of setting out for himself might be at least as desirable an end of policy as conditions in which he could buy a house or some shares in the company that employs him. To the sociologist, the failure of any small business movement to manifest itself in Britain will remain a puzzle: for the politician it could offer an opportunity. The promotion, and the projection, of small business might, for example, become a useful plank in the Liberals' platform—if they could persuade any small British businessmen to stand on it.

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BUSINESS NOTES

MOTOR INDUSTRY

Dagenham or Not?

It is no secret that the Ford Motor Company has in mind a programme of further expansion of its manufacturing facilities that may eventually add £45-50 million to the £75 million or so that it has invested since 1954; nor that the Board of Trade wants generally to discourage further large-scale development of industry in the congested area around London. There is still a good deal of room undeveloped or used for purposes such as car parks on Ford's 512-acre site at Dagenham (though the company's chances of substantially increasing its labour force in the district, without greatly widening its "catchment area" for workers, may be doubtful). From the company's point of view, there would be obvious advantages in considerable extensions at Dagenham, which has highly developed and integrated facilities supported by a network of ancillary plants nearby at places such as Aveley, Basildon, Woolwich and Walthamstow. But the Government is now committed to steer industrial development towards places of high unemployment; and the Scottish Office in particular places great hopes upon the possibility of establishing automobile manufacture in Scotland.

The new strip mill that the Government decided should be at Ravenscraig on the outskirts of Glasgow, which is due to begin producing in 1963, will form a new factor in the geographical pattern of flat steel supplies in Britain; there are reports that Pressed Steel, the country's most important independent builder of motor bodies, will move some production of motor parts to the Scottish factory where it has been building railway wagons. Ordinarily it is a good deal cheaper to transport sheet steel to be manufactured near a market, than to press it into parts near the strip mill, because in sending pressings one is generally transporting a fair amount of air. In the making of car bodies, again, which is the most heavily-capitalised department of car manufacture, the scope for economies of scale generally makes for the concentration of as much output as possible through one press shop. Decentralisation of some other department, such as engine lines, could well be a much more reasonable proposition. But Sir Patrick Hennessey said firmly this week, "I don't know anything about a new factory in Scotland. We certainly are not going to build one." The motor industry is at present becoming an even more dynamic force in the British economy; the Government should hesitate before trying to make it move against its own commercial judgment.

MACHINE TOOLS

Public Relations in Reverse

During the last year or two before the election, believing itself threatened with nationalisation if the Labour Party should get in, Britain's machine tool industry gave a little unwonted attention to the reputation it possesses with the British public in general: last week, out of danger and back in character, it was once again managing to get itself a bad Press. It is said to have approached the British Broadcasting Corporation asking that a talk recorded by Professor Seymour Melman of Columbia University, who spent some months this summer studying the European machine tool industry at the request of the European Productivity Agency, should not be broadcast. The BBC very properly refused: but the incident focused attention on the fact that a report on this industry prepared by the Department of Scientific and Industrial Research is also not to be published, again on the industry's insistence. At last week's meeting of the National Joint Advisory Council for Industry, when the Board of Trade presented figures showing that the industry's share of world machine tool exports had been falling, the trade unions also pressed for publication of, or some action upon, these reports.

Professor Melman's report to EPA said little directly about the British machine tool industry, of which he succeeded in seeing practically nothing. Its main conclusions were that radical changes in productive organisation in the tool industries of Western Europe might be required in view of the very powerful competition coming on an increasing scale from Russia and Eastern Europe, and that a variety of detailed inquiries bearing upon productive techniques should be set in train forthwith. The report does not appear to have been generally published, though EPA has circulated it to "interested bodies." The DSIR report is not likely to be published without the industry's assent, either, since the information British companies supplied was given on an undertaking that it would not be published. Any conclusions that the Board of Trade and/or the Minister of Science reach from reading these reports, however, are likely to become public: moreover, what ministers tell the NJACI "in private" has a tendency to be fairly widely and circumstantially reported.

The condition of the British machine tool industry and what, if anything, needs to be done about it are larger issues than can be settled in a radio talk or an EPA report: Professor Melman, who was concerned mainly to propose further research, was not pretending to settle them. Nor does the DSIR report sound exactly to be *dynamite*: this summer, ironically enough, some people in the industry were congratulating themselves that it would turn out to be "quite innocuous." What these incidents —not without precedent, unfortunately— reveal is the quite antediluvian attitude towards the wider public, and its right to be interested in their performance as key suppliers of engineering technique, still manifested by many of the manufacturers of machine tools. An uncommunicative industry is not necessarily an inefficient one. But in this kind of educated and technically interested democracy it will increasingly appear so.

AT THE MANSION HOUSE

Dollar in Perspective

The Mansion House dinner to the bankers and merchants of the City of London was postponed a few weeks this year to allow Mr Heathcoat Amory's potential successor ("whom I am very happy to be able to represent here to-night") time to prepare his traditional report on the state of the economy. In the event the Chancellor dealt rather summarily with domestic matters. He stated that while budget expenditure is running roughly in line with expectations, revenue has been rather better, so that the above-line surplus may turn out a little larger than the estimated £102 million. Mr Amory described the expansion of bank credit as "to be expected with the revival of the economy"; but "I shall continue to watch it carefully." There is not a great difference in emphasis between this and the comment by Mr Cobbold, Governor of the Bank of England: "I judge the increase in bank advances to have been helpful to industry and commerce as far as it has gone, but to need watching if it should continue much longer at the same pace." More significant, and quickly effective in Throgmorton Street,

was the Governor's reference (still a mild one) to the "marked and sometimes slightly disquieting" boom in equity prices.

Mr Amory dwelt at greater length on external influences, notably on America's payments deficit. His plea for a sense of perspective about this is very necessary. A few days later an academic economist well known to the public casually referred in a letter to *The Times* to America's "net" gold reserves (less short term liabilities) at $5,900 million; on this basis Britain's net reserves are a negative quantity of roughly the same amount. Mr Amory listed three main ways in which the British Government has felt able to help the United States in its difficulties resulting from special grants and military payments: by early repayment of debt; by removing barriers on dollar imports; and by playing its part in contributing to international aid. Economic and technical assistance from public funds in Britain has risen from £75 million in 1956-57 to £100 million in 1958-59, and a further substantial increase is taking place in the current year. In addition, private investment abroad totals about £300 million gross, or £200 million net.

Governor on Radcliffe

RESPONDING for the bankers and merchants, Mr Cobbold welcomed the Government's decision to review company legislation. "One great benefit from the Radcliffe enquiry," the Governor recognises, has been that it forced the City "to pull our institutions up by the roots and have a good look at them." Mr Cobbold also announced the Bank's view about the Radcliffe committee's recommendations that come within its own province: those referring to the status of the Bank and other policy matters will be dealt with by the Chancellor next week in the House of Commons debate (for which, regrettably, the volumes of evidence will still not be available).

As the Governor says, the one fundamental criticism in the report of financial institutions in general and the Bank in particular is that they should go further and faster in producing information and explaining themselves to the public. This general conclusion, Mr Cobbold now states, the Bank of England accepts. "I see much force in the argument that, in modern conditions, the Bank should develop research and information, as a service to the public, in a way which would have been quite foreign to our earlier traditions". The expanded annual report, it is now confirmed, will in due course be supplemented with "some other form" of publication; and as announced last month, the Bank has strengthened its administrative organisation to take on the growing load. If the Bank should continue to advance a little gradually, preferring quality to quantity of output and avoiding unnecessary multiplication of statistics, it asks its friend's forbearance.

Archaic Transfers

LORD RITCHIE OF DUNDEE, the chairman of the London Stock Exchange, called for an early revision of the share transfer system. This, he said, is

> archaic and a brake on business in the Stock Exchange and to the whole business community, but it is also a serious deterrent to new small investors to whom the present system is incomprehensible and who expect when they buy a thing and pay for it to get something in return and not after months of unavoidable delay.

Sombrely he added: "With business running at anything like the rate of recent weeks a complete breakdown would seem inevitable."

The post-election market boom has spotlighted the wastefulness of the present system in time and labour and its considerable scope for error. If the Stock Exchange is to cope with the expected increase in the volume of business which a growing investing public will bring, the need for reform looks urgent. With this in mind, the Stock Exchange has invited the Bank of England and several other banks, the issuing and acceptance houses and the Institute of Chartered Secretaries to form a committee to consider ways of cutting down the paper work now involved in a simple transfer of shares between one investor and another. Lord Ritchie remarked that one transaction involving, say, 100 shares, now entails in correspondence alone some twelve communications. It does not seem likely that much paper work would be saved by adopting the American system of delivery by blank transfer, for whatever was saved in executing and registering transfers, the work involved in tracing shareholders and clearing dividend payments would be very heavy.

The suggestion which may find more supporters is the wider use of bearer shares. This would bring its own problems—to the Government on exchange control and tax collection and to the individual who on loss or theft has difficulties about title. It would also be a step towards further anonymity among share owners at a time when concealment of share-owning interests is becoming increasingly undesirable. What is certain is that any change will have to be quite radical, and will have to involve a change in law. It is a subject that the proposed committee on the revision of the Companies Act must consider.

IN THE MARKETS

Bobbing About 300

THE behaviour of the stock markets this week confirms earlier indications that the potentialities of equity stocks may for the time being have been discounted far enough. Gilt-edged, with their useful turn in current yield, are still attracting steady demand; and the market this week has absorbed another good-sized issue, of £12 million for Hertfordshire County Council. Ordinary shares by contrast have experienced a setback that should have surprised nobody. In the middle of last week, for no obvious reason, prices shot up and lifted the *Financial Times* ordinary index by more than 10 points in two days, to 309.6. On Friday, when investors were reminded of some obvious truths by the speeches at the Mansion House, prices dropped on balance; and weekend reflections brought a sharp drop on Monday, with considerable sales by private investors. By Wednesday the *Financial Times* index was almost back to 300, its level before last week's boomlet. Steel shares at first stood apart from the decline, but investors were disappointed by the unchanged dividend from South Durham. The round figure of 300 may be exerting a general psychological influence. But the daily fluctuations are still much larger than before the election, when 4-point movements in the index were major events.

The Hertfordshire issue has been received quietly. The coupon is again 5¾ per cent, redemption dates are 1978-80, and the issue price was 98½, one point above the Middlesex issue three weeks before, to take account of the general rise in the gilt-edged market. The terms turned out to be just right. There was no multiple oversubscription, and Pember & Boyle, the brokers, were able to allot applications of up to £1,000 in full; those over £2,500 received 50 per cent. Dealings opened on Thursday at a premium of $\frac{3}{8}$-$\frac{7}{16}$.

COAL

Financing Those Stocks

UNLIKE other nationalised industries, the National Coal Board has an annual limit on the scale of its borrowings from the Treasury, on which it relies not only for its new capital for long-term fixed investment, but also for working capital. These working capital requirements have been swollen enormously during the last two years by the steady accumulation of unsold stocks of coal, which now amount to nearly 36 million tons and must stand in the Board's books at £110 million or more. These are the reasons why the Ministry of Power has again had to seek Parliament's approval for an order increasing the amount by which the Board's peak borrowings during this year can exceed those during last year from £75 million to £130 million. It is also the reason why the Minister is introducing a Bill to increase the Board's long-term borrowing powers. Though the industry has not required to borrow as much for long-term investment during the last four years as it planned, the unexpected rise in working capital requirements means that it will pass its present borrowing limit of £650 million (since 1947) during the first half of next year, about a year earlier than had been expected.

The Board has already cut back its plans for long-term investment; it is now under considerable public pressure to cut down its stocks by selling them off at bargain prices. Commercially, this is a frightening problem. How far would one need to depress coal prices to clear any substantial proportion of these 35 million tons? In an industry selling a homogeneous product, though in a variety of grades, could one sell the stocks off cheap without making the same cuts in price right across the industry's market? If this had to be done would it merely raise the industry's annual deficit without clearing much coal? So far the Board has clung to the argument that these stocks remain a lasting asset (not deteriorating much) that can perhaps be cleared over the coming years by depressing output below the point to which demand should, on all the figuring of past experience, soon begin gradually to recover. Actual consumption figures, however, remain depressing: in September, with industrial output in general 6-7 per cent above its level a year before, coal demand at home was still 2½ per cent down. The only useful if negative contribution that recovery has so far made to the coal industry's fortunes has been to reduce its labour force more than was expected. Over the next few months, seasonal influences may save the Board from adding very heavily to its huge stocks; it can only hope that by the spring recovery has gone far enough ahead to lift it too off the bottom.

RAILWAYS

Traffic on the Upturn

THE end of the recession was almost bound to mean some revival in railway freight traffics. But, considering that the boom has not yet spread to the capital goods and other heavy industries, particularly coal, which are substantial customers of British Railways, the rebound in rail shipments in the last few months is quite remarkable. Up to June this year the amount of general merchandise and minerals traffic being moved by rail was still falling: it was 4½ per cent down on last year, and receipts were down by more. Since June, the monthly totals have been running more than 5 per cent above 1958. This is virtually the first time since nationalisation that there has been such a sustained upturn in shipments of general merchandise. Part of this notable increase must undoubtedly represent business won back from the roads, regained by the railways' starting to make use of their commercial freedom and the growing promise of modernisation by offering a few large rail users—to begin with—attractive rates in return for an assurance of their custom over a reasonable period.

Perhaps partly because of these lower rates and because of the fierce competition generally prevailing between road and rail for new business, the revenue earned from these reviving traffics has been rising more sluggishly. Moreover, coal shipments, which account for nearly half by volume of all rail goods traffic but only a third or so of current freight earnings, are still falling—down by another 12 per cent so far this year. Even so, the upward surge in other rail shipments has been such that total freight receipts last month were higher than in October last year, by £46,000 on a total of £25 million. Prior to that month, freight earnings, at £230 million, were running £18 million below 1958—but of that £11 million was due to the further slump in coal movements. Passenger traffic has been better throughout the year, bringing in £120 million to the end of October, nearly £1 million more than in the same months of 1958 (which included the windfall gain in revenue from the prolonged bus strike in London). But 70 per cent of all rail revenue comes from freight; it could be that last summer may in time be looked back upon as a turning point for British Railways.

GAS

To the Salt Mines

HAVING given up most of its earlier hopes of finding much natural gas in Britain, the Gas Council has switched the emphasis

Synthetic Diamonds from De Beers

ONLY a few months after the General Electric Company of America produced its first synthetic diamond, work began at the laboratories of De Beers, the heart of the natural diamond syndicate, and in September last year the De Beers's scientists produced their first diamond. But this fact has rested unrevealed until this week, when the chairman of De Beers, Mr Harry Oppenheimer, said that the company is confident that it would be technically and economically possible to manufacture the synthetic diamonds on a commercial scale if it was found desirable to do so. But no decision to manufacture the synthetics would be made without consulting Société Minière du Beceka, the Congo producer of almost all natural abrasive diamond dust with which synthetics compete.

That company is a member of the syndicate and, since the contracts between the diamond producers and the Central Selling Organisation become due for renewal next year, there is a natural desire to close the ranks to meet not only the threat posed by General Electric's synthetics but by Russian discoveries of diamonds in Siberia and the activities of "illegal" diggers in Sierra Leone and merchants in Liberia. Once again, in fact, the diamond ring has proclaimed its willingness and ability to compete against "outsiders"—just as in June, when it offered a new and a better grade of natural diamonds for use in resin bonded wheels. De Beers has applied for patents, and it remains to be seen how General Electric will react to this application. The decision to produce synthetic diamonds in the United States was originally based in part on strategic considerations, but General Electric's production is now running at about 3½ million carats a year, priced at 21s. a carat (which is competitive with natural diamonds), and its attitude towards De Beers's patent application must be governed to some extent by straightforward commercial considerations.

PRODUCTION of the natural diamonds, which have been hotly chased by synthetics for use in resin bonded wheels, is of the order of 8 million carats a year. The American stockpile has not in recent months been buying this grade of stones, though it has been buying others; and sales of all grades of industrial stones are up by 86 per cent on the nine months of recession in 1958—a sure sign of the return of the sellers' market for abrasive diamonds.

American manufacturers of resin bonded wheels are now offering customers a choice between natural or synthetic stones. So far in this country and on the Continent, synthetic diamond wheels have only been sold in experimental quantities and only one firm, a German one, is offering its customers a choice. With the Central Selling Organisation offering a better grade of natural stones than it did for resin bonded wheels, competition between synthetic and natural diamonds may become focused on price: GEC may be able to bring its price down to 18s. or 19s. a carat and there can be little doubt that the syndicate could meet that price.

This possibility has been reflected in the stock market. Over the last few weeks, the price of the De Beers shares has been climbing rapidly. On election day, for instance, it was 173s. 9d. and by the end of last week it touched 199s. 4½d. Security precautions on the news of De Beers's synthetic had been rigorous; the buying of the shares cannot be attributed to a "leak," and, indeed, on the announcement by De Beers its shares were marked down by 7s. 6d. to 188s. 9d. The buying seems to have been prompted by the prospect that this will be a record year for diamonds and that the increase in the interim dividend foreshadows more liberal distribution policies.

of the explorations that it finances towards discovering a cheap way of storing gas underground. This would cut costs because production could be kept more steady throughout the year, with extra winter demand fed from stores filled in summer. If natural gas were imported by tanker and fed into holders connected to a national grid, the theoretical saving would be even greater. The search has led the Northern Gas Board to the holes left under the ground by Imperial Chemical Industries in a deep seam of rock salt on the north bank of the Tees.

These holes are normally kept safe from possible subsidence by the brine that ICI leaves in them: if the gas board used them as storage tanks it would have to replace gas with brine whenever it reduced the pressure of its stores. By special agreement the board has paid ICI to leave one cavity a third smaller than the rest. This needs no internal pressure to keep it safe. For £96,752 the board has bought itself a holder which is keeping at a pressure of 30 atmospheres as much gas as would a 10 million cubic foot low pressure holder costing £600,000. Running costs are lower, and the board expects to save £10,000 a year by keeping production steady over weekly periods, instead of reducing it at weekends.

Future possibilities opened up by this pilot project were outlined in a paper presented this week by Mr E. Crowther, chairman of the Northern Gas Board. He pointed out that if 30 of the larger holes left by ICI are used, and brine tanks and pumps to keep them safe constructed above ground, the board could store 1,350 million cubic feet of gas at a pressure of 45 atmospheres. Production could be kept steady throughout the year. This would cost more than £1 million, but the board could dispense with plant of a capacity of some 40 million cubic feet a day, which has a replacement value of between £4 million and £10 million, depending on its type. The saving on running this extra plant would probably alone make it worthwhile to build the storage system. Imported liquid methane would boil off at a high pressure and could be fed directly into the salt-mine caverns, saving running costs on pressure plants. With coal mines proved unsuitable and the right kind of natural cave apparently rare, this approach to the storage problem must have a strong appeal for the Gas Council.

CONSUMER DURABLES

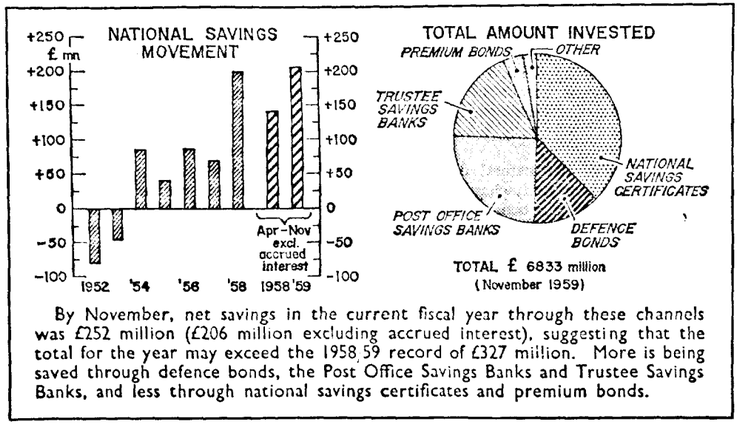
Any Room for Price Cuts?

Once again the Chancellor has been exhorting manufacturers to pass on the economies of rising output by cutting prices. Makers of durable goods have enjoyed the most spectacular boom in sales; where would any cuts in retail prices have to fall? The table shows how much the manufacturer gets from the price paid by the public. Most large domestic appliance makers expect to spend 30 per cent of the retail price—20 per cent if they sell through a wholesaler—on promotion costs. About 25 per cent. is spent on the sales force, which sells direct to the public, and miscellaneous selling costs, while about 5 per cent goes on advertising. Where goods are sold through wholesalers the 20 per cent spent on promotion goes, in about equal proportions, to advertising and miscellaneous selling costs. Thus, in the examples given in the table, only £31 10s. of the £83 paid for a washing machine, and £22 10s. of the £59 10s. paid for a refrigerator, cover manufacturing costs.

	Total price	Purchase Tax	Distributors' Margins	Manufacturer's Price
	£ s.	£ s.	£ s.	£ s.
Car	603 0	178 0	106 0	319 0
Washing machine	83 0	13 0	24 10	45 10
Refrigerator	59 10	9 10	17 10	32 10
Electric cooker	55 0	Nil	19 5	35 15
Electric iron	4 2	12	1 5	2 5

These costs can roughly be divided into materials and other bought-out parts, labour and overheads. Smaller manufacturers will have higher manufacturing overheads than the larger, but their distributive costs are often lower. In the motor industry bought-out steel and components may form 60-65 per cent of manufacturing costs, labour costs 25 per cent and overheads 10 per cent. Only the last will fall as production rises; though there are non-manufacturing overheads that may fall also, labour costs may rise if much overtime is worked.

Appliance makers are cautious about the gains they can make from price cuts. They argue that the public does not have a long enough memory for a cut to boost sales for long, unless it is reminded by extra advertising. Discounts offered by the retailer are considered to be much more effective in stimulating sales than the same reduction in the maker's price, since the buyer can be reminded of the "price cut" by the retailer whenever he looks at a machine. This kind of logic might drive the appliance industry into discount trading—would make the retailer subject to the price competition that already restricts the manufacturer's profit margin.



By November, net savings in the current fiscal year through these channels was £252 million (£206 million excluding accrued interest), suggesting that the total for the year may exceed the 1958/59 record of £327 million. More is being saved through defence bonds, the Post Office Savings Banks and Trustee Savings Banks, and less through national savings certificates and premium bonds.

INTERNATIONAL FINANCE

A Modern Monetary Standard

"A proper synthesis between the old gold standard rules and the new ideas of managed money": that is the theme of this year's Stamp Memorial lecture given on Thursday by Mr Per Jacobsson.* His views on this important problem of the postwar world have a special interest, for he not only runs the International Monetary Fund (at a brisk pace) but continues his active thinking on deeper questions of economic and monetary theory. As usual, he casts his net wide: the freeing of sterling, he ventures to guess in one of his asides, will be made complete, capital transactions included.

Mr Jacobsson has always been something of a go-between for the old and the new economics, and recent trends in thinking and in policies have moved towards his position. He distrusts the over-sharp contrast between then and now. On the one hand he quotes Bagehot from *Lombard Street*, "Money will not manage itself"; on the other, he has always stressed the role in the modern world of the adjustment of interest rates and monetary policy to even out disturbances, whether from domestic or international causes. But nowadays the public sector has a new importance, and fiscal policy with it; while in the private sector adjustments in costs and prices tend to be neglected (which Mr Jacobsson thinks dangerous). The old semi-automatic monetary standard is inapplicable.

The move towards a new international standard, as Mr Jacobsson points out, centres on the international institutions set up after the war, and especially on the IMF. Mr Jacobsson has himself made a major contribution to the efficacy and scope of IMF by playing down the idea of automatic rights and allowing larger facilities for borrowers who can show they are taking appropriate action themselves. A little disappointingly, he does not develop in his lecture the question of increasing the authority of the Fund to the point at which it would become a true world central bank, on the lines of the original Keynes plan, which has again been ventilated in a number of circles in recent years.

* "Towards a Modern Monetary Standard"; the Athlone Press. 3s. 6d.

AIR CORPORATIONS

Answering the Select Committee

Answers from the two air corporations to criticisms made this summer by the Select Committee on Nationalised Industries were published this week. They repeat much of the information contained in the annual reports of both airlines that have appeared since the Select Committee made its report. BOAC, for example, replies to the Committee's biting comments on its general inefficiency by quoting the gradual lowering of its engineering costs and its abortive efforts at the recent conference of airlines in Honolulu to get fare reductions on some of its more important routes. (Other airlines, incidentally, have been severely critical of the way that BOAC set about getting those reductions and say that the corporation produced no figures to support its case.) British European Airways, which has managed to break even for the past 5½ years, was frankly unrepentant. It answered the Select Committee's criticisms that the ratio of its inspectors to engineering staff was too high (320 inspectors to 2,500 hourly rated engineers) by retorting that it could always improve the ratio by taking on more engineers. BEA also said once again what it said in evidence to the committee—that it had little chance of improving its costs which must inevitably be higher than those of a long-haul airline.

Neither corporation, however, made any reference to one of the Select Committee's major findings—namely the immense power wielded by the Minister of Transport (now the Minister of Aviation) over the corporations without a shred of statutory authority to support it. Both corporations have been frankly resentful in private of these criticisms: they consider that a gentleman's agreement of this kind has to be evolved with or without the knowledge of Parliament. But the Minister is not charged with the prime responsibility of running airlines on a commercial footing, while the chairmen of the air corporations are. Concessions to the Minister's views can have harmful commercial effects. BOAC, which, for example, wrote off in one way or another nearly £12 million in its last financial year, was anxious to use under-employed aircraft by operating cut-price flights to the West Indies, which it could do without international agreement because these are within British territory. The corporation asked the last Minister of Transport for permission to do so, and he refused: but there was no reason why he should ever have been asked in the first place. The only result was a few hundred pounds more added to BOAC's vast losses. Mr Sandys should give some thought to these unwritten powers when he comes to draft his promised bill on the licensing of air services.

Down with Fares

No fewer than 400 fare cuts announced by British European Airways this week promise to make next summer's timetable a paradise for Bradshaw enthusiasts and a nightmare for everyone else. The biggest cuts, of up to 40 per cent, have been made to Portugal, where the corporation is specially anxious to stimulate traffic; the rest range all the way down the scale to as little as 5 per cent. BEA has not, however, yet come out with the bright device of airmanship announced by Air France under which a man buying a full fare ticket can carry the rest of his family at half-price.

BEA relies more on holiday traffic for its bread-and-butter business than any of the other major airlines in Europe, most of which have long-haul routes and regard their flights inside Europe as little more than feeder services. Holiday traffic has an inconvenient way of crowding into peaks.

ATOMIC ENERGY

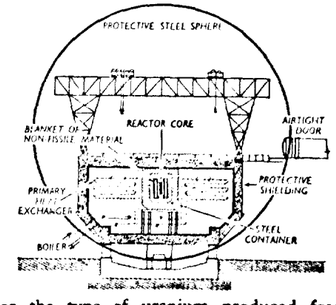
The Dounreay Experiment

The Atomic Energy Authority's £17 million breeder reactor at Dounreay began working last Saturday morning, twenty months behind schedule and after repeated postponements. To say this, is no criticism of the AEA's engineers: the delays are a measure of the difficulty of designing this particular type of reactor and are due in no small part to accidents with smaller prototypes that occurred in the United States when Dounreay was almost finished. These difficulties should not be under-rated. Breeder reactors are the only nuclear power generating systems now expected to produce electricity at really low cost, but no one seriously expects that a commercial power station could be working on these lines before 1970.

The core of a breeder reactor, which is not much more than football-sized in comparison with the mammoth structure of today's nuclear power stations, consists of almost pure fissile material—a potential atom bomb. By surrounding this with a blanket of some non-fissile material such as used-up natural uranium or thorium, the reactor can be made to "breed" fissile material in this blanket while fission is taking place in the core. The physicists' definition of "breeding" is the production of at least one and possibly more than one atom of new fuel in the blanket for every atom split inside the core. Nearly all nuclear reactors manufacture some new fuel—the Calder Hall type produces four new atoms of plutonium for every five atoms split. When working at full power the Dounreay reactor should produce six atoms for every five it consumes. The improvement is not therefore so dramatic as it sounds. The economics of the "breeder" system do not depend on its performance as a fuel factory so much as on its smallness.

Here the Dounreay reactor gives a somewhat misleading impression. The 135 ft steel shell that contains it is not an essential part of the structure; it is merely a safety precaution designed to contain any fire that might break out. The reactor itself occupies a comparatively small steel pot in the centre of the shell. Dounreay, which is only a pilot plant, should generate 15 megawatts of electricity at full power.

Because of its small size, the capital cost of a breeder reactor should be low enough to compete with that of a thermal station. It is the high capital cost of present-day nuclear power systems that makes them uneconomic and the small, compact breeder offers the only known break-through. But it is dangerous: the juxtaposition of inflammable sodium coolant and highly fissile core is unfortunate but at present inevitable. And breeders will not work economically on the type of uranium that can be extracted from the natural metal. To reach their specified "breeding" rate—which they must do because their fuel would otherwise be inordinately expensive—these reactors have to run either on plutonium



or the type of uranium produced from thorium. Plutonium technology has its own headaches, and it will be some time before it is introduced into Dounreay. Meanwhile this reactor is the biggest of its kind in the world, and for cheap electricity probably the most important. If it can be made to work commercially (it would be premature to assume this), it may offer cheaper costs than anything in the nuclear field until power is obtained from controlled fusion.

always at weekends and most particularly during high summer, when some flights can be fully booked eleven months in advance. In desperation BEA is therefore offering a variety of discounts to anyone prepared to take their holiday earlier in the summer, preferably travelling mid-week and if possible in the middle of the night. If the bait is taken, BEA will get better aircraft utilisation and win passengers whom it would otherwise turn away for lack of capacity at the height of the summer.

The corporation considers that by doing this it has effectively introduced into Europe the cut-rate, third-class services now operated only on the North Atlantic, where a frontal attack in favour of a flat-rate cut in fares would certainly have been rejected by other operators. Nor would a flat-rate cut have suited BEA ; on some routes traffic needs no encouragement, and the corporation only wants to sell cheap seats when it cannot find buyers at the standard price. It is merely trying to introduce the kind of flexible price policy that has been urged on other nationalised industries for years. But in BEA's case the exigencies of international control of air fares obliges it to adopt this irritating and bitty way of setting about it.

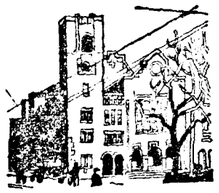
EMPLOYMENT

Market in Managers

ONE of the most obvious developments in the middle-class Sunday newspapers in recent years has been the rapid growth in display advertisements for business executives ; but the increase in the number of "classified" advertisements of managerial vacancies in the columns of the middle-class dailies, and of some weeklies, has proceeded just as fast. All this reflects the development of a more open market in managerial, as well as in technological talent. It is not confined, moreover, to the recruitment of young graduates: there is also a constant bidding for experienced managers up to the highest level. It seems that one traditional pattern in management —the slow rise slowly in a single firm—is being modified; changing jobs in the middle and higher ranges of management is becoming more frequent and also more systemised.

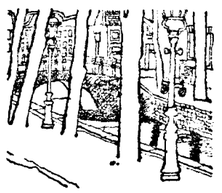
The days when a dissatisfied manager had to shop around among his own contacts, or the bars and golf-clubs of his own city, are passing. In part, this important change has been brought about by the activities of management consultants who specialise in finding skilled staff, of all ages and degrees of seniority, for expanding firms. They have become confidential middlemen between the man who wants to better himself (but does not want his present firm to know he is restless) and firms who need new staff—but, while wishing to cast a dragnet over the country, want only to interview a short list of men who come near to their exact specifications.

Hitherto, however, the size and characteristics of the market in managers has been unknown. Management Selection Ltd., one of these firms of consultants, has now made some investigations into it, with the aim of producing an index of executive employment. Its results show that the posts of over £1,000 a year advertised in the last quarter of 1958 and the first three of 1959 numbered 18,974 ; research and development jobs were the most numerous (6,151) with production (4,786) and sales (3,884) second and third respectively. About 150 general managerships were advertised on average each quarter. So far the figures show no decided trend ; for all managerial jobs demand seems to be rising, but the monthly movement in the various categories of post (general management, finance, sales, research, production and others) is irregular. These figures, however, promise to be interesting over a longer period ; and there is obvious scope for this market to expand with the growth in administration, and with the realisation of young and middle managers that their abilities are not as specialised to their own firm or industry as used to appear.



Berlage's Stock Exchange

Amsterdam Turns Inward



AMSTERDAM remembers its proud past as a financial centre ; but few bankers in Amsterdam today seem to hanker after it. The visitor is impressed with the air of solid realism and the total absence of *folie de grandeur*. But there seems more to it than that. Partly under pressure of outside circumstance, notably the upheaval in Indonesia, Holland has switched its sights and its capital since the war from overseas empire to home industry. It has faced, besides the great destruction caused by war and flood, a rapid increase in population and a big influx of people from Indonesia.

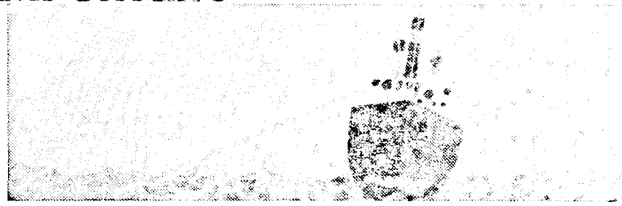
The response of the Dutch people, unable physically to expand their agricultural land much further into the sea, has been to industrialise. The upshot has been to transform southern Holland into one of the heaviest—and most modern—concentrations of industry in the world. Rotterdam has rebuilt a model of a twentieth century city centre, and work has started at the mouth of the Maas on the new "Europort."

All this has needed capital. Much has come from the United States and other foreign sources—in the first half of this year foreign purchases of Dutch securities were nearly £50 million. In addition the Netherlands Bank, concerned that industry and the municipalities should get their requirements at modest rates, imposes a ban on overseas issues in the Amsterdam market. It gives full freedom to the banks to place short-term funds abroad, and with the domestic market over-liquid the banks have $350-450 million in New York and other foreign centres, of which perhaps one-half has gone since the beginning of the year. Foreign exchange is also made available to Dutch enterprises for direct investment abroad, and there is an active market in Amsterdam in foreign securities.

The ban on foreign issues therefore looks anomalous. It was originally imposed to conserve foreign exchange reserves ; but these are now more than ample. In practice the restriction is a device to prevent a rise in Holland's interest rates, which at about 4½ per cent on long-term bonds are lower than in any centre except Zurich. Short-term rates are very low, though last week the Netherlands Bank felt obliged to raise its discount rate from 2¾ to 3½ per cent. If the authorities were prepared to allow long-term rates to rise by, say, one per cent, Holland might possibly fulfil the function of a Switzerland, as an international capital market for modest amounts. Some bankers advocate this ; but most seem to feel that Holland's international role has gone with its empire. Some add good riddance.

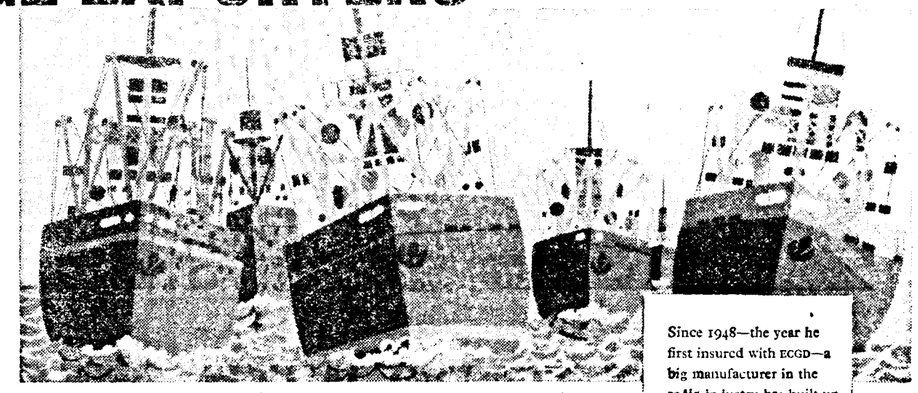
No one seriously entertains the idea that Amsterdam institutions could be the channel for other countries' money (say Germany's), in the same way as New York institutions channel foreign held dollars into international stocks. Some of Holland's domestic demands of the post-war years may soon subside ; and the country has already repaid in advance its postwar foreign loans from the World Bank and elsewhere. Some surplus for export of capital may therefore re-emerge. But it is not certain that the under-developed countries will be most in mind ; Indonesia has left a bitter taste.

SMALL EXPORTERS



In three years—backed by ECGD insurance—a small manufacturer increased his export turnover from a mere £97 to £103,000 a year.

LARGE EXPORTERS



Since 1948—the year he first insured with ECGD—a big manufacturer in the radio industry has built up his export turnover from £81,000 to over £2,000,000.

There's many an exporter in this country who could be doing even better business. ECGD insurance enables you to develop and expand overseas free from serious financial worries. If you're big already, there's still room for expansion. Last year fifteen companies with annual export turnovers of *a million pounds and more* took out ECGD insurance for the first time. Have a talk with *your* ECGD man.

EXPORT AND EXPAND THROUGH E·C·G·D

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EXPORT CREDITS GUARANTEE DEPARTMENT

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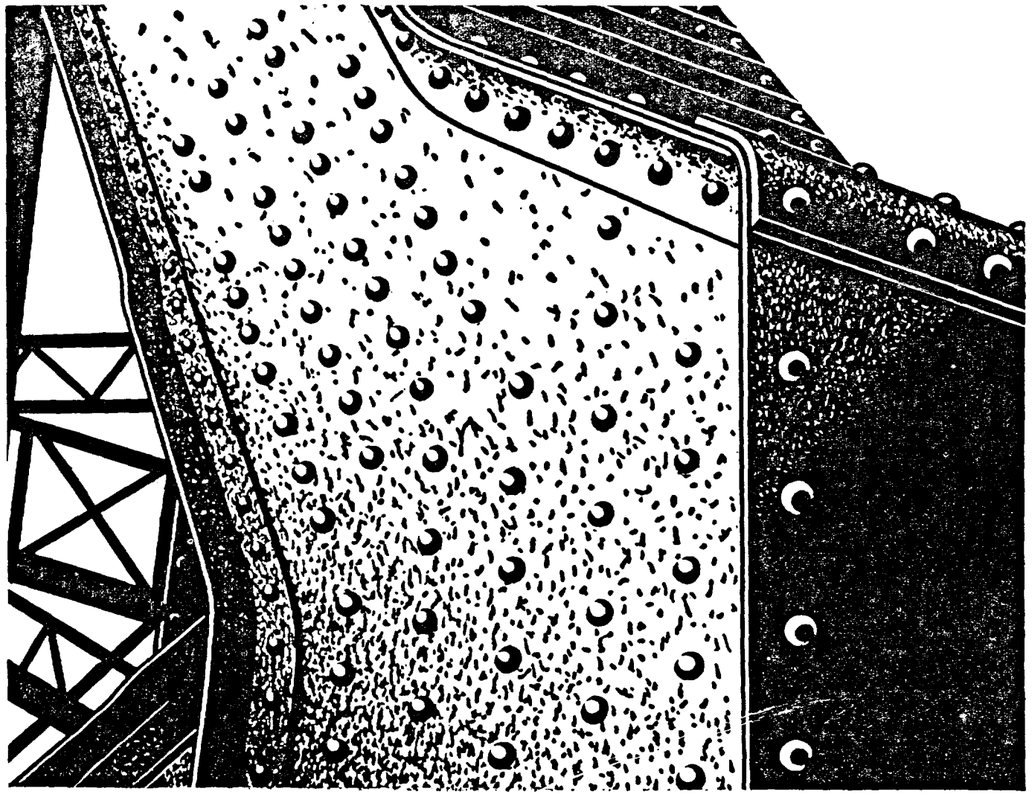

A LOT TO DO WITH STEEL

Simon-Carves build coke ovens to make coke for blast furnaces and gas for steelworks heating processes. They build complete power plants to supply steelworks with steam and electricity. Huntington Heberlein *(Simon-Carves subsidiary)* build plants to sinter iron ore fines and blast furnace dust *(economy in ore and coke and better blast furnace output)*. Simon-Carves *(and subsidiaries)* work in one way or another for practically all Britain's leading steelmakers, and for such famous overseas steelmakers as Tata Iron & Steel, Indian Iron & Steel, Government of India *(new Durgapur steelworks)* . . . Australian Iron & Steel . . . Iron & Steel Corporation of South Africa, Rhodesian Iron & Steel Corporation . . . Société Métallurgique de Normandie, Cockerill-Ougrée, Forges de la Providence . . .

STEEL?

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CABLES

Mr McFadzean Reports

THE chairman of British Insulated Callender's Cables, Mr W. H. McFadzean, has taken the opportunity in his half-yearly statement to give his views on the competition that has engulfed the cable industry since the beginning of May. He implicitly denies the suggestions that the big companies have deliberately depressed prices to weaken their smaller competitors when he says that BICC tried to give a lead by fixing its prices at a level that would give a reasonable return to an efficient producer, but that this lead was not followed. He agrees that prices for low voltage mains cables and general wiring cables are now unprofitable, but states that these do not represent a substantial proportion of BICC's total turnover, so that the group's profits for the whole of 1959 should not differ materially from those for 1958. Whether BICC sought the price cutting or not, it is able to strengthen its position in the industry from it.

Mr McFadzean adds, however, the somewhat oracular statement that BICC wants its "proper share of markets—no more than that." He gives no clue to the share that he considers proper to BICC. But he does warn that a continuation of the present difficulties can cause temporary dislocation in the industry, and have "a serious permanent effect on certain companies unless there is a keen and sensible competition instead of the wholly uneconomic conditions applying today." Excess capacity and a lack of mutual trust between the companies in the industry are the factors that he blames for the price-cutting. BICC is taking steps to reduce capacity, and so are some other companies; he considers that "the problem of excess capacity is being gradually overcome." For the future, he sees two alternatives for the industry: continuation of the present competition, which means the survival only of the strong; or "companies . . . imposing on themselves a discipline that would enable any efficient company to take its share of the market and earn a reasonable return on its capital and efforts." The latter suggests some voluntary acceptance of the sort of prices that used to be set by the price-fixing agreements; perhaps BICC hopes to lead a return of prices upwards. Voluntary acceptance of price leadership is only normal in industries as oligopolistic as cables; certainly it seems that most cable makers would be happy to accept it, if the big companies gave the lead. But the industry may have to become more concentrated before this can happen.

ATOMIC ENERGY

Disposing of the Waste

FEW industries can have given rise to so much special legislation in so short a time as atomic energy. Following the various Atomic Energy Acts that created the Atomic Energy Authority (and recently increased the size of its Board) and the legislation governing the licensing of reactors and their insurance (which comes into force next spring), the government tabled yet another bill last weekend, dealing this time with the disposal of radioactive waste. The wording of existing laws dealing with nuisance and pollution cannot easily be stretched to cover the special risks associated with radioactivity, not least because the nuisance usually has to occur and be detected before action can be taken to stop it. But a special panel that reported to the Minister of Housing two years ago on waste disposal methods also pointed out that local authorities who administer most of these laws were unlikely to have staff sufficiently highly trained to deal with radiation hazards.

This special panel saw no harm in discharging faint traces of radioactive waste into drains, or burying them on rubbish tips provided the level of radioactivity was kept down to safe levels. It was, however, extremely alarmed at some of the practices it discovered when touring factories and laboratories where radioactive material was used. So far the amount of radioactive material handled outside the big plants of the AEA and the nuclear power stations is small, but over the years increasing amounts are likely to turn up in hospitals, laboratories and factories outside the big atomic energy installations: the twin dangers of ignorance and inexperience suggest that this could be a big danger to public health. The new bill provides that all these users will in future have to be registered and inspected and will need to have their plans for waste disposal passed by the Minister of Housing. (Waste can mean anything that has come into contact with radioactive materials, from cleaning materials to the corpses of experimental animals.) Where the volume or the intensity of the radiation cannot be brought down to safe levels, the material must be sent to a central disposal service. The radioactive materials used in industry are a case in point: at some stage they become too weak to be useful but still powerful enough to be dangerous. These are sensible precautions: perhaps the government could next turn its mind to the lethal chemicals in daily use in the farmyard.

BUILDING

Moving Out of Town

THE building industry has contrived, in one way and another, to call considerable attention to itself in the past week. The Building Exhibition—larger and seemingly more varied than ever before—opened on Wednesday; on the same day the Building Research Station of the Department of Scientific and Industrial Research published a completely new edition of the first volume of its manual, *Principles of Modern Building* (HMSO, £1), a completely re-written edition of the useful compendium of design and building techniques first published in 1938. Also on the same day there was the official opening—only slightly premature—of Kew Bridge House, a speculatively built office block which strikingly illustrates the case for building office buildings in outlying areas, rather than in the centre of London.

Kew Bridge House is an eight-storey block of about 50,000 square feet, owned and built by the Rodwell Group, a London firm of speculative builders, at a cost of about £300,000. Pleasant if not original in design, it was built of reinforced concrete, with curtain walling of exposed aggregate concrete; total construction time will be just under a year. By comparison with Central London buildings of similar size, the standard of amenity is high: there is a large canteen and a fair amount of space for car parking. The building is located at the end of the new Cromwell Road extension, with adequate public transport to the centre of London. A 35-year lease has been taken on the building by a subsidiary of Bowmakers Ltd, the industrial bankers.

The movement away from Central London has increased during the past five years; the Rodwell Group's properties, for example, are now divided almost equally between Central London and areas such as Kew. Government action has been slightly responsible for this dispersal—though the statement made at the opening of Kew Bridge House by Mr Brooke, the Minister of Housing and Local Government, that he was "determined to stop" office building in Central London, if believable, must have horrified all speculative builders present. But the economics of the situation are also conducive to out-of-town building: office building rents average 12s. 6d. a square foot in areas such as Kew, compared with more than 30s. a square foot in, say, Holborn. Among other things, this difference means that a higher standard of amenity can be offered to lessees and their employees than would be possible in the City, for the same price.

Even a rent of 12s. 6d. a square foot must mean a considerable profit for the speculative firms who have undertaken developments in outlying areas. Prices of land in outlying areas are rising sharply, however: in some cases available sites for commercial buildings have trebled in price in the last three years.

ESTATE AGENTS

How Professional Can They Get?

BASICALLY, an estate agent's job is more of a commercial than a professional nature: he is a go-between in the buying, selling or leasing of houses and land rather than an expert counsellor on the details of

the transaction (like a surveyor or lawyer). The notion that there should be a register of estate agents has been mooted for a great many years; and the demand that they should be controlled by some law or some qualified body has grown louder in recent years, owing at least in part to the number of questionable—and occasionally downright dishonest—practitioners in the business. Now no less than six organisations have spoken out in favour of making the registration of estate agents compulsory: at least four of them are each preparing a draft Bill which they hope to have passed to this end. The six bodies concerned are the Royal Institution of Chartered Surveyors; the Chartered Land Agents' Society; the Chartered Auctioneers' and Estate Agents' Institute; the Incorporated Society of Auctioneers and Landed Property Agents; the Valuers Institution, Limited; and the Incorporated Association of Architects and Surveyors. They represent six overlapping quasi-professions—whose members must have some degree of training, and in some cases must win their qualifications by a standardised examination. Members of all these six professions all, on the side, undertake the business of estate agent—hence the fact that all six groups feel entitled to claim an interest in the registration of estate agents.

It has been suggested that the function of estate agents should be registered, rather than the name—unlike the case of architects, who may practise architecture (itself a difficult profession to define) even if they are unregistered, as long as they do not call themselves architects. In the case of estate agents there are very few professional qualifications involved; little would be gained if a substantial number of them were allowed to carry on, unregistered, a possibly dishonest business (under some such title as "property agents"). On the other hand, registration of all people carrying on the business of "agent in the purchase, sale or lease of property rights" carries with it the danger that the group may become ossified, and that no new members may be able to enter the field. But in the postwar era, admittedly one in which the market for accommodation was made grey by rent restriction and which has not yet been fully freed, the problem has been primarily whether an estate agent was honest, rather than whether he was qualified—if there can be necessary qualifications for a go-between.

STERLING AREA TRADE

Recovery in Exports

RECOVERY in world demand was reflected in the exports of overseas sterling countries in the second quarter of this year. The value of their exports, including trade within the overseas sterling area, rose sharply to £996 million, which was £135 million, or 15½ per cent higher than in the same quarter of 1958. It seems likely that exports for the third quarter will show a broadly similar rate of increase over the third quarter of 1958, when the recession reached its trough. This hit the earnings of the overseas sterling area more sharply than those of other groups of primary producers.

Now their earnings appear to be recovering faster than the rest. Between the first half of 1958 and 1959 exports from overseas sterling countries rose by £131 million, over seven per cent, to £1,929 million, thanks mainly to bigger shipments to North America and Western Europe. The rebound is the more impressive because prices of sterling commodities showed little improvement over the period. In particular

TRADE OF OVERSEAS STERLING COUNTRIES

(£ million)

	U K	Other Sterling	Dollar area	OEEC area	Other non-Sterling	Total
Exports* to:						
Jan.-June—						
1958 ...	578	347	241	313	320	1,798
1959 ...	600	359	287	340	344	1,929
Imports from:						
Jan.-June—						
1958 ...	739	404	343	383	503	2,372
1959 ...	659	385	355	402	486	2,287

* Excluding Middle East oil.

raw wool, the principal export item, was still cheaper in the first half of 1959 than a year ago; though the volume of wool shipments rose by nearly a quarter the value rose by only one per cent to £212 million. Three commodities, rubber, copper and meat, accounted for over half the increase of £131 million, and in the first two commodities the rise in prices far outstripped the rise in volume.

Shipments of rubber rose by 11½ per cent in volume and even more sharply in value, by 35½ per cent to £159 million; and shipments of copper, three per cent up in volume, were nearly 40 per cent up in value at £64 million.

The overseas sterling countries' imports showed a modest recovery in the second quarter of this year, rising by £35 million, three per cent, to £1,196 million, compared with the second quarter of 1958. But imports in the first half of the year, at £2,287 million, were still four per cent lower than in the first half of 1958. The Board of Trade's analysis shows that Britain is losing ground. Between the first half of 1958 and 1959 overseas sterling imports from the main manufacturing countries fell by £55 million, or four per cent, to £1,469 million; but imports from Britain dropped by 11 per cent to £659 million and Britain's share of the market dropped sharply from 48½ per cent to 45 per cent. The United States, Germany, the other Western European countries taken together, and Japan all increased their shares, though the increase in the United States's share was mainly the result of large shipments of foodstuffs—mostly to India and sold on concessional terms.

ARGENTINA

Stability for the Peso?

THE Argentine Economics Minister, Senor Alsogaray, is touring the capitals of Europe arranging a stabilisation credit in which eight countries are expected to participate. The credits are required to reinforce the reserves of the central bank and to buoy up the peso, now afloat on the still unaccustomed waters of a free market. It strengthened from 110 to the dollar in June to about 83 in July and has remained fairly steady since then. Since July external reserves have risen from the near-vanishing point of $34 million to $230 million. The Argentine authorities want to supplement this reserve with further international short-term credit, repayable in instalments beginning 18 months after the credit is established and completed within 36 months.

The country's stabilisation programme was launched last December, and since then the amount drawn from the International Monetary Fund has been brought up to more than $100 million. A further approach to IMF is now being made, and the Argentine government is trying to raise as much extra as possible from private banks in the United States and Europe. A London syndicate is promising £6 million. As in the case of the other tranches of the private credits, this will be called up in full, redeposited in the lending country and will then figure in the gold and foreign currency reserves of the Argentine central bank. The service cost will vary according to the level of interest rates in the various centres, but in each case it will amount to the difference between the interest payable on the stand-by credit and the interest earned on the redeposited money. The London syndicate is headed by Baring Brothers and includes the Bank of London and South America and a number of clearing banks and acceptance houses.

Senor Alsogaray has not yet completed his tour, and the amount of credits he takes home with him will depend upon his ability to dispel the scepticism towards his country's stabilisation programme which has prevailed in some quarters. As part of his sales talk he will be able to point to the sharp rise in reserves; the reduction in imports; the fact that Argentina now exports gasoline and hopes to be self-sufficient in crude oil; the hopes for a substantial rise in meat exports next year; and the confidence the country's booming stock exchanges are showing in the present austerity measures. The acid test, however, will be the success or failure of the government's measures to check the rise in prices.

ELECTRIC ARC WELDING

Aluminium Transformation

A NEW use for aluminium, and potentially a significant one, was announced this week: a welding transformer with

Marvellous new cars... these 1960 Vauxhalls!

The 1960 Cresta

The 1960 Victor de Luxe

Victor £505+£211.10.10 PT (£716.10.10)
Victor Super £530+£221.19.2 PT (£751.19.2)
Victor de Luxe £565+£236.10.10 PT (£801.10.10)
Victor Estate Car £605+£253.4.2 PT (£858.4.2)
Velox £655+£274.0.10 PT (£929.0.10)
Cresta £715+£299.0.10 PT (£1,014.0.10)

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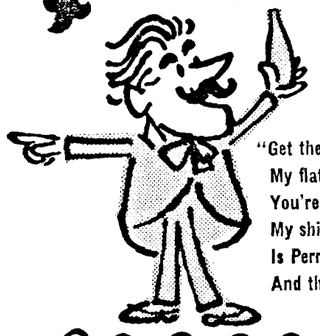

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LIVERPUDLIANA No. 14

The Towne Clerkes Plate

Extract from the Liverpool orecedents (Municipal records) circa 1611

One of the earliest mentions of the Town Clerk appears in an entry on 16th August 1611.

". . . yet in ende by the Councell of this towne, Peter Tarbocke of Wytton in the County of Chester was elected and chosen to be Towne Clerke in steed of the said Mr. Hewett.

. . . That Peter Tarbocke . . . is and shall delyvr on New Yeresday next to the Maior of this towne then beinge in plate the some of flortie pounds and ten pounds more in plate on Midsomr. even. All wek. is to be bestowed on the Maior, marked with the Cormorant, the townes Armes on it."

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coils wound in anodised aluminium foil instead of copper, which is normally used. The new transformer is produced by the Ashton-Young Engineering Development Company, of Kingston-on-Thames. Rated for 175 amps continuous operation—the size commonly used for welding sheet metal up to ½ in thick—the new welding unit weighs only 67 pounds; the transformer is slightly smaller than a portable television set. Conventional copper-wound welding equipment for the same job weighs several hundredweight and can be moved only on a trolley.

Aluminium is somewhat less conductive than the same volume of copper; but its weight, volume for volume, is less than a third of copper's, with the result that the weight of the transformer coils, in which ordinary mains voltage is stepped up to that necessary for welding operations, is greatly reduced. In the new transformer the aluminium is used in the form of foil—slightly thicker than a milk-bottle top—and the metal is anodised, which makes unnecessary the separate insulation needed in copper-wound transformers. The transformer case is made of fibreglass, and natural air cooling (without the usual fan) is used, thus further reducing weight.

Research on aluminium transformer windings was carried on for Ashton-Young by Imperial Chemical Industries and Aluminium Union of Canada. The transformers will be assembled at the Bermondsey factory of Remploy, the National organisation which employs severely disabled persons. This is believed to be the first commercial application of the principle of aluminium-wound transformers, though an experimental power transformer made of aluminium was made in the United States a few years ago. The new transformer sells for £64, compared with £80 to £100 for other comparable welding equipment.

GROUND EFFECT MACHINES

Developing the Hovercraft

PLANS for the future development of the Hovercraft have become clearer with last week's statement from the National Research Development Corporation, which sponsored the invention. Commercial interest, reflected by 150 firm inquiries from potential users or producers, and rapid technical progress have encouraged the NRDC to back further development with its own money, which may mean paying for three new commercial prototypes of about 40-100 tons. One will be designed for use over smooth water, such as rivers—versions for over the open sea are not yet planned; another to operate over land and water, as might be called for in northern Canada, with its many lakes; and the third for use over land. Design will differ considerably between these types—those operating over water need buoyancy, while the land machine does not.

The specifications that will be issued for these types will therefore be necessarily broad. They are being drawn up by the NRDC subsidiary Hovercraft Developments Ltd., where the machine's inventor, Mr C. S. Cockerell, is in charge of technical development. It is hoped that these will help to stimulate thought about the hovercraft among engineers in other firms and other industries who may produce new ideas on the subject, while the NRDC hopes that some companies will offer to help finance the development of prototypes themselves. The Hawker Siddeley group has already shown interest, and possesses both the knowledge and the money to aid the project. But if no private finance is forthcoming, the NRDC will be able to pay for the prototypes itself.

The new prototypes are being built to allow trials of commercial-sized machines in the areas where they might be operated. Northern Canada, the interior of Australia, and the rivers of Africa and Asia are the areas from which most inquiries have come. The new machines, which should be in use by 1963, will be operated in such areas to learn what features the production versions should include. Development is still at an early stage, and suggestions that Hovercraft will soon be in commercial service remain premature; but this sounds a realistic technical programme.

HARD FIBRES

Dearer Sisal

AFTER holding steady for two and a half months, British East African sisal has gone up by £2, bringing the top grade to £92 a ton cif. Though prices are still about £8 below this year's peak, this year's average is about one-fifth higher than in 1958. Demand is usually strong at this time, because spinners have run down their stocks and are buying for the new season. But producers feared that some part of the big increase in shipments to Europe earlier this year had been put into stock, and that spinners would therefore buy sparingly now. Imports into the United States dropped by 10,000 tons to 44,000 tons between the first half of 1958 and 1959, but this was more than offset by the sharp rise of 30,000 tons to 190,000 tons in the imports of Western Europe, Japan and Australia. The firmness of the market suggests that European spinners are not over-stocked. They have been buying for delivery well into 1960, and some grades are becoming short.

Demand for sisal appears to have outstripped production this year. European countries had bumper harvests; the United States did, too, but American production of sisal twine is suffering from competition from henequen twine from Mexico and sisal twine from Europe. Mexican sales of henequen fibre to the United States, to be made into twine or padding, have risen so sharply that Mexico no longer has a burdensome stock. In other countries, particularly Japan, consumption of sisal has been helped by the shortage and high price of abaca. Output in British East Africa, the largest sisal producer, rose by seven per cent to 190,000 tons in the first nine months of 1959, compared with a year ago, and Brazilian exports are almost as large as in 1958. Brazil has long ceased to be a weak seller, and offers from that country have recently declined. Buyers would like to know whether this indicates a lack of supplies, or whether Brazilians are anticipating a more favourable exchange rate.

SHORTER NOTES

Motor output reached a new record level in October, when a total of 110,354 cars and 33,430 commercial vehicles was produced. The weekly average of cars produced was 27,589, compared with 24,348 in September and 25,116 last April, the previous record month. Exports of cars in October, at 49,892, were roughly one-fourth higher than in October, 1958.

★

There has been a notable increase in the rate of new machine tool orders placed by industry since about the spring of this year. In the five months from April to August machine tool makers received just over £24 million worth of new business from their British customers, against £18.7 million over the same period last year and £23.3 million in 1957. Orders from overseas, too, are not dwindling so fast now. The £6.7 million worth received in these five months is about the same as a year ago. Output has not yet improved, but the industry's order books at the end of August, worth just under £50 million, represented only 7-8 months' production.

★

France has repaid $200 million of credits drawn from the International Monetary Fund in 1957 and 1958.

COMPANY AFFAIRS
Comments on pages 806, 807 and 810 on
South Durham — Mitchells and Butlers
EMI — Roads Reconstruction
Glaxo — Tube Investments
BSA — Crompton Parkinson
Canada and Dominion Sugar

LONDON AND NEW YORK
Stocks, prices, yields and security indices on pages 808 and 809

LONDON STOCK EXCHANGE
The week's movements reported on page 810

MONEY AND EXCHANGES
Money market report, exchange rates and public finance on page 811

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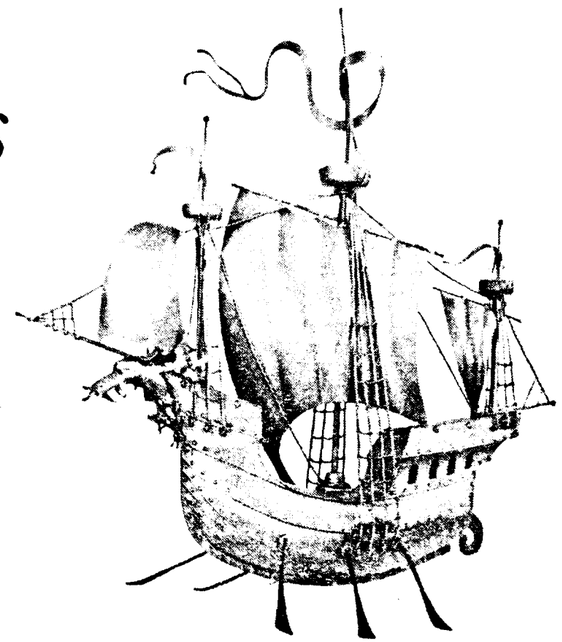

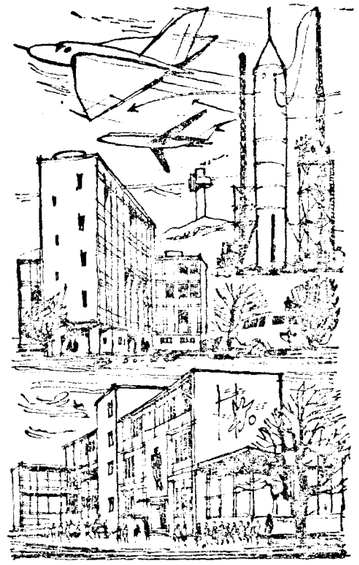

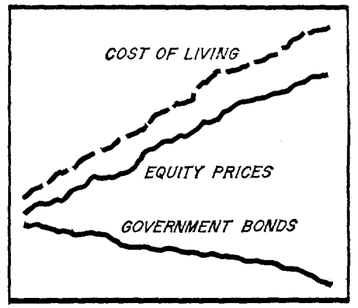

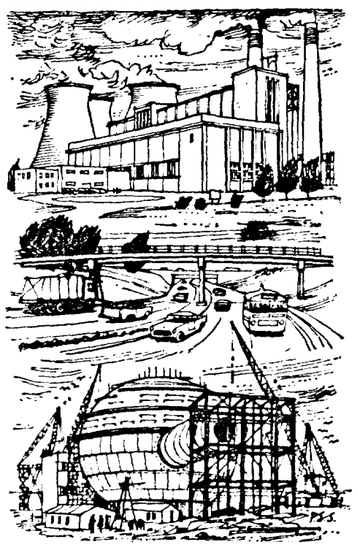

£ Money for Government $

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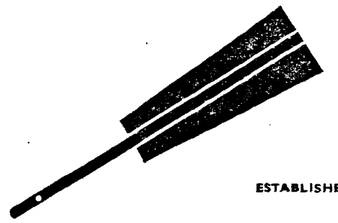

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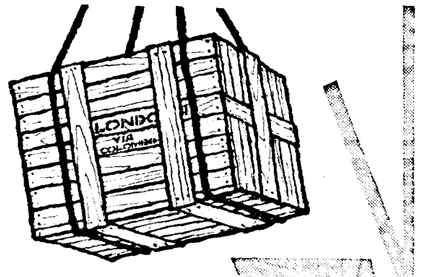

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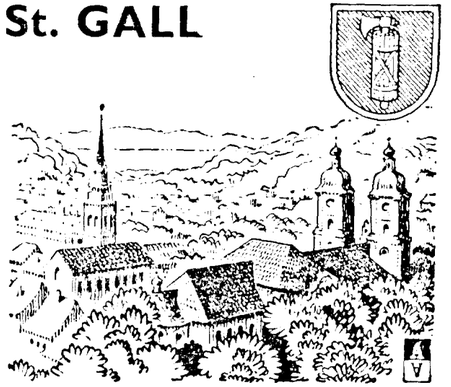

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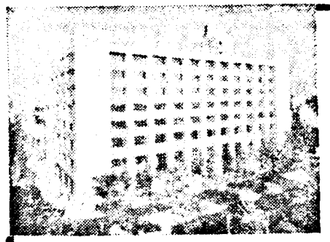

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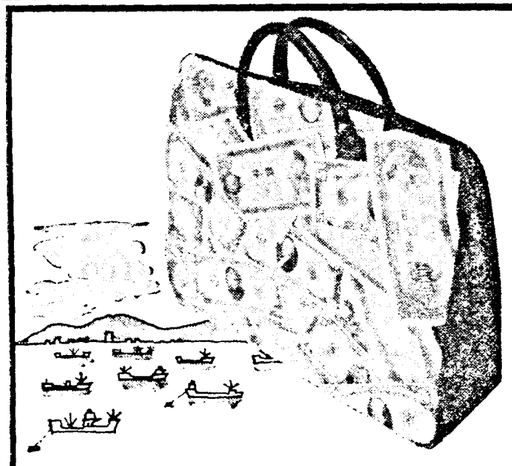

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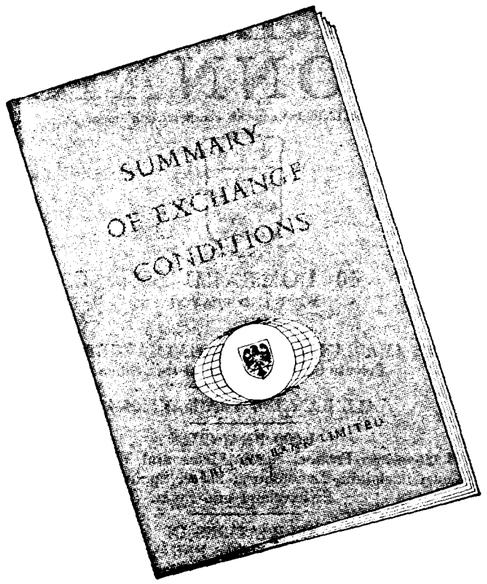

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THE ECONOMIST NOVEMBER 21, 1959

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To Grips with a World Problem

GOVERNMENTS of every sort since the war have run into considerable difficulties in financing their activities. No one is very surprised that in Chile, where prices have been doubling with some regularity every two years, the main source of government borrowing is the central bank. Nor was it to be expected that France or for that matter Britain, at times when prices were rising by 5 per cent a year or more, would find it easy to continue to persuade investors to accept government obligations expressed in fixed (but depreciating) monetary units. But the acute difficulties that in 1958 afflicted the bond markets in the United States and Canada could not so easily be explained away simply as the result of inflation. Retail prices since the end of the Korean war have risen by less than 10 per cent in the United States, a rise that is smaller than that in any other important country, Germany included ; and American prices today are no higher than they were two years ago. The fact that the United States government has found difficulty in attracting investors at this time has demonstrated with force that the problem of securing adequate money for government in the postwar period is a world-wide one. It deserves a world-wide survey.

There are two major reasons for the new postwar difficulty. First, governments have much more to finance. In all western countries, the state's direct operations in the economic system have increased considerably since before the war—for military purposes or for social purposes, to develop new industries too large for private enterprise or old industries too unattractive for it, or simply to run industries and services for which the state happens to be responsible. Some part of public investment outlays in these fields has usually, and rightly, been financed through loans rather than current receipts. And most governments have also to refinance huge borrowings incurred to pay for the war itself.

But at the same time as there has been much more to finance, the general change of economic climate since the war has disfavoured the traditional means of financing it. Inflation self-evidently discourages lending for a fixed money return, and there has been inflation in plenty since the war. But even a conjuncture of generally buoyant trade and steady economic growth with no inflation of prices tilts the balance of investment advantage quite substantially, away from the fixed interest security towards the ordinary share with a flexible dividend. For the flexibility may be expected to be much more consistently upward than in the years when firms had to contend with prolonged trade depressions and could rely much less on help from the state. Looking back at the decade and a half since the end of the war, indeed, the surprising thing is that difficulties of government financing did not become marked much more quickly. This is partly because it has taken time to be sure that the major postwar change in investment climate is here to stay. By now, most investors have decided that it is. That is the basis of the cult of the equity—and of the financing problems of governments.

There are some people in the banking world who feel that the appropriate solution for this problem is to abolish it—that governments have no business in peacetime to be net borrowers in the capital market, that whether the government is financing long-term investment projects or not, the "overall" budget ought to be balanced from taxation alone. But the question of how much of the country's investment should be in the public sector is not primarily a financial one ; nor is there any basis for saying that whenever investment is undertaken by a public agency it must be financed from current revenue. If it is decided on political or economic grounds that a given volume of public investment is desirable, then it is surely up to the financial managers to devise the means of financing it. If at a time when the economy as a whole is not over-extended, public investment projects are discouraged because of the difficulty of financing them, that is likely to be a sign that finance is not doing its job. And in most countries that is not likely to be tolerated for long.

Living with the National Debt

Acceptance of the new circumstances involves a revision of old ideas about the national debt. This has gone a good deal further in Britain than in most other countries: the United States, for example, still imposes a ceiling on total Federal debt, and many observers there and in other countries were critical of the emphasis in the Radcliffe report (generally welcomed by people in Britain who had given thought to these questions) on the role that debt management does and should play in monetary policy.

Traditionally, the national debt was seen as a product of war, a temporary burden to be extinguished as soon as possible. Certainly nothing has ever matched war in creating public debt, and the two world wars in this respect surpassed all their forerunners. The increase in the debt in the last war was indeed generally so large that for the first time talk of extinguishing the debt disappeared. (Rare exceptions were neutral Switzerland, whose government still does not borrow, and defeated Germany, which could repudiate Hitler's borrowings and today has only a tiny internal debt.) In practice, the national debt has continued to rise in most countries since the end of the war, though at a much slower pace. But in relation to national income the debt has fallen, and in most countries (the notable exception is the United States) this ratio is smaller today than before the war. To a large degree that is a result of inflation, the classic means of reducing the burden of debt ; it is not accidental that of the countries listed in the tabulation overleaf the present ratio of debt to national income is lowest in France.

The concept of the national debt as a "burden," however, is of very limited validity. The fact that the government owes its citizens certain sums is not really a burden on the nation as a whole—for this reason "public debt" would be a far better appellation than "national debt." Public debt that is held internally provides for a future shift in distribution of income, from taxpayers as a whole to holders of government paper—which may itself, admittedly, lead to difficult problems of high tax rates. Increases in the debt that are accompanied by increases in real productive capacity in the

public sector may not even involve a transfer problem of this kind, since the future debt service will be matched by higher public or private real incomes.

Most governments and central banks now recognise that the size of the debt is less important than the maturity structure. The shorter the maturity of government paper, the higher the degree of liquidity—the easier is conversion into money. Finance during the war usually gave rise to a big increase in short-term debt, and monetary authorities soon became concerned to convert (or "fund") such debt into longer maturities. Moreover, with the passage of time large blocks of medium-term and long-term paper successfully issued during the war have approached maturity. Refinancing alone can be a major problem for a government bond market, whether of wartime borrowing (as in Canada's massive and ill-fated refunding operation in 1958), or of recent borrowing (as in the United States at present, where the current budget is broadly in balance).

Even those governments that still feel reluctant to finance public investment by an increase in debt, therefore, must find a way of attracting investors to buy their long-term bonds. How should they set about it? Some people feel that the only ultimate solution will be to give up the fixed monetary return, as countries in which inflation has been most serious have been forced to do. Interest and principal have there been linked to certain indices—the cost of living, the price of gold, leading industrial shares. Such devices undoubtedly bring in the money; but the effective interest charge is high, and above all the expedient marks, in the words of the Radcliffe committee, "a confession of failure" by the authorities in the stability of their own money. Significantly, when France reformed its finances last December it announced that it would issue no more indexed loans.

Pull of High Interest Rates

The alternative device that has secured much more favour in recent years has been, simply, an attractive rate of interest. It has long been argued from many sources that demand for fixed interest securities cannot necessarily be encouraged by raising the interest rate, particularly as this has the effect of depreciating the market value of existing portfolios. But in the past two years there has been some impressive experience to the contrary. The gilt-edged market in Britain was transformed by the 1957 increase in Bank rate to 7 per cent; at the same time as investors were reassured that the authorities meant to keep inflation in check, they were offered yields on Government bonds more attractive than they could remember. A second major psychological boost to gilt-edged came this autumn with the Conservative election victory and the reversal, for the first time in Britain, of the traditional relationship between gilt-edged and equities. Equities on the basis of their current dividends now yield, not more than gilt-edged but one per cent less, and the most popular shares may yield up to 3 per cent less. In the United States, as in other countries, the yield lines "crossed" some time ago; the Netherlands, where according to our correspondent institutions still regard equities as the "risk" investment, is one of the last countries in which the old relationship remains.

Once government bonds are yielding more than ordinary shares, the monetary authorities, provided always that they keep inflation in check, should not find it difficult to stimulate demand for bonds. Every further increase in their yield may now add to the differential in current income over that on shares; the investor whose preference stays with shares must then make more and more favourable assumptions about growth. The equity cult can become a luxury. A number of institutions in Britain are now busy with calculations about switching; and even on Wall Street, which not long ago was proclaiming its faith in equities and nothing else, last month's issue of Treasury notes at 5 per cent, quickly christened "the magic fives," has caused some reassessment. In Canada the authorities recently offered investors not only yields above 6 per cent but an exceptional option in choice of repayment dates; here, too, attractive terms appear to have brought the market round.

In these basic tendencies the main countries seem to have been moving together. But the techniques of government finance and the structure of the financial markets vary tremendously, so that the same apparent development in two countries may signify quite different things. For instance, an increase in Government borrowing through Treasury bills in Britain is almost sure to involve finance through increased bank credit. But in the United States no such inference can be drawn, because of the importance in this market of investors other than the banks. The broadness of the short-term market is also the reason why the Federal Reserve now prefers to confine its open market operations to this sector (before the "accord" of 1951, the Federal Reserve not only operated in long-term securities but pegged their price).

One key question in assessing the methods of government finance is the scope that exists for by-passing the market. The United States appears to be one of the few countries in which the Treasury stands quite exposed: it may overdraw at the Federal Reserve to only quite a small amount, and temporarily, and it exercises no influence of its own on investment of official funds, which proceeds on actuarial precepts. In Britain, by contrast, there is no legal limit to advances to the Treasury from the Bank of England (though only marginal and very temporary use of these facilities is made in practice); and very large official funds can and do adapt their investment to suit the Treasury's needs. In most other countries there is some limit to advances from the central bank, but also scope for influencing the investment of official funds. It should be noted that institutions other than the central bank can add to the Treasury's resources only in so far as they themselves draw funds from the public or central bank. But they can be used to manipulate the distribution of debt. In Britain in recent

GOVERNMENT BORROWING IN SEVEN COUNTRIES

	National Debt		Facilities for Central Bank Finance or Support from Government Funds	1950–1958: Depreciation of Value of Money	1950–1958: Depreciation of Price of Long-term Bonds	1950–1958: Appreciation of Index of Equities	1958: Yield on‡ Long-term Bonds	1958: Yield on‡ Equity Index
	As percentage of Gross National Product			per cent				
	1938	1958						
UK	204*	168*	Yes	33	41	57	4·98	6·20
US	50	61	No	17	48	157	3·43	3·88
Canada	146	78	Limited	17	53	94†	4·26	4·31
Australia	126	64	Limited	41	58	28	4·97	5·52
Belgium	n.a.	65	Yes	16	3	85†	4·57	n.a.
France	95	34	Yes	36	+13	308	5·70	3·31
Holland	59	47	Limited	23	32	45†	4·31	5·90

* Excluding holdings of official funds; first figure for 1935, not 1938.
† Industrial shares only. ‡ Average of months; see charts for recent trend.

years, the "departments" have been used to facilitate a continuous process of "funding" of debt into long-term maturities. They tend to keep market prices down rather than hold them up.

Thus in practice, the British Treasury, which in theory has great freedom to by-pass the discipline of the market, has made far better progress in avoiding an excessive concentration of short-term debt than the American Treasury, which must raise every cent from the market but may not do so (for over five years term) at more than 4¼ per cent. Yet the British system of channelling all official funds through the Treasury still has its dangers; if the scheme for special deposits were ever introduced, for example, it might provide the Treasury with cheap finance and lessen the pressure for it to pay adequate rates in the long-term market.

Because governments, and people generally, have to a large degree accepted the need for high interest rates, the problems of government financing today look distinctly less formidable than they did a short while ago. But the swing of opinion towards higher rates has brought other problems. For example, it is becoming increasingly difficult to use lower interest rates as a stimulus in a recession. Since investors feel that the recession is soon likely to be over, and interest rates soon likely to rise, the authorities may have to pump very large funds into the market to achieve a given reduction in rates. Investors in the United States, for example, will not be so easily tempted into a low-coupon stock in the next recession if they are still taking a loss on bonds they bought in 1958. There are real difficulties in making long-term interest rates flexible. The signs are that the long-term need is for them to remain high.

America's New Money Crusade

THE financing difficulties of the United States Treasury have become more acute, and widely publicised, during the past year and a half. But even today the general public, and overseas financial observers, often misinterpret the nature of the problem. Its real source is the excessive concentration of short-term maturities, rather than an excessive volume of public debt as such, or continuous large scale deficit financing. The problem of selling an adequate amount of long term Treasury securities to maintain a sound maturity distribution of the public debt has in fact been present ever since the war, which with its unparalleled scale of Federal spending brought the Federal debt up from $44 billion to $257 billion. With the passage of time, the need to repay or rearrange this debt has assumed increasing urgency. Through these years, however, government financing has been hindered by inflation, which has attracted many investors into equities and other investments largely immune from monetary depreciation.

Total Federal debt has continued to rise, though at nothing like its wartime pace. Federal budgets have shown rising deficits during periods of recession, partly because of reduced revenues and increased unemployment compensation, but also because of new spending plans calculated to speed recovery. Budget surpluses during periods of boom have been too small to offset the recession deficits, so the Federal debt has increased by about $30 billion since the end of 1946 to $290 billion today. This does not signify an equivalent shortfall in Federal revenue below current expenditure. The US Treasury does not distinguish capital items from the current budget in the way that many European countries do, yet plainly there are many capital items in the US budget which might justifiably be financed by loans. Total Federal investment in civil items, on a narrow definition, excluding much social investment, amounts to 8 per cent of all investment in the United States; if military items were included the figure would be 32 per cent.

In relation to national income and total national savings, budget deficits have rarely been very large, and they have been justified on Keynesian precepts. The total Federal debt, at 61 per cent of national income, is substantially below its ratio to national income in 1948 (when it was 96 per cent), and despite the massive increase in debt in the war years it is not too far above the ratio in 1938. Nor is the weight of the debt, as expressed by this ratio to national income, high by comparison with other countries (see the facing table). The trouble has been that too much of the increase, particularly in recent years, has been financed by Treasury bills and other very short term issues, though it should be noted that these have not been taken up primarily by the commercial banks. This has been reflected in a sharp rise in short-term interest rates. During this year a special distortion has come into play, and it can be removed only by Congress. The statutory ceiling of 4¼ per cent on new issues of bonds—defined in America as securities of more than five years' life—rules out the possibility of issuing such securities at current market terms.

Long before market yields rose to this point, however, the US Treasury refunded too many of its maturing securities (issued during the war) with shorter issues; and the longest term war time bonds are getting shorter with the passage of time. At the end of 1946, for example, there were $55 billion of marketable bonds outstanding due for redemption within 10 years. Twelve years later, at the end of 1958, this amount had shrunk to $30 billion.

The market for long term fully taxable Treasury bonds has suffered from intense competition from (1) higher yielding government guaranteed mortgages, issues of which have increased by over $50 billion since the end of 1946; (2) fully tax-exempt State and Municipal issues, which have increased by about $45 billion and may reach $8 billion in 1959 alone; and (3) industrial shares, which give a hedge against inflation, although since 1958 the yield has been below that on fixed interest bonds.

In recent years, investors who bought large amounts of long-term government securities during the war have made substantial liquidations in order to switch into more attractive investment media. The main savings institutions—the insurance companies, mutual savings banks, savings and loan associations, corporate pension funds, and local government pension funds—have reduced their total holdings of government securities from $42 billion twelve years ago to about $31 billion today. When the

FEDERAL DEBT AND GUARANTEED OBLIGATIONS

($ billion)

	Marketable	Non-marketable	Guaranteed obligations*	Total gross Federal debt	Per cent of gross national product
End-1938:					
Total	34·0	5·4	5·0	44·4	50
Held by					
Federal Reserve banks	2·6	...	...	2·6	
Govt. investment accounts	1·8	3·2	0·3	5·3	
All other investors	29·6	2·2	4·7	36·5	
End-1958:					
Total	175·6	107·3	0·11	283·0	61
Held by					
Federal Reserve banks	26·4	...	...	26·4	
Govt. investment accounts	6·6	47·7	0·06	54·4	
All other investors	142·6	59·6	0·05	202·2	

* Marketable securities.

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Note: The sterling equivalents of the Rupee figures shown above have been converted at the rate of 1/6 per Rupee.

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rapid growth of institutional assets is taken into consideration, the decline in their holdings of "governments" is even more striking. In 1946 life assurance companies had 45 per cent of their assets invested in governments; the proportion now is only 7 per cent. Twelve years ago mutual savings banks had 63 per cent of their assets in governments; today they have 20 per cent.

It should be stressed that the government securities market is now free of official intervention, so the Treasury must compete openly with other borrowers. During the war, and up to March, 1951, the Treasury market had been rigidly pegged by the Federal Reserve System and the longest term 2½ per cent Treasury bonds were maintained above par. This process turned the Federal Reserve into an engine of debt monetisation, since it lost all control over the volume of bank reserves. It thus contributed to the postwar inflation. In March, 1951, the Federal Reserve declared its independence and unpegged the market. It has since confined its open market operations entirely to Treasury bills. Against the wishes of the Federal Reserve Bank of New York, Mr William Martin and his Board in Washington decided to confine their market actions to affecting the volume of bank reserves, relying on arbitrage in the market to spread the effect through the range of interest rates. The Federal Reserve has therefore intervened in the market for longer maturities only on a couple of occasions in order to correct a "disorderly" market; the last such intervention was in July, 1958. The Federal Reserve does not support or underwrite Treasury issues, or offer more than very small temporary and exceptional facilities for direct day to day finance. Nor is support for the Treasury available from government funds, which invest strictly on actuarial precepts. The independence of the Federal Reserve has been specifically approved by President Eisenhower, even when as in 1956 this involved a clash with his Secretary of the Treasury.

The market for US government securities has fluctuated over a wide range since March, 1951. Prices rose temporarily but quite sharply when the authorities during the two recessions were deliberately reducing interest rates; in the periods of recovery and boom, however, bond prices have slipped back more. The trend of interest rates has been upward; this autumn they have reached peaks since 1929. The Treasury and Federal Reserve recently conducted a joint study of the government security market to see whether steps should be taken to create a broader and more resilient market. The inquiry was focused particularly on the sharp decline of quotations in mid-1958 and on the ensuing heavy liquidation of speculative holdings. The report tentatively concluded that speculators had probably learned their lessons the hard way. It was intimated that the easy money policy may have been pushed too far in the 1957-58 recession to the point where lenders responded too actively to speculative demands for credit in that market. But the report added that "vigorous use of financial policy to promote economic stability runs the risk of being accompanied by instability in the financial markets, where flexible movement is an essential part of market mechanism. This appears to be a risk which we must take. . . ."

An Efficient Free Market

The market for US government securities has by far the largest volume of any financial market in the country. It handles each year a dollar volume of transactions of about $200 billion, or more than five times as much as the dollar volume of transactions in all corporate shares as well as bonds on the New York Stock Exchange. Notwithstanding the liquidations of recent years, investors other than the banks retain large holdings in governments, and the market is a broad one.

The trouble in this market has nothing to do with its mechanism—being clearly due to the reluctance of the Treasury to pay the competitive rate necessary to float a significant amount of long-term bonds in the existing market. The inadequate long-term Treasury offerings that were made were always severely criticised by Congressional advocates of easy money; in 1953, the Treasury was accused of paying far too much with its bonds of 3¼ per cent. During periods of prosperity market conditions were always unfavourable and would have demanded high rates; and during periods of recession the Treasury (much more justifiably) was always fearful of causing a further downward spiral in the economy by competing unduly with the market for mortgages, industrial bonds and municipal bonds. So there never seemed to be a good time to sell a sufficiently large amount of long-term bonds.

Now that the problem has become acute, the present Anderson-Baird debt management team in the Treasury seems determined to achieve some significant extension of maturities, a task which totally eluded Mr George Humphrey. But today Treasury determination is not enough: Congress must remove the statutory ceiling of 4¼ per cent. A pitched battle on this question and attacks on the Federal Reserve's restrictive policy are expected when Congress reconvenes in January. One of the greatest monetary debates since the days of William Jennings Bryan in 1896 has been shaping up. Today's crusade, for realistic interest rates, is a very different one.

The acuteness of the US Treasury's current problems is largely the outgrowth of the record peace-time deficit of $12½ billion in the fiscal year which began on July 1, 1958, and happened to coincide with a sharp business recovery and a huge private demand for credit. The Federal Reserve, which had pursued a monetary policy of extreme ease during the 1957-58 recession, switched to a restrictive one in the second half of 1958. This sudden reversal of underlying conditions brought about an unusually sharp rise in interest rates, and severe market depreciation of bonds bought at the cheap money crest.

OWNERSHIP OF US GOVERNMENT SECURITIES*

	Total amount outstanding	Commercial banks	Mutual savings banks	Insurance companies: Life	Insurance companies: Fire, casualty and marine	US Govt. investment accounts and Federal Reserve Banks	Other investors
		($ billion)					
End-1948:							
Within 1 year	44.674	14.809	342	148	753	12.134	16.490
1–5 years	30.934	19.372	915	913	758	2.744	6.229
5–10 years	24.164	15.708	1.168	950	731	1.587	4.020
10 years and over	57.710	5.457	8.455	14.100	1.458	12.345	15.895
Total marketable debt...	**157,482**	**55,346**	**10,880**	**16,111**	**3,700**	**28,810**	**42,634**
End-1958:							
Within 1 year	72.616	14.380	300	519	639	21.716	35.062
1–5 years	53.803	31.006	1.229	205	1.803	5.577	13.983
5–10 years	17.167	9.123	958	457	667	1.385	4.577
10 years and over	32.000	4.409	3.573	3.512	1.141	4.289	15.076
Total marketable debt...	**175,586**	**58,918**	**6,060**	**4,693**	**4,250**	**32,967**	**68,698**

* As reported in the Treasury Survey of Ownership. All issues calculated to final maturity except partially tax-exempt bonds, which are classified to earliest call date.

Yields in the present market, moreover, are much lower than the Treasury would have to pay to market a significant amount of new long-term bonds.

Since mid-1958, total Federal debt has

increased by about $15 billion. The marketable debt is up by about $21 billion; moreover, bills and other paper with less than one year to maturity have increased by $9 billion and the one to five year debt by $23½ billion. The problem of deficit financing was temporarily swept under the rug by heavy reliance on short term, near money financing, with temporary investors. During this period, industrial corporations may have raised their short-term holdings by $9 billion to $10 billion, miscellaneous investors, largely foreign accounts, by perhaps $6 billion, while commercial banks have reduced their holdings by over $5 billion (to finance their surging loans at a time when the Federal Reserve has held bank reserves in check). Much of the big increase in corporate holdings is attributed to the fact that corporate tax liabilities in this period of recovery from recession have been rising much more rapidly than tax payments. The Treasury must be prepared for an attrition here.

Some officials and not a few outside observers are hopeful that the American bond market is now near the peak in yields and the low point in prices—at least at the shorter end of the maturity range. The successful cash offering of the "magic fives" has encouraged this hope; and they are still over par. More than 100,000 individual investors subscribed to this issue, giving some evidence that investors may be switching some of their preference from low yielding common stocks to high yielding bonds. The Treasury has made great efforts to balance the budget in the current fiscal year, though its estimates may be thrown out by the steel strike, which is depressing corporate earnings. Certainly there should be a seasonal budget surplus available for debt retirement in the first six months of 1960.

Advance Refunding

But circles in the Federal Reserve also fear that there will be an excessive, unsustainable boom in inventories following the steel strike, creating big demands for credit. If this materialises, then liquidation of short-term government bonds by corporations to pay higher taxes, to rebuild inventories, and provide funds for plant expansion may more than offset the effects of the small seasonal budget surplus on the money market. Foreign accounts also may conceivably liquidate some of the recent big increase in their Treasury bill holdings if interest rates rise abroad. So it seems too early to be sure that there will not be some further rise in interest rates, and decline in bond prices, early next year—even if Congress does accept reality and lift the artificial 4¼ per cent limit. If it does not, the prospect will be bleak indeed.

The Treasury has now stated openly how it intends to tackle its problems once its hands are untied. The key problem now is not really financing but refinancing. Mr Julian B. Baird, undersecretary of the Treasury, has put the matter in the following way. Present debt under one year's maturity is $76 billion of the total marketable debt of $187 billion; perhaps $70 billion would not be excessive in view of the liquidity needs of the economy. But if everything that matures during the next two years were refunded into the under one-year range, this would reach $110 billion by October, 1961. Equally, congestion will develop in the one to five year range if the Treasury continues to be forced to confine all current debt extension in that range. There is already $64½ billion there, and a further $8 billion of originally longer obligations will be added within the next two years. Mr Baird further pointed out that the large volume of long-term tap 2½'s sold during the war are now in the intermediate area where they appeal to a different type of investor. The solution put forward for all this is advance refunding, to keep original long-term investors in long-term issues. Holders of securities in the now congested 1961 to 1965 maturities, for example, could be offered 10 to 13 year bonds; naturally the coupon would be much above that on their existing holdings. A conversion of this kind might also attract investors into really long-dated securities. Mr Baird has said that if, in addition to the extension required to keep even with the erosion caused by the passage of time, the Treasury could, in the next two or three years move, say, $20 billion out of the one to five year area into longer maturities, "it is our judgment that we would have a reasonably satisfactory structure of the marketable debt." He made clear, however, that the Treasury would make a cautious approach to advance refunding and would not attempt such an ambitious plan as the Canadian refunding last year, involving 40 per cent of the debt. It can only be hoped that Congress speedily removes the artificial barrier that is in the way of constructive action. Only then will the financing difficulties of the American government be shown up for what they are—the result not, as is so often loosely assumed, of profligacy in government housekeeping, but of technical problems of debt management and an ancient attempt to interfere with the freedom of the market.

Financing Britain's Debt

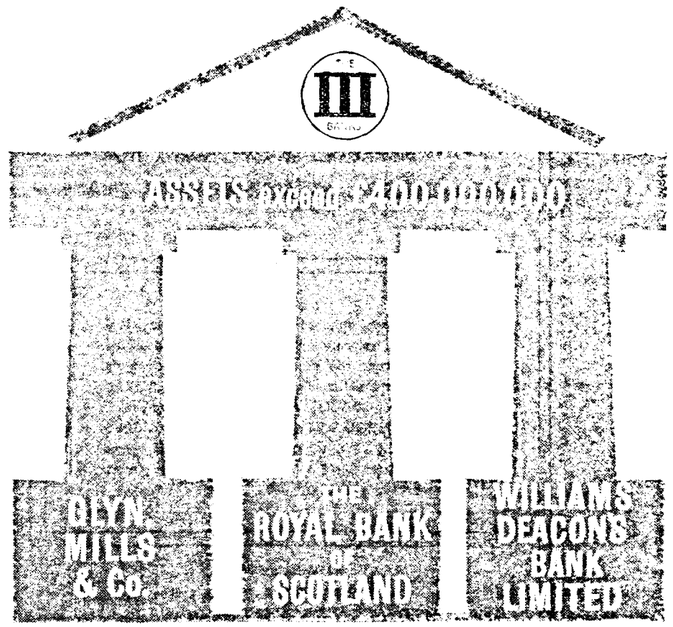
Although the national debt, in the sense in which we are using the term, is of such great importance for economic policy, there is in existing publications no adequate analysis of it, nor indeed is there any statement of its size, either in published documents or in any official documents that have been brought to our notice.

THE Radcliffe committee, although forced to make this biting comment on the needless secrecy of the monetary authorities', was able through figures produced especially for it to remove much of the time-honoured mystery. This article aims to give a straightforward account of the mechanics of official financing in Britain and its relationship to the economy as a whole.

The Radcliffe figures show that the gross debt of the public sector in Britain (central Government, nationalised industries and local authorities) rose from £9,111 million in 1935 to £34,186 million in 1952 and to £41,105 million at the end of March, 1958. During the war years 1939-45 this increase was naturally concentrated on the debt of the central Government. The debt charged on the Consolidated Fund rose from £6,764 million in 1935 to £8,163 million in 1939 prior to the outbreak of war and to £25,620 million by 1948. In 1958 the total stood at £27,232 million. Most of the recent increase in public debt, therefore, has been on account of the local authorities and the nationalised industries rather than that of the central Government. The total debt obligation of these public corporations and local authorities almost doubled in the years 1952-58, from £6,334 million to £11,107 million.

A more accurate picture of the debt is obtained if the portions of it held by official agencies are excluded. "Net" national debt on this basis has shown a somewhat smaller increase, from £8,385 million in 1935 to £30,727 million in 1958. Official holdings of Government debt are both large and increasing. In 1935 they amounted to only £328 million but by 1952 these internal holdings had risen to £4,697 million; six years later the total had reached £5,022 million.

Marketable gilt-edged securities other than Treasury bills represented 62.2 per cent of the total net debt in 1935. By 1952 their proportion had dropped to 48.2 per cent and in 1958 they accounted for 47.2 per cent. "Market" Treasury bills (i.e. bills held outside official agencies) formed a tiny 4.4 per cent of



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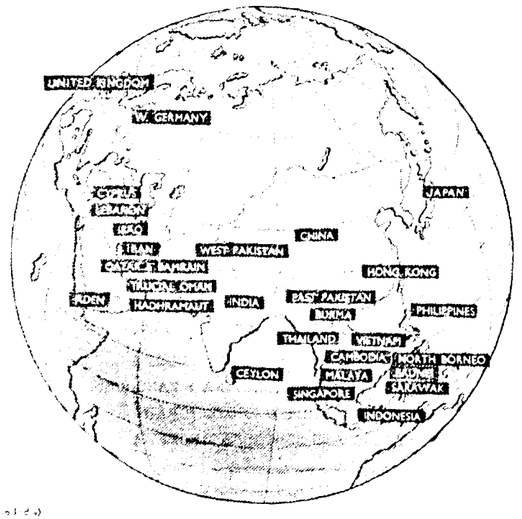

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the total debt in 1935, but had risen to 9.6 per cent of the total by 1958. Issues of non-marketable National Savings securities rose rapidly in the war years and represented 21.4 per cent of the 1952 figure as compared with 12 per cent in 1935. Since then the aggregate of Savings securities, £5,786 million in 1952, has been virtually maintained, but their proportion has fallen to 18.7 per cent of the total debt. Even so, National Savings securities now total about two-fifths as much as marketable gilt-edged securities, whereas in 1935 they were less than one-fifth ; and these sources fill an important part of the Exchequer's current borrowing needs. Outstanding public issues of local authority debt have more than doubled since 1952 but their proportion of the total debt, at 7.8 per cent, is less than half what it was in 1935.

Lower Ratio to National Income

In spite of the very great increase in the total of the net national debt during the war, its ratio to the gross national product rose only from 204 to 213 per cent between 1935 and 1952, and since then has dropped steeply, to 168 per cent by 1958. The ratio of net national debt to total bank deposits was 430 per cent in 1935 ; by 1952 it had risen to 460 per cent and in 1958 to 485 per cent.

Public investment is more important proportionately in Britain's economy than in most others. The central Government's own direct investment in fixed assets is relatively small, but it makes large scale loans for capital purposes to public corporations and local authorities. Capital expenditure of the central Government amounted to only £41 million in 1938 ; by 1948 it was £114 million and ten years later it was more than twice that sum—at £243 million. By far the greatest part of capital expenditure of the public sector is that of the local authorities and public corporations. In 1948 this amounted to £552 million, but had almost doubled to £1,095 million in 1953, rising to £1,239 million by 1958. The aggregate investment of the public sector amounted to just over 45 per cent of total investment in both 1948 and 1953, but by 1958, after the boom in private investment, the proportion had dropped to just over 35.2 per cent. The actual figure was £1,514 million.

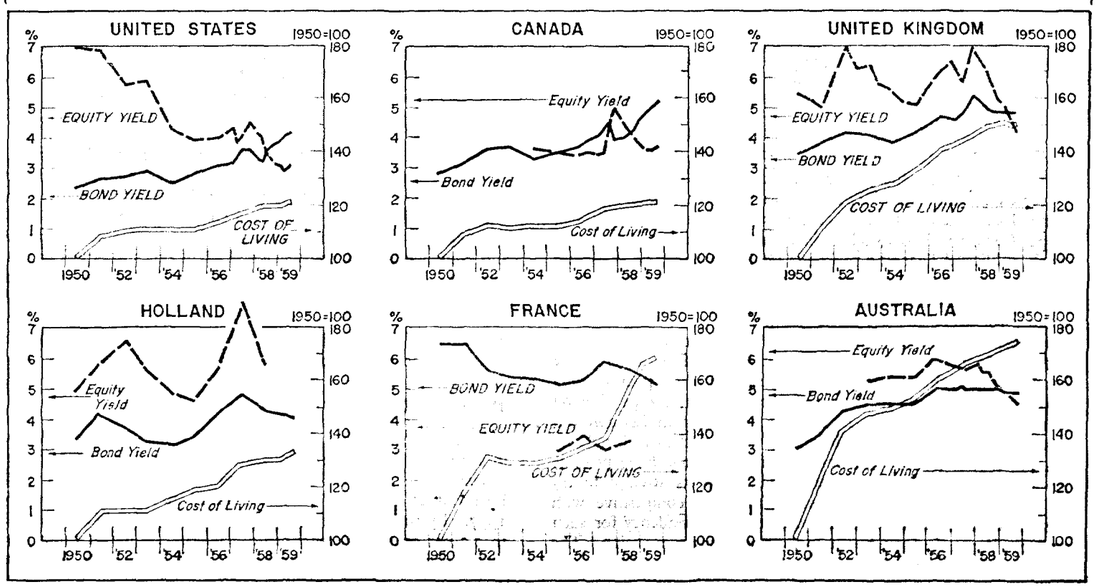
Taxes and Borrowings

This investment was financed by current revenue and taxes to the extent of about 67 per cent. The main forms of borrowing have varied over the years. Net sales of gilt-edged securities and of local authority stock on behalf of the authorities concerned together with receipts from National Savings more than accounted for the total in 1958. There was a net repayment of Treasury bills, and funds were needed for purchases of gold and repayment of sterling balances.

In 1938 issues of marketable securities for the public sector, at £81 million, were substantially less than the total of other issues, as estimated by the Midland Bank. This estimate of other capital issues in 1938 was £118.1 million, excluding all borrowings by the British Government, shares issued to vendors and those resulting from scrip issues, etc. Government securities have continued to weigh heavily in the market ; over recent years new issues of British Government stock have often amounted to more than double all other issues (as defined above).

The maturity structure of the net public debt has changed greatly since prewar days. Treasury bills, which formed a very small proportion of the total debt in 1935, now amount to 20 per cent of "outside" holdings of Government securities ; this percentage would be greater still if calculated on market values rather than nominal values. Bonds with a maturity of fifteen years or more, which formed the major part of prewar gilt edged securities (over 85 per cent), accounted for less than half the total in 1958. That is largely a result of the approach to maturity of stocks issued

Investors and Inflation



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in the war ; the Treasury's recent issues have been mainly long-dated.

The market for Treasury bills consists primarily of the banks and discount houses, together with the overseas central banks and other owners of the sterling balances. The remainder of the bills, amounting to about 12 per cent, are held by large industrial and commercial concerns and to a small extent by insurance companies and other financial institutions. The banks are large holders of short bonds and their holdings also extend up to around the ten year range (and, in modest proportions, sometimes a little beyond that). Holdings of discount houses are almost entirely in short bonds of up to five years' maturity. Building societies have large holdings of medium and long dates but are tending to hold shorter dated stocks, while life insurance offices and pension funds are interested mainly in maturities of twenty years and over.

Government Broker's Tactics

It is sometimes suggested that the market in gilt-edged is not a large one. The Radcliffe inquiries revealed, however, that even in undated stocks as much as a third or more of the total issue comes into the market in a single year, while the turnover for short bonds has sometimes reached 100 per cent in six months. Following the Radcliffe committee's recommendation, figures are now being made available of the Government's operations in gilt-edged. The first quarterly figures, extending the Radcliffe series, were published three weeks ago. They relate to the period to end-March last, so that they have a lag of over seven months. But they do bring out the importance of the Government broker's operations and particularly of his operations in buying in the next maturities so as to minimise the disturbance to the market on the day of maturity. For example, in the first quarter of this year, the Exchequer redeemed £354 million of 2 per cent Conversion stock without offering a new stock or a conversion option. It is now shown that, in spite of this, during the quarter the net reduction in gilt-edged portfolios held by the banks and the public amounted to only £60 million. But in the previous quarter the government departments had made net purchases of debt from the public to the extent of £126 million.

When a new issue of government stock is made, applications for the stock are invited by prospectus from the public. However, the large blocks in which such stock is issued cannot be readily absorbed by the market in a matter of days—or, frequently, even months. Stock that is not sold to the public within the issuing period is taken up by government agencies and a part goes into the Issue Department of the Bank of England to be sold through the market in the next few months by the Government broker. Such stocks that are known to be "on tap" provide the authorities with one of their chief ways of influencing yields and prices in the gilt-edged market, and thus interest rates generally. A good example of this can be found in the performance in this market after the election ; generally, while prices have risen by up to three points, the present "tap" stock has been kept at slightly below its issue price so as to give it a decidedly attractive yield, enabling the Government broker to make substantial sales.

The Yield Gap

In the inflationary period since the war there has been much switching out of gilt-edged stocks into equities ; institutions such as life insurance offices, which had their fill of gilt-edged during the war, have not sold gilt-edged heavily but have concentrated their new investment in equities rather than fixed interest stocks. An important example of switching is that of the Church Commissioners whose large gilt-edged holdings have been heavily cut down in recent years and the proceeds invested largely in equities ; in this way they have been able to attain a considerable increase in income and at the same time more than maintain the value of their capital. In the post-election boom, however, yields on government bonds have become so attractive in relation to equity yields that buyers have come back in strength. This sustained demand has come both from individuals and institutions and illustrates the attraction of moderately high bond rates. In comparing the respective yields on equities and government bonds the most widely used indicator has been the difference between the yield on the *Financial Times* ordinary share index and the yield on 2½ per cent Consols. In August this year the yield on the ordinary index fell for the first time below that on Old Consols. Indeed the gap has now widened to over ¾ per cent—exceeding the gap that existed the other way around a year ago.

Old Problem in Canada

BY A CORRESPONDENT

IN 1834 a bill was introduced into the Upper Canadian legislature proposing "that the public debt of Upper Canada be transferred to England." The bill was passed and the Receiver General explained that its purpose was to compel "Capitalists in Upper Canada to look to other than Public Securities." Canada's much publicised financing problems of the past year or two stem from rather different predilections among investors. But the provision of capital to finance Canadian growth has nearly always been a cause for acute anxiety. The dozen or so years since the war have been among the least troubled in this respect.

Public finance has normally—even if not in 1834—been at the heart of the problem. In the nineteenth century Upper Canada (Ontario) set a limit to the coupon rate of interest payable on a new issue in London. As a result borrowing in London was possible only at the height of the booms. In both the canal-building era and that of railway building, Canada undertook huge projects involving considerable public indebtedness in its attempt to try to consolidate an economy separate from and competitive with the United States. Unfortunately, there was a tendency for such projects, begun during a boom, to mature during a recession. The problem of meeting interest payments on the debt was often acute.

During the first world war Canada's public debt increased by more than sixfold, to a level at which the desirability of reducing it was allowed to take a high priority throughout the 1920s and circumscribed economic policy to a considerable extent. In 1938, the total debt of all governments in Canada (federal, provincial and municipal) was roughly one and a half times the gross national product. During the second war the federal debt increased fourfold to some $17.5 billion. Total national debt at the end of the war, however, represented a somewhat smaller proportion of gross national product than in 1938 ; and until 1958, the ratio of the national debt to gross national product fell steadily.

Progress Before 1958

In the postwar period, until 1958, there was a persistent reduction in the proportion of the national debt accounted for by the federal government. Total federal debt was reduced by $2.3 billion (i.e. by about 12 per cent) between the end of 1945 and the end of 1957. By 1957 interest payments on the federal debt had declined to 2.2 per cent of national income, one of the lowest ratios since official national income figures became available in 1926. Moreover,

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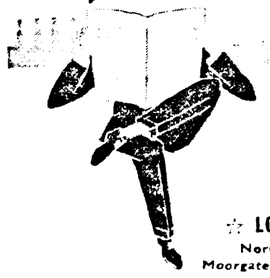

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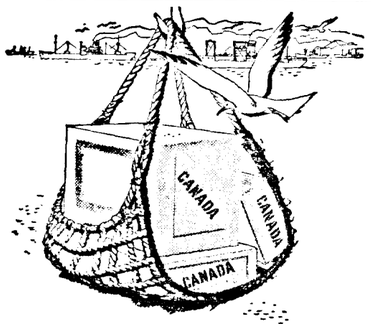

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changes in the structure of the federal debt further eased the raising of long term capital by other authorities and private borrowers. The burden of government issues in the long term bond market was reduced first by the growth in the volume outstanding of Canada Savings Bonds (a non-marketable small savings medium corresponding to National savings in Britain) and secondly, by the steady growth of the Treasury bill issue. Other government authorities accordingly found it much easier to finance investment by new issues, and between 1945 and 1957 the total of outstanding provincial debt increased by $3.2 billion (two and a half times) and the municipal debt by $2.6 billion (four times).

The holding of Canadian Government debt has markedly changed since 1938, as shown in the table. There has been a sharp

Holders of Government of Canada Debt	1938	1946	1956
		Per cent	
Non-Residents	32·5	6·2	3·8
General Public	22·4	35·6	35·9
Resident Corporations	19·5	22·3	17·8
Chartered Banks	17·7	19·6	16·6
Bank of Canada	4·2	11·0	15·9
Government Accounts	3·7	5·3	10·0

reduction in the importance of non-resident holders; a rise in the holdings of the general public (largely in Canada Savings Bonds); and a growth in official holdings, both in the Bank of Canada and in Government accounts. Some of these, such as the insurance fund, invest on strict actuarial principles; others may be used for purposes of debt management.

Financing in the war was at low interest rates; and as in other countries this policy was continued throughout the 1940's. The fear of a postwar deflation persisted for some time; it was thought that the big problem of debt management would have been impeded by greater flexibility in interest rates; and it was held that it would be inequitable to allow interest rates to rise and depreciate capital values of the existing debt.

During the 1950's, with inflation establishing itself as a more significant danger than recession, and with the growing distaste for more direct controls of the economy, Canada shared in the general move towards more flexible monetary policies. The problem of coping with the effects on the money supply of the growing inflow of capital was eased in 1950 when the Canadian dollar was removed from its official peg; this allowed the exchange rate to take much of the impact of a capital inflow. Interest rates became more flexible, but the Bank of Canada retained the view that there was an effective ceiling to rates. Its 1956 annual report, for example, said frankly:

> The degree of restraint that did seem feasible did not limit credit expansion as much as would have been desirable. One reason [was that] the overall rise [in interest rates] during the year was in the circumstances about as large and as rapid as could be digested without upsetting financial markets and investment practices upon porate investment depends, as well as housing finance'. . .'. ---

During 1956 the redemption yield on one long-term government bond had risen from 3.4 per cent to 4 per cent. The same bond now yields 5½ per cent.

The Great Refunding

This came about not so much by the Bank of Canada changing its view about tolerable interest rates, and risking the upset in the market from which it had previously baulked, but rather by a change of heart in the market itself. During early 1958 it became apparent that the Government's reaction to the recession would mean substantial borrowing. This was to be on a scale unprecedented since the war years. The market was prepared for this in the early part of the year by a substantial increase in the money supply. In the event, the raising of new money was combined with an enormous refunding operation, designed to deal with the approach to maturity of vast blocks of war time debt with a redemption date in the early 1960's. The rates of interest offered, at around 4¼-4½ per cent, were "historically high" and at the time they were decided upon must have seemed adequate for the major assault on the current cash problem and the problem of refinancing.

But the United States bond market collapsed before the operation was successfully digested by the Canadian market. There followed a period of great uncertainty. In the first place the collapse of the American market made borrowing in New York difficult. The availability of funds at only a small margin over the hitherto low domestic interest rates of the major capital-surplus country had been a prime factor keeping Canadian rates low despite the high demand for capital in relation to Canada's own domestic accumulation. Secondly, the disadvantages of fixed-interest stocks in an inflationary period (and the continuance of price increases in a depression gave added point to this) were aired more forcefully than before. It was also thought that the Canadian Government's financial problem might have taken a permanent turn for the worse. Two years of deficit financing appeared certain and the Conservatives, when in opposition, had condemned surplus budgeting in periods of prosperity. There was therefore no certainty that there would be a return to a policy of reducing the federal debt out of surpluses built up in times of prosperity—and public authorities might no longer find it easy to meet their needs in the capital market.

Finding a New Level

The Bank of Canada had given support to the market to help it absorb the new issues. But to hold up a market smitten by these grave doubts and glutted by the September refunding operations would have meant an increase in the money supply on a vast scale. In December, when the economy was showing some signs of recovery, as much as was felt safe had already been done. The Bank ceased its support for the new issues. Accepting that the prevailing uncertainty had already upset the market in the way that it had previously argued would follow from high rates, it allowed the market to drop to a level at which it was possible to re-establish confidence.

But confidence was not quickly re-established. One important depressing influence has been the very considerable volume of bonds sold by the banks in order to finance advances, at a time when the Bank of Canada has not been willing to increase the money supply. There is some evidence that in a fiercely competitive bid for custom the banks have encouraged long-term borrowers who were unsure of the wisdom of going to the market at current interest rates to seek bank accommodation. The Unemployment Insurance Fund, too, was a heavy seller of bonds early in the year, following high seasonal unemployment and the worsening of its finances caused by the government's extension of the period for which relief was payable. The volume of marketable holdings outside the chartered banks and Government accounts) rose from $5.6 billion at end-September, 1958, to $7.3 billion at end-July this year, a rise of more than 30 per cent. Those acquisi-

MATURITY OF CANADA'S MARKETABLE DEBT
($ million)

	1938	1948	1953
0–5 years	1,125	3,565	5,835
5–10 years	484	3,064	1,947
10 years and over	2,727	7,589	5,739
Total	4,336	14,218	13,521

tions are the result of constant selling pressure from the banks and official funds; little wonder that interest rates have risen sharply.

It has become clear that the federal deficit in the current fiscal

year will be much less than was originally expected, and some confidence has returned to the market. But the authorities have taken no chances. In their September conversion operation they offered investors an unusually attractive double option—short-term bonds, with yields ranging over 6 per cent, that on their first maturity can be converted to long-term stock at the same high coupon. Thus investors can remain liquid and yet insure themselves against a fall in rates. These attractive terms on Government bonds could easily have made it difficult for other borrowers to raise money. Since then several large provincial issues have been successfully made at a normal premium over yields on government bonds.

Some of the potential threats to the market are now clearly receding. The Federal budget raised taxation, making it more likely that economic expansion will result in an early return to a balanced budget, and the finance minister has committed himself to the principle of "providing for the orderly retirement of the debt" in appropriate circumstances. Moreover, it seems possible that the Bank of Canada's policy of holding the money supply stable in the face of rising economic activity (on the ground that enough liquidity was created during 1958 to accommodate the recovery to date) may soon give way to a policy of allowing the credit base to rise *pari passu* with rising output.

Bank and Government

The relationship between the Bank of Canada and the Government has attracted much attention. Constitutionally, the Bank of Canada is the Canadian monetary authority; and although the legal position is such that in the event of a conflict with the Government over policy the Government would prevail if it chose to make an issue of it, the Bank in practice enjoys considerable latitude. It has independently engineered important changes in Canadian banking and in the capital market, and suggested others, some of which have met with Government disapproval.

The Government has the ultimate say; but it has given the appearance from time to time of preferring to ascribe sole responsibility for unpopular monetary developments to the Bank. This unfortunate attitude is not without parallels in the Bank itself—notably, the introduction of a variable Bank rate three years ago. The central bank knew that it could still influence interest rates through control of the supply of money, but under this indirect system its hand is less visible to the general public. The present Administration has also been encouraged in its denial of monetary responsibility by the critical attitude towards tight money taken up by the party while in opposition; it has preferred to accept a policy it knows to be about right while claiming that it is the policy of the Bank and not of the Government. With more experience of working together, and the increasing remoteness of statements made while in opposition, the Government and the Bank may manage to avoid conflicts in the future.

Monetary experience through the recent recession has posed a more intricate dilemma. The Government's anti-cyclical fiscal policies involved large borrowing operations, which the Bank of Canada was not prepared to support with a further increase in money supply; it feared, perhaps still more strongly than the Federal Reserve Board in Washington, that excess liquidity would lay the ground for future inflation. As a result, interest rates rose sharply, even more sharply than in New York. This attracted more American long and short term funds, which in turn raised the premium for the Canadian dollar. Thus because the reflationary policy through deficit financing strained the capital market and led to high interest rates, it also exerted a deflationary side-effect upon the economy through the appreciation of the exchange rate, which hampers exports. The appropriateness of a floating exchange rate has been brought into question by recent experience of this sort. But Canada will probably be reluctant to drop its floating rate, which has on the whole served it well. The root of the difficulty is whether in countering a recession of this kind one can prevent fiscal policy and monetary policy from pulling in different directions.

Belgium's Forced Loans

BY A BRUSSELS CORRESPONDENT

CUTTING the budgetary coat to the measure of the revenue cloth has long been a source of much perplexity in Belgium. The country's monetary organisation has not kept pace with the postwar growth in its economy; the methods of borrowing are defective and the machine seems to creak at every corner. This creaking can be heard by the public in a number of ways. To This is partly because the banks grew out of industry and, despite the 1936 legislation to keep the two activities distinct, they are still closely identified with the industrial groupings under the same financial hats. Partly, however, it is because the state has a direct interest in holding the liquid balances of all and sundry in the extremely efficient postal banking system.

This provides the state with an interest-free loan of more or less unshrinking dimensions amounting to some Belgian frs.25 billion, or in the neighbourhood of £180 million. The state's interest in maintaining and extending this source of funds is reflected in the reluctance of official institutions to accept payment by bank cheque, even a certified one. This means that shipping agents, for example, are put to the risk and inconvenience of carrying big sums in cash to clear and reforward cargoes, many hundreds of thousand-franc notes having to be counted several times over in the process; while the common man must waste time in paying his taxes, even if only for a dog, bicycle or radio licence, by filling in the cumbrous triptych for a postal payment.

The same official attitude appears again in the prohibition against even the biggest of commercial firms making a telephone call on credit; an interest-free deposit equivalent to the biggest two-month bill is required of all subscribers who, when they receive their accounts, must pay up in five days. By the same token, the Government's equivalent that the trading banks keep a large proportion of customers' deposits in the form of Treasury paper. The need for this has long passed, but the Government, having succeeded in issuing a large inexpensive forced loan, has not seen fit to dispense with it and restore to the banks their liberty of action.

Admittedly, the 1957 reform resulted in part of this loan being removed from the servitude of short-term rates. Some frs.20 billion is now semi-consolidated (though still ranking among the short-term issues) at 1⅛ per cent and a further frs.8.9 billion at 3¾ per cent. The Treasury is protected from the risk of having to repay its debts when bank deposits fall by arranging for the most liquid section of the banks' holdings to be in paper issued by the *Fonds des Rentes*. This is a Government Stock Equalisation Account managed by the National Bank, conducting its own open market operations and having its own overdraft facility at the National Bank.

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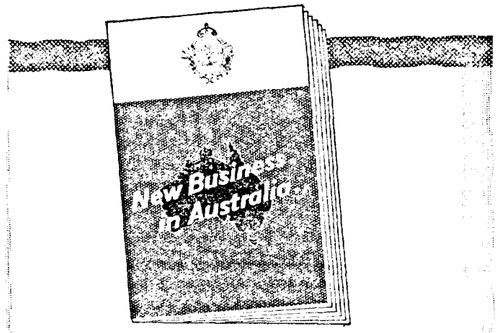

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—an obligation they were willing enough to assume, because of its publicity value in attracting new customers to the banking system. The impediments on the banks' freedom create a fundamental distortion in the relationship between interest rates, and make money comparatively dear to business borrowers.

If, however, the banks are somewhat hamstrung by the limitations imposed upon them, the Finance Ministry makes its own complaints about the anti-inflationary restrictions to which it is itself subject. The debt to the National Bank arising from the second world war is now consolidated at about frs. 34¼ billion; and the floating balance of the Treasury's paper that the Bank is allowed to hold is limited, by a Statutory Convention between the Minister and the Governor, at frs. 10 billion. In practice, this is used, not as a limitation on the Bank's capacity for open market operations, but as a restriction on the Treasury's overdraft capacity (including that of the para-state organisations other than the *Fonds des Rentes*).

National Bank Calls a Halt

In normal circumstances a large part of the overdraft sanction is always in use, and a period of undue pressure on the ceiling is the signal for the issue of a long-term loan to the public. It can happen, however, that in times of low interest rates and abundant liquidity, the Treasury misses the funding opportunity and is caught by the ensuing stringency with debts it can neither renew nor repay. This happened late in 1956, when the Treasury was faced with the virtual impossibility of paying civil servants their end-year salaries, and was only pulled out of its difficulties by emergency—not to say forced—short-term accommodation from the commercial banks. In the following year the overdraft at the National Bank went beyond the limit; and the Governor was under a legal obligation to put on a stern act as a sympathetic but rule-bound bank manager. The extra accommodation was granted, but only subject to conditions regarding repayment; and it was only by calling into the system short-term resources from the German and Swiss markets that the Government was able to ease the market stringency and restore matters to a normal basis.

These were exceptional events, but they are an obvious danger in a system that functions without an effective market in short-term instruments. The Treasury, though it has freed itself from the risk that a fall in bank deposits will result in the non-renewal of paper that the trading banks have been forced to hold against them, is still apt to find itself depending on the para-state organisations. These, conveniently, do not require the whole of their resources for housing finance, war damage repairs, industrial or agricultural credit and the other purposes for which they exist. The official savings institution alone is a home for fully frs.50 billion of Government and Government-guaranteed securities; and the influence of this and the other official institutions on government finance is clearly very considerable.

Borrowing for Current Expenditure

These shortcomings in the borrowing machinery are the more serious as the state habitually finances part of its current expenditure by borrowing. The sub-division of the budget into Ordinary and Extra-Ordinary accounts has ceased to have any real relation to the distinction between current and capital-account expenditure. Recently however, the University of Brussels, in its Department of Applied Economics, has compiled estimates of the net effect of Government capital operations.

Total fixed capital formation in Belgium as a whole, according to these estimates, was about frs.50.2 billion in 1948 and about frs.91.0 billion in 1958 (at current prices); to this the State contributed, in the respective years, frs.4.2 billion and frs.8.9 billion. On the other hand, in both these years the analysis of the budget data shows the State in deficit on current account, to the tune of

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frs.1.2 billion in 1948 and frs.13.3 billion in 1958. Though the 1958 figure is the highest in the eleven years, it is noteworthy that there was a deficit in all but two of the years. It is at this stage to be presumed that for 1959 the true deficit on current account will be even larger than last year.

These figures cannot easily be made to tally with those of the national debt. Excluding the debts arising from the first World War, which are subject to moratorium, the debt rose from frs.47 billion in 1938 to almost frs.300 billion by the end of 1954. Between then and the end of 1958 the total climbed to frs.345½ billion; and by August, 1959, there had been a further increase of over frs.16 billion to a total of frs.361.7 billion. By comparison, Belgium's gross national product is estimated by Brussels University—there are no official figures—at frs.338 billion in 1948 and frs.560 billion in 1958 (current prices). The total debt in August this year was thus about 65 per cent of last year's national product, and last year's growth in the debt was alone almost 4 per cent. In addition to the state debt proper, Belgium stands as guarantor for loans of about frs.105 billion. This includes domestic market loans issued by para-state organisations, and guarantees of the credit of the Congo Government and Sabena for borrowings in foreign markets.

The break-down of the debt at the end of 1958 shows frs.30.4 billion, to be external debt. This does not in all cases mean that the securities are held by foreign owners, since at least one of the loans issued in New York in recent years has been so framed as to appeal to owners of Belgian expatriated balances. Of the internal debt of frs.315.4 billion, the amount ranking as consolidated (over five years) is frs.193.3 billion; one to five year debt totals frs.26.1 billion and short-term debt frs.96.0 billion. The latter includes about frs.40 billion held by the National Bank and the trading banks, and over frs.25 billion of privately owned deposits in the postal banking system. The National Bank and the commercial banks account for at least frs.60 billion of the frs.219.4 billion ranking as consolidated and medium-term bonds. When allowance is made for the holdings of the *Caisse Nationale*, the state savings bank, the other para-state bodies, insurance funds and industrial companies from their surplus resources, it is obvious this is a market less for the private individual than for the corporate investor.

Since the war, indeed, there has been virtually no market for new issues of bonds of long life. New issues, made at interest rates varying in the more recent period between 4 and 4½ per cent, always at a slight discount, have been for ultimate redemption in 10-15 years. There is only about frs.20 billion in the market without a redemption date. As things stand maturities due in the immediate future do not seem to present any major problem; but over five years beginning in 1968 repayment obligations will call for conversion of bonds amounting to something like frs.50 billion.

Within the next ten years, it is to be hoped, Belgium will have succeeded in creating a money market, giving the banks an effective charter that will not muffle them in Treasury paper, and carrying the cyclical budgeting promised by M. Liebaert, the finance minister, to the point at which, over a period, the real current expenditure is covered out of real current accruals. To anybody looking at the present picture this may seem to be a lot to hope; but it is a fact that steps have been taken in recent years at a pace that would have seemed incredible a few years ago.

Threat from the Congo

Further progress, however, may depend on the absence of major setbacks; and the prospect of a serious reverse in Belgium's relationships with the Congo cannot, at the time of writing, be left out of account. There is an element in the Belgian political set-up that too often seeks to wear a political glove on the hand that grasps the economic or financial nettle. It has become clear the

the Congo, which has so long been a source of prestige and profit, must now for a time become a financial liability. The Minister for Congo Affairs, however, has defined his plan in terms larded with tenderness for the taxpayer ; can he have forgotten that a transfer of resources remains a transfer, whether it occurs by lending or by taxation?

The plan appears to be to finance the Congo by loans, which are to be obtained, by what may in the end turn out to be forced borrowings, from the big Belgian finance houses. There is admittedly a good ground in equity for expecting help to be put into the Congo by those who have taken most out of it in profits and dividends and capital appreciation. Nevertheless, the funds used will be some of those that would otherwise have been used to meet the big calls the Belgian Treasury makes each year on the limited capacity of the market. So far, the sums mentioned have appeared rather moderate, and everything depends on the Minister's forecast that the restricted help contemplated will be enough to put the Congo back on the road to prosperity, and still the evil tongues of racial antagonism. Should it turn out that more is needed, however, the need for some drastic reform of Belgium's financial institutions and budgetary practice may again come into the limelight.

Paying for Australia's Growth

BY AN AUSTRALIAN CORRESPONDENT

In recent years, the drive for development and the means provided by a high standard of living have combined to direct a quarter of Australia's national income into investment. In the last prewar year, ending June, 1939, total investment represented about 17.5 per cent of gross national product. A decade later, when much capital expenditure could be accounted as wartime arrears, the proportion had risen to 23 per cent. By 1958-59, when wartime arrears of capital spending had been made good, the share of investment in national product showed a further rise to 27 per cent.

Government policy has certainly played its part in supporting this concentration on investment. Public investment accounted for about one sixth of total investment before the war ; in 1948-49 it was a little more than a quarter and in 1958-59 considerably more than that, at 8 per cent of total national product. The public projects have been directed, as one would expect, towards the essential services or " infra-structure " of a rapidly expanding economy, in which population is growing by more than 2 per cent a year and the volume of production even faster. Among the largest outlays are those for fuel and power production ; water supply, sewerage and irrigation ; road, rail, air and sea transport facilities ; post office, radio and television communications ; and schools, hospitals and related social services. These, no doubt, are necessary foundations for growth ; and they must be provided by governments. In a rather special category is the large expenditure on housing, mostly for lower paid people, which is widely accepted as a proper function of government—although its proper extent is open to argument, especially when average housing standards are high, as they now are in Australia.

At the same time, a big expansion of investment has also occurred in the private sector, representing an increase from about 15 per cent of national product before the war to about 20 per cent now. The greater part of investment from abroad has gone into private industry, and this has greatly helped the economy, especially at the critical point of supporting Australia's overseas reserves.

Three basic considerations have been at stake in government financing methods of recent years. One, stemming particularly from the war, was the desire to keep interest rates low over the period of very heavy wartime borrowing. A second has been the need to curb inflation, especially after the war when direct controls had to be abandoned for various reasons. The third is the dominant objective of the Australian community to maintain full employment and the maximum rate of development.

Accepting Some Inflation

One can say that the last has been dominant. Certainly it has been pursued even at the cost of some rise of interest rates and a degree of inflation. It is not easy for European observers to comprehend the Australian attitude to inflation, probably because they do not fully appreciate the fruits of a rapidly expanding economy. A decline in the purchasing power of the pound by 2½ per cent a year does not prevent real incomes rising when rapid expansion ensures full employment, prompt introduction of new machines and processes, profits and tax revenues adequate to finance research, and optimistic expectations among politicians, entrepreneurs and wage earners alike. In the first years of the fifties, it is true, Australians themselves became inflation-conscious, and investors were attracted to equities rather than fixed-interest bonds as an inflation hedge. But once the steep increases in prices of the Korean period gave way to a gentler upward movement, fears about the future value of money calmed down. Companies have been able, by paying higher interest rates, to finance more of their needs through fixed-interest bonds, which involves a lower tax bill than equity finance ; and government bonds (also at higher rates) have not fallen into general disfavour.

As the balance of the economy has in most years tilted towards over-buoyant demand, it has been appropriate for the Australian federal government to run budget surpluses. From the proceeds of tax rates that are generally lower than in Britain, it has been able to direct a large sum into essential public investments, while still leaving enough purchasing power in private hands for growing expenditures on industrial capital and personal assets such as motor vehicles and housing. The use of inflationary finance, through direct government borrowing from the central bank, or to any marked extent, from the trading banks, has been avoided for the most part—though the central bank has increased its holdings of government bonds.

Commonwealth and States

The structure of government finance in Australia is such that all borrowing from the public on behalf of the federal government and the six State governments is done in the name of the former. The programme is determined early in each financial year at a meeting of representatives of the seven governments. This meeting—the Loan Council—agrees on the total to be raised by government loans in the year, on interest rates and terms, and on allocation of

AUSTRALIA'S NATIONAL DEBT

(£A million)

	1938	1948	1958
External debt	509	438	429
Government's internal debt	686	2,352	3,554
Total national debt	**1,195**	**2,790**	**3,983**
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the proceeds. The Commonwealth Bank and the Federal Treasury provide technical advice ; and since both the central bank and official funds under the control of the Treasury can if necessary give support to Federal loans, the success of the programme is therefore assured in advance. Generally the loan issues have proved to be within the capacity of the market, with only marginal support from the central bank. This achievement has of course been assisted by the contributions from federal revenue to public investment, which have kept down the total of market borrowing.

Over the five years to June, 1959, in which public investment totalled about £A2,300 million, about £A560 million has been

INTERNAL NEW CAPITAL ISSUES
(£A million)

	Company Issues for Cash			Government Loans	
	Ordinary	Preference	Debentures, etc.	Cash	Conversion
1954/55	85·3	6·2	32·0	122·4	253·8
1955/56	79·5	8·7	55·8	93·4	113·7
1956/57	68·0	3·3	56·4	97·7	222·4
1957/58	53·6	2·8	82·2	102·8	344·4
1958/59	70·0	2·0	144·0	174·3	259·1

contributed to capital purposes from the federal consolidated revenue ; a little more, almost £A600 million has been borrowed on government loans (at home and abroad), and about £A500 million has been borrowed from the Australian public in the names of numerous semi-government and local government authorities engaged in water supply, electricity generation, and so on. Total national debt has risen by only about £A430 million in the period, sinking funds and maturities having reduced oustandings. The issue of Treasury bills, hitherto made direct to the trading banks and representing the measure of government financing through credit creation, has declined by £A20 million over the five years since 1954.

Higher Rates and Special Features

The wartime objective of cheap borrowing has been abandoned by stages. A more realistic market has arisen, and it has recently developed important and novel features. During the abnormal conditions of war and the immediate postwar years, interest rates could be held down because investors were prepared to lend for patriotic reasons for a low return, and various controls and shortages inhibited spending. But as these influences weakened and inflation developed in response to the pressure to make up arrears of spending, a yield of a little more than 3 per cent was insufficient to attract funds into government bonds in Australia. In 1950 and 1951,

OTHER SOURCES OF FUNDS FOR GOVERNMENT CAPITAL EXPENDITURE
(£A million)

	Federal Consol. Revenue	Treasury Bills	State Consol. Revenue
1954/55	95·7	— 30	160·5
1955/56	101·9	5	155·9
1956/57	107·8	— 15	158·3
1957/58	123·5	— 10	157·0
1958/59	132·3	31	160·0

there were signs that Australian bondholders were becoming dissatisfied and were anticipating a rise in rates. Bond market yields rose steadily until they reached around 4½ per cent for longer-term issues by mid-1952. The next significant change was early in 1956, when rates rose above 5 per cent and then levelled out at slightly more than 5 per cent, which has been the rate for subsequent new issues. Most Australian government loans are now issued in two parts, comprising a longer-term issue at 5 per cent and shorter-term securities with lower yields.

Internal raisings in the financial year to mid-1959 exceeded £A200 million, compared with £A125 million in the previous year. The market's ability to absorb these offerings was aided by two new features, the issue of Special Bonds and the establishment of the short-term money market. The Special Bonds, first issued in October, 1958, bear interest at 4 per cent until the beginning of 1961, at 4½ per cent for the next two years and at 5 per cent for the remaining three years to maturity. Redemption value is also fixed on an escalator scale rising from par on July 1, 1959 (at one month's notice), to 103 at final maturity. But neither interest nor redemption value is variable, with the cost of living or any other index. Later issues carried similar terms with slight rate adjustments, and met a good market response. These yields of 4 to 5 per cent compare with 5 per cent on the 20-year security issued at par in May, 4½ per cent on the 9-year security issued at 99½, and 4 per cent on the 3-year security issued at 99½ in May last. These new bonds do not of course mark any departure in principle from the fixed interest return.

Creating a Money Market

The other new prop for the increased 1958-59 borrowing programme was the establishment of a short term money market, which continues to exert a favourable influence. It received the express approval of the central bank last March, when the Bank authorised certain money market dealers and granted them lines of credit on certain widely drawn conditions. The new market is required to direct its funds into government bonds with less than three years to run to maturity ; it is against such security only that the central bank undertakes to lend to the dealers. The Bank guarantees a market of last resort for the bonds, at its own price. The new money market attracted £A50 million within a few months, and has since expanded. The funds came from a variety of sources, including trading banks which previously had no way to employ profitably surplus funds overnight or at call, and from investors who had previously been confined to rather limited call and short-term investments, mainly with hire purchase finance houses. These houses indeed developed the first stages of a short-term market by accepting deposits and debenture money at terms from call to twenty years. The government now competes, indirectly through the money market, for these funds.

While the heavy flow of money initially seeking investment in the new market (causing a sudden surge of demand for the limited supply of short bonds) is not likely to be repeated, a steady flow of new money is likely to continue through these channels for the benefit of the public loan programme. This widening of the market for government bonds in Australia will be especially welcome because numerous large war loans issued at low coupons are now reaching maturity. Because of the conditions at the time of issue, when these loans attracted numerous new investors who may, even yet, not have become accustomed to permanent investment in securities, there is a danger that many holders will seek repayment.

The latest advance in improving the money market is legislation authorising the issue of a new type of three-month Treasury Note. In the past, Treasury bills have been held within the banking system yielding only 1 per cent interest. The new bills are specifically intended to be an anti-seasonal weapon of monetary policy, designed to offset the strong seasonal changes in liquidity affecting the Australian banking system, which arise from changes in export earnings and government revenues. The new bills will be available to the public as well as to banks and will yield a return consistent with market rates, at about 3 per cent.

In sum, the Australian public sector has been able to finance its essential activities without serious difficulty during the postwar period because the authorities have financed some capital items from current revenue, because they have met the demands of investors by raising interest rates and by developing the bond market, and because of the high credit standing that Australia continues to enjoy abroad.

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A New Leaf in France

BY A PARIS CORRESPONDENT

PUBLIC investment in France amounts to one-third of the country's total fixed investment. The public sector embraces far more than the traditional social services, postal services and broadcasting. Nationalised industries are responsible for the railways, gas and electricity services, coal mines, the bigger commercial banks, the Renault motor works, and a number of other industrial concerns. Obviously, therefore, finance of public expenditure is a big item. Traditionally, France's public finances have caused constant concern; but here, too, the financial *assainissement* of last December has produced a real change. Inflation did not prevent the raising of funds for public investment: finance can always be created and borrowing can always be arranged on certain terms. Through the years of inflation, the French Treasury financed its public needs in two main ways: by borrowing from the Bank of France and from the numerous official agencies that channel funds from the public; and by borrowing in the market on bonds with interest and sometimes redemption value, too, expressed not in fixed money units but variable in line with some other unit of value, such as gold, the price of ordinary shares, or turnover in a nationalised industry.

Both forms of finance tend to exacerbate inflation. The reforms recommended by M. Rueff last winter provided both for a reduction in public borrowing to the capacity that could be met by the market and for abandonment of indexing in the terms of public loans. The plan has worked. The market has been prepared to meet demands on fixed interest terms. French public finances today are sound.

Much attention in discussion of French public finances is focused on the *impasse*, and this entity is often misunderstood. The *impasse* simply represents the amount that the Treasury must secure by borrowing (from official agencies as well as the market). It is very different from the financial out-turn of the ordinary budget. Thus in 1958 the *impasse* was 690 billion francs and in 1959 it is expected to be just under 600 billion francs (compared with frs 1,000 billion in 1956 and 1957). In both the past two years the ordinary state budget itself has been in balance, even after debiting capital items such as war damage and subsidies for re-equipment. The need for borrowing by the Treasury has been attributable wholly to its own loans for capital purposes; total capital formation in the public sector was frs 1,515 billion in 1958. The same budgetary rigour is expected to be maintained in 1960.

It is too early to say how far past methods of public financing will be changed in the new financial climate. Since January, prices of government bonds have risen. But there has been a much steeper rise in ordinary shares, not so much on the old grounds of fear of inflation as on expectations of real economic advance. It remains to be seen whether old investment habits will continue. Since 1938, French prices have risen by thirty times. The "gilt-edged" investment has become the share and not the bond.

Between 1938 and 1958 the prices of shares in fact rose by 45 times. No one was interested in securities with a fixed return in depreciating francs. The two large long-term loans that have been floated by the Treasury in recent years have both been keyed to an index of inflation. In September, 1956, the 5 per cent loan was linked to prices of shares. In 1958, M. Pinay issued his second Gold Loan, with a coupon of 3½ per cent and a redemption value both based on the gold price. The other main sources of finance from the public are Treasury bonds, with a maximum maturity of three years.

But the Treasury has large sources of finance outside the market, from institutions that are obliged to entrust it with a part of their disposable funds. These include the deposit banks, whose holdings of special issues of Treasury bonds and other public scrip must not drop below a certain level.

The direct agencies of the Treasury usually provide substantial resources. First there is the Postal, Telephone and Telegraph Service, which administers the postal cheque accounts and the National Savings Bank. Secondly, the *Caisse des Dépots et Consignations* administers the funds of a certain number of social security organisations and of the ordinary savings banks; the *Caisse* grants loans, particularly to local authorities. It invests a part of its funds in state scrip and it is mainly through this intermediary that the Treasury maintains the price of state scrip when there is need to do so. Thirdly, the nationalised enterprises and the specialised public or semi-public banking establishments (Credit Agricole, Credit Foncier, etc.) float loans which are fairly well

FRENCH SECURITY PRICES AND YIELDS

	1955	1956	1957	1958
		(1949 = 100)		
Prices				
French ordinary shares (295 securities)	302	308	390	350
Bonds:				
Rentes perpétuelles (irredeemables)	123	119	107	113
Rentes amortissables (dated stocks)	115	116	110	112
Nationalised industries—fixed revenue...	122	121	109	110
Nationalised industries—indexed revenue	189	228	243	242
Foreign securities (25 securities)	237	269	291	258
	%	%	%	%
Yields				
French ordinary shares (295 securities)	2·99	3·38	3·01	3·31
Bonds:				
Rentes perpétuelles (irredeemables)	5·04	5·23	5·82	5·48
Rentes amortissables (dated stocks)	4·27	4·32	5·48	5·18
Nationalised industries—fixed revenue...	5·92	6·17	7·44	7·62
Nationalised industries—indexed revenue	3·94	3·13	3·39	3·77

in demand by the public and can provide temporary resources for the Treasury. The terms and conditions of the issue of these loans are closely supervised by the Treasury. Fourthly, *La Caisse des Collectivités administratives* (for the departments, communes, and the Algerian Treasury) is in practice administered by the state. Through the existence of the franc area, that is to say total convertibility of funds between Metropolitan France and the overseas countries of the French Community, the overseas issuing institutes deposit in the Treasury their holdings in France.

Finally, when the Treasury cannot secure funds for meeting its bills by the means above enumerated, it makes an appeal to the Bank of France. The advances are of two kinds: permanent advances (frs 50 billion since 1957) and provisional advances (subdivided in turn into ordinary advances within the limit of a present ceiling of frs 175 billion, and special advances). In 1957 this direct assistance of the Bank was particularly large (frs 450 billion). In 1958, in spite of the reduction of the *impasse* and the success of the 3½ per cent gold loan, these advances still rose by frs 80 billion.

In conclusion, it may be noted that by reason of the past inflation, the burden of public debt in France poses hardly any acute problems. The public debt represents at the present moment only one-third of the national income and is slightly lower than the total of cash assets and fixed bank deposits, whereas in 1938 it very nearly equalled the national income and reached a figure of double the cash assets. The volume of debt has risen from frs 434 billion to frs 7,973 billion; but the national income expressed in francs has risen much more. Interest on the public debt, which in 1938 was 16 per cent of the total current expenditure of the state, was no more than 3½ per cent in 1958.

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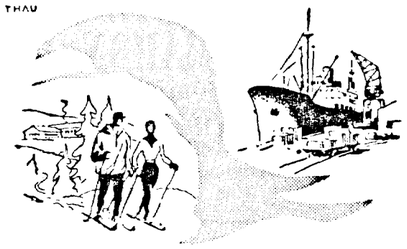

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Paid-up	Pak. Rs.	1,50,00,000
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Holland Trusts the Guilder

BY AN AMSTERDAM CORRESPONDENT

THE central government and local authorities are a major influence in the Dutch capital market; but they have not hitherto experienced the same difficulties in finding buyers for their bonds as have the governments of say the United States or Britain. The main financing problems of the Dutch authorities have been the direct consequence of the war. After the German occupation the Netherlands had to rebuild its sources of wealth and drastically reform the country's finances. The main development in the public debt in the last ten years has been the funding of floating debt. Treasury bills and notes, together with claims of the Netherlands Bank, and payments in anticipation of consolidated loans to be issued, amounted to 61 per cent of the total internal debt in 1948; by 1958 this had been cut to 29 per cent.

A gentlemen's agreement was reached between the central bank on the one hand, and a number of commercial banks and the central institutions of the agricultural credit banks on the other, providing for these to hold a cash reserve at the Netherlands Bank as specified by it. These measures were accompanied by budget surpluses through the years 1949 to 1954 amounting to a total of 2,460 million guilders, and by an increase in private savings. As a result, it was possible to reduce the floating public debt to a figure more in keeping with the requirements of sound financing.

Gradually, the Treasury could consolidate the internal debt by issuing long-term loans. On the whole, few difficulties were encountered. At the end of 1953 the internal floating debt amounted to 6,145 million guilders and the consolidated debt to 8,785 million guilders; by the end of 1955 floating debt was down to 3,963 million guilders against a consolidated debt of 10,987 million guilders. These funding operations were facilitated greatly by the structural changes that had taken place in the capital market.

In the first place, a markedly greater proportion of the nation's savings since the war has been entrusted to institutional investors —consisting of the official funds, two pension funds of government owned industries, the life assurance companies, the general savings banks, the central institutions of the agricultural credit banks and a number of pension funds of large private enterprises. This diversion of savings sources is the result of the growing importance of social provisions, including old-age pensions.

The second factor responsible for the structural change in the capital market lay in the new tax regulations on companies' profits introduced in 1940, and in the sharply increased income-tax scales. The higher tax on dividends, combined with steeper progression in the income-tax, left less scope for individual saving, and besides, made it less attractive for large shareholders to receive large dividends.

Thus the market for shares has been narrowed from both sides. Companies rely less on new share issues to finance expansion; and the powerful institutional investors are not willing to invest more than a very moderate amount in shares. This concentration of capital resources in the hands of the institutions which prefer and must prefer risk-avoiding investment—and fixed interest bonds are still regarded thus in Holland—has facilitated the financial operations of the Treasury to a large degree.

On the demand side in the capital market are to be found firstly the central government, secondly the local authorities, mainly municipalities and provinces, and thirdly, as another important category, private enterprise. Non-financial enterprises raised about 2,600 million guilders in the period 1946 through 1958. This includes nearly 900 million guilders issued by Royal Dutch-Shell, which was largely subscribed by foreign investors. The government in 1958 accounted for under 9 per cent of total investment in the Netherlands (compared with 12½ per cent in 1948) and took 11 per cent of public market issues.

The government has declared that its policy of financing takes into consideration not only the capital requirements of local governments, but also those of private enterprise. In practice, the four principal groups of institutional investors (government and private) invest a large portion of their funds in public securities. At the end of 1957 they held nearly 7,870 million guilders in Government paper and nearly 8,400 guilders in bonds of and loans to local government, government undertakings, and the like, which together made up 63 per cent of their total investments of over 25,500 million guilders at book value. Government funds held a still larger share of their funds in public investments—88 per cent. The holdings of all the institutions together accounted for about 53 per cent of the internal national debt.

Local authorities in the Netherlands are in a difficult position, because they depend almost entirely on the central government for the financing of their ordinary expenditures. In addition, local government loans must conform to the scale of interest rates set by the central government and to certain other conditions of issue. The original intention of this ruling was to prevent undesirable competition amongst the local governments themselves and between them and the Treasury.

Control, however, was too rigid and the scale of interest rates fixed by the central government showed little relationship to actual conditions in the capital market. Consequently, the local authorities were faced with major difficulties in 1956, when they were forced to finance capital expenditures with short-term loans. This has brought much concern to the central bank, and the local governments are gradually being freed from the impasse with the aid of the Bank for Netherlands Municipalities. This institution has centralised local borrowing to some degree by issuing its own bonds on the public market to an amount of nearly 1,100 million guilders in 1956 and 1957 and by obtaining a considerable loan from institutional investors.

In the past few years the guiding-line for Government policy has been to take into consideration the needs for capital resources of local authorities and private enterprise when drawing up the budget. There have been miscalculations, such as in 1957. In 1956 there were signs of over-expenditure, which became more acute in 1957. In both years there was a deficit on the current account of the balance of payments, and in summer 1957 the guilder was adversely affected by the exchange speculation of that time. Domestic confidence was also hit; the bond market weakened and yields rose. Foreign loans were raised, including a short-term loan from the International Monetary Fund. The central bank increased the discount rate twice, while a number of restrictions on international payment transactions were re-introduced. In this way and with the co-operation of the private banks, the difficulties could be overcome.

Present policy is directed mainly towards a consolidation of the floating debt of the municipalities which increased sharply in 1956 and 1957. This consolidation has been facilitated by relatively large purchases of Netherlands securities by foreign residents relieving the demand for long-term funds from Dutch savers. But the Government is still able to raise long-term finance in the market on terms notably below those in nearly all foreign centres. The Netherlands is one of the few countries in which bonds retain their original cachet of a "risk-free" investment and yield less than equities.

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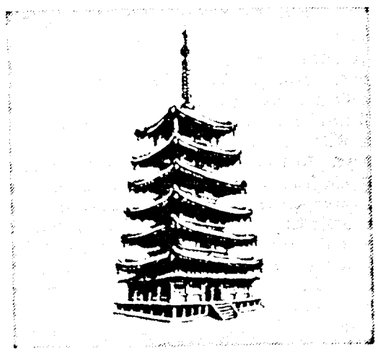

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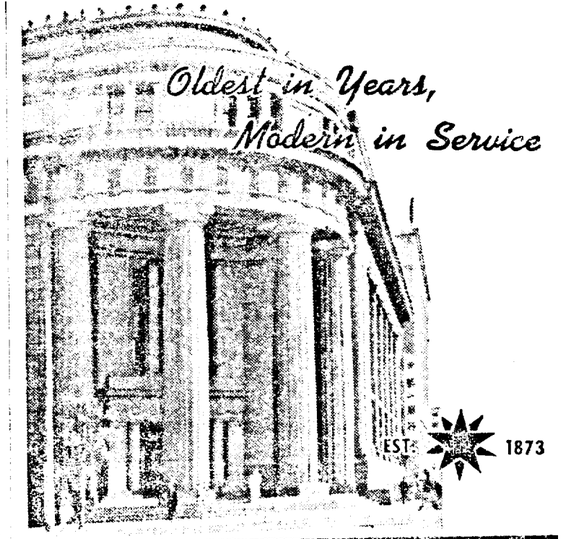

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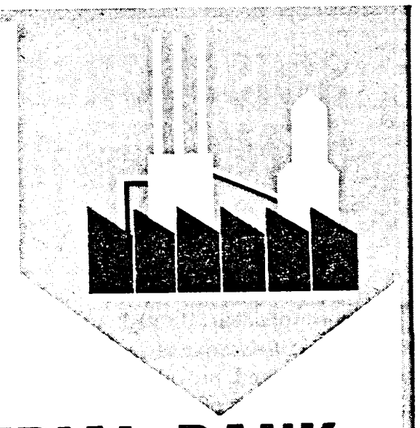

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COMPANY MEETINGS

WANKIE COLLIERY COMPANY LIMITED

(Incorporated in Southern Rhodesia)

PROFITS MAINTAINED DESPITE LOWER COAL SALES

The following are extracts from the review by Mr T. Coulter, the chairman, which has been circulated with the report and accounts:

The profit for the year before taxation, but after providing for depreciation, debenture interest, debenture trustees' fees and directors' emoluments, was £1,372,044. This shows a small increase of £2,693 compared with last year which was brought about in part, despite lower sales tonnages, by an improvement in revenue from interest. At the end of the year there was a deficiency revenue of £91,024 which in terms of the coal price agreement is recoverable in future years.

A sum of £500,000 was provided for taxation, of which £45,000 has been transferred from the taxation equalisation reserve, and the balance of £455,000 provided from the profit for the year.

An amount of £285,000 was transferred to general reserve in conformity with the terms of the price agreement, and an amount of £100,000 has been transferred from general reserve to a new reserve specifically created to meet increased costs of replacements and obsolescence of assets.

Your directors have declared two dividends during the year. The total distribution was £659,726, which represents 1s. 3d. per share. There has been a reduction of the balance of £366,958 unappropriated profit at the end of last year by £27,682 to a figure of £339,276.

Current assets, not including stocks and stores, at £4,548,411, indicate a surplus of £3,485,437 as against current liabilities of £1,062,974.

SALES

The Company's financial year was given a bad start by heavily reduced sales during October and November, 1958, due to the copperbelt strike. It is calculated that some 150,000 tons of trade were lost. General sales were at a lower level than for the previous year, but an appreciable increase in demand during July and August helped to bring total sales output to 3,618,617 tons, only 293,274 tons less than for 1958. In view of the fact that export afforded no contribution to the sales output the result under all the circumstances is not unsatisfactory.

Our estimates indicate that the year ending August, 1960, should show a rather higher coal consumption in the Federation than we have experienced recently. Thereafter, as the impact of power generation at Kariba becomes more marked, demand from thermal stations and consequently the railways will fall and internal requirements are likely to decline to a low point in three or four years' time.

After this, however, it seems probable that increased demands from the general trade flowing from future industrial expansion will overtake the fall in requirements for thermal power purposes and reverse the trend, and may even maintain thermal power generation for some time at reasonable levels. In this connection it is satisfactory to note that in some of the model African townships now being planned, the use of solid fuels for heating and cooking purposes is envisaged. The Company is giving considerable attention to the distribution of coal amongst Africans and to their education in the use of coal.

It is obvious, however, that the Company will have to face several difficult years, but provided the position is as we see it at the moment we hope that, by drawing on unappropriated profits and with the assistance of our rising investment income, we will be able to maintain dividends at their present level.

We have continued our efforts to obtain export markets without achieving any great success. World coal surpluses have resulted in the development of a highly competitive market and the colliery's long distance from the port of Lourenco Marques remains a considerable handicap.

In order to explore the South American market, the Company's managing director, Mr Logan Wishart, recently accompanied a South African delegation to that part of the world. Whilst no immediate sales have resulted from the visit many useful discussions were held and a degree of goodwill was established which will facilitate future negotiations.

COAL PRICE

The notified average selling price of coal within the Federation, which in terms of the price agreement was fixed at 19s. 6d. per ton on November 1, 1958, has remained unchanged during the year. Earlier this year, however, we were asked by the Southern Rhodesia Government to consider the possibility of arriving at a stabilised coal price which would apply for a period of two years from November 1, 1959.

After making detailed and careful estimates it was agreed with the Government that the average notified price would be 20s. per ton for the period November 1, 1959, to October 31, 1961, subject to the Company's right to apply for a revision of the price in the event of any unforeseen factors arising during that time.

The stabilisation of coal prices in the Federation will be of considerable assistance to industrial consumers in planning future development, and it is hoped that as a result coal usage will increase. Our estimates show, however, that an average price of 20s. per ton is likely to result in the accumulation of further deficiency revenue by the end of the two-year period. Such deficiency of revenue is, in terms of the price agreement, recoverable in future years.

Last year I stated that the estimated maximum possible coal demand up to the start of power generation at Kariba in 1960 was not likely to exceed a rate of some 4,500,000 tons per annum. Now the indications are that this estimate was optimistic, although it is possible that for a short period immediately before Kariba power becomes available the demand rate may approximate that figure.

GENERAL

Investments now include an interest in Clay Products Limited. This company owns and operates a factory near Bulawayo producing first quality salt glazed ware, and the investment is expected to show satisfactory returns in future years.

The production of coke has for many years formed an important part of our undertaking, but, as with coal, demand has shown a decline over the last two years. One of the larger consumers of coke, the Rhodesian Iron and Steel Company Limited, is at present proceeding with the erection of its own coke making plant, which will result in a further reduction in demand during the current year. On the other hand, we can anticipate a corresponding increase in coal demand from that company for coke production, and long term estimates show that the overall market for our coke will eventually exceed the previous maximum tonnage sold.

Sales of "Wankie" tar from the by-products plant at No. 1 Colliery have increased by almost 100 per cent, and our output is fully sold for some further 12 months. With the rapid development of road communications in Central Africa, we can look forward to a continuing demand.

EAST ASIATIC RUBBER ESTATES

The thirty-sixth annual general meeting of East Asiatic Rubber Estates, Limited, was held on November 16th in London.

The following is an extract from the Chairman's circulated statement: The Profit of £83,278 after taxation was £8,436 less than the previous year's figure, despite the increased crop harvested. The production cost per pound was slightly lower than for 1957-58, but this saving was more than offset by the reduction in sales proceeds, which was mainly due to the reduced premium on our liquid latex production.

The replanting of old areas with modern high-yielding clones continues, a total area of 461 acres being scheduled for the current year.

The total 1958-59 output of 4,555,100 lb exceeded the previous year's crop by over 385,000 lb and was the highest obtained since the formation of the Company. For the first six months of the current year the crop totalled 2,405,000 lb, and given reasonable outputs for the remaining months there is a good possibility that the estimate of 4,410,000 lb for the year will be more than achieved.

Unless very large quantities should be thrown upon the market at any one time, a possibility which I do not expect, I am not unduly pessimistic about the future, and though we may see still somewhat lower prices, the demand for natural rubber continues on such a scale that there is little likelihood of any surplus of natural rubber for some time to come.

The report was adopted and a total distribution of 15 per cent approved.

BICC

Mr. W. H. McFadzean's Report to Stockholders of

BRITISH INSULATED CALLENDER'S CABLES LIMITED

on

TRADING RESULTS

for

THE HALF-YEAR TO 30th JUNE, 1959

Dear Sir/Madam,

I have to advise you that on the 11th instant your Directors declared the under-mentioned distribution on the Ordinary Capital :—

Interim of 4 per cent. actual (9.6 pence per £1 unit) less Income Tax at 7s. 9d. in the £ on account of the year ending 31st December, 1959. Net U.K. rate 7s. 0½d. in the £.

Warrants will be posted on 30th December, 1959, payable on 31st December, 1959, to Ordinary Stockholders registered in the books of the Company at the close of business on 12th November, 1959, and to the holders of Preference Shares and Ordinary Stock of Scottish Cables Limited who accepted the BICC offers, dated 23rd June, 1959, to acquire the whole of the Share Capital of Scottish Cables Limited in exchange for Ordinary Shares in BICC, or to whom notice has been given under Section 209 of the Companies Act, 1948.

Comparison between the figures for the half-year to 30th June last and those for 1958 is affected by the inclusion this year of new Group Companies, namely, The Telegraph Construction and Maintenance Company Limited from 1st January, 1959, and Scottish Cables Limited from 1st April, 1959. Even allowing for this, Sales show an improvement over both half-years of 1958 and the Surplus on Trading is up compared with the first six months of 1958.

Surplus on Trading for the half-year to 30th June last on a strictly comparable basis is, however, lower than that for the second half of 1958. This is due partly to the latter having been an exceptionally favourable trading period but mainly to the fact that our ever-increasing efficiency and steady building up of our overseas investments have been more than offset by the effects of the still fiercer competition experienced in several of our activities and in low voltage mains cables and general wiring cables in particular.

In my Statement last May on the BICC Group Accounts for 1958, I referred to the break-up of certain Trade Associations and stated it would be our endeavour to effect an orderly adjustment to the new conditions. In pursuance of this policy when the particular Trade Associations came to an end, for all practical purposes on 1st May last, we attempted to give a lead to the Cable Industry by determining our prices on a basis which would show a reasonable return to an efficient producer, which we certainly are. This lead was not, however, followed and what can only be described as uneconomic competition ensued with the result that prices today over a large range of low voltage mains cables and general wiring cables in particular, are on average considerably lower than they were last April. Your Board are all in favour of prices which are fair and reasonable to the consumer provided they also give a reasonable return to the efficient producer, which prices today certainly do not.

In our opinion the two main reasons for present conditions are excess capacity and the lack of mutual trust in the Industry following the break-up of Trade Associations.

Excess capacity has arisen for various reasons such as the creation of factories in overseas markets previously supplied from this country and technical changes, as, for example, the gradual replacement of rubber by thermoplastic cables for many purposes requiring new thermoplastic plant being installed and rendering rubber cable plant more and more under-loaded. As Stockholders are well aware from my Annual Statements, we have always tried to take all these factors into account in re-equipping our factories and we can rightly claim to have made, and indeed always will be ready to make, our full contribution to the adjustment of production capacity to demand. Certain other Companies have taken or are now taking similar action and other schemes of rationalization will almost certainly follow. It is therefore the opinion of your Board that although the desirable rationalization in the Industry is not yet complete, the problem of excess capacity is being gradually overcome.

Coming now to the second reason in our view for present conditions, namely, the lack of confidence and mutual trust within the Industry, one can understand this to some extent having regard to the capacity problem I have just dealt with, and to the fundamental change for a large section of the Industry from operating under long-established Trade Associations to unfettered competition. Such conditions were almost inevitable following the application of the Restrictive Trade Practices Act, but I am confident the experience gained from the last six months can stand the Industry in good stead in the future if we all take full heed of it. For the alternatives as we see them, are either a continuation of the present uneconomic competition—which can only mean the survival of the strong—or Companies in the industry imposing on themselves a discipline that would enable any efficient Company to take its share of the market and earn a reasonable return on its capital and efforts.

We in BICC certainly hope that the second alternative will prevail. The Cable Industry in Britain has a record of which it can be justly proud in the major part it has played in building up the whole Electrical Industry in this country and in many countries overseas : in the good and stable employment it has given to its employees ; and in the reward it has provided for those who have backed with their money and efforts what was, only 40 or 50 years ago, a new and risky Industry into the expanding and progressive Industry it is today. Present difficulties cannot affect this past record nor can they dim the medium and long-term prospects, for the Cable Industry has a great future. They can, however, cause a temporary dislocation and have a serious permanent effect on certain Companies unless there is a keen and sensible competition instead of the wholly uneconomic conditions applying today.

Let me once again make the BICC Group's position clear. We have spent large sums on research and technical developments, on keeping our factories and organization up to date and on constantly striving after a greater and greater efficiency to render full service to our customers. We want our proper share of markets—no more than that—and we want to sell our products at prices which are fair to our customers and will give a reasonable return on our capital and effort which is our due reward. I cannot think these aspirations can differ from those of any other efficient Company, and we are certainly ready and willing to play our full part in their achievement.

I have departed from my usual brief Statement on the Half-Yearly Accounts as I think it right Stockholders should have their Board's views on the present difficulties, particularly in the low voltage mains cables and general wiring cables field. The result of our home business in these products will not be satisfactory during the current half-year, but these products, important as they are, do not represent a substantial proportion of our total turnover, and all present indications are that in total our overall net profit for the whole of 1959 will not differ materially from that of 1958. We are well equipped to stand up to any competition through having a wide range of allied activities spread throughout the World, but a further objective of our policy must naturally continue to be that each of these activities should earn us a reasonable return.

Yours faithfully,

17th November, 1959. W. H. McFADZEAN, *Chairman.*

BRITISH INSULATED CALLENDER'S CABLES (continued)

SUMMARY OF GROUP RESULTS

(based on unaudited figures)

	Half-year to 30/6/1959	*Half-year to 31/12/1958*	*Half-year to 30/6/1958*
GROUP SALES—See Note (1)	£63,000,000	£57,000,000	£53,000,000
SURPLUS ON TRADING	4,807,000	4,837,000	3,971,000
Less :			
Depreciation on Fixed Assets	1,157,000	1,073,000	933,000
Debenture Redemption Premiums and Debenture Issue and Formation Expenses	6,000	3,000	11,000
Stamp Duty on Increase in Authorized Capital	1,000	—	—
Debenture and Loan Interest	186,000	159,000	162,000
Directors' Emoluments and Pensions	65,000	61,000	64,000
Factory Re-organization Expenses	72,000	93,000	144,000
Amounts transferred to Provisions	149,000	150,000	96,000
	1,636,000	1,539,000	1,410,000
	3,171,000	3,298,000	2,561,000
INVESTMENT INCOME (Gross)—See Note (2)	89,000	299,000	60,000
	3,260,000	3,597,000	2,621,000
Less TAXATION—See Note (3)	1,469,000	1,735,000	1,413,000
NET PROFIT OF THE GROUP BEFORE EXCEPTIONAL ITEMS	1,791,000	1,862,000	1,208,000
EXCEPTIONAL ITEMS—See Note (4)	8,000	219,000	4,000
TOTAL NET PROFIT OF THE GROUP—See Note (1)	£1,799,000	£2,081,000	£1,212,000
PROPORTION OF TOTAL NET PROFIT OF THE GROUP attributable to Members of the Holding Company —See Note (1)	£1,672,000	£1,908,000	£1,183,000

NOTES :—

(1) Sales and Profits for the half-year to 30th June, 1959, include those of The Telegraph Construction and Maintenance Company Limited and of Scottish Cables Limited, from 1st January, 1959, and 1st April, 1959, respectively.

(2) Investment Income for the second half of 1959 is expected to show some increase over the corresponding period of 1958.

(3) Taxation has been calculated on the basis of existing rates.

(4) Exceptional Items relate mainly to adjustments of Taxation Liabilities for earlier years.

MELIAS LIMITED
(Multiple Grocers)

SUCCESS IN 50TH YEAR

The Fiftieth Annual General Meeting of Melias Limited was held on November 12th in London, Mr G. Mason-Styrron, chairman and joint managing director, presiding.

The following is an extract from his circulated statement :

The year ended June 27, 1959, has again been one of very successful trading, resulting in a record turnover and profit. This is particularly gratifying, as during the year MELIAS, as constituted today, celebrated its 50th Anniversary. The actual beginning of MELIAS dates back well over 100 years.

The increase in turnover has not been quite so much this year as in the previous year, because towards the close of 1958, some areas felt the consequences of the reduced spending power caused by a certain amount of under-employment and loss of overtime pay. Early in January, these difficulties were overcome and the sales have progressed very satisfactorily since.

INCREASING TURNOVER

Price-cutting, which has now become the generally accepted way of trading, and competition, have grown even stronger. Only increases in turnover can produce better profits, as the already very small gross profit margins are being constantly reduced. All possible savings have been made but we have continued our TV, Press and Poster advertising campaigns as we consider these to be the most useful media for increasing the vital turnover.

As previously, we are giving you below a table showing you the profit figures of the last few years to enable you to see at a glance how successful we have been :

	Net Profit before Taxation and Depreciation of Freeholds
1956 (53 weeks)	£178,239
1957 (52 weeks)	£220,285
1958 (52 weeks)	£250,498
1959 (52 weeks)	£288,725

Last year Your Board decided to recommend a final Ordinary dividend of 15 per cent, making the total for the year 25 per cent and at the same time a "Special" interim dividend of 5 per cent was paid on account of the year now under review. This year we propose to recommend a final Ordinary dividend of 20 per cent, making the total dividend for the year 30 per cent ignoring the "Special" interim. At the same time we have decided to recommend payment of what I should like to call a Special Jubilee Bonus of a further 5 per cent.

EXPANSION IN CURRENT YEAR

The current year's trading so far has been very successful indeed, with further considerable increases in turnover.

As you will probably have seen from reports in the Press, we have recently acquired the John Bull Stores, Cardiff, group of shops. Although the number of their branches is not large (26 in all), their turnover figures are very good indeed. The purchase of the John Bull Stores group brings the number of our branches to well over 600. This, we hope, is only a stepping stone to further expansion as quickly as possible.

MALAYALAM PLANTATIONS LIMITED

MR H. W. HORNER'S STATEMENT

The annual general meeting of Malayalam Plantations, Limited, will be held on December 10th in London.

The following is an extract from the circulated address of the Chairman, Mr H. W. Horner :

The annual meeting is later than usual this year due to exceptional delay in the receipt from the East of the final accounts and other returns. The information available at this end enabled the Board to decide that the total dividend for the year should be 20 per cent.

The tea crop for 1958-59, at just under 20 million pounds, constitutes a record and the net average selling price realised is slightly higher than for 1957-58. The rubber crop, though larger than that for the previous year, fell very little below the estimated 7 million pounds. The profit for the year after taxation, at £336,597, is a little higher than that for 1957-58.

During the early months of the current financial year exceptionally unfavourable weather conditions adversely affected the intake of tea crops and, at the moment, there has been harvested considerably less than in the same period of 1958-59 although the rubber crop is slightly ahead. Given normal conditions for the remainder of the season, it is hoped to make up much of the tea so lost.

Tea prices have recently shown a welcome upward trend and, if this continues, we may hope to achieve final results comparable with those of the two preceding years.

COURT LINE LIMITED

INDUSTRY STILL HANDICAPPED BY UNPROFITABLE FREIGHT RATES

BRITAIN'S SHARE OF WORLD SHIPPING CONTINUALLY SHRINKING

THE HONOURABLE J. P. PHILIPPS ON DEADLY MENACE OF "FLAGS OF CONVENIENCE"

The thirtieth annual general meeting of Court Line Limited will be held on December 9th in London.

The following is the Statement by the Chairman, The Honourable J. P. Philipps, TD, which has been circulated with the report and accounts:

Ladies and Gentlemen, The British Tramp Shipping Industry is still suffering from unprofitable rates of freight and many other handicaps, and I fear there are few signs of any lasting relief from the present severe depression notwithstanding the large amount of tonnage now laid up and that already sold for scrap. The remaining war-built ships can now be regarded as virtually obsolete and most of them are unlikely to come back into service. Post-war construction, however, has been on a very large scale and a considerable number of orders have still to be executed. Even since 1956 the world NON-tanker fleet has increased by 7,515,000 gross tons or 10.6 per cent while the world tanker fleet has increased by 7,055,000 gross tons or 24.7 per cent. During the same period the British share of the total world fleet has fallen from 17.9 per cent to only 16.5 per cent. Thus fierce competition is assured in the future. To make matters worse, large new Tankers are now being employed to carry grain cargoes, for which, of course, they were never intended. I understand that approximately 75 per cent of the grain shipped at US Gulf ports to the Continent of Europe is now being carried in Tankers. In fact, of one week's chartering for the shipment of 123,000 tons of grain, 100,000 tons were shipped in large Tankers, and since last August Tankers have altogether been fixed to carry a quantity in excess of 1 million tons of grain which would have been sufficient to keep our whole fleet employed for nearly two years.

"A MATTER OF SHIPS OR TAXES"

Heavy over-building since the war is undoubtedly the main reason for the present anomaly of a severe slump in shipping coinciding with a boom in manufacturing industry. It is, therefore, extremely difficult to visualise any real benefit in any Government-sponsored "Scrap and Build Scheme" under which funds would be made available to owners to replace an old vessel by a new one, especially in view of the vast difference between the scrap price of some £40,000 and the new building cost of approximately £800,000. The greater part of the recent over-ordering of ships has been by those in a position to operate under "Flags of Convenience" and so earn large untaxed profits. Thus Britain's share of world shipping is continually shrinking and I can only repeat the warning I gave a year ago, when I said, "There is no doubt, under present conditions, our Industry is facing a deadly menace which can only have one ending, that is, the accelerated decline and final elimination of our Merchant Fleet, more especially the Tramp Section. There is only one way to remedy the situation and the Government need look no further than a revision of its taxation policy as it effects the Shipping Industry. Of course, if the maintenance of an adequate British Merchant Fleet is not regarded as a National necessity there is nothing more to be said. It is simply a matter of ships or taxes."

Unfortunately, no Government seems prepared to listen to old-established Shipowners who well realise the need to retain in the business profits earned in good times because they have learned by bitter experience that periods of plenty are usually followed by periods of famine and that history has a way of repeating itself.

THE YEAR'S RESULTS

In my last Report I referred to the fact that we had re-negotiated some of our forward freight contracts, four of which were extended until April-May, 1960. The result of this arrangement, as you will see from the Accounts, is that the operating surplus for the year under review is practically the same as for the previous year. Taxation, however, takes considerably more because in this year we have had no benefit from investment allowances and we have had to provide for the balancing charge arising during the year. This leaves only £316,000 net surplus available for appropriation compared with £556,500 in the previous year.

In order to relieve the charge for Profits Tax as much as possible your Directors have again decided not to recommend the payment of any Final Dividend for the year ended June 30, 1959. They have, however, decided to pay a Special Interim Dividend of 7d. per share, less Income Tax, for the year ending June 30, 1960. This Dividend will be paid on December 9, 1959, to those Shareholders on the Registers at the close of business on November 24, 1959. This procedure, which I hope will not have to be repeated after next year, has been brought about by the provisions of the 1958 Finance Act relating to the change in Profits Tax rates.

FLEET CHANGES

During the year under review the Company's two oldest vessels have been sold at satisfactory prices. The Company's Fleet now therefore consists of seven ships built between the years 1952 and 1957 with an average age of four years. As you will see from the Balance Sheet, our financial position is strong and we should, therefore, have no difficulty in paying for the two new ships which are on order from British yards for delivery in 1962 and 1963. By that time, it seems reasonable to hope that the laws of supply and demand will have brought the freight market more into balance again.

Of the seven vessels now in our Fleet, two are already trading at current rates of freight and a third will terminate her long-term contract in the near future. The rates ruling at present are barely sufficient to cover costs and cannot cover depreciation. It will be appreciated, therefore, that profits for the current year ending June, 1960, will be considerably lower than those now shown, in spite of the benefit received from the long-term contracts now expiring. Thereafter it is impossible to be optimistic unless there is a substantial recovery in freight rates next spring.

I think we owe a great debt of gratitude to all our Staff both ashore and afloat for keeping our Fleet running at a profit during these difficult times, and I am sure you will wish me to take this opportunity of thanking them all on your behalf.

THE PERAK RIVER HYDRO-ELECTRIC POWER COMPANY

ADVERSE EFFECT OF TIN EXPORT CONTROL REGULATIONS

The thirty-third annual general meeting of The Perak River Hydro-Electric Power Company Limited, was held on November 12th in London, Mr Hugh G. Balfour (the Chairman) presiding.

The following is an extract from his circulated statement:

The Company's operations during the year ended July 31, 1959, were adversely affected to a greater degree than during the previous year by the tin export control regulations under the International Tin Agreement. It is calculated that during our previous financial year ended July 31, 1958, the permissible exportable amount of tin for Malaya was 46,400 tons, while in the year under review the exportable amount was reduced by 30 per cent to 32,521 tons, representing what is known as a quota rate of 54.6 per cent on the basic Malayan output of 59,569 tons under the tin export control scheme.

Over 85 per cent of the Company's output of electricity is taken by the tin mining industry, and there is a direct relationship between the operation of the tin restriction scheme and the volume of the Company's business. Last year the number of units sold was 331.8 million as compared with 230.2 million for the year under review, a decrease of 101.6 million units or 30 per cent, corresponding to the reduction in the exportable amount of tin for Malaya.

CHENDEROH STATION

The year was an exceptionally bad water year, the average effective river flow in the Chenderoh River having been the lowest for 29 years. As a result only 142 million units were generated at the Chenderoh hydro-electric power station, which is 18½ per cent less than in the previous year. Under reasonable river conditions we expect to obtain 190 million units from the Chenderoh Station in a normal year, so there was a short-fall of 48 million units which had to be generated in our thermal power stations. In 1950 a Fuel Equalisation Reserve was created to offset the effect of abnormal conditions of river flow on the cost of generation in our thermal power stations, and since 1955 this Reserve has stood at £100,000. In view of the abnormally low water conditions this year we propose to draw £24,693 which has been placed to the credit of Net Revenue Account.

The two new 12 mW generating sets at Malim Nawar Power Station with ancillary boiler plant, water cooling tower, etc., were brought into operation during the year under review. Our Vice-Chairman, Mr Donald Brook, visited Malaya to attend the official opening of the Malim Nawar extension by the then Prime Minister of the Federation of Malaya, the Honourable Dato Abdul Razak bin Hussain, which took place on May 18, 1959. The Board are grateful to the Prime Minister for undertaking this function, particularly in view of the pressure of his duties immediately prior to the elections in the Federation.

Our subsidiary company, The Kinta Electrical Distribution Company Limited, continued to expand its business, although the average demand from consumers was slightly reduced.

Since the end of our financial year the permissible export amount of tin for Malaya for the period to the end of December, 1959, has been increased, and now represents a quota rate of 71 per cent, as compared with an average quota rate of 54.6 per cent during the year under review. If these better conditions continue the outlook for the current year should be more promising than for the year to July 31st last.

The report was adopted and a dividend of 5 per cent approved.

NEW ZEALAND LOAN AND MERCANTILE AGENCY COMPANY LIMITED

MR MICHAEL G. H. BROWN'S SPEECH

The sixty-fifth annual general meeting of New Zealand Loan and Mercantile Agency Company Limited was held on November 17th in London.

Mr Michael G. H. Brown, the chairman, presided and in the course of his speech said:

The latest information we have received from Australia indicates that weather conditions in Victoria and New South Wales have been reasonably satisfactory in the current season so far. Queensland, as is usual at this time of year, is in need of some good general rains.

In New Zealand seasonal conditions in both Islands are now satisfactory after a very dry period in Canterbury and North Otago.

The average prices for Australian and New Zealand greasy wools are still about 25 per cent higher at this point of the season than they were twelve months ago.

The estimated clip for the season in both countries is larger than last year and if it is achieved will set new records.

Lamb and mutton prices continue at extremely low figures which cause concern amongst the graziers of New Zealand.

However, the demand for cattle is strong as are the markets for butter and cheese.

The season, in the countries where we operate, is opposite to our own and they are now in the middle of their spring. It is impossible so early in their year to give you any estimate of the outturn of the year's working.

There are indications that, if the improvement in wool prices is maintained and the weather is reasonable, we should be able to absorb increased costs, due to recent wage awards, and put before you next year results as good as, perhaps we may hope better than, those you have just received.

The report and accounts were adopted.

THE BIRMINGHAM SMALL ARMS COMPANY

MR JOHN Y. SANGSTER'S CONFIDENCE IN GROUP'S FUTURE PROSPECTS

The Ninety-eighth Annual General Meeting of The Birmingham Small Arms Company Limited will be held on December 11th in Birmingham.

The following is an extract from the circulated statement of the Chairman, Mr John Y. Sangster:

It is gratifying to report an increased Trading Profit (£2,469,819 against £2,261,707) and recommend an increased Ordinary Dividend (12½ per cent against 11 per cent) for the third year in succession. The increased Trading Profit has been achieved notwithstanding less favourable results from our Steel Division which have been more than compensated by improved results in the other fields of industry in which we are engaged.

The Motor Cycle Companies, BSA, Triumph and Ariel Motor Cycles have enjoyed a satisfactory year, making collectively a most important contribution to the profits of the Group.

Buoyant trading conditions have prevailed in the Home Market more especially during the last six months of the Financial Year. In the export field our sales in the United States of America have shown a satisfactory expansion, but on the other hand the popularity of motor cycling in many of our traditional Export Markets has suffered some decline and our sales have been correspondingly reduced.

The sales appeal, both at Home and Overseas, of the new BSA "Sunbeam" and Triumph "Tigress" Scooters which went into production in the autumn of 1958 is fully up to expectations.

The outlook is even more favourable than it has been at any time during the past three or four years.

The Daimler Company's new 8-cylinder (V-8) 2½ Litre Sports Car has been accorded an excellent reception, and it is already clear that the demand will exceed the supply for a long time to come. The 3.8 Litre Daimler Saloon has established itself as one of the leaders in the specialist luxury class.

The financial results show a marked improvement and with the advent of new and attractive products the outlook is encouraging.

BSA Tools Division shows an increased profit as compared with the previous year. Having regard to the improved order position which has been fully maintained since the end of the financial year and to other favourable signs I believe we are justified in looking forward to a continuance of better trading conditions in the Machine Tool Industry.

The Steel Division of the Group has experienced a very difficult year. As to the outlook it seems probable that the present improvement in the demand for special steels will continue and that the more settled political conditions will encourage increased investment in capital goods. The results for the coming year should be better than they have been during the year under review.

The statement then reviewed the activities of the smaller units of the Group and continued:

Although long-term forecasting is always difficult my assessment of the prospects of the Group as a whole is that the information at present available justifies the conclusion that we can look forward with confidence to another successful year.

ROADS RECONSTRUCTION (1934) LIMITED

The Twenty-fifth Ordinary General Meeting of Roads Reconstruction (1934) Limited was held on November 16th at Weymouth Hall, Frome, Somerset. General Sir James Steele (the chairman) presided.

The Chairman's Statement circulated with the Accounts for the year ended March 31, 1959 was taken as read.

The Chairman then brought Shareholders up-to-date concerning the latest development in regard to the bid for the Company's shares by Thomas Roberts (Westminster) Limited.

In amplification of the information given in his Statement, the Chairman explained that interim figures for the first six months of the current year had now been made up showing an estimated profit subject only to Depreciation and Taxation of £154,500, this figure being about 10 per cent in excess of the corresponding profits of the record year to March 31, 1958 (£136,000). The present indications were that the favourable trend in the first six months should continue unless severe weather conditions set in.

As regards future dividend policy, the Chairman referred to the Board's Circular of November 5th in which a Final Dividend of 6 per cent, less Tax, on the increased Ordinary Share Capital had been forecast for the year to March 31, 1960. While forecasts must be made with caution in a trade so much affected by the weather and unforeseen fluctuations in demand, it appeared at present that a Final Dividend on the increased Ordinary Share Capital of 6 per cent, less Tax, should be well within reach. This Dividend together with the Interim already paid would be equivalent to 15 per cent, less Tax, on the Ordinary Share Capital as it now stands.

All the Resolutions put before the Meeting were passed unanimously.

AIR SUBSCRIPTIONS TO *THE ECONOMIST*

	Airmail	Air Freight*
Australia	£10 6s.	—
Canada		$25 or £9
Ceylon	£9 0s.	—
China	£10 6s.	—
East Africa	£9 0s.	£7 10s.
Egypt	£7 15s.	—
Europe	£6 0s.	—
Ghana	£9 0s.	£6 10s.
Gibraltar, Malta	£5 0s.	—
Hongkong	—	£8 15s.
India	£9 0s.	£7 10s.
Indonesia	£9 0s.	—
Iran, Iraq	£7 15s.	—
Israel	£7 15s.	—
Japan	£10 6s.	—
Jordan	£7 15s.	—
Lebanon	£7 15s.	—
Malaya	£9 0s.	—
New Zealand	£10 6s.	—
Nigeria	£9 0s.	£6 10s.
Pakistan	£9 0s.	—
Philippines	£10 6s.	—
Rhodesia (N. and S.)	£9 0s.	—
South Africa	£9 0s.	£7 10s.
South America	£9 0s.	—
Sudan	£7 15s.	£6 15s.
USA	—	$25 or £9
West Indies	£9 0s.	—

* Approx. 24 hours slower than airmail.

22 RYDER STREET, LONDON, S.W.1

COMPANY AFFAIRS

SOUTH DURHAM

THE unchanged ordinary dividend of 12 per cent from South Durham Steel and Iron is not a very good start for the steel dividend season: the market was disappointed and on Wednesday morning the jobbers marked down prices of all steel stocks. South Durham itself lost 4s. to 56s. 9d. The advance of 10 per cent in South Durham's trading profits, from £7,092,696 to £7,847,094, is not, however, unsatisfactory when viewed in the light of the difficulties that the heavy engineering industries, its main customers, have had in shaking off recession—though the steady working through of long order books by the shipbuilders must not be overlooked.

The group's net earnings have risen from £2,641,117 to £2,692,885 after a heavier depreciation charge of £1,650,000 (against £1,350,000). The net profit figure is struck after a transfer to investment allowance reserve of £1,200,000 (against £250,000), reflecting investment allowances on the group's big expansion programme, of which the third stage is due to be completed by 1963. At the same time a bigger interest charge on the 6 per cent debenture stock (which is convertible into ordinary shares at par next March) of £480,000, against £156,333, reflects the first full year's servicing of this stock.

	Years ended October 3	
	1958	1959
Consolidated earnings:	£'000s	£'000s
Trading profit	7,093	7,847
Interest	430	718
Depreciation	1,350	1,650
Tax	2,307	1,545
Net Profit	*2,835*	*3,748*
Ordinary dividends	552	686
Retained earnings	2,050	2,000

Last October, the Finance Corporation for Industry exercised its option to take up £2 million of South Durham's ordinary shares at par in exchange for £2 million of its outstanding loan (which last year amounted to £22½ million) to the company. Thus the issued share capital of South Durham is now £10 million. On this basis, earnings work out at about 42 per cent and cover the 12 per cent dividend about 3½ times. If all the present holders of the 6 per cent redeemable debenture stock decide to convert next March, that would raise the ordinary share capital to £14 million and earnings would fall to about 31 per cent. The yield on the £1 shares at 57s. is 4.1 per cent. As a result of the directors' cautious dividend policy about £2 million will again be ploughed back into the business as the group's own contribution to the financing of its big capital needs.

MITCHELLS AND BUTLERS

SINCE Mr Charles Clore drew shareholders' attention to brewery companies in May the market has developed a more sensitive nose for take-over opportunities: the shares of W. Butler and Company of Wolverhampton rose by 7s. to 50s. in the fortnight preceding the bid by Mitchells and Butlers of Birmingham. The terms of the offer are three £1 ordinary shares in Mitchells and Butlers for every five £1 ordinary shares in W. Butler, plus 12s. 6d. cash for each unit. With Mitchells and Butlers shares standing at 73s. 9d. the offer is worth 56s. 9d., and since the offer was announced W. Butler shares have put on another 4s. 6d. to 54s. 6d.

Both companies have benefited from past mergers. It is three years since W. Butler took Frederick Smith under its wing and six months since the successful Mitchells and Butlers bid for Atkinsons Brewery, which brought 360 public houses into the group. But this is a much bigger bid, for W. Butler, whose trading profits advanced from £724,748 to £801,000 in the year to September 30, 1959, and whose ordinary dividend was effectively raised by 1½ per cent to 9 per cent, owns about 900 public houses.

The present bid could bring about a rationalisation of the business of the two companies. Their fields of operation overlap in Staffordshire, Shropshire and Warwickshire and it is to be expected that unprofitable houses will be closed and the properties sold to pay for development on new, better-paying sites. In the case of the Atkinson empire, taken over this year, Mitchells and Butlers have gone ahead quietly with its rationalisation policies. It is not unreasonable to expect even more caution in the rationalisation of the brewing plants: the company seems to be sensitive to the problems of staff redundancy. But these are the problems which an industry with no assuredly expanding market must face: mergers, unless they produce economies, make little sense.

GLAXO LABORATORIES

IN his statement with the 1958-59 accounts, Sir Harry Jephcott, the chairman of Glaxo Laboratories, paints a brighter picture than he did a year ago. He then drew attention to acutely competitive conditions, especially in overseas markets. A few months later, the half-yearly report to December 31, 1958, revealed a reduction in sales by 3 per cent and in profits by 9 per cent. Since then, however, events have moved more favourably for the group, with the result that for the full year to June 30th sales rose by 2 per cent and trading profits rose by 1½ per cent, from £5,310,166 to £5,387,617. This recovery cannot be attributed to any lessening of the competitive pressures: it is due rather to "further manufacturing economies" and to the successful introduction of new products. Of these, "Grisovin", introduced by Glaxo, is an antibiotic, curative of most fungal infections of the skin and is the first that can be administered orally. "Dictol", put on the market by Glaxo's recently acquired subsidiary, Allen and Hanbury, is a vaccine used to immunise cattle against lungworm infestation and is the first such vaccine to be made available on a commercial scale.

Sir Harry stresses the importance of developing new products and he compares the relatively small expenditure on medical and pharmaceutical research in Britain with the sums spent in the United States, Japan and the common market countries. Research in this field is becoming increasingly costly (shareholders in Glaxo know this from the large appropriations to reserves every year) and often a new discovery makes a product on which much time and money has been spent obsolete almost overnight.

It is therefore clear that the efforts Glaxo is making in developing overseas markets will be intensified; between them Glaxo and Allen and Hanbury have 25 subsidiaries trading overseas and they have net assets of nearly £7 million; one of the immediate results of the merger between these two companies has been the establishment of a combined export organisation. The market for some of the group's products, Sir Harry says, remains "uncertain" but he is much more confident about the "prospects of making headway" than he was a year ago. The 10s. ordinary shares, which have remained consistently on a low yield basis, now stand at 58s. 6d., yielding 2½ per cent on the effectively increased dividend of 14 per cent.

BSA

THE full report from BSA shows that the advance in trading profits from £2,261,707 to £2,469,819 in the year to July 31st is mainly attributable to the success of the motor cycle and car divisions of the group, which together account for practically half of the group's total sales. Mr John Sangster, the chairman, says that the abolition of hire purchase restrictions and the cuts in purchase tax last April made for "buoyant conditions" in the home market; but exports have suffered from a change in private transport habits in some of the group's traditional markets, with the result that total sales of motor cycles have fallen slightly. The "Sunbeam" and "Triumph" scooters, which went into production in March, 1958, have done well, but delivery dates have not been met owing to a shortage of skilled labour. These difficulties, says Mr Sangster, have now been resolved and he also hopes that the current production of scooters will be doubled in the next four months. In the motor division, the new V 8 sports model, designed specifically for the American market, has met with an "excellent reception," and a new saloon model is to be introduced to the home market.

In the machine tools division the sudden drop in orders at the beginning of the financial year coincided with the running-down of a long order book. But from the beginning of 1959 orders began to pick up and by July 31st there were more orders on the books than at any time in the previous three years. This branch of industry has been slow to recover from the recession, but BSA's experience suggests that the corner may have been turned.

The steel side of the business was affected by the cut in the defence programme, which led to a big fall in orders from the aircraft industry to which the group supplies high-quality steel for jet engines. But the outlook, Mr Sangster says, is more encouraging. The reorganisation programme and the £1,500,000 development programme at Sheffield will make the group less dependent on the aircraft industry. The Government have placed a contract with BSA for the production of automatic rifles which are now being supplied to the army and these contracts will be completed in 1962. The £1 ordinary shares at 60s. 9d. yield 4.1 per cent on the 1958-59 ordinary dividend of 12½ per cent, which is covered about 2½ times by earnings.

ROADS RECONSTRUCTION

CIRCULARS continue to pour through the letter boxes of bewildered shareholders in Roads Reconstruction. Thomas Roberts (Westminster), the bidders for one half of the preference and ordinary capital of the company, referred in a circular at the end of last week to the company's intention to modify the voting rights of the preference shareholders. Such a proposal would have to be made at a separate class meeting in the form of a special resolution which would have to be passed by at least a 75 per cent majority. Now Thomas Roberts claims to own over 25 per cent of the issued preference capital, excluding any acceptances of its offer, which has been extended another week.

General Sir James Steele, the chairman of Roads Reconstruction, swiftly refuted this claim and said that it did not appear from the company's register that Thomas Roberts or its nominees held such a large proportion of preference shares nor were they holders of a big amount of ordinary shares. He points out that the resolutions to increase the authorised capital and to make a scrip issue of four 2s. 6d. shares (each with a vote) for every three 10s. ordinary shares held required only a simple majority and would increase the votes of ordinary shareholders from 900,000 to 2,100,000. These resolutions will not be put to the vote however until after the extended offer of Thomas Roberts has expired but if Thomas Roberts (Westminster) is anxious to gain control of the company it may have to revise its offer for the ordinary shares, for Sir James Steele describes the number of proxies already received in support of the proposals of the Roads Reconstruction directors as "most encouraging."

At the annual meeting this week he confirmed that the trading profits of Roads Reconstruction for the first six months of the current year were about 10 per cent *higher than those for the same period in* 1957-58 when profits were running at a record level. But in the face of all these statements from the directors, the current market price of the ordinary shares still remains below the offer price of 32s. 6d., which, it must again be stressed, is only for half the shares held.

CANADA AND DOMINION SUGAR

ANOTHER partial bid—this time with a transatlantic flavour—was made last month by Tate and Lyle when it offered to purchase at $25 per share half the outstanding equity shares of Canada and Dominion Sugar Company which it did not already own. The English company has built up an investment in Canada and Dominion Sugar Company since 1953 and at the time of the offer held 12.7 per cent of the total capital of this leading Canadian sugar refiner. Sir Ian Lyle and Mr Peter Runge (respectively the chairman and the joint deputy chairman of Tate and Lyle) are both on the Canadian board and Tate and Lyle have been actively engaged in advising the company and supplying technical services and staff.

Although this offer was recommended by the board it has aroused opposition from a body of shareholders who say that the

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London and New York Stocks *on next two pages.*

How Much Growth for EMI?

GRAMOPHONE record sales still account for about half of EMI's sales but this year's slight recession in gramophone record sales seems hardly to have touched the big recording groups. EMI's total sales, in fact, rose by 2½ per cent, from £65,905,000 to £67,532,000. Mr J. F. Lockwood, the chairman, said this week that although the record market had been contracting, the group has been able to raise its share of the total home market. He believes, however (despite the latest Board of Trade figures which indicate a revival), that this market is likely to go on contracting, and for that reason alone shareholders will be comforted by the success of the group's industrial division. Sales of 45 rpm records have risen "substantially" and are helping to offset the loss in earnings caused by the sharp fall in demand for the 78 rpm records, and the 1959-60 accounts will help to show how far the group's contribution to the disc price war, in offering newly recorded long-playing classical discs at 22s. each, is succeeding.

Mr Lockwood is surely right when he says that the demand for records will only rise as disposable personal incomes increase. He is therefore justified in not pinning his faith on any further big advances in earnings from this side of the business. The possibilities of the group's developments on the electronic computer division look more promising. The "Emidic" computer has met with a good deal of success and present orders (from BEA, the Government, and commercial and industrial undertakings) amount to about £2 million. The electronic machine tool system has become widely accepted in the United States, and in this country the system is to be adopted in the motor and shoe trades: it is already employed by the guided weapon industry. One of the largest television studios in the world is to be built at Wembley by Associated-Rediffusion, which have placed a large order for television equipment with EMI; and a substantial order for colour television equipment has come from China. In the group's consumer durables division, sales of recording equipment, record players and car radios have all reflected the boom.

Throughout the year American buying of EMI's 10s. ordinary units has prompted the interesting question of just what proportion of the company's share capital is held in the United States. The question was answered this week by the chairman, who estimated that about 25 per cent of the equity is now held in the United States. This is "well below the average over the last five years." At one time as much as 40 per cent of the equity was in fact held by US investors but their holdings were diluted by their legal inability to take up the "rights" issue in July. They will, however, be able to take up the new shares resulting from the 50 per cent scrip issue, and the rise of 9s. 10½d. to 81s. on the day before that issue was announced reflects some pretty shrewd investment forecasting on the other side of the Atlantic. The scrip issue will capitalise all the share premium account of £2,900,000 arising from the "rights" issue and about £113,000 from a reserve created after the revaluation of the group's properties (which revealed a book surplus value of about £3 million). The value of fixed assets in the company's books has been written up from £8,942,000 to £11,801,000. The directors forecast a dividend of not less than 14 per cent on the capital as increased by the scrip issue and this compares with the equivalent of 13½ per cent on the present capital for 1958-59. The July "rights" issue paid off the group's overdraft of some £4 million and Mr Lockwood sees no prospect of any further cash issue in the immediate future. This fact and the strong cover of about 3½ times on the dividend points to the possibility of more generous dividends, but EMI's ordinary shares have been caught up in the craze of American investing in electronic stocks and at 79s. 4½d. they yield only 2.6 per cent. Mr Lockwood's assessment of the future may lead to a more realistic appraisal in the market.

LONDON AND NEW

Prices, 1959 High	Prices, 1959 Low	BRITISH FUNDS AND GUARANTEED STOCKS	Price, Nov. 11, 1959	Price, Nov. 18, 1959	Net Yield, Nov. 18, 1959 £ s. d.	Gross Yield, Nov. 18, 1959 £ s. d.
		Funding, 1959-61				
98 1/2	96 11/16	Funding 2 1/2%.....1956-61	98 1/2	98 7/16	2 12 0	3 12 11
99 1/16	98 11/32	Exchequer 2%.....1960	99.12.9	99.13.8	1 13 4	3 5 9
100 1/16	99 1/16	Exchequer 3%.....1960	99.17.9	99.17.9	1 7 3	3 7 10
101 11/32	100 1/8	Conversion 4 1/2%.....1962	101 1/16	101	2 1 7	4 0 4
96 3/8	94 7/16	Exchequer 3%.....1962-63	96 3/8	96 5/32	3 0 1	4 3 5
93 5/8	91 5/8	Exchequer 2 1/2%.....1963-64	93 5/32	93 1/8	3 3 9	4 4 01
101 15/16	100 3/8	Conversion 4 3/4%.....1963	101 11/16	101 9/16	2 9 9	4 5 6
100 7/16	99 5/8	Conversion 4 1/2%.....1964	100 3/8	100 7/32	2 14 0	4 8 11
92 15/16	89 7/8	Savings Bonds 3%.....1955-65	92 5/8	91 15/16	3 7 4	4 12 11
85 15/16	82 3/4	Funding 3%.....1959-69	85 7/16	85 5/8	3 13 8	4 19 5
93 7/8	89 1/16	Funding 4%.....1960-90	93 3/8	93 7/16	4 7 7	4 19 2
84 3/8	80 1/4	Savings Bonds 3%.....1960-70	84 1/16	84 7/16	3 12 10	4 19 2
86	83	Savings Bonds 2 1/2%.....1964-67	85 11/16	85 3/4	3 15 1	4 16 5
78 7/8	75 1/16	Savings Bonds 3%.....1965-75	78 3/8	78 13/16	3 13 3	5 0 9
105 11/16	102 1/2	Exchequer 5 1/2%.....1966	105 1/16	105	2 12 2	4 15 2
86 7/8	83 1/4	Funding 3%.....1966-68	86 7/8	86 7/8	3 13 9	5 0 2
98 1/8	95	Victory 4%.....1920-76	96	96 1/16	3 0 6	4 13 6
90 1/8	87 1/2	Conversion 3 1/2%.....1969	90 3/16	90 3/16	3 8 11	4 18 8
103 13/16	98 5/8	Conversion 5 1/2%.....1974	102*	102 7/16*	2 19 9	4 19 7
81 7/8	76 7/8	Treasury 3 1/2%.....1977-80	80 1/16*	80 1/4*	3 9 9	5 0 81
80 1/2	76 9/16	Treasury 3%.....1979-81	80 1/8	80 1/2	3 0 0	5 2 1e
107 1/16	101 1/8	Funding 5 1/2%.....1982-84	107 1/16	107 1/8	3 4 4	4 18 0
68 1/4	64 1/2	Redemption 3%.....1986-96	68 1/8	68 1/4	3 7 4	4 18 01
98 1/8	97 7/16	Treasury 5%.....1986-89	98	98 1/16	3 3 7	5 3 2
74 1/8	70 1/2	Funding 3 1/2%.....1999-2004	74 1/16	74 1/4	3 5 0	4 19 8
77 7/16	72 1/4	Consols 4%.....after Feb. 1957	77	77 1/4	3 4 1	5 5 3
68 5/16	64 11/16	War Loan 3 1/2%.....after 1952	67 7/8*	67 7/8*	3 3 7	5 3 9
68 1/16	63 3/16	Conv. 3 1/2%.....after Apr. 1961	67 1/2	67 5/8	3 3 10	5 4 5
60	55 1/4	Treasury 3%.....after Apr. 1966	59	58 7/8	3 2 8	5 2 7
53 5/8	49 1/4	Consols 2 1/2%	52 1/8	52 1/16	2 19 1	4 16 8
51 1/8	47 1/8	Treasury 2 1/2%.....after Apr. 1975	50 1/16	50 1/16	3 1 5	5 0 7
98 5/8	94	British Electric 4 1/2%.....1967-69	98	98 5/8	3 0 2	4 16 9
80 1/4	77 1/4	British Electric 3 1/2%.....1968-73	80 1/16	80 3/4	3 14 0	5 0 9
77 3/4	74 1/8	British Electric 3%.....1974-77	77 1/16	77 3/4	3 12 0	4 19 7
91 11/16	87 1/2	British Electric 4 1/2%.....1974-79	91 7/16	91 5/8	3 4 1	4 19 5
81	77 5/16	British Electric 3 1/2%.....1976-79	80 13/16*	80 15/16	3 9 7	5 0 7
91 3/4	87 1/8	British Gas 4%.....1969-72	91 7/16	91 3/4	3 6 4	5 0 11
88 1/8	84 3/4	British Gas 3 1/2%.....1969-71	87 15/16	88	3 8 8	4 18 7
69 7/16	65	British Gas 3%.....1990-95	68 7/8	68 7/8	3 7 0	4 17 2
80 3/4	77 1/4	British Transport 3%.....1968-73	80 1/16	80 3/4	3 14 0	5 0 9
89 3/8	84	British Transport 4%.....1972-77	89 1/8	88 7/8	3 6 3	4 19 6
70 1/8	66 1/16	*British Transport* 3%.....1978-88	69 7/8	69 7/8	3 11 4	5 1 9

Prices, 1959 High	Prices, 1959 Low	FIXED INTEREST STOCKS	Price, Nov. 11, 1959	Price, Nov. 18, 1959	Yield, Nov. 18, 1959 £ s. d.
		DOMINION AND COLONIAL			
102 1/16	99 3/8	Australia 4 1/2%.....1960-62	100 7/8	100 7/8	4 7 0
107 1/2	103 3/4	Australia 6%.....1974-76	107 3/8	107 1/2	5 6 0e
77	73	Ceylon 4%.....1973-75	74 1/2	74 1/4	5 15 0
104 1/2	99 1/2	Jamaica 6%.....1977-82	104 1/2	104	5 15 8e
107 3/8	104 1/4	New Zealand 6%.....1976-80	107 1/2	107 5/8	5 7 0e
101 7/8	93	Rhodesia and Nyasaland 6%.....1976-79	96	96	6 7 9
75	69 1/2	Southern Rhodesia 2 1/2%.....1965-70	74 3/4	74 1/2	5 13 0
		CORPORATION AND PUBLIC BOARDS			
104 1/2	100 7/16	Agricultural Mortgage 5 1/2%.....1980-85	103	104	5 6 8e
105	102 1/4	Birmingham 5 1/4%.....1974-76	105	105	5 10 5e
94 1/8	92 1/8	Bristol 3%.....1958-63	94	94	4 13 0
98 1/2	94 1/2	Glasgow 4 1/4%.....1966-68	98	98 1/4	4 19 0
102 1/2	99 1/4	Corporation of London 5 1/4%.....1976-79	993/4	100	5 4 0
57	52 3/4	L.C.C. 3%.....after 1920	55 1/4	55 1/2	5 7 0
64 1/2	59 3/4	Metropolitan Water Board 'B' 3%.....1934-2003	63 3/4	63 3/4	5 2 0
		FOREIGN BONDS			
113 1/4	101 1/4	German 7% 1924 (British Enfaced 5%)	108 1/4	108 1/4	...
198 1/2	177	German 5 1/2% 1930 (Enfaced 4 1/2%)	196	196	...
48	23 1/4	Greek 7% Refugee.....1924	44 1/4	43 1/2	Nil
169 1/4	157	Japan 5% (Enfaced).....1907	160 1/2	161	...
118 3/4	112 3/4	Japan 6% (Enfaced).....1924	113	113 3/4	...
59	55	Uruguay 3 1/2% Bonds (Assented)	56	56	...

NEW YORK CLOSING PRICES

	Nov. 11 $	Nov. 18 $		Nov. 11 $	Nov. 18 $		Nov. 11 $	Nov. 18 $
Ath. Topeka	26	25 1/4	Boeing	345/8	323/8	Inter. Nickel	100	98 7/8*
Can. Pacific	25 7/8	25 3/8	Celanese	26 1/2	26 1/4	Inter. Paper	134 1/2	133 3/8
Pennsylvania	15 7/8	16 1/4	Chrysler	43 3/8	65 1/8	Kennecott	95 1/4	92 3/4
Union Pacific	30 1/4	30 1/4	Col. Palmolive	37 3/8	38 1/2	Monsanto	50 1/2	50 1/4
Amer. Electric	45 7/8	45 7/8	Crown Zeller	54 3/4	54 1/4	Nat. Distillers	32 3/8	32 1/4
Am. Tel. & Tel.	78 1/4	77 5/8	Distillers Seag.	33 5/8	33 7/8	Pan-American	22	21
Cons. Edison	60 1/8	59 7/8	Douglas	40 7/8	38 3/4	Procter Gamble	85 1/4	86 5/8
Int. Tel. & Tel.	39 3/4	41 1/4	Du Pont	259 1/8	259*	Radio Corpn.	66 1/4	65 1/2
Standard Gas	45/8	49/8	East. Kodak	99 1/4	99 1/8	Sears Roebuck	49 1/2	50 1/8
United Corpn.	8 1/8	8 1/8	Ford Motor	76 5/8	78	Shell Oil	72 3/8	73 3/4
Western Union	46 1/2	45 3/4	Gen. Electric	83 5/8	82 7/8	Socony-Mobil	40 1/4	39 3/4
Alcos	98 7/8	93 1/2	General Foods	101 1/4	102 5/8	Stand. Oil Ind.	41 7/8	40 3/8
Aluminium	31 3/8	30 1/2	General Motors	51 3/4	51 3/4	Stand. Oil N.J.	47 3/8	47
Amer. Can.	41 1/2	41	Goodyear	138 1/4	134 1/2	20th Cent. Fox	31	29
Am. Smelting	81 1/4	79 1/4	Gulf Oil	115 1/4	106 1/2	Union Carbide	138 3/8	135 1/4
Am. Viscose	43 1/2	43 5/8	Heinz	85	83 1/2	U.S. Steel	97	97 7/8
Anaconda	62 3/8	63	Int. Bus. Mach.	410 1/4	407 1/4	West. Electric	98 1/8	96 1/2
Beth. Steel	54 3/8	54 3/8	Int. Harvester	49 3/4	48 1/8	Woolworth	56 1/2	57

* Ex dividend. † Tax free. ‡ Assumed average life 9 years. § Less tax at 7s. 9d. in £. ‖ Ex capitalisation. Ex rights. ‡‡ Ex all. (a) Interim dividend. (b) Final dividend. (c) Year's dividend. (d) Capital distribution 1s. 6d. per share. (e) To earliest date. (f) Flat yield. (g) Equivalent to 7·2 sterling. (h) After Rhodesian tax. (i) To latest date. (p) Assented stock.

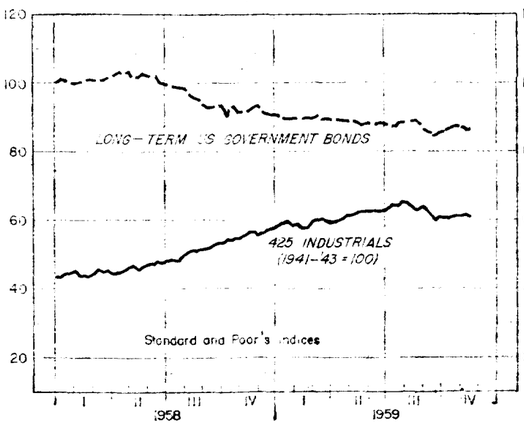
YORK STOCKS

Prices, 1959 High	Prices, 1959 Low	Last Two Dividends (a) (b) (c)		ORDINARY STOCKS	Price, Nov. 11, 1959	Price, Nov. 18, 1959	Yield, Nov. 18, 1959
		%	%	**STEEL AND ENGINEERING**			
98 1/2	96 11/16	8 b	6 a	Colvilles.....£1	61/7 1/2	65/3	4·29
64/9	28/11 1/2	4 a	8 b	Dorman Long.....£1	60/10 1/2	63/9	3·76
51/–	20/9	9 c	3 3/4 a	Steel Co. of Wales.....£1	46/11 1/2	49/11 1/2	4·07*
56/3	25/–	3 a	8 b	Stewarts & Lloyds.....£1	53/7 1/2	55/4 1/2	3·97
76/3	23/4 1/2	6 2/3 b	4 a	John Summers.....£1	69/4 1/2	70/7 1/2	3·02
76/3	24/9	8 1/3 b	4 a	United Steel.....£1	74/10 1/2	75/–	3·35
45/9	30/8 1/4	6 b	4 a	John Brown.....£1	44/–	45/–	4·44
10/–	7/–	11 b	3 a	Cammell Laird.....5/–	7/4 1/2	7/3	9·66
35/6	25/6	7 1/2 b	2 1/2 a	Swan Hunter.....£1	32/3	32/9	6·11
36/6	27/2 1/4	7 1/2 b	2 1/2 a	Vickers.....£1	30/11 1/2	29/11 1/2	6·87
96/–	60/6	10 b	5 a	Averys.....£1	95/6*	96/–*	3·13
27/–	16/–	4 2/3 b	† 7 1/8 a	Coventry Gauge.....10/–	26/–	26/3	3·90
54/6	36/6	† 2 a	1 4 b	Alfred Herbert.....£1	54/6	53/3	3·69
29/6	16/9	5 a	1 2 1/2 b	Ransome & Marles.....5/–	27/6*	25/6*	3·43
56/–	39/9	3 a	9 1/2 b	Renold Chains.....£1	54/9	53/9	4·65
62/–	37/–	3 3/4 a	8 3/4 b	Allied Ironfounders.....£1	61/–	60/–	4·17
55/–	43/6	7 b	4 1/2 a	Babcock & Wilcox.....£1	43/9	43/6	5·29
107/–	43/11 1/2	10 c	5 a	Davy-United.....£1	105/–	105/–	2·86
87/9	51/3	9 b	5 a	Guest Keen.....£1	83/3	84/3	3·32
80/–	44/7 1/2	3 1/3 a	5 1/3 b	Metal Box.....£1	77/–	76/3	3·27
58/–	42/6	4 3/8 a	4 3/8 a	C. A. Parsons.....£1	52/6	51/–	3·43
25/9	19/–	15 b	7 1/2 a	John Thompson.....10/–	20/–	19/9	5·49
121/3	72/–	12 1/2 b	12 1/2 b	Tube Investments.....£1	119/3*	118/6*	3·38
				BUILDING, etc.			
80/–	39/9	10 c	4 b	Associated Portland.....£1	74/3	73/–	2·63
28/3	15/–	3 1/2 a	6 3/7 b	British Plaster Board.....10/–	28/–	26/–	3·85
100/–	59/7 1/2	5 a	10 b	Richard Costain.....£1	98/11 1/2	96/3	3·12
15/3	9/7 1/2	5 a	10 b	Crittall Manufacturing.....5/–	14/–*	14/6*	5·17
96/6	61/3	6 a	11 b	London Brick.....£1	90/–	96/6	3·52
121/3	79/9	5 a	15 b	Wall Paper Defd.....£1	120/–*	118/9*	3·37
				CHEMICALS AND PAINT			
30/6	16/–	13·6c	4·8a	Albright & Wilson.....5/–	28/9	27/–	2·52
24/7 1/2	15/3	5 5/6 b	2 11 1/2 a	Borax Defd.....5/–	18/–	18/7 1/2	2·35
10/–	6 10 1/2	2 1/2 b	7 1/2 a	Brit. Ind. Plastics.....2/–	9/3	9 10 1/2	4·05
75/9	43 10 1/2	4 a	8 b	Fisons.....£1	75/3	72/9	3·30
56/9	33 10 1/2	5 1/3 b	3 3/4 a	I.C.I.....£1	56/9	55/11 1/2	3·30
18/–	13/7	14 b	5 a	International Paints.....4/–	15/3	15/4 1/2	5·20
30/–	16/3	16 c	7 1/2 a	Monsanto.....5/–	21/7 1/2	22/3	3·03
78/3	41 4/4 1/2	20·83b	12 1/2 a	Pinchin Johnson.....10/–	28/3	27/–	6·17
50/3	32/7 1/2	22 1/2 b	12 1/2 a				
64/9	47/3	26 2/3 b	13 1/2 a				
				ELECTRICAL AND RADIO			
67/–	54/–	15 c	5 a	A.E.I.....£1	63/3	62/6	4·80
61/–	46/3	9 1/2 b	4 a	B.I.C.C.....£1	56/–	52/–	5·19
49/6	37/4 1/2	20 c	5 5/8 a	Decca Record.....10/–	49/3	46/4 1/2	4·31
81/6	47/4 1/2	5 a	15 b	E.M.I.....10/–	69/6	75/6	2·78
51/–	38/–	9 1/3 c	3 a	English Electric.....£1	46/–	44/6	4·19
48/9	30/–	3 a	7 b	General Electric.....£1	42/9	43/3	4·39
22/9	13/9	12 1/2 c	12 1/2 c	Pye Defd.....5/–	21/11 1/2	20/10 1/2	2·99
98/6	84/6	6 1/2 a	11 b	A. Reyrolle.....£1	90/9	91/–	3·85
				MOTORS AND AIRCRAFT			
23/4 1/2	10/–	5 3/4 a	12 1/2 b	British Motor.....5/–	20/10 1/2*	20/4 1/2*	4·48
112/10 1/2	50/3	8 1/2 b	5 a	Ford Motor.....£1	105/6	111/–	2·43
74/–	44/–	12 1/2 c	12 1/2 c	Leyland Motor.....£1	72/3/9	70/9	3·53
18/11 1/2	7/3	8 c	12 c	Rootes Motors.....4/–	14/6	14/6	3·31
12/11 1/2	5/11 1/4	12 c	12 c	Standard-Triumph.....5/–	11/–*	10·51 1/4*	4·31**
29/–	18/3	3 1/3 a	9 2/3 b	Dunlop Rubber.....10/–	27/3	26/3	4·95
70/–	44/3	2 1/2 a	10 b	Joseph Lucas.....£1	68/–*	64/3*	3·89
44/10 1/2	23/7 1/2	17 1/2 b	9 a	Pressed Steel.....5/–	44/–*	40/6*	3·27
88/–	48/11 1/2	20 c	30 c	Triplex Holdings.....10/–	86/–	87/9	3·42
12/9	8/3	3 1/2 a	6 1/2 b	Bristol Aeroplane.....10/–	11/2 1/4	10/9	9·30
20/9	12/11 1/4	7 1/2 c	6 c	De Havilland.....£1	14/2 1/4	17/–	...
45/0 3/4	34/9	† 5 a	† 6 1/2 b	Dowty Group.....10/–	42/–	44/3	4·25
34/–	26/11 1/2	7 b	3 a	Hawker Siddeley.....£1	30/7 1/2	29/11 1/2	6·87
53/11 1/2	41/3	7 1/2 b	2 1/2 a	Rolls-Royce.....£1	44/–*	43/4 1/2*	4·61
				PAPER AND NEWSPAPERS			
69/6	44/6	12 1/2 c	5 a	Bowater Paper.....£1	68/–	65/3	3·83
57/6	42/6	9 b	5 a	Albert E. Reed.....£1	56/6*	55/6*	5·05
34/11 1/2	22/–	5 b	3 a	Spicers.....£1	32/10 1/2	31/3	5·12
29/–	21/–	15 b	10 a	Daily Mirror 'A'.....5/–	26/7 1/2*	28/11 1/2*	4·44
37/–	24/6	12 1/2 a	12 1/2 b	Odhams Press.....10/–	36/–	35/9	4·90
				TEXTILES			
35/–	22/–	2 1/2 a	7 1/2 b	J. & P. Coats.....£1	34/9	34/6	5·80
35/9	18/3	5 a	5 b	Fine Spinners.....£1	32/9	32/–	6·25
68/4 1/2	35/4 1/2	12 1/2 b	5 a	Lancashire Cotton.....10/–	65/6	64/9	5·41
60/–	35/4 1/2	2 1/2 a	13 1/2 b	Patons & Baldwins.....£1	57/3	56/6	5·66
7/2 1/4	4/3	10 c	8 c	Salts (Saltaire).....5/–	7/11 1/2	7/2 1/4	5·57
76/3	50/–	10 b	5 a	Woolcombers.....£1	68/11 1/2	67/3	4·46
19/11 1/2	14/7 1/2	Nil	3 a	Bradford Dyers.....£1	17/6	18/6	...
61/6	37/–	22 1/2 c	22 1/2 c	Calico Printers.....£1	56/6	57/6	7·83
60/3	31/3	6 2/3 b	5 a	Courtaulds.....£1	58/4 1/2*	57/11 1/2*	4·08
17/–	10/–	10 b	4 a	Jute Industries.....10/–	16/–	17/–	8·24
35/6	24/6	7 1/2 c	7 1/2 c	Tootal.....£1	29/6	28/–	5·36
31/6	19/7 1/2	16 c	3 a	**DRAPERY AND STORES**			
51/3	27/9	5 a	12 1/2 b	Boots Pure Drug.....5/–	29/3	29/3	2·74
54/3	28/7 1/2	7 1/2 d	2 11 1/2 b	Debenhams.....10/–	49/4 1/2	48/9	3·08
48/7 1/2	31/9	40 c	15 a	G.U.S. 'A'.....5/–	54/–ǁ	51/6ǁ	3·40
30/9	16/3	16 c	7 1/2 a	House of Fraser.....5/–	48/–	46/–	4·35
78/3	41 4/4 1/2	20·83b	12 1/2 a	Lewis's Investment.....4/–	30/4 1/2	30/–	2·67**
50/3	32/7 1/2	22 1/2 b	12 1/2 a	Marks & Spencer 'A'.....5/–	77/–	73/10 1/2	2·26
64/9	47/3	26 2/3 b	13 1/3 a	United Drapery.....5/–	49/–	49/–	3·57
				Woolworth.....5/–	63/–	64/3	3·11

Prices, 1959 High	Prices, 1959 Low	Last Two Dividends (a) (b) (c)		MISCELLANEOUS	Price, Nov. 11, 1959	Price, Nov. 18, 1959	Yield, Nov. 18, 1959
		%	%				
58/6	37/9	20 a	10 b	Assoc. Brit. Picture.....5/–	53/9	55/–	5·45
42/6	28/7 1/2	3 1/2 a	5 b	British Match.....£1	41/6	41/3	4·04
79/6	49/6	8 b	4 a	British Oxygen.....£1	77/6	76/–	3·16
13/–	8/8 1/4	18 c	6 a	British Ropes.....2/6	11/–	11/–	4·00
60/9	35/9	5 1/2 a	8 1/2 b	Glaxo.....10/–	60/6	58/6	2·39
98/6	56/4 1/2	50 b	10 a	Hoover 'A'.....5/–	96/9	95/3	3·15
232/6	172/6	32·18c	16·53a	Hudson's Bay.....£1	215/–	213/9	3·01
14/7 1/2	10/–	5 c	10 c	Rank Organisation.....5/–	14/–	13/9	3·64
27/–	13/–	18 c	20 c	Sears 'A'.....5/–	26/–	26/7 1/2	3·76
20/–	11/3 3/4	6·36	7 1/4 a	Thomas Tilling.....4/–	17/6	18/–	3·02
95/–	69/4 1/2	10 b	5 a	Turner & Newall.....£1	93/3	92/–	3·26
139/–	86/7 1/2	16·8c	8 a	Unilever.....£1	135/–	129/9	2·59
£3 1/4	£2 7/8	$2·10c	$2·25c	United Glass.....5/–	11/6	11/6	4·52
£23 1/2	£18 7/16	$1·60c	$1·65c	United Molasses.....10/–	41/9	41/–*	5·97
41	30 1/2	9 c	9 c				
49/9	32/3	6 b	4 a				
				OIL			
58/6	49/–	18 3/4 c	13 1/2 a	British Petroleum.....£1	51/9	53/3	5·37
50/3	37/9	14 1/8 b	12 1/2 a	Burmah Oil.....£1	45/6*	45/9*	4·91
£17 3/4	£14 5/8	17 1/2 b	7 1/2 a	Royal Dutch.....20 fl.	£14 3/16	£14 7/8	3·17
153/–	131/–	† 13 4/9 b	15 a	Shell Transport.....£1	142/3	145/–*	4·22
73/6	53/9	...	...	Ultramar.....10/–	56/9	55/9	... d
55/6	35/6	15 b	7 1/2 a	Wakefield C.C.....10/–	50/3	55/6	4·05
				SHIPPING			
46/6	36/6	13 1/2 b	6 1/2 a	Brit. & Com'wealth.....10/–	41/6*	43/6*	4·60
21/3	17/3	8 c	Nil a	Cunard.....£1	19/6	20/–*	8·00
42/9	29/6	10 c	10 c	Furness Withy.....£1	38/9	41/–	4·88
20/6	14/9	10 a	10 b	London & Overseas.....5/–	17/6	19/–	5·26
43/3	31/6	8 b	3 a	P & O Defd.....£1	41/6	42/–	5·24
17/9	13/3	5 c	2 1/2 c	Reardon Smith.....10/–	17/–	17/6	1·43
25/9	19/–	7 1/2 c	8 c	Royal Mail.....£1	23/6	24/6	6·53
				MINES			
46/–	16/2 1/4	8 3/4 b	7 1/2 a	Anglo-American.....10/–	205/–	197/6	4·05
42/6	18/7 1/2	8 1/2 a	8 1/2 a	General Mining.....£1	141/3	140/–	4·29
220/–	113/6	21 b	4 a	U.D.T.....£1	210/–	212/6	2·35
48/–	34/9	25 b	10 a	B.E.T. 'A' Defd.....5/–	46/–	45/6	3·95
18/6	12/6	10 c	10 c	Cable & Wireless.....5/–	18/–	18/6*	2·70
32/9	19/3	2 a	4 1/2 b	Land Securities.....10/–	30/–	29/–	2·24
28/6	14/7 1/2	4 1/2 a	4 1/2 b	London & County.....10/–	25/9	25/6	3·27
				FOOD, DRINK AND TOBACCO			
37/6	22/6	15 c	18 c	Allied Bakeries 'A'.....5/–	35/6	35/9	2·52
47/9	23/4 1/2	24 c	8 a	Beecham Group.....5/–	46/6	46/3	2·59
14/3	10/6	2 1/2 a	7 1/2 b	International Tea.....5/–	13/3	12/6	4·00
9/–	6 9/–	9 1/2 b	5 a	J. Lyons 'A'.....£1	79/9	80/3*	3·53
24 10 1/2	18 10 1/2	5 b	5 a	Ranks.....10/–	24/4 1/2	24/3	4·12
33/3	18 11 1/2	12 1/2 b	5 a	Schweppes.....5/–	31/6	30/3	3·31*
59/9	42/–	7 1/2 a	22 1/2 b	Tate & Lyle.....£1	59/9	58/3	3·61
16/–	10 10 1/2	...	...	Unigate.....5/–	15/–	15/4 1/2	3·25
79/6	43/9	36 b	10 a	Bass.....5/–	77/–	70/7 1/2	3·26
36/6	23 10 1/2	4 a	8 1/2 b	Distillers.....10/–	35/9	34/4 1/2	3·64
25/–	14 7 1/2	11 b	6 a	Flowers.....5/–	24/6	23/6	3·62
82/6	54/–	18 b	10 a	Guinness.....10/–	78/6	77/–	3·64
20, 3	12 7 1/2	4 a	11 1/2 b	Ind Coupe & Allsopp.....5/–	18/7 1/2	17/6*	4·43
90/–	38/9	6 3/4 b	3 3/4 a	Watney Mann Defd.....£1	87/–	85/3	3·52
137/–	100/–	17 b	8 a	Whitbread 'A'.....10/–	130/–*	128/9*	3·88
68 11/12	51/4 1/2	† 17 1/2 c	† 10 3/4 a	British Amer. Tobacco.....10/–	64/9	63/9	4·48
42/6	26 9/4	13 1/2 b	3 1/2 a	Gallaher.....10/–	40/6	40/–	4·17
71/–	54/3	12 1/2 b	8 1/2 a	Imperial Tobacco.....£1	68/3	67/9	6·20

Prices, 1959 High	Prices, 1959 Low	MISCELLANEOUS	Price, Nov. 11, 1959	Price, Nov. 18, 1959	Yield, Nov. 18, 1959
		TEA AND RUBBER			
37/9	23/–	† 12 1/2 a	† 12 1/2 b	Cons. Tea & Lands.....£1	37/–	37/9	12·97
29/–	22/3	† 3 a	† 7 a	Jokai (Assam).....£1	27/6	29/–	11·26
19/–	15/9	10 b	4 a	Nuwara Eliya.....£1	18/–	17/6	16·00
2/6	1/3	4 a	12 b	Grand Central.....2/–	2/4 3/4	2/5 1/4	13·13
8/6	3/9 1/4	5 a	23 b	London Asiatic.....2/–	8/1 1/2	8 0 3/4	7·44
10 1/4d	6 3/4d	8 c	Nil c	United Serdang.....2/–	8 1/4d	8 1/4d	...
103/–	48/–	20 1/2 b	12 1/2 a	United Sua Betong.....£1	98/–*	99/–*	8·21
91/3	52/6	5 a	15 b	Harrisons & Cros. Defd.....£1	82/6*	91/3	4·38

AMERICAN SECURITY PRICES



STOCK EXCHANGE INDICATORS

LONDON

The Economist Indicator

1959	Indicator†	Yield %	1959 High	1959 Low	1958 High	1958 Low
Oct. 21	345·4	4·07				
,, 28	346·3	4·07				
Nov. 4	341·9	4·14	352·7	245·0	255·6	166·1
,, 11	352·7	4·09	(Nov. 11)	(Jan. 28)	(Dec. 31)	(Feb. 26)
,, 18	349·6	4·14				

† 1953=100.

Financial Times Indices

1959	Ord. Index‡	Ord. Yield	Fixed Int.‡	2½% Consols Yield	Bargains Marked	1959 High	1958 High
Nov. 11	303·4	4·07	96·47	4·80	21,870	309·6	225·5
,, 12	309·6	3·98	96·47	4·82	20,820	(Nov. 12)	(Dec. 31)
,, 13	308·8	3·99	96·52	4·82	22,334	Low	Low
,, 16	304·5	4·05	96·66	4·82	26,018	212·8	154·4
,, 17	302

offer of $25 per share " may seem adequate but only in relation to current operations rather than future prospects." At the beginning of the year the shares stood at around the offer price but in June the customary quarterly dividend of 30c was halved to 15c and the price of the shares dropped to $18 before the offer. The chairman has reported that earnings for the first five months of the current year were substantially lower than for the same period in the previous year and that despite some recent improvement he could give no assurance of an early return to the higher earning levels of past years.

This forecast seems to have swayed shareholders for when the offer closed on November 12th total acceptances amounted to over one million of which Tate and Lyle will take up 676,435 shares, the maximum it offered to accept. These shares together with those already held will give Tate and Lyle a controlling interest of approximately 56 per cent. Nevertheless a shareholders' committee, headed by Mr G. M. Drummond, one of the largest individual shareholders and the grandson of a former president of the company, has requisitioned a special meeting at the end of this month, at which the committee will seek fuller information about the background of the bid. The committee is also anxious to ensure that the interests of the large body of minority shareholders in a company controlled from across the seas are adequately recognised and safeguarded.

TUBE INVESTMENTS

THE full report of Tube Investments does not include a statement from the chairman this year. But the directors' report does give some clue to the fall in profits which is not immediately apparent from a straightforward comparison of trading profits, which are shown to have gone up from £16,104,804 to £16,782,643. But the latter figure includes the trading profits of both British Aluminium and Reynolds TI Aluminium for seven months and once these are excluded, profits appear to have fallen by about 10 per cent. A general decline in demand in the first quarter of 1958-59 to which last year's report referred persisted into the early months of 1959 and was particularly severe in the steel tube division. Since then, the directors add, there has been a strong recovery in all sections. But during the first months of the financial year some sections were not working to capacity and this together with the effect of " a considerable volume of export orders accepted at narrow margins " resulted in the fall of profits.

While total profits from all sections of the business have risen by £677,839 this increase is swallowed up almost entirely by the rise of £640,083 in the amount set aside in depreciation. But a higher income from investments (including the British Aluminium shares bought before the formal offer) and a large tax rebate of £492,915 has left the net profit £455,040 higher at £6,458,460 so that the ordinary dividend of 20 per cent is covered well over three times. With British Aluminium as a subsidiary, TI now possesses over £50 million in net fixed assets and nearly £50 million in net current assets. Against these assets, over £60 million is held in reserves while the issued ordinary capital amounts to just under £17 million. A scrip issue would thus obviously be justified. At 118s. 3d.xd. the £1 ordinary shares yield about 3½ per cent.

CROMPTON PARKINSON

THE yield of 4.0 per cent on the 5s. ordinary shares of Crompton Parkinson standing at 17s. 6d. suggests that some investors are confident that the current boom in consumer durables will not be long in working through to the capital goods trades. Certainly the long-term view of the heavy side of the electrical industry must take account of the steady rise in electricity consumption at home and the more slowly-growing markets of the underdeveloped areas abroad. But the short-term prospects for the industry look far less promising. The chairman, Mr Albert Parkinson, speaks of " intensified competition " and narrowing profit margins in many of the traditional fields in which the company operates ; and he forecasts that 1959-60 will be a " considerably more difficult year than the previous one." Not least among the reasons for Mr Parkinson's caution is the effect of the Restrictive Practices Act which has forced many Trade Associations (including the cablemakers), to which the group belonged, to wind themselves up. Among the group's largest customers are the nationalised industries. The British Transport Commission has placed its largest contract for diesel-electrical equipment for its railway modernisation scheme with Crompton Parkinson ; and the Central Electricity Generating Board has commissioned Atomic Power Constructions Ltd—the consortium to which the group belongs and which recently joined forces with GEC-Simon Carves—to build a nuclear power station at Trawsfynydd in North Wales.

The group's total income rose from £2,687,577 to £2,755,691, but this was due simply to a rise in income from trade investments from £144,931 to £261,663. This increase is mainly due to bigger remittances from the group's interests in India where, Mr Parkinson says, sales remain at a high level and where orders on hand for the group's lighter products, such as instrument transformers, are at a record level. Net earnings rose by £140,592 to £1,253,021 and the ordinary dividend was raised from 12 per cent to 14 per cent (covered 2.3 times by earnings). Shareholders are to receive a one-for-four scrip issue. The directors say that this does not necessarily mean a bigger payment next time. But the equivalent payment to the 1958-59 dividend on the increased capital is 11.2 per cent, which suggests that the 1959-60 payment may have to be adjusted—to, say, 12 per cent.

London Stock Exchange

FIRST DEALINGS:	Nov. 11	Nov. 23	Dec. 7
LAST DEALINGS:	Nov. 20	Dec. 4	Dec. 24
ACCOUNT DAY:	Dec. 1	Dec. 15	Jan. 5

OFFICIAL comments at last week's Mansion House dinner on the equity boom had a delayed effect on stock markets. The weekend gave many private investors time to consider the cautious tone of the remarks of the Governor of the Bank of England and on Monday jobbers marked down prices in the face of a large volume of selling orders. The general weakness of industrial equities was accompanied by a rally in gilt-edged stocks with the exception of War Loan which still apeared to be affected by " the no date for War Loan " decision. On Wednesday there was a further fall in business and markings at 18,537 were the lowest since October 2nd. Over the week to the close on Wednesday *The Economist* indicator lost 3.1 points to 349.6.

Turnover in gilt-edged stocks has not been big but a steady amount of buying and the absence of sellers helped most of the Funds to improve over the week. But undated stocks were generally dull and 3½ per cent War Loan closed 3/16 down at 67 7/16. Short dated stocks were strong with 4½ per cent Conversion 1964 gaining ⅛ at 100 3/16. Corporation loans were unsettled on the Hertfordshire issue which was heavily oversubscribed by short-term investors. Even so, the new 5¼ per cent Middlesex 1980 stock closed at a premium of 1⅛ after being 1⅞ at one time—a rise of 7/16 on the week.

Since Monday, industrial equities have been steadily slipping from their high levels reached last week. Until the announcement of the unchanged dividend from South Durham the steel section was to a large extent unaffected by the wave of selling, and any selling that did take place was quickly absorbed by institutional buying. On Wednesday steel shares were marked down heavily, but on further consideration of South Durham's profit figures most stocks closed above their worst and showed net gains over the week. Not surprisingly, South Durham was the exception and lost 2s. 6d. at 77s. 6d.; more typically, Dorman Long closed 2s. 10½d. better at 63s. 9d., Colvilles put on 3s. 4½d. to 65s. 3d. and Steel Company of Wales gained 3s. at 49s. 1½d. Stores shares were again active on news of record retail sales but over the week prices presented a mixed appearance. GUS "A" gained 1½d. at 58s. and Gamage, which has been rising steadily over the past few weeks, improved another 4s. 9d. to 100s. By contrast Marks and Spencer "A" shares lost 3s. 1½d. at 73s. 10½d. and House of Fraser eased 2s. to 46s. Heavy buying from America sent EMI shooting up to a new " high " of 81s. 6d. on Monday but following the announcement of the scrip issue the shares eased to 75s. 6d., to show a rise of 6s. on the week. In motors, Fords were active and after touching 112s. 6d. slipped back to 111s., showing a net gain of 5s. 6d. Other motor shares eased a little.

Money and Exchanges

EXCHEQUER RETURNS

For the week ended November 14, 1959 there was an "above-line" surplus (after allowing for sinking funds) of £28,879,000 compared with a surplus of £17,924,000 in the previous week and one of £31,862,000 in the corresponding period of last year. There was a net expenditure "below-line" of £8,232,000 leaving a total cumulative deficit to date of £663,457,000 compared with £553,001,000 in 1958–59

£'000	Estimate 1959-60	April 1, 1958, to Nov. 15, 1958	April 1 1959 to Nov. 14, 1959	Week ended Nov. 15, 1958	Week ended Nov. 14, 1959
Ord. Revenue					
Income Tax	2147,000	793,395	796,933	13,000	15,501
Surtax	131,000	46,500	46,700	1,000	1,000
Death Duties	195,000	102,500	126,200	3,400	4,200
Stamps	63,000	36,300	55,200	1,700	2,000
Profits tax, EPT and EPL	274,000	191,000	190,000	7,200	8,900
Other Inland Revenue Duties	1,000	120	110	...	...
Total Inland Revenue	2956,000	1175,305	1213,443	26,309	31,701
Customs	1286,500	814,159	865,946	23,963	26,935
Excise	864,500	605,500	581,675	26,336	54,400
Total Customs and Excise	2150,000	1416,659	1447,700	50,299	80,735
Motor Duties	104,000	29,336	28,604	521	564
PO (Net Receipts)		350		350	...
Broadcast Licences	35,000	15,400	16,700	...	...
Sundry Loans	30,000	25,916	31,102	...	...
Miscellaneous	150,000	52,978	79,628	26	6,358
Total	5325,000	2715,784	2817,197	97,584	119378
Ord. Expenditure					
Debt Interest	600,000	399,296	352,260	...	12,779
Payments to Northern Ireland Exchequer	79,000	42,785	45,471	...	...
Other Consolidated Funds	10,000	4,817	5,397	...	...
Supply Services	4523,531	2497,040	2638,331	54,700	77,400
Total	5212,531	2943,938	3041,359	54,700	90,179
Sinking Funds	39,000	22,193	22,375	1,000	220
"Above-line" Surplus or Deficit	250,637	245,539	243,838	28,972	28,879
"Below-line" Net Expenditure*	302,364	416,919	419,320	8,232	8,232
Total Surplus or Deficit	553,001	663,457	663,158	27,542	20,647
Net receipts from:					
Tax Reserve Certificates	175,987	117,433	117,062	739	1,421
Savings Certificates	84,302	51,600	51,600	4,100	700
Defence Bonds	50,593	91,153	91,153	1,938	3,846
Premium Savings Bonds	43,395	32,840	32,840	330	660
Total	354,180	293,116	292,655	7,127	4,285

* Net receipts of the Civil Contingencies Fund of £10 million in 1959–60 compared with £14 million in 1958–59.

FLOATING DEBT

£ million

	Treasury Bills: Tender	Treasury Bills: Tap	Ways and Means Advances: Public Dept.	Ways and Means Advances: Bank of England	Total Floating Debt
1958					
Nov. 15	3,370·0	1,655·2	194·4	...	5,219·6
1959					
Aug. 15	3,160·0	1,928·7	240·9	...	5,329·6
,, 22	3,220·0	1,895·7	247·1	...	5,353·9
,, 29	3,250·0	1,891·2	214·5	3·0	5,358·7
Sept. 5	3,260·0	1,886·4	247·1	1·3	5,394·8
,, 12	3,290·0	1,911·0	227·1	3·8	5,421·9
,, 19	3,310·0	1,911·6	232·0	...	5,453·6
,, 30	5,298·3		270·1	1·8	5,570·1
Oct. 3	3,370·0	1,936·3	247·5	3·0	5,556·8
,, 10	3,390·0	1,954·2	259·7	...	5,603·9
,, 17	3,340·0	2,016·0	241·4	...	5,637·4
,, 24	3,430·0	2,052·7	217·8	...	5,700·5
,, 31	3,460·0	2,114·0	202·5	...	5,776·4
Nov. 7	3,520·0	2,023·4	227·1	...	5,770·5
,, 14	3,580·0	1,942·9	223·8	...	5,746·7

THE MONEY MARKET

THE discount market lowered its concerted bid for 91-day bills by 2d. to £99 3s. at last Friday's Treasury bill tender and its allotment at this price was halved from 53 per cent to 26 per cent. As more outside applicants made more competitive bids, the average rate of discount rose by only 4.93d. to £3 7s. 9.55d. For the shorter dated 63-day bills the market reduced its bid by a 1d. to £99 8s. 1d. but nevertheless its allotment of these bills rose from 75 per cent to 90 per cent, for although there were £10 million more bills on offer, applications were a little down.

The United States Treasury bill rate rose this week from 4.089 per cent to a new peak of 4.332 per cent. This sharp rise is attributed partly to the running off of bills by steel companies to obtain funds for rebuilding their stocks. A further factor in this rise is the belief that a new Treasury short-term issue will be announced soon.

Although there has been some improvement in credit conditions in Lombard Street this week the demand for fresh money has remained keen. Rates for overnight loans have rarely fallen below 2⅛ per cent ; a small amount of official help has been given.

MONEY RATES

LONDON

	%		%
Bank rate (from 4½% 20/11/58)	4	Discount rates: Bank Bills:	
Deposit rates (max.):		60 days	3 17/32–3 19/32
Banks	2	3 months	3 17/32–3 19/32
Discount houses	2–2¼	4 months	3 17/32–3 19/32
Money:		6 months	3 17/32–3 19/32
Day-to-Day	2⅜–3⅜	Fine trade bills:	
Treasury Bills:		3 months	4⅛–5
2 months	3 13/32	4 months	4⅛–5
3 months	3 13/32	6 months	4 13/32–5¼

NEW YORK

	%		%
Official discount rate: (from 31/5% 10.9.59)	4	Treasury Bills: November 9	4·089
		,, 17	4·332

BANK OF ENGLAND RETURNS

£ million	Nov. 19, 1958	Nov. 11, 1959	Nov. 18, 1959
Issue Department:			
Notes in circulation	2,031·0	2,126·9	2,137·3
Notes in banking dept.	19·4	4·5	4·0
Govt. debt and securities*	2,046·5	2,111·2	2,122·0
Other securities	0·8	0·8	0·7
Gold coin and bullion	0·4	0·4	0·4
Coin other than gold coin	2·8	2·3	2·3
Banking Department:			
Deposits:			
Public accounts	11·2	10·5	11·9
Bankers	270·7	293·1	293·9
Others	66·9	66·8	64·1
Total	316·8	326·4	329·9
Securities:			
Government	289·5	266·4	277·5
Discounts and advances	3·8	7·4	5·4
Other	21·2	24·0	20·9
Total	314·5	298·8	303·8
Banking department reserve	40·3	59·4	43·9
" Proportion "	6·3	15·1	13·5

* Government debt is £13,015,103, cap. is £14,553,000
Fiduciary issue increased by £50 million to £2,175 million on November 4th.

TREASURY BILL TENDERS

Date of Tender	Amount (£ million) Offered	Applied for	Three Months' Bills Average Rate of Allotment	Allotted at Max. Rate
1959	91 day 63 day		s. d.	%
Nov. 14	210·0 60·0	408·3	71 0·97	68
1959	91 day			
Aug. 14	210·0	407·2	69 8·13	44
,, 21	210·0	414·3	69 8·29	49
,, 28	270·0	413·4	69 9·03	61
Sept. 4	290·0	395·4	69 9·53	80
,, 11	250·0	433·5	69 8·47	51
,, 18	290·0	428·5	69 8·13	56
,, 25	290·0	430·0	69 5·24	64
Oct. 2	280·0	411·6	69 10·48	54
,, 9	290·0	433·2	69 9·00	66
,, 16	270·0†	444·4	69 4·91	34
,, 23	260·0	456·5	69 6·74	37
	91 day 63 day			
,, 30	220·0 50·0	461·6	67 8·53	54
Nov. 6	240·0 50·0	464·9	67 4·62	53
,, 13	230·0 60·0	471·5	67 9·55	26

* On November 13th tenders for 91 day bills at £99 3s. 0d. secured 26 per cent, 63 day bills at £99 8s. 1d. secured 90 per cent; higher tenders being allotted in full. The offer this week was for £230 mn. of 91 day bills and £60 mn. of 63 day bills.
† Allotment cut by £20 mn.

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

	Official Rates November 18	Market Rates: Spot November 12	November 13	November 14	November 16	November 17	November 18
United States $	2·78–2·82	2·80 5/16–7/16	2·80 1/4–3/8	2·80 1/4–3/8	2·80 1/4–3/8	2·80 5/16–7/16	2·80 1/4–3/8
Canadian $		2·65 7/16–9/16	2·66 1/8–1/4	2·66 1/8–1/4	2·66 5/16–7/16	2·66 1/2–5/8	2·67 1/8–1/4
French Fr.	13·622–14·027	13·75 5/8–3/4	13·75 5/8–3/4	13·74 3/8–7/8	13·74 3/8–7/8	13·74 1/8–5/8	13·74 1/4–75
Swiss Fr.	11·94–12·54⅞	12·15 1/2–3/4	12·15 1/2–3/4	12·15 1/2–3/4	12·15 1/2–3/4	12·15 7/8–16 1/8	12·16 1/4–7/8
Belgian Fr.	137·96–142·05	140·15–20	140·15–20	140·15–20	140·15–20	140·15–20	140·17 1/2–22 1/2
Dutch Gld.	10·48–10·80	10 58 3/4–59	10 58 5/8–7/8	10 57 3/4–58	10 58 1/4–1/2	10 58 1/4–1/2	10 58 1/8–5/8
W. Ger. D-Mk.	11·59 1/4–11·92 1/4	11 69 1/4–5/8	11 69 1/8–3/8	11 69 1/8–1/4	11 68 1/4–69	11 68 1/4–5/8	11 68 1/8–5/8
Portug. Esc.	79 05 1/4–82 20 1/2	80 15–30	80 15–30	80 15–30	80 15–30	80 15–30	80 15–30
Italian Lire	1725–1775	1739 3/8–40 1/8	1739 1/2–3/4	1739 1/2–3/4	1739 1/2–3/4	1739 1/2–3/4	1739 1/2–3/4
Swedish Kr.	14 27 1/2–14 70	14 52 1/4–7/8	14 52 1/4–52 3/4	14 52 1/2–52 7/8	14 51 3/4–52	14 51 3/4–1/2	14 51 3/4–52
Danish Kr.	19 01 1/2–19 42	19 33 5/8–7/8	19 33 1/2–3/4	19 33 1/2–3/4	19 33 1/4–1/2	19 33–1/4	19 33–1/2
Norwegian Kr.	19 7/8–20 3/8	20 00 3/4–01	20 00 3/4–01	20 00 3/4–01	20 00 3/4–7/8	20 00 3/4–7/8	20 00 3/8–7/8
One Month Forward Rates							
United States $		1/8–1/4c. dis	1/8–1/4c. dis	1/8–1/4c. dis	1/8–1/4c. dis	1/8–1/4c. dis	1/8–1/4c. dis
Canadian $		5/16–7/16c. dis	3/16–5/16c. dis	3/16–5/16c. dis	3/16–5/16c. dis	3/16–5/16c. dis	3/16–5/16c. dis
French Fr.		5/8–1/8c. dis	1/2–1c. dis	1/2–1c. dis	1/2–1c. dis	1/2–1c. dis	1/2–1c. dis
Swiss Fr.		3/8–1/4c. pm	3/8–1/4c. pm	3/8–1/4c. pm	1/2–1/4c. pm	1/2–1/4c. pm	1/4–1/2c. pm
Belgian Fr.		1–6c. dis	1–6c. dis	1–6c. dis	par–5c. dis	par–5c. dis	2c. pm–3c. dis
Dutch Gld.		5/8–3/4c. pm	5/8–3/4c. pm	5/8–3/4c. pm	5/8–3/4c. pm	5/8–3/4c. pm	5/8–3/4c. pm
W. German D-Mk.		3/4–1pf. dis	3/4–1pf. dis	7/8–1 1/8pf. dis	7/8–1 1/8pf. dis	7/8–1 1/8pf. dis	5/8–7/8pf. dis
Three Months Forward Rates							
United States $		1/2–5/8c. dis	1/2–5/8c. dis	1/2–5/8c. dis	1/2–5/8c. dis	9/16–11/16c. dis	1/2–5/8c. dis
Canadian $		11/16–13/16c. dis	1–1 1/8c. dis	1–1 1/8c. dis	1–1 1/8c. dis	1 1/16–1 1/4c. dis	15/16–1 1/16c. dis
Swiss Fr.		5/8–3/4c. pm	5/8–1/2c. pm	3/4–1/2c. pm	3/4–1/2c. pm	3/4–1/2c. pm	3/4–1/2c. pm
W. German D-Mk.		17/8–2 1/8pf. dis	17/8–2 1/4pf. dis	2–2 1/4pf. dis	2–2 1/4pf. dis	2–2 1/4pf. dis	17/8–2 1/8pf. dis
Gold Price at Fixing							
Price (s. d. per fine oz.)		250/01½	250/11¼	...	250/23¼	250/3	250/3

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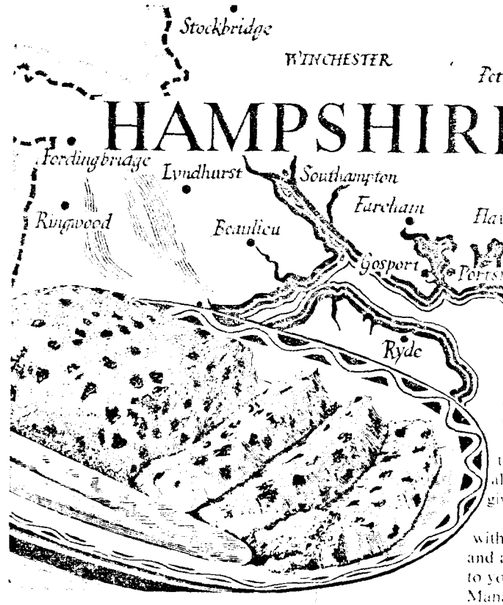

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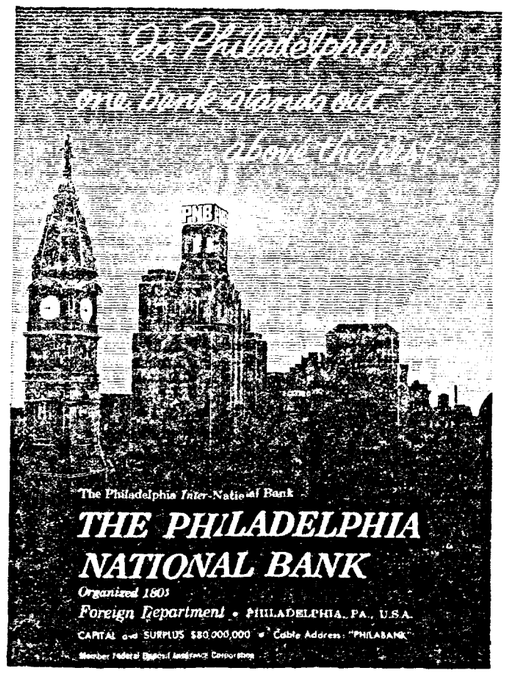

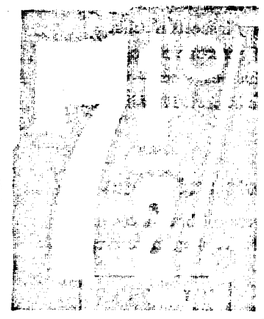

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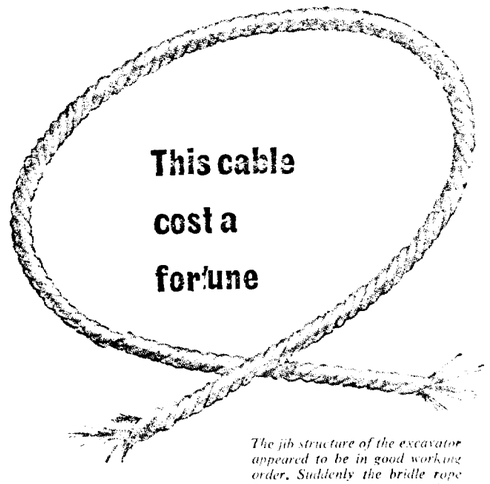

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CARRERAS, LTD.,
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Quaker Oats Ltd. require a Market Research Assistant in the Commercial Research Department at their Southall Office. Applicants should be men, up to the age of 30, with a background of statistical theory, probably with an Degree in the Social Sciences including Statistics or the intermediate A.I.S. or the R.S.S. Certificate; two or more years' experience in Market Research is essential.

Please apply to:
Personnel Manager (CR2),
Quaker Oats Ltd.,
Bridge Road, Southall, Middx.

A YOUNG GRADUATE holding a good degree in economics or statistics is required by a London Merchant House to prepare commodity reports analysing price trends and market organisation. Previous experience is not essential but the candidate must be a man of ability who is interested in making a study of commodity markets.—Write Box No. 1239.

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Applications are invited for a Research Assistantship in the Economics Research Division. Salary within the range £450–£575 a year. Starting salary according to age and qualifications. Applications, including a statement of the candidate's field of interest, should be received by the Secretary, Economics Research Division, The London School of Economics and Political Science, Houghton Street, London, W.C.2, not later than November 30, 1959.

ORDERS for advertisements in *The Economist* are accepted on condition that they are liable to rejection at the discretion of the Editor; that while every effort will be made to publish an advertisement on a specified date, no guarantee is given; and that white on black, reverse blocks or large sizes of black-faced type may be stippled or lined at the Editor's discretion.

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Applications stating age, experience and qualifications will be treated in the strictest confidence and should be sent to A. M. Brown, Executive Director (Personnel), The Plessey Company Ltd., Vicarage Lane, Ilford, Essex, quoting DHA 9.

ASSOCIATION OF UNIT TRUST MANAGERS APPOINTMENT OF SECRETARY

Applications are invited for the post of full-time Secretary for the above-mentioned Association. Preferably, Applicants should be between the ages of 30 and 45, have a professional qualification, and a leaning towards Public Relations work. Salary of £2,000 per annum plus pension rights will be offered. Applications stating age and giving full particulars of experience should be made to the Secretary of the Association, 16 Coleman Street, London, E.C.2.

UNIVERSITY OF BIRMINGHAM

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In connection with the expansion of the Graduate School in Highway and Traffic Engineering, applications are invited for the following posts:

Lectureship in Traffic Engineering—Statistics

The person appointed will join the Traffic Engineering section to deal with the analysis of experimental results. A good degree in statistics is essential. Experience in the application of statistics to traffic problems would be an advantage but is not essential as the candidate will receive the appropriate guidance.

Lecturerships in Road Materials (three vacancies)

(a) Concrete, (b) Bitumens, Tars and Asphalts, (c) Soils. Applicants for any of these three subsections should have specialised knowledge in design, laboratory and site work.

These appointments will carry F.S.S.U. and family allowance benefits. Initial stipends, in the scale £900 x £50 to £1,350; £1,150 x £75 to £1,650, will be related to qualifications and experience.

Applications (four copies), with the names of three referees, should be sent before December 31, 1959, to the Deputy Registrar, The University, Edgbaston, Birmingham, 15, from whom further particulars may be obtained.

PARTNERSHIP OPENING exists on the statistical side of one of the larger and well-established member firms of the London Stock Exchange. Applicants must have considerable experience and other qualifications inherent to the position which affords an exceptional opportunity. Replies will be treated with the strictest confidence.—Write Box NV56, c/o 95 Bishopsgate, E.C.2.

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An International Company manufacturing food products requires a Junior Statistician at their Head Office in London. Qualifications include a Degree in Economics/Statistics and a knowledge of French, German or Spanish would be an advantage. Salary will depend on age and qualifications. The prospects are good and the Company has a contributory Pension Scheme.—Applications to:—The Secretary, Liebig's Extract of Meat Company Limited, Thames House, Queen Street Place, London, E.C.4.

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Applications are invited from university graduates for the post of SENIOR ADMINISTRATIVE ASSISTANT in the SECRETARY and REGISTRAR'S OFFICE. University administrative experience desirable but not essential. Salary scale, £900 x £50 to £1,100. Placing according to experience and qualifications. Family allowances. F.S.S.U. Duties will relate to a number of general university activities, including Committee work and the planning and equipping of new buildings.

Further particulars from the Secretary and Registrar, to whom applications (six copies) containing the names of three referees should be sent not later than December 5, 1959.

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The University offers a number of Simon Fellowships for advanced study or research in the social sciences. This term is used in a wide sense to include not only Economics, Government, etc., but equally, fields such as Education, Jurisprudence and Social Medicine. Simon Research Fellowships or within the range of £1,000—£1,600, Simon Research Fellowships or within the range of £1,850—£2,250 per annum (Simon Senior Research Fellowships), according to qualifications and experience. They are open to members of the public services as well as to persons with academic experience. Applications should be sent by January 15, 1960, to the Registrar, the University, Manchester 13, from whom further particulars may be obtained, and who will be pleased to answer any enquiries regarding the scope of the Fellowships.

AN economist is required by a London firm to fill a senior post undertaking research into commodity trends and market organisation. The candidate should be a graduate with a qualification in economics and should have had several years' experience of research into commodities, preferably including commercial experience.—Write Box No. 1258.

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The Senate of The Queen's University of Belfast invites applications for a LECTURESHIP or ASSISTANT LECTURESHIP in SOCIAL STUDIES from April 1, 1960, or such other date as may be arranged. Salary for Lecturer £900 by £50 to £1,100 and thereafter by £75 to £1,550; salary for Assistant Lecturer £700 by £50 to £850, both plus F.S.S.U. Initial placing on the scale will depend on experience and qualifications. Candidates should be qualified to teach Social Administration but ability to teach Public Administration also would be a desirable additional qualification.

Applications should be received by January 11, 1960. Further particulars may be obtained from G. R. Cowie, M.A., LL.B., J.P., Secretary.

THE UNIVERSITY OF MANCHESTER

Applications are invited for the full-time posts of ASSISTANT in the Research Section of the Faculty of Economic and Social Studies. The successful candidates will be expected to pursue research in Economics, Economic Statistics, Government, Social Administration, Social Anthropology, General Sociology or Industrial Sociology and should be graduates in any of these subjects or in Modern History or Economic History. There are vacancies in Grade II (which carries the status of Assistant Lecturer) and Grade III. The salary scales are as follows: Grade II, £700 to £850 per annum; Grade III, £600 to £650 per annum. Applications should be sent not later than December 18, 1959, to the Registrar, the University, Manchester 13, from whom further particulars and forms of application may be obtained.

THE UNIVERSITY OF MANCHESTER

As the result of a grant from the Nuffield Foundation the Department of Social Anthropology and Sociology plans to carry out a study of a Lancashire town, and applications are invited for a RESEARCH FELLOW; initial salary within the range £900-£1,000 per annum, the appointment to be for two years from a date to be arranged. Applicants should have training in Sociology or Social Anthropology and field experience in one of these subjects. The successful candidate will be required to carry out a study of a section of the working-class population of the town. The appointment carries membership of the Children's Allowance Scheme. Application forms and further particulars may be obtained from the Registrar, the University, Manchester 13, to whom applications should be returned by not later than December 18, 1959.

GRADUATE IN ECONOMICS OR STATISTICS, man or woman, living in the vicinity of London or Oxford, wanted for 12-18 months to assist in Transatlantic study of the economics of medical services. Full-time or part-time worker, but must be available, if necessary, for travel in the United States.—Write to The Professor of Economic Organisation, Merton College, Oxford.

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LIBRARIANS, Grade IV, Pensionable posts at (a) Veterinary Laboratory, Weybridge, Surrey, under the MINISTRY OF AGRICULTURE, FISHERIES AND FOOD, and at (b) Military Engineering Experimental Establishment, Christchurch, Hants, under the WAR OFFICE, for men and women at least 22 on 1.11.59. *Qualification:* Fellowship or Associateship of Library Association, or Diploma of London University School of Librarianship. For (a) a knowledge of French and German is desirable, and experience in a medical, scientific, or technical library an advantage. For (b), experience of library work (preferably in a technical library) is essential. Salary (men) £635 (25 or over) rising initially to £1,055, with promotion prospects.—Write Civil Service Commission, 6 Burlington Gardens, London, W.1, for application form, quoting 8002/59/TL. Closing date December 10, 1959.

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As a result of continuing expansion in the business of their Central Buying Office in London (which handles purchases for Pirelli Companies throughout the World), Pirelli Limited propose to appoint an ASSISTANT TO THE MANAGER OF THE FINANCE AND DOCUMENTS DEPARTMENT. Starting date will be by arrangement.

Applications are therefore invited from men who meet the following specifications:—

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(b) Educated to at least Sixth Form Grammar or Public School level.

(c) Not less than three years' practical experience in banking, and essentially with a sound knowledge of foreign exchange, the discount market and accounting procedures.

For a man of real ability this is a first-class career opportunity with an expanding and progressive organisation; details of the appointment, together with salary and other conditions of service, will be discussed with candidates selected for interview. Written applications, *mentioning* age, education and career to date and quoting reference C.B. O.2, should be sent to the Personnel Manager, Pirelli House, 343-345, Euston Road, London, N.W.1.

TRADE ASSOCIATION invites applications for the appointment of a young man with experience in the field of marketing and distribution of foodstuffs. A high standard of education and a sound grasp of economics are essential. The post will carry a commensurate four-figure salary. Applications should be accompanied by a *curriculum vitæ*.—Box 1236.

RESEARCH IN ECONOMICS AND FINANCE

HOUBLON-NORMAN AWARDS

THE TRUSTEES OF THE HOUBLON-NORMAN FUND invite applications for FELLOWSHIPS or GRANTS in aid of RESEARCH into the working of industry and finance in Great Britain and elsewhere and the economic conditions affecting them.

FELLOWSHIPS, which are intended for experienced research workers, are awarded for full-time research for one year, which may be renewed for a second year. GRANTS are awarded for either full-time or part-time work. The amount of the awards, which will take effect from October 1, 1960, will depend upon the circumstances of the candidate and the probable expenses of his work.

Applicants must be British subjects normally resident in the United Kingdom. The Trustees are prepared to relax this rule only in exceptional circumstances.

Forms of application, which may be obtained from the Secretary of the Fund, c/o the Bank of England, London, E.C.2, should be returned not later than March 1, 1960.

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Reed PAPER GROUP

MARKET RESEARCH

The Reed Paper Group is further extending its market research facilities and is creating new appointments in its market research unit, mostly of a senior nature. The unit's field of activity covers a wide range of products and markets, from paper and board through packaging and further processing operations to laminated plastics. The unit is located in London.

Applicants should be experienced in industrial market research, technical sales or other related fields, and should preferably have an honours degree in economics or other relevant subject.

The prospects for successful candidates are excellent. Together with attractive starting salaries and other benefits which include participation in the group's house purchase and non-contributory pension schemes, these posts offer the possibility of real satisfaction and opportunities for original and stimulating work.

Applications, which will be treated in strict confidence, should set out full details of qualifications and experience and be addressed to:—

Mr. J. S. McGavin, Group Personnel Division,
Albert E. Reed & Co. Ltd., Larkfield, Nr. Maidstone, Kent.

Quoting Ref. No. MR/22.

THE ELECTRICITY COUNCIL

DEPUTY COMMERCIAL AND DEVELOPMENT ADVISER

Applications are invited for the superannuable post of Deputy Commercial and Development Adviser to the Council.

Applicants should be well informed on the technical and commercial problems and development of the Electricity Supply Industry and possess a sound knowledge of economics, statistical methods, and forecasting. Corporate Member of the Institution of Electrical Engineers would be an advantage.

Salary within the scale £3,600 — £4,000 p.a.

Applications stating age, present appointment, salary, qualifications and experience should be forwarded to D. Moffat, Winsley Street, W.1, to arrive not later than December 4, 1959. *Quote Ref.* ECN 60.

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Duties: He will be responsible to the Company's Education and Training Manager for:—

(i) The organisation and planning of training courses for Commercial and Administrative Staff.

(ii) The development of techniques of presentation, trainers' manuals, training of other instructors.

(iii) Assisting the Training Manager by taking over the detailed administration and implementation of training programmes held in London Headquarters' training centre.

(iv) The giving of advice on further education to all employees in the London area who seek it.

Since this post is a new appointment, there is ample scope for the use of initiative and judgment in the part which he will play within the development of the Company's training activities.

Experience: Suitable candidates may at present be employed as Training Officers within up-to-date and highly organised industries. A University degree and/or professional qualification in addition to personal experience in organising and running training courses are essential.

Location: London, Kensington.

Age Range: 27-40 years.

Salary. The Company expects a high standard of performance from its staff and is prepared to pay above average salaries to men with ability and initiative. A first-class contributory pension scheme and other benefits are provided.

Applications, giving details of work history and training should be sent to:—

D. W. York, Personnel Developments Manager, Ref. 12 3.E,
A.E.I.-Hotpoint Ltd., 33, Grosvenor Place, London, SW.1.

An invitation is extended to experienced marketing executives to apply for the post of

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with a manufacturer of durable consumer goods.

This appointment is of unusual and challenging interest in that the firm already has a record of rapidly increasing sales progress and intends to build up from this position.

The Sales Promotion Manager will be directly responsible to the Sales Director for the planning of promotional campaigns. For this purpose he will control the Company's market research, information, advertising, display and public relations services; a printing department will also be under his direction.

Applications are invited from men under 35-45 years of age with a good general education, a proved record of success in this field and wide knowledge of home and overseas markets for durable consumer goods.

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MANAGEMENT CONSULTANTS,
CHANTREY HOUSE, ECCLESTON STREET, S.W.1,

who are acting on behalf of the Company.

TRADES UNION CONGRESS invites applications for post of Assistant in Research and Economic Department. Sound knowledge of economics and related subjects essential; industrial bereavement an additional qualification. Further particulars may be obtained before December 4th from Sir Vincent Tewson, TUC, 23-28 Great Russell Street, London, W.C.1.

LIL

LAPORTE INDUSTRIES LIMITED

has the following vacancies at its Group Headquarters in London:

LEGAL ASSISTANT

Barrister or Barrister required in the Legal Department to undertake general legal work and advise, including negotiations and drafting of commercial agreements. Applicants should preferably have had commercial or industrial experience.
Age 30 to 35.
Salary £1,500 to £1,750 per annum depending on qualifications and experience.
Pension Scheme.

SECRETARIAL ASSISTANT

Chartered Secretary required as Assistant to the Secretary. Applicants should have experience of general company secretarial work including pensions and administration.
Age 28 to 34.
Salary £1,000 to £1,200 per annum depending on qualifications and experience.
Pension Scheme.

Applications, stating age, qualifications, experience, present salary and position, and indicating the vacancy sought to THE GROUP PERSONNEL MANAGER, LAPORTE INDUSTRIES LIMITED, HANOVER HOUSE, 14 HANOVER SQUARE, LONDON, W.1, quoting ref. LIL/ET 67.

INDUSTRIAL ECONOMISTS

The United Kingdom Atomic Energy Authority, Production Group, Risley, Warrington, Lancashire, require Economists or Statisticians in the Economics Section of the Commercial Directorate.

(a) SENIOR COMMERCIAL ECONOMIST
To lead a section of five people and to be responsible to the Commercial Manager (Economics) for the economic policies leading to full commercial exploitation of the resources of the Group. The duties also include responsibility for the analysis of the forward market trends in fissile materials and the preparation of short and long term sales programmes and sales budgets.

(b) COMMERCIAL TECHNOLOGIST
To be responsible to a Senior Physicist for the assessment of the commercial implications of fissile and fissile products in nuclear reactors. Key responsibility to be discharged by means of technical and economic analyses of reactor systems and fuel cycles.

QUALIFICATIONS AND EXPERIENCE
For both posts good degree and preferably Post-graduate Honours degree or be corporate members of a Senior Engineering Institution.
For post (a) wide experience in the use of economics techniques in industry.
For post (b) reactor operating experience would be an advantage.

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Post (a) Salary within range £2,555 — £3,165 according to qualifications and experience.
Post (b) Salary within range £1,845 — £2,455 according to qualifications and experience.
Generous Superannuation. Staff Housing Scheme. Send postcard for application form, quoting reference P/97/320, to Staff Officer at above address.
Closing Date: December 7, 1959.

STATISTICIAN. Analytical European Service Limited require for their London office, a qualified Statistician, aged 23-30. A good knowledge of sampling theory and multivariate analysis is required.—Write to International Technical Executive, A.E.S. Limited, 3 Vere Street, W.1, giving details of qualifications, experience, salary required.

AN ASSISTANT is required in the Market Research Department of a large international Airline. Age 22 to 30 years, preferably with a degree in Commerce or Economics. Sales experience an advantage. Successful candidate will be based in London but must be prepared to travel within the E.M.A. Write giving age and personal details and full particulars of experience to Box 3235.

COUNCIL OF EUROPE RESEARCH FELLOWSHIPS

The Council of Europe awards annually a number of Fellowships intended primarily to encourage research into the following questions, considered in the light of their present-day importance and political, legal, economic, agricultural, social, educational and specific problems connected with European integration: the European civilization (philosophy, history, literature and the arts).

The Fellowships are each of the value of 600,000 French francs and tenable for a period of eight months. The next awards will be made in July, 1960.

Candidates are normally the nationals of a Member State of the Council of Europe or of a State which has acceded to the European Cultural Convention. Refugees from European countries not members of the Council, legally resident in the territory of a Member State, are also eligible for awards.

The British Council assists in publicity and recruitment for these Fellowships in the United Kingdom. Further particulars and forms of application, which must be submitted before March 1, 1960, may be obtained from the Director, Universities Department, Education Division, The British Council, 65 Davies Street, London, W.1.

COST ACCOUNTANT, qualified, age 30-40, with extensive industrial experience, required for engineering concern in Herts. Degree in Economics or Mathematics desirable. Salary in region of £1,500 p.a.—Apply: Laurie & Co. (Employment Specialists), 19 Basinghall Street, E.C.2. (MON. 6301.)

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DIVIDEND NOTICE

Notice is hereby given that an Interim Dividend of Fifty Cents (50¢) per share, Canadian funds, has been declared by the Directors of Noranda Mines, Limited, payable December 15th, 1959, to shareholders of record, November 20, 1959. By Order of the Board. C. H. Windeler, Secretary.—Toronto, Ontario. November 12, 1959.

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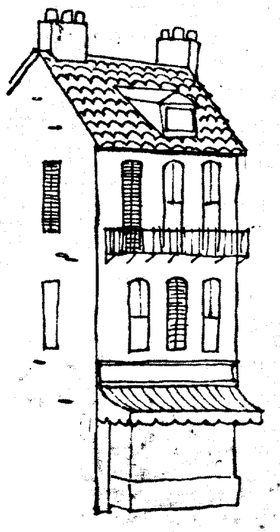

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5 - DEC 1959
PUBLIC DEPARTMENT

Speaker's Notes for Blackpool

Mr Gaitskell's speech to the Labour Party conference this weekend is one of the most important in his career (page 835)

Stockholm's Two Faces

The new association of the Seven is a landmark in Britain's progress towards free trade, but it leaves big European issues unresolved (page 836); the convention summarised (page 837)

Standard Needs a Triumph

(page 883)

Running the Gauntlet

While the French government pursues its fixed task in becoming a nuclear power, feeling in Britain is growing that a mobile professional army is by far the most useful instrument in any foreseeable situation (pages 839 and 840)

The Army's Case

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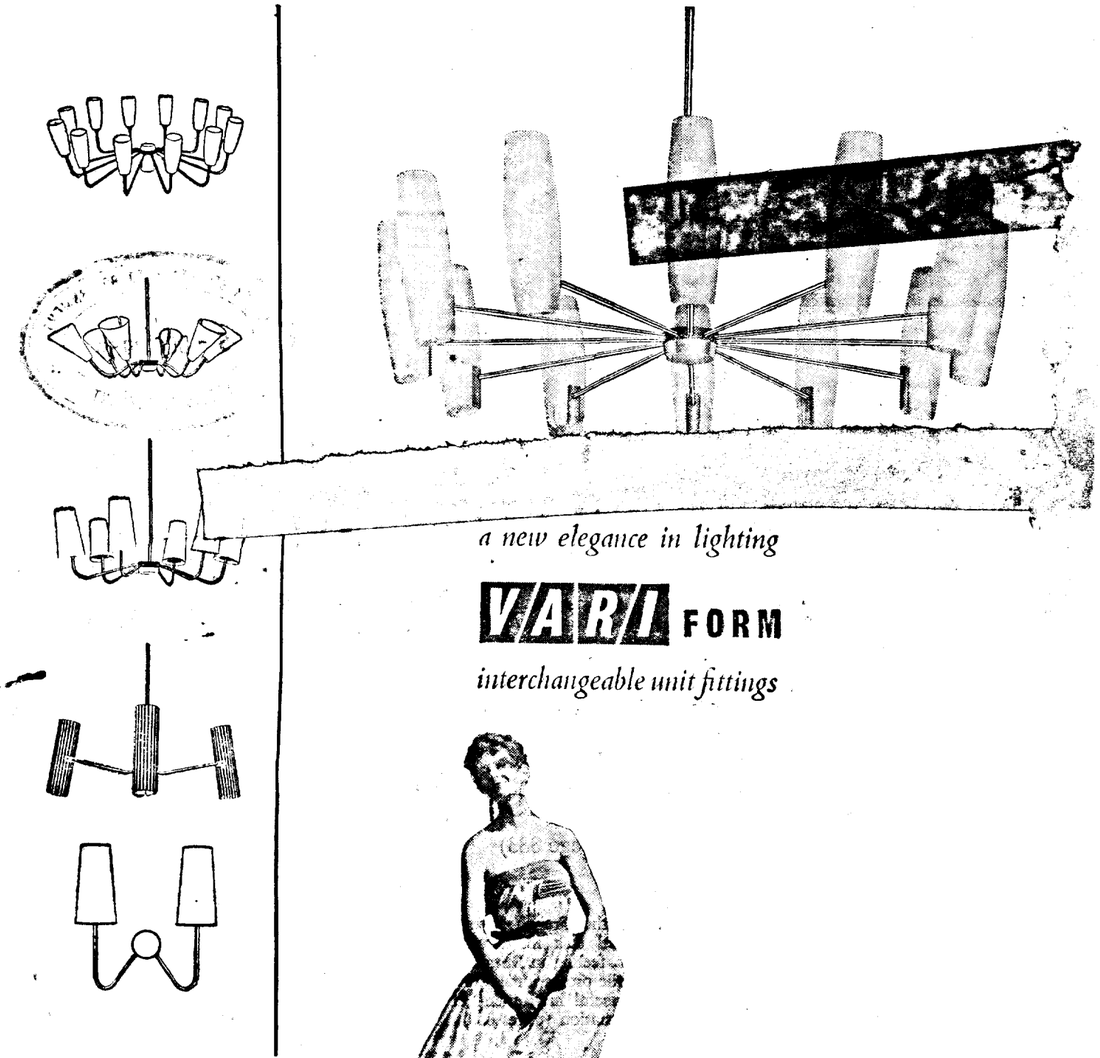

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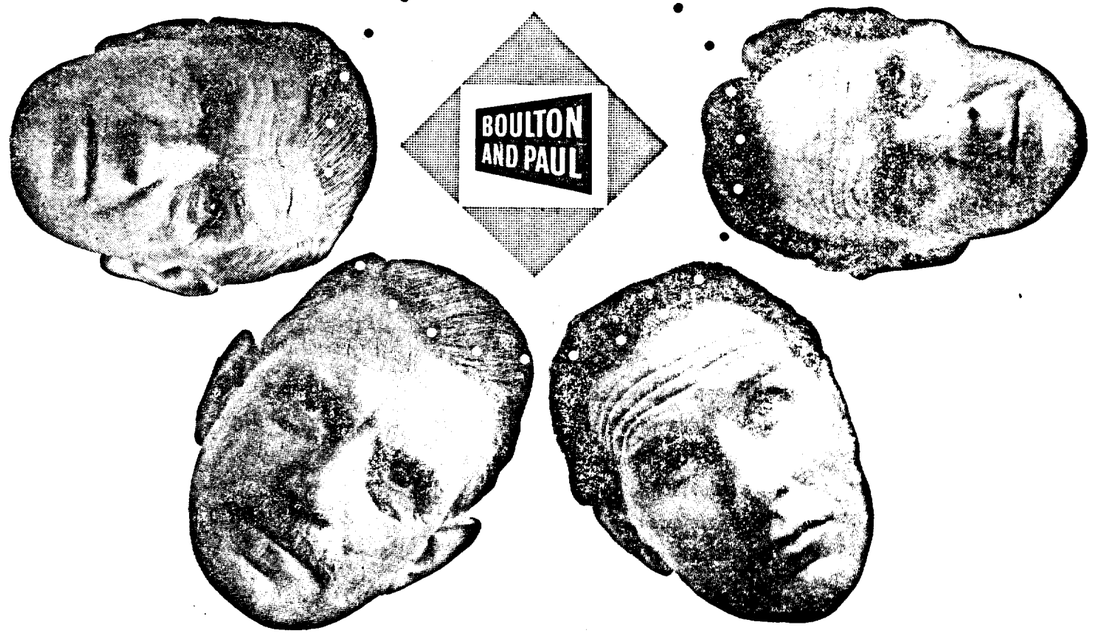

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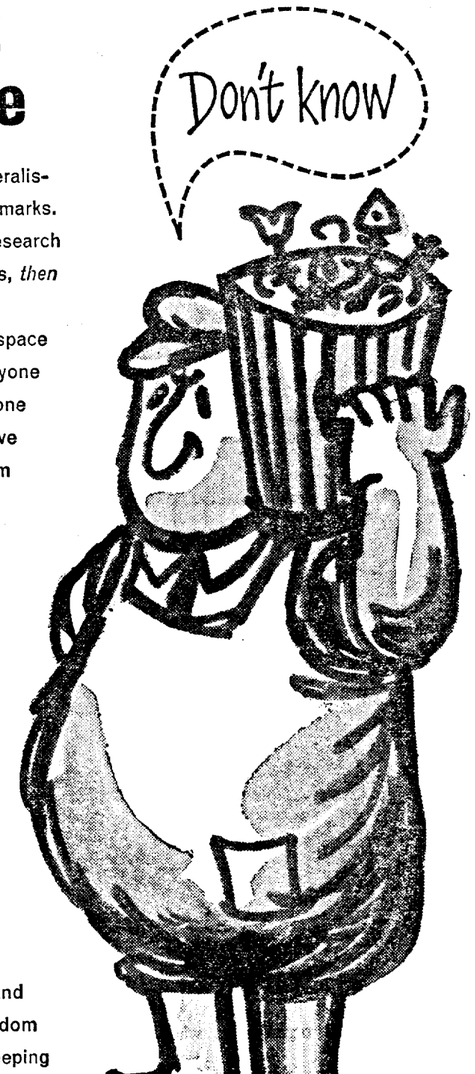

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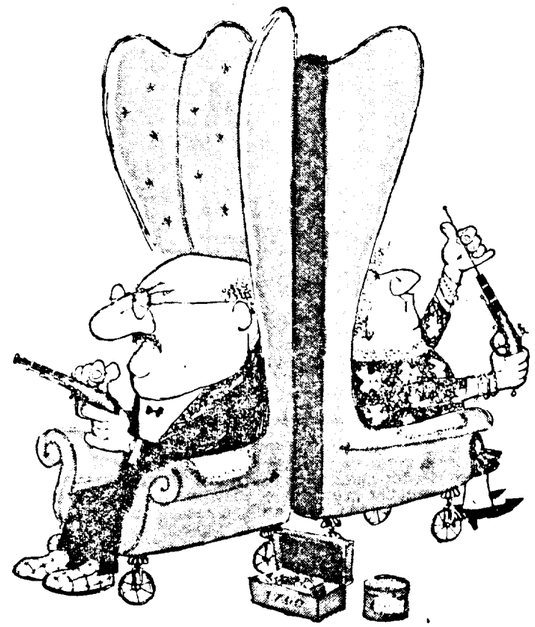

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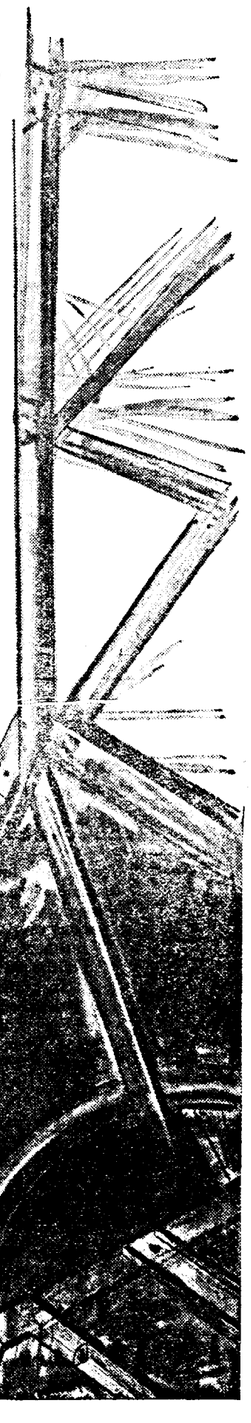

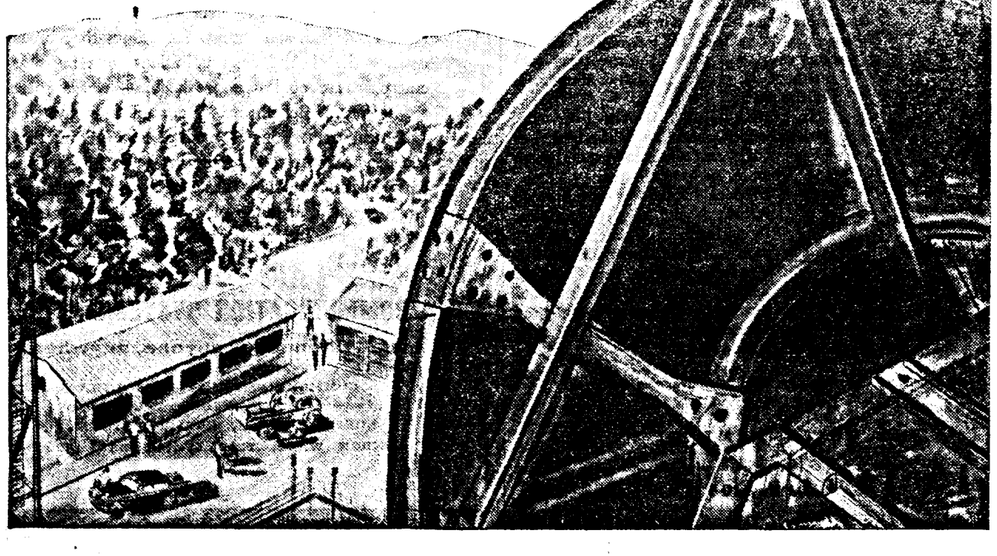

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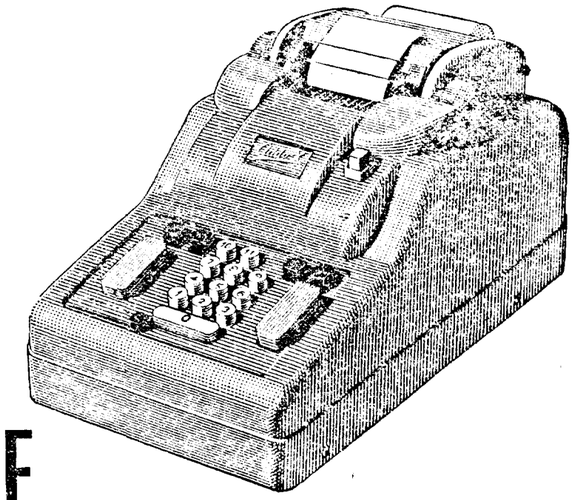

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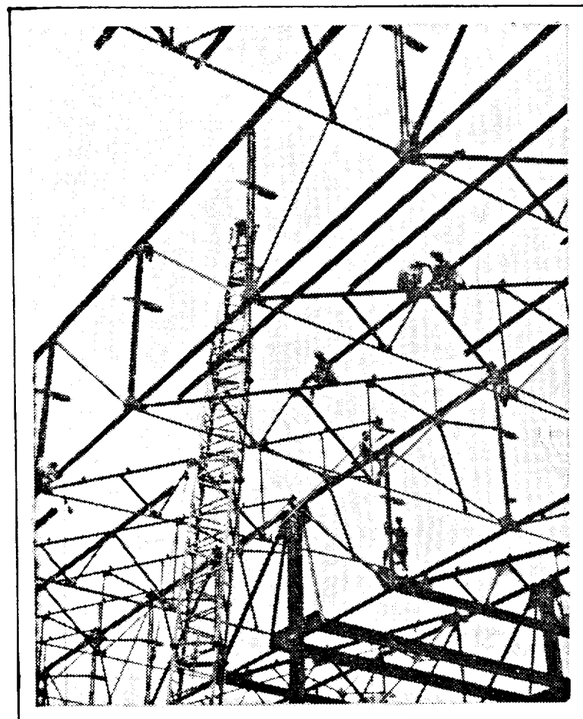

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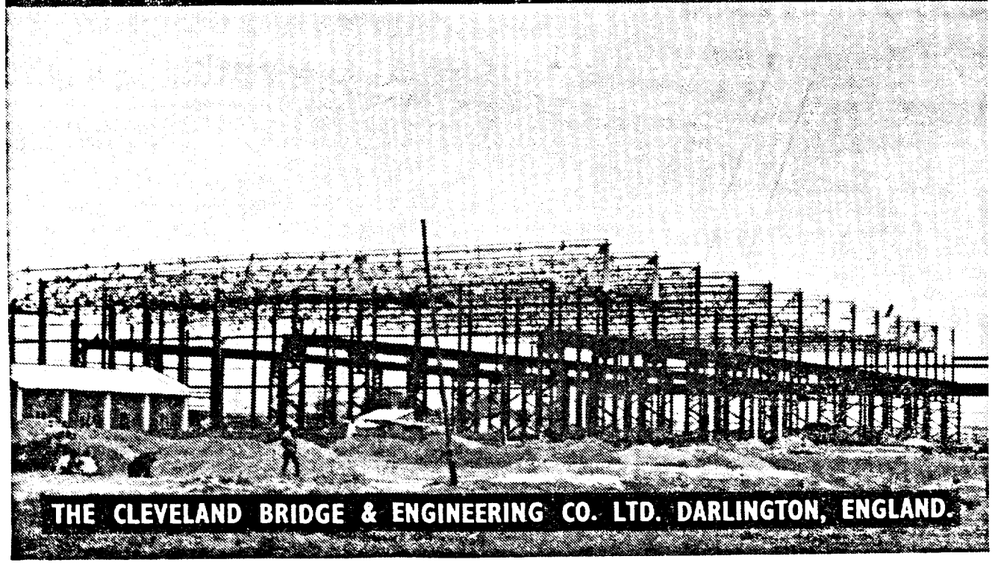

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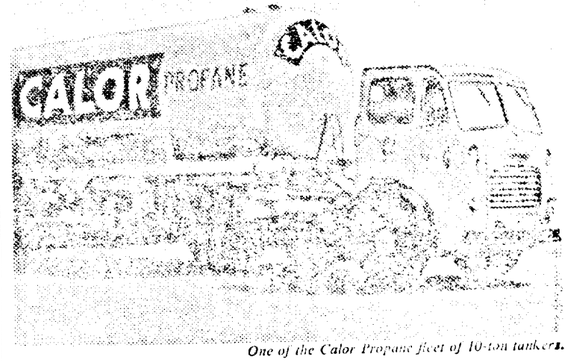

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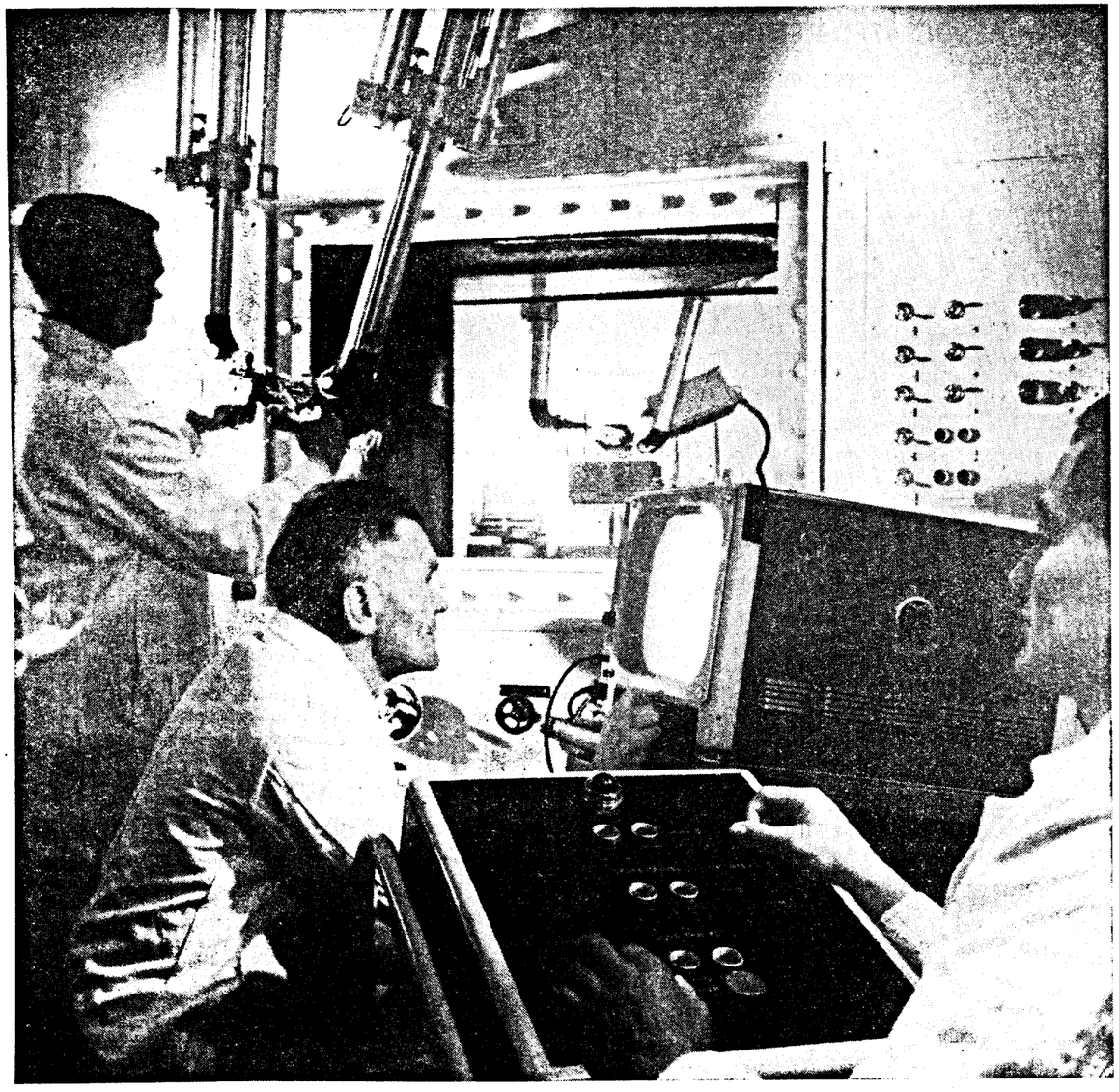

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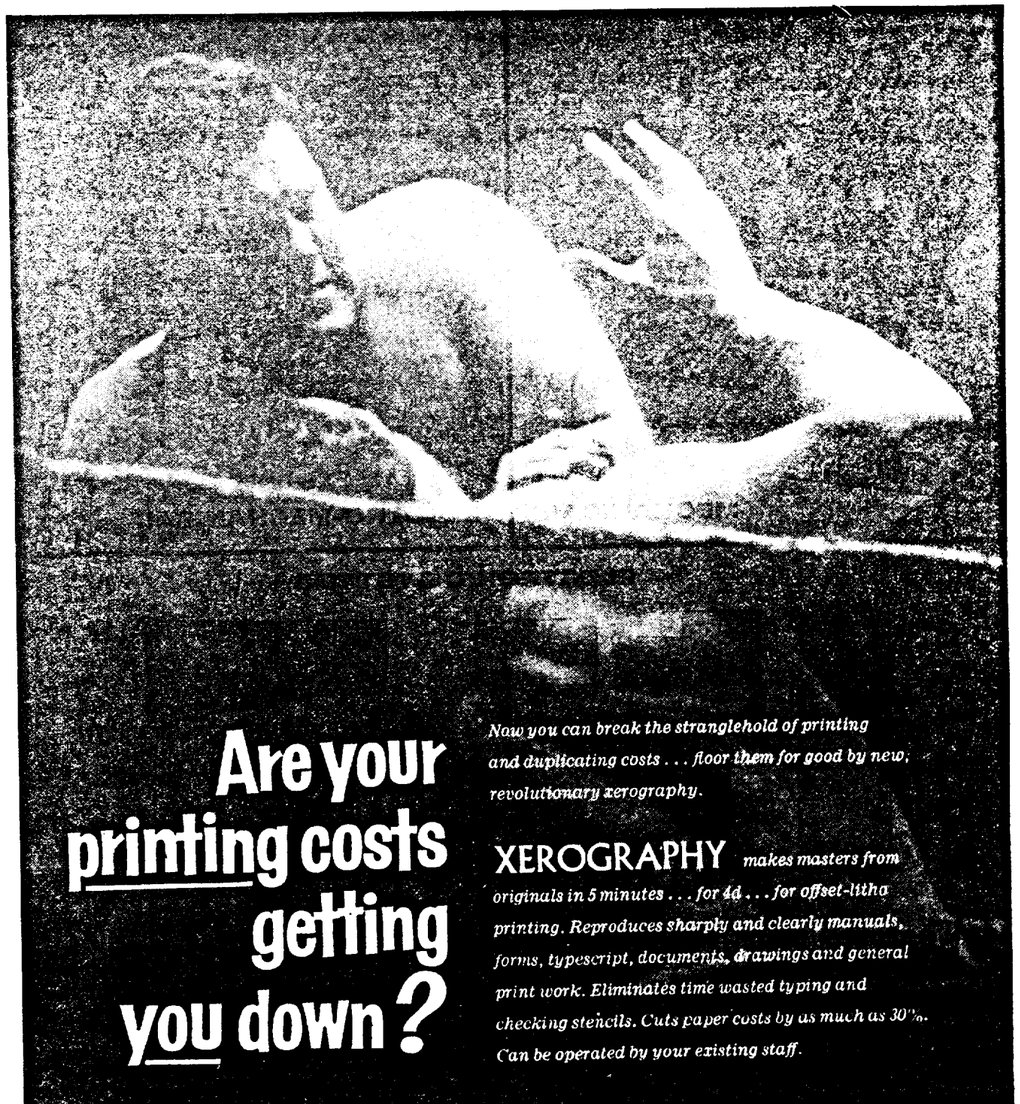

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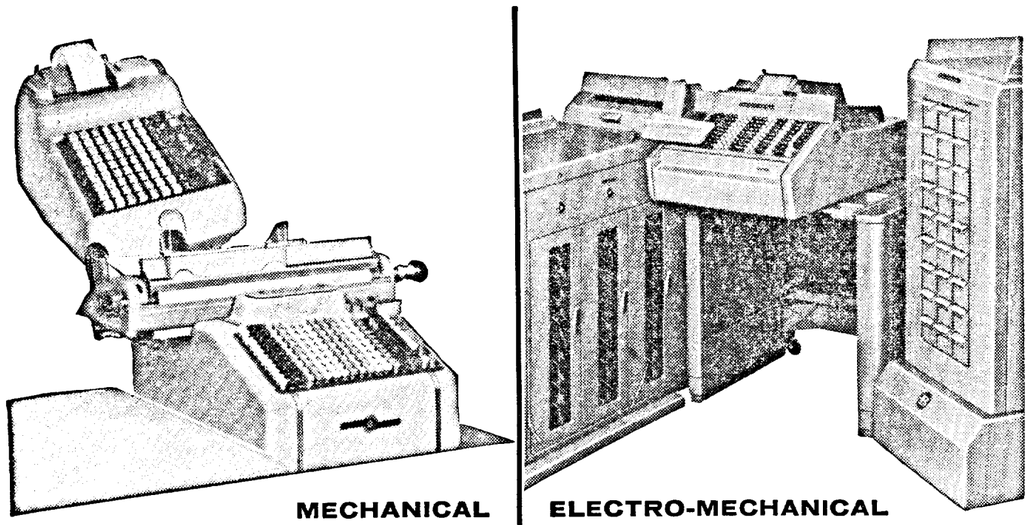

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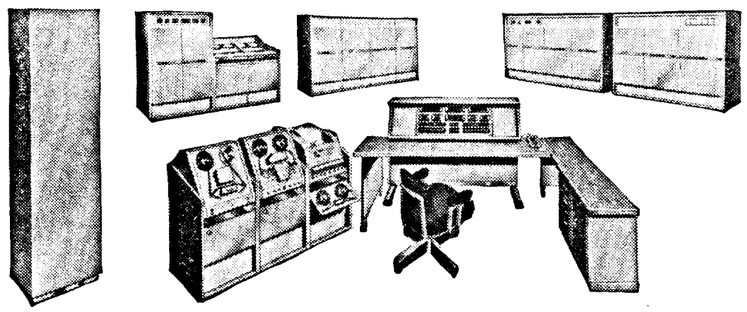

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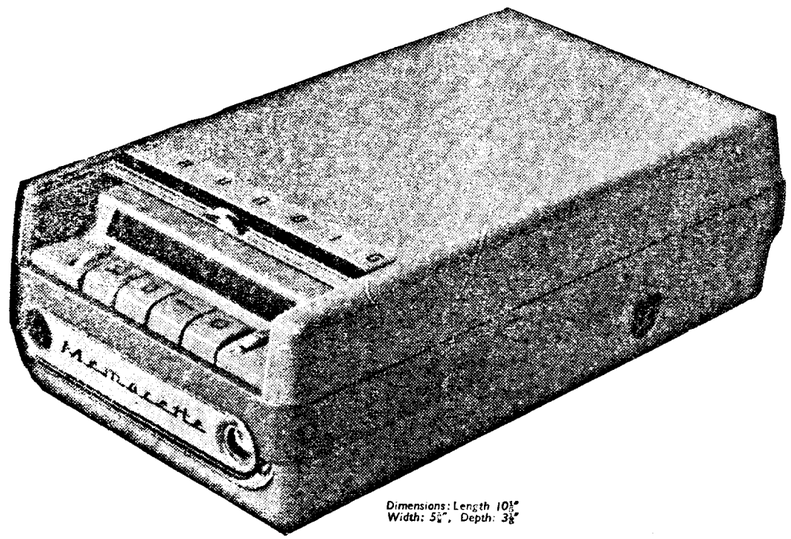

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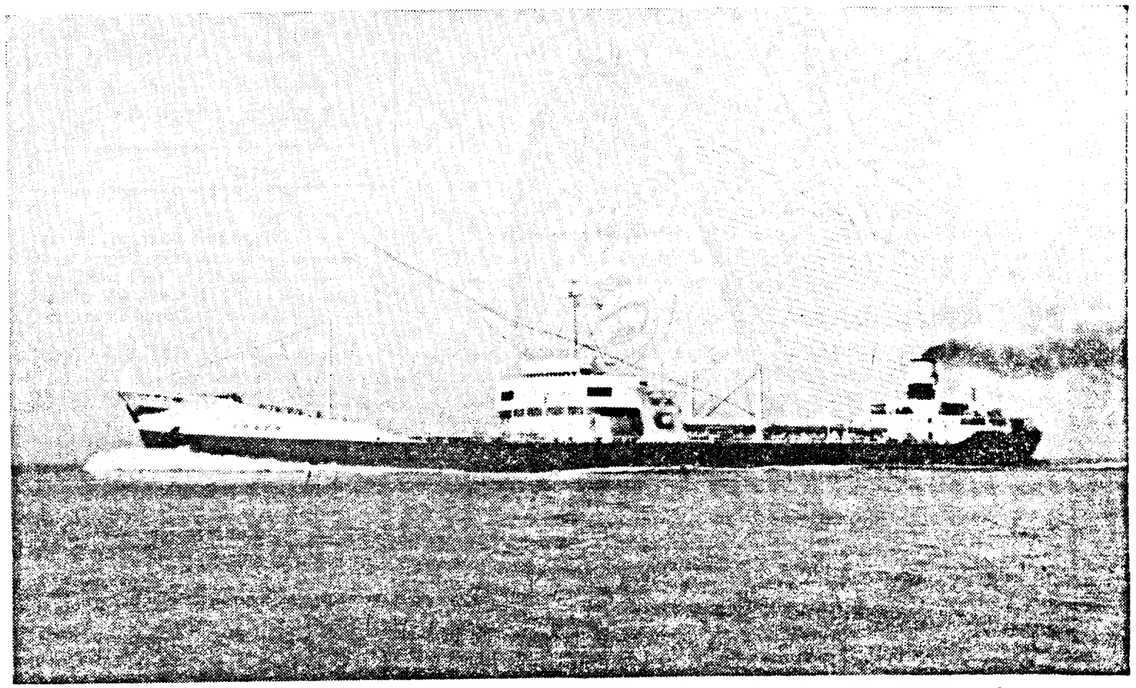

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Speaker's Notes for Blackpool

THIS Saturday, in the Opera House at Blackpool, Mr Gaitskell must either vindicate his decision to sit back as a silent spectator for seven weeks or else forfeit much of the prestige that he gained during the election campaign. There is already a sizeable list of items on the debit side of his decision not to give earlier expression to his views. It must have seemed to him more than a little depressing that his announced willingness to hearken unto wisdom from whatever quarter should have so relentlessly generated a further round of the old reckless imputations of personal intrigue and a competitive scramble by the party hearties to man the least tenable bastions. To make up for all this, Mr Gaitskell's speech on Saturday has got to be very good.

It has to inspire the kind of loyalty that makes enthusiasts live for a cause rather than incline towards the kind that makes a cause commit suicide for the sake of the enthusiasts. It must call a practical-minded country to idealism while persuading the left's own idealists to look reasonably practical-minded to the country. And Mr Gaitskell has to face the further and reverse difficulty that some of his solidest supporters, particularly in the trade unions and on local councils, need lessons in looking like idealists at all.

The Labour leader has to convince the country that his party seeks the liquidation of class warfare, not its prosecution—least of all within the party itself. In the House of Commons there is much more of a balanced mixture of classes on the Opposition benches than on those of the Government. Yet in many constituency parties the reverse impression is given; they so often seem to be the last home of the dwindling minority who actually like to think of themselves as proletarian, and whose favourite sport is hating the salariat and the boss. Moreover, inside the parliamentary party itself the post-election recrudescence of activity among the usually dormant trade union members is partially taking the disagreeable form of objecting to the intellectuals expressing themselves in public about the party's future. The very tendency to speak and think of two categories of Labour supporter, trade unionist and intellectual (by which is frequently meant, oddly enough, journalists), shows one thing that is seriously wrong. Labour has so far failed to provide a climate that is hospitable to the by no means negligible technocratic and managerial element among the left-minded members of the middle class.

At Blackpool Mr Gaitskell has to prepare his party for the long process of building up a total impression that will commend it to the British public. Many elements in the party will have to co-operate; but one thing nobody else can do for him. He must make it absolutely plain that if the party wants him as leader, it must let him lead. It must not lay man-traps for him at regular annual intervals just for the fun of seeing how good he is at not falling into them. His tactical skill, which is considerable, is an asset that is supposed to be directed to outflanking the Tories and impressing the country. It ought not to be dissipated in playing out an elaborate private game, under the intrigued but derisive gaze of the public.

The structural ambiguities of the Labour "movement" and the doctrinal embarrassments of Marx-sounding party aims are connected issues: they both spring from a party constitution that was published in 1918. Mr Gaitskell can say, and should say, that it is hardly the mark of a radical, reforming, go-ahead party to let itself be tied to the fusty language and creaking machinery

devised when it was the small, aspiring association of the political outsiders and underdogs forty years ago. There is hardly a line of the elaborate series of aims and objects, including the famous self-immolating words about public ownership, that has any contemporary ring at all.

Mr Gaitskell may well agree with those who argue that explicit pledges made in the election cannot be ceremonially dumped overboard as soon as it has been lost. But he must surely now strive to make the party see that, long before the next election, it must straighten out its own mind about the distinction between means and ends. This should not take the form of yet another batch of official party pamphlets, into which unwieldy committees always edit compromise phrases to placate old-fashioned socialists and thus give outside critics so much to laugh and snap at. It should take the form of many more unofficial essays, such as those printed in the Fabian party's latest tract, *Where?* (which is discussed on page 845), and a flexible development of issues as they come up in the House of Commons.

From this flows the need to give any commission that the party may set up to re-examine its constitution at least two clear directives. The first is that if there needs to be a written statement of Labour party aims at all (and a wise decision would be to say that there need not), it should be extremely broad and extremely short. It should be no more than some ringing beatitudes which sum up the practical idealism of the movement. It must at all costs not be the kind of text on which scholastic glosses cling like barnacles and which will look in a few years' time as much like a line from "The Boy Friend" as the present formulation. The second directive must be that however the structure is rejigged the result must be to leave Mr Gaitskell and his parliamentary party free to sort out ends and means according to the developing political situation. Labour MPs, not the annual Labour party conference, must henceforth be the recognised masters of their own activities in their own House.

Finally, the Labour party cannot afford any longer to convey the impression that there are whole areas of society in relation to which its critical faculties are numb with disuse simply because its own vested interests are involved. Mr Gaitskell will doubtless be suitably severe at Blackpool about the Labour councils who make themselves out to be petty dictators. If the public voted against the officer class in 1945, to some extent it voted against the n.c.o. class in 1959; and local councillors are the easiest of Labour's unpopular n.c.o.s to attack just now.

But Mr Gaitskell will be making a mistake if he does not also say something about the trickier and larger problem of the trade unions. The advice which is offered to the Labour party on the subject of its relations with the unions is sometimes misunderstood. It is not argued, or at least it cannot sensibly be argued, that the party ought to sever all institutional links with the unions, and particularly the financial link. (To some extent the object of taking the importance away from the union block vote would be achieved anyway if some of the importance could be taken away from the annual conference.) What is suggested is much less dramatic, though admittedly the more old-fashioned trade unionists may neither like nor understand it. It is simply that in its discussion of such contemporary issues as anti-inflationary policy, human freedom, decent treatment of dissenters, restrictive working practices and fuel or other industrial policies, Labour must, where necessary, show itself to be as independent of the sectional and institutional pressure of the unions as the Tory party's pamphlets and policies have been of some of its business backers—from the workers' charter to the Restrictive Trade Practices Act and the proposals for a free trade area. A new indication of this independence, following upon what Mr Gaitskell said last time he was in Blackpool, would not only enhance his stature in the right way; it would do more than any other single gesture to set the party right with the public.

Stockholm's Two Faces

The free trade venture of the Seven is welcome for its own sake. Can it also be made the starting-point for a new European approach?

LIKE the moon, the convention initialled in Stockholm last weekend is one of those things that present two unmistakably different faces to the world, the one shining and inviting, the other obscure. As an episode in European affairs the new European Free Trade Association may raise more questions than it answers, but as an episode in British policy it is plainly a remarkable advance. A hundred years ago Britain, emerging from a long era of mercantilist protectionism, was riding on a tide of unprecedented prosperity. The force behind that tide was the industrial revolution, and the vehicle was free trade; Richard Cobden himself was in Paris negotiating the famous trade treaty with France which was the first to contain the most-favoured-nation clause. In the first half of this century the world relapsed into a second era of protectionism, shadowed by war and slump. Now the Stockholm treaty is one landmark in the new postwar surge towards freer trade which has accompanied a new phase of general economic growth.

Clearly and firmly, in the black and white of a convention, the British government has put the interests of expanding markets abroad and of industrial change at home before that of protecting an existing static order of things; this is a choice that radicals of all parties ought to support. The impulse for the move, it is true, has come from outside, from the six-country common market of the European Economic Community, which has set off the whole process of competitive trade liberalisation in Europe. The venture itself falls well short, in economic terms alone, of the original British aim of a free trade area for all western Europe. But the net result will be to bring to Britain something of the same invigorating impulse from outside that is already running like an electric current through French industry.

Because of the limited size of the new scheme, the government is being subjected to fiercer protests from certain individual industries than it might be if the group were larger; most of the weight of competition from Swedish paper, Danish bacon and Norwegian fish will tend to fall on Britain. The answer to this is not to retreat (and ruin the whole venture) but to go forward. In agriculture, for example, where the deal still rests on an exceedingly delicate bargain, with the British government balancing precariously between the pig-breeders at home and the Danes, it is unlikely that the scheme can work well over any long period without a much greater effort to develop common policies among the trading partners. In fish the British have offered freer trade but are still seeking to link this to the question of fishing limits, against the protests of the Norwegians; it is difficult to see how there can be anything like a satisfactory solution of this unless a much closer working partnership can be developed between the fishing, freezing and distributing industries of the member countries.

For the bulk of British industry, however, the protection that is to be swept away is simply out of date. Industries like instruments and dyestuffs, which grew up in the shadow of high protective barriers, need the protection no longer. The new free trade area is no more than is healthy for an

Free Trade Club — *The Convention Summarised*

A COMPARISON between the new convention for a European Free Trade Association and the common market provides a striking illustration of the differences in economic philosophy which have made it so difficult for the two groups to come to terms: the one designed essentially to achieve free trade with the minimum of commitments, the other using free trade as an instrument of integration.

The one feature common to the two schemes is that both provide for **the removal of tariffs and quotas** within the areas involved. In the new association tariffs are to be cut by 20 per cent next July 1st to catch up with the two cuts made by then in the common market. Eight further cuts of 10 per cent will remove all tariffs within the area by January 1970, as in the common market, unless plans are made later to speed things up. Portugal, whose economy is less developed than the rest, has until 1980 to get rid of its tariffs, though it will enjoy the normal advantages of the free trade area in other countries. As in the common market import quotas will be globalised and increased by 20 per cent each year (on July 1st). Arrangements are also made to ensure that no quota will be excessively small at the beginning. Simple rules provide for the removal of the protective element in revenue duties and other taxes.

On virtually every other issue the two schemes are worlds apart. Those who drafted the common market treaty believed that it would be impossible to create equal competitive conditions within an economic union if differences in **external tariffs** caused widespread differences in the costs of raw materials and semi-manufactures imported from outside. The common tariff was also a political symbol of the will of the Six to act as one in their relations with others. In the new free trade area the members retain their individual tariffs towards the outside world. To avoid the "deflections of trade" described above, goods will only enjoy the benefits of free trade area treatment on one of two conditions: if less than 50 per cent of their value consists of materials imported from outside; or if they have been produced by certain processes within the area. In general importers will be able to choose which condition they prefer, but the process rule must apply to textiles, most of which must be spun, woven and finished in Europe. A wide range of raw materials will get the benefit of area treatment whether they are produced inside the area or not—an additional liberal move.

In the crucial matter of external policy, as in other matters, the philosophy of the new association is thus to allow the members maximum freedom, and to cope with problems as they arise—a sharp contrast with the community approach of devising common policies in advance. If a member feels it is being damaged by "deflection of trade" the problem can come before the Council as a "matter of urgency," or be dealt with through the "complaints procedure" which is a *Leitmotiv* of the convention.

Internally the new association has no funds for helping development in backward areas, or for re-adapting redundant industries and workers, and no arrangement for harmonising labour costs upward, as in the common market. The only important internal regulations are the **rules of competition.** Two provisions, a straight ban on export subsidies and an article requiring public-owned industries to compete fairly, are as rigorous as those in the Rome treaty. But as yet, there are no rules akin to those in the common market to deal with private cartels. Once again the association relies on consultation and the "complaints procedure" and requires the Council to consider by the end of 1964 whether further provisions are needed. There are no provisions for freeing movement of labour or capital but there is a clause endorsing freedom of establishment to the extent necessary to make free trade work.

Like the common market, the new association provides for **escape clauses,** both to protect a country in payments difficulties and to protect a particular industry or area where the freeing of trade has produced unemployment. In both cases there is an eighteen months' period of grace. After that, further restrictions or further joint action to help may be approved by the Council of Ministers acting by majority vote.

This **Council of Ministers** from member governments, with a secretariat attached, will be the principal organ of the new association. It has no executive body comparable to the European Commission and no court of justice, but "examining committees" of outsiders may be set up to hear complaints. Recommendations to governments on such complaints, and escape clauses, provide the two principal occasions when a majority vote (four out of seven) applies in the Council. In the common market, by contrast, majority voting (weighted) will in time apply to a broad range of common policies.

The new association contains provisions for **agriculture,** based on the bilateral deals between Denmark and Britain and between Denmark and Sweden. The tariff cuts agreed in these will be extended to the whole group. In **fish,** Britain has agreed to lift the tariff on canned and preserved fish and frozen fish fillets. But the issue may be reopened if imports of fish fillets approach 24,000 tons. It has also reserved the right to reconsider these arrangements if fishery limits change.

Beside the Rome treaty the new association seems a somewhat naked document. The underlying philosophy, of solving problems as they arise, instead of in advance, leaves a great deal to trust. But just as those who have underestimated the ability of the seven to reach agreement have been proved wrong, so it would be a great mistake to underestimate the sense of partnership they have already developed. The seat of the group is likely to be Paris, where contact will be made with the Six through OEEC. The Seven have not taken up the proposal of the European Commission for a liaison committee in Brussels, but they have told the Six that they are prepared to resume negotiations if there is a prospect of success.

industrial economy which must earn its keep in world markets in any case.

In European affairs, the new free trade association is only a starting point. The basic problem of Britain's relationship to the Six of the common market has changed very little since the Stockholm plan was initiated. An acute observer has outlined three tactical motives for the new grouping: to demonstrate that a free trade area could be made to work; to keep the countries outside the common market together so that their bargaining positions would not crumble in a series of bilateral deals; and to encourage the Six to talk by bringing pressure to bear on their exports. Some people still feel that as the pressure on German exports grows, the Six will feel more inclined to do a deal. But so far the new scheme seems to have had just the opposite result. The effect of the new association has been to draw the Six together and encourage them to push on faster than ever on their own.

It is true that the Six have also responded by fresh gestures towards a world-wide freeing of trade. These should be taken up and put to the test. With the United States in its present potentially more protectionist mood, the goal at next year's world-wide tariff talks in Gatt (the General Agreement on Tariffs and Trade) should be a general surge forward towards free trade; otherwise there may be a surge back. The objections put forward in London—that the United States is not prepared to make tariff concessions, and that nobody is likely to make tariff cuts which benefit Asian exporters just when quotas are being removed—are reasons for a determined and generous British approach to these world negotiations. But the most enlightened moves in Gatt will not, of themselves, resolve the European problem. The bridge between the two groups in Europe remains, in the phrase of *Le Monde*, a "bridge of sighs."

In London, at present, the inclination is to wait for a while in the hope things get better. As things are, and failing any fundamental reappraisal of British policy towards Europe, this may well be sound tactics; certainly it would be unwise to press schemes that have no chance of being accepted now. But some other members of the Stockholm group—Austria, Denmark, which have large exports to the Six—cannot afford to wait for very long. The present moment may be unpropitious for negotiation; but in the next few months the Seven will have to sit down and sort out among themselves a real negotiating position.

Views are almost as varied among the Seven as among the Six. The danger is that, like the Six, the Seven will only manage to agree on a lowest common denominator in which limiting factors like Switzerland's dislike of any sort of farm deal, Britain's difficulty in accepting harmonised tariffs, and Austria's treaty-bound caution over political commitments, set the score. If the Seven hope one day to get anywhere at all with the Six-run part of Europe, they will have to try and work, instead, towards a highest common factor. Austrian, Danish and Swedish willingness to accept some tariff harmonisation, the Scandinavian plan for an agricultural deal on the lines of (but, let it be hoped, more liberal than) the Rome treaty, and the new awareness of some people in Britain that political commitments may mean political influence too, provide possible starting points.

There is the danger that the new creation from Stockholm will meet with two reactions here: carping criticism of the damage to particular industries, and insular resignation as the facts of the division in Europe sink in. The proper reaction is to give whole-hearted support to a new, exciting trading venture, and to make it the launching platform for a new approach to Europe.

Running the Gauntlet

General de Gaulle is paying a high price for his bomb

FRANCE has emerged from the United Nations debate on nuclear tests in a minority of one. For General de Gaulle it is not an unfamiliar distinction. He recounts in his memoirs that, when he finally left London for Algiers during the war, a relieved Mr Eden confided to him that Fighting France had caused more trouble than all the other exiled allies put together. The general took it as his due: "I don't doubt it," he said blandly, "France is a great power." The criterion is instructive. The Gaullist idea of being a great power is to behave like one.

France is doing what the three nuclear powers have already done. It has just voted alone at the United Nations as the United States and the Soviet Union would be prepared to vote alone, with their immediate retainers, if they judged it necessary to resume their own tests at any time. As a demonstration of sovereign intention, of the power policies that General de Gaulle means to pursue, M. Jules Moch's diplomatic performance in New York is likely to have a more resounding effect than the eventual hatching of a real French bomb in the Sahara. The bomb, after all, will be of 1945 vintage; the general's policies seem increasingly to belong to the era that ended in 1940.

Five years ago the French bomb might have got past the United Nations. It is, in fact, the chief source of French recrimination now that everyone else was allowed to get away with it before General de Gaulle came along. But time jogs by, and small powers take to measuring radio-activity. The Assembly votes against France and Britain at the time of the Suez crisis hastened the political transformation. Last week, even some Nato allies refused to rally to the general's side. On November 20th the Assembly called on France to refrain from its Sahara tests by 51 votes to 16, with 15 abstentions. The majority depended on the Afro-Asian countries, the Soviet block, and the three left-wing mavericks: Cuba, Venezuela and Jugoslavia. But Canada, Norway, Denmark and New Zealand joined in. Even worse, the bulk of the Latin Americans, who could have prevented a two-thirds majority against France in the old days, chose to abstain, and so did the Australians, Greeks and Turks. The rump remaining to France was reduced to its common market partners, the United States and Britain, five Latin Americans, Israel, and

the right-wing group of Spain, Portugal and South Africa.

On November 21st France was left entirely alone. The Afro-Asian motion asking the three nuclear powers to reach an agreement at Geneva to which other states might adhere, and advising these other states to refrain from tests of their own in the meantime, was carried by 60 votes to 1. Among the 20 abstentions were the United States and Britain. For a regime that claims to be going up in the world this was a nasty blow. French spokesmen, from the general downwards, have contended that France's refusal to adhere to a testing agreement is based on a desire to secure the prior cut-off in fissile material for military purposes and the abolition of existing bomb stocks. This argument has been given short shrift now, and deservedly so; but it is not all that long since it was being voiced as general western policy.

Nothing that the Assembly said or did last week can be expected to deter General de Gaulle from his nuclear ambition. Indeed, the latest rebuffs are calculated to confirm him in it. M. Moch declared that the vote against the Sahara tests was likely to make French opinion more dissatisfied with the United Nations than before. This is true, but does it really mean that the general intends to run the gauntlet year after year until his full nuclear armoury exists? The strain on the western alliance is already perceptible. And this year's Algerian debate is still to come.

While France seems assured of American and British backing on Algeria, newly encouraged by General de Gaulle's self-determination proposals of September 16th, it remains to be seen whether the Latin Americans, in particular, will be any more ready to obey the western whip than they were last week over the French bomb. A year ago the motion recognising the Algerian people's right to independence failed to win a two-thirds majority by only one vote; the United States abstained. Although General de Gaulle should, by rights, fare better this time, the picture of French foreign policy being built up in the minds of the uncommitted countries is disturbing. Will France, for example, really be able to let Algeria choose its own future when the oilfields and the atom proving grounds are in the Sahara, and when, possibly, the independent nuclear striking force may have to be kept in North Africa in order to pursue its global role well clear of Nato's orbit?

THE last illusions that Nato may have entertained about the terms of General de Gaulle's future association should have been removed by his remarks at the Ecole Militaire early this month, and by the items of the new defence budget. General de Gaulle made no secret of his dislike for integrated defence systems within the western alliance. Although he envisaged ready co-operation on the actual field of battle, it would have to be a matter of each to his own part, and the French part would include a nuclear striking force: "As France can be destroyed from any corner of the world, we also must be able to reach any corner of the world."

The military budget, besides providing for a force of half-a-million men in Algeria next year, has allocated £30 million for the development of nuclear weapons, and other heavy spending is devoted to the construction of 50 Mirage IV jet bombers for carrying the bomb and for research into intermediate-range missiles. The scope of this design has evidently overtaken the earlier intention to use French atomic knowledge merely to prise nuclear co-operation out of the Americans. The general intends to lead a major military power, capable, if necessary, of protecting its own interests independently, and giving priority at all times to those interests above existing alliances.

The plan has already been criticised on economic grounds by M. Raymond Aron, and doubts have been voiced in the National Assembly. Britain's chastening experience in the style of expenditure needed to sustain an effective nuclear armament has been untiringly quoted. But the hard fact remains that the mood of the chief forces supporting the Fifth Republic is not averse to General de Gaulle's conception of military grandeur. For the army, in particular, it holds out the prospect of added prestige in the state and growing demands on the national resources. If this preoccupation were to lead to social and industrial unrest in France itself the general would have to think again, but clearly such a development seems far from his thoughts. So the obvious legacy of the military *coup d'état* that brought General de Gaulle to power eighteen months ago is coming about. Why should France accept this burden? It is easy enough to blame the United States Senate, or Anglo-Saxon exclusiveness, or the Algerian war itself. But the true motive seems to be in General de Gaulle's own words: "I don't doubt it. France is a great power."

The Economist

NOVEMBER 26, 1859

ENGLAND AND FRANCE

It is unquestionable that we have only too much ground for uneasiness and complaint in reference to the tone assumed by the French newspapers when they speak of England, and to the feeling which . . . has been sedulously excited against England in the susceptible breasts of our neighbours across the Channel. It is not permitted us to doubt the prevalence or the vehemence of this feeling;—the reports of every traveller and every observer, official or non-official, confirm the fact. It is, too, scarcely possible to believe that such a feeling could have been so widely spread if the authorities had sincerely desired to control or counteract it; though it is not easy to conceive any good or prudent reason which should lead them to foster or approve it. The truth probably is that the French Government has seen the growth of these unfriendly sentiments with satisfaction, and has tacitly if not actively encouraged them; but that it has felt and acted thus not with any definite design of permitting national hatred to reach a point where it will break out into open hostility—still less with any fixed purpose of exasperating bad passions as a preliminary to a meditated war;—but with the intention of proceeding *just far enough* to persuade England that France is thirsting for the conflict, and has arrived at such a state of morbid and wild susceptibility that, if thwarted in the slightest matter, she will incontinently rush to arms,—and therefore that we must abstain from thus thwarting her, and in fact must humour her caprices and her sensibilities just as we should those of a delirious patient or a fractious child. . . . Be this as it may [the Emperor] seems to have at last become aware that he has gone too fast and too far; and he can now meet the remonstrances which in all probability have been addressed to him on the subject by referring to two significant facts. He has, it seems, directed the Minister of the Interior to issue a caution—most mildly-worded, it is true—to the public journals to adopt a more benign and becoming tone towards a friendly and faithful ally; and he has also permitted—for in a case of an autocracy so positive and pervading as his, whatever is not prevented may be held to be permitted—he has permitted one of his most noted adherents to address a series of letters to the *Journal des Débats* full of the best feeling and the soundest sense.

The Army's Case

The Army now has a much better case for a larger share of the defence budget than has the Navy or the RAF

THE army's problem is really the kernel of the present British defence problem. This is a proposition which a traditionally maritime and anti-military country finds hard to accept. Yet examine the uses to which the services have been put since 1945.

Britain has acquired at vast expense, but not of course used, a thermonuclear deterrent of its own; what its influence may be on events in the future, when set against the major deterrent possessed by our American allies and by the Russians, is purely conjectural. The Royal Air Force has, in the past fifteen years, been in action only briefly—in Korea, Malaya, Kenya and Suez—and the importance of any of its costly aircraft in any of these roles was marginal. The Royal Navy has maintained its watch and guard; but its most important activities since 1945 have broadly been similar to the RAF's, less in bringing firepower to bear than in putting infantrymen in position to fight. In Europe, the Rhine Army's presence has been the decisive British factor in Nato, militarily in deterring the Russians, psychologically in reassuring our allies; overseas, the decisive fighting has been done by the army.

This is to put matters in an exaggerated form which no airman or sailor could accept. But it is plainly true that the arrival of airpower, missiles and atom weapons has bridged the Channel and, by making Britain a promontory of the continent, made it a military power in a new sense. So far this has only been recognised to the point that everyone pays lip service to the interdependence of the services—most forcefully expressed in Lord Montgomery's "one service" thesis. This cannot be said too often. But in practice the jobs of all the services—apart from the function of the big deterrent which is to prevent big wars from happening—revolve round and lead up to the job that the infantryman has to do.

Yet since the war the army has suffered to an unconscionable degree from unclear thinking, infirmity of purpose, false economy and neglect instead of priority. To Mr Duncan Sandys must unquestionably go the first credit for drastically rethinking the army's problem and for making the critical (but not sacrosanct) decision to rebuild it as an all-regular force. Under his regime, too, the vast task of re-equipping it with up-to-date weapons and transport was at any rate begun at long last. How late in the day all this came, and how much remains to be done, emerges from a report by a study group of the Army League* which was published this week. It reflects current thinking among an increasing number of defence experts; but in many ways even the Army League understates rather that overstates the army's case.

The study group accepts the framework of the defence white papers of 1957 and 1958 in setting out a coherent army policy. This means that it accepts the presumption that a new world war would be nuclear, apocalyptic and short, and that the army's essential role is not to fight global war at all, but first to maintain the defensive shield in Europe and second to provide a limited war and cold war force for overseas. Its report is, accordingly, concerned essentially with the distribution, arming, transport and recruitment of an all-regular army of 180,000, in terms of current official policy.

There are three reasons for suggesting that these are not necessarily and immutably the right terms. First, it is not entirely impossible that the nuclear stalemate (or nuclear disarmament?) might lead to a situation in which the Russians had to be matched by conventional forces armed only with conventional weapons. Such a revolution (welcome to many people) would certainly require far larger Nato forces, including British ones. One thus cannot exclude the possibility that the conscript might have to be brought back, both for military and political reasons. It would seem elementary foresight to leave enough legislation on the statute book to make a new call-up possible fairly quickly. Fortunately the conscription issue did not play so big a part in the election as had been generally expected, and it should not now be regarded as politically impossible for this to be done. Secondly, those who accept the idea of a regular army of 180,000 derive reassurance from the territorial army of 110,000, and from reserves of 600,000. But the territorials may be a wasting asset, and certainly we shall not always have 600,000 reservists; these will age, and will not be replaced by trained former national servicemen. The casualties incurred in fighting on, say, the Korea scale would very soon make a big dent in the regular strategic reserve, which amounts to only four divisions. Thirdly, the recent decline in recruiting begins to put in doubt again the achievement of a regular army of even 180,000.

YET this strength, even if achieved, must be set against formidable commitments: the Central Treaty Organisation (once called the Baghdad Pact), Seato, Korea, Malaya, many colonial and some residual Commonwealth defence liabilities. At present the threat that could be met by purely conventional means is a limited one; this reinforces the Army League's central proposition—that, for the purpose of deterring or halting aggression short of nuclear war (including resort to "tactical" weapons), a sizeable and rapidly transportable army is by far the most flexible instrument of national policy. It is elementary sense to give the small forces available the transport and equipment that can improve efficiency to the utmost. This has not been done.

The Army League report underlines everything that was said on this subject in the Grigg report, and adds more. It is a heavy indictment. It falls in part on the innate conservatism of the army, in part on the blindness of defence thinking, but largely on the system of Treasury control which operates with peculiar viciousness in the case of the army's weapons. Over 50 per cent of the army's budget is pay (civilian and military), which cannot be cut; the sort of all-round squeeze for which the Treasury traditionally asks every year therefore falls either on the works vote or the equipment vote. If the works vote (at present £30 million a year) is skimped, the recruits have nowhere to live, and if the technical equipment sub-vote (which averages a mere £25 million a year) is skimped, they have no guns to fire.

In consequence, of course, totally insufficient funds and manpower have been devoted to the urgent research needed into new conventional army weapons. For example, the opportunity of harnessing the new missile and electronics technology to producing a decisive anti-tank weapon has been fumbled. Yet thinking in Shape is dominated by the overwhelming weight of Soviet tanks, which the west cannot match. Nor can an airborne force overseas fly in its heavy tanks—tankless, it may have to fight tanks. A decisive new anti-tank weapon would do more to redress the tactical and strategic balance in favour of the west than almost anything else. This is worth stressing in a week when the War Office is just taking over the development and research department of the old Ministry of Supply.

Not only has the army lacked the modern equipment attributable to its own vote; it also lacks the transport aircraft, and the amphibious landing vessels which would have to come out of the votes of the other services, who prefer to put their money on their own deterrent roles. Once again, plainly, what is lacking is a basic appreciation of the new prime importance of the army's role. The Army League's report should help. One other thing, however, is needed. This is to raise the prestige of an army career; the problem of getting enough good officers has not been solved, at the very moment when a new doubt arises about getting enough men.

It is clear that if the army were to get all the new equipment and transport which the Army League report discusses the bill would run into hundreds of million pounds. But it would be an illusion to think that there are going to be economies in pay or pensions or amenities or resettlement schemes to set off against them. A good modern army (we have not yet got one) is going to prove very expensive; in the usual polite annual struggle against the admirals and air marshals, it is time this year for outside commentators to declare that they stand upon the generals' side.

* "The British Army in the Nuclear Age," by an Army League study group of which Richard Goold-Adams was rapporteur. Published by the Army League, 2s. 6d.

NOTES OF THE WEEK

CENTRAL AFRICA

Lord Monckton's Men

ALL that now seems to stand between the Labour party and co-operation in the work of the Monckton commission in Central Africa are the interpretation of the brief, the standing of some of the Africans appointed to it, and the restriction of British parliamentarians to privy councillors. Behind those remaining difficulties lurks the shadow of *sub rosa* pacts with Sir Roy Welensky. It should certainly be possible to meet the Labour party on privy councillors. Then Mr Callaghan could go. Sir Roy can hardly insist on his pound of flesh at this point.

Mr Gaitskell doubted if some of the five Africans appointed to the commission would win African confidence generally. It is certainly true that all of them do not seem to measure up to the robust independent stature of Mr Laurence Katilungu, president of the African mineworkers' union, who has agreed to serve and is nobody's fool. But once political leaders were excluded on the Central African side (black or white) the field was inevitably narrow. The men who are serving are brave—not time-serving. Moreover, Mr Gaitskell ought not to overlook how remarkably moderate are the white representatives whom Sir Edgar Whitehead and Sir Roy Welensky have put up. There seem to be no die-hards among them; there is one Toddite. The general impression is that this is a moderate group of men—in any case, it is a group which six well-chosen British parliamentarians will dominate. The way is open to Labour to exercise almost the influence which they hoped for in the purely parliamentary commission they first demanded.

The wording of the brief is more difficult. It has been agreed with Sir Roy. It does not specifically state that the commission can recommend the secession of Nyasaland or disbandment of the Federation. But everybody knows in his heart that the commission's job is to find out what, if anything, will induce the Africans to accept a measure of federation, and to tell us. If it becomes plain to members that nothing, absolutely *nothing*, will induce 6 million Africans to agree to work *any* form of federation, federation will fail—and Lord Monckton is not the man to rule that the commission must ignore this. If he did, what would prevent a minority walking out and saying so? Labour will have a heavy responsibility to bear before history if it refuses to help investigate the facts because it wants to humiliate Sir Roy Welensky in advance over a mythical procedural rumpus.

CIVIL SERVICE

Available Hercules

THERE is a tradition in some parts of Whitehall that one ought to pretend that senior civil servants have no influence upon policy. Those who believe in this blinkered approach to public affairs will regard the news that Sir Frank Lee is to become the senior economic civil servant at the Treasury from January 1st next, after having been permanent secretary at the Board of Trade since 1951, as merely a formal reshuffle. They will believe that the remarkably liberal history of the Board of Trade since 1951 has been a strictly political coincidence; they will see no cause for wonder that successive Conservative ministers at the Board have resisted pressure for protectionism from Lancashire, introduced the Restrictive Trade Practices Act and moved towards freer trade with Europe—a trio of achievements that nobody would have forecast when the Conservatives came to power. But those who heretically disbelieve in spontaneous ministerial combustion will regard Sir Frank's appointment as a very welcome injection into the Treasury indeed.

Undeniably, it creates problems at the Board of Trade, even though the able head civil servant at the Defence Ministry is taking Sir Frank's old place. In recent years the Board of Trade has often seemed to be about five times too large—in the sense that the number of major policy matters thrown up within it each day must far exceed the number of papers that could normally and decently be expected to pass across one permanent secretary's desk. It has overcome this difficulty by the happy accident that the experienced Sir Frank, as permanent secretary, has been on occasions the equivalent of at least five men. It was presumably to fill this gap that the Board of Trade was given so strong a ministerial team in Mr Maudling and Mr Erroll last month, while Mr Amory was left with less experienced

junior ministers at the Treasury ; the Chancellor has got Sir Frank as Mr Erroll's transfer fee. But the awkward implication for the future of a reorganised Board of Trade could be that it will be necessary to keep two top calibre ministers there for a long time, one in a formally rather subordinate position.

The longer term implication for the Treasury will also need watching. At the age of 56, Sir Frank Lee steps into a centralised economic planner's job which was created only three years ago, which some people think is still too wide, and which might have been sub-divided now if Sir Frank had not been made available on Sir Roger Makins's retirement. The man has been found to fit the job. But it will be a pity if in these next few years the whole structure of British economic administration becomes firmly based on the assumption that Frank Lees grow on gooseberry bushes; come the date of his retirement, the country might easily forget that they don't.

DR ADENAUER'S VISIT

What Did They Agree?

DR ADENAUER'S press conference in London on November 19th, at the end of his visit, provided the only public statement of what was actually agreed between the two heads of government. Quite the outstanding point, which has caught the attention of the German press as well as of Dr Adenauer personally, was the British Government's supposed renunciation of "disengagement." It is as well to be clear what this means. The British Government seems merely to have renounced an idea which it had never entertained: a complete withdrawal of troops from the east-west frontier that runs through western Germany, leaving it (and presumably eastern Germany too) naked. It has not given up the idea of a zone, possibly in central Europe, where armaments would be limited. Those who hope for some gradual, step-by-step reduction of the accumulating arms in central Europe need not be too alarmed. It is only incredible that Dr Adenauer should have entertained such a crude version of British policy that his fears needed to be allayed in this way.

The second major issue between the allies was Berlin. Here a difference in objectives is still pretty apparent. The British explained that they did not regard Berlin as the only topic for a summit meeting, but they did feel that it was the one issue where there was a good prospect of agreement. The Germans are reluctant to see Berlin discussed at all ; they feel any interim agreement would merely weaken the west's position there ; so it was agreed that Berlin should be discussed at the summit meeting in the broader context of the German question. On one interpretation this could mean going back to the western package plan which imposed several weeks of unwrapping on the Geneva conference in May and June before the Berlin issue, which originally prompted the conference, was unveiled. Those who want a summit meeting to reach decisions may have to think of quicker ways of cutting the string.

The third matter—and here there seems to have been a real measure of agreement—was the idea of developing political consultation within Western European Union. But whether such an arrangement can bridge the gap caused by basic differences in the political objectives of the Six and Britain is another question. A consensus of opinion in west Germany evidently feels that the visit served to put an end to the unnecessary misunderstandings of the last few months and to remind the two sides of the great common interests the two countries obviously share. But the real differences of interest are still there.

GERMANY

Meaning of a Trade Pact

AN east German delegation signed an important trade agreement last Saturday in Moscow. Trade exchanges between the Soviet Union and east Germany are to be raised to the value of 7,500 million roubles next year and to at least 42,500 million roubles in the following five years. Quotas may be increased each year, but the lists of commodities provided for in the basic long-term agreement are by themselves fairly impressive.

Between 1960 and 1965 the Soviet Union is to supply east Germany with more than 40 million tons of coal, 12 million tons of iron ore and 15 million tons of pig iron and rolled steel ; 17 million tons of crude oil ; and substantial quantities of aluminium, copper, lead and zinc. Raw cotton, foodstuffs and varying industrial goods (such as excavators) complete the Soviet list. In exchange, east Germany is to provide chiefly industrial goods, transport equipment, complete chemical, cement and other industrial plants, as well as chemical products, precision instruments and consumer goods.

The long-term agreement fits into the pattern of integration which "Comecon," the communist council of mutual economic aid, is seeking gradually to establish throughout the Soviet block. Since all the members of the block have economic plans formulated up to 1965, these can be dovetailed into each other by means of trade pacts of equal duration. Similar agreements have, or will be, signed by all the communist countries in Europe both with Russia and among themselves. Clearly in Moscow's eyes east Germany is a full member of the block, not a potential outsider. While the Bonn government tenaciously pursues the integration of western Europe, the other third is being more firmly embedded in its place in the communist common market.

ENGINEERING CLAIM

Hours Off

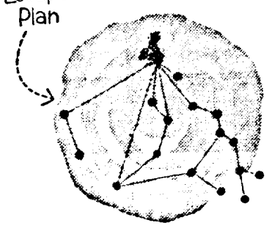
THE engineering employers' offer to their 3 million workers to reduce their working week from 44 to 42½ hours without loss of pay is likely to be the key decision in this winter's round of wage bargaining. The unions have not accepted it, but the indications are that if they can push hours down a little further—say to a 2 hour reduction instead of a 1½ hour reduction—they may agree to forgo a direct wage increase this year. To some extent, of course, all this is shadow play. Average hours actually worked in engineering are now 47 a week; for the industry as a whole the employers' present offer really amounts to a promise that on average 4½ hours, instead of 3, will be paid for at overtime rates. If actual hours worked remain the same as now, it will be the equivalent of a disguised increase in wages of between 4½ and 5 per cent. Why is the increase being offered in this disguised way?

Two factors on the employers' side probably account for the choice, and both are economically welcome. First, the increased cost of a reduction in hours will not be evenly spread. At one extreme, the limping business without buoyant orders on hand should suffer less from sending its workers home twenty minutes earlier each day than it would from paying a straight wage increase. At the other, the really prosperous firm which will have to pay higher rates for more overtime is the one best placed to afford it. The second thing favouring a reduction in hours rather than straight wage increases is that there is something finite and perhaps superficially more respectable about it. It can be regarded as a step towards the concrete goal of a 40-hour week and not just another wage increase in which the sky is the limit. Foreign observers, whose opinion about the course of British wage inflation is important, may share this view.

On the union side, a demand for a reduction in hours was at first largely a pre-election manœuvre to avoid an unpopular series of wage demands; the unions could not claim this year that the cost of living index—the base of many wage claims—had gone up. Now, after the election, the unions still seem to have no desire at all to force a showdown.

What about the national interest? If engineering employers freely feel that they can afford the equivalent of a 4½ or 5 per cent wage increase, after a year of boom, then no major national interest is served by saying that they should not grant it. Even larger independent concessions by firms that feel they can afford more—such as the recent offers by Fords and ICI—are also obviously welcome. The important economic point is that the Ministry of Labour should not exert any pressure to follow suit upon industries that are not paying their way so well. For example, this

Escape Plan



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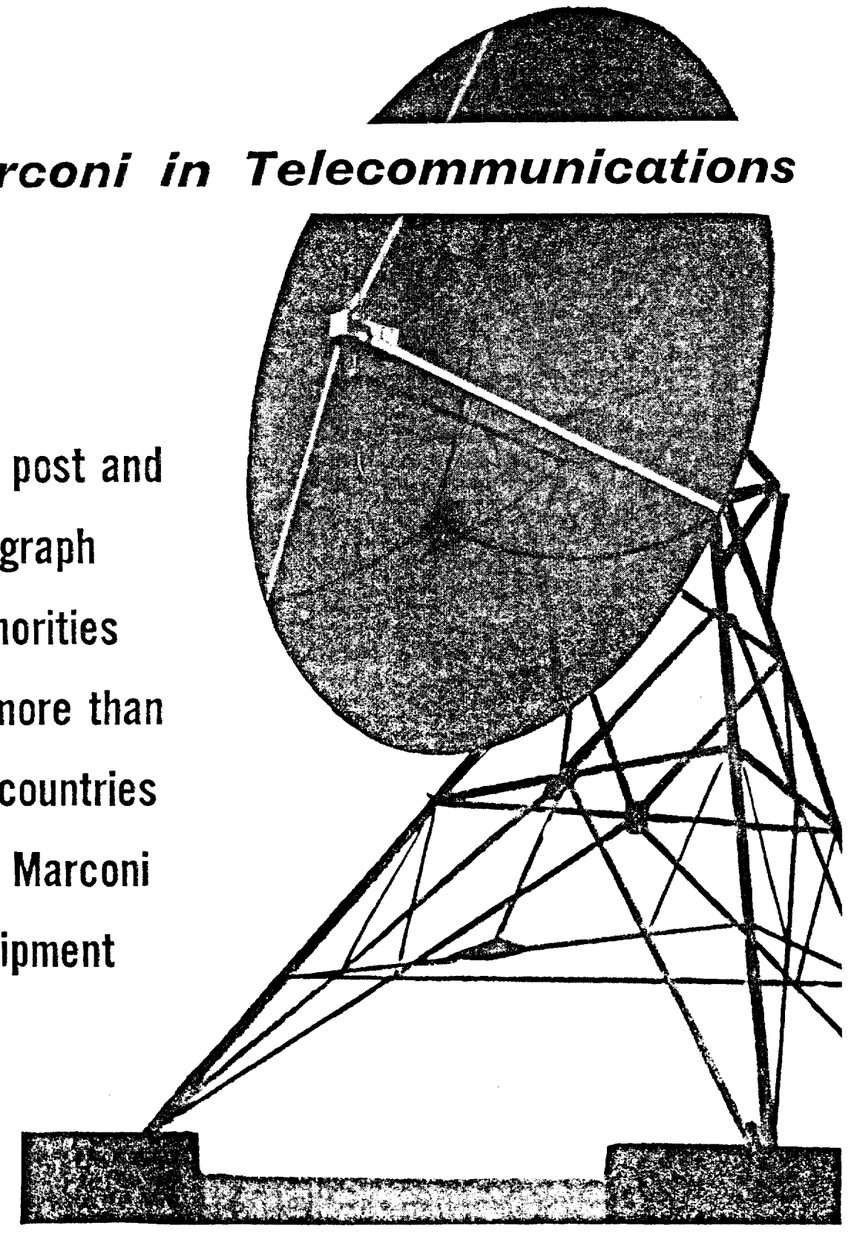

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is a year when the shipbuilders, whose yards are still sunk in recession, should grant smaller concessions than the engineering industry.

TUC

Confession of Impotence

WHILE the unions in engineering have been opening new pastures, the timid hearts in the TUC have suffered another defeat from the Electrical Trades Union. After nearly two years of attempting to inquire into allegations that this union has been guilty of election and other malpractices, Tuesday of this week was to have been a day of reckoning. The ETU's communist leaders were summoned to Congress House. But then Mr Foulkes remembered that he was leading the engineering unions' team in their wage claim on the same day and refused to come. The TUC has retorted that the ETU leaders have been evading discussions because they know that the charges against them have so much substance, and its anti-climactic punishment is therefore that it will not discuss the matter with them any more.

The communist general secretary of the ETU is due for re-election by his members in a few weeks time ; the hope of the TUC, as of everybody else, is that under the shadow of present publicity the ETU's vote-counters will not now find it easy to disqualify blocks of anti-communist votes. But whichever way this particular election goes, the TUC has now effectively admitted that it cannot or will not inquire into allegations of union malpractices. The case for the equivalent of a Companies Act for trade unions is thus overwhelming.

PORTUGAL

On the Warpath

GENERAL HUMBERTO DELGADO, the defeated candidate in last year's Portuguese presidential election, has been in London this week and will be visiting other European capitals before returning to his place of exile in Brazil. It is customary in Portugal for an opposition candidate to be nominated for presidential contests, but General Delgado is the only one who did not retire before the vote. He also made history by using the thirty-day election period in which speech is comparatively free to proclaim that his first act as president would be to get rid of the prime minister, Dr Salazar. Despite the obstacles that were put in his way, General Delgado won nearly a quarter of the votes. Shortly afterwards he had the foresight to seek asylum in the Brazilian embassy in Lisbon and thence slipped away to Brazil.

The general's outspokenness has put heart into a somnolent opposition. Dr Salazar retaliated by altering the electoral law to prevent a recurrence of this unpalatable demonstration ; in so doing he emphasised to the opposition that the only way to get rid of him would be by military coup. General Delgado believes that a significant number of majors and captains are ripe for violent action, and that the senior officers, although satisfied with the existing order, would not stand in the way of a determined attempt to overthrow it. On the other hand, conspiracy is not easy in a small country of small towns where an efficient police can discover what is going on without much difficulty ; three minor revolts in the past eighteen months were quickly suppressed.

As a young man General Delgado helped Dr Salazar to power and he was at one time among the dictator's closest advisers. But his declared intention is not to replace one authoritarian regime by another ; at present he envisages rule by a military junta only for the eighteen months or so that it would take to prepare free elections. To critics who are apprehensive about what would happen if the country were suddenly pushed into democracy after thirty years of one-man rule, the general's reply is that neither swimming nor democracy can be learnt from a book.

LABOUR PARTY

Notwithstanding Orders

THE muddled and at times heated exchanges inside the parliamentary Labour party about whether or not to have standing orders have ended in a compromise. There are to be no standing orders, but everyone is to carry on as if there were. This is to be an experimental exercise in the Tory technique of implicit discipline. Unfortunately, since most Labour members do not belong to clubs, it is not possible to pass the word among them about the proper standards of good party conduct quite so inconspicuously. So the general effect of greater freedom on the Left is somewhat spoiled by the detailed code issued by Mr Gaitskell to replace the standing orders. This leaves matters very much as they were. Labour MPs can speak but not vote against the party line (provided their speeches are not too insulting) ; they may abstain on grounds of acute conscience ; they must clear resolutions with the whips before entering them on the order paper. If they are persistently unruly the whip can be withdrawn, and they can be reported to the national executive for disciplinary action.

It may well be asked what, in that case, the battle of the standing orders was about. The answer, oddly enough, is "Nothing much." Mr Bevan and other rebels and ex-rebels thought all along that it was the standing orders that caused them, or nearly caused them, to be chucked out of the party. The suspension of these orders was therefore a great symbolic issue for them, as it was for the diehard right-wing trade unionists who voted against the suspension to the very end. But apparently this was all a mistake. The right to discipline members and expel them if they persist in rebellion never did derive from standing orders, so it seems, and it continues without them.

Perhaps all this is not quite so unimportant as it sounds. One suspects that, like other insubstantial essences such as "the spirit of Camp David," the spirit of greater permissiveness among backbenchers which presently permeates both sides of the House will continue to be invoked in the Labour party for some time to come. In any case, the party now has a Deputy Leader who believes in principle that any MPs who want to put a motion on the order paper should be allowed to do so.

FABIAN ESSAYS

Uncommon Sense

IF only the participants in the Labour party's re-think were all as sensible as the five contributors to "Where ?", the timely tract* which the Fabian Society has rushed out for the Blackpool conference, the party might get somewhere. With the partial exception of Mr Robert Neild, they do not have anything very new to say. But they do see quite plainly that Labour keeps losing because it is out of date—and that, at least, is a mercy.

They all want to thump petty, bullying and secretive Labour councillors hard. This is excellent in itself. But it is the easiest gesture to make of those that are needed to "tear off the false mask of sectionalism, class-consciousness and even intolerance," and there is some danger that it will therefore become the only one that is made. It is more splendid that the TUC's Mr Alan Birch (of the shopworkers' union) should say once again that the unions are in a mess and that they are bringing the party they are tied up with into disrepute. Now that the Fabians have him in their stable, could not they induce him to carry further his reiterated rumination about the possible need for "fairly radical changes" in the trade union movement's outlook and structure ?

* "Where ?" By Anthony Wedgwood Benn, Alan Birch, Douglas Jay, Robert Neild, Ralph Samuel. Fabian Tract 320. 2s. 6d. 36 pages.

On nationalisation, the tract includes an expanded version of Mr Douglas Jay's original article in *Forward*; and a much less politically hagridden piece by a non-politician, Mr Robert Neild, of the National Institute of Economic and Social Research, who supplies an intellectually lucid set of arguments for dropping the renationalisation of iron and steel. But perhaps the most important essay is a crisp contribution on organisation from Mr Anthony Wedgwood Benn, based presumably on his experience of working inside Transport House on the party's television programmes. Its main interest lies in Mr Benn's suggestions for renovating Transport House and fitting it to do effective staff work for the parliamentary party—and even more in the fact that he should need to make them. His article implies an extraordinary tale of administrative weakness, which suggests that at the head office at least nothing has been learnt from the Wilson report. The party should not allow Mr Morgan Phillips's personal comeback during the campaign, gratifying as that doubtless was, to stand in the way of a shake-up of the party bureaucracy from top to toe.

SOVIET UNION

East-West Books Clubs

WHILE Mr Georgi Zhukov, the Soviet expert in foreign cultural relations, is actively seeking new pacts with Britain, the United States and France (he arrived in London on Sunday), the British Council has not been too happy about its latest treatment at the hands of the Soviet censorship. A major exhibition of British books and periodicals was opened in the Lenin Library in Moscow last Saturday. But, in spite of previous self-censorship, a few of the 4,000 items had to be removed at the last moment. Copies of *The Economist* found themselves on the Soviet index, together with other periodicals and books by Bertrand Russell, Aldous Huxley, A. L. Rowse, Hugh Trevor-Roper, Allan Bullock and John Wheeler-Bennett; and even with such innocent-sounding titles as a biography of Margot Fonteyn and Michael Tippett's *Moving into Aquarius*.

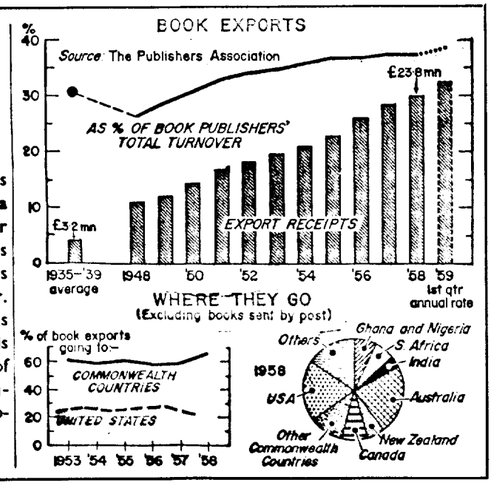
Such stalinist antics should not be taken too tragically. Cultural co-existence cannot be established overnight. Mr Zhukov, it is to be hoped, will have been tackled sufficiently energetically in London this week that he may have a word or two with the censors when he goes home. As it is, the Russians have given everyone a sound idea of the type of British book that they don't like to see around—and which Dr Charles Hill ought soon to be pushing on to the overseas market in some quantity.

Dr Hill has announced the names of the panel which is to advise him what books to make available abroad in low priced editions, in order to counter the Russian output of cheap English language books. It is a fairly composed committee. The excitement in the publishing world will now die down until the first list of titles is announced—and the terms on which the copyright holders are to be recompensed. Since only £500,000 is being spent on the scheme, including subsidies to periodicals, there will not be much in it for the British publishers; the other parts of Dr Hill's plans, such as the expansion of British Council facilities for teaching English and the provision of more information posts, may have more effective impact.

With this financial restriction, it ought not to be the panel's object to republish the Dickensian and other classics that the Russians are distributing already. But, as they have shown, the Russians are not likely to go in for some of the works of Orwell and Huxley, or for historians like Trevor-Roper, Bullock—and Churchill. And of course good reporting about life behind the iron curtain should find a place in the

Selling Books Abroad

Receipts from exports account for more than a third of the total turnover of British book publishers and the proportion seems likely to have risen this year. The destination of books sent through the post is not recorded; of the rest of overseas sales, Commonwealth countries took two-thirds last year.



panel's recommendations, even if in translation. The ration of angry young men ought to be limited—for one thing, their sufferings are so much less acute than those of 99 per cent of Asian readers.

SOUTH AFRICA

Disapproval by Boycott?

NOBODY need doubt the sincerity of those who are trying to use the weapon of a consumers' strike as a protest against the South African government's racial policies. Nobody disputes that Britons with scruples need not drink South African sherry in their own homes if they wish, although they will be making a rather obscure ideological point if they then start drinking Spanish sherry instead. But one must frankly doubt whether those who are now trying to mount a really intense and well-publicised boycott of South African goods in Britain are not making a mistake. If a boycott did have a big effect on South African trade, it might upset many farmers in the Union. It would injure the South African economy, and thus South African natives too, even though the sponsors of the campaign try to argue that it would not. But if the farmers then complained to their government, they would merely be told that were the floodgates to be opened to communism they would lose their entire farms (besides having their daughters married to Africans). In fact, the usual effect of an attack from outside is to rally public opinion to the government of the day, however misguided.

On the other hand if, as is much more likely, the campaign meets with only a small response from a handful of intellectual people, the Union government will be hardened in its contempt for *kaffir-boeties* the world over, as not only fools but also people of no real substance or influence. When trade does not dip after Oxford common-rooms ban South African wine and fruit (they will hardly affect exports of wattle-bark) the Union government will draw its own conclusion: that trade and politics are two things. In large degree they will be right. The most that voluntary boycotts of goods can be is a moral reinforcement to an attitude of disapproval. The South African government need be—and is—in no doubt that its policy encounters massive disapproval in Britain. But the pressure to force it to change its policy must come from inside South Africa. Signs are not wanting that it will.

SAUDI ARABIA

The Disputed Oasis

BURAIMI is more famous than it deserves to be. A minor oasis in the depths of the Arabian peninsula, it is at present occupied in part by the Shaikh of Abu Dhabi and in part by the Sultan of Muscat and Oman, both of whom enjoy British protection. It is often described as being "oil-rich" but no oil has flowed there yet, and what is known of the geology has not tempted any oil company to drill any test wells. In 1952 two of the Buraimi villages were occupied by a small detachment of Saudi troops who had been sent across the sands to support a long-standing Saudi claim to them and to the desert hinterland. In 1955 an international arbitration tribunal failed to settle the status of the oasis and, with British help, the Trucial Oman Levies chased the Saudis away.

In 1956, nationalist pressure forced King Saud to break off diplomatic relations with Britain at the time of the Suez expedition. Since then the Saudis have answered any suggestion that these relations might be resumed by saying that the business of Buraimi would have to be settled first. On Tuesday, Mr Ormsby-Gore, Minister of State, met Abdul Rahman Azzam, formerly secretary-general of the Arab League and now King Saud's personal representative, in New York to discuss Anglo-Saudi affairs. The hope was once more raised that diplomatic relations would soon be resumed.

The Saudis have long used Buraimi as an excuse for not taking a step which, however useful or sensible, might expose them to criticism from their Arab brothers. Now that Egyptian newspapers have boldly said that President Nasser was ready to let bygones be bygones, the Saudis may feel that it is safe to do the same. They have said again and again that the Buraimi problem must be settled, but they have not made binding statements concerning how a settlement could be arranged or even what it should be. In Britain, the Saudi statements have been interpreted as meaning that a settlement would have to give the Saudis what they claim. In fact, it is likely that King Saud would agree to accept the findings of another international tribunal. This may be what Mr Azzam is telling Mr Ormsby-Gore.

ARAB REFUGEES

Bid for Sanity

ONCE again the United Nations has embarked on the weary treadmill of debate on the future of the Palestinian refugees. The assembly has to decide under what terms to renew the mandate for the United Nations Relief and Works Agency which expires in June. Since most of the million Arab refugees depend entirely on the agency, there can be no question of putting it out of business. But the United States, which supplies nearly three-quarters of its $38 million budget, has been making a bid for sanity by suggesting that the agency's life should be extended for a very short period and then only on condition that the Arabs and Israelis agree to start negotiating something better than the present makeshift solution. Unfortunately this is not a case where the country that pays the piper calls the tune; however toughly the Americans bargain to begin with, they will always be expected to yield at a certain point rather than produce a deadlock from which the refugees would be the immediate sufferers.

Neither the Israelis nor the Arab states have budged from their familiar positions; both stand pat on the particular United Nations resolutions that suit them. The Israelis reiterate that they are ready at any time to negotiate, but only as part of a general peace settlement. The Arabs maintain that there is no need for discussion as the assembly has declared long ago that all refugees who want to return to their former homes should be allowed to do so. Mr Hammarskjöld's proposal earlier this year that member governments should work out a programme for integrating the refugees in the countries where they now live has been aired by two or three countries including Ceylon, Liberia and the United States, but it has already been made impracticable by determined Arab opposition.

In these constricting circumstances there is no better tool than Unrwa for keeping refugees alive, and it is sad news that the British deputy director, Mr Leslie Carver, was killed in a motor accident last week. He had held this post since 1952 under three different directors, all of them American and all obliged to spend much of their time fund-raising or lobbying at UN headquarters. Mr Carver had more responsibility on the ground than anyone else, and he will be remarkably hard to replace.

ADULTERY

The Archbishop's Remedy

THE Archbishop of Canterbury's *obiter dictum* at the Canterbury Diocesan Conference that "the time is coming when adultery ought to be made a criminal offence," has given rise to a nice crop of bizarre headlines in the Press (including one misleading great big black one: "Adultery by the Primate") and some flabbergasted general comment. But the Archbishop's proposal is not as revolutionary as many people appear to think. The late Dr Hensley Henson, Bishop of Durham, made a similar suggestion some time ago, and the Primate is already on record as stating that adultery is more harmful in its social effects than a homosexual act. Furthermore, adultery is a crime under the Indian Penal Code, and in the overwhelming majority of jurisdictions in the United States. Thirty-seven of these also punish fornication. In most states these laws are not enforced, but in others they are not dead letters. In Boston, for example, in 1948, 248 people were arrested for adultery, in Los Angeles four, and in

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Baltimore three. In England, adultery was punished by the common law courts in the sixteenth century (*R v Ranyer* 1558 *Midd. S.P.R. Mich. I. Eliz.*), but exclusive jurisdiction then passed to the ecclesiastical courts.

If the Primate is really serious in wishing adultery to be punished today, he has no need to wait upon the vagaries of the legislature. The jurisdiction of the ecclesiastical courts over moral offences has never been abolished, although it has not been exercised since the middle of the nineteenth century. Some judges have expressed an opinion that it could not be exercised today, but it has never in fact been abolished by Act of Parliament.

The proper course then, for a zealous churchman who supports the Primate's stand is to bring a prosecution in the Archdeacons' Court by a process appropriately named "promoting the office of the Bishop." Once jurisdiction had been revived in a test case, other prosecutions could follow. The punishment imposed in the Archdeacons' Court would be some form of ecclesiastical penance, such as wearing a white sheet for a stated period (last imposed in the 1850s) or reciting a series of prayers in church. Should the offender prove contumacious, the ultimate sanction would be excommunication. Since criminal prosecutions are not subject to time limits, in the absence of statutory limitation some interesting possibilities for prosecuting past offences would arise, including among the great. Some people might find attractions in this line of thought ; but on the whole, we think, much wiser not.

PEST KILLERS

Farmers' Chemical War

BRITAIN has had its own equivalent to America's cranberry scare (see page 862), and perhaps with rather more reason. Anxiety in this country about the growing armament of anti-pest chemicals used in farming—weed-killers, insecticides, fungicides—was brought to a head a few weeks ago when a farmer's wife in Herefordshire was fatally poisoned by water from a well contaminated by arsenate potato-haulm killer. In this tragic instance, the moral to be drawn was the need for stricter standards of care in using particularly toxic substances. Direct and immediate danger to human life is not, however, the whole story. In his maiden speech last Friday, Mr John Farr, the new Conservative member for Harborough, made a point which up till now has had far too little attention.

The very efficiency of chemical armaments makes their use equivalent to throwing a spanner into the ecological works—with results impossible, in the present state of knowledge, to calculate in advance. The most obvious disturbance to the biological balance of the countryside is the effect of enthusiastic and ill-timed DDT spraying on hive bees. The direct loss to beekeepers is heavy and well attested. The indirect loss, to farmers and fruit-growers themselves through the resulting break in the pollination process, is as yet very much less than the improvement in yields due to pest eradication. But the possibly quite incidental extermination of a predator could bring about a plague of its natural prey. What this danger amounts to is, quite simply, unknown. It may be imminent and serious, or remote and negligible. The same may be said of the "long-run build-up of toxic sprays and chemicals in our soil" to quote Mr Farr.

To make these points is not to range oneself alongside those inveterate anti-technologists to whom all laboratory products are the work of the devil. The moral is not to scrap the chemical armoury and go back to the hoe for weeds (and presumably to the thirty-bob wage level at which the hoe was an economic proposition). Nor is it to adopt an impotent resignation in the face of pests. It is to devote a great deal more energy and money to research, not merely into the short-run side-effects of chemical warfare (as is already done under the scheme set up following the Zuckerman working party report in 1953), but also into its results in that long run in which hubristic attitudes to Nature are apt to reap their due penalty.

MEXICO

Visitor from Moscow

MOSCOW's decision to send no less a person than Mr Mikoyan to open the Soviet trade fair in Mexico City is evidence of Russia's alert eye for the Latin American chance. Washington's unsure touch in dealing with its southern neighbours has created openings that no Russian cold warrior can be expected to ignore. Besides making the most of such sore points as the anti-Yankee sound and fury in Cuba and Panama, the Soviet Union is probing the possibilities in more important, though less immediately promising, territories. Last year there was a trade agreement with Argentina ; now, apart from the venture into Mexico, which may be extended into Venezuela, the Russians are playing host to a Brazilian trade mission.

Mr Mikoyan brings his offer of long-term credit to Mexico at a time when the republic is faced with a situation in which its main exports—cotton, coffee and lead—are fetching low prices. At present 80 per cent of Mexico's trade goes to the United States, and in October President Lopez Mateos paid a friendly call on Mr Eisenhower at Camp David. The two presidents produced a joint statement of magnificent cordiality in which they promised to keep in touch with one another over such delicate subjects as the production of lead and zinc. All the same, the Mexicans are bound, at this moment, to be interested in learning what the Soviet Union has to offer.

Mr Mikoyan also has some diplomatic fences to mend. A few weeks ago, two Russian foreign service officials were asked to leave because of their undiplomatic practices in connection with Mexico's rail strikes, and the secretary-general of the Mexican communist party is now awaiting trial for his part in the affair. Although in the last 30 years Mexico's revolutionary order has shaken down into respectable conservatism, Mexican business men and diplomats have found it politic never to let the image of national revolution be quite buried. Mr Mikoyan's visit will stir uncomfortable memories in American minds.

KENYA

Shattered Hopes

IT is now clear that the division between the Kenya National party, which was multiracial under African leadership, and Mr Mboya's Kenya Independence movement is fast disappearing. The African leaders of the Kenya National party have this week shed some of their most influential Asian support, because they are no longer prepared to admit in public (though they might still accept in private) that a future Kenya constitution should have any provision for reserved seats for Asians or Europeans. This means that Mr Muliro and Mr Arap Moi have had virtually to adopt Mr Mboya's and Dr Kiano's policy —which is adult suffrage on a common role and self-government (if not independence) in 1960.

This is bitter news for Mr Macleod and Sir Patrick Renison, the new governor. With whom are they now to negotiate? The Kenya National party was their main black hope, but even its degree of moderation and inter-racial co-operation is fading. It is painfully plain that Mr Blundell's New Kenya party, an intendedly multiracial party under European leadership, is not offering a policy that could be implemented in the 1960 conference without a violent African reaction. African opinion is in no mood to accept anything less than Mr Nyerere is going to get in Tanganyika—and Mr Nyerere will almost certainly get a common roll and a majority of African seats in both the legislative and executive councils. It is therefore useless for the New Kenya party to campaign on vague proposals for qualified franchises at this stage; there are unhappy signs that more and more Kenya Europeans, realising this, are beginning to listen to Group-Captain Briggs's siren call for a "united white front" in London.

The racial gulf has yawned wide again. It has done so at a time when the Kenyan railway strike has been proving a fairly impressive test of African solidarity—and the strikers are out mainly on racial grounds. Mr Macleod should inquire into the follies of the local administration which have driven men like Muliro and Ngala back into the arms of Mboya and Odinga. But it is now late in the day.

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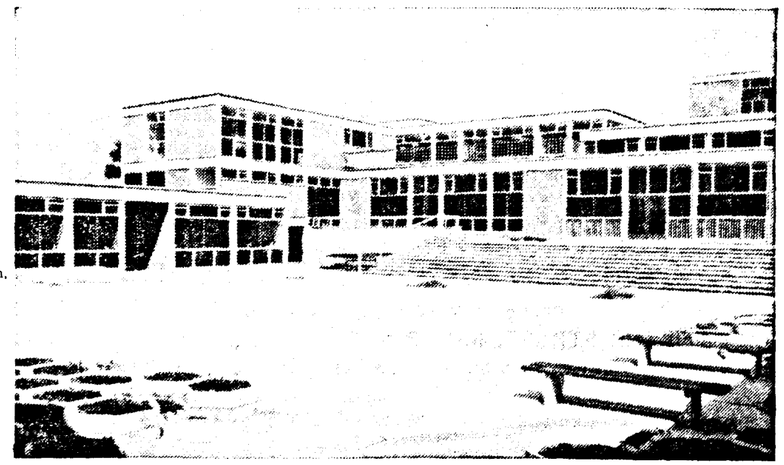

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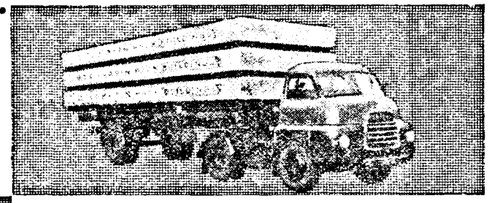

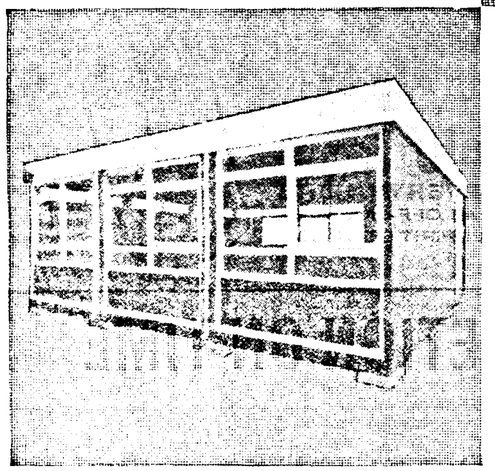

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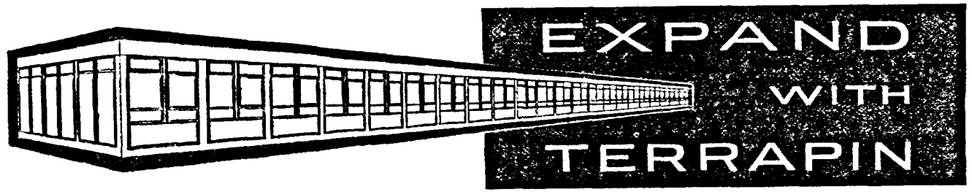

LETTERS

The Liberals Protest

SIR—In last week's article "The Liberals' Next Steps" you assert again that Liberals in the Rochdale by-election promised protection for cotton. You have never produced any evidence to support this allegation. I suggest that you do so or withdraw it.

I took some part in the Rochdale by-election and I have been for eight years the Liberal spokesman on cotton. I have never at any time—including the Rochdale by-election, when I spoke for Mr Kennedy at the opening of his campaign in the Town Hall—advocated protection for cotton. In truth—as *The Economist* has noted on more than one occasion—I have continuously opposed protection for cotton.

I heard Mr Kennedy speak on a number of occasions during the by-election and I read his election literature. In neither speech nor written word did he indicate or imply that he would support protection for cotton. I know of no other leading Liberal spokesman in that by-election who advocated protection for cotton. As far as I am aware, Liberal candidates in Lancashire have always fully supported the line I have taken on cotton. If you have evidence to support your allegation you should publish it; if you have not, I request you to withdraw it and I suggest you will owe the Liberal Party, and particularly Liberals in Lancashire, an apology.—Yours faithfully,
House of Commons ARTHUR HOLT

[Representatives of the local cotton employers' association at that by-election recommended Rochdale to vote Liberal rather than Tory, specifically on the grounds that the Government would not promise to protect cotton enough. At that moment, when the Liberals' main need was to get over their freer trading image to the country, the party had an historic opportunity to seize the headlines by saying bluntly and sharply that it stood for even less protectionism than did the Government. Instead, Mr Kennedy began to say that he was very new to the issue, and that cotton was a complicated problem, etc.; and Mr Holt, whose previous and subsequent outspokenness had been admirable, knows quite well that he himself chose to become more muted instead of blunter. Mr Holt has made up for this with magnificent courage on the issue since; he got specific credit from *The Economist* when he did; and he still triumphantly held Bolton at the general election. Liberal voters should now forget that by-election of the long spoon; our point last week was that those who plan future Liberal tactics should not do so.—EDITOR.]

SIR—Just after the Torrington by-election in 1958 *The Economist* published a leader so inaccurate in its accusations of protectionism and pacifism that I was forced in self-defence to reply. You neither commented on my reply nor substantiated your charges. You now repeat them in "The Liberals' Next Steps" and imply that as a consequence of these policies many votes that were then "easy to come by . . . were bound to be easy to go away again later." In fact, the Liberal vote at Rochdale and Torrington—the two constituencies you mention—in the general election of 1959 was higher than in the by-elections of 1958.

As for the policies themselves, I can only quote your own comment on our agricultural policy: "In its analysis of the agricultural situation—and in most of its policy recommendations—this report [the Liberal Party report on agriculture] stands head and shoulders above its Conservative and Labour counterparts." The suggestions I made to deal with local problems were derived from the admirable report made by The Economist Intelligence Unit, "Our Forgotten Countryside," now on sale.

There is, however, one point which your article does not make. One of the main steps the Liberal party can take is to persuade those who agree with it in private to say so in public.—Yours faithfully,
London, W8 MARK BONHAM CARTER

[This requires broadly the same comment as Mr Holt's letter above, if Mr Bonham Carter insists that we must use the tiresome device of editorial footnotes in order to go on rattling old bones. The Torrington by-election of 1958 happened to coincide with the publication by the Tories of a rather courageous and therefore unpopular agricultural price review; the use that Mr Bonham Carter then made of this issue did not bring over the Liberal image in what we regard as its best light. The last sentence of his letter is baffling. After all, all that we have recommended is that Liberal candidates would be wise to continue to say in public, even at times when the squeeze is on, the excellent things that they are saying both in public and private at times when it is not.—EDITOR.]

Women's Magazines

SIR—May I comment on your account of the "Petticoat Battleground," where you very rightly draw attention to the crippling shortage of colour retouchers in the photogravure section of the trade. You are, however, wrong in suggesting that any relief could be found by turning to web fed offset. The retouchers for the offset process are members of the same union, the Society of Litho Artists, Designers and Engravers; though they are in a different section, they are interchangeable for purposes of union policy, as also are the letterpress process engraving workers.

SLADE has, since the war, preached to its members the extraordinary doctrine that there is bound to be a recession in their trade and that the most restrictive policy on intake is necessary, to such a degree that at the present time the employers in the process engraving trade are under the strongest pressure to reduce the intake of apprentices for the very years that coincide with the school leaving "bulge."

As you well know, Sir, the trend of print in the last decade has been towards ever more illustration in colour. You will not be surprised that under the shelter of a firmly "closed shop" and of this restrictionist policy, the acutest shortage of labour now prevails in all the illustration producing sectors of the printing trade. Desperate employers compete for staffs at wages far above the union-negotiated rates. For these men of course, this is "all right, Jack." From the national point of view it is not so right that some print is priced out of existence and some print workers, who have recently submitted to an arbitrated settlement of their own claims, should be priced out of a job. Manufacturers' ring prices, including those of printing blockmakers, are now rightly subject to searching inquiry by the Restrictive Practices Court; labour restrictive practices undergo no such scrutiny. The equity of this is hard to see.—Yours faithfully, ADAM MAITLAND
London, SW7

Horse Racing

SIR—Your article "Boldly in Hazard," in my opinion, was misleading in its conclusion that owners of racehorses and breeders of bloodstock can be classed in the category of "a few very rich men." Only a small minority of the members of the Racehorse Owners Association own more than five racehorses (some 8 per cent) and the interest of the remainder varies from a mere half-share in one horse only.

The fact should not be overlooked that, whilst a few comparatively wealthy owners may have succeeded in winning some of our more important races in recent years, and will no doubt continue to do so, they were in several instances neither domiciled nor resident in this country. Furthermore, there is undoubtedly a very substantial section of our population, and in all walks of life, whose main hobby or occupation is allied to the horse, its breeding and its racing. Many of such people to my personal knowledge are compelled to make considerable financial sacrifice to enable them to support and enjoy their overriding interest.

A reference to royalty may connote wealth, but the expression "the Sport of Kings," historically applied to horse-racing, should be read with intelligence and in its true context.—Yours faithfully,
H. AUBREY EASTON
The Racehorse Owners Association Ltd.
London, EC4

Mr Speaker Morrison

SIR—I refer to your editorial note entitled "Parliamentary Pensions," a title amply justified, if I may say so, by the course of the debate. In commenting on the second

reading of the Bill for Mr Speaker Morrison's retirement, you say:

> It is gratuitously offensive to imply that Lord Dunrossil accepted a great ceremonial office like the Governor-Generalship of Australia in order to get extra money.

It was much more than an implication to that effect that came from the Labour benches. Mr Pannell thought it unfortunate "that the acquisitive sense of one Speaker has led him astray from the course of history."

I write mainly in the hope that publicity may be given in your columns to the only fair or generous remarks made about the retiring Speaker in this unedifying debate, in which irrelevance and personal interest seemed the main theme of speakers of all parties. The exception was the speech of Sir Charles Mott-Radclyffe, who said:

> Happily, in our public life there are still many men, of whom Mr Speaker Morrison is one of the most distinguished, who judge high offices and appointments not by what they can get out of them but by what they can contribute to them. We should be proud that an ex-Speaker of this House should have felt able to accept an invitation to serve a Commonwealth country in the high post of Governor-General.

I first met Mr Speaker Morrison in the year 1921. I have known him as a friend off and on ever since; I have never known a man who cared less about money or material considerations. The Australians will find him completely without "side," and a man of outstanding character, who dominates any company by his personality.

Of one thing I am certain. Mr Pannell and Mr Mellish are barking up the wrong tree. I am certain that Sir Charles Mott-Radclyffe is right. If this appointment does not prove an inspired choice, of one of the most remarkable public men of our time, I shall be greatly mistaken.—Yours faithfully,
Brooks's JOHN SENTER
London, SW1

The Cameroons

SIR—In your comment of Saturday, November 14th, on the Northern Cameroons plebiscite you described the result as "wildly unrealistic, however democratic." These comments seem to have been based on a totally erroneous interpretation of the plebiscite result. For it is incorrect to say, as you did, that the Northern Cameroonians have voted "to be torn bodily from the country of which they are an integral part." The choices before the people were: (1) do you want the Northern Cameroons to remain part of Northern Nigeria after independence? or (2) do you want to postpone a decision on the future of the territory until a later date in the future?

The people voted very heavily against the first choice. And in doing so they did not, it should be emphasised, vote against remaining part of the Nigerian Federation. They have only expressed their loss of confidence in the present Government of Northern Nigeria whose party, the Northern People's Congress, supported the first alternative. And in this respect they were neither "unrealistic" nor "misguided." For even *The Economist* itself has at different times condemned the feudal and unprogressive autocracy which today dominates Northern Nigeria. It is only natural for the people to express their resentment at the first opportunity. As for "inexperience," we think that the high poll of 87 per cent adequately makes up for whatever experience the people might have lacked.

As the only major political party which sponsored the second alternative, the Action Group is completely satisfied that when the time comes for the Northern Cameroons to take a decision on their future, they will choose to remain in a Middle Belt State within the Federation of Nigeria.

In our view it should not be necessary to separate the territory from Nigeria, even temporarily. This is why the Action Group has, in a three-point policy statement, urged that a final plebiscite should be held in the Northern Cameroons after next month's federal elections but before Nigerian independence on October 1, 1960.—Yours faithfully, S. O. SHONIBARE
Action Group Campaign Committee, Lagos

American Education

SIR—Mr De Pillis's letter on this subject is unconvincing. His statement that New England has "the highest state university tuitions in the country" is misleading. According to an American Council on Education publication of 1956, only the lightly populated northern tier of New England states had anything describable as high tuition or fees, compared with other state universities. Mr De Pillis's own institution, the University of Massachusetts, serves roughly half New England's population; it quoted tuition of $100 per annum, plus $38.50 in "other fees." The University of Connecticut charged a "university fee" of $150 (no tuition); that of Rhode Island, $200. The University of California charged an "incidental fee" of $84 per annum (clearly the word "tuition" is unpopular, if the fact is not); that of Oregon, $189; that of the third Pacific state, Washington, $183. (All these figures are for state residents; outsiders always pay more.) Thus two of the three West Coast universities are more expensive than those of Massachusetts or Connecticut.

Insofar as Mr De Pillis *has* a point about the relative inadequacies or expensiveness of state-supported education in New England, does this not suggest deeper factors at work? Why this lag in New England? Surely it is because for generations it was mainly the old Anglo-Saxon element in the population who were interested in higher education, and who gave their money, energy and devotion to private colleges and universities, the Harvards, Yales or Amhersts. The later arrivals from other parts of Europe tended (quite naturally) to regard higher education in general as the citadel of privilege and a mistrusted intellectualism. Thus New England conservatism, both of the blue-blood and the immigrant variety, has slowed the growth of state-supported higher education, until recently. That these attitudes are changing does not mean that they never existed. Nor is there anything disparaging or undemocratic about *The Economist's* having dared to refer to them. —Yours faithfully,
South Ascot RICHARD W. LYMAN

The Village that Committed Suicide

SIR—It is difficult to accept that "the Coal Board's ill-conceived redundancy scheme" is the main reason for the high proportion of men remaining unemployed in Cwmllynfell, since unemployment benefit and the Coal Board redundancy compensation both depend on a man's not refusing any reasonable offer of alternative employment. Neither the Ministry of Labour nor the Coal Board pay benefits to men who "choose" to remain unemployed where other work is available.

The main factor is, clearly, the amount of alternative employment available in the district and not the existence of a compensation scheme. About half a dozen men made redundant from Cwmllynfell and Steer collieries did not qualify for compensation under the board's scheme—yet all this group remained unemployed nine months after the closures. It could not be said that these men were being "invited" to remain unemployed.

At the other end of the country, in Northumberland, about 750 men were made redundant at roughly the same time by the closure of three collieries. All except 93 of them were in work again before the end of the full compensation period under the board's scheme. The difference between the story at Cwmllynfell and in Northumberland reflects the difference in employment opportunities; the explanation clearly lies here, not in any shortcomings of the Coal Board or the miners.—Yours faithfully,
NOEL GEE
The National Coal Board
London, SW1

Bank Architecture

SIR—I have not paid particular attention to the Midland Bank premises in Piccadilly, but I should like to have it explained to me how a building—even in Piccadilly Circus—can be held to resemble Shrove Tuesday in the town of my adoption. It would be interesting to have your comment in a similar space-time symbolism, of the proposed erection in the same circus, which has recently been the subject of some discussion.

On grounds of accuracy may I remind you that the correct spelling is "Middlesbrough"?—Yours faithfully,
Saltburn-by-the-Sea W. G. WILLIS

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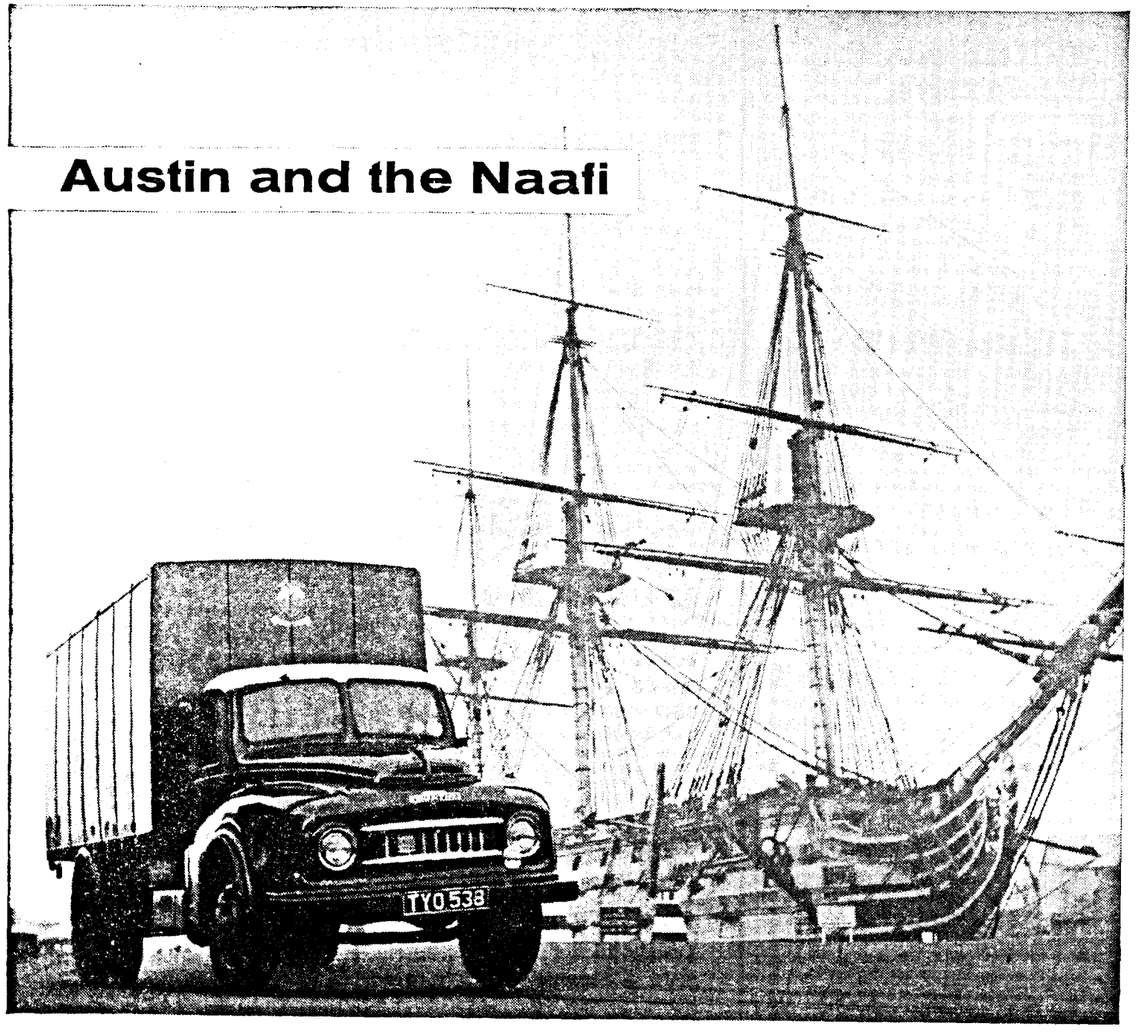

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Prelude to Israel: *An Analysis of Zionist Diplomacy, 1897-1947*

By Alan R. Taylor.
Philosophical Library, New York. 136 pages. $4.75.

IT is twenty years this year since the British, by issuing the Palestine White Paper of 1939, thwarted the hopes of Zionists who had pinned their faith on Britain, and caused their movement to transfer its main effort to the United States. Only ten years later—in January, 1949—the state of Israel held its first elections, and secured recognition by a mass of fellow states which had, in accordance with diplomatic practice, awaited this hallmark of stability. That gap of ten years was filled by the Zionists with a highly successful compound of what Dr Taylor (of Howard University, Washington, DC) describes as "planning and organised effort." The part of his book that describes it is the most interesting part, for the early history of Zionism has been adequately covered by many writers who wrote in times less highly charged with emotion than have been the years since the war.

Plenty of books have been written about that final decade also, but none of them, so far, can be described as a dispassionate account of what happened. Some tell only the bits of the story that are to Zionism's credit; others, and fewer, to its discredit. All are crossed with prejudice. Perhaps no Jew has yet felt up to the more scholarly task, so darkly is it shadowed by genocide and tragedy; but why have Gentiles quailed at it? The reason is, perhaps, that Israelis are so new to nationhood, and Zionists outside Israel so hen-with-one-chick-ish, that both flare up at criticism, however much this may be what the courts call fair comment. Thus in Britain an author (in America, it is said, also a publisher) is hard to find, because Zionist watchdogs make the sequel to some adverse judgment a spate of time-consuming, unrewarding polemics about bias. "Why expose myself," think potential writers, "to the fag and irritation of this flood of correspondence about a partisanship I do not feel," and they turn to another subject. The loser is Israel, for the result has been a stifling of the kind of comment that is a tonic for any nation's health.

Dr Taylor's book is a good start in the right direction. Zionists will tend to write it off because it recognises points at which Mr Bevin showed horse sense, or President Truman naïveté, and makes no bones about a connection between terrorism and diplomacy; yet it is a mistake to discount the whole because parts are not to one's taste. Most of it is level-headed and well founded.

It describes the process whereby leaders, who had in the early 1900s (after fruitless approaches to Sultan and Kaiser) fastened on Britain as the right helper, between 1939 and 1942 transferred their diplomatic effort from London to Washington with the instinct that causes birds to shift their habitat or animals their pasture. It examines the care, the committees and the societies whereby they prepared to exercise, first, pressure on America to press Britain, and later (seeing that this would be needless) direct pressure upon the government of the United States. In the mind of the British reader, it must here rouse speculation about how far, during the war, anyone in London had time to grasp the importance of this change. Perhaps it was underrated because, for the duration, the image of the Jew in the British mind was that of a victim, not a planner.

The book, which is succinct but well documented on sources in English, sticks to the main lines, never bothering about embroidery such as descriptions of the superb oratory and generosity that marked some of the campaigning, or of the forms to which propaganda and fund-raising stooped towards the end of its period. It describes the evasiveness of Roosevelt, and the switherings of Truman between his sympathy for suffering, his anti-colonialism, his annoyance with Bevin, and his ready ear for Jewish buddies on the one hand, and the State Department and Pentagon on the other, always coming out in favour of the buddies in the end. It leaves on the gentile mind an impression of dogged Machiavellianism allied to a capacity for spotting the weak point at which to apply the pressure—a combination that commands attention and respect, but a form of respect that is tinged with misgiving.

For Dr Taylor sees, as any good contemporary historian should see, that the slice of life he describes is no more than a slice. There is another to follow. And in a last chapter he expresses his doubts whether Zionism, though so successful in the short run of the last sixty years, can go on being so in its present shape. What happens if the Diaspora—at present "willing to help but not prepared to become part of Zionism's experimental state"—changes its mind and want to be "in-gathered"? Or if it grows cool because it takes fright at the Zionist attempt to build up a double loyalty, and an identity with Israel, in the breasts of citizens of third states. Maybe there is a middle way between these two alarming extremes, but the factors that might open it up are so variable that prophecy is impossible. To draw attention to them is to awaken sympathy for a country with Israel's origins, as well as misgivings about it. As one absorbs the perspective of this book one begins to see reasons, other than those of temperament, why the Irish are so jaunty, and the Zionists so touchy, about criticism of their state-at-any-price campaigns. Both campaigns carry the distinction of success. But the Irish are over the hump of life's complications, the Israelis still beset with them.

The Suicide Bombers

The Divine Wind

By R. Inoguchi, T. Nakajima and R. Pineau. *Hutchinson.* 224 pages. 25s.

ON October 25, 1944, five bomb-laden Japanese planes deliberately crashed into an American naval force off the Philippines, sinking one escort carrier and damaging three others; and that dramatic act inaugurated the suicide bombing campaign by "Kamikaze" pilots (euphemistically called Special Attacks by the Japanese) that was to continue until Admiral Ugaki, commander of the Fifth Air Fleet, personally led a final mission on August 15, 1945—after the Emperor's order to lay down arms had been broadcast. It was during the fierce struggle for Okinawa between March and June, 1945, that the campaign reached its zenith, with hundreds of young Japanese pilots attempting to achieve immortality by immolating themselves on the decks of Allied warships; and at one time, in April of that year, they were inflicting such losses and damage that it seemed just possible that they might succeed in driving away the fleet upon which the American land forces entirely depended. Happily countermeasures, combined with a whole succession of Japanese errors, eliminated the danger. Yet the Kamikazes—forerunners of the guided missile era—did prove one of the most effective anti-ship air weapons of the whole war; and everyone who underwent attack by them will remember the nerve-racking tension of watching them approach through a hail of gunfire, and climb for the final dive from only a few hundred feet overhead. Incidentally it was during the Okinawa campaign that the Royal Navy first came in for its full share of suicide attacks; and Admiral Vian's aircraft carriers then proved (as the illustrations in this book dramatically show) the enormous value of their armoured flight decks. Though often hit they were always in action again far more quickly than their American counterparts.

To westerners the whole conception of such a form of warfare has a nightmarish, Kafka-like unreality about it; and perhaps the greatest interest in this account from the hands of two Japanese naval officers who played a prominent part in the organisation and execution of the campaign lies in its revelation of the mentality that made it both possible and joyfully acceptable. The pilots selected for the purpose felt, we are told, like "gods without earthly desires"; they were filled with "a frenzy of

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joy and emotion"; and they often left behind them letters or poems about cherry blossom in spring, or about going to their deaths with their mothers' photographs in their bosoms, whose glutinous sentimentality would be unbelievable were it not so fully and factually documented.

Of course the campaign bore within it from the very start the seeds of its own defeat; and it would probably have been far more effective had the attackers sought out the precious tankers and supply vessels on which the Allied fleets utterly depended —instead of wasting themselves on targets of secondary importance such as the picket destroyers. Yet there may be here a useful lesson about the extremes to which an oriental nation can drive its subjects when it faces—or believes that it faces—extinction.

Mr Roger Pineau's work in translating and editing Japanese accounts of the last war is already well known over here as well as in America. In the present instance his scholarly care in correcting false statements and incorrect claims keeps the whole story in proper historical perspective. Yet one reaches the end without really being any nearer to solving the riddle of how it was all possible. Probably to European minds it will remain unintelligible; but it may be worth remembering that it actually happened.

New Modern Histories

France

By Albert Guérard.

Italy

By Denis Mack Smith.

University of Michigan Press. London: *Mayflower.* 614 pages and 547 pages. 70s. and 60s., respectively.

EVERY generation needs its own History of the Modern World, and every university press hankers after one. From Ann Arbor, under the editorship of Dr Allan Nevins, we have the not-unfamiliar benefaction: a series for those "thoughtful people" who have grasped that the United States has "irrevocably accepted" its global role, but still needs "a comprehension of the fast-changing world situation." This is splendid if it means that historians like the late Mr Guérard can be employed to write the big books that they clearly have in them, and to write with lucidity, wit and understanding. But it emphatically will not do to present this bulky, and in many ways admirable, piece of chronicling and lucubration as anything approaching a "biography of a nation" without allowing its author to say a word about how France actually makes its living.

Some truisms seem to be in order. It is essential to an appreciation of French policy and French politics in the last hundred and fifty years to know something about France's economic state and how it came about. Why was France so persistently over-estimated as a power in the nineteenth century? Should we not be told about the industrial revolution that never came off, and why? There are just two paragraphs about economic development when it at last came under the Second Empire; the rebuilding of Paris by Haussmann gets about as much. The next thing is that the Panama scandal bursts upon the unwary reader. Is it really so undesirable to give some of the background of the Third Republic's industrial activity? How was France able to fight the first world war at all? These omissions do not seem to be Mr Guérard's fault; the idea underlying the series may be.

It is necessary to pay tribute to Mr Guérard's qualities, to his cautious explanation that he does not purposely inflict "arrant pro-French propaganda" on his readers, and to his balanced attitude particularly on France's modern colonial problems. But the British purchaser may be informed of the book's high francophile strain in dealing with the last war and of some of its author's more original ideas on recent events. Thus he suggests that France in 1946 should have dispensed with a written constitution altogether; an interesting proposal but one hardly fitted to those times. He believes that French colonisation of the Sahara—with American help—is wholly acceptable to the neighbouring African states. On the Algiers coup of May, 1958, he avers that "if Massu—or more probably Salan—had been forced into the position of a Franco he could have relied upon the full sympathy of the Free World." Even for a Gaullist, this is not an entirely happy suggestion. And for a historian it is not really apt to make popularised comparisons like that of Bonaparte's marriage to Marie Louise with "Hitler winning Princess Elizabeth of England." Such failings detract from some miracles of compression and many excellent word-portraits, particularly those on Thiers and Guizot.

★

Mr Mack Smith has given an excellent exposition of the last century of Italian history: if he is primarily interested in political history he sets out the economic evolution of Italy with clarity and skill—it is this which becomes the key to all the rest. The specialist on Cavour and Garibaldi, well versed as he also is in Mazzini, Crispi and the others, has here taken time and space to examine the causes and results of underdevelopment in Italy. The Italy that was united in 1861 was desperately short of capital when the very fact of unity created vast new financial claims. It is true that quite unnecessary amounts were spent to bad purpose on the army, both then and in later periods. But the Piedmontese army and administration had to be expanded up to some kind of national scale, and the resistance of recalcitrant southerners, who were termed brigands, called for military suppression on no small scale; it was, incidentally, one reason for the final destruction of the temporal power of the Papacy in 1870 that, so long as Pius IX owned territory, it was used as a brigands' refuge and base.

Modern Italian industry may be said to have been founded with the first factory built in 1872 at Milan by Pirelli, who had been one of Garibaldi's volunteers; soon after, Breda founded the steel works of Terni. Lack of capital, however, led to a persistent policy of large state subsidies to industry, which of course reached a climax under Mussolini. The Terni steelworks began the tradition of industrial concerns dependent upon the state and with journalistic interests, a system which in a slightly modified form is today under fire in the shape of Enrico Mattei's great, modern gas and oil concern, ENI. Lack of capital, again, added a special significance to Italy's choice of ally. The Triplice, synchronising as it did with a period of phenomenal economic expansion in Germany, brought with it considerable German economic domination; in the years before 1915 the Banca Commerciale Italiana in particular was equated with German financial influence. Lastly, lack of capital left the south of Italy undeveloped until American funds were devoted to its reclamation after 1945.

If one reflects upon Mr Mack Smith's history of Italy since 1861 it seems quite extraordinary that this country of poverty was in fact constructed into a political entity. When Prussia made Germany it was already like the bones beneath the flesh; it had established economic control through the *Zollunion,* and the Prussian army had shown itself to be invincible. But remote Piedmont had no such advantages. Thanks to poverty, corruption became an important element in the politics of the new Italy, but corruption is often transitional rather than destructive.

Principles and Particulars

Essays in World Economics

By J. R. Hicks.

Oxford University Press. 269 pages. 21s.

PROFESSOR HICKS has repeatedly proved himself to be equally at home among the abstractions of quasi-mathematical pure theory and in the human world with which policy must deal. He has the necessary intellectual versatility—wide as that of an astrophysicist who should also be a competent engineering consultant; he has a style whose quality reflects both extreme clarity of thought and those good manners towards the reader which do not always accompany intellectual distinction; and he has, as his preface to this collection of essays makes clear, a philosophy that saves him from assigning an absolute priority to economic ends. These qualifications, brought to bear on the discussion of practical economic problems, enable him to set his topics in a perspection of general principles, without losing sight either of the knobby particular characteristics of each, or of the political and social realities of the total situation of which they form part.

Most of these essays have already appeared, over the last twelve years, either in learned journals or book reviews or in the proceedings of various societies and conferences. They fall into two main sections: the first dealing with varying degrees of particularity, with the vicissitudes of the British economy in the postwar world; the second with policy problems in a number of underdeveloped areas. Hindsight occasionally shows Professor Hicks to have erred (in plenty of good company) on particular points of judgment. He was, in 1949 and in 1953, deeply pessimistic about Britain's ability to trade in the American market, and only a little less so about the dollar gap in general. Elsewhere, however, time has fully vindicated him. To re-read the famous presidential address to Section F of the British Association, delivered in 1955, on the implications of the "Labour Standard," or the paper on "The Instability of Wages," printed in the *Three Banks Review* in the following year, is to recognise an early diagnosis of what looks like being the economic crux of the 1960s; a diagnosis, typically, owing a great deal to its maker's appreciation of social as distinct from purely market forces. While the papers on underdeveloped countries are mostly more specialised (the particular developmental problems of Ceylon, federal finance in Nigeria, unimproved value rating in East Africa) they give the same sense of perspective, of the placing of concrete instances in a setting that makes them intelligible. And one, more general, essay on "National Economic Development in the International Setting" deserves to stand as a classic.

Professor Hicks apologises in his preface for "bringing out a volume of essays of this kind instead of the collection of theoretical essays for which I have often been asked." He gives comprehensible reasons for his choice. Readers less professionally concerned with pure theory than the students to whom the apology is addressed may be grateful that he found these reasons sufficient.

The Acts of the Archæologists

The Tombs of St Peter and St Paul

By Engelbert Kirschbaum, S.J. Translated from the German by John Murray, S.J.

Secker and Warburg. 247 pages. 45s.

MOST scholars, Protestant as well as Catholic, are agreed that St Peter was martyred in Rome under Nero, between the years AD 64 and 67. The tradition that his grave lies beneath the high altar of St Peter's Basilica dates back to Constantine; but until the excavations ordered by Pius XII in 1939, archæologists had been unable to put it to the test. The final report was presented to the Pope in 195', and Fr Kirschbaum has based his book on the findings. He has also made full use of subsequent professional debate, especially the brilliant series of articles published by José Ruysschaert in the *Revue d'Histoire Ecclésiastique.* Tourists visiting the now easily accessible *scavi* may prefer the earlier and simpler work of Professor Joycelyn Toynbee and Mr Ward Perkins, but by all students of the subject Fr Kirschbaum's

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by the company he keeps

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PRIDE OF COGNAC

REMY MARTIN

book will be preferred, since he had the inestimable advantage of being personally responsible for much of the operation.

The primary task of the archæologists was to establish whether Constantine, when he began the construction of his basilica in 333, was relying on literary or architectural evidence to determine the site of Peter's grave. Their first great discovery came on reaching the original Constantine pavement, when they found that the floor level of the basilica on the south was seven metres above the original ground level, the whole southern side of the church being supported by an immense platform of millions of tons of earth, constructed to level the side of the Vatican hill. Directly afterwards, they established that instead of being built on the site of Nero's circus, as formerly supposed, the basilica had been constructed over a pagan necropolis, dating mainly from the middle of the second century, but with traces of grave constructions going back to the reign of Domitian (81-96). Constantine must have had compelling reasons to undertake this extraordinary engineering feat, and to flout the Roman law's protection of graveyards as sacred places, when a far preferable site was close at hand to the south. His reasons were made clear when the excavators came across a third century wall, covered with *graffiti* left by pilgrims, including the name of Christ, lying just under the pavement. Behind this, and in direct line with the later altars of Gregory the Great, Callixtus II, and Clement VIII, they discovered an earlier wall of AD 160, covered in red plaster, on which had been scratched the name of Peter. Against the wall, which had been constructed to enclose the graveyard, a monument had been built at the same date, at the foot of which lay an empty grave. There seems little doubt that the monument is the *tropaion* referred to by Gaius in AD 200 as marking the tomb of the apostle. Beneath this monument, at a slightly higher level than the grave, a pile of bones was found, and proved on examination to be those of an elderly man with his skull missing. It is worth noting the venerable Roman tradition that the skull of St Peter is preserved in a reliquary over the high altar at St John Lateran. Has the grave of Peter then been discovered? The question, on the evidence, cannot be answered categorically. What the excavations have accomplished is to move back the Constantine tradition two hundred years, and to establish that, within a hundred years of his death, this spot was venerated by Christians as Peter's burial place.

Fr Kirschbaum also considers the evidence for the authenticity of St Paul's tomb on the Ostian way, but here his sources are of necessity secondary, and his account lacks authority. Only a new series of excavations beneath the confessio of St Paul's can throw more light on the matter. Such an undertaking would surprise the Church authorities, but today surprises at the Vatican are not quite the rare occurrences they have been in the past.

Plain Man's Dickens

The Maturity of Dickens

By Monroe Engel.
Harvard University Press. London: Oxford University Press. 214 pages. 25s.

MR ENGEL has written a short, straightforward and matter-of-fact account of the major themes in the novels of Dickens and of the degree to which they reflect what Dickens consciously set out to do in his writing and what he profoundly felt about the society of his time. His attitudes are first illustrated by extensive quotation from his letters, particularly from those he wrote as active editor of the various magazines which occupied him during most of his writing life. Then the novels themselves are grouped and described and the author's major intentions analysed.

The result is something of a paradox. One is grateful to Mr Engel for a simple, direct approach and especially grateful for some quotations in the letters which the general reader would be likely to miss—Dickens's reaction, for instance, to "colourless, shapeless" writing: "I would as soon dine off an old glove, as read such pale literary boiled veal," or his contempt, still apposite, for the social world which is

> wrapped up in too much jewellers' cotton and fine wool and cannot hear the rushing of the larger worlds and cannot see them as they circle round the sun.

But when the discussion turns to the great novels, the simplicity and straightforwardness defeat their own object. By sparely stating a great symbolic theme, Mr Engel in some way robs it of its power to move and disturb us. The truth is that literary criticism of this kind to be really satisfactory must itself have some creative and evocative power. An Edmund Wilson or a Lionel Trilling can enhance the reader's whole capacity to feel and understand. But Mr Engel lowers the temperature so much that even the symbolic themes begin to lose their poetry and the very effort to explain clearly the greatness of the books threatens to diminish their greatness. This impoverishing lack of style is all the more disappointing in that Mr Engel is clearly a most honest and painstaking scholar and has written, within limits, a sound book.

Chinese Marxism

The Soul of China

By Amaury de Riencourt.
Cape. 318 pages. 21s.

THIS is another book which endeavours to explain what has happened in China, and it does so by reference to the past, comprising not only the last hundred years or so, but the whole of Chinese history going back to the ages before Confucius. The author holds a general theory of the development of civilisations derived from Spengler and Toynbee; this theoretical framework, however, is not essential to his account of Chinese history, which is marked by interesting speculations and flashes of insight, though not always by accurate knowledge. His main point is that the Chinese have always sought an "all-embracing system which explains and co-ordinates everything"; such an ideology was established by the old Confucian orthodoxy together with the civil service examination system, which "ground all non-conformists to dust."

The impact of the West in the nineteenth century shattered the old economic and political order of China, and Confucianism was discredited along with it; the Chinese intelligentsia looked for something to replace it which would provide a similar total explanation of the universe adjusted to modern science and a similar authority for society adjusted to the conditions created by modern technology. To minds with this craving, Western empiricism and pragmatism gave no adequate satisfaction; piecemeal investigations and provisional hypotheses did not meet their need. "What," asks Mr de Riencourt, "could the Chinese, with their long tradition of synthetic integration behind them, understand in this incredible jumble?" They were rendered less accessible to Western liberal thought than to German historicism as formulated by Hegel and Marx.

Marxism in China has become a militant religious faith, providing "a vast perspective of history which was not disparaging to Asia's past" and a guide to organised action untroubled by uncertainties or doubts. As a result "Red China is a more up-to-date, more ruthless, more efficient version of what the Celestial Empire had been for thousands of years." There is much to be said for this view, but the author's argument would be stronger if it were not mixed up with so much Spenglerism in its conception of world history.

Artigas and the Emancipation

By John Street.
Cambridge University Press. 52s. 6d.

Publication of this book, which was reviewed last week, has been delayed until December 1st.

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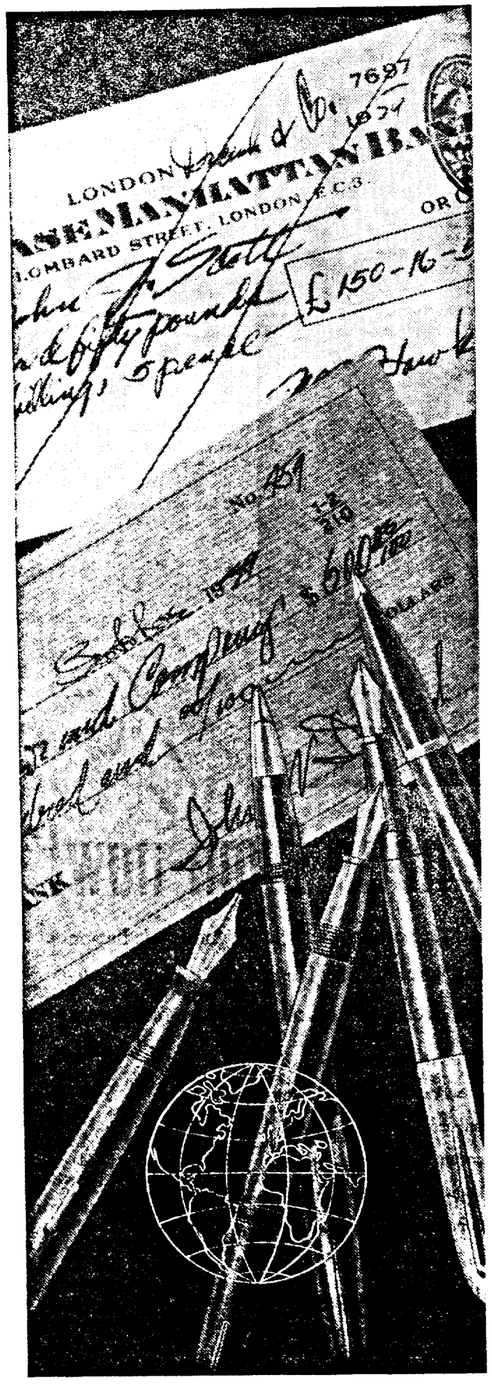

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AMERICAN SURVEY

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

Southern Cross

WASHINGTON, DC

A GRIEF ago, as Dylan Thomas would have put it, the United States learned that Latin Americans no longer loved it for its blue eyes and for being part of the same continent. The painful awakening which began when the Vice President, Mr Nixon, was spat upon in Caracas last year is now continuing with the discovery that the Latin American hostility is caused by more than temporary economic difficulties, and is unlikely to be removed by the comparatively minor efforts at appeasement which the United States has so far been willing to make. The resolutions which Cuba's trade union federation, beards abristle, passed last weekend express the dark suspicions that lurk in many Latin American breasts. These are that the United States "helps the dictators" because it prefers order to freedom south of Texas; that it expects special privileges for its citizens; and that it thinks of its Latin neighbours, when it thinks of them at all, as mere pawns (plus a bishop or two) for use in the cold war.

To Dr Castro's bitter attacks, and to the recent riots in Panama, the United States is responding in just the way that was to be expected after President Eisenhower had told a press conference that he was baffled. An advisory committee has been appointed, including the President's brother, Dr Milton Eisenhower. The State Department has sent to Panama Mr Livingston Merchant—the man it flings into diplomatic breaches now that Mr Murphy is retiring—to discuss the Panamanians' complaints about the operation of the Canal Zone. A university dons' study commissioned by the Senate Foreign Relations Committee has suggested that the United States should be more generous with economic aid and beastlier to dictators; but any thought that this foreshadows a more liberal approach by Congress next year must be balanced against the reported plan of a number of nostalgic wielders of the big stick to "bring Cuba to its senses" by cutting the import quota for Cuban sugar. These reactions are wearily familiar. The only change is that in the present heightened state of alarm the more extreme proposals—whether conciliatory or repressive—are getting closer attention.

The State Department has not set its face blankly against any concessions to Panama or Cuba. It is admitted that the Panamanians have some grounds for complaint about the way the United States has carried out the 1955 agreement regulating its occupation of the Canal Zone. Too many goods from third countries have been finding their way into the commissariats in the Zone; the provision that Panamanians and Americans should be paid the same wages for doing the same work has been stultified because it turns out that Americans have a monopoly of the better jobs. Changes may be offered in both fields, and it may even be possible to let the Panamanians fly their flag over the Zone if this makes their residual sovereignty seem less ghostly to them. The Cubans might just conceivably be mollified if the agents of ex-President Batista in Florida were kept under stricter watch, though it seems to be impossible to close all the hundred-odd airstrips in the southern part of the state to them. The trouble is that the State Department is unwilling to make any concessions so long as Dr Castro is whipping up, and the Panamanian government winking at, their respective mobs; and neither may be willing, or able, to call off the mobs now that they have been in cry.

The Americans' dismay is all the sharper because in the hope of removing two sources of Latin America's discontent—the shortage of public funds for development and the drop in the price of the primary commodities that the region exports—they have already bent before the wind. Last April's agreement to set up an Inter-American Development Bank confessed the inadequacy of the argument which Washington has used throughout this century: that private capital is sufficient for the needs of the area, if only the feckless Latins will run their countries honestly and efficiently enough to attract it. Something, though not very much, has also been done to implement the vague promise made by Mr Dulles eighteen months ago about sharing the burden which the recession had laid on the hemisphere's primary producers. Hitherto the United States has declared that, as a consumer, it will have no part in commodity agreements designed to raise export prices for producers. Now it has acquiesced cheerfully enough in a coffee agreement between the Latin Americans and growers in Africa; and a serious attempt has been made in the State Department to work out acceptable arrangements for other commodities, although so far Mr Douglas Dillon is said to have rejected them all for the sake of the domestic consumer.

UNFORTUNATELY, in spite of these gestures and the end of the recession, Latin America's bones are still sticking through its skin. Although the world price of sugar and that of some of the Andean metals has begun to struggle upwards again, the continuing glut of coffee (which accounts for a quarter to a third of United States imports from the area) means that the average price the Latins get for their products is still far below what it was in 1956 and 1957. All in all, the region earned no more dollars in the first half of this year than it did in the recession-benighted first half of 1958; its share in the total imports of the United States was smaller than it has been for some years. Nor is capital flowing in from the United States fast enough to build the industry needed to support a population that will reach half a billion or more by the end of the century. One estimate is that up to $3 billion of extra capital will be required from abroad each year for the next decade or so in order to achieve an annual increase of 4 per cent a head in the income of Latin Americans. Last year the flow of private investment from the United States was less than half a billion dollars. This was smaller than in either of the previous years and the genuflection to Latin wishes in the shape of the Inter-American Development Bank—the total capital of which is $1 billion—will bring only modest help.

It is not surprising that Americans are swallowing hard as they see Mr Mikoyan touring Mexican industrial plants this week and Brazil preparing to send an economic mission to the Soviet Union. But the political implications of the problem are far wider than the issue of communism. The United States has run up hard against two facts. One is that the Latin Americans are not insulated, as it was rather trustfully hoped they would be, from the nationalism at large in the world. This is most obvious in Panama, the one country where the United States occupies a slice of

territory. But it is also shown in the growing reluctance of Latin American delegations at the United Nations to have their arms twisted by big brother ; at one time in this session eight of them—the largest number ever to rebel on a cold war issue—were voting against the United States in the fight between Turkey and Poland for a seat on the Security Council. The other unpleasant fact is that a social revolution is stirring with which the United States, forgetful of its own revolutionary youth, has so far been unable to identify itself.

Very little has been done, for instance, to carry out the recommendation made by Dr Milton Eisenhower almost a year ago that the United States should treat democratic governments more warmly than dictatorships. The former ambassador to Cuba has been replaced by one more sympathetic to the Cuban reformers but the ambassador to Nicaragua, a friend of the very undemocratic President Somoza, remains. Nicaragua and the Dominican Republic continue to receive small amounts of military aid for "hemisphere defence," in spite of an abortive attempt by Senator Morse this year to strike them from the list, and there is a team of military advisers in darkest Paraguay. So far the United States has also been unable to muster much enthusiasm for the redistribution of land ownership demanded by the Latin American reformers. Mr Chester Bowles, one of the best informed liberals in foreign affairs, argued in the *New York Times* last Sunday that it will have to do so if it is to have a chance of retaining their confidence.

Admittedly, it is not always easy to tell which governments are dictatorships ; although the list has now dwindled in theory to three, it is reasonable to raise eyebrows about several others. The State Department also claims that it can only show its preferences in subtle ways. But it begins to look as if something blunter may be necessary. The irony is that the Americans, who were abused in the nineteen-twenties for insisting on their right to intervene in Latin American affairs, are now being abused for insisting on the pure doctrine of non-intervention even when this prolongs the life of the surviving dictatorships. By the terms of the charter of the Organisation of American States, they are almost certainly in the legal right in this ; but, as Mr Dulles discovered, legal rights sometimes fray under the rub of social change. If by the year 2000 Latin America's half-billion people are to be a counterbalance, on the side of the West, against China's industrialised billion, the United States may soon have to make clear where its sympathies lie.

No Thanks for Cranberries

THE only Americans who seem sure to have eaten cranberries with their traditional Thanksgiving turkey on Thursday are ambitious presidential candidates such as Mr Nixon and Senator Kennedy of Massachusetts, the biggest cranberry-growing state. Both were campaigning in Wisconsin, another cranberry area, when Mr Flemming, the Secretary of Health, Education and Welfare, issued his warning that shipments from Oregon and Washington had been found to be tainted with aminotriazole, a weed-killer which has produced cancer in rats over a two-year testing period.

The enthusiasm with which both Mr Nixon and Senator Kennedy swallowed their cranberries implied that Mr Flemming had been hasty, if not panicky. So did the comments of Mr Benson, the Secretary of Agriculture. But it was in May that the Food and Drug Administration refused to approve the slightest trace of aminotriazole in foodstuffs, as it is compelled to do under the 1958 amendments to the Food and Drug Act, even though it is said that a man would have to eat 15,000 pounds of cranberries a day for years to run any risk. Unless Congress gives the government more discretion next year the law will continue to bar any substance that produces cancer in either animals or humans. Mr Flemming's public announcement came only when some growers sent suspect berries to market.

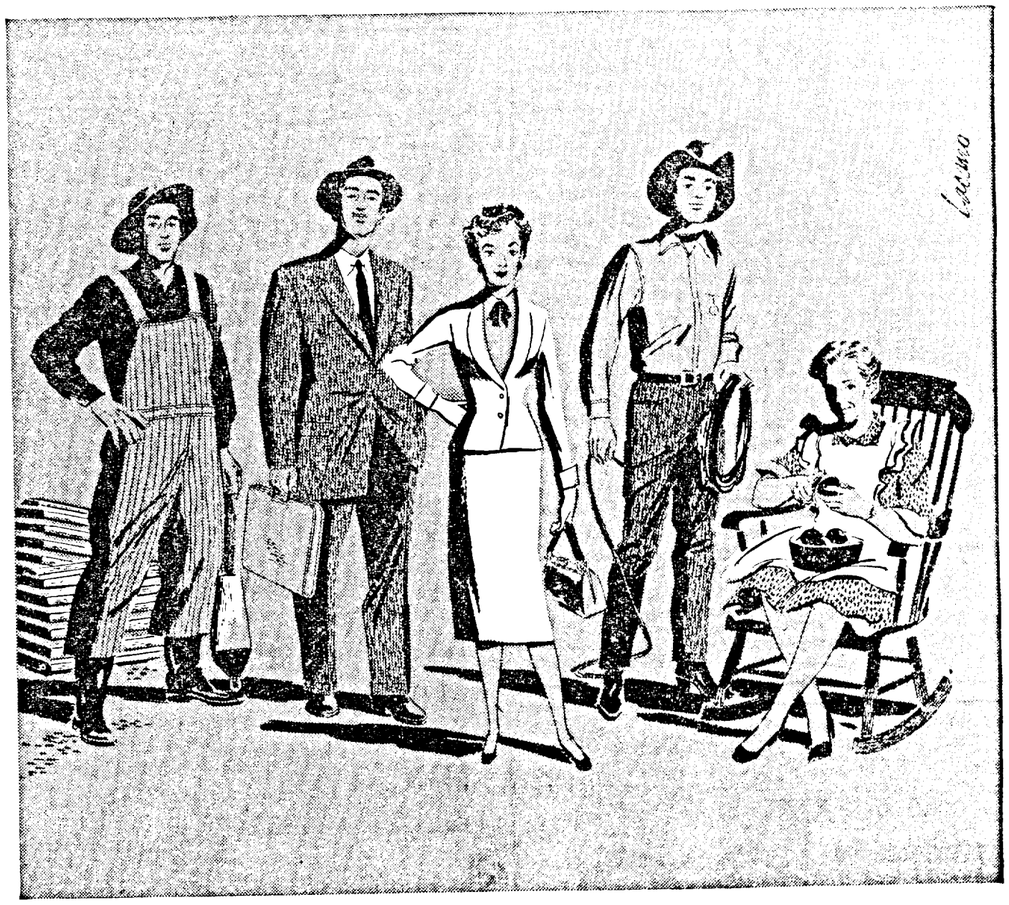
Working round the clock to save the growers from disaster, the analysts of the government and of private laboratories had cleared about 15 million pounds of cranberries by this week, but Americans normally eat 70 million pounds, about two-thirds of their annual consumption, at Thanksgiving and Christmas. Growers began to use aminotriazole to free the cranberry bogs of weeds in 1957, before its use was authorised by the Department of Agriculture ; in 1958 the department agreed to the use of the chemical provided it was within a few days after the harvest. This year, however, many growers disregarded this condition ; moreover, even some of the 1958 cranberries are tainted. In September the co-operative which handles three-quarters of all sales banned the use of the weed-killer. This ban, now official, raises another problem for the growers ; no substitute for aminotriazole is likely to be as cheap and effective.

If misery loves company, the cranberry growers may soon be happier. The 1958 Act tightened the controls on all substances added to food and put the burden of proof of their innocence on the manufacturer ; in the past the under-staffed Food and Drug Administration had to prove that a substance was dangerous. This change was made because of the enormous growth since the war in the use of pesticides, hormones, emulsifiers and other "additives" whose long-term effects may not be as benevolent as their immediate ones. When the new provisions all come into force in March the battle between industry and the guardians of the consumer seems sure to break out on other fronts.

Striking a Balance

THE steel strike, which arose from the refusal of the companies to be parties to an inflationary increase in wages, is probably going to bring an inflationary deficit, although only a little one, in this year's Budget. Receipts from taxes on corporations are falling so much as a consequence of the strike that there is now little prospect of the small surplus which had been forecast for the 1960 fiscal year which ends on June 30th. But revenues should pick up quickly once the strike is finally settled and it should also have the effect of prolonging the boom, and therefore of ensuring plentiful receipts from taxation, well into 1961. As a result President Eisenhower expects to be able to balance the 1961 Budget, the last which he will present to Congress, even though expenditures are estimated at a record $81 billion, $2 billion more than for the current fiscal year. This increase is the unavoidable outcome of high interest charges on the federal debt and of the rising costs of programmes already authorised by Congress, particularly for supporting farm prices.

Rising costs, both because prices are going up and because more must be spent on research projects as they reach the stage of producing weapons, mean that the 1961 defence budget is in effect smaller than this year's, even though the total figure of $41 billion is almost the same. When he was not banging at golf balls on his recent "holiday" in Georgia, the President was banging together the heads of his military advisers, and their enforced agreement on how the savings are to be made is being ratified in Washington this week. According to the detailed reports of these supposedly secret negotiations the main method of cutting back expenditure is to be the well-tried one of pushing still farther into the future the dates on which various of the new weapons will become operational.



WHICH OF THESE AMERICANS IS A CUSTOMER FOR EUROPE?

A Texas cowboy, a Maine lobsterman, an Iowa farmer's wife, a Chicago corporation lawyer, a New York department store buyer. These are but a few of the incredibly varied types who are classified as Americans and comprise the American market. They differ radically from each other and other Americans in tastes, desires, needs and ways of life, and, naturally, in the kind of merchandise they buy.

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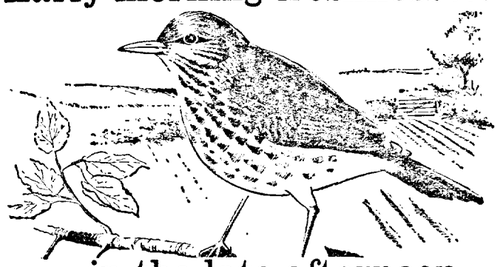

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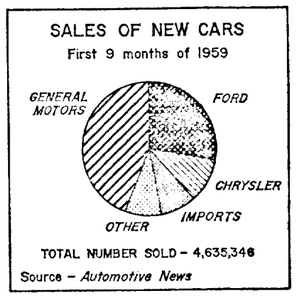
For next year at least, although probably not for long after that, there is to be no cutting back of American strength overseas or of military aid to allies, even though the $1.3 billion estimated for the latter is now added to the defence budget for the first time and to some officers must look like an easy place to economise. And in future the foreign share of military spending will have a strong and experienced defender at the highest level. General Williston Palmer, now deputy commander of the American forces in Europe, has been appointed to the new post of director of military assistance in the Defence Department and will rank with the Joint Chiefs of Staff. He will handle all details of allocating arms to allies, making sure that they go where they will do most good from a purely military point of view.

Ford's Fortunes

FROM A CORRESPONDENT IN NEW YORK

No sooner had the Ford Motor Company introduced its new small-sized car than the Ford Foundation announced a public offering of two million of its Ford shares for the second time in the last nine months. The foundation, which is America's largest tax-exempt charitable institution, has picked a favourable time to diversify its investments still further. The company is enjoying a good year for both sales and earnings and the prospect is that 1960 will be even better; in its output of new Fords, it is well ahead of its perennial rival in the low-priced field, the Chevrolet produced by the General Motors Corporation, which is not being made at all at the moment because of a shortage of steel; Ford's foreign operations are also doing well, particularly in Britain. Quarterly dividends, which were cut from 60 cents to 40 cents a share in the last half of 1958, have just gone up to $1.20—the regular dividend and an extra of the same amount—so that total payments for 1959 amount to $2.80 a share as against $2.00 last year. The foundation, incidentally, will receive the extra dividend, which alone will bring it in over $20 million, before selling its shares.

As the foundation made its offering the company announced tersely that it was abandoning production of its medium-priced Edsel car, which had been introduced in the autumn of 1957. The short and unhappy life of the Edsel is the latest evidence of how uncertain the automobile industry has become; once it considered itself an infallible judge of just what the public wanted in the way of style and price.



The demise of the Edsel is also a blow to the market researchers whose allegedly scientific surveys had virtually dictated its form and birth. Ford made another bad, although somewhat less expensive, mistake with its luxury Continental, which has now been downgraded to the price class of General Motors' Cadillac, still the first choice of the rich buyer. With the help of hindsight, experts are saying that Ford might by now have had a much larger share of the car market if it had used the money spent on the Edsel and Continental to develop a small car sooner. As it is, Ford is continuing to diversify its line of products; its new "compact" Falcon will be followed next spring by still another small car, the Comet.

The erratic performance of the automobile industry, and of Ford itself, is reflected in the price of Ford's shares; offered to the public early in 1956 at $64.50 each, they fell to a low of under $36 a share during the recession of 1957. This decline was accompanied by a reduction in the number of Ford shareholders; over 300,000 had participated in the original offering of 10.2 million shares, to the delight of the company's managers, who hoped that every shareholder might become a prospective customer. Now, presumably, there will be another increase in the number of investors in the company. Ford's shares have been improving in price ever since the recession ended and the foundation, which has been anxious to lessen its dependence on the company's prosperity, lost no time in going to the market. Last April it sold two million shares at $56.50 each; Ford shares are now trading at around $77 and, if this price prevails at the time of the public offering in mid-December, the foundation will obtain some $150 million to invest elsewhere.

Fair Exchange

When Mr Khrushchev was in the United States in September, he launched a violent and quite unexpected attack upon the State Department for obstructing the exchange programme begun in 1958; high officials feared that this might mean that the Russians were seeking an excuse to withdraw from it. Last week, when a new two-year agreement was signed in Moscow, it became apparent that Mr Khrushchev had simply been trying to browbeat the State Department into giving him more of the exchanges which Russia values—those of industrial delegations which help the Soviet Union to modernise its technology. The Americans are more interested in contacts between ordinary people, teachers and youth groups.

Both sides have had to compromise but both have some cause for satisfaction. The number of industrial delegations has been increased considerably and there will also be a trickle—85 from each country in two years—of students and young instructors. The exchange of university professors, which has been slow to materialise, should begin next year, with men from four American universities (Harvard, Yale, Columbia and Indiana) changing places with their opposite numbers at Moscow, Kiev, Tashkent, and Leningrad. If this seems like a slow and stately minuet, it must be remembered that such exchanges are governed by the strictest reciprocity.

The most notable agreement, reached by the atomic energy chiefs of both countries and yet to be approved by the governments, is one for the exchange of scientists specialising in the peaceful uses of atomic power. A Russian group under Professor Yemelyanov has just completed a two-week tour of non-secret atomic energy installations in the United States, similar to that arranged for Mr McCone in the Soviet Union, and there is cautious talk of the two countries collaborating on costly projects such as a big atom smasher. More immediate results may be expected from the medical field where, for the first time, joint research is to be carried out on poliomyelitis, heart disease, and cancer.

One of the great stumbling blocks in exchanging orchestras, troupes of dancers and singers is one which the Russians have had great difficulty in believing: that the United States cannot simply instruct its nationals to take part and that it lacks the money to pay for such foreign performances. Only three big attractions are to be exchanged, fewer than the Russians would have liked; but they include the United States Marine Band, a ballet troupe, and "My Fair Lady." For the Russians who have no hope of visiting the United States—only 366 individuals did so in 1958 and 1959 compared with 12,000 Americans who went to Russia—a fairer picture of the United States may emerge from the exchange of films which was finally begun this month with "Marty" in Moscow and "The Cranes are Flying" in Washington. New efforts are also to be made to exchange non-controversial film and television broadcasts, an abortive part of the old agreement.

Wall Street's Policeman

NEW YORK

THE Securities and Exchange Commission, the body responsible for maintaining law and order in America's capital markets, has become of more than academic interest to those concerned with amending British practice in this field. But though British eyes are now trained westward for inspiration, it should not be forgotten that the principle of "full disclosure," which is central to the American legislation, was borrowed from the British Companies Act.

The SEC's method of protecting the investing public is to ensure that companies operate "in a goldfish bowl" where facts and figures are concerned. Once it has done this its policing powers are limited and it does not set out to protect the public from the consequences of speculation.

The SEC was created after the collapse of the stock market in 1929 and the sensational exposures by a Senate committee of the way Wall Street had conducted its affairs in the preceding boom. It has not always proved comfortable to live with, but it has played a major part in restoring public confidence in the banking and investment community.

To keep it free of political interference, the SEC was set up as one of the independent regulatory agencies, and in its day-to-day operations it is limited only by its own enabling legislation. Nevertheless, the commission must go to Congress each year, report in hand, for its funds; it operates today on a budget of $8 million a year, about a third of which it recoups in fees. The five commissioners are appointed by the President with the consent of Congress.

THE SEC administers seven pieces of legislation. From these it has derived considerable freedom (in carefully defined situations) to make its own rules, which have the force of law. The breadth of these rule-making powers has been a major bone of contention, but the courts have repeatedly confirmed it.

Under these Acts, the filing of false statements is fraudulent; and the concept of fraud goes beyond its common law definition to include the omission of relevant facts, whether or not there was any intention to defraud. The SEC's own powers to mete out punishment are somewhat limited. In some circumstances it can prevent a new issue coming to market, delist a security or revoke the registration of a broker or dealer. But in the end it must fall back on the courts.

The first measure passed by Congress was the Securities Act of 1933 which required the registration of new issues (above a minimum size) under the supervision of the Federal Trade Commission. Another Bill the following year established the SEC as an independent agency; called for registration statements and periodic reports from all companies whose shares are listed on the exchanges; required the registration of stock exchanges, brokers and dealers; prohibited manipulation in securities; and gave to the Federal Reserve Board authority to restrict the amount of credit used in the purchase of securities by fixing margin requirements. In 1940, investment companies were brought within the full jurisdiction of the SEC, and in the same year professional investment advisers were required to register.

In applying the principle of full disclosure, the SEC goes far beyond anything required by British practice. In registering a new issue a company is bound by the law to reveal any fact which might influence the decision of a potential investor. A company must, for instance, disclose its capital assets and liabilities; submit a certified balance sheet covering the previous three years; list its directors and principal officers, giving the remuneration they receive and the securities they hold; name any investors owning more than 10 per cent of any class of shares; state the price at which the new issue is to be offered; specify the underwriters and the commissions to be paid to them. A copy of the prospectus must be filed with the commission and sent in full to anyone making a purchase. To keep on the right side of the SEC's rules is a complex operation, and saddles the issuer with heavy legal fees.

In the case of new issues, the SEC is in a strong position to exact compliance with its requirements. If in its view the material is misleading, inaccurate or inadequate, the commission can issue a "stop order" to prevent the issue coming to the market. In practice, it uses this weapon sparingly because it prefers persuasion and because it wants to avoid the impression that it is ruling on the soundness of an offering. To give potential investors time to digest the facts, a waiting period of 20 days is imposed after registration of a new issue before sales can be sought. Until all these formalities are completed, any printed attempt to stir up interest is taboo; word-of-mouth publicity is not forbidden but is risky.

The registration of outstanding listed securities calls for much the same type of information as is required for new issues. The initial registration is kept up to date by means of annual reports and companies must also file semi-annual statements of earnings and profits. With the experience of the nineteen-twenties much in mind, American law endeavours to see that "inside information" gets out, and that "insiders"—defined as officers, directors and anyone holding more than 10 per cent of the shares—do not grow rich at the expense of unsuspecting investors.

A company must notify the commission, within the month in which it occurs, of any development which might be of interest to shareholders, such as changes of policy, legal proceedings instituted by or against the company, stock options, and so on. Moreover, "insiders" must submit a monthly report on any changes in their own holdings and are debarred from making short sales. While the small investor may not avail himself of this mass of information, there is a large corps of security analysts who do. Perhaps the most serious remaining weakness of American law is that companies not listed on the stock exchanges do not usually have to file reports with the SEC.

In recent years, the commission has given special attention to solicitations of proxies; it issued a complete revision of its rules in 1956. The great majority of these communications represent unopposed solicitations by management for its own re-election and for approval of matters requiring the consent of shareholders. But in a proxy contest the shareholder is wooed by competing factions seeking not his shares, as in the English "take-over" bid, but his vote. The SEC has established detailed and extensive rules on the amount, type and accuracy of the information that must accompany solicitations to shareholders whether they are opposed or unopposed; all such material must be filed with it ten days before use.

The commission's rules also enable stockholders to express their views. In a proxy contest, the SEC insists on extensive and detailed disclosure of the personal background and financial interests of all those remotely engaged in the fight. Last week it dispatched a peremptory telegram instructing Mr A. M. Sonnabend—who had announced his intention of ousting the present management of the Alleghany Corporation—to say no more until he had filed a proxy statement with the SEC. If its rules are infringed, the commission cannot (as in the case of a new issue) halt the contest; if cajolery fails its only course is to seek a civil injunction in the courts.

IN its war on share manipulation, the commission relies mainly on widely publicised exhortation; last month it introduced television viewers to its new animated cartoons urging the public to "investigate before you invest". But in the increasingly speculative market of the last two years the SEC has stepped up its detective operations against shady operators.

It is in this branch of its work, however, that the SEC is most criticised, either for throwing its weight about unduly or, more frequently, for being too slow off the mark Congress was annoyed, for instance, that Mr Lowell Birrell could escape the country, together with a reputed $10 million gathered illicitly over a period of four years, before the SEC was on his trail. And it was equally disturbed to find that one of the companies of Mr Goldfine (the Boston industrialist whose friendship was fatal to Mr Sherman Adams, the President's Chief Assistant) was six years in arrears with its annual reports to the SEC. The commission's reply to this sort of criticism is that the extent to which it can turn to the courts to enforce its regulations is limited by its resources; that it must give priority to maintaining general standards; and that it cannot prevent financial malpractices altogether.

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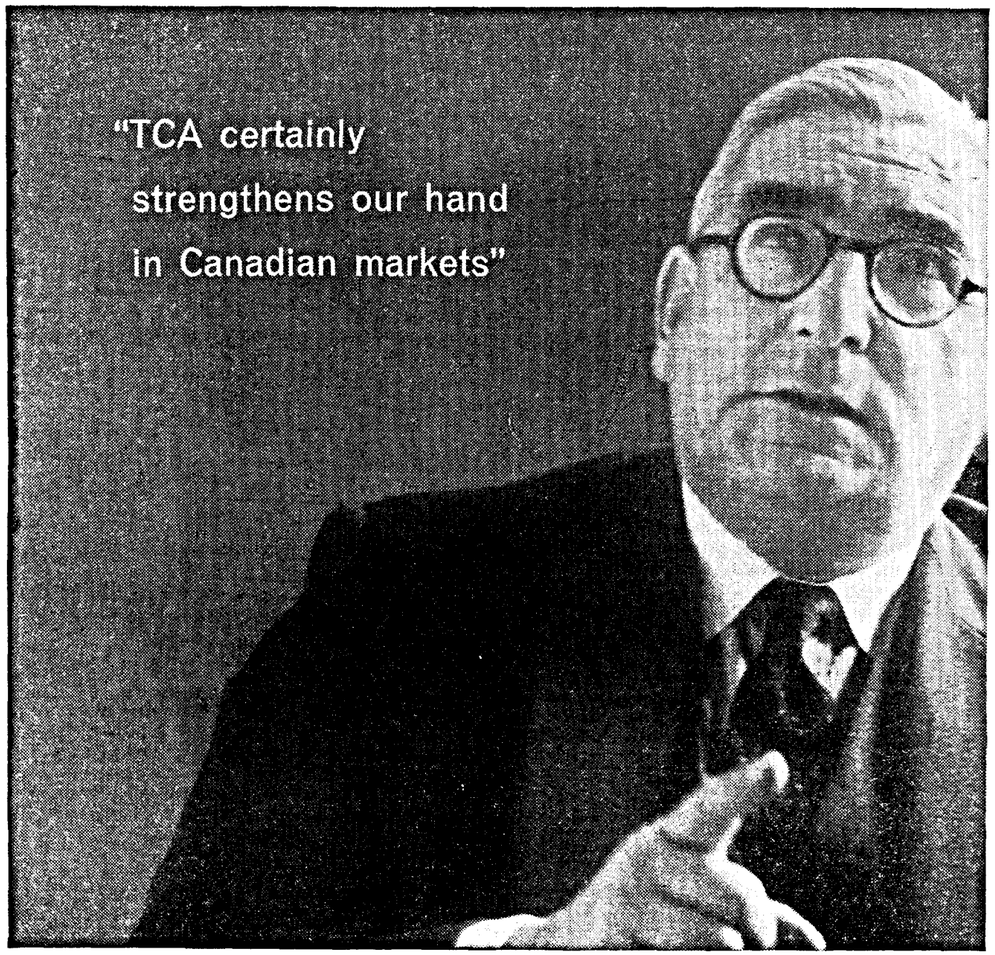

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Labour Goes to Law

As the unsatisfactory course of the steel dispute makes it increasingly likely that Congress will again be considering labour legislation at its next session, the labour legislation which it approved last summer is coming into effect. The first, and so far the only, person to profit from it, apart from the lawyers, is Mr John L. Lewis. The new law abolished the non-communist oath which the Taft-Hartley Act had required from union officials and which Mr Lewis had refused to take on principle. As a result his United Mine Workers, or rather their catch-all subsidiary, District 50, is now free to organise new branches and has lost no time in doing so, particularly in chemical factories. Already it has more members among taxi drivers, petrol station attendants and so on than has the main union among miners.

Other unions, however, are finding the new Act a serious drain on their finances—far more costly to the labour movement as a whole, they claim, than the corruption the law is designed to prevent. The heaviest new expense is that of bonding individually officials who handle union money instead of including them all in a single, relatively cheap coverage. Details of the law must be printed and circulated to members; so in many cases must new constitutions. Then there are legal expenses involved in drawing these up and in preparing the various reports which must be filed with the Department of Labour. The department has opened a special division to deal with them, and the National Labour Relations Board has also had to reorganise in preparation for the flood of appeals which it expects under the new Act. Many of its provisions are far from precise, and it is likely to be years before they have all been interpreted in the courts; conflicts are still arising over the meaning of parts of the original Taft-Hartley Act, passed in 1947.

Meanwhile, however, the Supreme Court has cleared the way for an all-out attack on Mr Hoffa, the head of the Teamsters' Union, whose malpractices inspired the new law but who was already being dealt with under existing powers long before it was passed. By refusing to hear his appeal against the monitors who were appointed in January, 1958, to supervise his activities and to protect the rights of the union's members, the Supreme Court has freed the monitors to get on at last with their task of cleaning up the union. They hope to get rid of Mr Hoffa and his most notorious subordinates within six months, but it will be surprising if they can dispose of him so easily. Not only can he hamper their work by keeping them short of funds—they are financed out of the union treasury—but he has not yet exhausted by any means all of the delaying manœuvres provided by the law.

Humane, Not Killers

FROM A SPECIAL CORRESPONDENT

In recent months officers of the Army Chemical Corps, with the help of some members of Congress, have been responsible for a publicity campaign to make chemical and bacteriological warfare popular. Their intention is to increase public knowledge of, and therefore public acceptance of, weapons which have hitherto been abhorred. The Russians are believed to have them ready for active service and the Army is therefore pressing for more money to spend on them and also for a change in the declared policy which forbids their use except in retaliation.

The reason why it may be possible to influence public opinion in favour of these weapons is that a new type, described as "humane," is being developed by the Army; these are called "psycho-chemicals" and are designed to incapacitate temporarily rather than to kill. There are two groups of these new agents, one loosely called by the Army "off the rocker," the other "on the floor." According to Lieutenant General Trudeau, who is in charge of research and development:

> One is psychological in action and disturbs the normal behaviour pattern of the individual, causing either apathy, fear, disorientation, or personality withdrawal. The other type is physically incapacitating—these materials would cause an enemy to be unable to fight due to temporary blindness, lowering of blood pressure, temporary paralysis or anaesthetic-type action.

Most of these agents are derivatives of drugs and compounds known to the medical profession and used either experimentally or therapeutically. The exact chemical nature of the specific drugs undergoing intensive research and development is kept secret, but their effects are said to be harmless and temporary.

A few of the psycho-chemicals have, however, been shown to congressional committees. In one such demonstration, a mouse was put into a cage with a cat, and the cat naturally killed the mouse. The cat was then injected with one of the new drugs and a second mouse was introduced; now the parts were reversed and a four-footed David chased a cowering and frightened feline Goliath around the cage. In another demonstration, to show the anaesthetic-like effects of a drug said to be 1,000 times more potent than the best pain reliever known to medical science, it was introduced invisibly into a chamber containing active animals. In less than a minute they were in comas, completely unable to move and completely oblivious to pain. An antidote was administered and they were brought back to their normal state. Soldiers subjected to one of the new agents ignore the commands of their sergeant—but this unthinkable event has been shown only on film.

There are many suggestions about how the psycho-chemicals might be used. For example, they might be introduced into a city's water supply before an invasion; one, derived from lysergic acid, resists the effects of both boiling and chlorination. Or innocent-looking lorries could circle missile sites and strategic air bases, before a surprise attack, blowing out clouds of psycho-chemicals and thus knocking out the country's defences. But the timing would have to be arranged very carefully since, in the present stage of development, the new drugs affect the human body for only twenty-four hours.

Just how near the Army actually is to this sophisticated type of warfare is its secret and it is still a matter of conjecture whether it will ever actually become practicable. Most observers agree that these drugs are available now, at least in the laboratory, to be put in a glass of water or used in a closed situation. But to make, store and handle them in quantity or spread them effectively over a large, open space is quite a different matter.

Shorter Note

The Treasury is offering new inducements to holders of savings bonds in order to stem the flow of money out of such securities which forces the government into fresh borrowing. Holders of $1.6 billion worth of bonds maturing next year, which pay interest of only 2½ per cent, have been allowed to exchange them this month for a 4¼ per cent note maturing in 1964. This is the first step in the "advance refunding" of the public debt which is expected to ease the Treasury's refinancing problems. Holders of other savings bonds on which interest is accumulated are to be allowed to exchange them, without any tax penalty, for an issue which pays interest semi-annually. This move will be particularly popular with retired people who need current income.

THE WORLD OVERSEAS

Not Much Time for Lord Monckton

FROM A CORRESPONDENT IN NORTHERN RHODESIA

SINCE the Conservative party's return to power in Britain, Sir Roy Welensky, the prime minister of the Central African Federation, has been proclaiming that there is little need to worry. Readings of the human barometer by those who perhaps have more time to study it indicate otherwise.

The white population is not, and never has been, in the least likely to cause violent trouble, whatever the future may hold, despite occasional mutterings from Lord Malvern and Sir Roy Welensky about Boston tea parties. The Dominion party, with its apartheid policy, may gain some support from depressed United Federal party followers who are unable to swallow the party line that the Monckton commission was a victory for Sir Roy, and who find difficulty in reconciling the old bellicose demand for Dominion status in 1960 with the current pretence that no such demand ever existed. But only in Southern Rhodesia is the Dominion party likely to be strong. How many adherents the United Federal party may lose to the Central Africa party can hardly be assessed. The former has never been at a lower ebb, but it is still the only really well-organised party, and its most dissatisfied members abhor the liberal Central Africa party almost as much as the Dominionites do.

The danger of course lies with the Africans. In Nyasaland, according to the pro-Federal party newspapers, many Africans, disillusioned with Dr Banda's Congress, are joining the United Federal party or the Central Africa party. The headquarters of the CAP dispute the word "many." The state of emergency remains, but cannot last for ever, and the release of Dr Banda and his henchmen within a few months is generally expected. Official pronouncements that the new Legislative Council is working well can only be attributed to wishful thinking. The day of African nominated members is over. One of them, the Rev. A. D. Kayira, has already resigned after having his house burned down, and the others have experienced considerable intimidation. Even moderate Africans, like Mr Kumbikano of the Central Africa party, insist on the immediate need for an elected and reasonably representative government in Nyasaland, as a prerequisite to the 1960 London conference.

Dislike of federation, and of the federal government and party, is pathological, and a boycott of the Monckton commission, however unwise, is not unlikely unless the demands for an elected government are met with some fairly generous compromise. Unemployed Nyasalanders still—as they have done for years—drift down to Southern Rhodesia, which they profess to dislike, or to South Africa, which they have reason to detest, since they are obliged there to conceal their origin to escape fines, gaol, or "voluntary" labour on the farms as "unauthorised foreign natives." The Nyasaland peasant still scratches subsistence from the soil. Sir Roy Welensky, possibly rightly, blames the British Government for Nyasaland's poverty and he can fairly claim some material gain for Nyasaland from the federation, although Africans say that the amount of development funds spent on European and Asian schools is out of proportion. Sir Roy, however, persists in the Belgian error that economic development will solve all problems. The Europeans are too materialistic to understand that the things that really matter in the federation are the removal of African fears and hates, reasonable or unreasonable; the removal of the African inferiority complex, fostered by colour discrimination; and the canalising, instead of damming, of the flood waters of African nationalism.

In Northern Rhodesia the pond is only slightly ruffled by the vociferous demands of the United National Independence party for African self-government and by the tactics of Mr Harry Nkumbula and the National Congress of exploiting any government action that is displeasing to Africans. Mr Nkumbula, who has quite ineffectively ordered his diminishing followers to stop smoking as a protest against federation, is no longer likely to provide leadership and unity. Nor is Mr Mainza Chona, the North's first African barrister and president of the "rebel" Congress, nor Mr Paul Kalichini, another new entry to politics, who heads the United National Independence party.

In Northern Rhodesia, as in Nyasaland, the most popular leader, Mr Kenneth Kaunda, is in gaol together with his top lieutenants—but not for much longer. He will undoubtedly lead the illiterate mobs in the towns and in some of the rural areas where the chiefs are weak. This might not matter very much if the Central Africa party, which had the solid support of those Africans educationally and financially qualified to vote in the March elections, can consolidate that support into membership and branches and give African voters some political self-expression and an alternative to the attractions to be offered by Mr Kaunda. But the Central Africa party lacks organisation and funds and, more important, real workers.

IN Southern Rhodesia, Mr Garfield Todd, anathema to most of the Europeans, has become in effect an African leader and is likely to be followed, at least for a time, even by those emergent African politicians now in prison. But on both the Southern Rhodesian and the Federal voters' roll the number of African voters is not significant. In the South, the hatred of federation is not an African emotional driving force. Nevertheless, there are factors which may soon lead to nationalist feeling equalling that in Northern Rhodesia, if not that in Nyasaland, notably the growing land shortage in the restricted African reserves and the declaration of an emergency, with its consequent unpleasantness, where no emergency existed. The bitterness of the men arrested under the emergency who have since been released is as great as could be expected.

Racial discrimination continues and none of the territories will contemplate legislation to forbid it. The Federal government hesitates even about the very small advancements proposed for African railway employees, and will not accept the mining companies' offer to hand over the Copperbelt Technical Foundation and make it multi-racial. African apprenticeship is still a promise on paper. The appointment of one or two Africans instead of European women clerks in a Salisbury bank provokes much protest in the press, and advancement talks between managements and the European union in the mines drag interminably on. In an attempt to guard against the natural results of frustration, extraordinary legislation is still being produced. For example, in Northern Rhodesia a new bill will restrict appeals against any convictions resulting in sentences of less than £5 fine with alternative imprisonment. Another bill will outlaw boycotts, and yet another will require the conveners of political meetings to provide facilities for the recording of the proceedings in such manner as the police may specify.

All this gets the Federation, which cannot last without the consent of the majority of its peoples, nowhere. The peoples of both northern territories will never give their consent unless they are assured that when they get representative government they will have the right to secede if they wish at that time. The Federation must meantime be decentralised by the return to territorial control of a number of activities—for example, medical services and higher education—which vitally affect Africans; this would give faith to Africans that the right of secession is really meant. Liberals realise that a time must be set for the attainment of fully representative government—that is, one elected by a majority of Africans on the voters' roll. The time may well vary—five or ten years in Nyasaland, perhaps fifteen in Northern and Southern Rhodesia; but talk of a multi-racial society needs quick translation into action, by legislation if necessary. The humiliation of the human spirit is the deepest cause of extreme black nationalism.

Britain, Germany and Trade

FROM OUR BONN CORRESPONDENT

HOW far Dr Adenauer and the Prime Minister, in their talks last week, really removed the differences between the two governments is still obscure. It was something that they paid lip service to the necessity for averting an economic war in Europe. If the Chancellor means business he will have something to say about this when he meets General de Gaulle next month. Since 27.3 per cent of west Germany's exports go to the Seven, and only 23 per cent to the Six, Bonn does have a major trading interest in inducing the French, if it can, to make the common market less of a tight trading block than it threatens to be, and consider offering the outsiders better terms. But can it? The political obstacles look just as massive now as they did a year ago.

Anglo-German differences over the approach to the summit have lost something of their original urgency as the date of the fabulous meeting has been progressively postponed. Dr Adenauer has conceded that it would be escapism to hold a summit conference without discussing the future of Berlin. But he is adamant about the stand that should be made. It is no secret that he has warmly welcomed Mr Acheson's warning that a change in the status of Berlin would be "the symbol and the beginning" of the withdrawal of American troops from Europe.

This week's news about Anglo-German relations is news of trade, and is good. The British Embassy in Bonn made known on Monday how it hopes once again to help British and German business men to trade more profitably with each other. Largely because of the guidance and support given to specific branches of industry twelve months ago, British exports to west Germany were running at an annual rate of £135 million during the first nine months of this year—an increase of 21 per cent on the annual rate of £111 million for the corresponding period of 1958. German imports to Britain were running at an annual rate of £136 million. These are gratifying results in any circumstances. They are worth pursuing all the more when the two biggest industrial countries of the Six and the Seven are in danger of being driven apart by their commitments to rival trading groups. Since, at the moment, Anglo-German trade is increasing so substantially, it is not surprising that some of its sponsors are eyeing it prayerfully as the pilot cable of a bridge between the common market and the little free trade area. If the Prime Minister and Dr Adenauer meant what they said in London last week, the bridge-builders are thinking along the right lines. They have an encouraging following. The mail received at the Bonn embassy this year from British firms reconnoitring the German market is already a third more than last year's.

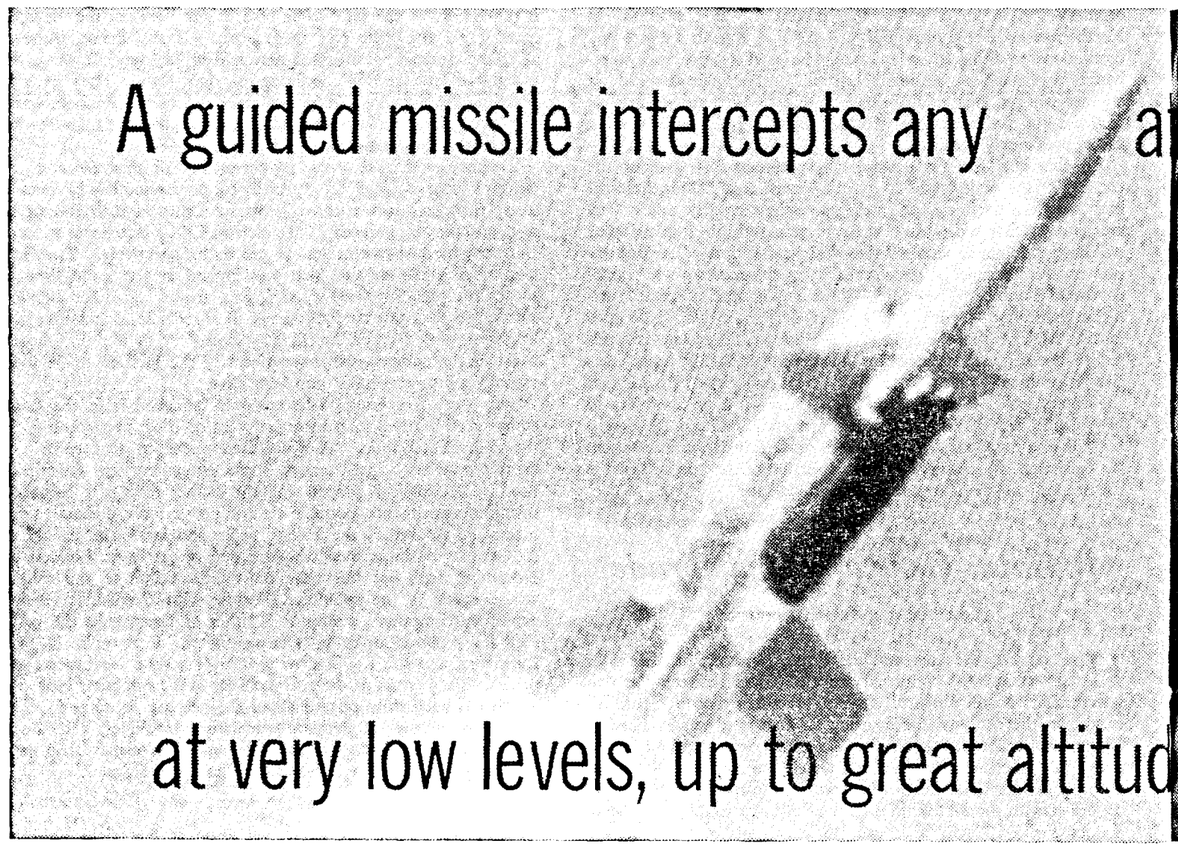
To the surprise of many of them, British manufacturers of machine tools and toys were specially recommended last November to try their luck in Germany. In consequence of their intelligent response, the two industries have increased their exports to western Germany by 86 per cent and 31 per cent respectively. The German retail trade mission that was invited at the same time to survey the pre-Christmas wonders of Harrods and other London stores, and then to examine some of their roots in Manchester and Bradford, placed orders worth £150,000 after their return home. Most of the contacts which members of the mission made individually a year ago have been kept alive.

This week five hundred letters were launched from the Bonn embassy advising British manufacturers of their opportunities in the Federal Republic. They were addressed to a miscellany of firms producing carpets, cranes, sports equipment, cosmetics, slot machines, electrical gadgets for the home, industrial furnaces, scientific instruments, portable electric power tools, cinema equipment, and machinery for making paper and ice. The twenty or so German business men who are due to arrive in London on November 29th are this time mostly executives of the calibre whose oracle is the computer. Along with Germany's leading expert on computers, Professor Walther of Darmstadt, the party includes representatives of Demag, Bosch, Farbwerke Höchst, Lufthansa, and the Kaufhof, as well as of several insurance companies. They are to be the guests chiefly of the computer industry, which has been duly primed about the present openings in Germany for selling gargantuan calculating machines, tabulators, punchcard equipment, and like weapons of efficiency that have been supplied hitherto mainly from the United States.

THIS year's choice of likely, yet again at first sight unlikely, fields for British initiative is further evidence of the growing appreciation that, with good will and a little planning, highly industrialised states can be as usefully complementary to each other as, without it, they can be destructively competitive. The Board of Trade reckons that by 1963 British manufacturers could raise the value of their exports to western Germany to £150 million annually. Some other ways of helping them attain this objective were also announced this week. An Anglo-German Trade Council, born on November 11th in modest circumstances—and in the inappropriate but dearly loved setting of the American Club at Godesberg—is to be reared purposefully as soon as a sufficient number of influential German godparents can be found. Next year there is to be officially sponsored British representation for the first time at the international furniture fair at Cologne in February, the international toy fair at Nuremberg in March, the international household goods and hardware fair at Cologne in March, and the international packaging fair (Interpack) at Düsseldorf in October. Lastly, negotiations are afoot for bringing out an Anglo-German trade supplement to the Düsseldorf *Handelsblatt*, probably in February.

Thus at least among business men Anglo-German relations seem to be unfolding on the whole usefully and amicably. (There is still mistrust among them here and there in other markets.) And the British and German journalists who assembled in London last week under the auspices of the International Press Institute to discuss their own lively sector of hostilities agreed as good as unanimously that there were sound reasons for calling a truce. It is the political front that remains uncertain.

A guided missile intercepts any attacking aircraft



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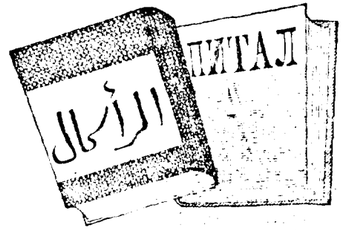
Progressive Party's Brave Bid

FROM OUR CORRESPONDENT IN SOUTH AFRICA

NOWHERE is the path of the political reformer harder than in South Africa, where all power is concentrated in the hands of a small white minority, which is itself divided on fundamental issues, including the vital one of how to extend political rights to the non-white peoples. It is generally recognised that the present position is untenable ; but neither major party has thus far been prepared to face the issue squarely. The Nationalists are trying to by-pass the problem by purporting to build up a system of self-government in the areas reserved for African occupation ; but they have no plan for the urban Africans or for those living on European-owned farms, who between them form the bulk of South Africa's labour force. The United Party recognises the need to provide a political outlet for these people, but because of the conservatism of the white electorate it feels unable to make more than a token gesture to people whose claim to a share in the government is infinitely greater than that of the tribesmen about whom nationalism professes to be so concerned.

Orientalists and Communists



BY A CORRESPONDENT

WHEN several hundred orientalists met at Cambridge in 1954 it was still unusual to see a Russian delegation mixing freely with western ones at an international convention. Being new, the Russians were sought after by everybody. Dignified professorial types eagerly snatched up Russian handouts and when the Soviet delegation announced a showing of films on the fabled cities of central Asia, Tashkent and Samarkand, there was a record turnout. The publications were scholarly enough, but they were carefully filled out with bits of the communist party line ; the films took no notice of the glorious remnants of the past and showed happy Tatar peasants driving tractors on collective farms. When the orientalists gathered again, at Munich in 1957, the Russian presence was taken for granted and an invitation to hold the XXVth sessions of the International Congress of Orientalists in Moscow, in 1960, was accepted. In the great world of orientalists the Russians had arrived.

The history of oriental studies in Russia is long and distinguished. It contains such world-famous names as Barthold and Krachkovskiy, who flourished both before and after the revolution. The Soviet regime lost no time in emphasising the importance of oriental scholarship, while criticising tsarist and bourgeois scholars in general for delving too deeply into the past and for ignoring the awakening eastern peoples. Eastern countries, they said, should not be regarded merely as repositories of outworn civilisations, but as modern states with modern problems and aspirations. There are those in the West who feel the same way. Sometimes there are complaints from governments and oil companies, which both contribute liberally to the support of oriental studies, that it is difficult to get orientalists interested in anything that happened after the thirteenth century.

Much of the activity of the first Soviet orientalists was taken up with the many linguistic and other cultural problems presented by the creation of the new eastern republics in Turkestan and the Caucasus ; but there was a fairly steady output of work on the east in general and on the political function of oriental studies. This was clearly described as a weapon to use against western imperialism and colonialism. At present the study of eastern countries and affairs is actively pursued in oriental institutes and in institutes of ethnography, history and economics. The output of publications exceeds that of any other country.

It would be a great mistake to suppose that the deliberately political slant given by the Soviet government and the Communist party to the work of Soviet orientalists as a whole necessarily robs it of all academic value. The fact that Zudin's "Pushto Dictionaries" may primarily have been designed to serve the Soviet Union's political or commercial ends in Afghanistan does not detract from the intrinsic merits of these remarkable works. The same goes for many other philological and literary works by writers of great competence in which propaganda and political flavour is either completely absent or is confined to a few token manifestations. In Semenov's "Syntax of Modern Written Arabic," for example, only a simple proposition—Religion is the opium of the people—connects it unmistakably with communism.

Whether the West should now begin to attach to oriental studies the same political significance as the Russians do is a delicate and controversial question. Many orientalists argue that this would result in the prostitution of scholarship to politics. The fact must be faced, however, that in the Soviet Union an important part of oriental scholarship is being made to serve the political purposes of denigrating the West in the eyes of the East, and of assembling and disseminating a Marxist-Leninist version of oriental history. These activities cannot be brushed aside as propaganda, nor can they be balanced by counter-propaganda. They demand what they are not now receiving—the concentrated attention of western scholarship with western standards of integrity. Without such attention the Soviet campaign of scholarly vilification of the West is likely to gain ground. Who could have believed, only a decade ago, that the Marxist version of oriental history might one day be within sight of acceptance by the peoples of Asia and Africa as the only authentic one?

There has always been a considerable amount of misunderstanding about the scope and nature of Soviet oriental studies. The Russians' apologists abroad may insist that their interest in the coming congress is not greater than that of the British Government in the congress at Cambridge in 1954—when Mr Anthony Nutting, as Minister of State, gave a large tea-party. But the Russians would think it absurd, and even wrong, to deny their political interest, although this does not mean that they will turn the Moscow meetings into a propaganda jamboree. It is more likely that they see it as a crucial stage towards their long-term objective of assuming the cultural, political and economic mentorship of Asia and Africa. Western orientalists, particularly those going to Moscow next year, ought to bear this in mind. They may sincerely believe that present-day politics and ideology have no place in oriental studies ; but they should not forget that the Russians believe exactly the opposite.

When it finally became clear that the United party, in spite of promptings from its own liberal wing, was incapable of a forward move and that its reactionary wing was even suggesting a retrogressive step in a bid for Nationalist votes, a dozen United party MPs decided to form a new party. The group included the Cape leader of the United party, Dr Jan Steytler, and Mr H. G. Lawrence, a veteran parliamentarian and parliamentary leader of the United party, and it has the active support of the mining magnate, Mr Harry Oppenheimer.

The Progressive party was founded at a conference in Johannesburg on November 13th and 14th. It committed itself to a bold and far-reaching programme of political and constitutional reform aimed at giving all races a share in the country's administration. For the first time in South Africa's history parliamentarians wholly dependent on white voters have made specific proposals for sharing political power with the non-whites, who outnumber the whites by four to one. They have said unequivocally that merit and not colour should constitute the basis of a man's political rights. For the first time too a white political party, dependent on white voters, has admitted without equivocation that non-white voters will eventually outnumber the white, adding only that by then government should be in civilised hands. In other words, civilisation, not colour, is to be the criterion of fitness for leadership.

All this is revolutionary in South Africa. White extremists have condemned the proposals as treason to the white man, while their black counterparts complain that they are but a refinement of the usual white man's trick to retain power in perpetuity. And in between are the white "realists" in the United party who declare that the programme is so far in advance of public opinion that it stands no chance of acceptance and that the Progressives have written themselves off as a potential political force.

SIGNIFICANTLY, however, the bulk of the powerful English-language press has given the new party and its intentions a warm welcome. In the words of the responsible *Cape Times*, the new party's plans "have all the freshness of a hopeful sanity." The paper's attitude indicates the relief with which some South Africans at least have welcomed the fresh political thinking and the political courage and realism of the new party.

It is true, of course, that some of the new party's most difficult decisions are still to be taken. A commission of experts is now to be appointed to draft a constitution which must embody these basic principles :

(1) The right of all, irrespective of race, colour or creed to participate in government in accordance with their degree of civilisation.
(2) The creation of a South African nation based on western concepts.
(3) Constitutional safeguards to protect any group from dominating other groups.
(4) A reduction of the central government's powers over the provinces.
(5) A Bill of Rights entrenching fundamental human freedoms for all.
(6) The maintenance of the rule of law and an independent judiciary.

The commission's thorniest task will be to establish effective constitutional checks and balances so that no one race or group can obtain a permanent stranglehold on the future state. There are many, including Nationalists, who believe that it is not possible to achieve this ideal. And South Africa's experience with the Coloured vote, when the Nationalists circumvented the entrenched clauses of the South Africa Act by use of the courts and an enlarged Senate, lends substance to this view. At the same time, there are constitutional experts who believe that in a federal instead of a unitary system, and with a rigid constitution perhaps based on the American model, it should be possible to provide the necessary safeguards for minorities. This will involve, among other things, a considerable strengthening of the rights and powers of the provinces and perhaps even the creation of one or two predominantly black provinces in what are now the African reserves.

Then there is the problem of deciding what qualifications will be needed for the franchise on a common electoral roll and what provision is to be made for those who fail to qualify on a special communal roll. The intention is to apply the same criteria to all races, but the qualifications laid down will obviously determine not only the size of the non-white vote, but also where the balance of political power is likely to lie for the foreseeable future. This is clearly of crucial importance.

On the rather emotional question of republicanism the Progressives have come under some fire from various quarters. One of their original sympathisers, Professor I. S. Fourie, MP, has refused to join the new party mainly because he says it has adopted an equivocal attitude towards the establishment of a republic by leaving the matter for future decision. The new party, he believes, should have come out openly in favour of a democratic republic within the Commonwealth in opposition to an authoritarian republic divorced from the Commonwealth such as many Nationalists contemplate. The Nationalists, too, are critical of the Progressives' undecided attitude, for republicanism (so the Nationalists argue) is the crucial issue of South African politics. The Progressives, however, were faced with the implacable and often unreasoning opposition to republicanism of large sections of the community who are potential supporters of the new party.

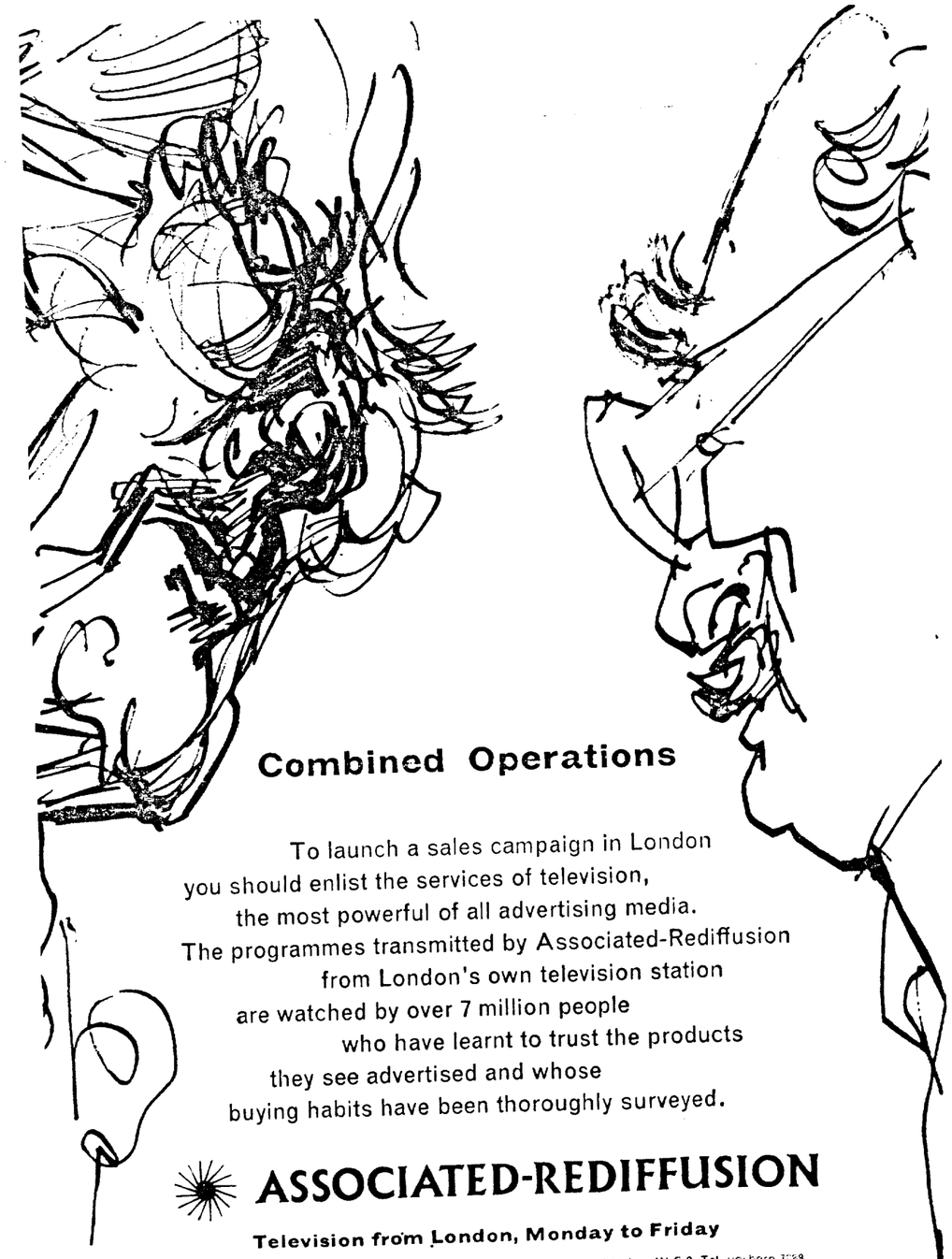
This apart, moderate South Africans of all races have warmly welcomed the new party's undertaking to abolish the hated pass laws and with them the system of controlling the influx of Africans into urban areas ; to grant Africans freehold title to property in urban areas, a right which they are demanding with growing insistency ; to discourage the migratory labour system, with its evil effects on family life and the economy of the reserves, by the creation of a stable labour force in the urban areas ; to restore the freedom of workers to establish trade unions of their own choosing and to give unskilled African workers the right to form their own unions ; to repeal the job reservation law which has caused so much resentment and which constitutes a permanent threat to the well-being of non-white workers ; and finally, to support the wage system of "the rate for the job" for all races and to insist on a basic minimum unskilled wage throughout the country.

It remains to be seen, of course, how much electoral support the Progressives can command. The recent provincial elections showed a position of near-stalemate between the two major parties. Whether a radical and courageous programme such as the Progressives propose to propagate will win widespread support from a notoriously reactionary white electorate seems a little doubtful at this stage. But Africa is changing rapidly and the impact of events beyond South Africa's borders is already becoming discernible in the political climate as more whites realise that the Union cannot indefinitely remain out of step with the rest of this emergent continent. The new deal which the Progressive party envisages is long overdue ; in the words of a responsible commentator, either this policy must eventually prevail or South Africa has no future at all.

Guide to the Algerian Negotiations

FROM OUR PARIS CORRESPONDENT

HIGH hopes lead to bitter disappointments. French correspondents in Tunis had hinted that the Algerian rebel leaders gathered there were ready to accept General de Gaulle's terms. So the rebels' reply on November 20th came as a shock to Paris. The leaders of the Algerian government-in-exile made



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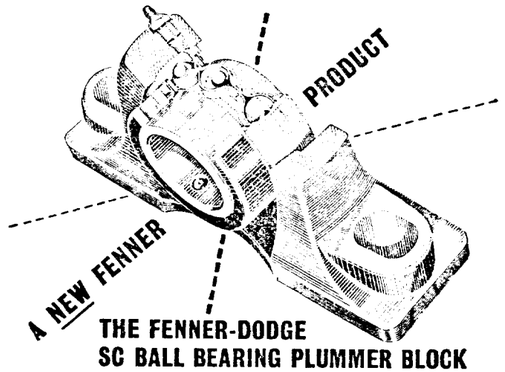

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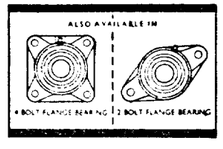

LARGEST MAKERS OF V-BELT DRIVES IN THE COMMONWEALTH

it plain that they want to conduct negotiations on their own terms and, far from showing the expected signs of faith in General de Gaulle, they openly proclaimed their mistrust of French intentions. The shock was followed by another from New York, where the General Assembly of the United Nations asked France not to proceed with its atomic tests. The French public, reading every day about the country's rising international status or about General de Gaulle's power and prestige in the world, were scarcely prepared for such a result.

To escape from illusion and indignation it is necessary to stick to the facts about the bargaining over an Algerian settlement. On September 16th General de Gaulle made his long-awaited proposal recognising Algeria's right to self-determination. He promised that within four years after the end of the fighting the Algerians would be allowed to shape their own destiny at the polls. Their choice would not be limited to *francisation* (complete integration within France) or home rule in close association with France. They would be able to opt for secession. If they did, which the general described as most unlikely and disastrous, France would stop its economic aid, preserve its control over Sahara oil, and "regroup and resettle" all those who opted for France. The third solution thus looked very much like partition.

The general's plan was presented on a take-it-or-leave-it basis; still, after twelve days of deliberations in Tunis, the rebels replied. They welcomed the principle of self-determination, but argued that independence could not be reduced to partition and that a free vote could not take place while the country was dominated by the French army. But peace could be immediate, they concluded, if the French accepted political as well as military negotiations for a cease-fire. Both sides had thus made concessions. General de Gaulle, in admitting the future possibility of choice between three solutions, destroyed the fashionable slogan that Algeria must for ever remain an integral part of France. The rebels dropped their demand for a prior recognition of independence. Wide differences remained, however, about the control of the referendum and the guarantees with which it must be surrounded.

Soon after, it seemed that the French authorities were moving backwards. Admittedly, two ministers said publicly that General de Gaulle's offer of a year before still stood and that rebel representatives could come to Paris to sign a truce. But several important figures (the prime minister, the minister of defence and both the delegate-general and the commander-in-chief in Algeria) publicly interpreted the new French plan in a most restrictive fashion. In particular, they insisted that any referendum must be held under exclusive French authority and that the army must keep sufficient forces to run it. Such and similar statements were designed to reassure the French settlers and army officers; they did not inspire confidence among the insurgents.

General de Gaulle took the matter up again at his press conference on November 10th. The president did not disavow his subordinates, but he repeated and elaborated his original plan. He coupled it with a new invitation to Paris. The leaders of the insurrection, he said, could discuss the conditions of a cease-fire with the French authorities in Paris at any time, openly or secretly, and would be free to return if the talks failed. He added that Algerians of all political complexions would be allowed to take part in discussions about the form and contents of the poll. But such discussions would happen in due time and not, as the rebel leaders had asked, before the cease-fire.

The limelight then shifted to the secret meetings of the rebel government in Tunis. Journalists hopefully revealed that the insurgents had turned into left-wing gaullists and were only trying to find a formula that would make it easier for the general to carry his reluctant army with him. But the rebel reply, published on November 20th, did not confirm these fanciful interpretations; it condemned various French declarations as a mockery of self-determination and argued, therefore, that guarantees for a free vote were now more necessary than ever; it nominated five delegates to discuss these guarantees with the French.

Insult, provocation, fraud—such were the first French press reactions. The Algerian plenipotentiaries have no need to ask for visas. They are all safely in detention in France. Four of them, including M. Ben Bella, were on the famous airliner that, in October, 1956, left Rabat for Tunis but landed in Algiers instead. M. Ben Bella is reputed to enjoy great prestige with the rebels, particularly those in the field. The Algerian guerrillas may well mistrust a politician like M. Ferhat Abbas, who joined the rebellion when it was well under way. M. Ben Bella and his fellow-prisoners, on the other hand, were all members of the small committee that started the insurrection just over five years ago. Another possible reason for the rebel choice of plenipotentiaries is that the leaders of the insurrection are not at all convinced that General de Gaulle would risk trouble with his army in Algeria in order to reach a settlement. To move M. Ben Bella, whose name is hated by the settlers, from the Aix Island fortress to a conference room in Paris would be, for the rebels, a proof that the general was in earnest.

The road from jail or deportation to national leadership is well trodden, as (to go no further afield than North Africa) President Bourguiba and King Mohammed can testify. But the quarrel is not only over persons. There is a difference of substance. General de Gaulle offered talks about a cease-fire. The FLN replies that it is ready to discuss the guarantees for self-determination, the conditions necessary for a free vote. Some hopeful French liberal gaullists have been suggesting one way out of the electoral dilemma: a prior agreement by both sides on, in effect, the result. No election can now be free in Algeria, they argue. If it is run by the army, the French will dictate the result; if not, the outcome will be independence. Neither side can be expected to accept the victory of the other. The French should, therefore, lean towards independence, the FLN should accept a form of association, and they should go to the polls together, advocating the same solution.

Yet this only shifts the difficulty. If the agreement is to be secret, the insurgents will have, in the meantime to rely on the general's word; if it is open, and backed by guarantees, the general will not be able to avoid testing the discipline of his officers in Algeria. One day it may come to this. Neither side is yet moving in this direction. The French have not replied officially to the latest rebel statement from Tunis, but President de Gaulle dismissed it last weekend during his Alsatian tour when he declared that he did not intend to talk with men who are *hors de combat*.

The next round now opens in the United Nations. The rebel government-in-exile has sent three of its leading men to reinforce its delegation in the lobbies. It is easy to foresee what sort of brief they will present to their Afro-Asian friends: self-determination is splendid, but freedom of choice requires to be guaranteed;

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if the French refuse to discuss such guarantees, the United Nations should request them to do so or provide its own services. Once again the French delegation will boycott the meetings. France may be condemned in its absence. In any case, no one in Paris expects that either side will budge from its position before the end of the debate.

Nato's Alloy Link

BY OUR SPECIAL CORRESPONDENT

NEIGHBOURING states are often hostile. It is part of American world strategy to defy this law by making them congruent pieces in its pattern of defence. Greece and Turkey present a particular problem in these jigsaw mechanics. Latecomers into the alliance, they are at once an appendage to the European defence system and a link in the longer Eurasian line of battle. Circumstances and the Americans persuade them to work together, but tradition and local disputes militate against the even friendship that is a prerequisite of effective co-operation.

Izmir, which most people still know better as Smyrna, is the headquarters of the Allied Land Forces Southeastern Europe and of the Sixth Allied Tactical Air Force, both of which are responsible to the Southern Europe headquarters in Naples. At Izmir a group of determinedly hopeful American officers, assisted by Turkish and Greek officers (in the proportion of roughly 3 to 2) and a handful of British, French and Italians try to organise, equip, train and above all integrate the Greek and Turkish units that in wartime would come under Nato's command. From the military point of view their assignment is formidable ; diplomatically it is perhaps even more daunting.

Everyone in Nato pays automatic respect to the creed that the security of Greece and Turkey is indivisible. A glance at an atlas confirms how decisively the defence of the two countries would be linked if the Russians should ever try to gain control of the Dardanelles or advance south across the Bulgarian frontier.

The governments admit that any threat to the security of one country imperils the security of the other, but despite persistent American hammering of this point, very little of its spirit has yet been translated into action on the ground. The only medium for co-ordinating the training of the two forces is at the Izmir headquarters, and even here, where the air is more American than Turkish, the Greek contingent has only recently returned after having been called home for most of a year during the heat of the Cyprus problem. While they were away, the Americans had to fall back on the awkward expedient of flying backwards and forwards from Izmir to Athens, their function as go-betweens stripped of its usual disguise.

The Cyprus settlement, and the end of one phase in a weary tussle, has brought high hopes and a slight actual improvement. There is now, at last, some liaison between the Greek and Turkish commands on their respective segments of Bulgaria's southern frontier. Teams of Greek and Turkish officers are now allowed to inspect some of the installations in each other's country—so long as the mission is made seemly by having an American at its head. But the list of visible signs of integration is still short ; and it is kept so not only by the impediments of political suspicions, but by the failure to standardise equipment ; this makes any significant interchange of personnel impracticable.

As members of Nato, Greece and Turkey join in the general large-scale manœuvres but so far there has been no question of their working as partners in limited training operations. The exception was the anti-submarine manœuvres in the northern Aegean early in September, in which only the Greek, Turkish and British fleets took part. As an exercise, these were more diplomatically significant than militarily rewarding ; even so, the result has been something less than friendship between the Greek and Turkish navies, whose traditions do not happily mix.

Even if Turkey and Greece were pulling wholeheartedly together, their combined weight makes them no giant. Both countries carry a very heavy defence burden ; Greece, for instance, spends 7 per cent of its gross national product on defence. This is a higher proportion than any other western European country except Britain and France, and puts the Greek delegation in a strong position when defence costs are thrashed out at the Nato meeting in Paris in December. But quite apart from the lack of co-ordination between the two forces, the requirements of internal security, inadequate communications and yesterday's equipment also gravely handicap the south-east European command.

ON paper, the Greek and Turkish units constitute more than half the land forces assigned to the whole of Nato. The Turks have three army headquarters at Istanbul, Konya and Erzurum and contribute 20 divisions, which at full strength would be 500,000 men ; the Greeks have one army headquarters and 12 divisions of about 13,000 men each. In both cases a fair proportion of the total strength is tied up with internal security and is not immediately available to Nato.

The area to be defended is formidably large. Greece has the Albanians to the west and the Bulgarians to the north-east ; with the Jugoslavs in between Greece is on resolutely good terms. Turkey has a 200-mile frontier with the Soviet Union and 700 miles of Black Sea coast, and it is expected that any Russian attack would engage Persia and Turkey simultaneously. The Soviet Union has a substantial build-up of forces in the Caucasus and it is calculated at Izmir that the discrepancy in manpower between the Nato and opposing land forces is something like one to 8 ; for the Greek and Turkish air forces (which are equipped with Canadian jets that have been passed on from Nato service elsewhere) the discrepancy is believed to be one to 10. The road, rail and pipeline network is still very limited, and although a lot of American and local money is being spent fast, the problems are complicated by difficult and often mountainous terrain. Civilian casualties would inescapably be heavy, and wartime planning allows for both Athens and Istanbul being knocked out.

Bilateral plans for establishing a base for American intermediate-range ballistic missiles in Turkey are on the way to fulfilment, and a statement on the control of the warheads is imminent. Turkey is already receiving supplies of the Honest John short-range rocket. Greece, for its part, is confident of receiving certain nuclear tactical weapons before the end of the year. But despite this incipient modernisation, the south-eastern European link seems composed of rather old-fashioned metal for a modern tug-of-war. The Turkish and Greek contingents could play a decisive part against local aggression, and by their presence and readiness might inhibit the Soviet Union from starting a war by proxy. They cannot be expected to deter a powerful aggressor or to hold him for more than a little time.

But this time gained could be vitally important in giving the supreme commander a breathing space in which diplomatic action might still be possible, and in which to reflect on how big a weapon to use next. The United States Strategic Air Command bases, and the great aircraft carriers of the Sixth Fleet, as they show the flag in Istanbul and Piræus, are the visible and impressive signs of the last resort.

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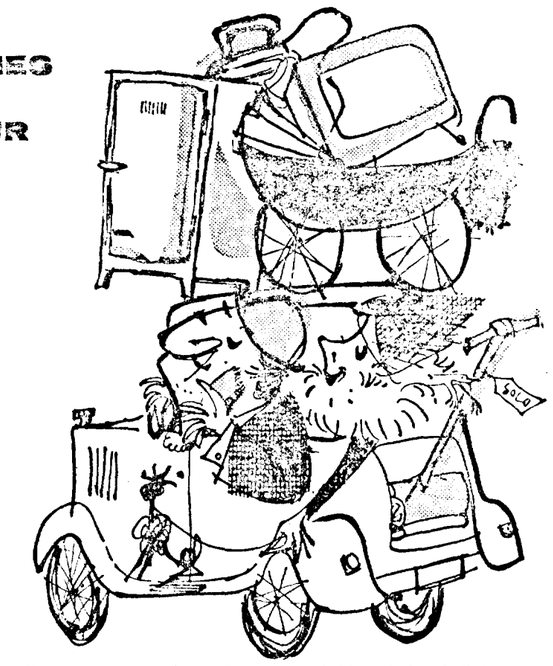

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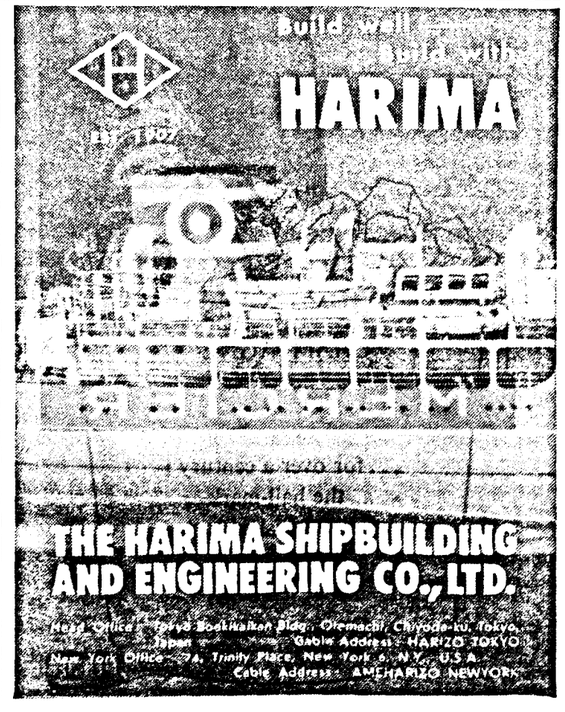

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THE BUSINESS WORLD

Standard Needs a Triumph

JUST what kind of a niche Standard "on its own" can carve itself in the British motor industry of the sixties has been an idly fascinating problem for any onlooker since the beginning of this year, when it became finally clear that its tractor production at Banner Lane and in France would be split off and sold to Massey-Ferguson. The problem had become a busily fascinating one for the directors of Standard about three years before that. At the outset, when it became clear that Massey-Ferguson wanted to control production of its own tractor, it was not necessarily a matter of Standard's going it alone. But the attractive possibility of a merger fell through because difficulties arose over relative share prices, and Massey-Ferguson's interest in making motorcars proved evanescent. Approaches from Rover, again, came to nothing, largely over the price. But, throughout the many months of negotiations, the Standard board had to be making up its mind what kind of position it might have to gain and hold as a single medium-sized motor manufacturer. This meant, essentially, what kind of car it thought it could sell.

The divorce went through without ill feelings. "Only time will show, perhaps," says Alick Dick, managing director of Standard-Triumph, "who was the husband and who was the wife. However, we got the alimony." The alimony—negotiated after a year in which tractor sales, after a dip, had conveniently returned to a peak—seemed very fair. Standard received £14.9 million for its tractor assets (less the engine plant), representing a capital profit of £5 million, of which it distributed nearly £4 million in cash at 2s. 6d. a unit to its shareholders (who subsequently over-subscribed a "rights" offer to buy Massey-Ferguson's 25 per cent interest in the Standard equity). This left Standard—which now prefers to call itself Standard-Triumph International Ltd.—with £14 million in the bank, taxation liabilities of about £4 million to pay off soon, and about £6 million already committed to the investment of building itself a new position in the British motor industry.

Whatever "packages" of car the group's management hoped it would be able to sell in future, the divorce was bound in any case to set it three massive business problems. Tractors represented some 75,000 of the 160,000 units it was producing: bereft of tractors, that output had to be made up with cars as rapidly as possible in order to spread the administrative overheads over as many units as before. This meant obtaining twice the supplies of car parts and components. It meant providing facilities for twice the production and assembly at the group's own plants, while at the same time organising the physical separation of quite closely-integrated car and tractor plants at Coventry. It also meant—and this was perhaps most formidable of all for a management inevitably oriented towards production, since the marketing of half its output had been done by somebody else—arranging the distribution of twice as many motor vehicles, and probably more than twice as many in the home market.

THE first two tasks were in practice inextricable: the only way the group could get the extra supplies it wanted was by making more of its cars itself, as well as making more cars. This process had been set in train already, as part of the exercise which was anyway necessary to free Standard from what amounted to a straitjacket on its car production. Until July last year Standard had no facilities whatever for building, painting, or trimming the bodies of its cars. It relied upon Fisher and Ludlow for the production of its Eight and Ten small cars. After BMC purchased Fisher and Ludlow in 1953 assurances were given that supplies to Standard—650-750 bodies a week—would be maintained: on the other hand, BMC was naturally not interested in putting in new plant for the expansion of a competitor's output. Production of the Vanguard was in the hands of Pressed Steel. Effectively, therefore, the group's output of cars was limited by outside suppliers.

In July, 1958, Standard bought Mulliners Ltd., the Birmingham body builders that was already making painting and trimming shells for its Triumph TR3, Standard Companion and small trucks; Mulliners, earlier in the year, had already acquired Forward Radiator and had begun to increase press-work capacity there. In Coventry Standard began to build a new paint and trim department at its Canley works—now complete and in operation—and bought the factory at Tile Hill where Fisher and Ludlow had been making bodies for the now discontinued Austin A35 for a further paint and trim plant. Body sub-assemblies for the Triumph Herald, which has built up to half Standard-Triumph's car output by now, come from Forward Radiators and from three independents, Carbodies Ltd., Sankey, and Hall Engineering. Lord Tedder, in his statement to shareholders with the accounts this week remarked, "We now plan to extend further the pressing and body assembly part of the business and to increase our capacity beyond 180,000 units per annum."

That capacity of 180,000 will not begin to come in until April, when first operations should begin at the new final assembly hall which will adjoin the body assembly paint and

trim department at Canley; it will house three assembly lines 1,000 feet long. Ever since the summer the building and installation of equipment in this hall (which will bring in and store bodies overhead, and supply other components from a basement below the assembly lines) has proceeded alongside the transfer of equipment between Canley and Banner Lane and the building up of car production. The moving of a large number of machine tools, including transfer lines for certain of the car engines, from Banner Lane, seemed a rather formidable as well as complicated exercise to the Standard-Triumph management. But in practice it was carried through smoothly, with only two minor accidents; and, inside eight weeks, before the stocks of 13,000 engines and other components that had been built up to tide over full production at the car plant were exhausted, the whole changeover was complete. Since it was finished, on August 31st, car output from Canley has been virtually doubled—from 300 cars a day to just on 600. This is effectively 150,000 cars and commercial vehicles a year; before the end of the year, the directors are confident, output will pass the former rate for cars and tractors combined.

Getting enough cars made to replace the loss of tractors is thus already almost done: this was a job of production engineering about which Standard-Triumph was always confident. Getting them sold—even to willing buyers—is another matter. The company had recently been selling as many as 60 per cent of its cars abroad—partly because about 100 a week are the TR3 sports car, of which some 95 per cent are exported, largely to the United States. For sales that represented only half its production, and about the same proportion of profits, that degree of dependence on uncertain and often none too profitable overseas markets was acceptable; but for a medium-sized car manufacturer on its own, it is not.

So the group's marketing problem at home is to try to arrange efficient distribution of a higher proportion—Alick Dick says at least 50 per cent—of an output at least doubled and possibly more. This was not easy: the group had channelled so much of its postwar expansion into exports and tractors had not up to this year been passing through the hands of its dealers many more cars than Standard and Triumph probably were in 1938. But over the last two years the group has vastly increased its sales force, has taken over distribution itself for its largest selling area, London, and has strengthened its spares department and its service network, in preparation for the huge increase in throughput. Today, the selling capacity is there. Even so dealers who are being asked to increase their own stocks and working capital to move this larger supply of cars to the customer need to be confident about the cars in question—and that the company they are being asked to work with is in the business to stay.

ALL of these productive and commercial problems eventually hinge—as does the future staying-power of Standard-Triumph—on the kind of cars it has decided to offer. This is a matter of ideas rather than ironmongery. If the package of requirements and attractions has been nicely gauged to fill a niche in motoring demand, engineering them into the car, though not infallible, is a more dependable exercise. The Triumph Herald has been (so far in small numbers) on the market now for six months: its considerable impact is a matter of record. But its "package" of ideas gives some pointers to the position Standard-Triumph hopes to establish in the motor industry.

First, it signalled a resignation from the rat race. Standard, in numbers responsible for less than ten per cent of British car market, had continued until this year to compete directly with the giants, BMC and Ford, with its entire range. One of the facts of automotive life in Britain today is that no independent producer in the range up to a quarter of a million cars (except Vauxhall, with General Motors behind it) can match those two giants in terms of sheer "car for the money." From the Herald onwards, Standard-Triumph can be taken as having ceased to try (as Rootes had done long before).

The Standard management finds it none too easy, talking to the outsider, to explain its approach with the Herald in terms of any statistical assessment of potential demand at different points of the price range: designing the most expensive fashion article in modern society must draw heavily on inner conviction. But it puts the ideas behind the Herald in terms of "motorists' requirements." These were, it felt when it was planning the car in 1956-57, partly the new needs of an age of mass motoring: ease in parking, the need for very little service and for the lowest possible repair costs on the largest, most vulnerable and most expensive organ of a car's anatomy, its steel skin.

Abroad, it felt that independent suspension on all four wheels had become a real requirement. At home, for the motoring male, it was something else different, to add to the Herald's trouble-free lubrication and the construction with easily removable panels on a chassis. And those differences would give the mere male the good excuse he may need to let his wife pay slightly over the odds for what Standard hoped would sell (her) the car most of all: good looks and just a savour of snob appeal. As production builds up it should bring down costs, but there is no intention of making the car cheaper: Standard-Triumph aims to hold the price and develop this range of cars.

To call this deliberate appeal to be rather more discriminating than the Joneses cold-blooded would be untrue: Standard-Triumph's commitment to its dapper and accomplished brainchild is as much emotional as commercial. It may well, in a rich society where many hanker after distinction rather than opulence, be the logical approach for the medium-rank producer—leaving the bitter though potentially rewarding battle to extend the market at the bottom to the giant manufacturers. In the Herald, the policy has so far made a most successful debut: though technically the question of "putting more into the car" may come up sooner than later. Seekers after motoring happiness of a *recherché* kind might not necessarily buy more down-to-earth cars simply because one may accelerate faster or another have a higher top speed. But a car selling distinction cannot afford to be lacking in any obviously measurable aspect of performance: one must not give the Joneses an easy retort.

Standard-Triumph is confident that it can find a similarly sunny niche, farther up the price range, for other models. The 1½-2 litre range, one of the most competitive in the world, would not seem to offer much room. Farther up there is probably more scope for saleable originality, though the higher one goes, the smaller the market one has to dig oneself into. The eventual output at which the group is aiming—

say 250,000—will require relatively large numbers for cars that deliberately eschew cheapness for originality. Perhaps the biggest remaining question mark about the Herald, for example, is whether the slightly more discriminating market at which it is aimed can yet accommodate the 100,000-150,000 a year that a total volume of the above order would seem to require for the group's most popular model. Until very recently, few models even from the giant makers were being sold in such numbers.

WHAT conclusions, or impressions, can be formed at this point in Standard's metamorphosis? First, certainly, that in terms of technique and production the changeover has been well prepared and impressively carried through. Standard-Triumph has a good way to go with this development and integration of manufacture: it should end with an organisation much more effectively under its own control. That organisation is still one scattered through a variety of plants in Coventry and Birmingham and the group is still doing little of its own presswork; on the other hand the form of chassis-plus-panels construction adopted for the Herald does appear particularly well suited to a complicated and still evolving pattern of body manufacture. Most important, the Herald so far seems to have proved a most acceptable package—admittedly in a period when demand for all kinds of cars has boomed.

Although Lord Tedder was entitled to emphasise in his statement that the Herald accounts for only 50 per cent of production, and that output of other models is rising, it is clear that Standard's main gamble for viability is based, so far, on the Herald—now, perhaps, more on getting it distributed and sold than on producing enough of it. The group will clearly have a good deal on its hands over the next twelve months—during which some already discernible models from other producers, perhaps closely competitive with the Herald, will be arriving on the market. Nor can it afford to wait long if its next original contribution, farther up the range, is to compete with the intensive selling efforts the giants will be putting into larger models already on the market or not far off. For no other car manufacturer will the next two years be as critical.

The speed of the start has been impressive. It has already enabled Standard-Triumph to declare a better interim dividend than was anticipated, and has led the market to hope that the group may do well enough to maintain its final dividend, even in this financial year of transition. The severance payment from Massey-Ferguson has solved the group's immediate problems of liquidity: it does not expect to need fresh capital for, say, the next three years. Yielding 5.2 per cent, on a 12 per cent dividend covered more than three times, the shares at 11s. are fairly conservatively priced for this industry; its equity also represents a substantial assemblage of motor manufacturing assets. In marketing rather than technical terms, Standard-Triumph's future remains an obvious gamble, but so does any other medium-sized motor producer, in the early sixties.

Ajax Inhales Oxygen

A redesigned open hearth furnace makes up some of the lead that pneumatic processes have gained in making steel with oxygen

OXYGEN has become a magic word in steelmaking technology since the war: but for steel industries based primarily upon the open hearth process—as are the American, the British, and incidentally the Russian—this magic word has generally had a somewhat hollow ring. It was in the open hearth furnace that oxygen made its debut as a tool for the steelmaker, during the early postwar years; but the most dramatic results from its use have been achieved almost without exception from the Bessemer convertor—or rather from the specialised vessels developed from it for pneumatic steelmaking with oxygen (most of which blow from the top, not the bottom as a Bessemer convertor does).

As a result, in their new plant, a number of Britain's major companies have turned "back to Bessemer" or to these other processes. The Steel Company of Wales is using oxygen in a bottom-blown Bessemer plant at Abbey Works: both Colvilles and Richard Thomas and Baldwins are to use the Austian "L-D" process in their new strip mill plants, while the latter is also installing Oberhausen "Rotor" vessels (to pre-refine hot metal for an open hearth shop) at Redbourn. Several companies are interested in the Swedish "Kaldo" process.

These Continental processes make steel so cheaply as to pose a question, if not a challenge, to any company deciding to put down steel capacity today. But the response cannot always be the same. United Steel's Appleby-Frodingham works at Scunthorpe makes its steel in ten big tilting open hearth furnaces: in 1956, these had an effective capacity of about 1,200,000 ingot tons a year. At that time, when the company decided that by late 1959 it would need additional steel capacity equivalent to the output of another such furnace, it recognised that oxygen convertor processes might make the steel more cheaply. But it was not then clear whether the Continental processes could deal with iron of the high phosphorus content that Appleby-Frodingham's blast furnaces smelt from British ores (even now, none yet have on a regular commercial basis). Moreover, an L-D, "Rotor" or "Kaldo" plant, to be of fully economic size, would have offered more steel than the extra amount United Steel were thinking of.

Some existing capacity could have been taken out of operation at Appleby-Frodingham to offset the extra output that a large indivisible unit for pneumatic steelmaking with oxygen would have provided. But the investment would have been costly: and the company did not feel justified in commiting extra capital for premature replacement of furnaces which, as it was, were making steel more efficiently than most in Britain.

IN this investment dilemma, therefore, what might have seemed technically an optimum solution was ruled out. Appleby-Frodingham had already in mind one way to get some of the extra output required from its melting shops: the

installation of all-basic refractory roofs in its tilting open hearth furnaces, which allow higher operating temperatures and longer roof lives than the "acid" silica roofs used in its basic furnaces. These offered higher working temperatures and more rapid operation of the process of oxidising impurities from the iron that is the main business of any steel furnace. Another new factor was the tonnage oxygen plant that British Oxygen was building to serve the steel works of Scunthorpe. It was logical for the firm to consider, once again, oxygen in the open hearth process. Appleby-Frodingham had already tried "oxygen lancing" in 1950-51, with discouraging results. The technique could raise output, but it reduced the yield of steel from the charge, slightly increased costs, and irritated the melting crew, who complained that its tangle of pipes and tubes was dangerous. So the experiments at Scunthorpe had been abandoned, though oxygen continued to be used to assist combustion of the coke-oven gas used as fuel. (It is only fair to say that other British steelworks, in particular the melting shops of the Steel Company of Wales, have made continuous and successful use of oxygen for carbon removal, combustion, and the pre-refining of hot metal).

In 1956, before it could begin experiments with oxygen lancing again, the Appleby-Frodingham management had to explain the problem it faced of competition from cheaper Continental processes to its unions. They listened, and then accepted the necessity. So, later, did the local council, when the oxygen-blown furnace began to produce an unusual volume of dusty smoke, before gas-cleaning plant could be put in and brought through its teething troubles. By mid-1957 the company decided the tests merited special modification and reconstruction of one of its newer furnaces: oxygen blowing and the normal open hearth furnace did not quite fit together.

These modifications are quite radical; indeed, this furnace can no longer be operated as an ordinary open hearth furnace. The high rate of blowing with oxygen passes out of the furnace a large volume of dust-laden gas; so a gas-cleaning plant had to be put in. To limit the burden on this the slag pockets and regenerator chambers under each end of the open-hearth furnace had to be sealed with a casing of steel plate to prevent the infiltration of air from outside that is normal with these furnaces. The slag pockets and regenerators, however, could be made much smaller, and were in fact doubled up, with two under each end of the furnace. This makes it possible, when one pocket and chamber are choked with slag and dust, to switch the flow over to the other set, so that the cleaning of these pockets, which ordinarily interrupts operations on an open hearth furnace, can go on while the furnace is operating. Oxygen is fed into the furnace from lances mounted on special gear at each end of the furnace, inserting and retracting automatically; it can also be fed in with the fuel, or in the regenerators to enrich the air heated there. Reconstruction of the modified furnace, from "gas out" to "gas in," took only 27 days.

The results of oxygen blowing in the modified furnace have been quite radical, too. Describing recent operations with the two furnaces that have now been fitted for this "Ajax" process to the Institute of Fuel last month, Mr Jackson summed it up:

> . . . the average weekly production is well above the British record, the fuel consumption is no more than one-fifth of good British practice, and the cost of fuel plus oxygen is no more than half the average fuel cost in standard open hearth practice.

These two 300-350-ton furnaces, with a normal charge of no more than 210 tons, are producing 4,500-5,000 tons of crude steel per week, which compares with outputs of some 3,000 tons a week for a similar open hearth furnace operated normally.

Comparisons in the table put both processes, with oxygen lancing and without, at their best; the ordinary open hearth furnace is charging about 15 per cent of scrap, while the Ajax furnace uses entirely hot iron. There is a slightly lower yield of metal from the materials charged; rather more iron is left in the slag. But in quality, and in performance in the mill, the Ajax steel fully matches that made in the normal process; and the operator's control over conditions in his furnace is so much improved that this kind of furnace serves exceptionally well for special qualities of steel. This control, and the ability to set and hold conditions in the furnace at the melter's discretion, offers the chance of much better "scheduling" of an open hearth shop than is normally possible.

APPLEBY-FRODINGHAM has thus obtained all the extra steel it wanted without more than modifications to its existing capacity. The changeover to basic roofs offered increases of 10 per cent or so in eight of the ten furnaces; the fitting of the other two for the Ajax process has increased their annual outputs to date by some 55-60 per cent. Operating costs have been reduced substantially in the Ajax furnaces in comparison with the rest; moreover, if one were building such a furnace from scratch, instead of modifying an existing plant, there would probably be quite substantial reductions in capital cost.

How far is this process a sufficient reply from the open hearth to the oxygen-blown convertor processes? Mr Jackson still thinks that on a green field site, building entirely anew, the pneumatic processes might offer somewhat lower costs; but that with high phosphoric irons, their margin would be a pretty narrow one. In continuous operations making standard steels, again, the convertor processes would be hard to touch for cost; but the Ajax process probably retains the traditional advantage of the open hearth in flexibility for making a wide range of steels. It uses 1,500-1,600 cubic feet of oxygen per ton of iron, against the 500 cubic feet other open hearth techniques with oxygen have used, and the 2,000 cubic feet used in say, the L-D convertor. It was a decisive and rather courageous step to settle for an open hearth process that cannot operate without oxygen. And in some ways the process represents an advance towards theoretically "ideal" steelmaking processes.

Appleby-Frodingham began operating its first Ajax furnace in January, 1958; the second has been running since June; a third is to be converted. It is not the only effective use of oxygen in the open hearth furnace; and though some of United Steel's competitors appear to have had their interest in such processes rekindled by it, none appears to be following this pattern directly in its own experiments with oxygen. But the process was devised as an answer to an operating requirement, not as an innovation to defend the open hearth process against more rapidly-advancing competitors. What Appleby-Frodingham wants to sell is cheap steel, not steelmaking processes. Technically, its figures are impressive enough. But it is even more impressive as an answer to Appleby-Frodingham's immediate investment problem—and it seems certain to occupy a larger position in the changing future pattern of United Steelmaking.

BUSINESS NOTES

RADCLIFFE REPORT

The Government's Decisions

OPENING Thursday's debate on the report of the committee on the working of the monetary system, the Chancellor of the Exchequer delivered the Government's verdict on the leading recommendations about domestic economic policy. He mainly rejected them. The reactions of the Treasury to the report turn out to have been very close to the line taken in these columns.

At the outset Mr Amory made the point that the committee had underestimated the role of monetary policy in regulating the economy. Monetary policy must be supported by fiscal policy working in the same direction, and there might be occasion for more specific measures such as those used to stimulate capital investment; but the Government sees no reason to qualify its general aversion from direct controls. Nor is the Chancellor prepared to accept the committee's categorisation of situations into "normal," "excess liquidity" or "emergency." In particular, there are obvious dangers in a package marked "For emergency use only." Mr Amory rightly insisted that his hands must not be fettered; the measures available must be used as and when the authorities think necessary, not according to any predetermined formula. The Chancellor made no specific reference to special controls over bank liquidity or to their extension to other financial institutions.

Bank and Treasury

Nor did the Chancellor suggest that he shared the scepticism of the committee about the efficacy of Bank rate. On the argument about who should announce Bank rate movements, he is making what is apparently the only important change resulting from the committee's recommendations. However, he is sensibly not following the committee's own recommendation that changes in Bank rate should be made by the Chancellor and on his authority; this would be misleading to the world since no one has suggested that the initiative should not continue to come from the Bank. The Government's proposal is exactly in line with the compromise suggested here—that the announcement should be made by the Bank but on the authority of the Chancellor.

The Government and the Bank have accepted the committee's general outline of the functions of the Bank in relation to the Government, and of the part-time directors within the Bank. The formulation of policy is in practice in the hands of the Governors, and the function of the part-time directors is mainly advisory. This will henceforth be recognised in formal terms. The Bank Court has delegated to the Governors a standing authority to settle changes in Bank rate with the Chancellor on behalf of the Bank. The Governor will be free to have discussions with the Committee of Treasury and other part-time directors, but he will not put specific proposals before them.

Announcing Bank Rate

The usual (but not inevitable) procedure for a change in Bank rate will then be: On the day before a change, after the usual informal discussions, the Governor will put a formal written proposal to the Chancellor; on the same day the Chancellor will convey his formal written approval. On the day of the change (still apparently a Thursday in the normal case) the Governor will report to the Court. The final decision will thus be made by the Bank and announced in the usual way—with the rider that the decision is with the Chancellor's approval.

The Chancellor rejects the suggestion for a new standing committee of the Bank, the Treasury and Board of Trade, which he regards as superfluous. But in future the Bank will be represented formally, as in the past it has been informally from time to time, on various existing Whitehall economic committees.

Financing Public Corporations

Mr Amory rejects the proposal that the local authorities, like the nationalised industries, should be given full access to finance from the Exchequer—just as he rejects the suggestion from other quarters that the nationalised industries, like the local authorities, should be made to borrow in the market. He points out the distinction that the local authorities have their own credit standing and can pledge their assets, and that they have in practice drawn on sources of funds that would not have been available to the government. The only change here is that the government will collect and publish information about the extent and terms of local authority borrowing.

More Information

The one section of the report that the Chancellor, along with outside observers, has warmly welcomed is that calling for more information about financial matters. Mr Amory has instigated an urgent study of these recommendations. He would like to see comprehensive and consistent figures on operations of the banking system; information on holdings of and transactions in gilt-edged securities and Treasury bills; and on the financial position of companies. New direct inquiries will be needed.

His one reservation in this sphere is on news about the reception of new government issues in the market. He is prepared to consider a more "dignified" form of announcement than the disingenuous traditional formula used for issues of Treasury controlled official funds; but he is not prepared to go as far as announcing, on the first day, the amounts taken up by the public.

INVESTMENT REFORM

Companies Act Inquiry

ON Thursday, Mr Maudling, President of the Board of Trade, announced the terms of reference of the promised committee of inquiry into the Companies Act. The chairman will be Lord Jenkins, and his colleagues will be named shortly. Their duty will range widely:

> To review and report upon the provisions and workings of the Companies Act 1948, the Prevention of Fraud (Investments) Act 1958, except in so far as it relates to industrial and provident societies and building societies, and the Registration of Business Names Act 1916 as amended; to consider in the light of modern conditions and practices, including the practice of take-over bids, what should be the duties of directors and the rights of shareholders; and generally to recommend what changes in the law are desirable.

These are comprehensive terms indeed—they include, it will be noted, the knotty problem, half law and half practice, of directors and shareholders—and it is not to be expected that the Committee will find answers to them in a mere matter of a few months. But that does not mean that reforming action need be delayed on other fronts. Mr Maudling disclosed that the Chancellor will be introducing a Building Societies Bill in this Session. And he is himself considering whether new legislation is desirable to control the soliciting of unsecured loans and deposits—a matter on which the Prevention of Frauds Act has been found completely wanting; preventive action on this need not, he said on Thursday, await the outcome of the committee of inquiry.

NEW CURRENCY

Note Well

THE Bank of England feels that it would be a good thing if people looked more closely at their banknotes. Its new designs bearing the Queen's portrait will go some way towards bringing this about. The £1 and 10s. notes will be made equal in size. Both will be as long at the present £1 note, but half an inch narrower—that is, longer and less deep than the present 10s. note. New £5 notes the same size as the present £1 notes will be issued, and £10 notes of exactly the same dimensions will accompany them. Three denominations of notes in three different and easily recognisable sizes will thus be replaced by four denominations of notes of equal length, with two narrower than the others. The broader notes will represent values five and ten times as much as the value the public has grown to associate with notes of that size. Each note will have a different dominant colour (though subsidiary colourings introduced for security reasons will reduce the distinctiveness between them). The reason for this limited diversity is that the Bank feels there is only a narrow range between a note large enough to be easily handled (the size of the present 10s. note) and small enough to fit into wallets without folding (some people cannot get the present "fiver" into theirs). The new series will not go as far as the single size, single colour of the United States dollar notes ; but that surely is a bad precedent.

To judge by the time interval between the introduction of the new £1 note (early next year), the new 10s. note (a year later) and the £5 and £10 notes ("as soon as possible thereafter"), the Bank's contention that the process of design and production cannot be hastened is well borne out. The new series will reduce the cost of printing the notes.

These will be the first notes in Britain to bear the sovereign's portrait, and the brighter design is welcome. More important, perhaps, is the reintroduction of the £10 note. The demand for notes of high denominations has been strikingly illustrated by the reception of the present £5 note. In February, 1957, the old fivers, glorious relics of a bygone age, comprised 15 per cent by value of all notes in circulation: this percentage has now more than doubled. There might also be a demand for a note between £1 and £5. But the most pressing need is better coinage, which is the responsibility not of the Bank but the Royal Mint. Mr Heathcoat Amory should be giving urgent attention to the radical, sensible suggestions made recently by his deputy master.

THE EXCHANGES

Sterling and Bank Rate

STERLING has been giving a less impressive performance in the exchange markets in the past few weeks, and at times the Exchange Account is believed to have stepped in with some official support. This modest weakening offers no ground for concern. The spot rate on the US dollar is still above par, and in the forward markets sterling is at a premium on the dollar, the mark and most other currencies. What has happened is that part of the usual seasonal demand for dollar commodities has been experienced later in the year than usual (partly because of the high confidence in sterling during the usually difficult third quarter). At the same time, a certain amount of foreign funds has been withdrawn from London to take advantage of higher interest rates in New York and elsewhere. The official discount rate now stands at the same level, 4 per cent, in London, New York and Frankfurt—and bill rates are up to 1 per cent higher in New York.

How far can interest rates in London remain below those in the other main centres? International considerations today, unusually, call for the London authorities to sit tight as long as possible ; a narrowing or reversal of the differential below New York would embarrass the American authorities in their attempt to check the outflow of gold. After the impressive gains of the past two years, London can afford to see funds return across the Atlantic. If the reserves did fall by a modest amount in coming weeks as a result of short-term money transfers, that ought not in itself to call for an increase in Bank rate. However, the authorities must also look to domestic considerations ; and these might point in a different direction. If the authorities fear the beginning of a boom in private investment some time next year, they might be inclined to increase Bank rate on that ground, as a warning to the banks (whose advances are still increasing) and to industry.

AEI

Reshuffle Completed

THE internal reorganisation of Associated Electrical Industries, begun nearly two years ago, will be completed by the end of the year. AEI's three constituent companies, British Thomson-Houston, Metropolitan-Vickers and Siemens Edison Swan, are to be renamed AEI (Rugby), AEI (Manchester) and AEI (Woolwich) respectively: between them they will be responsible for management of fourteen product divisions, which in turn will have their own managerial and engineering staffs, and a fair amount of autonomy. Nine of these divisions were created earlier this year, and the other five—cables, construction, telecommunications, radio and electrical components, and instrumentation—were named this week. The parent company, of which Lord Chandos is chairman, remains responsible for the group's finance; AEI-Hotpoint will remain a separate entity, and AEI's association with John Thompson in nuclear power plant construction will not be affected.

The reorganisation was first prompted by the change in the electrical industry brought about by the Restrictive Trade Practices Act. While the industry's price-fixing and quota agreements were in force, it was advantageous to have several subsidiary companies that purported to compete with each other ; with the abandoning of the agreements, it automatically became desirable to rationalise production. This last stage carries rationalisation to its logical conclusion: in future there will be no duplication of products between divisions (though there will be few if any changes in the present location of plant and equipment).

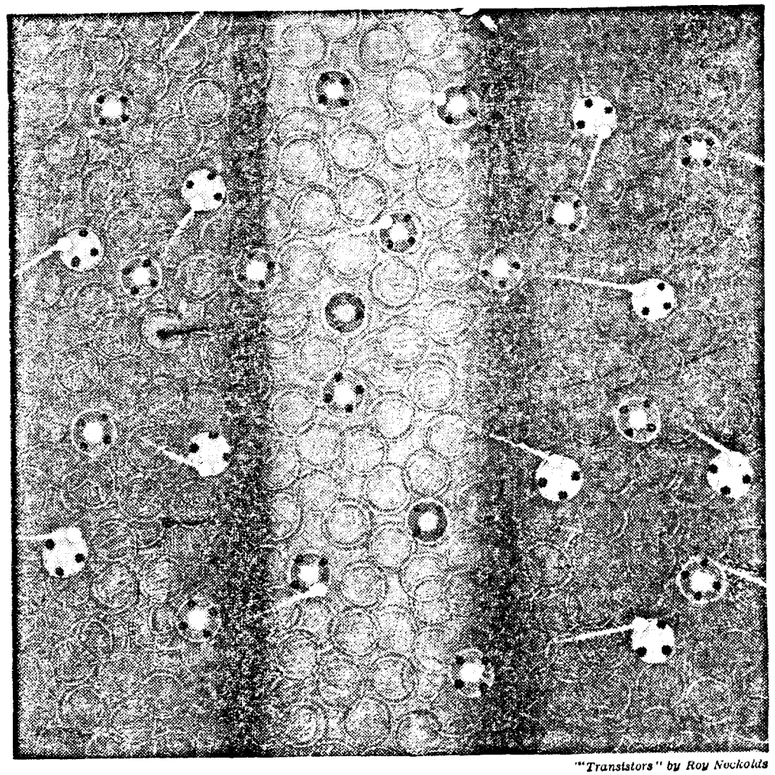
Lord Chandos noted this week that in the future AEI will gain the advantages of a completely unified structure, as well as trading under a single name—as do its chief competitors, English Electric and GEC. This establishment of a group image will not be carried out completely, however; many trade marks associated with the old management subsidiaries will be retained, though the products will henceforth be sold by AEI.

HAWKER SIDDELEY

The Difficulties of Diversification

THE Hawker Siddeley Group's search for work outside the aircraft industry has led it to a remarkable decision—to set up a 270-strong atomic energy division. A team of this size is most unlikely to get nuclear power plant orders from under the noses of the giants of the industry, even in shipping, where Hawker Siddeley is concentrating. Every atomic energy group in the country has submitted designs to the Admiralty-sponsored committee looking at nuclear merchant ships. English Electric is proposing the same type of reactor as that which is under development at Hawker Siddeley—using an organic chemical to perform the function carried out in large reactors by graphite—but English Electric is backed by American know-how. Both companies have, incidentally, chosen a type of reactor that is temporarily out of favour with the Atomic Energy Authority.

But David can still hit Goliath for six on occasion, and Hawker Siddeley may yet make an impact on the market for research reactors. At the Geneva atomic energy conference a year ago, the group was given blue-prints for the Argonaut research reactor developed by the Argonne National Laboratory in the United States. This is the nearest thing to a do-it-yourself reactor yet invented. Argonne assembled it, for a gimmick, during the first week of the conference and Hawker Siddeley built its own anglicised version, Jason, in seven weeks. Hawker Siddeley was given the design and know-how, as Argonne had done for American manufacturers. Except for its instru-



"Transistors" by Roy Nockolds

Gazing into the crystal

Modern crystal gazers can now foretell the future with some accuracy—if the crystals into which they are gazing are those of germanium or silicon.

These two substances—known as semiconductors—are the basis of Electronics' newest and perhaps most significant development—the transistor.

This device, which fulfils a similar function to a radio valve, is beginning to revolutionise electronics in many of its applications. Unlike the valve, the transistor needs no filament and operates at very low voltages and currents. Another advantage is its minute size—in some cases no larger than the head of a match. The transistor, in a variety of forms, is already being used in hearing aids, computers, instruments for nuclear power stations, portable radios and record players, and future applications will include radar, submarine telephone repeaters, and V.H.F. mobile radio.

The Mullard Company has played a leading part in the development and production of transistors, accumulating a great wealth of know-how on which you, as a designer or user of electronic equipment, are free to draw.

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(So, on the whole, are the people who smoke them.) They are part and parcel of that pleasantly ordered kind of existence, where everything is *unobtrusively* correct. You might expect to pay over the odds for such a *distinguished* cigarette—but they cost 4/4 for 20, or 21/8 for 100. Incidentally, the Christmas boxes this year have a pleasing "Book of Hours" design.

People who can buy Player's No.3 – by the hundred

nentation and its British screw threads, Jason is a carbon copy of Argonne's original design. As research reactors go, it falls nto the scooter class: that is, useful for teaching, for production of the simpler adio-active materials—and specially useful for pilot trials of the fuel layout inside big power producing reactors. Hawker Siddeley was obliged to build its own Jason, at a cost of £50,000, plus another £48,000 for fuel (American fuel would cost approximately £16,000) as a demonstration model, although the reactor also has some practical use for the group's own work. It has sold one to the Atomic Energy Authority and should sell a second to the Admiralty but the potential market in this country is for probably no more than five—unless an unexpected number of training colleges find £35,000 for the stripped-down teaching version. The overseas market is potentially big but highly competitive. Hawker Siddeley has a certain amount of subcontract work, including potentially valuable orders for special graphites, from the Atomic Energy Authority, and will probably get more. But winning a toe-hold in this industry will demand determination—which is one thing that Hawker Siddeley has not lacked.

CABLES

An Olive Branch?

THE increase of 7½ per cent in the price of low voltage mains cables announced by British Insulated Callender's Cables last Tuesday has not yet been followed by the other large producers—Associated Electrical Industries, Crompton Parkinson and Pirelli General—but they and the smaller companies are unlikely to miss this opportunity to reduce their losses. After price cuts in mains cables by over 20 per cent, compared with those ruling under the former price fixing arrangements, a rise of 7½ per cent cannot leave much margin for profit. Such cable is largely made by the bigger companies in the business. A rise in the price of the household sizes of cables will be needed before the small companies can feel safer; they sell relatively more household cables than mains cables. But this is the section of the industry in which there is most surplus capacity, and BICC may not want to increase prices there until it sees that capacity has been reduced nearer to demand.

One small step further towards the reduction of capacity in the industry has been taken by BICC in buying Metropolitan Cable and Electric, a small private cable maker. Manufacture will be transferred from its works in Essex to the BICC factory at Erith during 1960.

HIRE PURCHASE COMPANIES

Time They Grew Up

AFTER a year of unrestrained expansion, in which the nation's hire purchase debt has surged from £500 million to around £800 million, finance houses are asking themselves whether they can afford in their own interests to go on searching for business unselectively on the principle that volume will look after bad debts. The recently uncovered rash of frauds by motor dealers in Lancashire and elsewhere, which affects many of the big finance companies, has caused even this thrustful industry to draw breath. Companies forced to repossess cars are also seeing the danger of the irresponsible competition in repayment terms since official controls were lifted: someone who has been allowed to put 10 per cent down and spread his repayments over four years has little to fear from repossession.

The method of operation that the finance companies have chosen for themselves, that of dealing not direct with the public but with the retail agent, means that the quality of their business is decided very largely by the quality of the dealers. A finance house that accepts business from a dealer without having fully satisfied itself about his honesty (and perhaps even of his existence) has only itself to blame if it finds it has been financing wrecks.

The recent troubles have revived interest in the desirability of finance houses dealing with the public direct, hitherto dismissed as administratively impractical. A number of leading companies have already made half-way moves in this direction by offering a direct approach, for their next purchase, to people who have completed their contracts satisfactorily. A big handicap in the way of the direct finance transaction is the inadequacy of credit reporting in Britain. This week the "Industrial Bankers" Association suggests in its half-yearly report that finance houses should co-operate to pool their credit information for use amongst themselves. An obvious instrument for this, one would think, is Hire Purchase Information, which maintains a comprehensive and efficient information service on every vehicle subject to a hire purchase agreement. It ought not to be too difficult to extend this to information about the hirers themselves.

Meanwhile, the finance houses have noted with interest that the Beneficial Finance Company of the United States is about to set up shop in London: this is not what all of them have had in mind in thinking of international expansion. An old aspect of the reports is that the American company is thinking largely of straight cash loans; the scope for these is closely circumscribed by the Moneylenders Act.

SYNTHETIC FIBRES

Limbering Up

COMPETITION has been growing on the fringes of the synthetic textile industry among the more exotic new fibres. In the past few days the two main producers of acrylic fibres, Courtaulds in this country and the American Chemstrand company in Northern Ireland, have cut prices by in some cases as much as 28 per cent and Courtaulds has announced that capacity for producing these fibres at its Grimsby plant is to be doubled from 10 to 20 million lb of yarn a year. With the 10 million lb being produced yearly by Chemstrand, this would make output of acrylic fibres roughly equal to the present output of "terylene," although this, too, is being expanded. Courtaulds also announced that it was doubling the output of two even more exotic, special-purpose fibres based on polyethylene and polypropylene without, however, giving any indication of the size of current production. This is bound to be small in comparison with that of the established synthetics, since these two yarns are used only by industry, and then for applications where their special properties are important. But those applications, ropes, filter cloths and the like, also happen to form an important part of the industrial market for nylon and "terylene."

The prices of these new synthetics are in the region of 100 pence per lb (some of these fibres are very light) compared with 24d. a lb for viscose rayon staple, still the cheapest textile fibre, natural or synthetic, on the market. Nevertheless they must by now be accounting for close on a quarter of the total output of synthetic yarns. Production in October was 47.2 million lb, 32 per cent higher than production in October, 1958, when the textile industry was in a bad way. Since then production of all types of rayon, viscose and acetate, yarn and staple, has been rising; but the fact remains that Courtauld's viscose producing plant at Grimsby has never yet been worked up to its full capacity of 100 million lb of yarn a year. There is a good deal of slack in the viscose producing side of the industry in spite of this yarn's cheapness: were it not for the boom in rayon carpets and mixtures of rayon—the carpet industry is taking 40 million lb of yarn a year—the traditional backbone of the synthetic fibre industry would be in a bad way. This could explain why Courtaulds is not only expanding its interest in the new synthetic yarns, but is branching into new industries. Its North Wales rayon factory at Flint, closed some years back when the group was painfully reorganising at the bottom of a textile slump, is being reopened not as a textile factory, but for the production of bleached pulp for the paper industry.

CREDIT TRANSFERS

The Banks Agree

THE clearing banks are now preparing to introduce a major extension of facilities for easier transmission of payments through "credit transfers" direct to the account of the recipient, in addition to the traditional cheque facilities. The banks have doubtless been influenced by the recommendation of the Radcliffe committee that unless existing institutions provided improved facilities, consideration should be

given to establishment of a giro system by the Post Office. A sub-committee of the banks has recently completed an exhaustive report, and as a first step, and a minimum aim, the banks intend to extend and develop within a few months (and probably re-name) the "traders' credit." This is the system through which one can cover a number of payments with one cheque by giving one's bank standard credit slips showing the name and location of the accounts to be credited.

Such transfers, together with other credit transfers for instalments to building societies, hire purchase houses and the like apparently add up to 150 million items a year—almost one fifth the number of cheques. But hitherto the traders' credit method has not readily been available to the private customer. It has been necessary to produce a certificate from the creditor—whose bank charges may be increased by this transaction while those of the paying customer fall—sanctioning the transfer. This is one of the questions now being reconsidered; there are also some legal complications, and the question of whether to have a centralised clearing for credits as well as for debits (provided in the cheque clearing).

The biggest immediate question is that of providing for cash instalments to hire purchase companies. During the squeeze the banks, which had seen the hire purchase houses grow fat while their own activities were restricted by official directives, imposed stiff terms on collections of hire purchase instalments. The recipient finance houses were debited by 1s. for each collection, and payments were not accepted on Saturday mornings. The finance houses searched long for an alternative means of transfer, and even worked out an elaborate scheme to be operated by the sub-postmasters. Now the atmosphere between hire purchase and the banks has improved, and it seems likely that the banks will offer a more acceptable system. This might conceivably be streamlined by providing standard paying-in books and centralised accounts of finance companies at bank head offices. But the companies also badly want the banks to levy their charge from the paying-in customer.

OVERSEAS TRADE

Imports and Exports High

RECORD British exports of £306 million in October did not result from freakish bunching in deliveries of a few costly items such as ships and aircraft. The detailed figures show that the improvement was widely spread. Imports also rose on a broad front to £360 million, reflecting British industry's growing needs. Taking September and October together the average value of exports was £276 million fob; this was ten per cent higher than a year ago, when exports were still falling. The main increase was to the non-sterling area, thanks to the rapid growth in sales to North America and Western Europe. But exports to the sterling area increased by two per cent to £109½ million, whereas in the first eight months of this year they were seven per cent less than a year ago.

Shipments of engineering products, the largest group, rose by seven per cent to £115 million, compared with September-

British Banking in Asia

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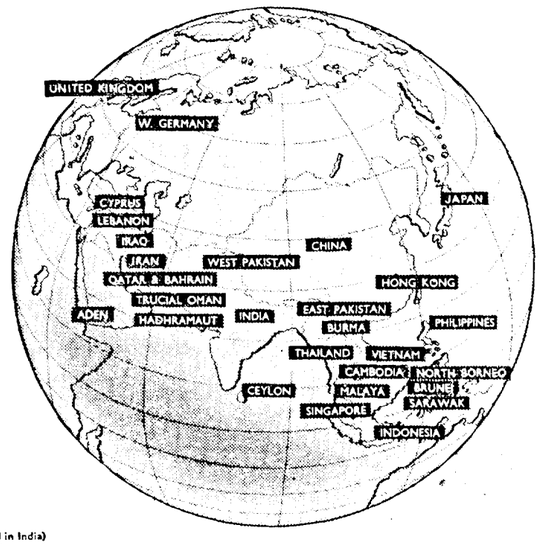

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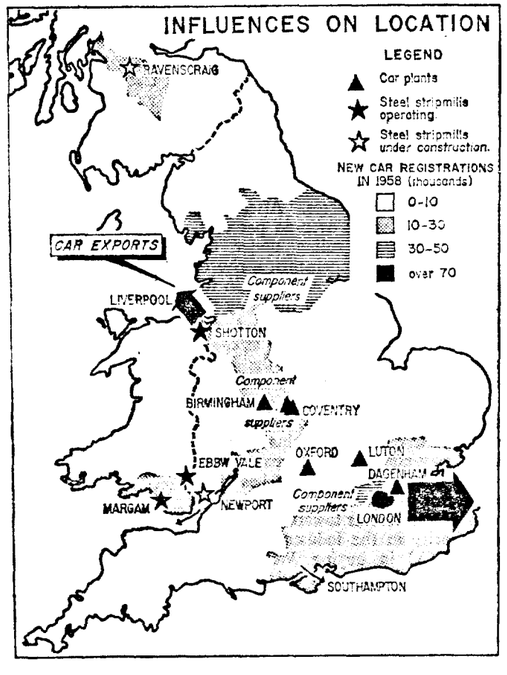
Motors Expanding—But Where?

BRITAIN'S motor industry is now, rather belatedly, reaping the benefits of the expansion programme upon which it began in 1954. Most of the plans have now fairly fully matured and the extra capacity is not only available but is fully employed. Production, 769,000 cars in 1954, was still only 860,000 in 1957 as an after-effect of Suez and the perhaps over-precipitate cuts in production schedules that it induced; only in 1958 did production rise significantly, to 1,051,000, still leaving much surplus capacity. Output now is running at over 1,400,000 a year—close to the figure that general forecasts for the industry as a whole had suggested might be reached in 1965. Next year production should rise further, demand permitting, and by the second half of the year it may reach some 1,750,000 cars—plus perhaps 450,000 commercial vehicles.

The British Motor Corporation alone should have capacity by then for 600,000 cars or more, depending on how far they can squeeze more of their babies from the present plant before the new buildings intended to double capacity can be finished, or can find more capacity in the existing plant for the larger models. Ford will have capacity for at least 500,000 cars and possibly 600,000—which suggests that further new models may be on the way. Vauxhall will have raised its capacity from about 160,000 cars to around 200,000, which is the limit in the building that it erected under its 1954 programme. Standard (STI) are a special case because of the re-organisation, and will have capacity for over 150,000 cars.

BMC has been the first to announce further plans in detail: it intends to spend £49 million in the next three years compared with the £39 million that it has spent in the last five years. This would raise its capacity to one million vehicles in two years—750,000-800,000 cars—and perhaps to some 1,200,000 vehicles, 900,000-950,000 of them cars, by 1962. Ford has announced that it will spend another £50 million, and Vauxhall are planning a further large expansion too.

These are the plans that are arousing such solicitous interest amongst Government authorities concerned with trying to persuade industry towards "black spots" of unemployment. Scotland, the most publicly pressing candidate, does not look too well situated, as the map shows, for anything except (prospectively) steel. South Wales may seem a little more likely to succeed in attracting these rich plants.



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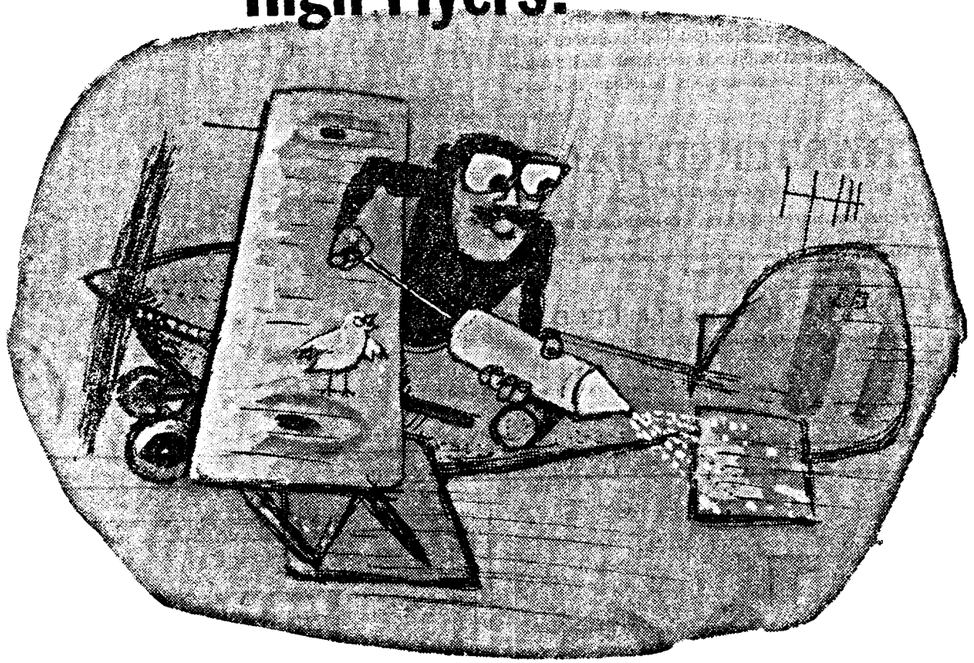
Good News for Hi-Fi High Flyers!



For high-flying hi-fi fans, a splendid vista stretches endlessly ahead. Those twin bugbears of stereo in the stratosphere—ice outside the aircraft and overcrowding inside it—have surrendered to a massed attack from the scientists who work on chemicals from oil. As ever, the Esso Chemicals Division took a keen interest in the fray.

High flying is all right—the sun's usually out and you're clear of the main roads—but it gets a bit parky up there. Ice tends to form on the wings and things. One solution is to spray on a fluid called iso-propyl alcohol, which de-ices the aeroplane. It's made from propylene, of which Esso Chemicals have plenty.

Hi-fi-ing is all right, too, although you used to need a small airship to carry all the necessary equipment. Then transistors came along. Open any transistorised gubbins and you'll probably find the parts embedded in a plastic potting compound. This is an epoxy resin, which also starts out as propylene—of which Esso *still* have plenty. And so stereo in the stratosphere flies slowly into the sunset, de-iced and uncrowded. Yes, it's a rich, full life for hi-fi high flyers. (And Esso Chemicals *still* have lots of propylene. Want some?)

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Besides propylene, we can offer you many other chemicals from oil; they are listed below. If YOUR *business uses chemicals, ask your secretary to contact the Esso Chemicals Department, 50 Stratton Street, London, W1. Telephone: Hyde Park 7030.*

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ESSO MEANS BUSINESS IN CHEMICALS

October, 1958, despite a sharp fall in ships and railway vehicles. Shipments of non-electric machinery shot up by 17 per cent to £51 million, while electric machinery rose by 10 per cent to £18½ million. Cars and chassis remained buoyant at £17.2 million, 12 per cent more than a year ago, while commercial vehicles recovered sharply to £7.3 million, nearly one-third higher than a year ago. Textiles did well (cotton textiles at last showing a modest increase), and shipments of metals rose by a fifth to £40½ million. Chemicals, one of the most buoyant items this year, showed a further increase of 16 per cent to £25 million.

United Kingdom Trade By Areas

	Sept./Imports		Sept./Exports	
	Oct. av. £ mn.	% change on year ago	Oct. av. £ mn.	% change on year ago
North America ...	65·8	+17	48·8	+26
Latin America	27·6	+31	12·5	+ 7
Western Europe ..	97·1	+10	77·5	+18
Soviet E. Europe ..	12·1	+13	5·7	+31
Other	23·3	−16	22·2	Nil
All non-sterling	**225·8**	**+10**	**166·7**	**+17**
All sterling ...	**117·6**	**+ 7**	**109·4**	**+ 2**
Total	**343·4**	**+ 9**	**276·1**	**+10**

The average value of imports in September-October was £343½ million, nine per cent more than a year ago, and industrial materials accounted for almost all of the increase. Imports of basic raw materials and semi-manufactures rose by 17 per cent to £139 million, while imports of manufactures rose by nearly 30 per cent to £34½ million, with engineering products accounting for most of the increase. Food, beverages and tobacco imports were two per cent higher at £131 million, largely owing to higher prices of dairy products, while imports of fuel fell by four per cent to £38 million, due entirely to lower prices of petroleum. As with exports, the bulk of the increase was in trade with North America and Western Europe, and total imports from non-sterling countries rose by 10 per cent to £226 million. But imports from sterling countries were not far behind; they rose by seven per cent to £117½ million, compared with September-October last year.

EV INDUSTRIALS

Who Owns Whom?

The last few months have been a critical period of transition and development. There have been four different chairmen, seven resignations from the board and seven new directors have been appointed.

This in the present chairman's own words is the background to EV Industrials' curious history since control of the company passed to Henry Briggs (Trust) early this year. An investigation into dealings in the company's shares is now being made by the Fraud Squad.

The facts are not at all clear—even though Mr Sidney Newman, who became

the chairman of EVI as a result of a proposal by Mr Francis Cradock, has held a press conference. It does however appear that the company was controlled (and may still be controlled) by Mr Francis Cradock, the managing director of Henry Briggs (Trust), which is a Midlands investment company. Mr Cradock has said that he has been selling shares for some months past and that "it was all part of a programme I started last April." Mr Newman has said that the original purchase of the shares (which was made through Robert Fraser and Partners, of which Mr Newman is a director) was financed by a bank loan of £1,300,000, which was backed by a large block of EVI shares as security. He then went on to say that when Mr Cradock was unable to liquidate this "bridging" advance, that the bank insisted that Mr. Cradock should sell these shares. These sales, Mr Newman said, began in June. Henry Briggs (Trust) has said that the bank loan was repaid two months ago and "that the original and sole method of repayment was carried out," and it claims that the programme of selling its shares in EVI was a "long term engagement carried out with the full co-operation of the bank."

In answer to a question Mr Newman said that he believed the bids made by Camp Bird and the Bank of Alderney in August for EV Industrials were "genuine." It is on the bid of 35s. (compared with the then market price of 26s. 6d.) made by this bank registered in the Channel Islands that attention has been focused. Mr Edmund Stekel is one of the two directors of the Bank of Alderney, the other being Mr Seymour Kraft, and he says that he has named the "mysterious bidder" to the Fraud Squad.

An investigation into the affairs of the EVI group is being made by Peat Marwick and Mitchell and their report will be presented at a special meeting of the company when no doubt further details will be given of the two companies—H. and C. Davis and Westminster Construction—which were recently acquired by EVI from Henry Briggs (Trust) for £850,000. Mr Newman emphasised that EVI was not itself concerned in the investigation by the Fraud Squad and his summing up was: "I don't know who controls the company but it is in first class shape." The 5s. ordinary shares, which had been marked down on the news of the investigation, then regained 2s. 9d. to 21s. 9d. only to fall back again to 20s.

★

On Tuesday, Mr Justice Vaisey, on a motion brought by Mr Harold Cowan, granted an injunction restraining Mr Seymour Kraft, Mr Edmund Stekel, and Lower Perak Rubber Estates from holding an extraordinary general meeting this Friday on the grounds that since March Mr Kraft and Mr Stekel had acted as directors of the company without being properly qualified to do so under the company's articles of association which stated that each director must acquire £200 of the company's stock within two months of his appointment. Lower Perak Rubber was taken over in March and in June its assets of £80,000, almost entirely in cash, were transferred to the Bank of Alderney.

MACHINE TOOLS

Imports to Pay Ten Per Cent

The cut in the tariff on imported machine tools and the end of the arrangements whereby a large proportion of these imports came in duty free should make for greater simplicity. Whether the machine tool industry stands to get more protection or less from these changes is not yet clear. They were suggested last January by the Machine Tool Trades Association, which includes both manufacturers and importers among its members and the Board of Trade, after considering what the industry's customers had to say, has now decided to adopt them.

In future all metal working machine tools imported into this country will pay a flat 10 per cent *ad valorem* rate of duty (other than the few, never more than one or two per cent of total machine tool imports, that are made in the Commonwealth and come in preferentially free of duty). Previously the non-preferential tariff was 17½ per cent. But payment of this duty was remitted where the importer or buyer could satisfy the Board of Trade that a particular machine was not available from British manufacturers, or could only be delivered after unacceptable delay, or where the foreign import was clearly better for the job than a similar British machine. There was a good deal in the industry's argument that this provision made for friction with its customers and placed a heavy burden on the importer, who was usually the person who had to prove the case for remission for his customer—and sometimes failed.

The MTTA argued, further, that the new 10 per cent duty, which it offered as a *quid pro quo*, would probably not be a very powerful deterrent where a British customer really insists upon an American or Continental machine in preference to what tool makers here can offer him. Certainly during periods of shortage British industry has been prepared to pay quite high premiums over British prices for quick delivery of foreign tools. In the past few years it has been buying about a quarter of its new tools abroad and though there are no official figures, possibly up to half of these imports have escaped duty. But one is not at all sure whether the new 10 per cent tariff on all imports will mean roughly the same degree of protection for British tool makers. Presumably the Board of Trade thinks so. If the provision for duty free imports of machine tools, moreover, can be abandoned in favour of a single lower rate of import duty, then could not the same arguments be used to support similar changes for imports of other types of machinery that can still qualify for duty remission?

ENGINES

Novelty from Germany

A NEW type of internal combustion engine is being developed by NSU, the German car and motor cycle makers, in association with the Curtiss-Wright Corporation, which has acquired the American rights for the engine. Invented by Herr Felix Wankel, it seems basically the development of a well-known type of pump into an engine. A three-sided rotor which rotates on an eccentric course inside a four-sided chamber. As a pump, the rotor sucks and discharges a fluid or gas ; operating as an engine, it sucks in the charge in the same way, and explodes it—by a sparking plug—to drive the rotor around, and then discharges the exhaust gas into the atmosphere. High efficiency and low weight are claimed for the engine—a fuel consumption of 0.45 lb per bhp/hour, nearly as good as a large aero engine, and 29 bhp from an engine weighing 20 lb, or 100 from one weighing 100 lb—but detailed technical data and descriptions have not yet been released.

Assessment of the engine's merits will have to await these details but there are some features of the design that make British engineers wonder how so high an efficiency could be obtained. A large area of metal would seem to be exposed to the combustion flame, with consequently high heat losses ; the movement of the rotor seems small in relation to the combusion space ; and the central bearing seems to be heavily loaded, which may make an expensive type of bearing essential and could involve frictional losses. These factors may be offset by features of the design not yet disclosed ; but if the heat losses have been reduced by insulating the combustion flame from the moving parts, this is an improvement that could also be applied to piston engines. Small sizes of such an engine would in theory seem those likely to be most successful, at least in the early stages of development ; motor cycles would be an obvious use, which might explain NSU's interest. It is concentrating on the development of engines of under 100 bhp, while Curtiss-Wright are concentrating on those of higher powers, including one in the 750-5,000 bhp class.

DEPARTMENT STORES

Alterations as Usual

STORES in the West End which have been re-building, redecorating and extending their premises have had to look closely at the way in which the necessarily inexact items of goodwill and time affect the complicated arithmetic of costs. In most instances it has been decided to keep one part of the store open while the contractors hammer away in another. But Littlewoods Stores will close down their Oxford Street premises completely for 18 months from Christmas Eve, while their present building is redecorated and joined to the new one which will be erected alongside it. Five months' building time will thus be saved in an operation which will convert about 20,000 square feet of trading area on two floors to about 23,000 square feet at street level, spread over the present and the new building.

The alternative was to keep the store partially open, and let the contractors spend 23 months on the job. The company has apparently calculated that the loss of 23 months' partial trading will be more than offset by the reduction in building costs and the extra five months' full trading which the close-down will bring about. A high value has been put on the goodwill which, the Littlewoods managers feel, would be lost if customers were to enter the shop during the re-building. In this kind of multiple store the "walk-around" customers are particularly important and these are not easy to satisfy while construction is in progress.

Employees at the Oxford Street store have all been told of the close-down and offered jobs at other Littlewoods stores. Those who do not accept this offer will, the company says, be compensated according to their length of service.

OIL PROFITS

The Shell Figures

THE third quarter results of the Royal Dutch/Shell group include for the first time earnings of Canadian Eagle which previously has figured in the group results only to the extent of dividends received. The figures compare favourably with those of a year ago when profits were scarcely beginning to shown signs of a recovery but the net profits are below those for the second quarter when the item of "operating expenses, selling and admin. expenses ; oil purchases, royalties, etc.," was unusually low at £320 million ; this figure has now risen to £356.7 million.

SALES AND INCOME
(£ million)

	1958 3rd qtr.	1959 1st qtr.	1959 2nd qtr.	1959 3rd qtr.
Sales:—				
Including duties...	606·9	591·8	601·9	664·6
Excluding duties..	445·3	458·3	445·1	479·7
Net income	34·3	37·1	45·6	44·2
Gross income/sales†	*18·1*	*18·1*	*18·9*	*18·0*
Net income/sales†..	*7·7*	*8·1*	*10·2*	*9·2*

† After deducting sales taxes and excise duties, etc., from turnover.

Figures for the first nine months of the year show that net income for the group has risen from £105.8 million to £126.9 million and although this rise might well be offset to some extent by tax adjustments in the last quarter of the year the earnings of Shell Transport for 1959 seem likely to be around 70 per cent, tax free, against last year's 66⅔ per cent on the old capital, on which a dividend of 18¾ per cent, tax free, was paid.

STOCK EXCHANGE

Towards a Mechanised Market

THIS week overworked and hard pressed stock exchange dealers welcomed the introduction of a number of innovations designed to make the pace of business less killing. For the first time the new account began on a Monday and a new seven-day settlement period came into force which, in effect, gives dealers one extra day in which to pass names and settle accounts. Badges appeared for the first time on the lapels of all House members ; this should help members when they check and confirm bargains—two necessary steps in any transaction which in the post-election boom have too easily gone astray. In boom times the turnover of jobbers' and brokers' clerks between firms can cause a good deal of confusion on the floor of the House and the badges will help to show who works for whom.

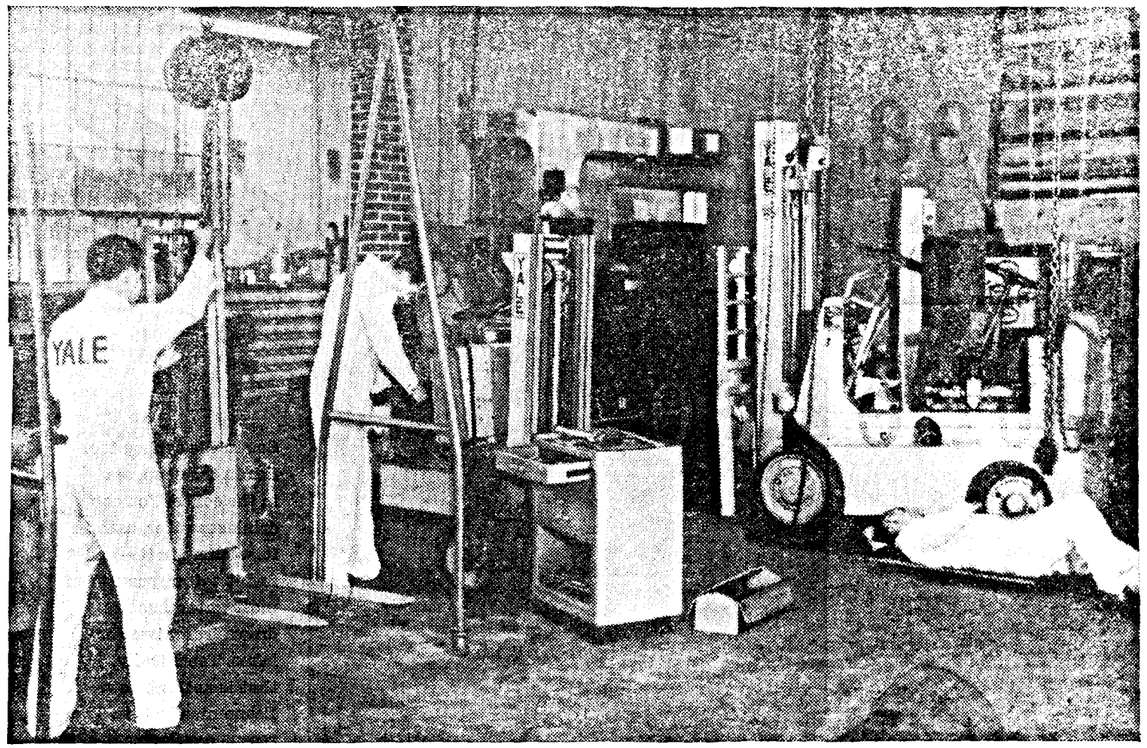
At the same time the badges will also help things along when the settlement is cleared through the Hollerith punch card machines which are to be installed next June. Certain securities have already appeared in the Stock Exchange Official List with code numbers in preparation for the installation of these electronic machines. The aim is not only to speed up the settlement but also to raise the number (at the moment it is only 160) of registered securities which pass through the settlement department. Eventually, it is hoped that all quoted securities and all member firms will have code numbers: these will be fed into the machines and do the settlement work which now keeps so many lamps burning so late in Throgmorton Street.

With an increasingly mechanised stock exchange (where the latest innovation is an electric sign which flashes the changes in exchange rates and which replaces blackboards and chalk), and the realisation by more and more broking firms that they, too, must adopt mechanical and electronic aids, perhaps half the problems facing the proposed committee of City institutions to look into the transfer system will have been solved.

EQUITY INVESTMENT

What Should the Unions Do?

PENSION funds, life assurance funds and investments trusts are all big investors in equities. But institutions which in a sense are outside the City are not. Indeed,



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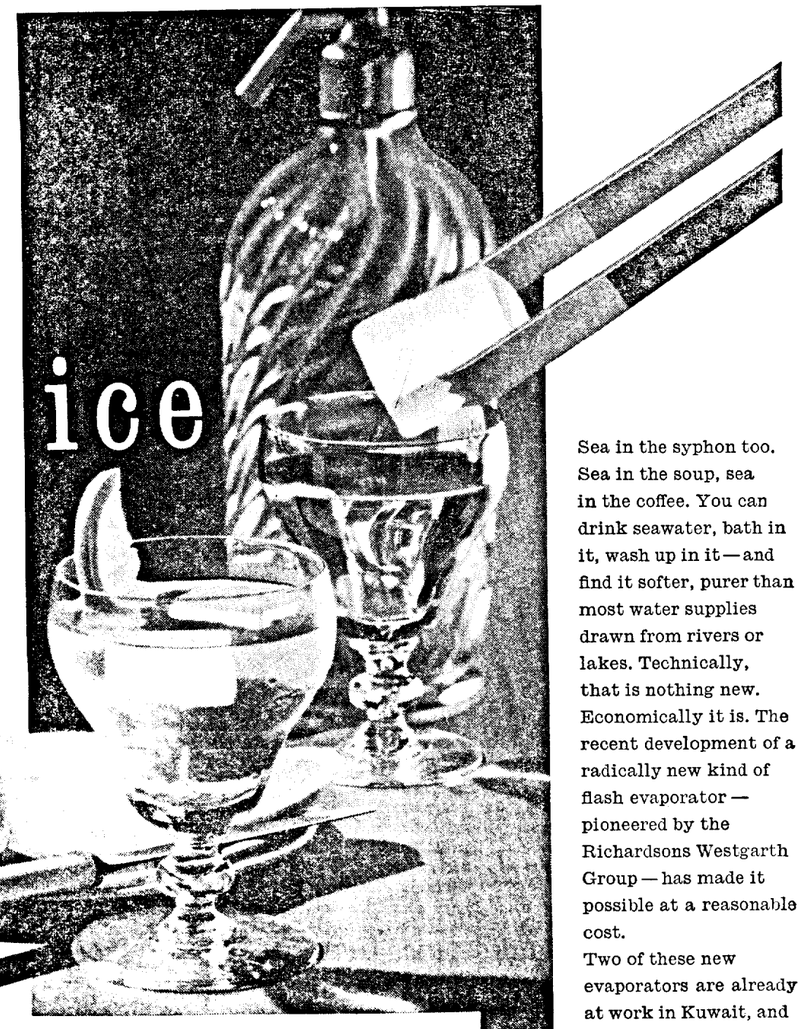
Denmark, Copenhagen	V. Lewener
Egypt, Cairo	El Alamia Trading & Industrial Co.
Finland, Helsinki	Oy Machinery AB
Greece, Athens	The Hellenic Technical Supply Co.
Holland, Rotterdam	Van Eyle & Ruygers, N.V.
India, Bombay	Voltas, Ltd.
Iran, Teheran	Sabet-Pasal Co. Inc.
Ireland, Dublin	Blackwood Hodge (Ireland) Ltd.
Israel, Tel Aviv	Automotive Equipment Ltd.
Italy, Milan	Fenwick S. Per A.
Japan, Tokyo	Kiichi Harada & Son
Korea, Seoul	American Trading Co.
Malaya, Kuala Lumpur	The Borneo Company, Ltd.
Morocco, Casablanca	Forges de Barras
New Zealand, Christchurch	A. M. Satterthwaite & Co. Ltd.
Norway, Oslo	A S Lewener, Mohn
Pakistan, Karachi	J. Tyler & Co. Ltd.
Philippines, Manila	Edward J. Nell Co.
Portugal, Lisbon	Henry M. F. Hatherly, Ltda.
Rhodesia, Bulawayo	D. Drury & Co. (Rhodesia) Ltd.
Spain, Barcelona	S.A.M. Fenwick
Sweden, Stockholm	A-B V. Lowener
Switzerland, Zurich	Forrer-Fenwick S.A.
Turkey, Ankara	Koc Ticaret T.A.S.
Union of South Africa, Johannesburg	D. Drury & Co. Ltd.

Sea in the ice



Sea in the syphon too. Sea in the soup, sea in the coffee. You can drink seawater, bath in it, wash up in it—and find it softer, purer than most water supplies drawn from rivers or lakes. Technically, that is nothing new. Economically it is. The recent development of a radically new kind of flash evaporator—pioneered by the Richardsons Westgarth Group—has made it possible at a reasonable cost.
Two of these new evaporators are already at work in Kuwait, and four more are under construction for the Arabian Gulf area.
Heated by steam at sub-atmospheric pressure, and in conjunction with other steam-using plant—turbines, process heating etc.—running costs can be so low that it is worth looking into as an economical source of pure water even in temperate zone countries.

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the Church Commissioners and Manchester City Council among these institutions can be labelled as successful pioneers in switching their funds away from gilt-edged towards equities. If the local authorities follow the cult of the equity, what should the trade unions do?

So far the unions have not shown much interest in the equity market, although some unions do hold a small proportion of their funds in this form. Mr Desmond Hirshfield thinks they should. His firm acts as auditors to the National Union of Railwaymen and he has spoken at their congress of the need for a more realistic investment policy. He is the author of a scheme to set up a new unit trust designed primarily for investment of trade union funds in equities. He has acted entirely on his own initiative without any explicit backing from the movement but he remains hopeful of its co-operation. Mr Hirshfield envisages a minimum, initial capital in the trust of £1 million, of which 40 to 50 per cent would be invested in equities, 30 to 40 per cent in gilt-edged and about 10 per cent in other fixed interest stocks.

The big obstacle to any scheme of this kind is a natural, and not altogether unjustified, prejudice on the part of the British unions and their members to the investment of their money in industries and companies with which they may have to negotiate on wages and against which they may come into conflict. Mr Hirshfield believes that this trust may help to overcome this prejudice because by participating in it, no union will be investing directly in any one industry or any one company. The trust, if it is set-up, will not hold more than 5 per cent of the equity in any one company.

On political grounds, some unions will wish to have no part in this Trust and indeed a scheme on somewhat similar lines with a bigger initial capital and a bigger proportion of its funds pre-empted to equities failed to receive the TUC's blessing some months ago. Even so, many unions have been disturbed by the fall in the value of their gilt-edged investments and they are realistic enough to see the advantages of widening the spread of their portfolios. But this realism may prompt them to ask:

COMPANY AFFAIRS
Comments on pages 915, 916, 917 and 920 on
British Motor, Rover, "Rhoanglo", Joshua Hoyle, Raleigh Industries, Unit Trusts, Joseph Lucas, S. Smith and Sons, Rhodesian Selection Trust, South Durham, Ind Coope, Barclays DCO, National Commercial Bank of Scotland

LONDON AND NEW YORK
Stocks, prices, yields and security indices on pages 918 and 919

LONDON STOCK EXCHANGE
The week's movements reported on page 920

MONEY AND EXCHANGES
Money market report, exchange rates and public finance on page 921

why start the trust now when equity prices are so high?

A switch at this moment from gilt-edged to equities would entail some loss of income to the unions, whose primary need is to keep the yield on their portfolios high. But the total assets of the unions are now about £86 million, of which about £40 million represents investment funds, and the new trust would only absorb a small proportion of these funds.

ANGLO-ISRAEL SECURITIES

Investing in Israel

LAST September 150,000 £1 shares in Anglo-Israel Securities were placed at par with leading financial institutions and in particular with several merchant banks. Now the public is to be invited to subscribe on the same terms for a further 850,000 shares. This issue, which is not being underwritten, will be on tap for a limited period. Application will be made to the Stock Exchange for a quotation for these shares within three months of the publication of the accounts for the period ending March 31, 1961.

It is the directors' intention to invest the major part of the trust's funds in Israeli equities, but until opportunities for suitable investments arise funds will be invested in fixed interest securities with a dollar flavour, preferably carrying conversion rights. The chairman, Sir Henry d'Avigdor-Goldsmid, MP, is confident that conditions are now ripe for investment in Israel and claims that "Israel is out of the Klondyke days." He foresees no difficulty in remitting dividends to this country at the official rate of exchange. Yields on Israeli equities are in the range of 9 to 10 per cent, so that a good return can be looked for since the board intends to distribute income "up to the hilt." This issue will appeal especially to Jewish investors; at this stage it rests on its auspices rather than upon achievement.

TRAFFIC ENGINEERING

Trained Minds Needed

THE traffic engineering study group set up by the Institution of Civil Engineers is a second important step to promote the application of specially trained minds and a little science to the country's fast growing traffic problems. A few months ago a chair of highway and traffic engineering was established at the University of Birmingham. If these are belated moves, they are none the less welcome. There are few trained traffic engineers in Britain and the need for them grows apace as vehicles crowd on to the roads and spending on new and improved highways mounts.

The Ministry of Transport and a few local highway authorities have staff with some kind of training in traffic engineering. But apart from courses run in recent years by the Road Research Laboratory, and occasional short courses or post-graduate research facilities at one or two universities, there has been no means by which professional engineers engaged on road problems could get systematically abreast of modern traffic engineering knowledge. The civil engineers' new study group should do a lot to promote the interest of more senior engineers: it already has 460 members, including members of other professional bodies. The new department at Birmingham—a city that already has taken the lead in Britain in making a more scientific approach to traffic problems—will go some way towards giving the necessary training to newly qualified civil engineers.

SHORTER NOTES

The London Chamber of Commerce has prepared a new edition of its useful 5s. booklet "Trading With The Soviet Union." It gives a full description of the Russian system of trading, lists the 29 foreign trade corporations and 105 regional economic councils that largely decide the details of that country's overseas purchases, and provides much advice on licensing, contract terms, documents and other matters that the growing number of importers and exporters here need to know.

★

The Chief Inspecting Officer of Railways reports that the number of railwaymen killed and injured in 1958 was the lowest since the war, but that the proportion of railway accidents caused by "human error" was still rising. Fourteen of the eighteen passengers killed in train accidents last year died because drivers passed signals set at danger.

★

An agreement appears to have been reached at last between British European Airways and the Ministry of Aviation over the terms on which BEA is prepared to operate the Fairey Rotodyne. BEA refused to order the aircraft unless the Government was prepared to indemnify the corporation for any losses due to the machine's high operating costs; the Ministry has now offered what amounts to a subsidy of £1.4 million.

★

Oil tanker freight rates are higher now than they have been for the past year. But they are still too low for most tankers built during the war to be run profitably, and the recovery, such as it is, has taken place solely because charterers have suddenly been seeking more vessels for loading in the Persian Gulf up to the end of the year than happen to be presently available there.

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The Harper Group of industrial companies enters neavy engineering by the addition of Samuel Platt Ltd., manufacturers of heavy machine-tools, and ironfounders, at Wednesbury, Staffordshire.

The Harper Group is now expanding in many directions. Today—electronics, nucleonics, automation devices, photometrics, airports, small engines, petrol and electric vehicles. Tomorrow—diverse additions with the latest technologies.

When an already successful concern links hands with the Harper team, the new Member receives at once all the benefits of the Harper network, outlets, and skill in achieving quickly the expansion previously envisaged but somehow elusive in isolation.

And now should be further assisted by the expansion into America that the Group is actively planning.

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Successful industrial concerns, if fitting into the network, can become Members and expand with Harper.

COMPANY MEETINGS

PETER BROTHERHOOD LIMITED

HIGHER VALUE OF SALES

MR A. MARCUS NEAL'S CONFIDENCE IN CURRENT YEAR'S RESULTS

The fifty-second annual general meeting of Peter Brotherhood Limited was held on November 24th at Winchester House, Old Broad Street, London, E.C., Mr A. Marcus Neal, JP, ACGI, AMICE (Chairman of the company) presiding.

The secretary (Mr Joseph Gerrard) read the notice convening the meeting and the report of the auditors.

The chairman said: Ladies and Gentlemen, before dealing with the Accounts I think I should refer to the sudden death of Ernest Markham, one of our Directors, in April of this year while on a business visit to the Continent on behalf of the Firm.

Mr Markham joined us forty years ago after service as a Naval Engineer Officer during the 1914-18 war; he represented us for some years on the North East Coast but on being elected to the Board fifteen years ago he moved to Peterborough as Director in charge of Sales.

Latterly, Mr Markham's health had not been good but his unexpected death was a great shock to his colleagues and, I know, to his many friends and acquaintances generally.

RESULT OF YEAR'S OPERATIONS

If I may, Ladies and Gentlemen, I will now refer to the Accounts, which follow the usual pattern and which, I am pleased to say, show a gross profit for the year of £530,204 against £532,758 last year.

It will perhaps be remembered that in my statement twelve months ago I said that last year's result was considered exceptional and that, in the opinion of your Board, it was unlikely to be repeated this year. This view was contributed to by the facts that the sum total of our Order Book had diminished somewhat and that last year's profit was considered to be abnormal for reasons connected with last year's trading to which I then called attention.

Shortly after our last Annual General Meeting, however, our Order Book was increased by contracts approximating a million pounds in value and, although this fact must have had some bearing on our final result, the comparability of this year's profit with that of last year is undoubtedly mainly attributable to improved efficiency in General and Works Management and to bringing into full use the £120,000 worth of machine tools to which I referred at this time last year as having recently been purchased.

BALANCE SHEET FIGURES

Referring to the Balance Sheet you will observe that the value of Fixed Assets is higher than at March, 1958, by £21,188 resulting, in the main, from the expenditure on Plant and Buildings during the year of £99,088 (which includes the balance of the aforementioned £120,000), less, of course, provision for our annual overall depreciation.

In further consideration of expenditure on machine tools, a footnote to the Balance Sheet shows an estimated Capital Commitment at March, 31, 1959, of £3,000 and it will, I am sure, be of interest to Shareholders to know, that, since then, in continuance of our policy of keeping thoroughly up to date, further orders for special machine tools have been placed to an approximate value of £100,000, for delivery in 1960.

Under Current Assets the total value of Stores and Work in Progress is shown to be less than at March 31, 1958, by £66,383.

STORES AND WORK IN PROGRESS

As the value of the Stores has increased by £16,610 it follows that the reduction in the value of the Work in Progress amounted to £82,993.

As I have remarked before, some variation in the value of Work in Progress as at March 31st must be expected from year to year in view of the fact that in a business of this type, manufacturing a large and varied range of specialised Engineering products, there is bound to be a fluctuation in the amount of unfinished work on the floor from time to time.

The Cash position standing at £167,138, with tax reserve certificates to the value of £150,000, indicates that we have been able to finance our development out of current revenue without unduly straining our resources—a satisfactory position, which we feel is, to some extent, attributable to our conservative policy in the past.

From the Liabilities side of the Balance Sheet we note that the Current Liabilities amount to £546,337 against Current Assets of £1,829,205, a surplus of current assets over current liabilities of £1,282,868.

TRADING PROFIT AND DIVIDEND

Dealing with the question of Trading, the value of our sales for the twelve months is some two and a half per cent higher than last year's figure, while the gross trading profit shows a decrease, as already stated, from £532,758 to £530,204.

Of this trading profit of £530,204 taxation absorbs £250,000, leaving us with a net profit figure available for allocation of £280,204, which, but for a welcome reduction in taxation, would have been slightly less than last year's figure.

On considering the question of dividend to be paid, your Board has decided, in view of the results, to recommend the payment of a Final dividend of 20 per cent, less tax, making, with the 5 per cent, less tax, interim dividend already paid, a total dividend of 25 per cent, less tax, for the year, on the increased Ordinary Capital.

In addition to the payment of the aforementioned dividend, and allowing for the preference and interim dividends already paid, we further recommend the allocation of £100,000 to General Reserve, increasing this reserve to £425,000, and the addition of the balance of £14,206 to Carry Forward, increasing this item to £164,696.

PROSPECTS FOR IMMEDIATE FUTURE

Shareholders will doubtless be interested in prospects for the immediate future, and I am pleased to report that, with more than half the current year gone, we have every confidence that the results we shall report to you on our working for the year ending March, 1960, will be no less favourable than those we are considering today.

Looking further ahead, the orders on our books covering machinery for power plants and for the chemical industry, for brewing, textile and printing machinery, for turbines, industrial filters and air and gas compressors are satisfactorily maintained and, if we can continue to meet competition by keeping costs of production down, I have every expectation that, in the absence of untoward circumstances, our goodwill and happy relations with those who deal with us will ensure continuity of work for the foreseeable future.

TRIBUTE TO STAFF AND WORKPEOPLE

In conclusion, Ladies and Gentlemen, I should like to pay a tribute to my co-directors, the staff and the workpeople, both in the factory and outside, for their loyal co-operation with, and services to, the firm, without which the activities of the Company could not have been so smoothly and satisfactorily carried on throughout the year.

The report and accounts were unanimously adopted and the dividend, as recommended, was approved.

The retiring director, Mr William Thompson, MIPE, was re-elected and the remuneration of the auditors, Messrs Whinney, Smith & Whinney, having been fixed, the proceedings terminated with a vote of thanks to the chairman, directors, staff and employees.

SMITH'S STAMPING WORKS (COVENTRY)

A BUSY BUT DIFFICULT YEAR

The sixty-fourth annual general meeting of Smith's Stamping Works (Coventry) Limited was held on November 23rd at Birmingham, Mr H. B. T. Wilde, FCA, presiding in the absence of the Chairman, Mr S. Bramhall, MBE, through illness.

The following is an extract from his circulated statement for the year ended August 1, 1959:

The profits of the Group are £286,226 compared with £509,053. The provision for depreciation is £142,117 against £118,620. Our financial position remains sound; the excess of current assets over current liabilities being £1,124,458 against £1,206,200 a year ago.

There has been a marked increase in demand in recent months for the type of forgings for which the Company is particularly equipped. The present order book is substantial and the rate of inflow of orders is still increasing. We feel that we are not departing from our prudent practice in recommending a final dividend of 7½ per cent, making 12½ per cent for the year.

Your Board have always placed considerable emphasis on the need to spread our load as widely as possible by obtaining contracts from a diversity of manufacturing interests. This policy is beginning to bear fruit as the tempo of demand is now rising in all sections of industry with the possible exception of aircraft.

The past year has been a very difficult one and at the same time a very busy one, owing to the constantly changing pattern of our contracts and the large amount of development work carried out.

The report and accounts were adopted.

RHODESIAN SELECTION TRUST GROUP OF COMPANIES

Companies in the Group are incorporated in either Northern or Southern Rhodesia

The following is an abridgment of the Statement dated October 15, 1959, by the Chairman, Sir Ronald L. Prain, OBE, which has been circulated to members.

COPPER

Our main business is the production and sale of copper. During the past year the combined production of the mines in the group was 188,224 tons, representing 6.5 per cent of the free world's production of primary copper. The following table shows the detail of this production:

COPPER PRODUCTION 1958/59	long tons
Mufulira	88,056
Roan Antelope	80,932
Chibuluma	19,236
Total	188,224

The published ore reserves of the group are shown in the following table:

ORE RESERVES

	short tons 000's omitted	Grade % Total copper	% cobalt
Mufulira	177,093	3·31	—
Roan Antelope	95,560	3·05	—
Chibuluma	7,984*	5·04	0·22
Baluba (undeveloped)	112,000	2·41	0·16
Chambishi (undeveloped)	35,000	3·37	—
Total	427,637		

** Does not include an ore occurrence, estimated at 2,000,000 tons (4.74 per cent total copper ; 0.05 per cent cobalt), 8,000 feet west of the mine, indicated by drilling 1957/59.*

With this predominant interest in copper, we cannot be isolated from the main events that occur in the world copper industry. The present situation is basically one where the recent rapid advance in mine output has temporarily exceeded the growth in demand, but it would be a miracle if mine output in this industry, which has to be planned years in advance, should at any one time exactly balance the world demand which is subject to so many influences which cannot be foreseen. However, the general trend of copper consumption must, in my opinion, be upwards if short-term variations in demand are disregarded. This trend is based on an affinity between world population, coupled with improved standards of living, and the uses which are traditional to copper. Provided that the industry is prepared to ensure that the price of copper is kept within bounds which will not encourage substitution, there seems to me to be no reason why copper consumption should not maintain and increase its characteristic growth factor. I have not in any way altered the opinion which I have expressed over the years, namely that copper has prospects which few other commodities can equal in promise. The present over-supply is a temporary situation and at reasonable prices the consumption growth of the future should be such that in the next decade it will test the ability of the mining industry to provide enough copper to meet this expansion. I am not apprehensive as to the industry's ability to do so.

PRODUCTION POLICY

One further factor comes into the picture, namely the willingness of the copper industry to adjust its production rate at times of low consumption in order to avoid exaggerated swings in price. In the last two years the industry has demonstrated its willingness to adopt such a production policy and this would appear to indicate a greater realisation not only of the industry's self-interest, but of its responsibility to the consuming industry of the world to maintain a price range which is not excessive, thus eliminating such violent movements as characterised the industry some years ago with the consequential distortion of the true balance between supply and consumption.

The price of copper quoted by the London Metal Exchange during the year varied within an upper limit of £260 and a lower limit of £191 15s. per ton, which in a normal year would be an excessive range but which is not surprising considering the strikes which occurred in Rhodesia, Canada and the United States and the very strong buying movement which characterised the first half of 1959 and which was based on fears of a strike in the American mines after the end of June. This strike eventually began in August, effectively shutting down most of the United States copper industry; and, at the time of writing, this strike is still in progress. The situation has also been aggravated by a strike in Chile which began earlier this month. Owing to the stocking-up which had occurred in the first half of the year, these strikes have not yet had any drastic effect on prices but if they are prolonged there will doubtless be a sharp temporary increase. Much will thus depend on the length of these strikes and on the strength of general business activity in the United States and Europe during the last quarter of 1959.

The possibility of improving the traditional international marketing methods is a question which continues to exercise the minds of many producers, and of most of the industry associations of Europe.

INDUSTRIAL RELATIONS

The main event of the year was the strike by the European union, which lasted from September 12 to November 4, 1958, the longest strike in the history of the Copperbelt. An important result of this strike was the request by the companies and the union to Government to engage the services of an industrial relations expert to examine the negotiating machinery which had been in force for so long on the Copperbelt. As a result of this Sir Frederick Leggett, KBE, CB, spent some weeks on the Copperbelt and evolved certain proposals for changes in this negotiating machinery. His proposals were accepted by the companies and the union, and led to the setting up of a Mining Joint Industrial Council which has operated successfully since then. The new proposals also provide for many questions to be discussed at a lower organisational level than hitherto and for a slower tempo of negotiation, which we think is an advantage under Copperbelt conditions.

MISCELLANEOUS

I mentioned last year that the copper companies would be submitting evidence to a commission of inquiry which was to be set up to examine the whole rating structure of the Rhodesia Railways. The commission sat towards the end of last year and published a report in May. It is not yet known whether the commission's recommendations are acceptable to the Federal Government, or, if acceptable, when they are likely to be implemented. Just before the commission's report was published the Rhodesia Railways introduced what they described as a "temporary surcharge" on all goods rates, including copper, and this virtually cancelled out the small reduction of 25s. per short ton in May, 1958.

Shareholders in the companies of our group now number over 40,000. The annual general meetings of these companies are held in Salisbury towards the end of each calendar year. For the past six years informal shareholders' meetings of Roan Antelope Copper Mines Limited and Rhodesian Selection Trust Limited have been held in London and New York ; these meetings have always been well attended and at those held earlier this year shareholders expressed a wish that they should again be held in 1960. I propose therefore to call these meetings in the usual way except that, for various reasons, meetings will be held in April instead of in January or February as in past years.

ROAN ANTELOPE COPPER MINES LIMITED

Production of ore was 5.5 million tons compared with 5.7 million tons the previous year, due principally to the effect of the strike early in the financial year.

Production for the year was planned on the basis of a curtailed programme as our contribution towards the correction of the imbalance in the overall world supply/demand position and our production target was 80,000 long tons of copper. Despite the strike, production amounted to 80,932 long tons, due to the mining of higher grade ore and to the treatment of holding furnace slag which had accumulated over past years.

The average cost of production increased from £138 to £154 per ton due to higher mineral royalties and increased bonus scheme payments resulting from the higher copper price and to the inclusion for the first time of the cost of refining a proportion of the production in Rhodesia.

FINANCIAL RESULTS

Sales for the year amounted to 80,617 long tons which, apart from metallurgical and weighing differences, exactly matched the production.

The average price at which our copper was sold was £220 per ton, an increase of £43 per ton. The profit margin per ton of copper increased from £39 during the previous year to £68, and on this basis the gross profits

amounted to £5,505,000. To this has to be added the increase in the value of copper stocks amounting to £56,000. Interest earned, less interest paid, and miscellaneous minor items brought this profit to £5,959,000, which is almost exactly double the corresponding figure for the previous year.

Tax liability on this profit amounts to £1,910,000. The appropriation for replacements is £1,100,000, a considerable advance on the previous year. Replacements reserve at the end of June, after making this appropriation, amounted to £2,049,000.

The appropriation to general reserve has been put at £1,300,000. This is arrived at after taking into account participation in prospecting companies, a further contribution towards the capital cost of Ndola Copper Refineries Limited and the sums which we are committed to lend to the Federal Government in respect of development finance.

The balance available for dividend is £1,708,000. An interim of 3d. per share, less taxes, was paid last July. The board's recommendation for the final is 7d. per share, less taxes. The total for the year is thus 10d. per share, which is exactly double that of the previous year.

MINE POSITION

After the end of the strike the former policy of hoisting ore of lower grade than normal while operating under production restriction was abandoned in order to offset the effect of the interruption. Normal mining sequences were reverted to with a consequent increase in grade of ore hoisted during the second half of the year.

NDOLA COPPER REFINERIES LIMITED

In August of last year this plant commenced operations. These were almost immediately shut down as a result of the Copperbelt strike. Operations were resumed in November, 1958, and continued uninterrupted throughout the rest of the year. This erratic start affected the efficiencies and rate of production, so that during the financial year it was only possible to produce 31,990 tons of electrolytic copper. These operations resulted in a gross profit of £240,000. With adjustments this profit was raised to £264,000. Depreciation is £48,000 and transfer to general reserve £100,000. A dividend of 3½ per cent gross, less Rhodesian taxes, will cost £103,000, leaving a carry forward of £13,000.

This is the refinery's maiden dividend and two-thirds of it will go to Roan Antelope Copper Mines, the remaining one-third going to the other shareholder, British Insulated Callender's Cables Limited.

In a normal year it is expected that the dividend should be 10 per cent gross, less taxes. Owing to an over-expenditure on capital account and to cover working capital, it will be necessary to engage in some temporary borrowing of up to £600,000 from the banks which will be repaid over a short period out of refinery profits. Until this operation is completed the dividend will have to be less than the full 10 per cent.

The second stage of the refinery is expected to be ready for operation early in 1960. Owing to current favourable conditions for the disposal of fire refining grade copper, this extension may not be used in the immediate future. However, arrangements are expected to be made for copper from other companies to be refined there not later than 1962.

MUFULIRA COPPER MINES LIMITED

Production of ore totalled 4.1 million tons as compared with 4.4 million tons during the previous year. The reduction is due primarily to the effects of the curtailment programme and the strike. Production amounted to 88,056 long tons of copper as compared with 93,000 tons planned before the strike.

The average cost of production increased from £136 to £149 per ton. This was due mainly to higher mineral royalties and increased bonus scheme payments due to the higher copper price. Mining costs were £2.9 per ton greater than those for the previous year, mainly because of special development work in the western section of the mine. Other departmental costs showed an improvement of £2.2 per ton.

FINANCIAL RESULTS

Sales for the year amounted to 87,521 tons which, apart from metallurgical and weighing differences, exactly matched the production.

The average price at which our copper was sold was £228 per ton, an increase of £40 per ton compared with the previous year. The profit margin increased from £52 to £80 for the year under review, and on this basis the gross profits amounted to £7,022,000. To this has to be added the increase in the valuation of copper stocks amounting to £295,000. Interest earned and minor adjustments brought this gross profit to £7,574,000 compared with £4,900,000, equivalent to an increase of 55 per cent. Tax liability on this profit amounts to £2,410,000.

The appropriation to replacements reserve this year has been set by the board at £1,200,000 which compares with £750,000 appropriated in the previous year. The replacements reserve stands at £1,811,000 which is sufficient to cover all expenditure authorised by the board until June 30, 1960.

The appropriation to general reserve has been put this year at £1,300,000, compared with £1,250,000. This provision covers mainly certain capital payments in respect of participation in prospecting companies and the sums which we are committed to lend to the Federal Government in respect of development finance.

The balance available for dividend is £2,751,000. An interim of 1s. 9d. per share, less taxes, was paid last July. The board has now recommended a final of 3s. 9d. gross per share, less taxes. If this recommendation is accepted in general meeting, the total for the year will amount to 5s. 6d. gross per share, less taxes, an increase of 69 per cent over the total dividend for the previous year.

CHIBULUMA MINES LIMITED

Despite the strike, production in terms of ore was 513,000 tons compared with 485,000 tons the previous year. The grade fell slightly from 4.70 per cent total copper to 4.67 per cent.

Copper for the year from mine production amounted to 19,236 long tons. This compares with a total output for the previous year of 27,177 long tons, of which over 9,000 long tons came from a stock-pile of concentrate. Costs have been shown on a different basis from those of previous years, for reasons which I explained fully in my 1958 statement. The figures for the previous year are therefore not comparable. The costs for the past year averaged £144 per ton for all forms of copper.

The cobalt refinery at Ndola operated throughout the year except during the strike period, and continued to experience certain operating difficulties. In spite of this the cobalt matte production was 7,741 short tons compared with 6,645 short tons during the previous year. Costs on the new accounting basis, including freights, overseas costs, refining charges and mineral royalties, and after crediting revenue from the sale of 1,025 long tons of copper recovered as a by-product, averaged 13s. 3d. per lb of cobalt metal on a delivered USA basis.

Copper sales totalled 19,073 long tons at an average price of £217 per ton.

FINANCIAL RESULTS

The gross trading profit shown on the profit and loss account was £1,488,000. The net profit came to £1,345,000 as compared with £1,352,000 during the previous year.

The terms of our agreement with the United States Government oblige us to repay in each year metal to a value equivalent to 75 per cent of the previous year's net profits after adding back interest payable. During the past year we delivered cobalt metal to a value of £1,183,000, which was allocated firstly against accrued interest and secondly against redemption of loan capital. The loan was thus reduced at June 30th to a sum of £2,917,541. During the current year our obligation will amount to £1,130,000 worth of metal and we expect the loan outstanding at the end of June, 1960, to have been reduced to approximately £1,900,000.

The board this year has appropriated £200,000 from profits to replacements reserve. Of the balance of profit for the year, £1,150,000 has been transferred to general reserve.

TECHNICAL PLANS

The main technical development concerns the Chibuluma West scheme. During the year we announced that as a result of the discovery of ore some 8,000 feet to the west of the existing mine, we had decided to sink shafts, with a view to mining approximately 10,000 tons of ore a month, all of which would be treated through the existing mill. This development is expected to take four years to bring to completion, and to add 4,000 long tons of copper to the regular annual production of Chibuluma.

RHODESIAN SELECTION TRUST LIMITED

The total revenue for the year, which is represented almost entirely by dividends from Mufulira Copper Mines Limited, amounted to £1,746,000. Administration and sundry expenses reduced this figure to £1,631,000 compared with £915,000 for the previous year. There are no taxes payable on this income.

The board has appropriated the sum of £150,000 to general reserve leaving the free cash resources of the company approximately unchanged.

This leaves a sum of £1,566,000 available for dividend, after bringing in the balances brought forward from the previous year and certain tax adjustments from past years. An interim of 4d. per share, less Rhodesian taxes at 7s. 6d. in the £, was paid last July. The board has now recommended the payment of a final of 9d. gross per share, making a total for the year of 1s. 1d.

gross, costing £1,531,000, thus resulting in a balance of £35,000 being carried forward.

This total dividend compares with 7d. for the previous year.

BALUBA AND CHAMBISHI

The future of the undeveloped Baluba orebody also continues to engage the attention of the directors. The possibilities of opening up this orebody are being examined and include the possibility of integrating the operation with that of the neighbouring property of Roan Antelope.

The directors' report of the Chambishi company indicates that the question of the development of that orebody continues to be examined. The two main examinations are concerned with the possibility of starting development as an open-pit operation and the question of the metallurgy involved in the treatment of oxidised ores in the upper levels.

Prospecting in Southern Rhodesia is undertaken by Rhodesian Selection Trust Exploration Limited. This company has concentrated its main endeavours during the past year on copper exploration in the Lomagundi area. The results based on soil chemistry and pitting and some drilling are interesting and encouraging, but it is too early to say more than this.

CONCLUSION

In looking forward, it seems to me that the future prosperity of your companies, which are well endowed with ore reserves, with excellent plant and equipment, and with a first-class organisation, will depend on three major factors.

The first, and without doubt the most important, is the satisfactory evolution of the political future of the territories in which we operate. The second is the behaviour of the copper market in the years to come, and the ability of the industry to evolve production and marketing policies which will ensure that there is neither too much over-production with its consequential distressing effect on price, nor any excessive shortage with its equally distressing effect on prices and resultant loss of markets. The responsibility increasingly shown by the industry in this respect holds promise for the future.

The third factor is the ability of our mines to maintain costs at a viable level. Our geographical situation, and other factors over which we have no control, result in only about two-thirds of our costs being incurred on our mines and thus capable of being affected by the efficient plant or the good organisation to which I have referred. It is still sometimes believed that our mines are among the cheapest producers in the world. It is many years since this statement was true, and I have never hesitated to advise shareholders accordingly. The only assurance I can give is that we shall continue to regard our responsibility in this respect of this factor as among our foremost.

Of one thing I am certain, that the copper mines of central Africa are an indispensable part of the structure of modern civilisation and will be required to play an increasingly important part in the world's industrial developments for the foreseeable future. The energies of your directors will continue to be addressed to ensuring, as far as lies in their power, that these companies will play their full part in the development of central Africa and in the world copper industry.

The Chairman also commented briefly on the present and prospective political and economic situation in the Federation.

Expansion Policy to continue

The Annual General Meeting of Debenhams Limited was held in London on November 24. Mr. John Bedford, O.B.E., Chairman and Managing Director presided.

TRADING RESULTS

The Consolidated Trading Profit for the year ended 31st July, 1959, of £6,421,485 shows an increase of £615,977 on the figure for the previous twelve months. Approximately 85% of this profit is produced by Subsidiary Companies whose financial year ended in January. Although the year under review has not been free from difficulty as regards the consumer trade, the general improvement in the economy of the country, which permitted an easing of credit restrictions and a reduction in taxation to the benefit of both the business community and the private individual, had a stimulating effect and was reflected in a higher level of spending in our stores.

The net profits after taxation retained by Subsidiaries are £821,209 (practically the same as last year) and the amount available for appropriation by the Parent Company is £1,946,572 compared with £1,325,584.

DIVIDEND

The Directors recommend that a final dividend of 1s. 2d. per share be paid on the Ordinary Shares, making 1s. 8d. per share for the year against an equivalent 1s. 4½d. per share last year, the total net distribution being £1,322,919 compared with £980,907.

ACCOUNTS

In the Consolidated Balance Sheet practically all the major items show substantial increases.

The growth in the Group has been produced partly by enlarging its representation throughout the country and partly by the continuance of our development programme at a large number of existing stores.

FINANCE

It is the intention to make a rights issue of 2,600,623 Ordinary Shares at 20s. per share on the basis of one new Ordinary Share for every ten existing Ordinary Shares held at the close of business on the 31st October, 1959.

It is also the intention of your Directors to take this opportunity of implementing the proposals, whereby members of the Staff of the Group should be encouraged to become shareholders in the Company.

ADDITIONS TO THE GROUP

Three new businesses have been acquired: Edward Grey, Ltd., Birmingham (branches at Dudley, Walsall, Rugby, Leamington, Stourbridge and Worcester); L. F. Stone & Sons, Ltd., Romford; Frederic Corder & Son, Ltd., Ipswich.

BUILDING PROGRAMME

In 1960 extensions are planned at the following stores, Sherriff & Ward Ltd., Winchester; Busbys' Ltd., Harrogate; Ranby's Ltd., Derby; Bon Marche (Gloucester) Ltd.; Woolland Bros. Ltd., Knightsbridge; Style & Gerrish Ltd., Salisbury; Bobby & Co. Ltd., Worcester; Kennards Ltd., Redhill.

SUPERMARKET

Our first venture in the Supermarket type of trading was opened at Kennards, Croydon. Judging from immediate results there is every indication that the new enterprise will be a successful one, and plans are in hand for opening others in the near future.

STAFF

The scheme of employees' shareholdings is a desirable development in the history of the Company. The number of its shareholders is increasing yearly — the figure is now in the region of 51,000. The value of their holdings depends to a great extent on the skill and enterprise of the staff, and it is of utmost importance that their keenness should be encouraged by their being given an opportunity to obtain a stake in the Company for which they work.

CONCLUSION

Now that the rise in raw material costs has been halted we have been able to reduce the price of much of our own branded merchandise, which is of high quality and competitive in price. The resulting increase in sales has justified this action. The acceleration of our development programme and the expansion into the Chain Store field will, we believe, improve the efficiency and profitability of the Company. The sales for this year (excluding new businesses acquired), show a satisfactory increase over last year, which was a record year.

DEBENHAMS LIMITED

91, WIMPOLE STREET, LONDON, W.1

STANDARD-TRIUMPH INTERNATIONAL

RECORD PROFIT IN AN EVENTFUL YEAR

LORD TEDDER'S REVIEW OF ACTIVITIES

The fifty-sixth annual general meeting of Standard-Triumph International Ltd., will be held at 12 o'clock noon on December 16th at Fletchamstead Highway, Coventry.

The following is the statement by the Chairman, Lord Tedder, GCB, which has been circulated with the report and accounts.

The year under review has been most eventful; we have achieved a profit which is a record in the Company's history; we have introduced the Triumph Herald: we have disposed of our tractor assets to Massey-Ferguson and have terminated our agreement with them; we have carried out an internal reorganisation of the Company's group structure, and we have put in hand a considerable programme of expansion of our vehicle manufacturing facilities.

The consolidated profit of the Company and its Subsidiaries is £4,080,893, after depreciation and other charges amounting to £2,780,209. Provision for taxation takes £1,857,154, leaving a Group profit for the year, after taxation, of £2,223,739.

TRACTORS

On August 28, 1959, the Ordinary Stockholders approved the sale of tractor assets (excluding the plant engaged on producing tractor engines) to Massey-Ferguson in terms of my circular letter to Stockholders on August 5, 1959, for £14.9m. This sale gave rise to a capital profit of £5,016,910, out of which a capital distribution of 2s. 6d. per 5s. Ordinary Stock Unit was made on September 1, 1959, to members on the register on August 5, 1959. This absorbed £3,920,781, leaving a balance of £1,096,129 which is included in the Capital Reserves.

As part of the disengagement with Massey-Ferguson our agreement with them, which would have expired on January 1, 1966, was terminated on August 31, 1959. At the same time, they agreed to dispose of their holding of 7,757,938 Ordinary Stock Units in our Company to J. Henry Schroder & Co. Limited and Helbert, Wagg & Co. Limited, at a price of 5s. 9d. per unit, less expenses, ex the right to receive the distribution of 2s. 6d. per Ordinary Stock Unit. The Bankers in turn offered these Units ex the above right to the other Ordinary Stockholders of the Company at the same price of 5s. 9d., as of right, in the proportion of three Stock Units for every ten Stock Units held, applications for excess units being permitted. The Directors are gratified that Stockholders indicated their confidence in the future of the Company by substantially oversubscribing the offer.

Your Directors wish to record their appreciation of the services rendered by the Company's Accountants, Bankers, Lawyers and other professional advisers during the complex and protracted negotiations.

DIVIDEND RECOMMENDATION

Your Directors have given very careful consideration to the Ordinary Dividend distribution in respect of the year ended August 31, 1959, and have decided to recommend a repetition of last year's dividend of 12 per cent, less tax, which is covered over 3½ times by available earnings.

PRODUCTION

As part of the sale to Massey-Ferguson we agreed not to sell tractors until May 1, 1961, but we shall be free from restriction thereafter. This restriction does not apply to engines, where we have already secured contracts to replace a considerable part of the surplus capacity becoming available, and we are seeking to absorb the balance.

The output of cars and tractors rose from a combined total of 147,616 last year to 158,856 this year—a modest increase wholly attributable to cars. This production represents a total of about 650 units per working day. Car production alone is now running at almost 150,000 units per annum (some 600 per day).

Provided no unforeseen circumstances arise, we anticipate that before the end of 1959 we shall be making cars at the combined rate of cars and tractors during our last financial year.

We shall not have the additional facilities available to raise our output above this figure until the Spring of 1960, but from then onwards we shall be able to increase progressively to 180,000 per annum (735 per day).

It will not be possible during the current financial year completely to make up the shortfall caused by the loss of tractors. However, with the plans we have in hand for increasing our production as rapidly as possible, we shall not be far short of attaining our immediate objective which is to match last year's total unit figures.

EXPANSION

Over the past three years we have been unable to increase our car sales because we have been unable to get sufficient painted and trimmed bodies to meet our demand. The installation of the new body paint and trim plant at Canley, the purchase of the Coventry factory of Fisher & Ludlow and our acquisition of Mulliners are leading us to a position where, by the end of this year, this situation will have been rectified.

We are also approaching the limit of our existing final assembly facilities. In anticipation of this, your Board last year authorised a new plant due to come progressively into operation next year. This scheme, together with new administration offices which are necessary following the vacation of Banner Lane; new canteen facilities resulting from our greater concentration of employees at Canley; and the modernisation and development of our engine, gearbox and axle plant—to all of which we are fully committed—will absorb approximately £6m.

We now plan to extend further the pressing and body assembly side of the business and to increase our capacity beyond the rate of 180,000 units per annum.

CAPITAL AVAILABLE FOR EXPANSION

As you will see from the Consolidated Balance Sheet, the sale of our tractor assets leaves us with a bank balance of almost £14m after payment of the capital distribution on September 1, 1959.

We have since received some £3m for tractor stocks. Out of the £17m thus available we have paid off all tractor creditors, amounting to about £3m; we have to meet taxation liabilities amounting to about £4m in the near future and, as previously stated, we are committed to capital expenditure of £6m.

The Directors wish to emphasise that the balance remaining of some £4m is no more than is required, having regard to the further capital projects to which I have referred and the additional working capital which will be necessary.

INTERIM DIVIDEND

The expansion of car production, which was planned to replace the loss of tractor production, has proceeded more quickly than could have been anticipated when Stockholders were circularised last August. Accordingly, we decided to announce that, in the absence of unforeseen circumstances, it is our intention to pay an interim dividend of 5 per cent, less tax, in May, 1960.

EMPLOYEES' SPECIAL FUND

In order to conform to Inland Revenue requirements it is advisable to exhaust this fund progressively, and no allocation has therefore been made to it this year. In the meantime, the fund will continue to be applied to the objects for which it was created. We are now examining the best way to replace it, bearing in mind Government legislation in connection with retirement benefits, and, as a preliminary step, £50,000 has been appropriated to a special account for this purpose. Future provisions of this description will be dealt with as part of our costs and will not, therefore, appear as separate items in our Accounts.

TRIUMPH HERALD

I do not think that I need dwell upon the wonderful reception this car has received, not only from the public but from motoring correspondents both at home and throughout the world. We have had our development problems in building up production because we are undertaking, for the first time since the war, the pressing, body assembly, paint and trim of a motor car. There is no doubt, however, that with these difficulties largely behind us, we are about to reap the full benefits of the world-wide demand for this model.

OTHER MODELS

The Atlas Van, Vanguard Saloon, Estate Cars and Triumph TR3 are all in demand well beyond present capacity. An impression seems to be growing that we are relying solely on the Triumph Herald for our future production. This is not so as these other models still account for over 50 per cent of our current output, and we are increasing their production all the time.

EXPORTS

Our car exports last year were the highest ever recorded in the Company's history. Sales to the United States were 25,000. This year we anticipate raising the overall figure to the USA to 31,000. The TR3, so successful in Rallies, has now established itself as one of the world's greatest sports cars.

OVERSEAS MANUFACTURE

We are continuing to expand overseas. Plans have been approved for the building of a new assembly factory in Belgium to supply the Common Market countries, and work is to start immediately. In Italy we are now producing locally over 50 per cent of the Triumph Italia which has been enthusiastically received in that market.

The only other company to which I need refer is our associate in Australia. Its recovery following its reorganisation last year has been remarkable, and its Management are to be congratulated on their efforts.

COMPANY REORGANISATION

Although not completed until after the end of the year under review, I feel I must refer to the reorganisation that we have just put into effect. A "family tree" is included with the accounts which shows in graphic form our new structure. The rapid rise in output in the last months and the general increase in tempo of the organisation as a whole is in no small way attributable to the policy of decentralisation which we have adopted.

Our resources are now more effectively employed and we have gone a long way towards ensuring the continuity of a vigorous and youthful management team.

CONTRACTORS, SUPPLIERS, DISTRIBUTORS AND EMPLOYEES

On behalf of my colleagues and myself I should like to record our gratitude to our Contractors; to our Suppliers, to our Distributors and Dealers as well, for their help and co-operation in this eventful year.

I would particularly like to record my appreciation to and admiration of all employees of the Company, both staff and works, and especially to those who have been concerned in the great movement of plant and machinery at our Coventry factories following the sale of tractor assets. It is difficult to describe adequately what is involved in disintegrating an integrated production. All I can say is that many thousands of tons of car and tractor equipment, worth well over £6m—much of it extremely delicate—had to be uprooted, transported and resited. This was effected with little loss of production, but certainly with the loss of many leisure hours and was fully completed in under eight weeks.

It is such achievements as this which give me confidence that British Industry, and not least our Company, can and will successfully compete even though, as we all know, our industry faces tough world competition.

Copies of the Accounts may be obtained on application to the Secretary, Standard-Triumph International Limited, Coventry.

THE CEMENTATION COMPANY LIMITED

INCREASE IN TRADING PROFIT

The Thirty-ninth Annual General Meeting of The Cementation Company Limited will be held on December 16th at Grosvenor House, Park Lane, London, W. The following is an extract from the circulated statement by the Chairman, Mr A. R. Neelands.

The trading profit of the Group for the year under review, before charging taxation and before deducting pre-acquisition profits of a newly-acquired subsidiary taken to capital reserve, is £1,144,649 as compared with £1,031,640 last year.

We have transferred to general reserve £100,000, and £150,000 has been transferred to the general reserve of a subsidiary company.

Your directors recommend a dividend payment of 12½ per cent, as last year, on the Ordinary shares which, due to an increase in capital and a reduction in the rate of United Kingdom income tax, will absorb £244,043 against £215,625 last year.

On December 31, 1958, your Company acquired as a wholly owned subsidiary, by purchase of its issued Ordinary share capital, The Demolition & Construction Company Limited, a company well known in this country for its activities in civil engineering, building and demolition work. The offer made to, and accepted by, the shareholders of The Demolition & Construction Company Limited was five Cementation Ordinary shares of 5s. each for every two Ordinary shares of £1 each in Demolition & Construction. As a result of this acquisition the issued Ordinary share capital of your Company has increased from £3 million to £3,187,500.

The shares issued on the acquisition of Demolition & Construction rank for a full year's dividend and in order to make a fair comparison the full year's profit of Demolition & Construction has been included in the Group trading profit figure of £1,144,649. The part of the net profit of Demolition & Construction for the year ended March 31, 1959, earned in the nine months prior to its acquisition on December 31, 1958, has been transferred to capital reserve.

PARENT COMPANY AT HOME AND ABROAD

We took the opportunity offered to us some time ago of acquiring for the Commonwealth and certain other countries patent rights relating to Vibroflotation. This is a method of increasing the density and thereby the load-bearing capacity of granular materials not amenable to treatment by other methods, and we have now in progress a number of contracts at home and abroad using Vibroflotation, including one for the United Kingdom Atomic Energy Authority at the site of the new Winfrith Heath research station.

A further addition made during the year to the range of our specialist activities is soil stabilisation, a well-established method of soil compaction, with a wide application to highway engineering. In addition to work at home, we have contracts in Kenya and Rhodesia, and the interest being shown in adjoining territories indicates a promising future in this field.

In the United Kingdom our major civil engineering contracts at Cashlie in Scotland and at Nant-y-Moch and Ffestiniog in North Wales continue to make their scheduled progress. In South Wales we are still active on drifting work for the National Coal Board, and elsewhere we also have a number of worthwhile contracts of a more general nature in progress.

The volume of piling work being undertaken remains at its consistently high level.

The specialist services of the Cementation department remain in demand both at home and overseas.

BRITISH SUBSIDIARY COMPANIES

Demolition & Construction has had a successful year, and among recent civil engineering projects awarded are the Main Quay Contract at Teesport for the Tees Conservancy Commission, and works for the London County Council in connection with flood relief on the River Wandle.

John Thom Limited now includes our drilling department.

Quickset Water Sealers and Thermacoust have had a satisfactory year. Quickset's turnover and profit have increased considerably, both in its contracting and sales divisions: so also in the case of Thermacoust. Cementation (Muffelite) has maintained sales of Barrymount anti-vibration and shock mounts and the testing facilities afforded by the new laboratory at Hersham are attracting an increasing volume of work.

THE GEOPHYSICAL GROUP OF COMPANIES

In recent years the volume of exploratory work suitable for geophysical methods has decreased considerably. Pressure of competition has risen correspondingly and this, combined with heavy overheads necessarily incurred in the maintenance of expensive equipment has resulted this year in disappointing returns from Geoprosco, but we have confidence that conditions in those industries on which its success so largely depends will again turn in its favour.

COMMONWEALTH SUBSIDIARY COMPANIES

The overall position can be considered satisfactory. Our South African company has maintained its position and has returned an increased profit, despite the fact that during the year the general level of economic activity in South Africa has remained static or declined slightly.

The prospects for our Rhodesian company are equally good. At Mufulira we have obtained further contracts for mine shaft sinking from the Mufulira Copper Company, who are well pleased with our progress. Some road contracts, embodying soil stabilisation in Rhodesia and Kenya, have been obtained.

At Kariba the Company's work on foundation consolidation continues satisfactorily and is scheduled for completion in the autumn of 1960.

Our Canadian company shows good results.

As forecast last year, our affairs in New Zealand have suffered as a result of the Government's anti-inflationary measures, but it is pleasing to report that recently there have been strong indications of recovery and prospects for the future are encouraging.

LEEDS PERMANENT BUILDING SOCIETY

Mr Douglas Crockatt's Review of Record Year

The 111th Annual Meeting of the Leeds Permanent Building Society was held in Leeds on November 23, 1959. Mr Douglas Crockatt (The President) in the course of his speech said:

The one hundred and eleventh year of the Society's long history has been marked by outstanding progress. The Society has grown notably in size whilst its traditional financial strength has been even further increased.

We began the financial year under review with a satisfactory and regular flow of investment money from existing and new shareholders. This continued almost to the end of our financial year although latterly heavier withdrawals have produced a drop in the net inflow.

INTEREST RATES

The net intake of investment money into building societies is being affected by recent economic changes and by the continuance of the very high rates of interest paid in all forms of National Savings.

Last May the Building Societies Association, of which this Society has been a loyal member for many years, recommended an all-round reduction in interest rates. It proposed that the rate charged to owner-occupier borrowers should not exceed 5½ per cent, and that the interest paid to paid-up shareholders should not exceed 3½ per cent. So far as our existing members are concerned, we put these rates into effect as from October 1, 1959, giving due notice of our intention so to do.

Borrowers in the movement, hitherto paying 6 per cent, have good reason, of course, for satisfaction. A very few shareholders have not been prepared to accept the reduction of ¼ per cent., and have withdrawn their holdings. These form a small minority of our members, and it affords great satisfaction to the Board that so many existing investors continue to increase their holdings, and that new shareholders and depositors continue to come forward in great numbers.

LARGE INFLOW OF SAVINGS

We have taken into our shares and deposit accounts the sum of £26,089,000 and have paid out in withdrawals at short notice or on demand, the vast sum of £16,093,000 to our investors for their own purposes; we have also made cash payments of interest in total amounting to £1,339,000. These transactions resulted in a net increase in shares and deposit balances of no less than £12,537,000.

RECORD LOANS FOR HOUSE PURCHASE

The net inflow, added to the amount received in mortgage repayments, has enabled us to lend the vast sum of £20,092,542 in new advances.

This figure constitutes a record for the Society. It has been lent to the ordinary man-in-the-street to enable him to buy his own house. The proportion lent to those buying their own homes and upon houses in course of erection for owner occupation is no less than 99.91 per cent of the whole. Moreover only .74 per cent of the total mortgage debts in our balance sheet consists of sums exceeding £5,000. These facts emphasise the strictness with which this Society has kept to the true functions of a Building Society. They illustrate the socially beneficial operations of the vast majority of societies, which, like ourselves, remain true to their origins.

PENDING LEGISLATION

A few societies, with deceptively safe-sounding names, trading upon the fine reputation which building societies generally enjoy, operate in a way quite foreign to the traditions of the movement, frequently lending investors' money on speculative property deals or in industrial and commercial fields. It is clear that the time has come to check this misuse of the structure and name of a building society. We welcome the Government's intention to introduce legislation designed to this end. We hope that it will be clear, comprehensive and stringent.

TRUSTEE STATUS

The House Purchase and Housing Act 1959, which became law in June last, provides that deposits in societies conforming to certain standards of financial stability and practice will be accorded trustee status. The Leeds Permanent's Balance Sheet shows a measure of security of more than double the standard required, and the Society was accordingly included in the first list of societies officially approved for this purpose.

The House Purchase and Housing Act also provides that "designated" societies may apply for the loan of Government funds to enable them to lend more money than hitherto on houses built before 1919. It has not been necessary during the year under review to seek Government assistance in this way. Nevertheless, we have during the year advanced on houses completed before 1919 the sum of £1,569,000 nearly twice as much as we lent on similar properties in the previous year. We have not, however, relaxed those standards of selection which we think it proper to adopt when considering the older type of security.

ASSETS

The total assets of the Society at September 30, 1959, stood at £129,227,842. The increase during the year of £13,100,942 is a record one. The Society has doubled its assets during the last seven years.

STRENGTH IN LIQUIDITY

During the year our liquid resources have increased to £22,930,000 representing 17.74 per cent of total assets, as compared with 16.17 per cent. last year. The Society holds no investments which have no fixed date of redemption, nor any holdings redeemable only at the option of the issuer. No less than £9,000,000 could be realised at once or within one month.

VERY HIGH RESERVES

The recommendation of the Building Societies Association is that each member society should aim to *attain* reserves of at least 5 per cent of the current total assets. We have maintained reserves of more than 5 per cent for over twenty years, during which time the assets have increased from £33 million to over £129 million, and we have lent over £220 million to borrowers to enable them to own their own homes—an achievement of which our members may be justly proud.

The reserves today, taking into account an amount of £763,000 set aside for future taxation, and after writing down the Society's gilt-edged securities to market value, amount to more than £7,482,000, or 5.79 per cent of the total assets, 6.19 per cent of the Share and Deposit balances, and 7.14 per cent of the mortgage assets.

APPROPRIATIONS

Our year's operations resulted in a surplus of £524,612 compared with £401,000 last year. With the amount brought forward from last year, together with other income, provisions no longer required and now released, and postwar credits now brought in, the total transferable surplus amounted to £913,338. Of this sum, £650,000 has been appropriated to General Reserve, £94,199 has been written off the Society's investments, and the balance of £169,139 has been carried forward to next year.

Our post-war credits amount to £137,838 and now that they have received statutory recognition under the Finance Act, 1959, it is proper that they should be included and brought into our General Reserve.

The opportunity has been taken this year to write down our investments to market value. The sum involved on September 30 was £94,199, but all our securities are dated, and their value on redemption exceeds the value in the balance sheet by £150,000.

BRANCH OFFICES

During the year we have opened three new branch offices, at Belfast, Maidstone and Wakefield. New offices at Reading and Southport are nearing completion, and we own premises at Cardiff, Newcastle upon Tyne and Scunthorpe, where we hope to complete and open new branches during 1960.

THE LATE SIR CHARLES DAVIES

Immediately prior to our last annual meeting the Society suffered a severe loss in the death of Sir Charles Davies, a Director since 1935, our President from 1953-56 and General Manager from 1940-58. He has been much missed during the past year's work by his colleagues on the board and staff of the Society.

To fill the vacancy we have been fortunate indeed in the election of Brigadier J. Noel Tetley, DSO, TD, LID, DL.

We extend our warm thanks to our many agents in all parts of the country for their loyalty to the Society.

THE BRITISH MOTOR CORPORATION LIMITED

SUCCESS OF NEW MODELS

The eighth annual general meeting of The British Motor Corporation, Ltd., will be held on December 15th at Birmingham.

The following is an extract from the statement of the executive chairman, Sir Leonard Lord, KBE, circulated with the report and accounts for the year to July 31, 1959.

The motor industry is one in which the manufacturer has from time to time to face a period of fundamental change. In the financial year of 1958-1959 now under review we passed through such a phase, and one quite unprecedented for its extent and ramifications. Never before has your Corporation, its principal subsidiaries, or any of its British competitors, launched so many entirely new products in the short space of a year.

Therefore it is with considerable pleasure that I report our "Operation Change-Over" to have been pre-eminently successful. It began in September, 1958, with the announcement of the Austin A.40, and concluded, so far as the financial year was concerned, with the public release of the Austin A.99 in July last. Between these dates six other models were also released, namely, the Wolseley 15/60, the Austin A.55 Mark II, the MG Magnette Mark III, the Morris Oxford Series V., the Riley 4/68 and the Wolseley 6/99. All eight were entirely new models; each without exception won immediate public acceptance.

Such was the smoothness and efficiency of this operation that the loss of output compared with the previous year's record of 504,712 vehicles was only 4 per cent, and of the 486,048 vehicles produced in the year, 92,854 were new models. But for the wave of labour disputes which swept over industry in general and the motor industry in particular, we could have achieved simultaneously a record production and record change-over to new models.

In the last two months of the year we also introduced important improvements in the larger sports cars. We produced 44,889 sports cars in the year, of which 40,115 were exported.

The turnover of the Corporation for 1958-59 was £265 million to maintain the record level and resulted in the favourable figures shown in the Consolidated Profit and Loss Account. Accordingly, we have been able to propose a final dividend of 12½ per cent on the ordinary share capital as increased by the issue of three new shares for each ten held in April, 1959.

REVOLUTIONARY SMALL CAR

By far the most important investment completed and put into service in the year was the £10m devoted to establishing production facilities for a new small car of revolutionary design. Known respectively as the Austin Seven and the Morris Mini-Minor, no small car has ever had such a welcome as this one.

Production in the year under review was 486,048 vehicles. From August 1st until October 31st we made 147,309, and currently we are producing at the rate of 750,000 per annum. When the extra facilities become progressively available in eighteen months to two years the magical figure of 1 million units a year will be within our reach.

Apart from any unforeseen major international upheaval, profits can be expected to rise over the next two years. This, coupled with our existing resources, would appear to make it unnecessary to raise fresh capital.

This year 235,914 of our cars were newly registered in the home market, representing 39 per cent of the total registrations of new cars in Great Britain. Including light and heavy commercial vehicles, home registrations reached 302,398 units, which is highly satisfactory in a year of so much change.

This year's exports accounted for over 40 per cent of all vehicles produced by us, with total sales of 198,107 units compared with 214,005 in the previous year. The difference of 15,898 reflects availability of vehicles and not any dearth of orders. In fact, even before the advent

of the new models, export demand was very strong. The USA became even more dominant amongst our world markets.

The trend towards assembly in overseas markets and in some instances progressive manufacture, of which I gave warning in 1956, is significantly increasing. Today BMC cars are being assembled in thirteen Plants in eight countries, and are being manufactured to a substantial degree in three others, with projects well in hand for a further five.

Our prospects more than ever depend on united efforts to increase production, the avoidance of major dislocations of factory programmes and, in short, our ability to satisfy our eager customers in the least possible time. It is to that task that we are now devoting our energies.

THE WALL PAPER MANUFACTURERS LIMITED

ANNUAL GENERAL MEETING HELD 25th NOVEMBER, 1959

Welcoming stockholders to the sixtieth Annual General Meeting of the Company held at the Midland Hotel, Manchester, on Wednesday, 25th November 1959, Mr. A. Whittle stated that with increased sales the Company had achieved the highest profit in its history. After referring to the retirement from the Board of Mr. H. Kinder, after over fifty years' service, and of Mr. E. F. West, through ill-health, Mr. Whittle reported a gross profit for the year of £4,950,463, an increase of £878,586. Net profit after provision for taxation and minority interests was £2,245,076, compared with £1,659,214 the previous year. The Board recommended a final dividend to the deferred stockholders of 15%, making 20% for the year as against 18¼%.

Mr. Whittle stated that all the main sections of the Group had made substantial contributions to the final profit with almost all sections showing higher profits; those from the Walpamur, Sanderson and Canadian Groups were considerably greater.

The reserves of the Company built up over many years of prudent finance are being used to strengthen each group and current results show how effective the expansion has been. The Company's growth has been in two different directions; the first, the re-building or extension of almost all its many factories, merchant houses, retail shops, showrooms and research units; the second, the acquisition or setting up of sales outlets at home and abroad. The building programme now nearing completion will, when finished next year, have been spread over more than a decade. The extensions and modernising of the wallpaper factories have enabled the Company to meet the demand for wallpaper which has risen by about 50% in the last seven or eight years. The Walpamur and Sanderson Groups have greatly extended their net-work of distributive outlets whilst the retail shop organisation has grown by the acquisition of shops offered to the Company. The most recent addition, since the closing of the financial year, is that of S. & H. Morris Ltd., an old and well-respected chain of very large retail shops. Manufacturing and distribution abroad are steadily expanding; the Walpamur Company has many factories and depots in the Dominions and the Sanderson Group has acquired a number of long-established specialised houses in the Dominions and the U.S.A., experienced in the marketing of furnishing fabrics and wallpaper. The Canadian Group, after a year in which record profits were gained, has just purchased the oldest wallpaper manufacturing company in the U.S.A.—the Birge Company—whose products are known to the trade throughout the world. The Board is confident that this broad-based expansion overseas will, in time, substantially add to the Company's prosperity. Indeed, all the subsidiaries abroad are already trading profitably. The developments that will follow from the formation of the European Common Market and of the Outer Seven Group are being carefully studied and the Board is confident of meeting the challenging task of selling its products in these markets.

The holding of the price level, Mr. Whittle thought, was the leading economic event for business during the last year. The next national struggle will be that of increasing production. Higher production at lower costs is essential if full employment and wide social services are to be maintained.

On behalf of the stockholders, Mr. Whittle expressed thanks to the executives, staffs, and workpeople.

The report and accounts were adopted.

NEEPSEND STEEL & TOOL CORPORATION LIMITED

FULL ORDER BOOK

The thirty-ninth Annual General Meeting of Neepsend Steel & Tool Corporation Limited was held on November 24th at Neepsend, Sheffield, Sir Stuart C. Goodwin, DL, JP, LLD, the President, in the Chair.

The following is an extract from his circulated statement for the year ended March 31, 1959:

Since the end of our financial year we have purchased The Century Drill Works Ltd.

Last year I advised you that conditions in the Steel Industry might not be so favourable as in the year under review at that time. This certainly has proved to be the case, and it was only by stringent economies, etc., that we have emerged from this critical period without more serious repercussions upon our year's trading.

It is, therefore, with great relief that I am able to inform you that the depression of the late autumn of last year and early spring of this year has now receded and that practically all our firms are on full time with prospects of being exceedingly busy for a period ahead. Prices are necessarily keen to meet the competition of our foreign competitors, but with a full order book we can look forward with reasonable confidence and satisfaction.

The trading profits for the year before taxation have amounted to £1,105,196 as against a figure of £1,260,119 in the previous year.

The total of issued Capital and Reserves now amounts to over £5 million.

The report and accounts were adopted.

J. & F. STONE LIGHTING AND RADIO

The twenty-sixth annual general meeting of J. and F. Stone Lighting and Radio Limited was held on November 25th in London, Mr D. G. Nairn, OBE (the Chairman), presiding.

The following is an extract from his circulated statement:

For the year to June 30, 1959, the Group net profits before taxation amounted to £526,775. The outstanding event affecting your Group was the removal on October 28, 1958, of restrictions on hire purchase transactions. Thus, during the period from July to October, 1958, the Management was struggling against all the difficulties of trading under the restrictions which prevailed up to that date. The momentum of income collections from contracts entered into in earlier periods was running down, and those four months were indeed a difficult period from that point of view.

What happened when these restrictions were removed? From then to the end of the year we effected a substantial increase in turnover mainly through the medium of Hire Purchase and Rental agreements. The profit on this type of trading, however, takes time to mature.

Dealing with the accounts, the provision for taxation amounts to £246,000, and the net profit after tax is only some £28,413 less than it was in the preceding year.

I am not predicting a spectacular rise in profits in the current year, but on the indications at present before us, there should be an increase in profits in the year to June 30, 1960.

The report was adopted and a final dividend of 20 per cent making 30 per cent approved.

REGIS PROPERTY COMPANY

INCOME AGAIN EXPANDED

The twenty-first Annual General Meeting of Regis Property Company Limited was held on November 24th in London, Sir Aynsley Bridgland, CBE, the chairman, presiding.

The following is an extract from his circulated statement for the year ended June 30, 1959:

The reorganisation of the capital of the Company to which our late Chairman referred last year has now been completed but, subject to your approval, we propose to increase the Authorised Capital. I would emphasise that we do not intend to issue at the moment any fresh capital.

RESULT OF YEAR'S OPERATIONS

As forecast last year, our income has again expanded. The figure for Excess of Rents over Outgoings stands at £575,529 against £518,710 for the previous year. This is due to the receipt of increased rents on some leases of flats which became decontrolled by the 1957 Rent Act, as well as to further increases in rental from our office properties. Profits, subject to taxation, have risen by £67,098 to £244,354. Provision for Taxation has absorbed an additional £32,798, so that the Net Profit of the Group for the year is £120,021 as against £85,721 last year.

The increases in income from rents have by no means come to an end and it is expected that there will be further expansion over the next few years. Here I should like to remind shareholders that the increases in rents on our flats do not by any means compensate us today or for the years during which we have been compelled to subsidise our tenants. Rents are not yet sufficiently high to meet the increased costs of services, etc., which we have to pay. In other words, our rents on flats so far show only a very modest return on the capital invested. The 1939 Act stipulated that tenants were not to be placed in a worse rental position than that which obtained in that year. I have never been able to understand why the obvious corollary that landlords should not be worse off either did not apply. As it turned out this Company for nearly 20 years had to subsidise its tenants to a substantial amount each year for costs of services which it had to maintain under rent restriction and for which it could get no relief.

DIVIDEND RECOMMENDATION

Last year the Directors said that they expected to be able to recommend a dividend in a full year on the increased share capital at the rate of 8 per cent per annum. Your Board now recommends a final dividend of 3 per cent less income tax. This means that together with the two interim dividends already paid the total paid for the year is slightly better than the figure forecast.

We are constantly on the alert to increase our portfolio where further advantageous purchases can be made. Such purchases are not made by us on a basis of future hopeful expectations but only on a cold assessment of the facts as far as we can judge. Of the total book value for our properties of £11,403,298 shown in our Consolidated Balance Sheet no less than £8,862,209 is represented by freeholds—a very strong position. The report was adopted.

THE WALL PAPER MANUFACTURERS LIMITED

Est 1899

Directors:

ALFRED WHITTLE (Chairman)

Richard M. V. Busby	Charles F. Carroll	Eric A. Entwisle
James W. Huntington	Alfred Jackson	Sidney H. Jackson
Norman Jepson	Ivan C. Sanderson	Osmund Smith
Frank K. Sugden	Harold Walker	George H. Walmsley
	John Watson	

Secretary and Registered Office:

C. F. Carroll, King's House, King Street West, Manchester 3

CAPITAL:

Authorised: £12,000,000 **Issued: £8,158,620**

5% Cumulative Preference Stock, £1,439,824

Ordinary Stock, £1,654,823 **Deferred Stock, £5,063,973**

Group Assets: £31,242,160

Trading Profit: £4,950,463 Net Profit after taxation: £2,245,076

Deferred dividend for year to June 30, 1959, 20%

LEADING TRADE MARKS

WALLPAPER: Crown, Sanderson, Palladio, Hayward, Lancastria, Anaglypta, Lincrusta.

PAINT: Walpamur Water Paint, Duradio Enamel Paint, Muromatte Flat Oil Paint, Darwen Satin Finish, Walpamur Emulsion Paint, Walpamur Glossy Finish, Yeoman Varnishes, Marvo Oil Bound Distemper, Trojax Enamel Paint.

FURNISHING FABRICS: Sanderson Fabrics. PAPER: Darco.

MOULDING POWDERS: Nestorite. POWDERED MICA: Micafine.

BRUSHES: Durability, Lancastrian, Foxline.

RHOKANA CORPORATION LIMITED

(Incorporated in Northern Rhodesia)

MINING PROFIT INCREASED IN SPITE OF STRIKE

GROWING IMPORTANCE OF INVESTMENT INCOME

MR H. F. OPPENHEIMER REVIEWS CHANGING CONDITIONS ON COPPERBELT

The 37th annual general meeting of Rhokana Corporation Limited will be held at Salisbury, Southern Rhodesia, on December 17, 1959.

The following are extracts from the review by the chairman, Mr H. F. Oppenheimer, which has been circulated with the annual report and accounts:

I feel sure that members will approve of the recommendation of the Directors that the share capital of the Company should be brought more into line with the total amount permanently employed, by utilising £22.5m. of the "profits appropriated for capital expenditure" to allow a capitalisation bonus issue of nine fully paid ordinary shares for each ordinary and "A" stock unit held.

Large appropriations from profits to provide for annual capital expenditure have been made over many years and by June 30, 1958, these totalled £28.8m. It has been decided to transfer the balance of £6.3m. available after providing the £22.5m. required for the capitalisation issue to writing down the fixed assets of the Company, which after deducting depreciation and the amount of £6.3m. stand in our books at £14.8m.

At the forthcoming annual general meeting, members will be asked to pass resolutions increasing the nominal capital of the Company to £26.5m., and to approve the capitalisation of £22.5m. so that the new shares may be issued early in the new year.

COPPER PRICE

By the beginning of our financial year, the price of copper on the London Metal Exchange had risen from the low levels ruling during the early months of 1958 to just over £200 per ton. The steady rise in prices was accelerated by the strike on the Northern Rhodesian Copperbelt from September 12 to November 4, 1958, and by the steps taken by many of the large producers to cut their outputs so as to bring copper production into line with consumption.

The price was thereafter generally well maintained between £220 and £250, as many consumers at this time also built up inventories against the possibility of strikes in the United States. These eventually began in August, 1959, and resulted in a reduction of over 80 per cent of America's normal production of copper, but the effects of the steel strike on American industry, together with the large stocks of copper which had been built up, assisted in maintaining the price of copper within the pre-strike limits.

There is, however, no doubt that by now the world stocks of copper have been appreciably reduced, but Chilean production has now been resumed, and provided American conditions are soon restored to normal, there is no reason to believe that there will be a real shortage of copper.

PRODUCTION

Although a high level of production was achieved at our mine in the second half of the financial year, it was not possible to make up the full amount of copper lost during the strike of our European daily paid employees at the end of 1958, and our finished production for the year was 13,000 tons less than our programme of 90,000 long tons. However, because of an increase of £38 per ton in the price we received for our copper the profit from mining operations was considerably greater than the previous year.

Good progress has been made during the year at the No. 2 Shaft at Mindola, which is expected to start hoisting ore in the first quarter of 1960, and which will permit greater flexibility in our mining operations. Intensive research in our laboratories has enabled our consulting engineers to design an improved process for the extraction of cobalt which will reduce the cost of production. The revised process should be in operation early in 1960.

INVESTMENT INCOME

This year our net income from investments was again greater than the profit from our mining operations. This focuses attention on the very large share interest which we have in Nchanga Consolidated Copper Mines Limited and Mufulira Copper Mines Limited, from which our dividend revenue arises. As we also have a major stake in Bancroft Mines Limited and Chibuluma Mines Limited, from which in due course we can expect satisfactory dividends, our income from dividends and interest should form an increasingly important proportion of our total income. We are also interested in Baluba Mines Limited and Chambishi Mines Limited where large copper deposits have been proved and which will in due course be opened up, and we have a stake in a number of exploration companies.

Rhokana Corporation is therefore a large investment company as well as an active mining company, and over the past few years we have been able to follow up our investments and, at the same time, place the company in a sound cash position to provide its share of the capital which will be required for this purpose at a later date.

This year an amount of £500,000 was transferred to general reserve, which now stands at £5,500,000 and, at the same time, we have been able to recommend a final dividend of 32s. 6d. net per £1 unit of stock which, together with the interim dividend of 7s. 6d., makes a total dividend distribution of 40s. net per unit for the year.

Conditions on the Copperbelt have changed very rapidly since the copper mines were originally discovered and, as local and government authorities are now able to provide most of the services at present run by the mining companies for the benefit of their employees, we have been endeavouring to find a means whereby we could hand over such services and amenities to the proper controlling bodies and to bring about a greater degree of integration between the Kitwe Municipal Council and our own Nkana Mine Township. One important step was the introduction of the home ownership scheme in 1957 for our European employees.

We have also provided a number of benefits and services for our African employees, and it is our aim, whenever it is possible to do so within the limits set by the complex conditions and circumstances of the Copperbelt, to establish the same rights and privileges for our African employees as for our European. We hope therefore to be able to announce shortly a scheme for home ownership for our African employees and, although it will take time, we are hopeful that it will be possible for all our employees to be able to take a full share in the provision and running of the services and amenities which are part of an established civic community.

Copies of the annual report and accounts may be obtained from the London office of the Corporation, 40 Holborn Viaduct, E.C.1.

PICKFORD, HOLLAND & COMPANY

EFFECT OF RECESSION IN STEEL TRADE

The annual general meeting of Pickford, Holland & Co. Limited was held on November 19th at Sheffield, Mr Ronald Steel (the chairman) presiding.

The following is an extract from his circulated statement:

Shareholders are well aware that steel manufacturers are our most important customers and that during the year under review there has been a serious recession in the steel trade. This has inevitably resulted in a substantial reduction in our turnover and consequently in our trading profit. The recession has been specially felt in those districts where ingot production is most dependent on the shipbuilding and structural steel using industries, and this has had a serious effect on our Crook works. In May we were unavoidably compelled to close down the tunnel kiln at these works after large stocks of basic bricks had been built up to meet immediate orders.

In South Wales the output of steel was less affected by the recession and consequently our works at Blaenavon showed a considerable improvement on the previous year. Here a highly efficient fully automatic brick press which we ordered in December 1956 started production after the financial year end, and these works are well able to take advantage of any likely increase in local demands.

Now as regards the future and the dividend distribution, if it had been necessary to make a decision this summer we should have been compelled to recommend a reduction in the basic rate of dividend previously paid. But steel production for July and August, although 10½ per cent down on similar months in 1957, is well above the 1958 level and most of our customers feel convinced that steel output will continue to rise; so it is reasonable to hope that they may be reaching the end of their high stocks of refractory bricks and that their demand upon us for the rest of this financial year will be commensurate with the increased ingot output which they all anticipate. Moreover, the tunnel kiln at Crook has been lit up and production started again in the middle of September. Therefore your directors consider that we should refrain from altering the basic rate of dividend and hope that the general optimism prevailing will be reflected in an increase in our trading profit during the first six months of 1960. They cannot however recommend the payment of the usual bonus of 2½ per cent.

The report and accounts were adopted.

RHODESIAN ANGLO AMERICAN LIMITED

(Incorporated in Northern Rhodesia)

COMPANY WELL EQUIPPED TO CONTINUE ACTIVE INVESTMENT POLICY

MR H. F. OPPENHEIMER REVIEWS DEVELOPMENTS IN THE FEDERATION

The 30th annual general meeting of Rhodesian Anglo American Limited will be held at Salisbury, Southern Rhodesia, on December 17th, 1959.

The following are extracts from the review by the Chairman, Mr H. F. Oppenheimer, which has been circulated with the annual report and accounts:

The year since my last statement has been an eventful and important one for the Federation of Rhodesia and Nyasaland and therefore for our Company, whose prosperity must tend to reflect the state of the Federation's economy.

THE FEDERATION

We have seen the crisis in Nyasaland and a state of emergency declared in all three territories; the recovery from the low levels of early 1958 in the price of copper and other metals on which the economy is largely based; the long strike on the Copperbelt; the completion of the great Kariba Dam from which power will flow at the beginning of 1960; and the correction of the adverse balance of payments position.

The low price of copper, which touched £160 early in 1958, came at a time when imports were running at a high level, and it was necessary to impose restrictive credit measures. These measures, together with rising prices for copper and other exports, brought about a rapid improvement, which was, however, temporarily checked in October, 1958, by a strike on the Copperbelt. This lasted 54 days and not only seriously affected the output of the copper mines but restricted business activity in the Federation.

The dispute was resolved by the adoption of the proposals of Sir Frederick Leggett, who was invited to the Copperbelt by the Northern Rhodesian Government at the request of the copper-mining companies and their employees, but it was not until May, 1959, that his recommendation that a joint industrial council should be formed was implemented. This council, which consists of employer and employee representatives, should allow matters affecting European daily paid employees to be discussed in an atmosphere of mutual confidence and goodwill, and I am hopeful that it will create a relationship in which fear and suspicion will have no place. This is particularly important as during the years ahead the desire of our African employees for legitimate advancement in the industry will require a practical and level-headed approach.

The progress of the Federal economy was fortunately only temporarily curtailed and, with the improvement in the balance of payments, it was possible for the Government to remove all the credit restrictions and to proceed vigorously with their development plans; these plans are of the greatest importance in paving the way for the raising of the standards of living of the people in the more remote and less prosperous areas of the Federal territories.

We therefore welcome the news that an Industrial Development Corporation is to be established in the Federation next year, and we have offered to contribute to its capital. It is hoped that this Corporation will be active in promoting manufacture for the home market.

ACCOUNTS

Our own accounts for the year reflect an encouraging advance on last year. Our net profit after taxation was £3,854,213, an increase of more than £1 million on the previous year. We have transferred the sum of £500,000 to general reserve, which now stands at £4,500,000.

We have also been able this year to recommend a final dividend of 3s. 9d. per stock unit (net) on the increased capital, which, with the interim dividend of 1s. 3d. per unit (net), makes a total of 5s. for the year, an increase of 1s. on the total dividend for the previous year.

Our investments, which are virtually all in the Federation, were valued at the year end (at market prices or at cost where unquoted) at £63 million. At the end of October this figure had risen to £87 million. Our cash resources place us in a strong position to continue an active investment policy in mining, exploration and industrial enterprises.

Recently the cash copper price on the London Metal Exchange has been more than £250 per ton, the highest figure it has reached for over two years. Chilean production, however, has now been resumed and provided American conditions are soon restored to normal, it is improbable that there will be a real shortage of copper. This is important as it is essential that copper should be freely available at prices which are fair to both producers and consumers if its use is to continue to expand.

Rhokana Corporation and Nchanga Consolidated Copper Mines both declared substantially increased dividends last year, and each company at its year end, in order to bring its equity capital more into line with the capital employed in the business, made a capital bonus issue.

Bancroft Mines resumed production as planned on April 1, 1959, after a year's interruption, and current operations and development at the mine are entirely satisfactory.

Revenue from sales of Rhodesia Broken Hill's lead and zinc production continued to be affected by the relatively low prices for these metals, and the profit for the year ended 31st December, 1958, was substantially below that for the previous year. An improvement in prices, particularly of zinc, had, however, already begun last year and, as this trend has continued during the current year, profits for 1959 can be expected to show some recovery.

In Broken Hill's last annual report reference was made to the possibility of installing the Imperial Smelting Process which would materially improve the recovery of lead and zinc not only from currently produced ore but also from stockpiled material at present untreatable. Careful investigations have been continued into all the technical and financial aspects of the installation of this plant and I am hopeful that the process will be adopted.

With the continued upward trend in the world's industrial activity, particularly in Europe, our major investments should show increasing returns over the next few years, provided that the political progress of the Federation continues satisfactorily.

The Federal Government has demonstrated that it has a real desire to implement its policy of racial partnership, and it is encouraging that the Europeans in Rhodesia have not allowed the violence and disorder which occurred in Nyasaland to cause them to deviate from a courageous and determined attempt to set a new pattern in Africa. My confidence in the economic stability of the Federation has been reinforced, and I believe that if the political problems there continue to be tackled with commonsense, patience and human sympathy, this great experiment in Central Africa will succeed.

Copies of the annual report and accounts may be obtained from the London office of the company, 40, Holborn Viaduct, E.C.1.

THE INDUSTRIAL FINANCE AND INVESTMENT CORPORATION, LIMITED

DIVIDEND INCREASED

MR J. N. BUCHANAN ON THE SATISFACTORY OUTLOOK

The thirty-fourth annual general meeting of The Industrial Finance and Investment Corporation, Ltd, will be held on December 17th at 82, King William Street, London, E.C.

The following is the statement of the chairman, Mr J. N. Buchanan, DSO, MC, which has been circulated with the report and accounts for the year ended June 30, 1959:

In considering the accounts now before you, it is of interest to recall that in 1953 the Ordinary share capital of the company was £625,000 compared with £1,160,000 at June 30, 1959. Out of the difference of £535,000 no less than £415,000 has been produced by capitalisation of reserves; nevertheless, the Group Reserves and Profit and Loss carried forward today amount to £510,000. The latter figure, of course, disregards the difference of £1,190,000 between the market value of quoted securities and the values at which they are carried in the books of the Group.

Since the date of the Balance Sheet, an issue of 290,000 Ordinary shares at 30s. per share has been made, which will add a further approximate £140,000 to Share Premium Account.

RECENT INVESTMENTS

Shareholders will remember that in March, 1958, we acquired all the issued shares of Star Investments, Ltd, which company held all the issued shares of Dawnay, Day & Company, Ltd. The increase in the cost of shares

in subsidiaries from £594,887 to £1,087,035, shown in the holding company's balance sheet, is no more than a transfer of the shares of Dawnay, Day & Company, Ltd., from Star Investments, Ltd., to The Industrial Finance and Investment Corporation, Ltd.

In the circular sent to shareholders on July 1, 1959, it was stated that through a subsidiary the company had purchased a controlling interest in certain hire-purchase finance companies and a business factoring ball and roller bearings. These acquisitions took place in the latter part of the financial year and, in consequence, the profit shown only reflects the situation over a short period. Meanwhile, further investments in hire-purchase finance companies have been made from which satisfactory developments are expected.

FINAL DIVIDEND

In considering the final dividend recommended of 3 per cent on the Ordinary share capital as at November 23, 1959—making 10 per cent for the year to June 30, 1959—it should be borne in mind that this payment makes a total of 10½ per cent for the year on the capital actually paid up during the year under review, as against 9¾ per cent for the previous year. A sum of £100,000 has been added to Investment Fluctuation Reserve and the amount carried forward on Profit and Loss Account has been increased by £9,000. So much for 1958-59.

HIGH LEVEL OF ACTIVITY

During the first four months of the current year (1959-60) activity has been at a high level and a number of interesting financial transactions have been completed, with further propositions in course of negotiation.

Provided the present enthusiasm for economic expansion and well-being is tempered with reasonable restraint, your company can look forward to another satisfactory year.

THE ROVER COMPANY LIMITED

SUCCESSFUL MODEL CHANGES

The sixty-fourth annual general meeting of The Rover Company Limited will be held on December 17th in Birmingham.

In the course of his circulated review the Chairman, Mr S B Wilks, states: During the last two years we have changed our whole range of models by introducing the Series II Land-Rovers and the new 3-litre Rover car besides making radical changes in our existing car range which now consists of two models, the Rover "80" and the Rover "100." This changeover is now complete and the reception accorded to these new models and the size of our order book augur well for their future success.

Mr Wilks then reviews the progress of their overseas companies and, after referring to the financial results for the year, continues: The outlook for the motor industry and for industry generally in this country appears to be one of expanding prosperity, and we have plans in hand for increasing our production capacity so that we may share in this expansion.

We cannot, however, afford to be complacent. The future outlook in Europe is very uncertain. It is too early to forecast what effect the new American "compact" cars are likely to have on the British motor industry generally and this Company in particular. These "compact" cars will clearly be far better suited to many of our principal export markets than the larger cars at present being manufactured in America, and it is quite possible that with the gradual removal of restrictions on dollars we shall be faced with increasing American competition.

At home there seems to be a real risk that in the next year or two industry may be subjected to great pressure to pay higher wages without any assurance of a corresponding increase in productivity. This was undoubtedly one of the major causes contributing to the financial crisis in 1957 and a repetition of that situation, particularly if accompanied by a continuation of the succession of unofficial strikes which the motor industry has experienced recently, would seriously affect our ability to hold our place in export markets.

The dividend is increased to 27 per cent and a share for share scrip issue is proposed.

IND COOPE LIMITED

NET PROFIT RISES BY £444,300

MR EDWARD THOMPSON EXPECTS GOOD CONDITIONS TO CONTINUE

Profits.—The net profit of Ind Coope Limited for the year, after allowing for depreciation and paying loan capital interest and taxes, was £2,122,853, including £242,369 Taylor Walker's net balance. This compares with £1,678,562 in the previous year.

Dividend.—The total dividend for the year to August 29, 1959, is 15½ per cent, compared with 14 per cent for the previous year.

Here are some highlights from the Annual Report to the Group's shareholders by Mr Edward Thompson, MBE, TD, their Chairman:

Trading Pattern.—"The Profit of the Ind Coope group for the year to August 29th shows a welcome return to the upward trend of recent years, after the setback in 1957-58 . . . there seem to be sound reasons for believing that our industry is beginning to trade in more favourable conditions than it has enjoyed at any time since the period shortly after the war.

Three Leaders.—"We have Britain's three best selling beers in their own particular markets—Double Diamond, Skol Lager and Long Life canned beer.

"Sales of Double Diamond have now recovered after a slight falling away during the trade recession.

"Skol is now established as the leading lager brewed in this country and the public has accepted that its character and quality compare favourably with the best Continental lagers.

"In the canned beer market, Long Life has also established the paramount position. Sales during the summer months and since then have increased to our fullest expectations.

The Future.—"Your Board and Management are looking forward this year to what will probably be a period of consolidation after the Group's rapid growth and development in recent years.

"Trading conditions in the country generally are certainly better than they were at this time last year. This, together with the benefits of the Budget concession in reducing the price of beer, provides good reason to hope that the present good trading conditions will continue."

PRETORIA PORTLAND CEMENT COMPANY LIMITED

(Incorporated in the Union of South Africa)

The Sixty-fourth Ordinary General Meeting of Shareholders will be held in Johannesburg on 4th December.

The following is an extract from the circulated Statement by the Chairman, Mr B G Twycross, dated 13th November, 1959:—

TRADING RESULTS

At £858,040 the trading profit on cement was £232,622 higher than for the previous year. This improvement, in spite of a rising cost structure, was due to an increase in sales and a revision in the selling price of cement referred to in my Statement to Members last November. Investment Income and Interest showed an appreciable increase due principally to the inclusion of a non-recurring amount of £86,947 in respect of dividends declared by the associated Companies.

As required by the Price Control authorities, £252,864 was appropriated from profits and placed to the credit of Fixed Assets Replacement Reserve, and from this Reserve an amount of £352,864, representing part of the cost of replacing fixed assets during recent years, was transferred to General Reserve. In addition, an amount of £297,136 was appropriated from profits to General Reserve, which now stands at £3,100,000.

TAXATION

Capital Expenditure in recent years has resulted in the Company receiving substantial initial and other depreciation allowances for tax purposes. The incidence of these allowances in this year's Accounts consequent upon the coming into operation of the new plant at Slurry, is reflected in the provision for taxation being only £12,445 more than for the previous year, despite a higher trading profit.

There is therefore a contingent liability for future taxation, and the desirability of establishing a provision for deferred taxation in next year's Accounts is under consideration.

CAPITAL EXPENDITURE

Slurry factory.—The new dry process plant has operated satisfactorily during the year under review. Plans for the installation of a second dry process unit are complete.

SUBSIDIARY AND ASSOCIATED COMPANIES

The Eastern Province Cement Company Limited showed a satisfactory profit for the year.

The Premier Portland Cement Company (Rhodesia) Limited increased its shareholding in Chilanga Cement Limited. In order to finance this transaction, the Premier Company issued 285,439 of its reserve shares at 39s. The fact that your Company did not participate in this issue is reflected in the Consolidated Accounts, in that the Premier Company is now no longer a subsidiary of your Company.

Although production was well maintained by the Premier Company, there was a slight decrease in sales of cement owing to the completion of the Kariba dam wall and the general decline in building activities in the Federation.

The Cape Portland Cement Company Limited reported an increase in its trading profit, due to the increase in the price of cement and sales.

EASTWOODS LIMITED

SIR THOMAS MOORE FORESEES FURTHER PROSPERITY FOR BUILDING INDUSTRY

The thirty-ninth Annual Meeting of Eastwoods Limited was held on November 19th in London.

Sir Thomas Moore, Bt, CBE, MP, chairman, in the course of his speech said:

The trading profit of the Group for the year to March, 1959, was £1,078,000, which is £106,000 above the comparable figure for the preceding year. Nevertheless, our last financial year was a difficult period for most sections of the building industry. Competition was intense, profit margins on many of our commodities were cut very fine and building contractors were taking longer credit.

Government policies for stimulating activity in the building industry were not felt to any marked degree until the spring of this year, but when the fine weather started last February there was a big upsurge in activity which was widened and gathered momentum throughout the summer and indeed right up to the present time

However, the impact of demand has again been felt in varying degree by different sections of the industry. First and foremost, the brick industry came under intense pressure for supplies very early in the year and has responded magnificently to this challenge. Nevertheless, the delivery dates for common bricks have unavoidably lengthened as the demand increased but it is expected that supplies will be more plentiful next year.

Our own Fletton and Stock brick works are producing at the absolute limit of our manufacturing capacity and so far this year have both made and sold more bricks in the seven months to the end of October than ever before in the same comparable period.

The demand for cement this year is also again expanding very satisfactorily after the standstill experienced in the previous 12 months. We are confident that this strong demand will continue, since, quite apart from the greater volume of building generally, the roads programme is at last being pushed forward at a pace more in keeping with the needs of a rather desperate situation.

The demand for the other building materials we produce, including concrete tiles, concrete pipes, and sand and ballast has also been at a higher level than in the previous year.

But in spite of all this increased trading activity and pressure of demand the cement industry and Fletton brick industry have contributed much to the price stability of the building industry. The price of Portland Cement has not been increased since July, 1957, and the last increase in the price of Fletton bricks took place in April, 1957.

Now that the same Government have happily been returned to power with their hands strengthened and policies approved, we can look forward to a continuation of steady progress and well-founded prosperity in the building industry for some years to come. It is apparent that the greatest danger to our prosperity on the home front could arise from unjustified wage demands unrelated to increased production or prosperity, and inflation could, if allowed to get out of hand, again threaten all the hard-won gains of the past year.

The report and accounts were adopted.

INDUSTRIAL DEVELOPMENT CORPORATION OF SOUTH AFRICA LIMITED

The Twentieth Annual General Meeting of the Industrial Development Corporation was held on November 24th under the Chairmanship of Dr H. J. van Eck. The Corporation was established on October 1, 1940, and has an issued capital of £58,200,000.

An amount of £3.6 million was involved in the 24 applications for financial assistance which the Corporation had accepted during the year ended June 30, 1959. Repayments and redemptions received in this period amounted to £1,930,000.

Net profits before tax showed an increase of £24,000 over the 1958 figure and amounted to approximately £575,000, the highest hitherto achieved; £500,000 had been appropriated to General Reserve, which now stood at £2 million. Investments on June 30th totalled £64,800,000.

In referring to Recon Investments which was now the holding company for the Amato Group, Dr van Eck stated that commendable progress had been made and the Scheme of Arrangement for the Group which had been approved by the Courts in December, 1958, had been justified. There was every indication that the prospects of the creditors were already improved by comparison with what the position would have been in a forced liquidation.

Important developments with which the Corporation had been associated during the year included its participation in SAFMARINE, as a result of which control of that Company had been established in South African hands, the successful conclusion of negotiations for a credit loan of $8½ million (about £3 million) from the Chase Manhattan Bank of New York and the establishment of the Phillips Carbon Black Company at Port Elizabeth in collaboration with the Phillips Petroleum Company of Bartlesville, Oklahoma. It was expected that the new company would in due course be in a position to meet the Union's total consumption of carbon black which was used with rubber in the manufacture of motor tyres. All our requirements of carbon black were at present imported.

The textile industry had again had a difficult year, but the outlook was now brighter as a result of the realistic duties on imported textiles which had recently been introduced. Both The Good Hope Textile Corporation and Fine Wool Products were extending their operations in view of the more encouraging prospects in the industry.

The Corporation's Annual Report commented on the medium-term facilities being given to the exporter in many overseas countries through specialist organisations, with Government backing. The individual firm in South Africa had to rely on its normal facilities to finance exports, often involving extended credit. The IDC was in a position to undertake this type of business where the period involved was more than a year and as such usually outside the normal scope of the Accepting and Commercial Banks. In Dr van Eck's view the substantial relaxation of import control in 1957 was one of the primary braking factors on the Union's development. This resulted in a flood of imports in that year to a value of some £80 million more than in the previous twelve months. The Report also referred to the necessity for improving the productivity of the individual wage-earner if our ultimate goal of raising real earnings was to be achieved.

STOTHERT & PITT LIMITED

The 76th annual general meeting of Stothert & Pitt, Limited, was held on November 16th at Bath.

Mr R. A. Riddles, CBE (the chairman), presided and, in the course of his speech, said:

The trading profit for the year is satisfactory and completed sales reached a new record figure. All departments were fully employed during the year.

The profit margin has fallen slightly and in the increasingly competitive trading conditions which now exist, I feel that the way to increase profits in future years will be to increase turnover—not a simple matter, but a policy we shall pursue with energy and determination.

The progress made in the year under review represents a very solid achievement. This year it is more difficult than ever to prophesy with any measure of exactitude the prospects for the future. Overseas trade has always represented a very substantial portion of our business and here German and Japanese competition is increasing, largely due to lower labour costs and the granting of longer credit facilities.

Our order book in the Crane Section is less than it was a year ago, as unfortunately output has not been matched by the volume of new orders. Our position is strong and healthy and we are exerting the maximum possible effort to secure orders arising from the general upward trend which is now becoming discernible.

The report was adopted and a total distribution of 20 per cent approved.

CORONATION SYNDICATE LIMITED

The fifty-fourth annual general meeting of Coronation Syndicate, Limited, will be held in Johannesburg on December 17th.

The following is an extract from the circulated review of the Chairman, Mr S. F. Dench:

Your Company's subsidiary, Homestake Gold Mining Company Limited, abandoned seven of the claims held at the Tbekwe Mine. The other subsidiary, Arcturus Mines Limited, acquired and pegged a further 20 Gold Reef Claims. These were the only alterations to your Company's properties.

After charging £35,262 for depreciation, the net profit earned by the Group for the year, as reflected in the Consolidated Profit and Loss Account, amounted to £186,696 as compared with £183,061 for the previous year.

An amount of £52,766 has been provided for taxation and £40,000 has been transferred to General Reserve. Dividends, including dividend No. 15 of 4d. per share, totalled 7d. per share and accounted for £93,917. There remains an unappropriated balance carried forward of £18,415 as against £18,402 brought in from last year.

Muriel Mine: The working profit at the mine was £123,024, which was £4,377 higher than for the previous year. Working costs were 59s. 11d. per ton milled against last year's figure of 60s. 3d.

Exploratory work continued on the exclusive prospecting area adjacent to the Muriel Mine.

Arcturus Mine: The working profit, at £105,020, before charging depreciation, was down by £3,947 on that for last year. The rise in working costs, from 49s. 8d. in 1958 to 50s. 10d. per ton milled in the year under review, is due to the increase in development footage.

THE NATIONAL BANK OF AUSTRALASIA

(Inc. in Victoria)

MAINTENANCE OF GENERAL PROSPERITY

The Ordinary General Meeting of The National Bank of Australasia Limited was held on November 25th in Melbourne.

Mr H. D. Giddy, the Chairman, presided and, in the course of his speech, said:

Our Balance Sheet totals, £334 million, are £21 million higher and are an all-time record.

The year has produced an increase of £19 million in deposits and a decrease of £7 million in advances. Gross earnings were £430,000 higher, but working expenses increased by £436,000. However, a reduction of £63,000 in taxation provisions permitted an increase of £57,000 in net profit, and for the first time this figure exceeded £1 million.

The banking legislation passed by the Federal Parliament early this year was given Royal Assent in April last, and for the first time in the history of the Commonwealth there is to be established a true Central Bank unfettered by ordinary commercial banking responsibilities. The Central Bank is to be called the Reserve Bank of Australia and will have its Head Office in Sydney.

Further evidence of the trend towards greater maturity of our Banking System and financial structure was provided in February last, when the Central Bank decided to support, under certain conditions, a limited number of authorised dealers in the development of an official short-term money market. Another interesting step is the legislation recently introduced into the Federal Parliament to provide for the issue of Seasonal Treasury Notes. In addition to these important developments, private enterprise has established during the past year more facilities for the provision of long-term finance.

These developments in our money market provide an expanded field for investment and give further opportunities for many more of our own people and overseas friends to have a real stake in our financial and industrial growth.

It seems reasonable to conclude that, over all, Australian business and industry should be more active in 1959-60 than during 1958-59. All this is highly desirable, provided that as a people we continue to make our savings and are sufficiently wise not to dissipate the success achieved over recent years in bringing the economy back to a sounder basis.

There still is unused productive capacity available to cope with the greater volume of purchasing power. Without making proper use of our potentials in this direction, we could easily pay the price of further inflation.

This is the one unhappy possibility in what appears otherwise to be a promising outlook. Given reasonable cost and price stability, a further improvement in our real standard of living could be expected.

In his report on domestic matters, the Chairman states:

Fifteen new Branches and thirteen Receiving Offices were opened during the year, and we operated at 860 points in Australia, one in Papua and three in London on September 30, 1959.

The report and accounts were adopted.

COBALT DEVELOPMENT INSTITUTE

The Cobalt Development Institute, which groups the world's leading cobalt producer companies, held its fourth Annual General Assembly in Brussels, on November 9, 1959. Mr H. Robiliart, Managing Director of the Union Minière du Haut-Katanga and Chairman of the Cobalt Development Institute, presided. The Assembly examined and approved the activities and financial management of the "Centre d'Information du Cobalt" (CIC) which, as is well known, is the executive organisation for the Institute.

Mr V. Van Vinckenroy, CIC Managing Director, outlined the Centre's present activities and submitted the 1960 research programme and budget proposals which were unanimously approved by the Assembly.

At the meeting, it was decided that a great part of the coming year's research effort will be devoted to the magnetic applications of cobalt, since the latter possesses unique properties in this particular field. In another connection, CIC is already giving full attention to the prevention of air pollution by automobile exhaust gases. It appears indeed that cobalt catalysts may ensure complete combustion of these gases, and thus provide a practical solution to a problem which arises in an urgent and often acute form in most large towns and which, in future, is likely to lead to strict preventive measures being taken by the responsible authorities.

The Institute also decided to grant several scholarships to university graduates who, under the guidance of eminent professors, wish to perform original research work relating to cobalt.

It will be recalled that the results of the CIC sponsored investigations are widely circulated, in particular in the "Cobalt" quarterly review, published in English and French editions, whose first four issues have been most favourably received in scientific and technical circles.

The "Centre d'Information du Cobalt," whose head office address is 35 rue des Colonies, Brussels, is at the disposal of cobalt users to supply them with any information they may request concerning this metal and its applications. The organisation is represented in the United States by the Cobalt Information Center, at the Battelle Memorial Institute, Columbus, Ohio.

APPOINTMENTS

SENIOR RESEARCH OFFICER

(Revised Advertisement)

Applications are invited from men or women for the above post. The Senior Research Officer will assist the Director in the conduct of the Foundation's research programme and have specific responsibility for the Statistical Service. Opportunity to play a full part in other aspects of the Foundation's work will be given.

Candidates should be honours graduates with considerable post-graduate research experience. They should *either* have a good academic qualification in Mathematical Statistics or have given evidence of high ability in the application of statistical methods to research in educational psychology. Qualifications and experience in Education and/or Psychology are also looked for though this requirement might be partially waived for candidates with high qualifications in statistics. Varied teaching experience, experience as an educational psychologist, proven ability to write technical material intelligibly would be additional qualifications.

Salary on the scale £1,700 x £50 — £2,000 with placement according to qualification.

Applications (closing date December 31, 1959) in three copies and with the names of three referees, should be sent to the Director, N.F.E.R., 79 Wimpole Street, London, W.1, from whom further details of the post can be obtained.

Those candidates who made an earlier application for a similar post and who wish their applications to stand need not apply again. They are asked to inform the Director of this by postcard.

For other appointments see page 925

EXPERIENCED highly qualified language teacher required for full-time appointment in London College.—Box 1247.

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COMPANY AFFAIRS

British Motor

THE most significant feature of the British Motor Corporation's full report is the plan to spend a further £49 million on a new expansion programme. Over the last five years the group has spent some £39 million on what Sir Leonard Lord, the chairman, calls "operation change-over" which culminated in the new models announced this year. Sir Leonard Lord says that now the new models have been successfully launched "profits can be expected to increase over the next two years and this, together with our existing resources, would appear to make it unnecessary to raise fresh capital." It is intended to spend about £15 million in the current financial year, £20 million next year, and then £14 million in 1961-62. With a cash flow of at least £9 million, liquid resources of some £27 million and the current annual rate of production at 750,000 units—which is expected to expand to the "magical" figure of one million units within two years—there is no reason to doubt that BMC can remain self-sufficient. But whether the underlying assumption that the motor boom will maintain its present momentum is justified is another question.

Sir Leonard Lord says that the most important investment during the year was the £10 million spent in providing production facilities for the Austin Seven/Morris Mini-Minor. Output of this model is now running at 4,000 units a week and plans are afoot to double this output as soon as possible. The new production facilities which the plan will entail will also enable the group to launch another range of light commercial vehicles.

In the next few years BMC stands to gain not only from any boom that benefits all motor manufacturers, but also from the fact that for the first time since the corporation was set up in 1952 the group is producing what the chairman calls "specifically BMC models" and thus will reap the benefits from the economies arising from a more rationalised range of products.

Sir Leonard says that the home market order book "has never been stronger" and is nearly three times as large as it was in 1958. The group enjoys just under 40 per cent of the total home market, and about 40 per cent of its total production in 1958-59 was exported. Of total exports 35 per cent went to the United States and exports to the whole of North America rose by no less than 49 per cent. Australia, once BMC's largest export market, has now dropped to third place, but Sir Leonard points out that this reflects the establishment of local production facilities rather than any appreciable falling-off in demand. The directors are now considering setting up production facilities in South Africa and New Zealand. At 21s. 6d. the 5s. units offer a yield of 4.2 per cent—a yield well above that of some other motor equities, but one that has already discounted future expansion some way ahead.

Joseph Lucas

THE trading profits of Joseph Lucas (Industries) for the year ended on July 31st advanced by 5½ per cent, from £6,873,545 to £7,258,619, and Mr A. B. Waring, the chairman, points out that it was not so much the increase in output of the British motor industry (which went up by only 2½ per cent) as the change-over to an unprecedented number of new models, which enabled the group to achieve new production records in 1958-59. Mr Waring refers to the success of British-made mopeds (as underlined by Raleigh's results) and bigger sales of new scooters, following the ending of the credit squeeze and last April's cuts in purchase tax, as two important factors in helping to push up the group's profits.

The worst effects of the cuts in the defence programme have not yet been felt by the group. The demand for Lucas's equipment used in jet and turbo-prop engines, especially from foreign aircraft manufacturers, is still buoyant—although for how much longer is problematic, especially as the bulk of these exports are based on military contracts, and Mr Waring admits: "there will be a decline in the aircraft industry." Few people will doubt that he is right, and shareholders will be particularly pleased that the directors' plans for diversifying the business—first referred to in last year's report—are now bearing some fruit. In the electronic field the group acquired G. & E. Bradley; the tractor disc-brake business formerly operated by the Goodyear Tyre and Rubber Company was also taken over; and an agreement has been entered into with AEI and GEC for the manufacture of all-glass headlamps. A foothold has been secured in the common market with the setting up of a factory (in association with Ducellier-Bendix Air Equipment) to produce a special type of distributor pump not yet made in France. How far diversification and the current boom in the motor industry will make good any loss in production and profit suffered by Joseph Lucas in supplying the aircraft industry is still uncertain. But in looking at the yield of 3.8 per cent offered by the £1 ordinary shares at 64s. 9d. investors will note that the dividend of 12½ per cent is covered as much as three times.

S. Smith and Sons

IT is not a coincidence that the 4s. ordinary shares of S. Smith and Sons, standing at 18s. 3d., also yield 3.8 per cent for its dividend of 17½ per cent is also covered about three times by earnings and the future prospects are very much the same as those of Joseph Lucas. The rise of 6½ per cent in the trading profits of S. Smith and Sons, from £3,382,306 to £3,603,101, seems to have stemmed from the increase of 7 per cent in the group's turnover. As had been expected, the sharp fall in orders from the aircraft industry (whose difficulties Mr Ralph Gordon-Smith, the chairman, thinks are only temporary) made substantial inroads into bigger earnings from the booming motor industry. Mr Gordon-Smith points out that it is impossible to meet the ever-growing demand for motor components from the group's under-employed aviation component plant, owing to the specialised nature of the products involved. The directors are therefore budgeting for smaller profits in 1959-60, and they have decided to expand manufacturing capacity for automobile products and for appliances for domestic products to help offset the fall in earnings from the aviation side of the business (which is expected to be even more severe than in 1958-59).

Rover

IN his statement with Rover's full report the chairman, Mr S. B. Wilkes, says that the relatively modest rise of 6½ per cent in the group's 1958-59 trading profits, from £1,781,715 to £1,902,046, was mainly attributable to the changeover to new models. The new models have been well received and the group's order books "augur well for their future success." Mr Wilkes also refers to the abortive negotiations with Willys Motor to form an association between the two companies, and to the talks with Standard Motor on the possibility of a merger. He says that he believes it is in the best interests of shareholders to examine possibilities of this type whenever they arise, although he is confident that the group standing on its own feet will be able to maintain its position in the industry. The outlook for the motor industry he regards as one of expanding prosperity, and plans are afoot to increase the group's productive capacity. But Mr Wilkes is not complacent. He thinks the effect of the new "compact" American cars will be greater in export markets than at home. Even so, this should not worry Rover unduly with its main export, the Land-Rover, remaining virtually unchallenged overseas. The 1958-59 dividend was raised from 22½ per cent to 27 per cent and a one-for-one scrip issue is proposed. The market is now plumping for a 1959-60 dividend of 15 per cent on the larger capital, as increased by the scrip issue. On the 27 per cent dividend the 5s. ordinary units at 27s. 10½d. yield 4.8 per cent.

COPPER DOING NICELY

INVESTORS in the Rhodesian copper companies have had a good though not a bumper year, and can almost certainly count on another good one in 1959-60. Profits and dividends recovered sharply in the twelve months to June 30th, with Roan Antelope, from the Rhodesian Selection Trust stable, leading the field by earning and distributing twice as much as in the lean year of 1957-58. In the extreme case of Rhokana, a scrip issue will bring the price of the shares down from an unwieldy £36 to a more marketable 72s.

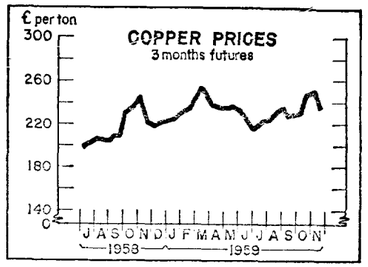
These past and prospective joys are partly adventitious. In the first half of the financial year copper prices were supported by the strikes that occurred in North America and Rhodesia, and in the second half by heavy buying in the United States in anticipation of a strike after the labour contracts expired at the end of June. The Rhodesian mines partly made good the loss of production caused by the 54-day strike of European workers last autumn, and higher prices took care of any fall in sales. The RST group nearly reached its output target of 193,000 tons. In the other group Nchanga, which ends its year on March 31st, intended to raise output from 121,000 to 150,000 tons and only fell 10,000 tons short of it; Rhokana's output fell by 9,000 tons to 77,000 tons and Bancroft, after getting over its flooding difficulties, resumed operations on April 1st and is now at its scheduled rate of 50,000 tons a year. This year Nchanga could raise its output further to about 165,000 tons, again by stepping up operations at its two open pits.

The Anglo American mines do not break down their costs, but their experience is unlikely to have differed significantly from the others. Roan's average cost of production rose by £16 to £154 a ton, owing to higher royalties and employees' bonuses (which are both related to the price of copper) and to the cost of refining part of its output at the new Ndola refinery. Its average selling price went up by a quarter to £220 a ton, while the profit margin jumped up by three-quarters to £68 a ton, and total profits almost doubled to £5.5 million. Mufulira's costs rose slightly less, by £13 to £149 a ton; though mining costs were £2 18s. a ton higher, mainly owing to development in the western section, milling and smelting costs fell by £2 4s. a ton.

Cobalt production at Chibuluma made a small profit last year; on the new accounting basis costs were 13s. 3d. a lb while the selling price was 14s. 3d. In the continued depressed state of the cobalt market it is fortunate that Chibuluma is able to deliver its entire output to the United States government to service and repay the loan. The loan should be repaid before the middle of 1962, by which time cobalt should be somewhat above the present price of 12s. 6d. a lb.

The recovery in profits has enabled the companies to set aside more money for replacements and general reserve. Roan's replacement appropriation has almost doubled to £1.1 million, which is considered to be much more in line with average requirements over the years, and that reserve now stands at over £2 million, sufficient for all expenditures authorised this year. Both groups have long passed the hump of big capital expenditures, but their future needs are not small. Bancroft's capacity is to be doubled in time, and Mufulira's capacity will be half as large again when the development of the western section is completed in mid-1962. And both groups are committed to helping to finance general economic development in the Federation.

PROSPECTS for the current year are reasonably clear. It began with world production of copper running well ahead of consumption, and in July Sir Ronald Prain, chairman of Rhodesian Selection Trust, characteristically announced that his group would cut output in the July-December period to 90 per cent of the high post-strike rate achieved in January-June. In the event the job of adjusting demand to supply fell on the American mines and



smelters when their workers struck in August. The decline in prices (reflected in RST's returns for the June-September quarter) was reversed and copper bounded up to £250 a ton in London early this month. It has since fallen back to about £235 a ton. American buying of copper in Europe has subsided, and some American companies have reached agreement with some of their workers, though not with the principal union concerned in the strikes.

The complete ending of the strikes will bring further weakness, though this will be cushioned for a time by the need to rebuild stocks, especially in the United States, and by the rise in world consumption. Hence neither of the Rhodesian groups is likely to push output up to the limit of capacity this year, and the average price received may not be much above last year's average of about £220 a ton. But at this figure, as the annual reports show, the copper companies can manage nicely, and have little to fear from competition from other metals and plastics.

Labour relations remain the most unpredictable element in their fortunes, but it is worth noting that both Sir Ronald and Mr Harry Oppenheimer, chairman of Anglo American, are hopeful about the new machinery for settling disputes with the European union.

Investors know that the bumper profits of the mid-1950's are not likely to return. But they have a stake in a growth industry, and the Rhodesian copperbelt is as well placed as any other to share in that growth. To those who look on copper shares as a long-term investment, the prevailing yields are not too low.

	RHODESIAN ANGLO AMERICAN				RHODESIAN SELECTION TRUST			
	Nchanga*		Rhokana		Mufulira		Roan Antelope	
	1957–58	1958–59	1957–58	1958–59	1957–58	1958–59	1957–58	1958–59
Production (long tons)	121,200	139,442	86,216	76,983	92,904	88,056	79,931	80,873
Copper sales (long tons)	120,011	129,024	87,469	72,887	88,847	87,521	77,444	80,617
Sales revenue (£'000s)	23,605	26,291	18,187	17,943	16,716	19,995	13,682	17,698
Net profit (£'000s)	4,370	4,705	4,259	5,625	2,720	3,964	1,452	2,949
Dividends (£'000s)	3,500	4,375	3,125	5,000	1,611	2,727	843	1,685
Retained profits (£'000s)	896	730	1,132	648	1,276	1,257	707	1,219
Dividends (per cent.)†	12½‡	15⅜†	125	200	16¼	27½	5·21	10·42
Share price	66/10½		36¼		...		8/4½	
Yield (per cent)	4·6		5·4		...		6·1	

* Nchanga's year ends on March 31 and the remainder on June 30. † After deducting Rhodesian taxes. ‡ Adjusted for scrip issue.

Joshua Hoyle

DIVERSIFICATION is not a policy that appeals to all Lancashire cotton firms. Last December, for instance, the chairman of Joshua Hoyle, Mr A. Duckett, said that while diversification would be pursued to the extent that it was in the "best interests" of shareholders, such a policy had to yield pride of place to consolidation. The directors now seem to have turned their backs even more firmly on the idea of diversification, for they intend to reduce the share capital of the company by making a capital repayment to shareholders. They are among the few who have decided to leave the choice of investment of the compensation moneys to shareholders, instead of investing the moneys themselves either inside or outside the cotton industry. Joshua Hoyle will receive £418,000 in compensation from the Government for the machinery that will be scrapped and this will raise its total cash resources to over £1½ million. The directors propose to reduce the ordinary share capital of £1,962,967 by not less than half, by making a cash repayment of not less than 1s. per 2s. share. That repayment will absorb nearly £1 million and will not leave much cash in the bank for any really ambitious schemes for diversification.

Currently, the 2s. shares stand in the market at 3s. 7½d. and now they are in a sense cum a capital distribution of not less than 1s. Once that distribution is made, could the 1s. units sustain a price of, say, 2s. 6d. In the year to September 30th, last, the group made a loss, after depreciation and tax, of £109,521, almost exactly £100,000 higher than the loss of £9,515 made in 1957-58. The dividend of 5 per cent, paid in the form of a final dividend and not as in 1957-58 when an interim and a final of 2½ per cent each were declared, is paid out of the accumulated carry forward. The decision to pay any dividend at all in face of this trading loss has to be taken as a sign of confidence. In the latter months of the financial year trade was beginning to pick up for Joshua Hoyle, as it was for other cotton and rayon concerns. So far this improvement has been maintained and the directors say that the indications are that a profit will be earned, making it possible to pay a "reasonable" dividend. If Joshua Hoyle can adjust itself to a lower level of output, concentrating production on its most modern machines, then 2s. 6d. might not be too high a price to pay for its ordinary shares.

National Commercial Bank of Scotland

WHEN the Commercial Bank of Scotland merged with the National Bank of Scotland last September a final dividend of 9 per cent was forecast on the new capital. In fact the final dividend has been set at 14 per cent. Despite the substantial increase in the payment the shares still yield only 3 per cent on the basis of a total dividend of 20 per cent—an indication of the continued expansion anticipated by investors from the bank's substantial hire purchase interests. The Commercial Bank of Scotland was the first bank in Britain to enter hire purchase; as far back as 1954 it purchased the Scottish Midland Guarantee Trust, which together with Olds Discount is now controlled by Lloyds and Scottish Finance, a company which in turn is jointly owned by Lloyds Bank and the National Commercial. The group also has important hire purchase interests in South Africa and other parts of the Commonwealth.

The National Commercial, in which Lloyds Bank has a 37½ per cent interest, is also to make a rights issue which will raise about £7 million. A large part of this money will presumably be used to finance its hire purchase interests; Mr Ian Macdonald will no doubt have more to say on this in next week's statement with the full report and accounts. Mr Macdonald disclosed in his statement at the time of the merger that hire purchase commitments of Olds Discount and Scottish Midland Guarantee Trust amounted to between £50 and £60 million. The new shares are being offered on the basis of one for every two held at 25s. per share and with the shares standing at 67s. 6d. x.d. the rights are worth about 28s. A dividend of 15 per cent is forecast on the increased capital and on an estimated "ex all" price of 53s. 3d. the shares will yield only 2.8 per cent. The market is clearly hoping that this dividend forecast will again be well exceeded.

South Durham

ON October 1st the Finance Corporation for Industry exercised its option to take up two million of South Durham's £1 ordinary shares at par. It has now sold these shares to Morgan Grenfell, and Rowe and Pitman and Cazenove and Company are placing them at 52s. 6d. each (cum the 8 per cent final dividend) free of stamp and commission. On the basis of the placing price the FCI will make a profit of some £3¼ million; this compares with a loss made in the year to March 31, 1959, by the corporation of over £2 million.

The FCI has asked that in making the placing offers be made to its shareholders on a basis which has regard to the size of their holdings in the corporation. The Bank of England holds 30 per cent of the FCI capital and presumably the Bank will not take up any of these shares on its own account. The rest of the capital is held by insurance companies and investment trusts and it is with these institutions together with some pension funds that the bulk of these shares will be placed. At least 150,000 shares will be available to the market and it is hoped that dealings will start on December 2nd. The shares reached a peak of 61s. 9d. before the company's results, but because of disappointment with the dividend the shares have fallen back to 53s. 4½d.

Raleigh Industries

RALEIGH'S trading profits for the year to July 31st have jumped by no less than 78 per cent, from £1,341,095 to £2,394,016, and the ordinary dividend has been raised from 8 per cent to 12 per cent. The market hardly needed the whole weekend to digest these results; on Monday jobbers marked up the £1 ordinary shares by 3s. 3d. to 43s. 10½d. (to yield 5.6 per cent). A slightly higher depreciation charge of £461,449 (against £411,097) and an increase in tax from £107,333 to £210,000, still leaves net earnings more than doubled at £1,722,567 (against £822,655) so that earnings on the £4 million in ordinary shares have risen from only 13½ per cent to 32 per cent.

In 1957-58 the group's earnings fell by a little under 40 per cent. The recession at home and in Raleigh's overseas markets and fiercer competition from foreign manufacturers in West Germany and Holland, as well as in China and Japan, brought down sales of Raleigh bicycles sharply. At that time the group's expansion programme had just been completed and the group was unable to utilise it, so that overhead costs made appreciable inroads into the group's resources. This year sales must have been boosted by the lifting of hire purchase controls and by the reduction in purchase tax on bicycles from 30 per cent to 25 per cent in the last Budget.

Probably an even more important factor in Raleigh's recovery is the success of its moped, launched on the market last October, and to which the directors referred last May when they said that the introduction of the moped "and the effect of a number of economies which have been made within the group" pointed to a recovery in profits. Deliveries of mopeds from all manufacturers rose from 9,000 to 70,000 in 1958-59 and there can be little doubt that Raleigh's one-gear, clutchless machine has proved one of the more popular of the "mechanised bicycles."

Ind Coope

BY taking Benskin's of Watford and Taylor Walker of London under its wing, Ind Coope has grown from being the biggest brewery in the Midlands to being the biggest brewery in the whole of the country. It owns seven large breweries, eleven bottling plants, 42 depots, over 40 hotels (including the Leofric in Coventry), over 5,000 public houses and about 330 wine and spirit shops, including those of Victoria Wine (where Ind Coope has just made a generous offer for the minority equity holding). It is thus not simply big, but broadly based. Its annual turnover is of the order of £50 million and in the year to August 31st, which includes eight months trading of Taylor Walker, it made a

Company Affairs *continued on page 920.*
London and New York Stocks *on next two pages.*

LONDON AND NEW YORK STOCKS

Prices, 1959 High	Prices, 1959 Low	BRITISH FUNDS AND GUARANTEED STOCKS	Price, Nov. 18, 1959	Price, Nov. 25, 1959	Net Yield, Nov. 25, 1959 §	Gross Yield, Nov. 25, 1959
98½	96[17/16]	Funding 2½%			£ s. d.	£ s. d.
99[3/4]	98[11/32]	Exchequer 2½% 1960	99.13 8	99.14 0	1 11 2	3 6 5
100[7/16]	99⅝	Exchequer 3½% 1960	99.17 9	99.17.11	1 4 3	3 7 9
101[11/32]	100[1/8]	Conversion 4½% 1962	101	100[31/32]	2 1 5	4 0 6
96[3/8]	94[7/16]	Exchequer 3% 1962–63	96[5/32]	96[1/8]	3 0 3	4 3 9
93[5/8]	91[7/8]	Exchequer 2½% 1963–64	93[1/8]	93[1/8]	3 3 9	4 4 11
101[15/16]	100[3/8]	Conversion 4½% 1963	101[5/16]	101[11/32]	2 9 8	4 5 7
100[7/16]	99[3/8]	Conversion 4½% 1964	100[3/32]	100[3/32]	2 14 1	4 9 3
92[15/16]	89[7/8]	Savings Bonds 3% 1955–65	93[1/16]	92[1/2]	3 7 10	4 13 7
86	83[3/8]	Funding 3% 1959–69	85[5/16]	85[13/16]	3 13 4	4 19 11
94[3/4]	69[13/16]	Funding 4% 1960–90	93[3/4]	94[3/4]	4 6 7	4 16 6
84[7/16]	80[1/4]	Savings Bonds 3% 1960–70	84[7/16]	84[7/16]	3 13 0	4 19 5
86	83	Savings Bonds 2½% 1964–67	85[1/4]	85[1/16]	3 15 1	4 16 6
78[5/16]	75[1/16]	Savings Bonds 3% 1965–75	78[3/16]	78[1/16]	3 13 7	5 1 21
105[11/16]	102[1/2]	Exchequer 5½% 1966	105	104[7/8]	2 12 10	4 15 11
87[1/16]	83[1/4]	Funding 3% 1966–68	86[7/8]	87[1/4]	3 12 10	4 19 3
93[1/2]	95	Victory 4% 1920–76	96[1/16]	96[1/2]	2 19 6	4 12 6
90[7/8]	87[1/2]	Conversion 3½% 1969	90[3/16]	90[1/4]	3 8 11	4 18 9
104	98[5/8]	Conversion 5½% 1974	102[1/16]*	102[1/16]*	2 19 8	4 19 6
81[7/16]	76[7/8]	Treasury 3½% 1977–80	80[1/4]*	80[5/16]*	3 9 9	5 0 8
80[31/16]	76[9/16]	Treasury 3½% 1979–81	80[1/2]	80[9/16]	3 9 9	5 1 8
107[1/4]	101[1/8]	Funding 5½% 1982–84	107[1/8]	107[1/8]	3 0 1	5 2 3
68[3/8]	64[1/2]	Redemption 3½% 1986–96	68[1/8]	68[1/8]	3 7 4	4 18 11
98[1/16]	92[7/16]	Treasury 5½% 1986–89	98[1/4]	98[1/4]	3 3 7	5 3 3
75[3/16]	70[1/2]	Funding 3½% 1999–2004	74[3/4]	75	3 4 10	4 19 5
77[1/2]	72[1/4]	Consols 4% after Feb. 1957	77[1/4]	77[1/4]	3 4 1	5 5 4
68[5/16]	64[11/16]	War Loan 3½% after 1952	67[3/8]*	67[1/4]*	3 3 9	5 4 0
63[11/16]	63[3/16]	Conv. 3½% after Apr. 1961	67[1/2]	67[1/2]	3 3 10	5 4 7
60	55[1/4]	Treasury 3% after Apr. 1966	58[7/8]	58[7/8]	3 2 8	5 2 8
53[5/8]	49[1/4]	Consols 2½%	52[1/16]	52	2 19 2	4 16 10
51[1/8]	47[1/8]	Treasury 2½% after Apr. 1975	50[1/16]	49[7/8]	3 1 8	5 1 1
93[3/4]	94	British Electric 4½% 1967–69	98[5/8]	99[3/8]	3 0 4	4 17 8
80[7/8]	77[1/4]	British Electric 3% 1968–73	80[3/4]	80[1/16]	3 14 3	5 1 1
78[1/8]	74[1/8]	British Electric 3% 1974–77	77[3/4]	77[3/4]	3 12 2	4 19 9
91[3/4]	87[1/2]	British Electric 4½% 1974–79	91[7/8]	91[9/16]	3 4 3	4 19 8
81[3/16]	77[3/16]	British Electric 3½% 1976–79	80[5/16]	81[1/16]	3 9 5	5 0 5
92[1/4]	87[1/8]	British Gas 4% 1969–72	91[3/4]	92[1/16]	3 5 10	4 19 7
88[7/16]	84[3/4]	British Gas 3½% 1969–71	88	88	3 8 9	4 18 9
69[7/16]	65	British Gas 3% 1990–95	68[7/8]	68[7/8]	3 7 0	4 17 3
80[7/8]	77[1/4]	British Transport 3% 1968–73	80[3/4]	80[11/16]	3 14 3	5 1 1
89[5/8]	84	British Transport 4½% 1972–77	88[3/4]*	88[3/8]*	3 6 4	4 19 8
70[1/4]	66[11/16]	British Transport 3% 1978–88	69[7/8]	68[11/16]*	3 11 9	5 1 4

Prices, 1959 High	Prices, 1959 Low	FIXED INTEREST STOCKS	Price, Nov. 18, 1959	Price, Nov. 25, 1959	Yield Nov. 25, 1959
		DOMINION AND COLONIAL			£ s. d.
102[1/16]	99[3/8]	Australia 4½% 1960–62	100[7/8]	101	4 5 0
107[3/8]	103[3/4]	Australia 6% 1974–76	107[1/2]	107[7/8]	5 5 0e
77	73	Ceylon 4% 1973–75	74[1/4]	74[1/2]	6 14 0†
104[1/2]	99[1/2]	Jamaica 6% 1977–82	104	104	5 15 10e
108	104[1/4]	New Zealand 6% 1976–80	107[5/8]	108	5 7 0e
101[7/8]	93	Rhodesia and Nyasaland 6% 1976–79	96	96[1/2]	6 6 8†
75	69[1/2]	Southern Rhodesia 2½% 1965–70	74[1/2]	74[1/2]	5 13 0†
		CORPORATION AND PUBLIC BOARDS			
104[1/2]	100[7/16]	Agricultural Mortgage 5½% 1980–85	104	104	5 6 10e
105	102[1/4]	Birmingham 5¾% 1974–76	105	105	5 9 9e
94[1/2]	92[1/8]	Bristol 3% 1954–63	94	94	4 13 0†
98[1/2]	94[1/2]	Glasgow 4½% 1956–68	98[1/4]	98[1/2]	4 18 0†
102[1/2]	99[1/4]	Corporation of London 5¼% 1976–79	100	100[1/4]	5 4 0†
57	52[3/4]	L.C.C. 3% after 1920	55[1/2]	55[1/4]	5 8 8†
64[1/2]	59[3/4]	Metropolitan Water Board 'B' 3% 1934–2003	63[3/4]	63[3/4]	5 2 0†
		FOREIGN BONDS			
113[1/4]	101[1/4]	German 7% 1924 (British Enfaced 5%)	108[1/4]	108[1/4]	...
198[1/2]	177	German 5½% 1930 (Enfaced 4½%)	196	195	...
48	23[1/4]	Greek 7% Refugee 1924	43[1/2]	41	NIL
169[1/4]	157	Japan 5% (Enfaced) 1907	161	161	...
118[1/4]	112[3/4]	Japan 6% (Enfaced) 1924	113[3/4]	114[1/2]	...
59	55	Uruguay 3½% Bonds (Assented)	56	56	...

NEW YORK CLOSING PRICES

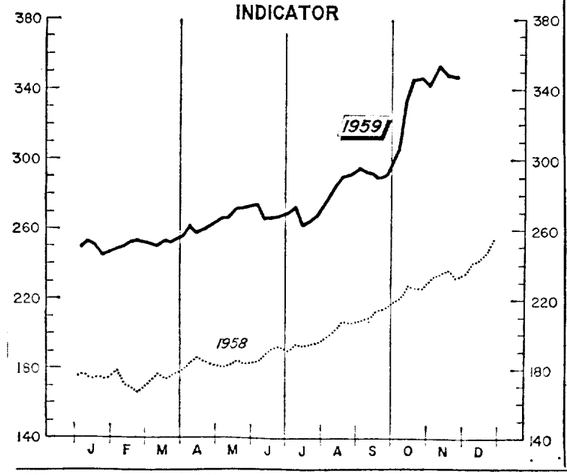
	Nov. 18 $	Nov. 25 $		Nov. 18 $	Nov. 25 $		Nov. 18 $	Nov. 25 $
Ath. Topeka	25[1/4]	25[3/8]	Boeing	32[5/8]*	34[3/8]	Inter. Nickel	98[7/8]*	104
Can. Pacific	25[3/8]	25[1/4]	Celanese	26[1/2]	27[3/4]	Inter. Paper	133[3/8]	133[1/8]
Pennsylvania	16[1/4]	15[3/8]	Chrysler	65[1/8]	63[1/4]	Kennecott	92[3/4]	92[3/8]*
Union Pacific	30[1/4]	29[7/8]	Col. Palmolive	38[1/2]	40[1/4]	Monsanto	50[1/4]	49[3/4]
Amer. Electric	45[7/8]	46[1/4]	Crown Zeller	54[1/4]	54	Nat. Distillers	32[1/4]	32[5/8]
Am. Tel. & Tel.	77[3/8]	77	Distillers Seag.	33[7/8]	33	Pan-American	21	21[1/8]
Cons. Edison	59[1/8]	59[7/8]	Douglas	38[1/4]	39[3/8]	Procter & Gamble	86[5/8]	87[1/2]
Int. Tel. & Tel.	41[1/2]	38[3/8]	Du Pont	256*	253[1/4]	Radio Corpn.	65[1/4]	69[1/2]
Standard Gas	4[3/4]	4[5/8]	East. Kodak	99[1/8]	107[3/4]	Sears Roebuck	50[1/8]	49[3/4]
United Corpn.	8[1/8]	7[3/4]	Ford Motor	78	80	Shell Oil	73[3/4]	76[3/8]
Western Union	45[3/4]	44[3/4]	Gen. Electric	82[7/8]	89[1/2]	Socony-Mobil	39[3/4]	39[1/8]
Alcoa	93[1/2]	99[1/2]	General Foods	102[3/8]	100[3/8]	Stand. Oil Ind.	40[3/8]	40
Aluminium	30[1/2]	31[1/2]	General Motors	51[3/4]	51[1/8]	Stand. Oil N.J.	47	46
Amer. Can	41	41[1/8]	Goodyear	134[1/2]	137	20th Cent. Fox	29	29[1/8]
Am. Smelting	49[1/2]	49[1/8]	Gulf Oil	103[1/4]	104[1/2]	Union Carbide	135[1/4]	139[1/4]
Am. Viscose	43[5/8]	43[3/4]	Heinz	83[1/2]	85[1/2]	U.S. Steel	97[7/8]	97
Anaconda	63	61[1/8]	Int. Bus. Mach.	407[1/4]	425	West. Electric	96[1/2]	100
Beth. Steel	54[3/8]	53[3/8]	Int. Harvester	48[1/8]	49	Woolworth	57	62[1/8]

* Ex dividend. † Tax free. ‡ Assumed average life 9 years. § Less tax at 7s. 9d. in £. ‖ Ex capitalisation. Ex rights. ‡‡ Ex all. (a) Interim dividend. (b) Final dividend. (c) Year's dividend. (d) Capital distribution 1s. 6d. per share. (e) To earliest date. (f) Flat yield. (g) Equivalent to 7·2 sterling. (h) After Rhodesian tax. (i) To latest date. (p) Assented stock.

Prices, 1959 High	Prices, 1959 Low	Last Two Dividends (a) (b) (c) %	Last Two Dividends (a) (b) (c) %	ORDINARY STOCKS	Price, Nov. 18, 1959	Price, Nov. 25, 1959	Yield, Nov. 25, 1959
				STEEL AND ENGINEERING			
				Colvilles £1	65/3	64/6	4·34
				Dorman Long £1	63/9	63/–	3·81
				Steel Co. of Wales £1	49/1½	49/6	4·04*
				Stewarts & Lloyds £1	82/6	82/–	4·11
				John Summers £1	70/7½	71/6	2·98
				United Steel £1	75/–	73/3	3·41
				John Brown £1	45/–	44/3	4·52
				Cammell Laird 5/–	7/3	7/6	9·33
				Swan Hunter £1	32/9	32/6	6·15
				Vickers £1	29/1½	29/7½	6·75
				Averys £1	96/–*	95/6	3·14
				Coventry Gauge 10/–	26/3	25/9	3·97
				Alfred Herbert £1	53/3	52/3	3·76
				Ransome & Marles 5/–	55/6*	55/3	5·47
				Renold Chains £1	53/9	53/6	4·67
				Allied Ironfounders £1	60/–	61/6	4·07
				Babcock & Wilcox £1	43/6	42/3	5·44
				Davy-United £1	105/–	102/9	2·92
				Guest Keen £1	84/3	83/–*	3·37
				Metal Box £1	76/3	76/9	2·36
				C. A. Parsons £1	50/–	50/–	5·47
				John Thompson 5/–	20/6	19/9	5·72
				Tube Investments £1	118/6*	119/9	3·34
				BUILDING, etc.			
				Associated Portland £1	73/–	71/3	2·69
				British Plaster Board 10/–	26/–	25/10½*	3·55
				Richard Costain £1	96/3	100/–	3·00
				Crittall Manufacturing 5/–	14/6*	14/7½	5·13
				London Brick £1	96/6	99/–	3·43
				Wall Paper Deld. £1	118/9*	118/9	3·37
				CHEMICALS AND PAINT			
				Albright & Wilson 5/–	27/–	27/–	2·52
				Borax Defd. 5/–	18/7½	18/7½	2·55
				Brit. Ind. Plastics 2/–	9/10½	10/–	4·00
				Fisons £1	72/9	70/3	3·42
				I.C.I. £1	55/1½	54/10½	3·31
				International Paints 4/–	15/4½	15/3	5·25
				Monsanto 5/–	22/6	21/10½	3·09
				Pinchin Johnson 10/–	27/–	26/9	6·23
				ELECTRICAL AND RADIO			
				A.E.I. £1	62/6	60/3*	4·98
				B.I.C.C. £1	52/–	53/6*	5·05
				Decca Record 10/–	46/4½	47/–	4·26
				E.M.I. 10/–	75/6	76/6	2·75
				English Electric £1	44/6	43/6	4·29
				General Electric £1	43/3	42/9	4·68
				Pye Defd. 5/–	20·10½	20·10½	2·99
				A. Reyrolle £1	91/–	90/–	3·89
				MOTORS AND AIRCRAFT			
				British Motor 5/–	20/4½*	21/6	4·24
				Ford Motor £1	111/–	106/6	2·54
				Leyland Motor 5/–	70/9	73/3	3·41
				Rootes Motors 4/–	14/6	14/7½	3·28
				Standard-Triumph 5/–	10·5¼*	11/–	4·09**
				Dunlop Rubber 10/–	26/3	26/6	4·91
				Lucas 10/– £1	64/3*	64/9	3·86
				Pressed Steel 5/–	40/6*	40/4½	3·28
				Triplex Holdings 10/–	87/9	87/6	3·43
				Bristol Aeroplane 10/–	10/9	11/3	8·89
				De Havilland £1	17/–	16/9	...
				Dowty Group 10/–	44/3	45/9	4·11
				Hawker Siddeley £1	29/1½	29/10½	6·69
				Rolls-Royce £1	43,4½*	44/–	4·55
				PAPER AND NEWSPAPERS			
				Bowater Paper £1	65/3	64/–	3·91
				Albert E. Reed £1	55/6*	55/6	5·05
				Spicers £1	31/3	32/9	4·89
				Daily Mirror 'A' 5/–	28/1½*	28/4½	4·41
				Odhams Press 10/–	35/9	36/–	4·86
				TEXTILES			
				J. & P. Coats £1	34/6	33/–*	6·06
				Fine Spinners £1	32/–	32/9	6·11
				Lancashire Cotton £1	64/9	64/–	5·47
				Patons & Baldwins £1	56/6	58/1½	5·51
				Salts (Saltaire) 5/–	7/2½	7/2½	5·57
				Woolcombers £1	67/3	66/6	4·51
				Bradford Dyers £1	18/6	18/3	...
				Calico Printers £1	57/6	61/6	7·32
				Courtaulds £1	57/1½*	58/7½*	3·98
				Jute Industries 10/–	17/–	18/1½	7·72
				Tootal £1	28/–	29/9	5·04
				DRAPERY AND STORES			
				Boots Pure Drug 5/–	29/3	29/–	2·76
				Debenhams 10/–	48/9	47/9	3·48
				G.U.S. 'A' 5/–	51/6‖	52/4½‖	3·34
				House of Fraser 5/–	46/–	46/9	4·28
				Lewis's Investment 4/–	30 –	30/10½	2·57**
				Marks & Spencer 'A' 5/–	73 10½	72 4½	2·30
				United Drapery 5/–	49/–	48 4½	3·61
				Woolworth 5/–	64/3	66 4½	3·01

Prices, 1959 High	Prices, 1959 Low	Last Two Dividends (a) (b) (c) %	Last Two Dividends (a) (b) (c) %	ORDINARY STOCKS	Price, Nov. 18, 1959	Price, Nov. 25, 1959	Yield, Nov. 25, 1959
				BANKING			
66/–	44/6[3/4]	5 b	5 a	Barclays £1	61/9	58 9	3 40
67/–	40 3	10 c	5 a	Lloyds £1	64/3	62/–	3 23
86/–	60/1½	12½ c	7½ a	Midland £1	82/6	82/–	3 66*
94/–	54/–	10 c	5 a	National Provincial £1	87/6	86/6	2 77*
56/6	37/9	10 c	5 a	Westminster 'B' £1	55/9	55/9	3 59
82/–	54/3	9½ b	8½ a	District £1	80/6	79/6	3 52*
29/9	17/–	16 c	8 a	Martins 5/–	29/3	27/9	2 88
				Nat. Comm. Bk. Scot. 10/–	69/6	67/6*	2 96*
96/–	67/6	9 b	8 a	Royal Bank of Scotland £1	92/6	91/6	3 72
56/9	37/9	4 a	5 b	Barclays D.C.O. £1	53/–	48·10½	3 68
60/6	43/9	7½ a	7½ b	Chartered Bank £1	55/3	54/6	5 50
£34⅝	£27⅝	$2·10c	$2·25c	Royal Bank of Canada $10	£40¼	£29⅞	2 82
£23½	£19[7/16]	$1·60c	$1·65c	Bank of Montreal $10	£20⅞	£20⅜	3 06
41	30½	9 c	9 c	Bank of New South Wales £20	39	39¼	3 67*
49/9	32/3	6 b	4 a	Bank of London & S. Amer. £1	49/6	49/6	4 04
				FINANCIAL			
41/6	28/4½	5 b	2½ a	Alexanders £1	41/–	41/6	3 61
55/–	41/3	7 b	6¼ a	National Discount 'B' £1	52/–	51/–	4 90
62/9	49/–	6½ b	6¼ a	Union Discount £1	59/6	58/6	4 27
62/6	40/9	21½ b	20 a	Commercial Union 5/–	60/–	59/–	3 53
185/–	127/6	15 b	12½ a	Employers Liability £1	181·10½	180/7½	3 04
248/9	160/–	†32·35c	†41·17c	Equity & Law 8/6	246/3	246/3	2 33
356/3	192/6	60 b	40 a	Legal & General 5/–	338/9	323/9*	1 54
157/6	112/6	50 b	20 a	Pearl 5/–	152/6	152/6	3 76
350/–	210/–	†14⅞½ c	†16⅔½ c	Prudential 'A' 4/–	323/9	316/9	3 36
102/6	59/11½	10 b	8 a	Royal Exchange £1	102/6	102/–	3 14*
46/–	16/2[1/4]	8¾ b	7½ a	Bowmaker 5/–	38/9	40/–	3 13*
42/6	18/7½	8½ b	8½ a	Lombard Banking 5/–	38/9	37/10½	2 24
220/–	113/6	21 b	4 a	U.D.T. £1	212/6	215/–*	2 33
48/–	34/9	25 b	10 a	B.E.T. 'A' Defd. 5/–	45/6	45/6	3 85
18 6	12/6	10 c	10 a	Cable & Wireless 5/–	18/6*	18/–	2 78
32/9	19/3	4½ b	2 a	Land Securities 10/–	29/–	29/3	2 22
28/6	14/7½	4½ a	4½ b	London & County 10/–	25/6	26/9	3 11
				FOOD, DRINK AND TOBACCO			
37/6	22/6	15 c	18 c	Allied Bakeries 'A' 5/–	35/9	35/3	2 55
47/9	23·41½	24 c	8 a	Beecham Group 5/–	46/3	45/6	2 64
14/3	10/6	2½ a	7½ b	International Tea 5/–	12/6	12·4½	4 04
91/–	69/–	9½ b	5 a	J. Lyons 'A' £1	80/3*	77/6	3 66
24·10½	18·10½	5 b	5 a	Ranks 10/–	24/3	24/–	4 17
33/3	18/11½	12½ b	5 a	Schweppes 5/–	30/3	30/9	3 25**
59/9	42/–	7½ a	23⅛ b	Tate & Lyle £1	58/3	58/9	3 57
16/–	10·10½	...	...	Unigate 5/–	15/4½	15/7½	3 20*
79/6	43/9	36 b	10 a	Bass 5/–	70/7½	78 6	2 93
36/6	23·10½	4 a	8½ b	Distillers 10/–	34/4½	34/9	3 60
25/–	14/7½	11 b	6 a	Flowers 5/–	23/6	23/3	3 66
82/6	54/–	18 b	10 a	Guinness 10/–	77/–	79/–	3 54
20/3	12/7½	4 a	11½ b	Ind Coope & Allsopp 5/–	17/6*	18/11½	4 28
90/–	38/9	6¾ b	3¾ a	Watney Mann Defd. £1	85/3	87/6	3 43
137/–	100/–	17 b	8 a	Whitbread 'A' £1	128/9*	128/11½	3 90
68/11½	51/4½	†17½ c	†10⅝ a	British Amer. Tobacco 10/–	63/9	64/3	4 45
42 5	26·8¼	13½ b	3½ a	Gallaher 10/–	40/–	38/9	4 30
71/–	54/3	12½ b	8½ a	Imperial Tobacco £1	67/9	68/9	6 11
				MISCELLANEOUS			
58/6	37/9	20 a	40 b	Assoc. Brit. Picture 5/–	55/–	52 3	5 74
42/6	28·7½	3½ a	5 b	British Match £1	41/3	40 9	4 09
79/6	49/6	8 b	4 a	British Oxygen £1	76/–	74 3	3 23
11/3	8·8¼	18 c	6 a	British Ropes 2/6	11/–	10 9	4 09
60/9	35/9	5½ a	8½ b	Glaxo 10/–	58/6	60 –	2 33
90/6	56·4½	50 b	10 a	Hoover 'A' 5/–	95/3	95 9	3 13
232/6	172/6	32·18c	16·53a	Hudson's Bay £1	213/9	208 9	3 08
14/7½	10/–	5 c	10 c	Rank Organisation 5/–	13/9	13 9	3 64
27/–	13/–	18 c	20 c	Sears 'A' 5/–	26/7½	26 4½	3 79
20/–	11/3¾	6 3b	7¼ a	Thomas Tilling 4/–	18/–	19 6	2 79
95/–	69·4½	10 b	5 a	Turner & Newall £1	92/–	89 6	3 35
139/–	86·7½	16·8c	8 a	Unilever £1	129/9	130/–*	2 58
11/6	9/9	10·4c	3½ a	United Glass 5/–	11/6	11 6	4 52
43/6	31/9	†10⅝ b	†4¼ a	United Molasses 10/–	41/–*	40 6	6 05
				OIL			
58/6	49/–	†8¾ c	†3½ a	British Petroleum £1	53/3	51/6	5 55
50/3	37/9	†4⅛ b	†2½ a	Burmah Oil £1	45 9*	44 9	5 02
£17¾	£14⅝	17½ b	7½ a	Royal Dutch 20 fl.	£15	£15	3 15
153/–	131/–	†13½ b	†9 a	Shell Transport £1	145/–	143 9	4 26
73/6	53/–	...	...	Ultramar 10/–	55/9	53 9	...
55/6	35/6	15 b	7½ a	Wakefield C.C. 10/–	55/6	55/3	4 07
				SHIPPING			
46/6	36/6	13½ b	6½ a	Brit. & Com'wealth. 10/–	43/6*	42/6	4 71
21/3	17/3	8 c	Nil a	Cunard £1	20/–	19 3	8 31
42/9	29/6	10 c	10 c	Furness Withy £1	41 –	41 –	4 88
20/6	14/9	10 a	10 b	London & Overseas 5/–	19/–	18·6	5 41
43/3	31/6	8 b	3 a	P & O Defd. £1	42/–	41·3	5 33
17/9	13/3	5 c	2½ c	Reardon Smith 10/–	17/6	17 3	1 45
25/9	19/–	7½ c	8 c	Royal Mail £1	24/6	24/6	6 53
				MINES			
212/6	165/–	60 b	20 a	Anglo-American 10/–	197/6	203 9	3 93
147/6	113/9	20 b	10 a	General Mining £1	140/–	141·3	4 25
80/9	49/4½	100 b	40 a	Union Corporation 2/6	75/–	77/6	4 52
33/4½	25/5	50 b	45 a	Daggafontein 5/–	25/4½	25 10½	18 36
198·11½	111·10½	70 a	90 b	Free State Geduld 5/–	181·10½	193·10½	4 19
71/6	56/9	35 b	35 a	Hartebeestfontein 10/–	59/–	59 9	11·72
80/11½	61·10½	50 a	60 b	President Brand 5/–	77/4½	77·4½	7 11
180/–	119/4½	70 a	100 b	Western Holdings 5/–	160/–	163 9	5 19
75/9	57/5¼	10 b	6¼ a	Consolidated Zinc £1	70/–	69·6*	4 68
200/–	121/3	120 b	100 a	De Beers Defd. Reg. 5/–	188/9	186 3	5 96
$187¾	$154⅜	$2·60c	$3·00c	International Nickel n.p.v.	$180	$186¾*	2 87
12/–	7·10½	15 b	5 a	London Tin 4/–	11/3	11/–	7 27
100/7½	73/11½	12½ a	37½ b	Rhod. Anglo-American 10/–	91·10½	91/10½	5 44h
19/–	14/3	4½ a	11¼ b	Rhod. Selection Trust 5/–	15/11½	15/11½	5·10h
58/11½	43/9	26 c	20 c	Rio Tinto Reg. 10/–	45/7½	44/4½	4·51
9 10½	7/6	3¾ a‡	7½ b	Roan Antelope 5/–	8/11½	8/7½	6 04‡
57/3	43/9	15 a	22½ b	Tanganyika Cons. 10/–	48/9	50/–	7 50
29/6	11/4½	43½ c	15 a	Tronoh 5/–	28/3	28.6	7·60
				TEA AND RUBBER			
40/–	23/–	†21½ a	†12½ b	Cons. Tea & Lands £1	37/9	40/–	12·25
30/6	22 3	†3 a	†7 a	Jokai (Assam) £1	29/–	30/–	10 89
19/–	15/9	10 b	4 a	Nuwara Eliya £1	17/6	18,9	14·93
2/6	1/3	4 a	12 b	Grand Central 2/–	2/5¼	2/4½	13·47
8/6	3,9[1/4]	5 a	25 b	London Asiatic 2/–	8/03¼	7/11½	7·56
10¼d	6¾d	8 c	Nil c	United Serdang 2/–	8¼d	9d	...
103/–	48/–	28½ b	12½ a	United Sua Betong £1	99/–*	94·6	8·60
91/3	52/6	5 a	15 b	Harrisons & Cros. Defd. £1	91/3	87/6	4·57

"THE ECONOMIST" ORDINARY SHARE INDICATOR



** Yields based on assumed dividends:—Bowmaker 25%. District, 14%. Lewis's Investment, 20%. Midland, 15%. Nat. Comm. Bank Scot., 20%. National Discount 'B', 12½%. National Provincial, 12%. Royal Exchange, 16%. Schweppes, 20%. Standard-Triumph, 9%. Steel Co. of Wales, 10%. Unigate, 10%. Watney Mann, 15%.

STOCK EXCHANGE INDICATORS

LONDON

The Economist Indicator

1959	Indicator*	Yield %	1959 High	1959 Low	1958 High	1958 Low
Oct. 28	346·3	4·07				
Nov. 4	341·9	4·14				
,, 11	352·7	4·09	352·7 (Nov. 11)	245 0 (Jan. 28)	255·6 (Dec. 31)	166·1 (Feb. 26)
,, 18	349·6	4·14				
,, 25	347·7	4·17				

* 1953=100.

Financial Times Indices

1959	Ord. Index†	Ord. Yield	Fixed Int.‡	2½% Consols Yield	Bargains Marked	1959	1958
Nov. 18	300·2	4·11	97 05	4·80	18,537	High	High
,, 19	300·9	4·10	97 07	4·79	18,140	309 6	225 5
,, 20	301·4	4·09	97·14	4·78	17,738	(Nov. 12)	(Dec. 31)
,, 23	304·5	4·05	97·09	4·79	22,805	Low	Low
,, 24	304·5	4·05	97·02	4·81	18,831	212 8	154 4
,, 25	303·1	4·07	97·01	4·82	17,484	(Jan. 30)	(Feb. 25)

† July 1, 1935=100. ‡ 1928=100.

NEW YORK

Standard and Poor's Indices (1941–3=10)

1959	425 Industrials	Yield %	25 Rails	Yield %	50 Utilities	Yield %	Govt. Bonds	Yield %
Oct. 28	61·62	3·10	34 01	4·92	44·09	3 96	87 50	4·13
Nov. 4	61·47	3·11	33 24	5 03	43 75	3 99	86 70	4 21
,, 11	61·72	3 10	33 15	5 04	43 95	3 97

gross profit of £5,319,552. Excluding Taylor Walker the profit was £4,786,413. That profit, however, was only bigger than the £4,627,361 earned in 1957-58 because the hot summer in the last two months of the financial year boosted sales, especially of draught beers and lager.

Ind Coope's management has been described as American—in the complimentary sense that it is energetic, thrustful and radical in decision. Breweries have been closed and others modernised. New public houses have been built and others closed—or their sites sold (though as the chairman, Mr Edward Thompson, says, the number of pub sites that have high values in alternative uses is small). A close eye is kept on the value of the properties as going concerns but the properties have not been formally revalued in the books, for Mr Thompson claims that as these values fluctuate with changes in trade the revalued figures might be misleading.

A good deal of money has been spent on bringing both the breweries and the public houses up to date. But tied houses are not enough in this competitive age. Like other breweries, Ind Coope has signed reciprocal trade agreements. In addition, it has advertised and sold on a national scale three packaged beers: bottled "Double Diamond" (sales of which have now recovered from the slight falling away during the trade recession); "Skol" lager (which was introduced in May and sales of which have been so high that it is planned to add 50 per cent to productive capacity by next April); and canned "Long Life" (where a market has been established in which sales are rising but in which profit margins are smaller than for premium brand bottled beers).

The directors are now looking forward to a period of consolidation following the years of growth. Having mentioned the reduction in the beer duty, Mr Thompson went on to say that there seem "to be good reasons for believing that the industry is beginning to trade in more favourable conditions than it has enjoyed at any time since the period shortly after the war." But he admitted that "it is still too early to say whether there has been a reversal in the long downward trend in personal spending on beer in relation to expenditure on other types of consumer goods and services." Against this background, other breweries have in their own way done much what Ind Coope has done. But what Ind Coope has done demonstrates that in this industry ability to hold on to one's share of the market and then to increase it depends on size and a willingness to turn away from the old, comfortable ways. This the 35,000 ordinary shareholders of its 5s. units will remember in looking at the yield of 4.3 per cent offered at 18s. 3d. on a dividend of 15¾ per cent, covered about 1¼ times.

Unit Trusts

CONSERVATIVE victory stimulated the unit trusts into a burst of activity which so far shows no sign of slacking. The **Community Unit Trust,** formed last May, have made a new and very ambitious block offer of 15 million units at 3s. 1d., payable in full on application. This is the third offer to be made by "Cupids," whose portfolio consists of some 130 securities. The initial offer was made at 2s. 6d. a unit—the lowest price ever offered by a unit trust—and the second offer at 2s. 7½d. a unit. The **Shield Unit Fund,** which was launched last January, also made an offer this week of 2½ million units at 13s. 6½d. a unit. This is Shield's third block offer, the first was for 5 million units at 10s. and the second for one million units at 11s. 2d. The trust's portfolio consists of some 200 securities, all but 9 per cent industrial equities.

The Bank-Insurance group is splitting **"Scotbits"** units, which can be sold over the counter in all Scottish banks, into four. The managers say that since the "over-the-counter" service was introduced in September, 1957, some 869,000 transactions have taken place, the average purchase being of 45 units. Since October 1st about £450,000 has been invested in "Scotbits" and it is hoped that lower priced units will stimulate sales still more. The **Crosby Unit Trust** is also arranging the sale of its units over the counter, at the branches of the Royal Bank of Scotland.

The Scottish flavour in the unit trust movement has also been brought to the fore by the news that the Bank-Insurance group is launching a new trust, **Scotshares,** with a portfolio of industrial equities which have Scottish interests. The initial portfolio includes, for instance, Distillers as well as some equities like Morphy-Richards, whose Scottish interests are not so immediately apparent. The initial offer of 5 million units at 5s. a unit, to yield an estimated £3 10s. per cent, opens on St. Andrews's Day.

Barclays Bank DCO

BARCLAYS BANK DCO has maintained its dividend for the year to September 30, 1959, at 9 per cent. Some buyers had no doubt been hoping for a further one per cent, despite the fall of £59,000 in disclosed profits for the six months to end-March. (This is still the only bank to publish half-yearly profit figures.) But there appears to have been some improvement more recently; disclosed profits for the full year to September 30th have fallen by £48,000 to £1,219,000. Following the chairman's statement last December that dividends should be governed more by earnings of the year under review than by future prospects, this encouraging recovery in recent profits may lead to an increase in the dividend next year. Since the announcement of an unchanged dividend the £1 stock units have fallen back by 5s. to 48s. 10½d.; on the 9 per cent dividend they yield 3¾ per cent.

London Stock Exchange

FIRST DEALINGS:	Nov. 11	Nov. 23	Dec. 7
LAST DEALINGS:	Nov. 20	Dec. 4	Dec. 24
ACCOUNT DAY:	Dec. 1	Dec. 15	Jan. 5

THROUGHOUT the week markets have had an uncertain tone. Business contracted further on Wednesday when prices drifted lower and buyers came in to help many of the leaders to close above their worst. Over the week to Wednesday's close *The Economist* indicator dropped 1.9 points to 347.7. On Wednesday the number of bargains marked at 17,484 were the lowest since October 2nd. Gilt-edged securities drifted lower over the week, and on the news of a further rise in bank advances most of the Funds were marked down sharply at the opening on Wednesday. This induced some institutional buyers to come in and buy so that over the week most Government stocks showed only fractional losses. In undated stocks 3½ per cent War Loan lost 1/16 to 67 5/16, and in medium dated stocks 4½ per cent Conversion 1964 closed the same amount lower at 100 5/16. Some longer-dated stocks showed small net gains; typically, 4 per cent Gas 1969-72 put on ⅜ at 92¼. The new 5¼ per cent 1978-80 Hertfordshire loan came on offer on Wednesday and fell ⅛ to ¼ premium: in sympathy the premium on the 5½ per cent 1980 Middlesex loan also fell ⅛ to 1 5/16.

Industrial equities, despite Wednesday's rally, drifted lower over the week. Switching operations into the Funds was one of the main reasons for the general decline in industrial ordinary shares. Steel shares were affected by news of the FCI's deal in South Durham Iron, whose shares made a loss over the week of 6s. 1½d. at 53s. 4½d.; Colvilles lost 1s. 3d. at 64s. 6d. and Dorman Long eased 9d. to 63s. Exceptionally, Steel Company of Wales improved 4½d. at 49s. 6d. News of more expansion plans from the motor industry made for a bright motor section. BMC put on 1s. 1½d. at 49s. 6d., Standard improved 7½d. to 11s. but Ford lost 4s. 6d. at 106s. 6d. on the further denial that Ford of America intended to bid for the minority interest. Breweries were an active section; the sharpest rise was seen in Hewitt Bros., which shot up by 26s. 3d. to 137s. 6d. after touching 140s. at one time following the capital plans and dividend forecast; Ansells jumped 7s. 4½d. to a new peak of 87s. Heavy American buying of Philips Lamps pushed the price up by 6s. 6d. to 138s. 6d.

Oils drifted lower, although on Wednesday the Shell group's quarterly earning figures helped most of the leaders to improve a little. Even so, over the week Burmah lost 9d. at 44s. 9d., Shell eased 1s. 3d. to 143s. 9d. and BP closed 1s. 9d. down at 51s. 6d. A small amount of buying in the gold share market found dealers short of stock and led to some substantial rises. FSG closed 17s. 3d. better at 197s. 1½d.

Money and Exchanges

EXCHEQUER RETURNS

For the week ended November 21, 1959, there was an "above-line" surplus (after allowing for sinking funds) of £2,880,000 compared with a surplus of £28,879,000 in the previous week and one of £25,695,000 in the corresponding period of last year. There was a net receipt "below-line" of £7,877,000 leaving a total cumulative deficit to date of £652,700,000 compared with £572,852,000 in 1958-59.

£'000	Estimate 1959-60	April 1, 1958, to Nov. 22, 1958	April 1, 1959, to Nov. 21, 1959	Week ended Nov. 22, 1958	Week ended Nov. 21, 1959
Ord. Revenue					
Income Tax	2147,000	808,614	814,131	15,329	17,898
Surtax	171,000	46,700	48,200	1,200	1,500
Death Duties	195,000	113,500	138,600	4,500	3,400
Stamps	68,000	37,400	56,900	1,100	1,600
Profits tax, EPT and EPL	274,000	197,200	184,000	6,200	4,000
Other Inland Revenue Duties	1,000	120	110	..	..
Total Inland Revenue	2856,000	1203,534	1241,841	28,329	28,398
Customs	1385,500	840,949	895,373	26,790	29,528
Excise	864,500	620,550	605,695	18,050	23,820
Total Customs and Excise	2150,000	1461,499	1501,068	44,840	53,348
Motor Duties	104,000	29,336	28,604	..	..
PO (Net Receipts)	...	4,800	...	4,450	...
Broadcast Licences	35,000	15,400	16,700	...	...
Sundry Loans	30,000	26,058	31,359	192	257
Miscellaneous	150,000	53,342	80,222	364	594
Total	5325,000	2793,969	2899,794	78,175	82,597
Ord. Expenditure					
Debt Interest	600,000	401,896	352,260	2,600	...
Payments to Northern Ireland Exchequer	79,000	42,785	45,471	...	...
Other Consolidated Funds	10,000	4,817	5,394	...	97
Supply Services	4523,531	2597,890	2717,761	100850	79,430
Total	5212,531	3047,388	3120,886	103450	79,527
Sinking Funds	39,000	22,913	22,566	420	190
"Above-line" Surplus or Deficit		276,332	243,658	25,695 Cr.	2,880 Cr.
"Below-line" Net Expenditure*		296,520	409,042	5,644	7,877 †
Total Surplus or Deficit		572,852	652,700	19,851	10,757
Net receipts from:					
Tax Reserve Certificates		188,120	117,973	12,133	550
Savings Certificates		85,100	52,700	900	1,300
Defence Bonds		51,765	94,461	1,167	3,008
Premium Savings Bonds		44,785	33,300	1,390	460
Total		369,770	298,434	15,590	5,318

* Net receipts of the Civil Contingencies fund of £10 million in 1959-60 compared with £14 million in 1958-59.

FLOATING DEBT

(£ million)

	Treasury Bills: Tender	Treasury Bills: Tap	Ways and Means Advances: Public Dept.	Ways and Means Advances: Bank of England	Total Floating Debt
1958					
Nov. 22	3,390 0	1,661·0	175·6	...	5,226 5
1959					
Aug. 22	3,220 0	1,886 7	247 1	...	5,353 9
,, 29	3,250 0	1,891·2	214 5	3·0	5,358 7
Sept. 5	3,260 0	1,886·4	247 1	1·3	5,394 8
,, 12	3,280 0	1,911·0	227 1	3·8	5,421 9
,, 19	3,310 0	1,911·6	232 0	...	5,453 6
,, 30	5,298 3		270·1	1·8	5,570 1
Oct. 3	3,370 0	1,936 3	247 5	3·0	5,556 8
,, 10	3,390 0	1,954·2	259 7	...	5,603 9
,, 17	3,340 0	2,016 0	241 4	...	5,687 4
,, 24	3,430 0	2,052·7	217 8	...	5,700 5
,, 31	3,460 0	2,114 0	202 5	...	5,776 4
Nov. 7	3,520 0	2,023 4	227 1	...	5,770 5
,, 14	3,580 0	1,942·9	223·8	...	5,746·7
,, 21	3,620 0	1,887 2	223 6	...	5,730 8

THE MONEY MARKET

AT last Friday's Treasury bill tender the discount market maintained its bid at £99 3s. for the £230 million of 91 day bills offered and allotted. The market's quota at this price was 44 per cent, compared with only 26 per cent the previous week; the average rate of discount rose by 2½d. to just under £3 8s. per cent. The market also maintained its bid at £99 8s. 1d. for the 63-day bills and secured an allotment of 91 per cent; the average rate of discount was virtually unchanged at £3 9s. 0.30d. This Friday £220 million of 91 day bills will be offered together with £60 million of the shorter dated bills.

The United States Treasury bill rate fell back slightly from last week's peak of 4.332 per cent to 4.279 per cent. An issue of 320 day bills has been allotted this week at an average rate of 4.860 per cent, the highest rate paid on a short term issue since 1929.

In contrast to recent weeks there has been a surplus of money in Lombard Street this week and on Wednesday the authorities sold a small amount of very short dated bills. There has been a keen demand for bills, with February maturities changing hands at 3 11/32 per cent.

MONEY RATES

LONDON

	%		%
Bank rate (from 4½%, 20/11/58)	4	Discount rates: Bank bills:	
Deposit rates (max.):		60 days	3 17/32–3 19/32
Banks	2	3 months	3 17/32–3 17/32
Discount houses	2–2¼	4 months	3 17/32–3 19/32
Money:		6 months	3 17/32–3 5/8
Day-to-Day	1–3½	Fine trade bills:	
Treasury Bills:		3 months	4¼–5
2 months	3 13/32	4 months	4¼–5
3 months	3 11/32	6 months	4¼–5 1/4

NEW YORK

	%		%
Official discount rate: (from 3½%, 10.9.59)	4	Treasury Bills: November 17	4·332
		,, 23	4·279

BANK OF ENGLAND RETURNS

(£ million)	Nov. 26, 1958	Nov. 18, 1959	Nov. 25, 1959
*Issue Department**:			
Notes in circulation	2,044·2	2,132·3	2,143·7
Notes in banking dept.	56 1	43 0	31·7
Govt. debt and securities*	2,096·5	2,172 0	2,172 0
Other securities	0·8	0 7	0·7
Gold coin and bullion	0 4	0·4	0 4
Coin other than gold coin	2 8	2·3	2·3
Banking Department:			
Deposits:			
Public accounts	12·1	11·9	12·5
Bankers	241·0	253·9	252·7
Others	69 5	64·1	66·0
Total	329 6	329·9	331·2
Securities:			
Government	255·7	277·5	290·5
Discounts and advances	6·6	5 4	4 8
Other	21 3	20 9	21·1
Total	283·6	303 8	316·4
Banking department reserve	57·1	43·9	32 6
"Proportion"	% 17·6	% 13·3	% 9 8

* Government debt is £11,015,100, capital £14,553,000. Fiduciary issue increased by £50 million to £2,175 million on November 4th.

TREASURY BILL TENDERS

Date of Tender	Amount (£ million) Offered	Applied for	Three Months' Bills: Average Rate of Allotment	Allotted at Max. Rate†
1958	91 day 63 day		s. d.	%
Nov. 21	210·0 60·0	408·5	68 4·68	42
1959	91 day			
Aug. 21	260·0	414·3	69 8·39	49
,, 28	270·0	413·4	69 9·03	61
Sept. 4	290 0	395 4	69 9 53	80
,, 11	290 0	453 5	69 8 47	51
,, 18	260 0	420 5	69 8 13	56
,, 25	290 0	430 0	69 5 24	64
Oct. 2	280 0	411·6	69 10·48	54
,, 9	250 0	433 2	69 9·00	66
,, 16	270·01	414 4	68 4·91	34
,, 23	260 0	456 5	68 6·74	37
	91 day 63 day			
,, 30	220 0 50 0	461 6	67 8·53	54
Nov. 6	240 0 50 0	464 9	67 4 62	53
,, 13	230 0 60 0	471 5	67 9 55	26
,, 20	230 0 60 0	438 0	67 11·96	44

† On November 20th tenders for 91 day bills at £99 3s. 0d. secured 44 per cent, 63 day bills at £99 8s. 1d. secured 91 per cent, higher tenders being allotted in full. The offer this week was for £220 mn. of 91 day bills and £60 mn. of 63 day bills. ‡ Allotment cut by £20 mn.

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

	Official Rates: November 25	Market Rates: Spot: November 19	November 20	November 21	November 23	November 24	November 25
United States $	2·78–2·82	2·80 5/8–7/16	2·80 1/4–3/8	2·80 1/4–3/8	2·80 1/4–3/8	2·80 1/4–3/8	2·80 3/16–5/16
Canadian $	...	2·67 1/2–68	2·67 1/2–5/8	2·67 5/8–3/4	2·67 11/16–13/16	2·67 3/16–5/16	2·66 7/8–67
French Fr.	13·622–14·027	13·75–1/4	13·74 7/8–75 1/8	13·74 5/8–7/8	13·74 1/2–3/4	13·74 5/8–7/8	13·74 1/2–1/2
Swiss Fr.	11·94–12·54 7/8	12·16 3/4–17	12·16 3/4–17	12·16 3/4–17	12·17–1/4	12·17–1/4	12·16 7/8–17 1/8
Belgian Fr.	137 96–142·05	140 17 1/2–22 1/2	140 22 1/2–27 1/2	140 20–25	140 17 1/2–22 1/2	140 17 1/2–22 1/2	140 17 1/2–22 1/2
Dutch Gld.	10 48–10 80	10 59–1/4	10 58 3/4–59	10 58 5/8–7/8	10 58 3/4–1/2	10 58 1/4–1/2	10 58 1/8–3/8
W. Ger. D-Mk.	11 59 1/4–11 92 1/2	11 69 1/4–1/2	11 69 1/4–1/2	11 69–1/4	11 68 7/8–69 1/8	11 69–1/4	11 68 7/8–69 1/8
Portug. Esc.	79 00 1/2–82 00 1/2	80 15–30	80 15–30	80 15–30	80 15–30	80 15–30	80 15–30
Italian Lire	1725–1775	17395/8–3/4	17391/2–3/4	17391/2–3/4	17395/8–3/4	17394/8–1/2	1739–1/4
Swedish Kr.	14 27 1/2–14 70	14 51 7/8–52 1/8	14 51 3/4–52	14 51 3/4–52	14 51 1/4–1/2	14 50 3/4–51	14 50 1/2–3/4
Danish Kr.	19 06 1/2–19 62	19 33 1/4–3/8	19 33 1/4–3/8	19 33 1/4–3/8	19 33 1/4–3/8	19 33–1/4	19 33–1/4
Norwegian Kr.	19 71–20 30 1/2	20 00 1/4–01	20 00 1/4–01	20 00 1/4–01	20 00 1/8–7/8	20 00 1/8–7/8	20 00 1/4–1/2
One Month Forward Rates							
United States $		1/8–1/4c. dis	1/8–1/4c. dis	1/8–1/4c. dis	1/8–1/4c. dis	1/8–1/4c. dis	1/8–1/4c. dis
Canadian $		3/16–5/16c. dis	1/4–3/8c. dis	1/4–3/8c. dis	1/4–3/8c. dis	5/16–7/16c. dis	5/16–7/16c. dis
French Fr.		1–1 1/2c. dis	1–1 1/2c. dis	1–1 1/2c. dis	1–1 1/2c. dis	1–1 1/2c. dis	1–1 1/2c. dis
Swiss Fr.		1/2–1/4c. pm	1/2–1/4c. pm	1/2–1/4c. pm	1/2–1/4c. pm	3/8–3/4c. pm	3/8–1/4c. pm
Belgian Fr.		2c. pm–3c. dis	2c. pm–3c. dis	2c. pm–3c. dis	2c. pm–3c. dis	3c. pm–2c. dis	2c. pm–3c. dis
Dutch Gld.		3/4–1/2c. pm	3/4–1/2c. pm	3/4–1/2c. pm	5/8–3/8c. pm	5/8–7/8c. pm	1/2–1/4c. pm
W. German D-Mk.		3/4–1pf. dis	1/2–3/4pf. dis	1/2–3/4pf. dis	3/8–7/8pf. dis	3/4–1pf. dis	3/4–1pf. dis
Three Months Forward Rates							
United States $		7/16–9/16c. dis	7/16–9/16c. dis	7/16–9/16c. dis	7/16–9/16c. dis	7/16–9/16c. dis	7/16–9/16c. dis
Canadian $		5/16–11/16c. dis	1–1 1/8c. dis	1–1 1/8c. dis	1–1 1/8c. dis	11/16–13/16c. dis	11/16–13/16c. dis
Swiss Fr.		7/8–3/4c. pm	7/8–3/4c. pm	7/8–3/4c. pm	7/8–3/4c. pm	1–3/4c. pm	1–7/8c. pm
W. German D-Mk.		1 7/8–2 1/8pf. dis	1 5/8–1 7/8pf. dis	1 5/8–1 7/8pf. dis	1 3/4–2pf. dis	1 3/4–2pf. dis	1 3/4–2pf. dis
Gold Price at Fixing							
Price (s. d. per fine oz.)		250/2 1/2	250/1 1/2	...	250/2	250/1 3/4	250/2 1/2

Manpower and Output

Labour figures relate to Great Britain and production figures to United Kingdom unless otherwise stated.
M = Monthly averages or calendar months.
W = Weekly averages.

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

BRITISH

Prices and Wages	Oct. 31st	External Trade	Nov. 7th
Manpower and Output	This week	Industrial Profits	Oct. 24th

OVERSEAS

Western Europe	Nov. 14th	United States	Oct. 10th

	Unit	Mid-year or averages			1958			1959				
		1956	1957	1958	August	Sept.	October	June	July	August	Sept.	October
TOTAL MANPOWER		June figures										
Working population:												
Total	'000s	24,107	24,188	24,070	24,157	24,134	24,150	23,968	24,010	24,125	24,156	...
Men	,,	16,188	16,225	16,160	16,200	16,184	16,188	16,063	16,078	16,138	16,145	...
Women	,,	7,919	7,963	7,910	7,957	7,950	7,962	7,905	7,932	7,987	8,011	...
Armed Forces	,,	761	702	614	603	599	598	565	559	555	551	...
Civil employment:												
Total	,,	23,149	23,245	23,080	23,138	23,097	23,079	23,020	23,054	23,164	23,202	...
Manufacturing industries	,,	9,269	9,271	9,147	9,137	9,136	9,132	9,110	9,121	9,190	9,254	...
Employees:												
in engineering(1)	,,	3,971	3,966	3,970	3,957	3,957	3,952	3,951	3,951	3,981	...	...
in consumer goods industries(2)	,,	3,365	3,376	3,275	3,285	3,285	3,285	3,265	3,269	3,295	...	...
UNEMPLOYMENT		Monthly averages										
By duration:												
All durations—total	,,	257·0	312·5	457·4	445·6	476·0	513·8	413·3	394·8	427·0	405·1	419·0
Temporary or under 2 weeks	,,	98·2	95·7	141·0	136·7	164·7	173·2	98·9	98·0	106·6	102·1	105·1
Over 8 weeks	,,	93·1	129·3	197·7	195·3	193·0	211·6	227·6	215·3	212·5	200·2	208·0
By Regions (3):												
Great Britain	,,	1·2	1·4	2·1	2·0	2·2	2·3	1·9	1·8	2·0	1·9	1·9
London and South Eastern	,,	0·8	1·0	1·3	1·2	1·2	1·4	1·0	1·0	1·1	1·0	1·1
Eastern	,,	1·0	1·3	1·7	1·4	1·5	1·6	1·2	1·1	} 1·3	1·3	1·4
Southern(4)	,,	1·0	1·3	1·6	1·4	1·5	1·8	1·3	1·2			
South Western(4)	,,	1·2	1·8	2·2	2·0	2·1	2·5	1·7	1·6	1·7	1·7	2·0
Midland	,,	1·1	1·3	1·6	1·7	1·9	1·9	1·3	1·2	1·5	1·2	1·1
North Midland	,,	0·6	1·0	1·6	1·3	1·7	1·7	1·3	1·2	1·5	1·3	1·2
East and West Ridings	,,	0·8	0·9	1·9	1·9	2·4	2·5	1·7	1·5	1·7	1·6	1·6
North Western	,,	1·3	1·6	2·7	2·9	3·1	3·2	2·5	2·3	2·5	2·4	2·3
Northern	,,	1·6	1·7	2·4	2·4	2·5	2·8	3·0	2·9	3·1	3·0	3·1
Scotland	,,	2·4	2·6	3·8	3·7	3·7	4·0	4·0	4·0	3·9	3·9	4·0
Wales	,,	2·0	2·6	3·8	3·7	3·7	4·1	3·4	3·3	3·4	3·2	3·4
VACANCIES												
Unfilled vacancies notified to Employment Exchanges: Total	,,	390	276	198	203	179	167	247	276	263	255	246
INDUSTRIAL PRODUCTION												
Index:												
All industries	1954=100	106	107	106	90	107	110	114	102	98	114–115(6)	...
,, ,, *seasonally adjusted*	,,	...	...	...	*105*	*105*	*105*	*111*	*112*	*113*	*112–113(6)*	...
Mining and quarrying	,,	99	99	94	68	93	99	98	75	75	...	...
Construction	,,	106	106	105	106(9)	...	108(10)	110(8)	...	...	...	...
Gas, electricity and water	,,	110	112	117	92	104	116	104	97	96	...	...
Manufacturing, total	,,	106	108	107	90	109	111	117	103	98	...	...
,, ,, *seasonally adjusted*	,,	...	...	...	*106*	*106*	*106*	*113*	*114*	*115*	...	...
Engineering and electrical goods	,,	107	111	111	93	114	114	120	109	...	...	...
Shipbuilding	,,	117	108	109	107	108	110	100	98	99	...	...
Vehicles	,,	107	115	118	82	116	118	145	114	102	...	...
Chemical trades	,,	111	115	115	102	117	119	131	...	...	...	...
Textiles, leather and clothing	,,	99	99	91	78	95	100	98	90	82	...	...
BASIC MATERIALS		M/W averages										
Production of:												
Coal (5) (7)	W	'000 tons	4,269	4,301	4,150	2,938	4,117	4,331	4,172	3,162	3,164	3,987	4,128
Pig iron	W	,,	253	275	245	221	231	242	235	222	220	251	270
Steel, ingots and castings	W	,,	397	417	369	299	369	364	388	320	337	426	441
Sulphuric acid	M	,,	187·2	194·7	186·8	162·4	180·1	198·9	190·9	188·2	182·6	...	...
Newsprint	W	,,	12·36	12·55	11·81	11·74	12·28	11·83	14·76	7·53	11·07	...	...
Electricity (5)	M	mn. kwh	7,263	7,581	8,209	6,395	7,250	8,565	7,295	6,975	6,846	7,752	...
MANUFACTURING												
Textile production:												
Cotton yarns, single	W	mn. lb.	16·33	16·85	14·77	11·68	14·30	15·25	14·48	13·13	12·71	15·48	...
Worsted yarn	M	,,	19·38	19·48	17·18	11·44	17·90	20·48	20·84	19·09	13·55	21·70	...
Rayon and synthetic fibres	M	,,	40·21	41·32	35·18	24·81	31·97	35·84	41·63	45·31	39·71	43·50	...
Cotton cloth, woven	W	mn. yds.	31·0	31·4	27·0	25·2	24·8	27·5	27·1	17·3	25·7	26·3	...
Wool fabrics, woven	M	mn. sq. yds	33·1	32·8	29·1	20·6	30·5	33·7	32·3	31·9	21·9	34·0	...
Engineering production:												
Passenger cars and chassis	W	'000s	13·61	16·56	19·84	11·15	20·45	19·87	24·61	16·43	16·55	24·35	27·59
Commercial vehicles and chassis	W	,,	5·71	5·54	5·90	2·97	5·86	5·91	7·93	5·51	6·07	8·45	8·36
Internal combustion engines	M	'000 BHP	411	406	382	266	370	391	495	441	...	...	...
Metal-working machine tools	M	£'000	7,123	7,936	6,993	5,465	7,349	6,692	6,881	...	...	...	...
BUILDING ACTIVITY (5)												
Permanent houses completed:												
Total	M	'000s	25·03	25·09	22·81	20·66	24·26	25·33	24·27	24·19	20·67	23·92	...
By private builders	M	,,	10·35	10·54	10·68	10·22	12·48	12·36	12·83	13·38	12·41	13·85	...

(1) Engineering, shipbuilding, electrical goods, vehicles, metal goods, precision instruments and jewellery. (2) Textiles, leather goods, clothing, food, drink and tobacco, manufactures of wood and cork, paper and printing. (3) Number registered as unemployed expressed as a percentage of the estimated number of employees. (4) Dorset (excluding Poole) was transferred from the Southern to the South Western Region on May 12, 1958. (5) Great Britain. (6) Provisional estimate. (7) Excluding all screening losses normally amounting to around 5,000 tons a week. (8) Average for second quarter. (9) Average for third quarter. (10) Average for fourth quarter.

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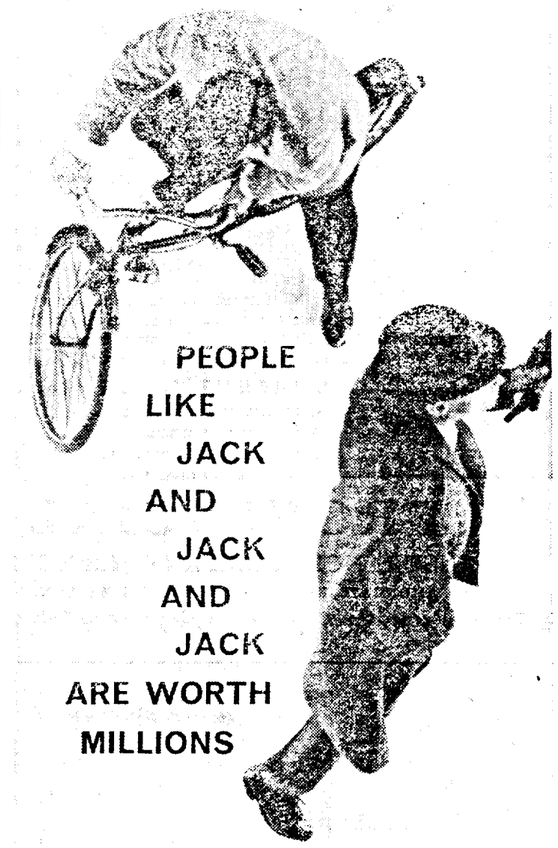

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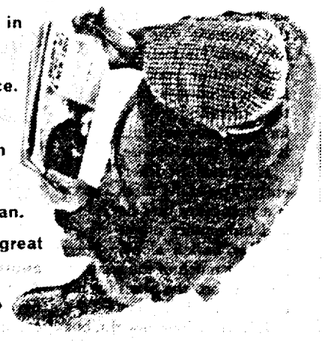

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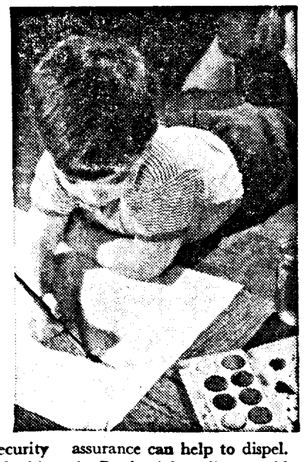

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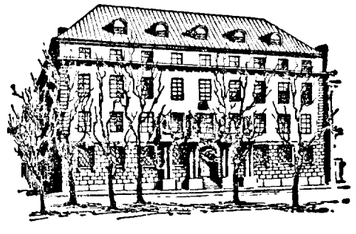

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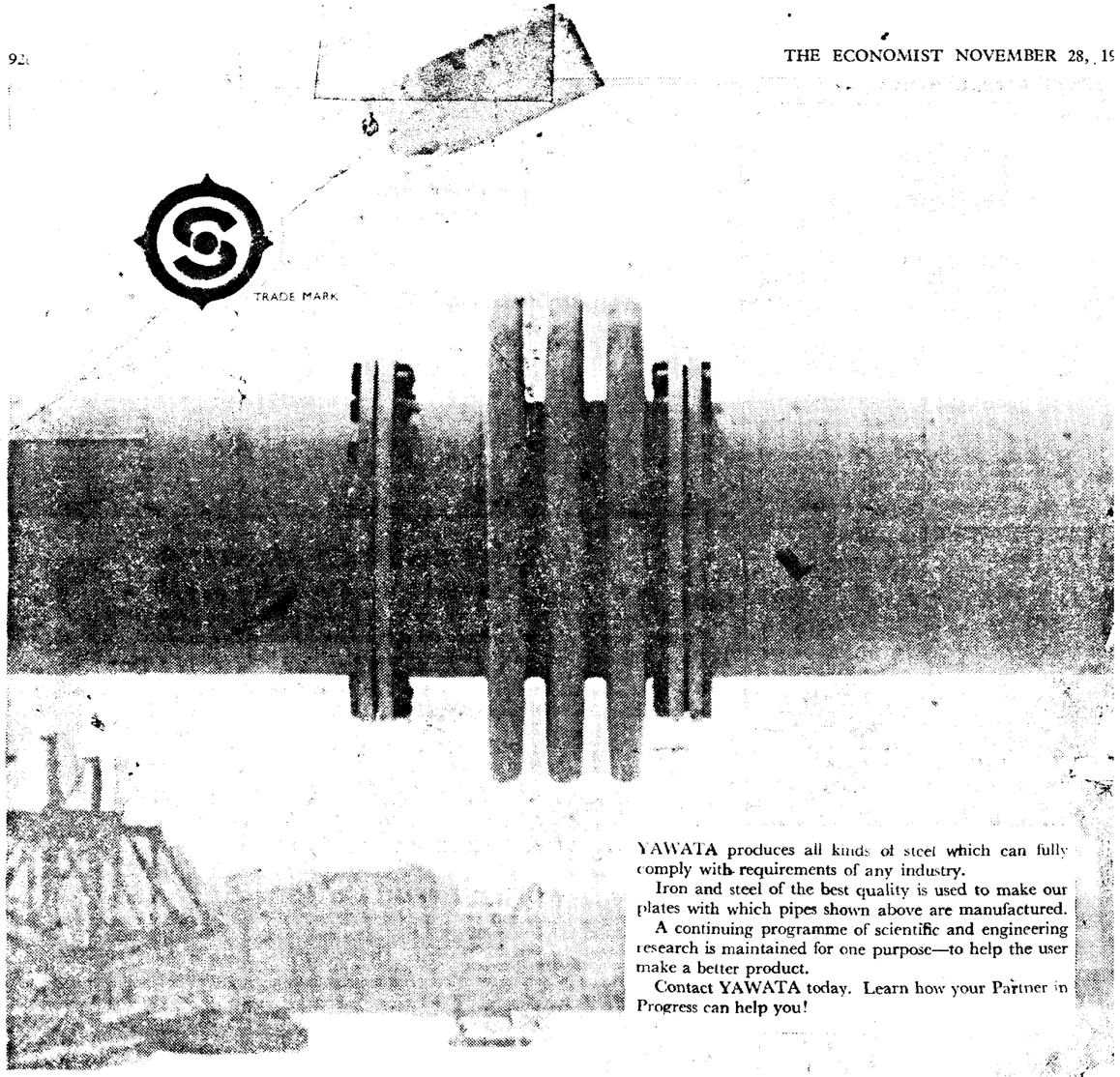

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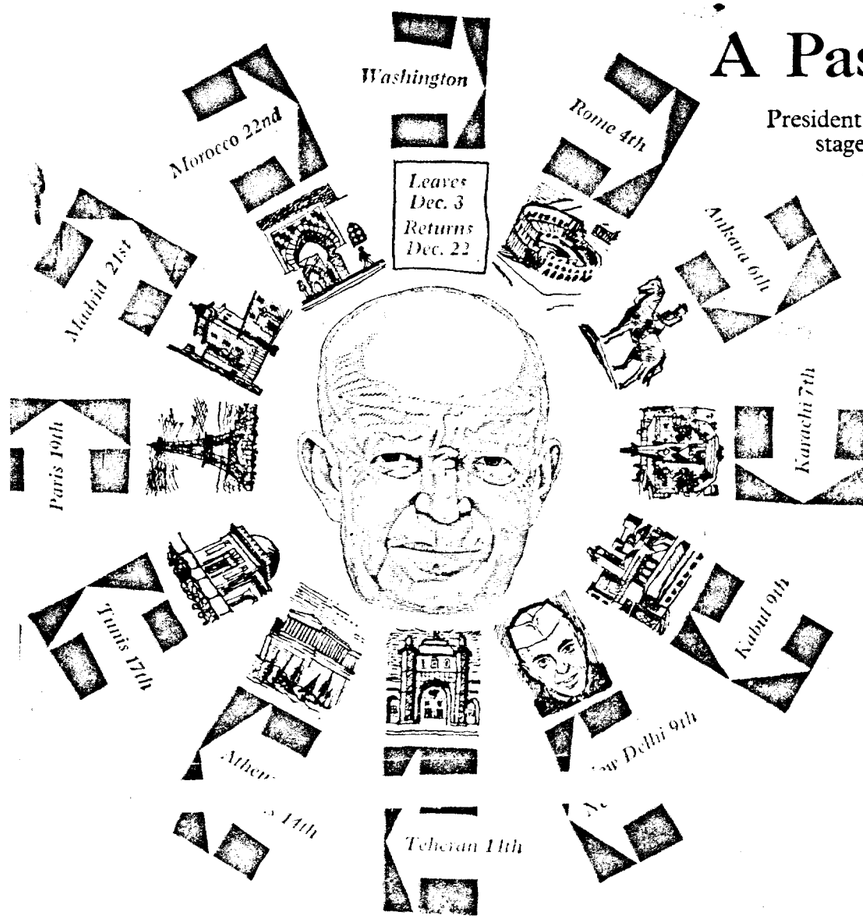

A Passage to Asia

President Eisenhower's grand tour is another stage in this year's transformation of American foreign policy (page 943)

Blunder at Blackpool?

Who has won the first round in the crucial battle that will decide what sort of Labour party Britain is to have? (page 945)

Rules for Unit Trusts
(page 987)

Burying Radcliffe
(page 948)

The Next American President

(page 967)

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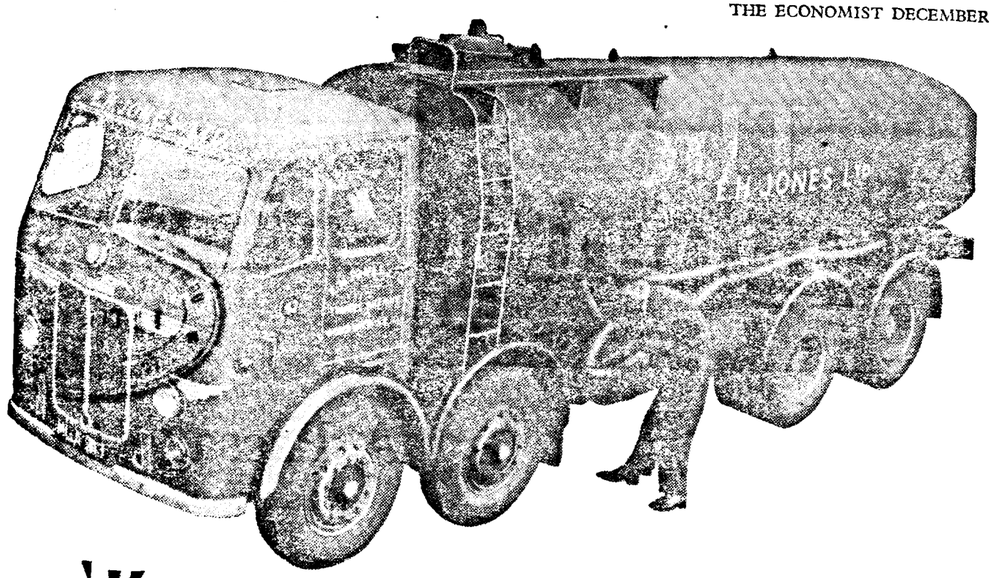

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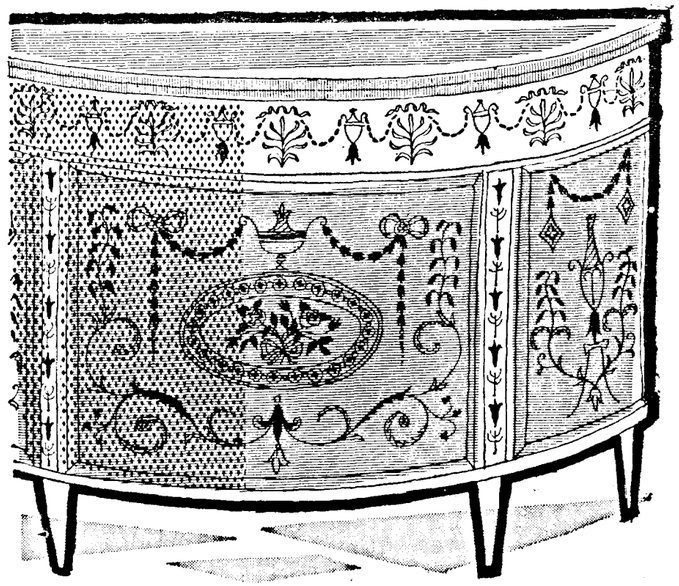

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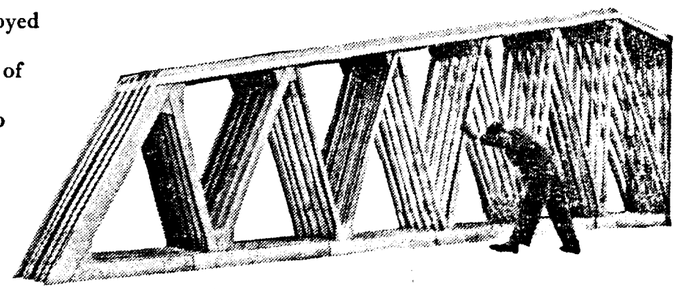

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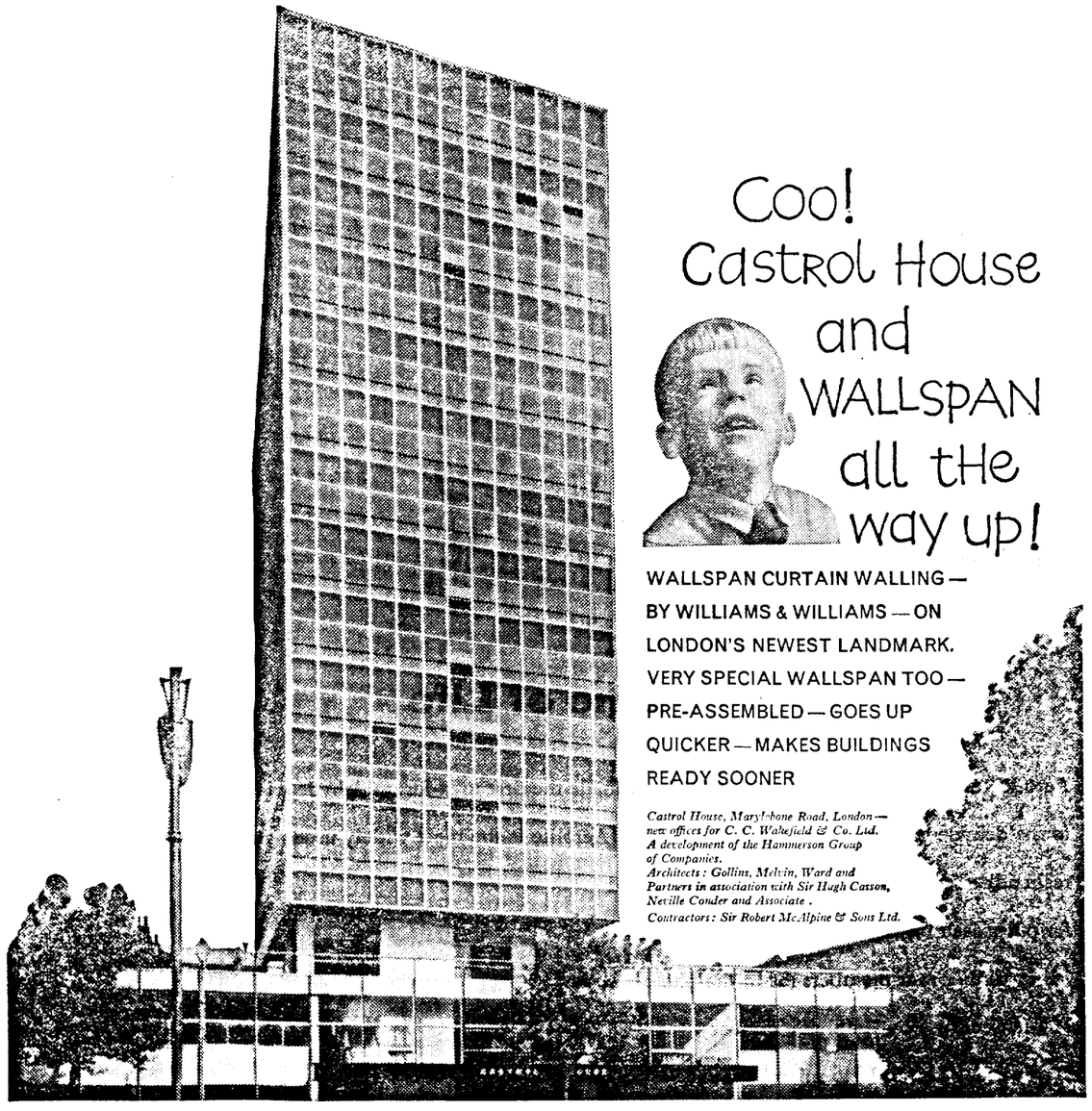

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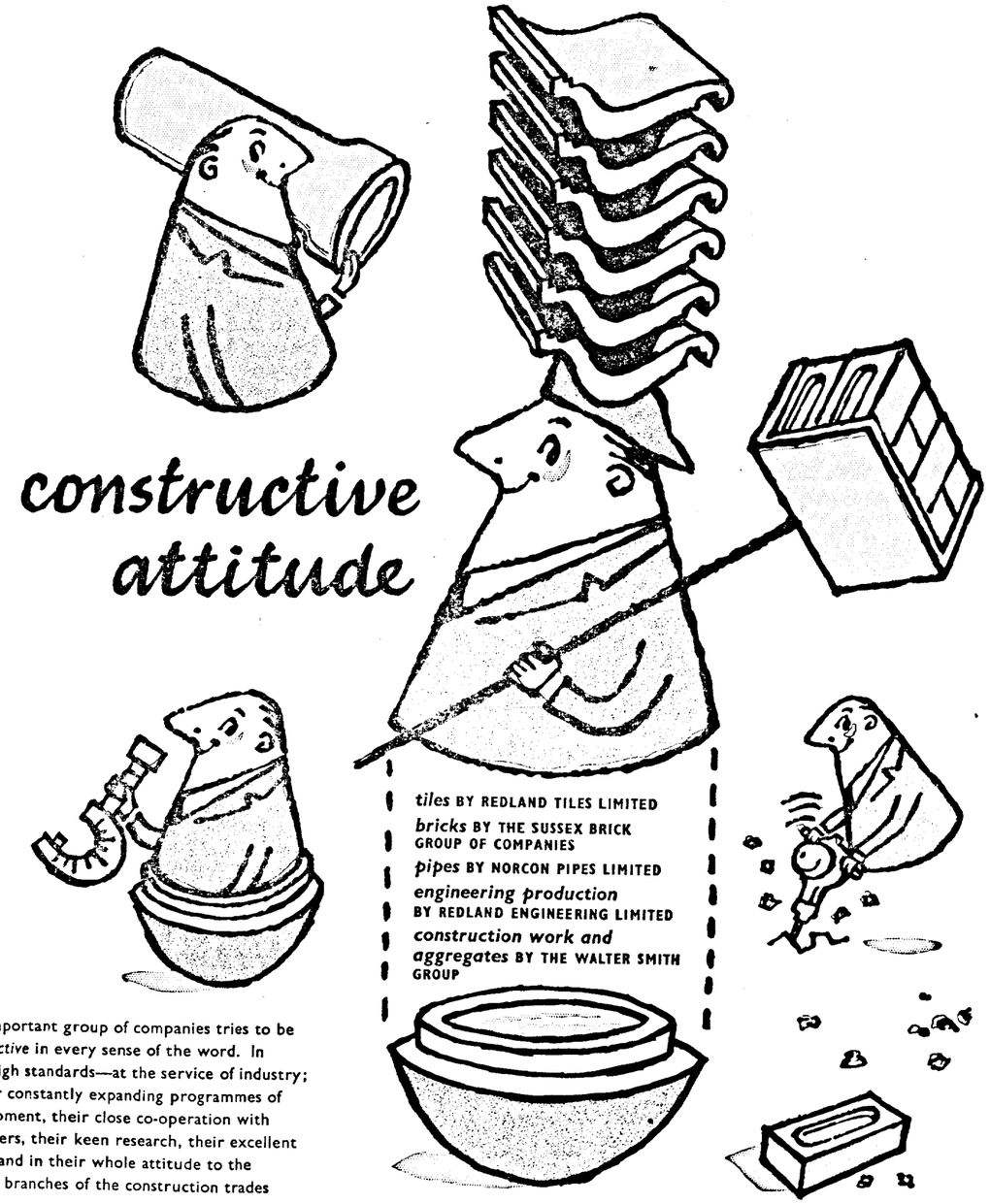

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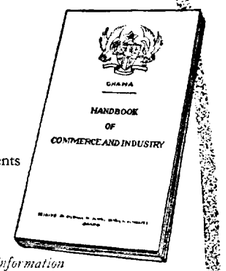

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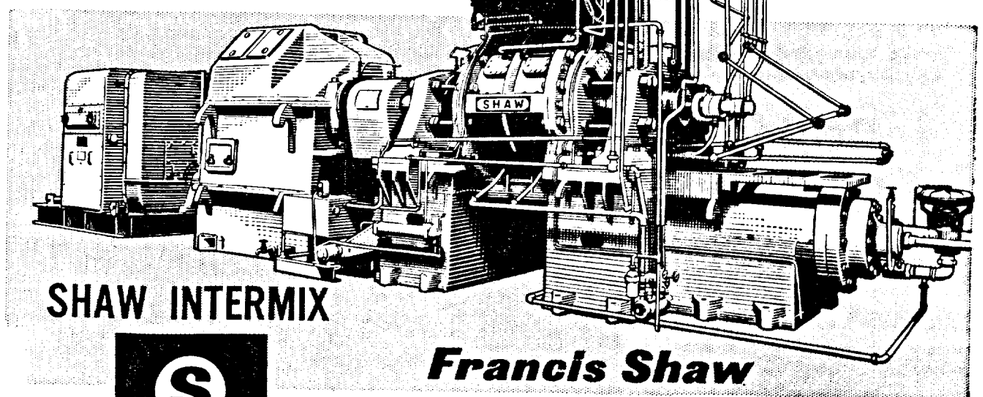

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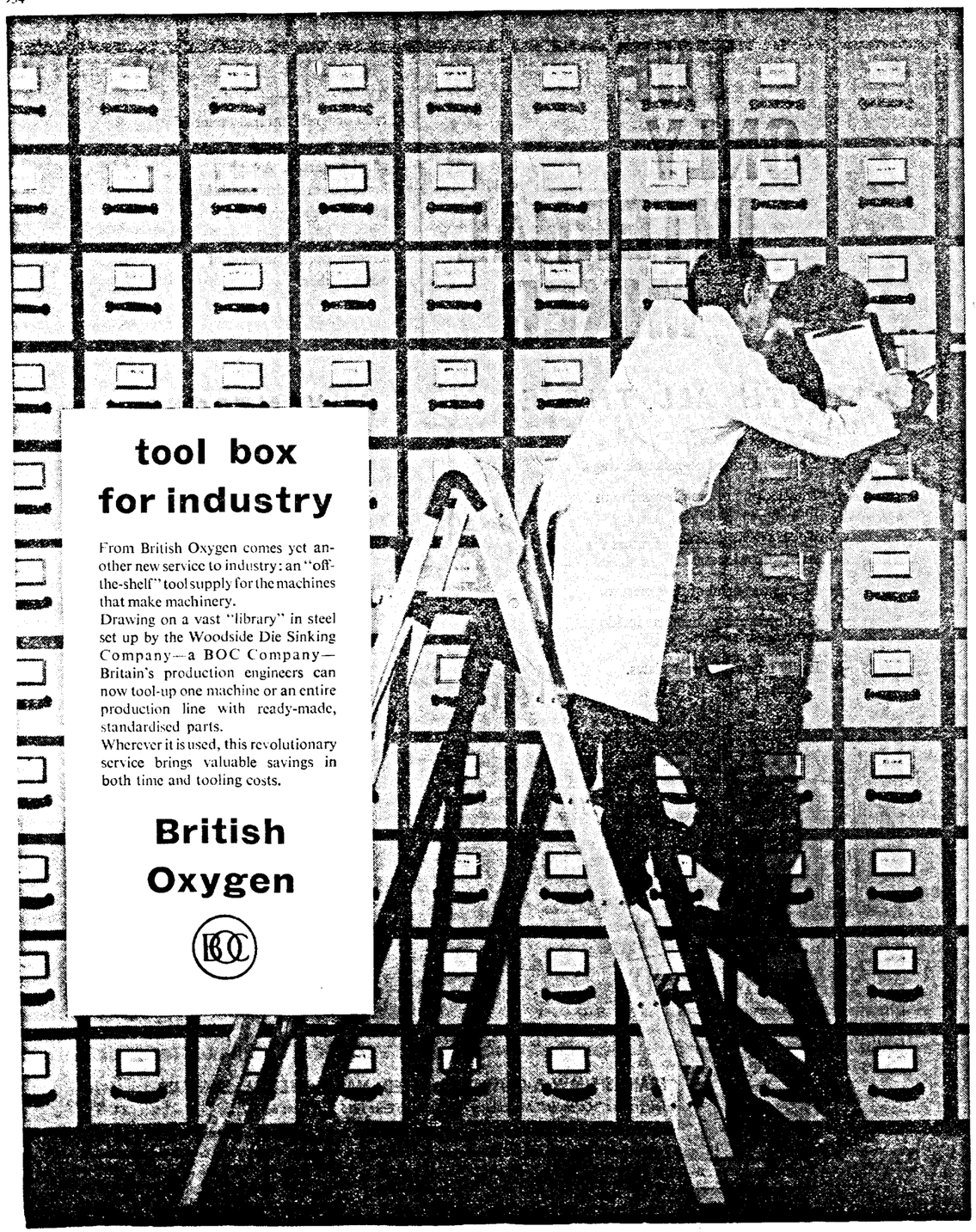

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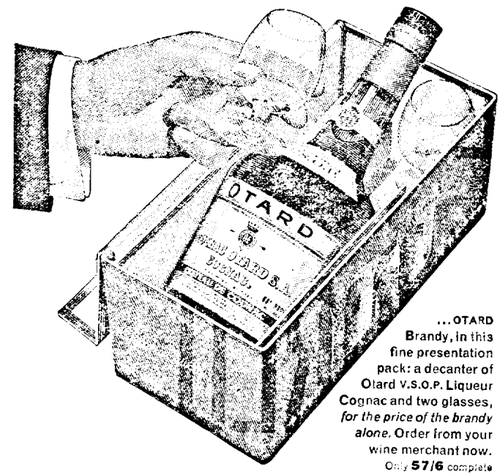

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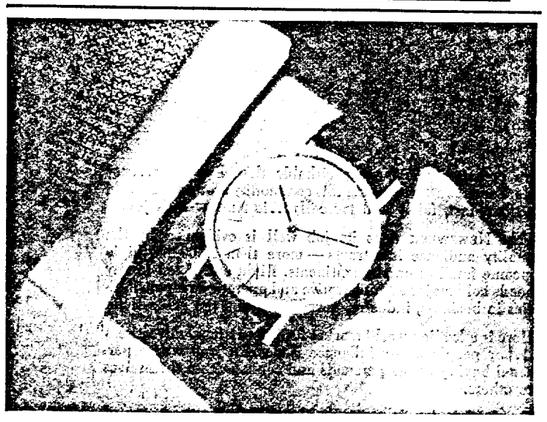

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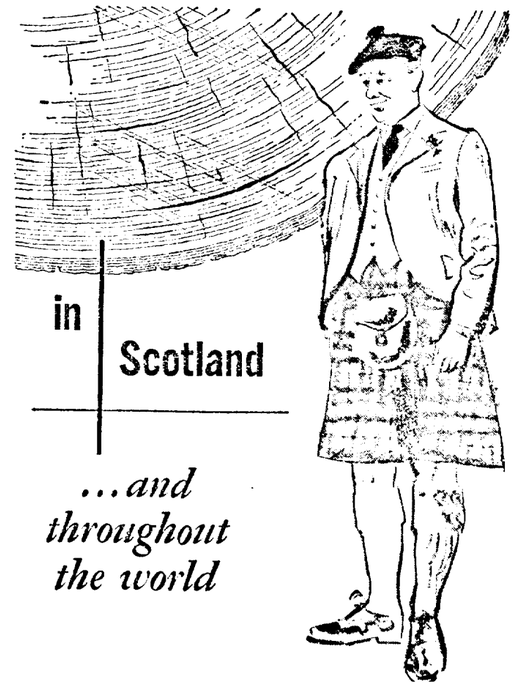

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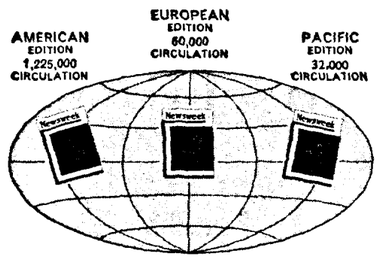

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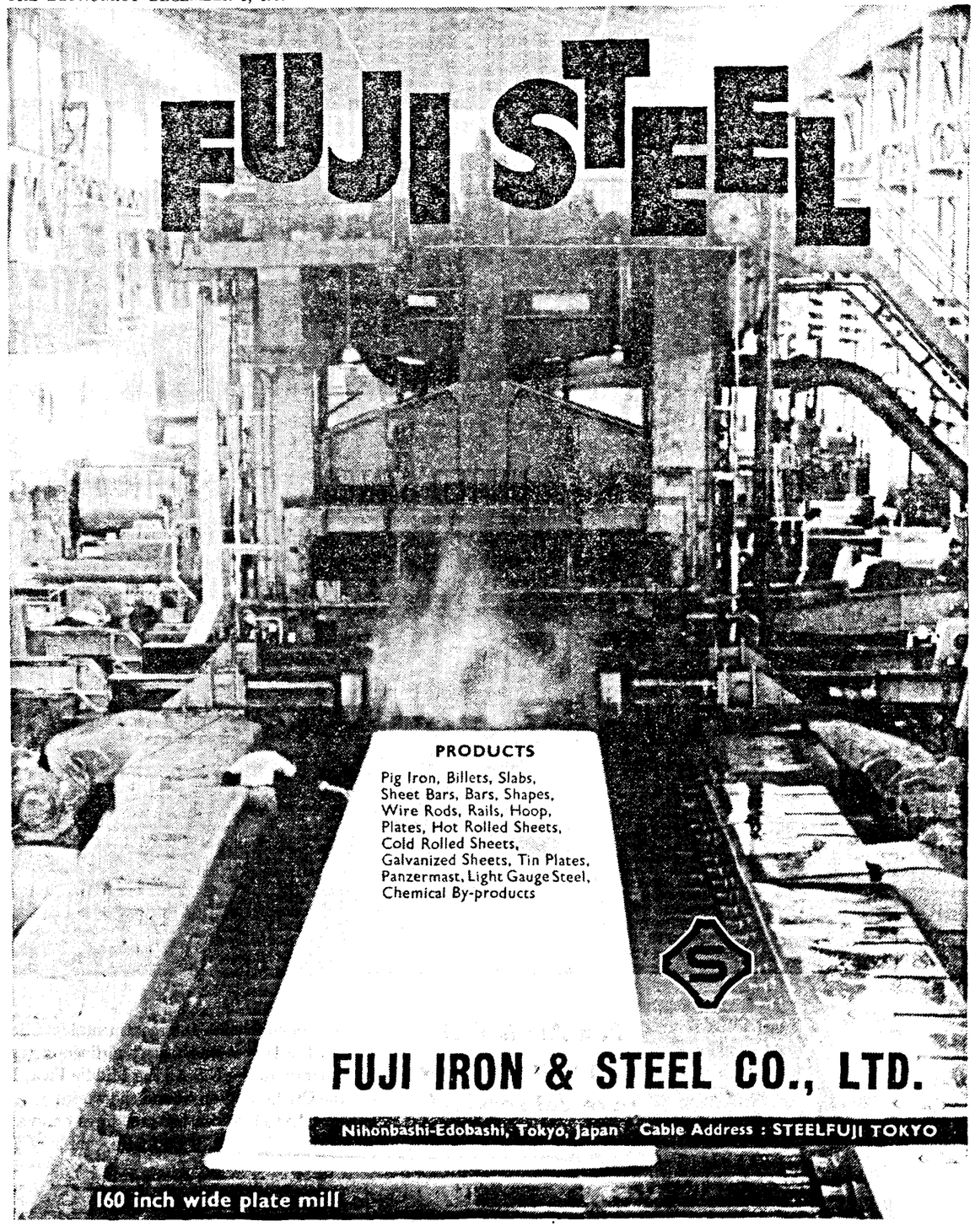

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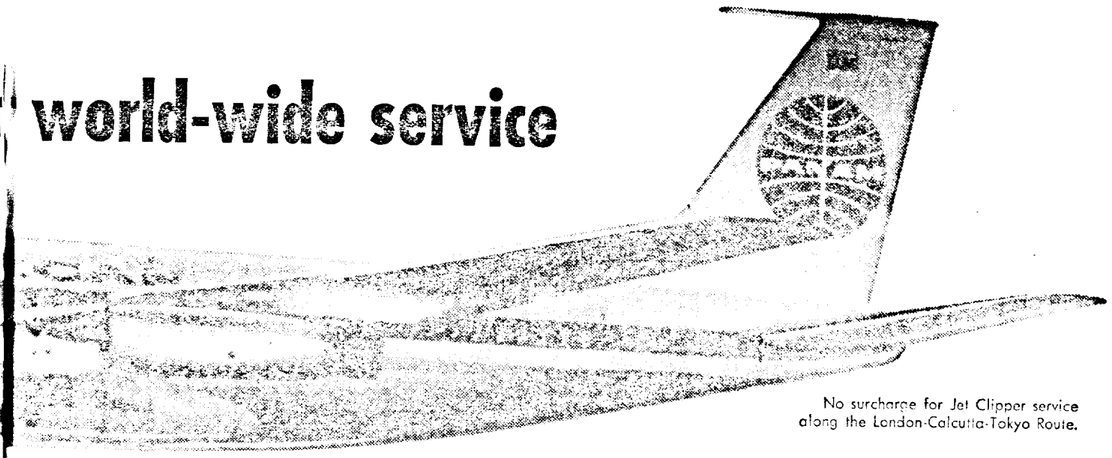

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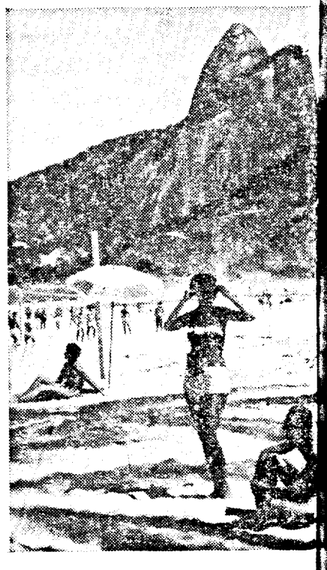

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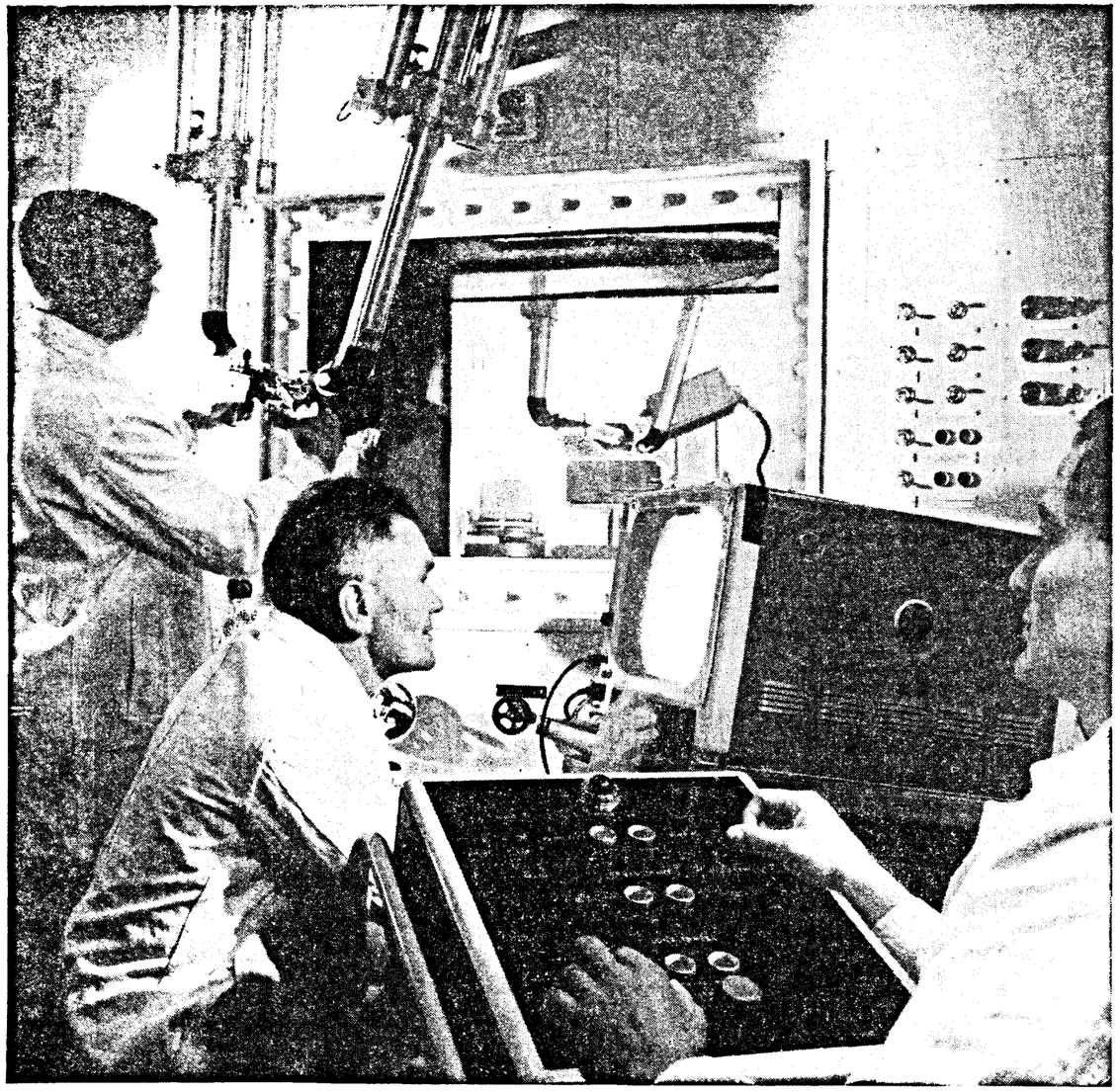

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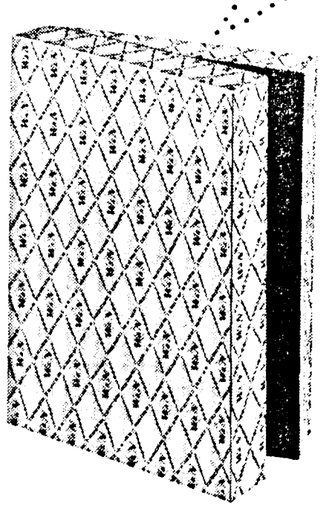

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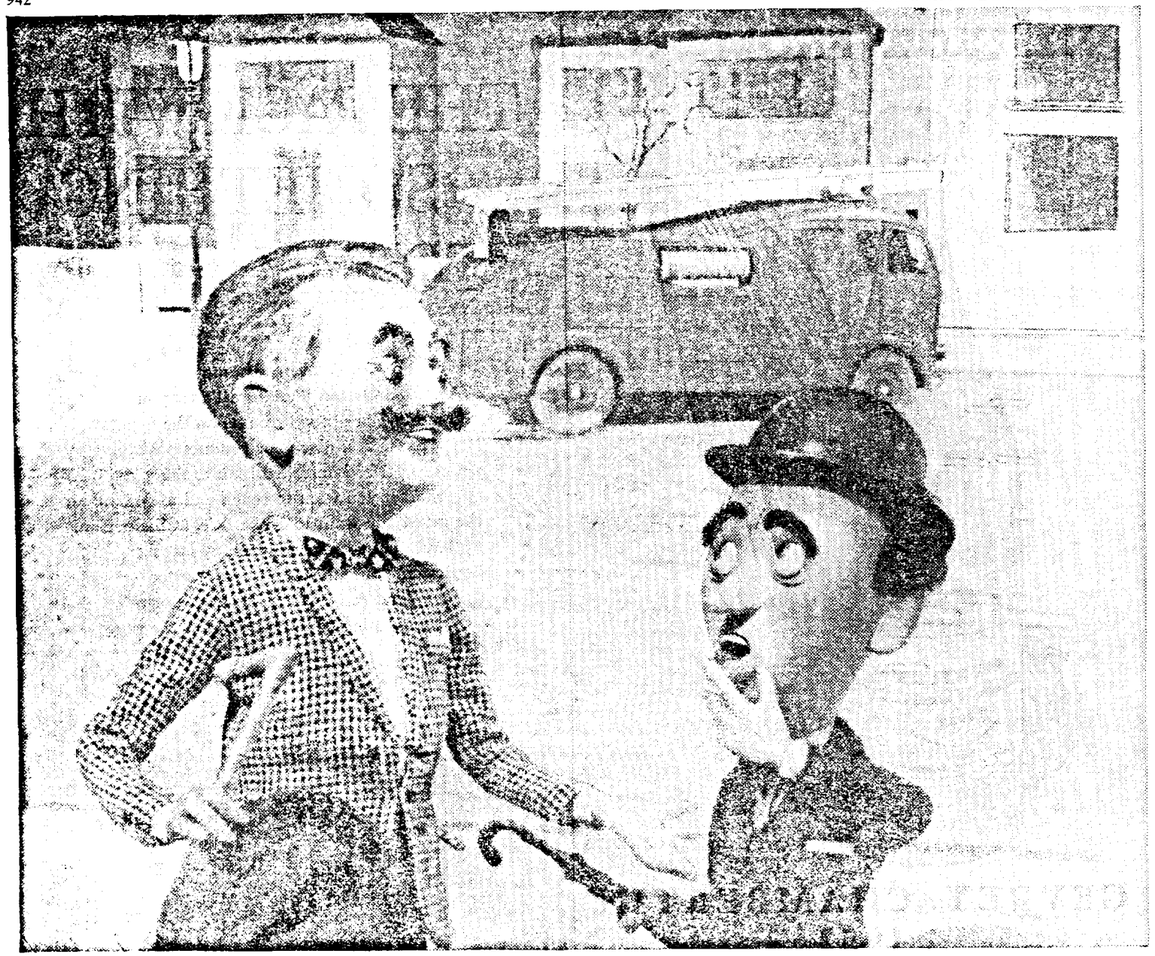

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VOLUME CXCIII . NUMBER 6067.

A Passage to Asia

ALTHOUGH the journey on which President Eisenhower set off on Thursday will take him to eleven countries of Europe, Asia and Africa, his travels will be more interesting for what happens at each end than for what happens in between. New Delhi and Paris are the places that may earn the President's grand tour a mention in the history books. In most of the other nine countries his stay will be so brief that he will hardly have time to fix his clasp on the shoulder of the local leader and his smile on the eyes of the watching crowds. It is all too easy this time to believe the State Department's ritual protestation that he is not going to negotiate about anything; the most he can do in these places is to urge a few generalities upon his hosts. But in New Delhi and Paris it will be different. In India Mr Eisenhower has an opportunity to carry a stage further the transformation of American foreign policy which he began this summer. To be specific, having accepted the premise that it is possible to negotiate a *détente* with Mr Khrushchev in Europe, he can now proceed to divert some of the attention of American policy from Europe to Asia and Africa, the new centres of the east-west struggle.

In Paris the President's task will be to make sure that his European allies accept the logic of this; in particular, he has to persuade the French and the Germans to agree to his ideas about the next step in negotiating with Mr Khrushchev. For once, the cynics seem to be wrong about Mr Eisenhower. In Washington, as well as in Europe, it has been fashionable to look on the President's tour as a sentimental journey by a man about to wave farewell to public life. According to that theory, the journey will be an exercise in public relations rather than in serious diplomacy, and the hope that it will yield any practical results is nullified by the fact that in a few months' time—when the nominating conventions meet at Los Angeles and Chicago—the President will be effectively at the end of his power. But this almost certainly underestimates Mr Eisenhower's purpose.

It may be unlike him to think in terms of the grand design, but this is precisely what he appears to be doing. As he prepares to set foot in India for the first time, he seems to look upon his visit as a means of recalling to the Asians the friendship which the Americans have traditionally felt for the former colonial territories. Since 1947, because of the Russian threat to Europe, the United States has been obliged to concentrate most of its attention directly across the North Atlantic. Europe has had first call on American money, and, in the series of quarrels between colonisers and colonised, the Americans have had to align themselves with the former more often than their natural instincts would have preferred; this at least is how the President is thinking. But now some relaxation, if not a settlement, may be in sight in Europe. As a result the United States may be able to return, cautiously but perceptibly, to its ancient attachment. Asia and Africa may gain in priority as Europe loses. In the peculiar Janus-like relation which the United States maintains with the two areas, the second face may break into a belated smile.

If this is what Mr Eisenhower plans to tell Mr Nehru, it strengthens the belief that he is trying to make 1959 a turning-point in postwar history. It is hard to argue, as some of the President's critics have tried to argue, that he was manœuvred into negotiations with Mr Khrushchev against his will when

he is using so adroitly the opportunities which the negotiations have opened for him. Nor is it a fair criticism to say that this trip would have been more useful six years ago. The necessary conditions have only recently been created. But Mr Eisenhower still faces two great problems if he is really intent on developing American policy in this direction.

One is that the Asians and Africans are likely to want practical evidence that there really is a change ; and economic aid will be their immediate test. Last weekend one of those leaky taps which seem to be essential to the process of government in Washington let drip the news that the President will ask Congress for a bigger foreign aid appropriation next year, despite earlier rumours that he was going to ask for a reduced one. Congress, however, may continue its recent habit of cutting a thicker slice from his request than it did in the previous year ; and, even as a token of the Administration's good will, this gesture has to be balanced against the recent decision that loans for development purposes—the nub of the foreign aid programme—must be spent in the United States, where they can buy substantially less than they can abroad. One or two American journalists have suggested that the most valuable result of the President's journey will be to send him home with a keener awareness of the necessity for economic aid to the poor countries. Perhaps the President is less in need of enlightenment on this point than the American public is. It is encouraging that the State Department is trying to persuade the journalists who are going on the tour to emphasise the local background in their reports.

But, unless the Americans can reduce permanently the present deficit in their balance of payments, there are limits to the amounts they can be expected to distribute in foreign aid. In New York it is now hoped that an improvement in exports will bring next year's deficit down to somewhere near $2 billion from this year's $4 billion. But there is no confidence that the improvement will last into 1961 ; and in 1961 India begins its third five-year plan, on which the future of a free Asia possibly hinges, and for which the Indians estimate that they will need help from abroad amounting to about a billion dollars' worth of foreign exchange each year.

By contrast, the Development Loan Fund, the principal American source of such help, has been able to provide India with only $195 million in the last two years and now has only half a billion dollars—of which India, on past performance, is likely to get about a quarter—left in its coffers. It is clear that, even if Mr Eisenhower's political testament consisted solely of the words "aid India," and even if Congress were willing to oblige, the United States could not close the gap by itself. It will be necessary for the old world to redress the balance of the new: Europe must open its purse more.

Thus the President is reminded that American policy towards the underdeveloped countries is intimately linked with American policy towards Europe. This is his second difficulty. Can Janus distribute benevolent glances in both directions at once ? Europe still has a substantial claim on the flow of American munificence. By far the biggest of the reported increases in next year's requests for foreign aid funds is for military assistance and most of the extra money is likely to go on modernising the North Atlantic Treaty Organisation's forces. Moreover, the colonial powers have not yet finished the task of liquidating their territorial holdings overseas. In coming years there may still be crises in north-west Africa, involving the French, and in east and central Africa, involving the British, which will test the Americans' divided loyalties. It is too much to hope that they will get through the next few sessions of the General Assembly of the United Nations without occasionally—between the temptations of voting with their Afro-Asian friends and with those in Europe—finding themselves stuck, like Buridan's ass.

Nor is this all. President Eisenhower's ambition to redistribute the weight of American influence in the world depends on the success of his negotiations with Mr Khrushchev. It seems to be generally assumed in Washington that, when he meets the allied leaders in Paris on December 19th, he will be able to overcome General de Gaulle's doubts about going to the summit at all, and to allay Dr Adenauer's misgivings about negotiating an interim settlement for Berlin once the summit is reached. But a new complication may be introduced into the argument when he gets to Paris.

Influential people in the United States Administration are credibly reported to be looking with a more tolerant eye on the idea that the west Berliners' freedom might be protected by the United Nations rather than by the present allied garrison. This is obviously not their first choice ; but it might conceivably be a position they would be ready to fall back on if the negotiations otherwise seemed doomed to failure. Neither Dr Adenauer nor General de Gaulle is likely even to entertain such a proposal—naturally enough. Thus the entire edifice which Mr Eisenhower is trying to construct rests on uncertain foundations. If his attempt to arrange a settlement with Mr Khrushchev collapses, then the hopes the President is carrying to India are likely to be stifled at birth.

The Economist

DECEMBER 3, 1859

BELOW THE SUMMIT

¶ The invitations to the Powers of Europe have been at length issued, and that addressed to England received, to meet in general Congress on the affairs of Europe with special reference to the condition of Italy. . . . It has been suggested by the *Times* that the Premier himself should be the English plenipotentiary at Paris. We think the proposal not a very desirable one, and still less likely to be carried out. It is not likely that just about the time of the meeting of Parliament the Prime Minister could well be spared by the English Cabinet, unless the end to be attained were one of first-rate magnitude. Parliament is summoned for the 24th January, and the Congress will not be really at work before the end of the first week in January . . . . But we do not believe that even at a less inconvenient time it would be . . . . desirable that England should be represented by any minister who would be elevated above the authority of the Foreign Office, and feel independent for the time of the Executive Government at home. What is really important is, to bring the popular and all but universal feeling of the English nation to bear in the most effective way on the conduct of our representative at Paris. How can this be best done ? We reply, by having a representative at Paris who will feel himself strictly responsible to the Home Government,—who will not imagine himself at liberty to compromise his instructions for the sake of conciliation,—who will feel it absolutely necessary to refer home every proposal that is in the least inconsistent with his instructions. The popular conviction, as expressed in the discussions of the House of Commons, will influence the Home Government, and prevent it from being warped by any mistaken wish to conciliate ; and if the authority exercised by the Home Government over the English plenipotentiary is as real and efficient as that exercised by the nation over the Government, we have no reasons to fear any concessions to foreign Powers of which we should disapprove.

Blunder at Blackpool ?

Mr Gaitskell took a brave stand at his party's post-election conference. But was it the right stand?

BEFORE an audience that was to the left of him, but before an electorate outside that is to the right of his party, Mr Gaitskell tried to take up a middle of the road position at Blackpool last week. The difficulty about being in the middle of the road is that one is liable to be hooted at by everybody who comes along. It is overwhelmingly likely that Mr Gaitskell will survive the kicks he is now getting from the party activists' angry left Foot ; Labour leaders have frequently before seemed to be in jeopardy before the assaults of these activists, and always they have survived. What is much less certain is whether he will succeed in his task of what is generally called changing Labour's face before the country—but might more aptly be called straightening those parts of Labour's anatomy that are at present most temptingly proffered to the public to kick.

Probably inevitably, Mr Gaitskell chose at Blackpool to do battle over only one of the factors that lost Labour votes in October ; less inevitably, the issue he chose was to demand that, in effect, next year's conference must change clause four of the Labour party's constitution—which at the moment appears to pledge Labour to the eventual nationalisation of all the means of production, distribution and exchange. There was considerable courage in this part of his statement. It may therefore seem harsh to judge that in picking clause four as his only enemy Mr Gaitskell has chosen the line of some, but still least, resistance; and that he may therefore be using up his ration of courage in the least profitable place. If Mr Gaitskell turns tail on this issue, he will now be lost; but if, as is much more probable, he remains head, it is far from certain that he will win very much.

The consequence of his choice of issue is that the main interest in politics in the next twelve months is to be focused, not on any failures of the Government, but on an absurd vote-repelling clause in Labour's constitution which three-quarters of the electorate until now probably never knew existed. Mr Gaitskell's hope is that, if and when he gains a victory on this issue, after banner headlines saying that he may be forced to resign, the public will assume that an apocalyptic change has taken place in the appearance that Labour presents to the public. But his eventual victory is likely to take the form of a compromise change in a piece of obscure constitutional phraseology, with the object of making it obscurer still. The Tories may easily be able to portray such a "victory" as a driving of Mr Gaitskell from pillar to post.

If Mr Gaitskell was to lay his leadership at stake last week —and lay it this brave man had to—one would have thought that he would have been wiser to make his battle aim a change in a different part of his party's constitution: in the part which limits his policy-making powers rather than that which wafflingly defines the party's aims. If he had said that henceforth the powers of the annual conference must be devalued, and those of himself and the parliamentary party increased, he would have had to face even wider (though not necessarily bitterer) opposition than his assault on the sacred cow of clause four evoked. But the fruits of any victory—even a compromise victory—would surely have been much greater. He would then have been in a much stronger position steadily to change his party's policies—including perhaps in three years' time to drop the renationalisation of steel and road haulage from his programme, as quietly as the nationalisation of cement and sugar has been dropped before. He would not have had to fight every change through the annual party conferences, by desperate reliance on the unions' block votes (among which—and this is a very important change indeed—Mr Cousins's million votes can no longer safely be counted as on his side). Moreover, by devaluing the importance of these block votes, along with that of the conference itself, he would have paved the way for the declaration of greater independence from unpopular union pressure which Labour so desperately needs but at which Mr Gaitskell at Blackpool did not even dare to hint.

All this speculation about the better choice to have made at Blackpool, however, now belongs to the realms of what might perhaps have been. For the next twelve months it is on clause four that the battle is joined. Our special correspondent at the conference—who beneath the shadow of Blackpool tower conceived a greater sympathy for Mr Gaitskell's difficulties than distant observers in London might readily grant—contributes below a blow-by-blow account of its opening rounds. It is a story to which commentators will have to return many times in the coming year, for Blackpool has seen the launching of a crucial struggle that will determine what sort of alternative government this country is to have.

Mr Gaitskell's Survival

BY OUR SPECIAL CORRESPONDENT AT BLACKPOOL

FOR Mr Gaitskell, last weekend's Labour conference started very badly indeed. Throughout that first grim Saturday there seemed no limit to the extent to which this extraordinary party was prepared to denigrate its leader. Part of the trouble lay in the happenstance of seniority which placed Mrs Barbara Castle in the chair, and therefore with the right of making the opening speech to the delegates. Following upon her keynote address full of socialist uplift, Mr Gaitskell's relentlessly analytical inquest must have sounded to many bloodlessly anticlimactic. (If only the new year's chairman, Mr Brinham, could have opened the proceedings how different things might have seemed. As this worthy trade union official demonstrated when he answered the discussion on youth on Saturday morning, he has acquired to perfection the chloroforming use of automatic speaking, a style that must owe its origin to the language of the Army Council Instruction.)

Mrs Castle's speech was not, as a matter of fact, very extreme in content ; nor were the rhetorical questions, with which she had planned to put Mr Gaitskell on the spot, particularly drastic. But the contrapuntal relationship between the pronouncements of red-blooded chairwoman and cold-blooded leader gave the fundamentalists the text they needed. They were helped by Mr Gaitskell's

perhaps excessive austerity. His was the cleverly organised speech of a man who is not an instinctive orator. At his desk in London he had picked out those suggestions of Mr Douglas Jay and others which were obvious non-starters—change of name, severance of the link with the unions, forging of a link with the Liberals. Then he "threw them out of the window." He exploited the fashionable preoccupation with appearances to justify the telling of home truths to the "small cliques of doctrine-ridden fanatics out of touch with the mainstream of social life in our time" (which, although he did not actually say so, is a pretty fair description of a sizeable portion of the delegates). And he took his stand against the forty-year-old statement of aims which lends colour to the fear of the deproletarianised worker that if he votes Labour he is buying an earthquake. But for all the art in his speech, he did not really come over as the middle-of-the-roader he wanted to appear to be; much more than at any other Labour conference since 1955, the fundamentalists now marked him down as a man of the right. Mr Gaitskell might have got a slightly less dusty response if he could have edited down his initial analysis of the defeat with its rather academic phrasing, and have given the delegates something more to applaud about before bringing them to their rendezvous with reality. But he had decided on the cold douche and he stuck to it.

This douche was a relief to the many younger Labour candidates who had come away from the election sharing Mr Gaitskell's views about nationalisation. If he had not spoken out so plainly they would have felt badly let down. But it was symptomatic of the atmosphere within the conference hall that when a single one of them, Mr Dick Taverne, who fought Putney, spoke up in support of his leader's views (and added sensible observations about ending class warfare within the party) this was considered an exceptionally courageous thing to do.

OTHERWISE, as Mr Gaitskell sat on the platform silently taking his medicine, an extraordinary parade of affronted fundamentalists passed through the rostrum to ladle it out. Their undoubted hero was Mr Michael Foot; after explaining that he was expert at losing elections, he did at least argue, with blazing conviction, that if the whole campaign had been fought his way, as a crusade against the "evil, disgraceful and rotten society in which we live," he would have expected to win. But most of the others gave the impression that they clasped defeat to their bosoms as a familiar friend. There was the grizzled transport worker from Coventry who, in a quiet Scottish accent, said almost affectionately of Mr Gaitskell that "I do like the little feller," but rather spoilt the effect by adding that he reminded him of another "little feller" called Harry Truman who was "the biggest rat who ever entered this world," because he had ordered the bomb to be dropped on Hiroshima. Naturally enough he ended, to applause, that he would "rather lose a battle at any time on socialism than on anything else." There was also the Welsh candidate from Ormskirk who, provided the movement stuck to its socialist principles, did not mind if it won in 1964, 1974 or 1984.

The reason the fundamentalists are like this is because for them their whole reason for existence is the conviction that socialism supplies a fundamental critique of present-day society and all its values. Therefore the abandonment of the tattoo-mark of common ownership, which is the guarantee that no true socialist need bear the insult of being accepted as wholly respectable in contemporary terms, must mean an unethical slide into moral relativism, and imperceptible, unsignposted slithering over to the "other side." These fundamentalists have a right to be worried about Mr Gaitskell, just as Mr Gaitskell, seeing the way the world is going, has a right to be worried stiff about them.

Understandable, after the traumatic experience of the afternoon, Mr Gaitskell's supporters spent the Saturday evening in a state of inspissated gloom. The feeling of crisis at that time can hardly be exaggerated; it is as a result of certain things that were said in the bars then that press stories have since begun to appear alleging that this or that Labour dignitary is a potential instigator of palace revolution. Some of the more volatile political personalities, including even uncommitted members of the National Executive, were preparing that evening to behave as if they had never known Mr Gaitskell. It was being said that all would depend on Mr Bevan, who, as usual, was keeping his own counsel about the content of his winding up oration. Rumour had it that if Sunday went like Saturday Mr Bevan would draw strength from the audience and polish Mr Gaitskell off by coming down flatly against changing the constitution. Some interesting names would then have been discovered to have been on the same side.

BUT Sunday was different. Looking back, it was the infelicities of a professional dramatist that marked the dramatic turn of the tide. Mr Benn Levy, the bearded playwright who looks like the prophet Moses, had every right to assume from the frantic applause for Mr Foot's Marat-like denunciations of Mr Gaitskell (pointed finger and all) that the delegates wanted the leader out of the party. So Mr Levy said so; and it immediately became apparent that most people thought this was going a bit too far. Mr Gaitskell's champions were now clamouring to get to the rostrum to prove that they existed. Mr Charles Pannell laid about him in an extremely robust manner, praising Mr Gaitskell to the skies and abusing the "bellyachers." There were boos, but, by attacking, Mr Pannell had given the loyalists for the first time a chance to applaud. The conference heard sympathetically a bank chairman, Lord Pakenham, crack a (good) joke, assert the lack of spiritual values in the nationalised industries and testify to Mr Gaitskell's integrity. It heard out Mr Denis Healey, even blunter than Mr Gaitskell about the growing gap between the party workers and the people, and it applauded enthusiastically when Mrs Shirley Williams brilliantly demonstrated the hitherto rather neglected possibility of combining Gaitskellism with fervour.

The succession of big names in the trade union movement who spoke up for Mr Gaitskell (all except Mr Cousins, who predictably spoke the other way) brought home what should have been apparent all along—that the fundamentalists were not abnormally strong in numbers at this conference, even though they were more than ever on view. But since there was no motion and no vote they could not be doused by the union block vote. This is the kind of conference there would be if voting and block voting were to cease. It is perhaps too near the event to decide whether the public in general would get a dimmer view of the Labour party from the appearance of fundamentalist predominance that results than it does now from the sight of the crude system of weighted trade union power by which conference and parliamentary party are kept more or less in line. But the party leaders can hardly be blamed if they conclude that voteless conferences are too uncomfortable to be true. And the unions will not be sorry to have had this chance of demonstrating their indispensability just at the time when there is so much talk of changing the constitution.

What of the future? This still depends largely on the enigmatic Mr Bevan. Few men have his gift of saying so much so eloquently without indicating whose side he is on. He rescued Mr Gaitskell on Sunday all right, but only in the negative sense that he did not denounce him. He warmed over the delegates' raddled hearts by his characterisations of the affluent society as an ugly and a vulgar one. But those who are concerned over the party's public reputation must have had qualms at his preposterous allegation of a Tory plot to create ten to fifteen per cent unemployment that was in some way foiled by the approach of the election.

Mr Gaitskell must now plod on pushing his constitutional amendments through the machinery of the National Executive and getting them ratified by another conference. Much will depend on whether anyone, and if so who, is planning the kind of psychological guerrilla warfare along this route that might drive the leader at last to the point of concluding that the Labour movement will never make a political party that is worth being led. Mr Gaitskell would only be human if, at one stage last Saturday, he had felt nearer to throwing in the sponge than anybody before Blackpool would have forecast; but by Sunday evening his present determination was clearly not to throw in the sponge, but to rub with it.

Diplomatically Speaking

Britain and Egypt have at last buried the hatchet raised at Tel el-Kebir 77 years ago. The resumption of diplomatic relations means more than merely exchanging ambassadors

WITHOUT diplomatic relations with the United Arab Republic, the British Government had either to do without a Middle East policy, or to try to frame one that took only indirect account of the most significant state in the region. This prolonged abstention did not issue from any calculation of self-interest; rather it was imposed by inhibitions that held the British back from plunging in where they got so badly scalded three years ago. Now that in both London and Cairo the balance of convenience has pointed unmistakably to the need for some form of reconciliation, the plunge has at long last been taken.

The hostilities of 1956 were followed by a period in which no sensible alternative to inaction existed. After a year or so, inaction had ceased to be imperative; as time went on it became less and less masterly. No sustained or purposeful attempt was make to pick up the pieces; instead such opportunities as occurred, admittedly not very seductive in themselves, were allowed to pass with an air of disinterest. This was, of course, the hangover from the choleric emotions of 1956. The outraged and outrageous mood of that year made it impossible for London to see Cairo straight; the obsession that President Nasser must be got rid of was hard to shed. The search for a working relationship with Nasser's Egypt, a logical consequence of the Anglo-Egyptian agreement of 1954, was erased from practical politics until the present day.

Of the many causes of the deterioration after 1954, the most potent was the incontinent profession of anti-imperialism that suited President Nasser's book at this time, but induced in the British a sense of bitterness and betrayal. The revolutionary in whom hopes had been placed as an honest man anxious to improve the popular lot was loosing his considerable energy in a stream of demagoguery. Will the new start be wrecked in the same way? On the British side, there is no place in the grey mood of today for emotive factors like a sense of betrayal. In Egypt, the question is whether President Nasser is now prepared to give priority to running his country over the striking of provoking attitudes.

The Anglo-Egyptian agreement of 1954 ought to have been the start of a new and better phase in the West's relations with Egypt, but it was not. President Nasser sowed distrust wholesale in the West, first by the vehemence of his bid for Arab leadership, and secondly by his uncritical faith in his ability to do business with the Russians on his own terms. On both these fronts he may by now have learnt something from experience.

It is not very long since nervous Arab governments from Baghdad to Benghazi thought President Nasser might turn them out of office any day. The adoring Arab masses confidently expected him to come and liberate them from whatever oppression his Cairo radio had taught them existed locally. This has changed: he is no longer a serious menace to any Arab government. He may retain the devotion of many Arabs—he has always been more popular outside Egypt than at home—but the future of the Middle East does not depend upon him alone. The Arab unity upon which he once hoped to build an empire is not likely to be achieved by him or by anyone else in the foreseeable future. The Arabs, and their friends, agree that unity is desirable, but there is no consensus of opinion how it is to be brought about, or who is to do it.

Egypt's neighbours have chosen their policies without much help from President Nasser. The Sudanese, governed by a divided army, remain resolutely independent. The Libyans, with bright new oil riches in sight, are less interested in the blessings of Arab unity than they might once have been. The Saudis are busy mending their financial fences; the problems they face are domestic and need not affect the world beyond their own borders. The Lebanese, still counting up the cost of a crazy revolt largely inspired and financed from Cairo, have regained a workable balance between their warring factions. The Jordanians, living precariously between hostile neighbours on subsidies from outside, have nothing except troubles to offer to a new master. Even Nasser's Syrian citizens are being allowed to find economic happiness in their own way while he tends their foreign relations and military affairs for them.

Farther away across the desert, the Iraqis have still to decide their future. Seventeen months of a revolutionary government have nearly ruined the country. There is nothing President Nasser can do about the situation in Baghdad except watch in fascinated horror while the Iraqis drift about on a sea of indecision. For a time in 1958 he deceived himself that their purpose in revolting against the Hashemite regime was to join his crusade for Arab unity. But it did not work that way; the Iraqi leaders were not so confident of their gains that they could afford to share them. There are signs that Nasser would go to great lengths to see General Qasim removed from office, but there is no reason to believe that this would do any more for Arab unity than did the revolution which put General Qasim in.

President Nasser enjoyed a remarkable but brief success as an idol without an ideology to back him up. So long as the Iraqis choose to use General Qasim as their idol instead, they can call on the whole Marxist-Leninist ideology to prop him up. Pretty but pointless speeches about Arab unity

delivered in Cairo may not be enough to compete with a new religion that offers salvation on earth to those who will be converted to it. The change in Nasser's position has not come from the usual quarters—from self-seeking Arabs and from his old enemies—but from the threat of communism in Iraq. The future of the Middle East now depends on whether the Iraqis can, or want to, break away from communism.

THE turn of events in Iraq has affected the whole of President Nasser's thinking about the position of the United Arab Republic between East and West. He has advanced from the days when he was indiscriminately abusing the imperialists and extolling the Soviet Union. He has now had time to appreciate the discomfort of having all his friends in one quarter. By last spring he had moved far enough to speak out roughly against Mr Khrushchev for interfering in Arab politics. Mr Khrushchev accepted this rebuff without retaliation, thus giving President Nasser one more reason to congratulate himself on his ability to manage the Russians; however, the Egyptian leader has since then been casting his net wider afield. A significant sign of the times is his decision to switch a number of students from their studies in the Soviet Union to universities in the West; the language difficulties that were mentioned as the reason for this change seem a less probable explanation than that Nasser was struck by the unwisdom of introducing a Russian-trained intellectual nucleus into his country.

So far the Soviet Union, which coasted into the Middle East on the back of western blunders, has avoided the same blunders itself. Whatever Russia's ultimate plan for the eastern Mediterranean, there have been no reprisals in the form of a brusque withdrawal of aid or trade. The relations between the Soviet Union and the local communist parties are again deliberately vague. Money and munitions are still being delivered, and last week a Russian mission arrived in Cairo to take charge of the first stage in the construction of the Aswan Dam. Who, in this still immature relationship, is managing whom is another matter.

President Nasser has learnt that the neutrality he has always professed means balancing countervailing forces from a central position rather than throwing his weight from one extremity to another. This reappraisal on his part coincides with a shift in the policy of the western powers, who no longer respond to Russian economic competition in the Middle East by dashing to the unsubtle extremes of bribery or boycott. For a couple of years or more after the nationalisation of the Suez canal, American policy towards the United Arab Republic was as negative and as purposeless as Britain's own. The change came with the realisation that this made everything altogether too easy for the Soviet Union and that Russian competition, no less than President Nasser himself, was a phenomenon that would have to be lived with.

American aid and investment projects in the UAR are still on a small scale, but recent visitors to Egypt included the director of the Development Loan Fund and a vice-president of the First National Bank of New York. Mr Rucinski, the Middle East director of the World Bank, now apparently sees his way to providing a substantial bank loan for widening the Suez canal. West Germany, Italy and Japan have been particularly active in exploring ways of promoting trade and investment. All this is good, solid ballast for President Nasser's new, and more genuine, balancing act.

Three years ago he was at the peak of his prestige in the Arab world; at the same time he was being edged by western cold shoulders into a critical dependence on the Soviet Union. This state of affairs no longer holds. Among the Arabs, President Nasser has missed opportunities and been repaid with a relative isolation. In his relations with the non-Arab world, the drift is in his favour. There are no longer such strong temptations to divert him from his tasks at home into a bid to cut a world figure. From the western point of view, this is all to the good. Britain and the UAR may still have a lot of distrust to sweat out, but never before have the governments in Cairo and London been in a position to face each other as dispassionately as they can now begin to do. There have been false starts before; it would be folly and worse if they cannot do better this time.

Burying Radcliffe

A growing uneasiness about the Government's attitude to monetary policy has been gently and wisely laid to rest.

THE Chancellor, said Mr Harold Wilson indignantly, had come to the House last week to bury Radcliffe, not to praise him. To the extent that the charge was justified, the interment was a good thing, too. Nobody in his senses ever supposed that all the most controversial economic and political problems of the world could be solved by this committee of one lawyer, one businessman, one banker, one retired civil servant, two trade union leaders, one moral philosopher, one central banking analyst and one Glasgow professor. The Radcliffe committee performed valuable services by publishing a lucid analysis of the working of the British capital market, by wringing more economic statistics out of a conventionally obscurantist officialdom, and by giving the Bank of England that sharp prod in the administrative ribs which it (like other nationalised concerns) urgently needs about once every decade. But once it reached the field of making what the Chancellor gently called its "thought-provoking contribution to monetary theory," the committee ran into a major difficulty.

The reason was obvious. To quote Mr Enoch Powell in the debate:

> The great divide in politics, the divide between those who believe in a centrally-controlled, planned economy and those who believe in a freely developing economy, does not skirt the frontier of monetary policy, but runs slap through the middle.

The committee therefore had the choice of splintering into several minority reports (as, in not dissimilar circumstances, the 1956 royal commission on divorce did) or of achieving unanimity by fuzzing the issues.

It chose the latter. It did come down broadly in favour of monetary weapons rather than physical controls, but it threw in a few compromise phrases and suggestions about strengthening the apparent status of the Treasury *vis-à-vis* the Bank of England, about specially favourable financing facilities for local authorities, and about the possible usefulness of physical controls in an "emergency." These suggestions presumably enabled the trade unionists and any other vaguely left-inclined member(s) of the committee to sign the report. Unfortunately —in a train of events not dissimilar to those that befell the Labour party's policy statements during the last Parliament— it soon became clear that the compromise phrases were achieving much more publicity than was the broad content of the report.

In recent weeks, therefore, the Radcliffe report has had a baleful influence on economic discussion and on the image of British economic policy reflected round the world. The financial press now has a file-full of instances where liberal minded leaders of economic opinion and policy abroad have gone out of their way to tell journalists how disturbing it is that Britain, once the home of independent central banking, should appear to favour changes that would make the Bank's subordination to the Treasury more explicit. The idea that (to quote the cautious Mr Amory) the committee "perhaps underestimated the part that can be played by monetary policy" has been even more widely spread. Questions were being asked whether this report might somehow "force" the British Government to abandon the broad economic philosophy that has served it so well since late 1957. There should be cheers for the Chancellor because, by accepting the useful recommendations of the committee and rejecting the unfortunate trimmings, he has set this disturbed attitude of mind to rest. This is a story that should be remembered in future when deciding how widely or narrowly the terms of reference of committees of inquiry ought to be drawn.

NOTES OF THE WEEK

THE SUMMIT

Taking It Easy

ALL one can hear now is the patter of dragging feet. Mr Khrushchev says he wants an early summit but, of course, he is willing to wait for the other side. He declared in Budapest on Tuesday that, while the summit could still be held before his talks with General de Gaulle next March, it was the general who wanted the talks to come first and he (Mr Khrushchev) was simply fitting in with the French:

> General de Gaulle wants to have an exchange of views with me before the conference. His wish is not unfounded.

This self-restraint is admirable. All the same, the impression left by both sides is not one of undue haste.

The truth seems to be that the more preparatory meetings there are, the less prospect Mr Khrushchev sees of progress towards a German settlement. He put the blame for this in Budapest on Dr Adenauer, who, he said, was the only western leader who denied that an "abnormal position" existed in Berlin. But Mr Khrushchev seems unlikely to take any new steps in Germany before the ten-power disarmament conference begins next year, and while the nuclear test talks remain mildly hopeful. The view has been gaining ground in London that these negotiations may offer better prospects for Russian policy than the summit itself.

But the Soviet press and radio have been uneasy about this hesitancy on the summit path. Soviet broadcasts have been picking on Dr Adenauer's insistence on careful preparation. British suggestions that Mr Khrushchev may decide to wait till the next American president has been elected have been dismissed as a mere ruse to shift the blame. The Soviet public is still being assured that east-west relations have sensibly improved, but the western critics of peaceful coexistence are duly frowned upon. Mr Dean Acheson has been designated the "tired drummer boy of the cold war" on the strength of his remarks to the Nato parliamentarians last month; others under displeasure for their recent oratory are M. Spaak, Herr Strauss, and a new militarist face to terrify Russian children, Mr Harold Watkinson.

GERMANY AND FRANCE

Friendship without Agreement

FEW liaisons depend so much for their value on permanence as the new Franco-German *entente*. But the underlying differences are great, and much care is needed to conceal them. On the eve of Dr Adenauer's visit to Paris in the mid-week, the German press was not free of worries about the French partner; it had been upset by the searching of a German ship last month by French warships and by the activities in Germany of the French Algerian counter-terror organisation, the "Red Hand." Sources of deeper concern arose from General de Gaulle's concept of an independent French role in world politics and defence. But Dr Adenauer is a patient man with a vision, who has no intention of jeopardising what has been achieved within the European Community for the sake of what has not.

Still, a difference was allowed to come out into the open. At a press conference on Tuesday the German spokesman, Herr von Eckardt, made it clear that his government did not sympathise with the idea of a nuclear third force in Europe, and it did believe in the integration of Nato forces. That is a decided contrast with President de Gaulle's known views. But it appeared on Wednesday that Dr Adenauer had succeeded in shifting the general a little, if only temporarily and on the surface. The Chancellor then told the press that the two sides had agreed on the necessity of integrated defence within Nato. A French spokesman later dismissed the differences between them as "philosophical." How long it will be before these philosophies intrude once more on policies remains to be seen.

Thus Dr Adenauer did not return empty-handed to Bonn. Quite apart from the agreement of the two men to maintain their existing ties within the European Community, he took with him an assurance on Berlin on which he apparently sets much store. His visit to London in November did not remove his fear that the British, and the Americans behind them, might contemplate a separate deal on Berlin. The French leaders assured him that at a summit meeting the issue must be linked, not just formally but in substance, to all the other pieces in the west's Geneva package plan. Dr Adenauer, for his part, has returned to a well-worn theme, that progress in disarmament must be tied to progress on political questions—meaning German unity.

A diligent effort is in progress to tie any subjects on which agreement is attainable to others on which it is remote.

WESTERN EUROPEAN UNION

A Ghost Walks

EUROPE is crowded with ghosts of international organisations, born of good intentions, never nourished with political resolve, and now struggling for even a shadowy existence in face of the flesh and blood of the Six and Seven. At Strasbourg the Council of Europe, in Paris the Organisation for European Economic Co-operation, are looking desperately about for something to do. But no European organisation is so inured to the phantom life as Western European Union, the body set up in 1954 to provide a respectable framework for German rearmament after the death, stillborn, of the European Army. For five years its Council and its Assembly have achieved nothing but a library full of unimplemented resolutions.

Meetings like Dr Adenauer's with President de Gaulle and the meeting of the Ministers of the Six in Strasbourg last month have borne in on the British Government, however, that political processes are going on in Europe from which it is left out. Casting about for an organ for consultations in which it, too, can play a part, it has hit on the seven-power WEU. Despite some French suspicions, both the French and German governments have agreed that the function of WEU might be extended. When the Assembly of WEU met in Paris this week, a British spokesman formally proposed that a meeting of the Council of Ministers should be held immediately after any political consultations by the Six on external affairs. The idea is good. The weakness is that without some more fundamental agreement between the British and the Six on the issues that divide them, WEU must remain a house without foundations.

A substantial further idea for animating it was, however, put forward by Mr F. W. Mulley, the Labour MP, as *rapporteur* of the defence committee, and gained the Assembly's assent. This idea is a joint WEU deterrent, which would include the British nuclear effort. It does not at present enjoy the public backing of the Government; but with development costs of the nuclear deterrent now so clearly outgrowing national resources, and relations with western Europe so badly in need of improvement, it is a less fanciful proposition, in domestic terms, than it would have been a little while ago. It does, however, beg many questions about future east-west relations in Europe. It is also, for its purpose, two or three years too late. What might then have been presented as an imaginative gesture is almost certain to be seen by the French today as a last-minute British ploy to deprive them of their bomb. The result may be less harmony, not more.

"WHITE" AFRICA

Labour's Mind Made Up?

THE conflict between white and black in Africa is evidently a godsend to the Labour party at the moment; amid all other divisions, it provides an emotional issue on which the Gaitskellite wing can combine with—indeed outdo—all other sections of the party in its adoption of a strong moral line. Under Mr Gaitskell's direct leadership, Labour is coming out, even more strongly after the election than before it, as champion of the African nationalist. It will be surprising now if it joins the Monckton commission, so long as the terms of reference bear any relation to those that Lord Home agreed with Sir Roy Welensky. If Labour boycotts the commission, the African party leaders are likely to do the same, and the result will be a considerable loss of authority by the commission. That will not worry Sir Roy Welensky, who never wanted a commission at all. He wants the field to be free for straight inter-government discussions, uncomplicated by any findings about the state of African opinion, at the 1960 constitutional conference; the misfortune is that Labour is helping him.

The Labour party has made its stance plainer in the row that it seeks to raise over the Prime Minister's visit to South Africa. As he refused to refuse to go, Labour tried to make him condemn the South African government's policy in advance. He naturally replied that it was a domestic matter for South Africa; but in an endeavour to embarrass him with his hosts, Labour has now put down a motion condemning colour discrimination for early debate in the House. Mr Macmillan is entitled to insist that he must be able to visit South Africa, as he does Russia, without necessarily approving the policy of the government there—just as the Duke of Edinburgh must be able to visit Ghana, without putting the Royal seal on the repressive legislation with which Dr Nkrumah, in his own all-black context, comes near to emulating Dr Verwoerd. This need not inhibit Mr Macmillan from saying, again, that his view of apartheid is fully expressed by British policy in Kenya, Tanganyika and Basutoland, and in the preamble to the constitution of the Federation of Rhodesia and Nyasaland, all of which are disliked in the Union. He will do well, therefore, not to be mealy-mouthed in the debate. The Conservatives would be mad to be manœuvred now into appearing as the champions of white *baasskap* anywhere in Africa.

TELEPHONE TAPPING

The Invisible Nark

THE widespread public anxiety in 1957 over the official tapping of private telephone conversations by the police, when it was revealed that the then Home Secretary had passed the transcript of a tapped conversation to the Bar Council for use in certain disciplinary proceedings, was only allayed by the appointment of a special committee of privy councillors chaired by Lord Birkett. This committee's report assured the public that telephone tapping was rare, that it took place only under the personal warrant of the Home Secretary, that it was used as a last resort in cases of serious crime or state security, and that, apart from the foolish Bar Council lapse, evidence obtained was used for detection and not to secure a court conviction. The Birkett committee recognised the case for telephone tapping, subject to these stringent conditions, but added an express rider that under no circumstances should information obtained be made available to private individuals or bodies, or domestic tribunals "of any kind whatsoever." The emphasis on this last point was doubtless dictated by the absence of binding rules of evidence in many such tribunals.

Now, scarcely two years later, the Reading police have handed the transcript of a tapped telephone conversation to the General Medical Council, which was taking proceedings to strike off its register a local doctor accused of adultery with a woman patient. Had a warrant for telephone tapping been granted under these circumstances, the matter would have been grave enough, but the situation now revealed by the Home Office is much worse: a warrant was never applied for. The woman witness who was the other party to this telephone conversation apparently agreed to the tapping at police subornation, and the police simply listened in on an extension. The Home Office itself is therefore hardly to blame, but the arrogant action of the Reading police, who should at once be disciplined, makes nonsense of the whole elaborate system of safeguards described by the Birkett committee. The time is now ripe for legislative action.

It is quite clear what form that action should take. Under section 58 of the Post Office Act, tampering with postal packets is already a criminal offence; apparently interference with telephone calls is not, presumably largely because telephones had hardly been invented when Post Office Acts were first drawn up. No time should be lost in creating a new misdemeanour of unauthorised tapping of private telephone calls, with a punishment appropriately severe.

ITALY

Signor Segni in London

GOOD news, in diplomacy, is usually not news at all. Italy and Britain have no great differences to settle, no diametrically opposed international attitudes to reconcile. Inevitably, therefore, the visit to London this week of Signor Segni and Signor Pella, the Italian prime minister and foreign minister, attracted less attention than many a less amicable visit would get. But that the British Government welcomes Anglo-Italian talks as an important and useful part of the intricate pattern of western consultations is demonstrated by Mr Macmillan's prompt acceptance of Signor Segni's invitation to pay a return visit to Rome early next spring.

Italy has not found it easy to chip out a satisfactory niche for itself in the councils of the West. Not strong enough to claim equal rank with the big three, it is too big to be treated as a minor power; unlike Germany, it presents no special "problem" to keep it in the forefront of attention; it is too heavily committed to the anti-communist alliance, and too deeply involved in, and attracted by, the idea of a European union, to seek the distinction of standing aloof. Yet to judge by its participation in the western powers' pre-summit diplomatic exchanges, Italy's claim to have a special contribution to make to western diplomacy (which is reinforced by its membership of the ten-nation disarmament commission) is gaining recognition.

For Britain the Italian government's diplomatic activities can have a particular significance. The fact is that this country badly needs a sympathetic, reasonably influential friend in western Europe. Britain's attitude towards the Six, and sponsorship of the Seven, have given currency to plenty of dark suspicions about British motives and designs. Neither General de Gaulle nor Dr Adenauer is well-fitted to understand the British point of view—let alone explain it to anyone else. The Italian government, on the other hand, seems not only willing, but anxious, to make the best of the British. It has reservations about the dominance of France and Germany in the European community, and would be glad to see Britain associated as closely as possible in the affairs of Europe. Relations between the Six and the Seven were among the principal subjects discussed at this week's Anglo-Italian talks. Britain and Italy alone can hardly hope to construct a bridge between the two groups; but it will be something if the British point of view can be sympathetically, or even accurately, described within the councils of the Six.

LAW ENFORCEMENT

Matters of Judgment

TWO cases of apparent judicial lack of judgment have arisen in recent weeks. A magistrate has used language of almost incredible violence in sentencing a young delinquent convicted of a minor offence, and a high court judge has hurried a jury into reaching a decision. "I will leave this court in ten minutes," said the judge, "and if by that time you have not arrived at a conclusion, you will be kept locked up here all night." The Press has quite rightly taken up both these cases and dealt out some astringent criticism, so fulfilling one of its most vital functions as watchdog for individual liberties.

The attempt to carry the matter further in the House of Commons—especially the motion by a group of Labour members, censuring the judge—is quite another matter. It is true that the British constitution knows no rigid separation of powers; as Bagehot pointed out, its efficient secret is the fusion of legislature and executive. The doctrine of the final supremacy of Parliament over the judges is also firmly established, but in practice judges are accorded an almost total independence. Accordingly questions concerning the conduct of their office may not be asked in Parliament, and only an extreme case of judicial misconduct, which no one suggests arises in the present case, leads to a joint address of both Houses to remove a judge from the Bench. Magistrates may be dismissed by the Lord Chancellor for "inability or misbehaviour," but the power is rarely exercised. If every judicial error were to be made the subject of a parliamentary motion, the independence of the judiciary would be at an end. If passed, such a motion would place a judge in an intolerable position; if defeated, Parliament would seem to be condoning conduct which may indeed be reprehensible.

In any case, as is pointed out by a Conservative amendment to the Labour motion, any miscarriage of justice caused by a judge's error of judgment can be put right by the Court of Criminal Appeal; and that court's presiding officer, the Lord Chief Justice, has a special responsibility as head of the Queen's Bench Division for supervising the conduct of his fellow judges. The present Chief Justice, during his brief tenure of office, has not been remarkable for reticence, especially when overseas, and can be relied upon to deliver any necessary rebuke.

COMMERCIAL RADIO

To do with Trade

IT is easier for a camel to pass through the needle's eye than for a motion favouring the establishment of a commercial radio station to pass through the House of Lords. But one might at least have expected their lordships to hold a more enlightening debate than they did about Lord Teynham's motion last week. As Britain's ration of the long and medium wavelengths is already fully utilised, a commercial radio station would either have to take a frequency away from the BBC (which, admittedly, now often sends out the same programme on several frequencies) or else squeeze into the VHF band (which only 2 million British radio sets can receive now, but which 60 per cent of the population is likely to be able to listen to by 1965). After claiming a large share of the VHF range for ambulances and other essential services, Lord Chesham, for the Government, opined that "there just would not be room in it for a complete new sound programme for national coverage"; but perhaps "by a careful deployment of frequencies there might be room for a number of very low-powered local stations with very restricted coverage."

It is obviously desirable that these local stations (if there really is room for them) should be started as soon as the potential audience for them makes economic sense. Four aspiring commercial companies are already registered. It might have been supposed that debate in the Lords would start from acceptance of this point, and go on to wrestle with two broad questions. First, since advertising has proved a golden source of finance for television, it would be nice to draw some finance from it for sound radio too. This does not necessarily mean that any new stations should go simply to the highest commercial bidder; the idea of some local stations being attached, say, to universities, but partly financed by advertising, has great attractions. Alternatively, if it is argued that advertising can finance only light entertainment, there is an arguable case for attracting some of the British money which now finances so much light entertainment from Radio Luxembourg back to finance light entertainment from London, whether or not the nationwide Light Programme concerned continues to be operated by the BBC.

Secondly, everybody knows that a principal and welcome effect of breaking the BBC's television monopoly has been to make the BBC, on its sound as well as its television programmes, much more enterprising in exercising freedom of comment on the air; indeed the BBC is now magnificently less nervous about questions of "political balance" than independent television, which is scared because its policy about advertisements is so constantly under political attack. Some people would say that this removes one of the arguments for breaking the BBC's monopoly further. Others would claim that a further breach of the monopoly would help to remove the restrictions on free comment that remain.

There were here plenty of profitable channels for debate. But not for many of their lordships. The tone of the House was set by Lord Greenhill who talked about the "nefarious intentions" of supporters of the idea of commercial radio, who have "one aim only—namely, the lining of their own pockets." The nasty fellows must not be allowed into any more people's drawing rooms because they have something to do with trade.

CULTURAL EXCHANGES

Far To Go

WHEN Mr Macmillan left Moscow in March it was agreed that teams should meet at least once a year to discuss cultural relations. With all the panoply of

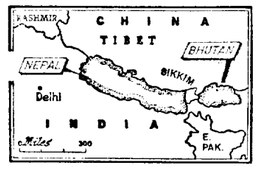
delegations, credentials, and "equally authentic" texts, a cultural agreement for the twelve months beginning next April was signed in London on Tuesday. The very word, as an accredited British cultural delegate once wrote, is like a knell. Everyone will approve of cultural relations being improved, widened, deepened, or whatever they are, and of the governments doing their bit. But the sad fact is that what governments, and especially the Soviet government, are prepared to commit to paper in this field is always a little way behind reality.

Thus one may suspect that the decision that three medical specialists from each country shall spend *a fortnight* in the other is not more, but less, than the medical men are doing already. Four Fellows of the Royal Society, and four members of the Soviet Academy of Scientists, three weeks each; it is not many, or long. Two research workers each, up to ten months: better. Twenty post-graduate students each way, for a whole academic year: much better. The Old Vic, a party of headmasters *and headmistresses*, an art exhibition each way, the Kirov Theatre Ballet, *Sir Thomas Beecham*—all very well; but this sort of thing goes on already and needs no sealing-wax to hallow it. Cultural agreements ought to establish a framework within which human intelligences can communicate, not tell everybody where to go.

However, what everybody must hope is that these first tottering governmental steps are an earnest of a wish to get somewhere. The agreement says nothing about any books, any journals, any printed matter at all; that interesting invention of Gutenberg's might never have been made. We may suppose that the British side did not fail to mention the subject; it can only be that the Russians would have none of it.

But the truth is that Soviet corporations, planning bodies, and learned institutions do buy British publications, some of them on quite a scale; they pass them round, and they make digests which circulate in mimeographed form, all quite respectably, among their staffs and members. The numerous class of Soviet intellectuals is important enough to insist on keeping abreast in this way of what foreigners are saying, and sophisticated enough to stand the shock. By now there is no real reason why the Soviet government should not draw the sensible conclusion and allow its private citizens to subscribe to foreign journals, or order foreign books, directly. Equally, there is no reason of substance why it should go on wasting its money, and crowding the air, by jamming the BBC; but that, at least, is something that it has agreed to think about.

A Nehru Doctrine



WHEN on November 27th Mr Nehru in a speech to the Indian parliament declared that India would defend Nepal against any aggression by China, many of his hearers thought at first that "Nepal" was a slip of the tongue for Bhutan, to which the Indian prime minister had already given a guarantee. But he later confirmed, when questioned, that he had indeed intended to include Nepal in his statement. His reference to the whole range of the Himalayas as the line on which India meant to stand made his declaration one of great significance, for it implied a general conception of defence of the Indian subcontinent, which may complicate relations between India and Nepal as well as between India and China.

Nepal is today internationally recognised as a sovereign state and is a member of the United Nations. At the beginning of the century, however, it was by no means clear that Nepal was in an entirely different category from major Indian States such as Hyderabad and Kashmir which were subject to British-Indian "paramountcy." Only in 1923 did Britain specifically recognise Nepal by treaty as independent. When, therefore, power was transferred in Delhi in 1947, Nepal was not reckoned among the Indian States which were invited to accede to the new Indian Union, and made no move to join it of its own accord.

Relations between Delhi and Katmandu were established as between two sovereign states, and India did not question Nepal's right to remain separate from India, as it did question the right of Hyderabad. On the other hand, there were soon signs that Delhi took a somewhat paternalistic interest in the affairs of Nepal, and regarded it as being in some sense part of India. The revolution which overthrew the hereditary ministerial regime of the Rana family in Nepal in 1950-51 was organised from Indian territory and openly favoured by the Indian government. But the change did not produce a Nepal subservient to control from Delhi; the new political leaders turned out to be no less concerned than the Ranas had been to maintain Nepalese independence; some of them even sought to take advantage of Nepal's geographical position between India and China by balancing diplomatically between the two. Nepal now accepts economic and technical aid from both India and China as well as from America and Russia.

Nepal, as it now exists, was a dynastic creation of the eighteenth century incorporating several different peoples and tribes. The official language, that of the Khas, is akin to Hindi, but the important Magar and Gurung peoples—from whom the British Gurkha regiments have always been mainly recruited—speak languages akin to Tibetan, and there is an area in the north-west where the population is purely Tibetan. Since the introduction of parliamentary democracy into Nepal its internal politics have shown great instability, and there is a tendency for pro-Indian and pro-Chinese factions to emerge.

China has territorial claims on Nepal as well as on India, and could use them, backed by a show of strength, to bring Nepal increasingly under Chinese influence. Successful political subversion in Nepal would bring Chinese power well to the south of the Himalayas and down to the edge of the Gangetic plain. Mr Nehru's declaration may be taken as a warning, not only to China not to invade Nepal, but also to Nepal not to yield to China.

ANTARCTICA

Cold Peace

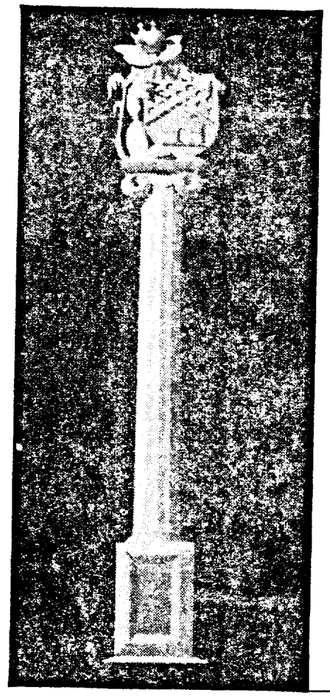
IT is a start, of sorts. Antarctica was the lowest hurdle on the international circuit; all the same, it is something to see the twelve-nation group, including the Soviet Union, safely over it together. Now nuclear weapons will not be tested in one continent at least, inspectors can range at will there to prevent military activities, and aerial observation can be conducted over any area at any time. It has taken fifteen months of preparatory talks and six weeks of formal negotiation to settle these, and other points, in the thirty-year treaty signed in Washington on Tuesday. Settling Antarctica's affairs will not mean that many people sleep more comfortably of nights, except, of course, the ambassadorial circle that bore the burden of the Washington talks. But it is a sensible step forward that the Soviet Union has agreed to put independent inspection into practice in one corner of the globe (the Arctic corner will be a much more difficult proposition). Outer space is the next diplomatic hurdle of this kind.

It is plainly desirable that the habit of scientific co-operation in Antarctica, stimulated by the International Geophysical Year, should now be encouraged under the treaty. By deciding to continue the political *status quo*, the twelve powers have prevented new rivalries and put old ones, including the Argentinian and Chilean quarrel with Britain, into the deep freeze.

POWER STRIKE

Undimmed

LAST Monday's one day strike in London power stations, organised by a group of shop stewards who were dissatisfied with the progress of their pay



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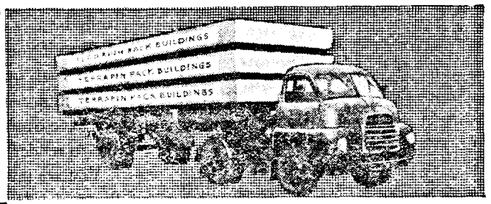

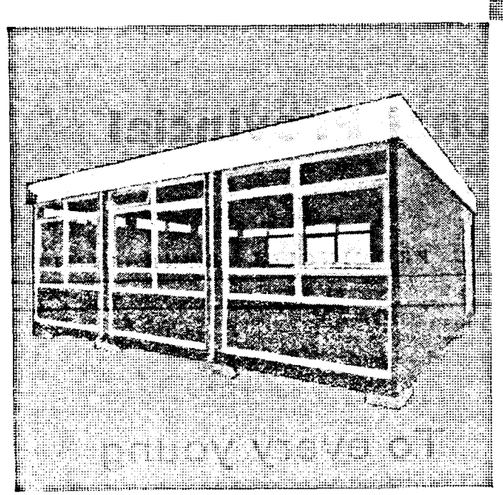

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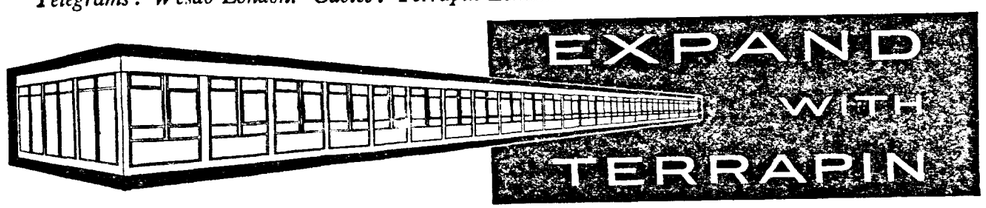

claim, was a flop. Instead of the 14,000 strikers forecast by the more sanguine leaders of the shop stewards' committee, only 4,000 men actually stopped work and power supplies were unaffected. Officials of most of the five unions concerned were openly hostile to the strike, and even the Electrical Trades Union—which likes to work on the basis that any strike is official until it is proved otherwise—was not enthusiastic.

The interesting point about the power workers' action, however, is that, as well as being a flop, it was possibly illegal. By the Conspiracy and Protection of Property Act of 1875, strike action in gas or water undertakings was made illegal providing that it was done "wilfully and maliciously and in the knowledge that the action would deprive the consumer of supply." This clause was extended to cover power stations in the 1919 Electricity Supply Act. One would like to hear the electricity generating boards' opinion on whether the men offended against it.

MALTA

"Scram Out of Malta"?

On his way to Kenya next week—after his private chat with Mr Mboya—Mr Macleod is to try his charm on Mr Mintoff. He is likely to find that cross Maltese as intransigent as when he walked out of office in April, 1958. During the interregnum of governor's rule (the interim constitution is less advanced than that of British Guiana), the administration has tried to get Malta launched on the conversion of its economy from one wholly dependent on the naval base to one largely sustained by civil industry and exports. The Hives committee has tried to lure industry to the island with Ulster-type incentives, and Messrs C. H. Bailey have been turning over part of the naval dockyard to ship repairing. At the beginning of last month the Maltese government weighed in with its own five-year development plan to provide the "infrastructure" for the change-over—water, roads, electricity, technical education, tourist advertising, and so on, to the tune of £20 million.

The plan is not above criticism, as Dr Balogh argues in a letter published on page 959. But there are two deeper difficulties. Although the plan's nominal objective is "full employment," its practical objective is the more modest one of merely making Malta viable. In the Malthusian situation in Malta, full employment, emigration and "equivalence" (to British living standards as demanded by Mr Mintoff) are all dependent variables in the equation; more of one means more or less of the others.

The second difficulty is Mr Mintoff. He has responded to the government's efforts to get Maltese redevelopment started by doing all he can to wreck the commercial dockyard scheme and to frighten off other businessmen. The ban on overtime operated by his trade union has effectively turned away valuable ship repairing business. This, Mr Mintoff calculated, would show that you cannot run Malta without Mintoff and force the British government to treat with him; when he heard of Mr Macleod's visit, he triumphantly commented that he would meet him if "he has any favourable statement to make on our well known constitutional requests for independence." The time is coming when the Maltese people will have to be asked if they endorse Mr Mintoff when he speaks for them in these terms. If they do, Mr Macleod should turn to serious consideration of Mr Mintoff's demand—echoing Mr Mboya—that Britain "scram out of Malta." There is sense in trying to save Malta from ruin against Mr Mintoff's will—or even against the will of the Malta Workers' Union—but not against the will of the Maltese.

CYPRUS

The Last Lap

Sir Hugh Foot announced on Tuesday the imminent ending of the state of emergency in Cyprus. Most of the emergency regulations have in fact already been cancelled. The most important effect of the complete ending of the emergency will be the lifting of the ban on Akel, the extreme left-wing, communist-controlled party. This is a sensible step. Although proscribed, Akel has been managing to function pretty effectively. Its annual congress was forbidden last autumn; but in October Akel's general secretary openly held a press conference in Nicosia at which he announced that the congress had been successfully held in secret and expounded the party line. Now Akel will no longer enjoy the advantages of martyrdom.

Unfortunately, whether proscribed or legalised, the Cypriot communists have had their capacity for making mischief considerably increased by the decision of the new Democratic Union, formed three weeks ago, to put up Mr John Clerides, QC, as a rival candidate to Archbishop Makarios in the presidential election on December 13th. Last week there was protracted bargaining between Akel and the archbishop over the terms of its electoral support. Evidently its price, presumably in terms of seats in the new Cypriot assembly, was too high for the archbishop; on Friday of last week, Akel announced that it would support Mr Clerides for president.

No doubt Mr Clerides is standing from the best motives. But his supporters in the Democratic Union are a motley collection, mostly right-wing, but with some left-wing dissidents as well; they are united by their dislike of the Zurich and London agreements (although they say that they accept these as a *fait accompli*), by their distrust of the archbishop's "dictatorial tendencies," and by having been passed over in the distribution of offices under the new regime. It will be a very great pity if they, and their tactical allies in Akel, succeed in seriously dividing the island just when—as Sir Hugh Foot said on Tuesday—it is entering "the last lap" before independence. The last lap may yet prove the hardest.

NATIONALISATION

Behind the Veil

The practice of using adjournment debates to ventilate grievances about the nationalised industries gets round the rule which prevents the use of parliamentary questions for the purpose, but does not solve the probably insoluble problem of combining public accountability with freedom from day-to-day parliamentary interference. Last week's debate in the Commons about delays to three parcels handled by British Road Services—on the face of it a "day-to-day" question if ever there was one—was originally interesting for this reason alone. One could derive some entertainment—and instruction about Labour's possible future tactics in this sort of debate—from the spectacle of Mr Wedgwood Benn, Labour's new shadow Minister of Transport, hurriedly echoing in the last available minute the Government defence of British Road Services against the charge of underpaying, mismanaging and discouraging its staff. One could admire the way in which Mr John Hay, joint parliamentary secretary to the Ministry of Transport, filled his constitutional role of messenger-boy between Parliament and Transport Commission with perfect propriety. One could agree with him that the mistakes complained of could equally well have occurred in any private enterprise haulage concern. But then there emerged, almost casually, a remark which Mr Gaitskell, for one, ought to ponder.

British Road Services, said Mr Hay, was worried about its shortcomings. It had plans to improve its services. But it was keeping these plans dark because otherwise its private competitors would improve theirs too. Is this right? Long ago, one of the attractions of public enterprise was supposed to be precisely that it would break down the barriers of secretiveness which, in a competitive world, wastefully impede the spread of the best practices; it was to be a powerful levelling-up agency, putting innovations of technique and management at the disposal of all, instead of monopolistically and immorally guarding them to the public loss and detriment. Mr Gaitskell has indicated that one of the new sorts of nationalisation that might now find its way into the Labour party's programme, in order to discourage the others, is the nationalisation of parts of key industries (precisely on the analogy of BRS) instead of the establishment of giant state monopolies. If so, is he happy with the Conservative Government's new ruling that one of the few genuinely unassailable advantages—in theory—of this

sort of public enterprise be permanently forgone, for the same reasons as lead a fashion house to keep next season's waistline under lock and key?

HUNGARY

Mr Kadar Reports

THREE years ago there were "temporary serious difficulties" in Hungary. But today these have been successfully overcome, the correct lessons have been drawn from past mistakes, and everything is now pretty well for the best and likely to become more so. Thus, in effect, spoke Mr Kadar on Monday, the opening day of the seventh Hungarian communist congress. It was the kind of speech that might be calculated to discomfit the United Nations as it prepared to take up the Hungarian question once again. But Mr Kadar must also have had his own reasons for putting a smooth face on the past and a confident one on the future.

Although the membership of the Hungarian communist party is now only about *half of the pre-1956 figure of 900,000*, it must seem a far cry to those early November days of *1956* when the party was completely disorganised and utterly discredited. Moreover, Mr Kadar has successfully survived three gruelling years as top communist boss in Hungary; and if he has failed to win the willing support of the Hungarian people, he has successfully ridden over the factions and intrigues within the party leadership, and, more important, retained the support and approval of the Russians—as Mr Khrushchev's reassuring presence on the platform in Budapest demonstrated.

Yet in his report to the congress Mr Kadar could not altogether avoid uncovering the fragile foundations of his party's power. He denied rumours current in Budapest that the Soviet forces were soon to be withdrawn. He said that they were not stationed in Hungary for "domestic political reasons" but because of certain unsolved international questions. This explanation will convince few people and is not borne out by the reported disposition of the Soviet troops in Hungary—in garrisons round Budapest and provincial centres, not as a field force. Mr Kadar also made it clear that there was no intention of re-introducing the multi-party system; this, he said frankly, would only favour the counter-revolution. And he picked out for special mention "our organisations under the *ministries of interior and justice*"—which include the secret police, the successors of the hated AVO, who are responsible for the continued repression, about which disturbing reports still trickle through to the West.

THE PAPER BULLETIN

The October issue of this quarterly bulletin contains Special Reports on

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DIRTY RIVERS

Gardy Loo!

IT is satisfactory that the private member's bill on river pollution, introduced by Mr James Ramsden, should have received all-party support at its second reading last Friday. It is not, in principle, an ambitious bill; it provides merely that the powers now exercised by the River Boards set up in 1948 over pollution in non-tidal waters should be extended to tidal estuaries. But this simple aim covers many difficulties of drafting, and Mr Ramsden is going to need the aid which the Government has promised him in making some fairly considerable amendments in committee. At what point does an estuary cease to be an estuary? Why should a set of riparian authorities oversee the sewage-disposal arrangements of a seaside town? On the other hand, if that town's sewage is swept along the coast and into their estuary, what remedy have they? Tides and currents are no respecters of municipal boundaries. Despite these difficulties, there is a wider reason for welcoming the bill.

The social services in this country virtually began with sewage, in the days of Edwin Chadwick; although there are not many votes on the subject, it is high time that it was restored to something like its former primacy. The nineteenth century learned the hard way that individuals could not be left to deal as they pleased with their own slops and sewage; the vastly more overcrowded twentieth century, although medically armoured against the worst effects of communal insanitation, is only grudgingly learning that the same holds good of municipalities and even of river basins. The discharge of untreated sewage anywhere, by any authority, ought to be as intolerable to public opinion as the robust old habit of crying "Gardy loo!" and emptying the close-stool out of the window. Inland local authorities must establish sewage farms; there is no reason, in economics or social justice, why an authority which happens to have a river or estuary handy should exonerate itself from that duty by turning its waterway into a sewer. The right kind of official policy is going to involve being very much tougher towards arguments by local authorities that it is not "reasonably practicable" to dispose of sewage otherwise than with a communal cry of "Gardy loo!"; it is also going to involve, eventually and civilisedly, the spending of a lot more money.

CENTRAL EUROPE

The Richer Communists

A SPECIAL kind of communist variety show took place at the Karl-Marx-Stadt opera house in east Germany at the beginning of last week. Pretty Saxon girls demonstrated the latest products of the people's own clothing industry; hundreds of children in young pioneers' uniforms trotted across the stage, waving red flags; Soviet troops showed their skill as entertainers. Cheer-leaders conducted the audience in hand-clapping and rhythmic shouts of "*Freund-schaft, Freund-schaft.*" Herr Grotewohl and Mr Novotny, the Czechoslovak president, watched with benign smiles. Mr Novotny and the Czechoslovak prime minister, Mr. Siroky, left the hospitable east German soil, after a week's stay, on November 25th.

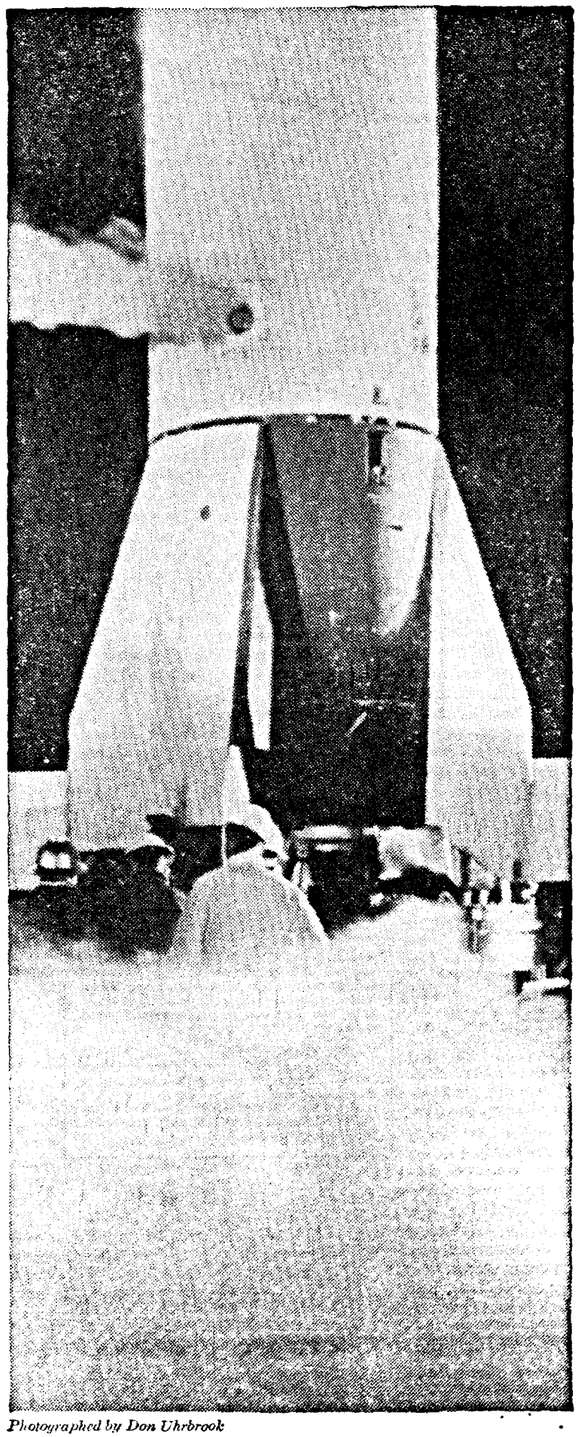
Demonstrations of German-Czech friendship are not mere formalities in Karl-Marx-Stadt, the former Chemnitz, so close to the old Sudetenland from which the Germans were driven after the war. For all the formal reconciliation between east Germany and Prague, real working relations based on the ordinary trust and confidence of friendly states have been a tender plant, slow to grow. But the time has come, in the view of the communist rulers generally, for the German Democratic Republic to be given every chance to prove itself as a separate state and its worth as a full member of the Soviet block. This is what the Czechoslovak state visit must mean, if it means anything.

The Czech and east German communists are now running the two most prosperous countries of the Soviet block, a position that places certain obligations upon them. The upshot of their latest talks is that they have undertaken to co-operate more closely in the development of their engineering, chemical and consumer goods industries; more, and more direct, contacts between their many research and planning institutes are also contemplated. The joint communiqué when the talks ended on November 26th pinned hopes on this co-operation for the success of the "socialist camp" in the economic competition with capitalism; not only they themselves, the leaders seemed to suggest, but their poorer Balkan neighbours would benefit from the forcing of technical progress in the two most advanced of the Communist states.

SOVIET UNION

Latvian Upsets

MR KHRUSHCHEV'S experiments in economic decentralisation were bound to raise political problems in the non-Russian republics. This is confirmed by repeated reports of changes in leadership,



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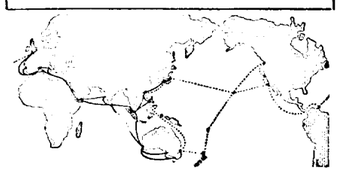

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particularly in the republics of Central Asia and in the Baltic States. The biggest reshuffle so far took place in Latvia last week. Mr Jan Kalnberzin, the veteran leader, was kicked upstairs to the presidency of the Latvian republic and was replaced in the key job of party secretary by Mr Arvid Pelshe. Mr V. Latsis, the writer, was dismissed from the premiership.

This is the second reshuffle in Latvia this year. Mr E. K. Berklav was removed from the deputy premiership and the party presidium in July. He was charged with ignoring all-Soviet needs, obstructing the progress of heavy industry and trying to channel all investments into consumer goods for local use. Should Mr Kalnberzin be charged with similar sins, the case would be really interesting, because he is a lifelong communist. Now 66, he joined the party in 1917. He took part in the Latvian rising and in the Russian civil war and then studied in Moscow at the Communist University and the Institute of Red Professors. He returned to Latvia in 1936 and was arrested three years later. But in 1940, after the entry of Soviet troops, he became the party's first secretary, a post he had kept until last week. By 1952 he was a member of the central committee of the all-Soviet party and five years later he became a candidate to the presidium. It would be remarkable if a man who had served faithfully for so long were now condemned for indulging in nationalist deviation.

The charges still remain to be seen. What seems certain is that the Baltic States present exceptional difficulties for Moscow. Latvia, Lithuania and Esthonia were annexed by the Soviet Union only twenty years ago and then, for a time, were under German control. Collectivisation was completed in these parts only ten years ago and "kulak" resentment has not yet died down. Nationalist and political memories of the pre-communist past must still be alive. These feelings were compressed in the stalinist straitjacket but are now being released. Mr Khrushchev has still to find how to keep nationalist contagion in check while proceeding with economic decentralisation.

DIVORCED WIFE'S SISTER

Decease and Divorce

LORD MANCROFT is trying again. It is nearly eleven years since he introduced in the House of Lords a private member's bill to enable a man whose marriage had ended in divorce to marry his sister-in-law or a woman her brother-in-law. In view of the tremendous storm that the Deceased Wife's Sister's Marriage Act (enabling a widower to marry his sister-in-law) provoked in 1907, Lord Mancroft was under no illusions that his bill, which on the face of it seemed a logical and harmless corollary of that Act, was uncontroversial. But in fact it was openly opposed in the debate only by the Archbishop of Canterbury and the then Bishop of London. This, however, was opposition enough for the Labour Government, though it could hardly be accused of disliking contentious measures, to refuse to give the bill facilities, and it was withdrawn.

Since then, Lord Mancroft has been a member of a Conservative Government, and the substance of his bill was referred to the Royal Commission on Marriage and Divorce, which in 1956 expressed itself in favour of it by sixteen votes to three. So Lord Mancroft, who has now reverted to private membership, has introduced a new bill in the House of Lords; this would enable a divorced person to marry, during the lifetime of his or her former spouse, any person whom he or she could lawfully marry if that spouse were dead—in other words, aunts or uncles and nieces or nephews by marriage as well as sisters-in-law or brothers-in-law.

It will be interesting to see if the Archbishop repeats his argument against the earlier bill: that the right to marry the brother or sister of a divorced spouse would disturb the carefree relationship of husband, wife and in-laws by opening a door to "unlicensed thoughts and desires," and that the security of every home would thus be threatened. The same fear, the late Lord Simon pointed out, was expressed in 1907 over the "Deaser" Bill and was subsequently proved to be groundless. Most people will dismiss it as preposterous, and will hope that the present Government, with the backing of the royal commission, will allow the new bill to go forward. The point to emphasise is that it would not make divorce easier but that, by making certain marriages legal, it would enable a few broken homes to be remade and the children resettled.

LETTERS

Malta

SIR—The Colonial Secretary has in a Parliamentary answer (Hansard, November 24th, Question 39, Col. 187) referred to my views in connection with a question on the insufficiency of the new Malta development plan to sustain employment. I ask for the courtesy of your column to reply to him. The relevant paragraph of the Malta report is 17, which reads as follows:

> A net increase of 6,000 must therefore be catered for, over and above any decline in service and crown employment. . . Government and service employment may decline by about 3,000 over the period, so far as can be foreseen at present. If this is so, the question resolves itself into this form: is the proposed investment in industrial development and other economic services of such an order that it can fairly be expected to create employment for a labour force of about 9,000? . . . For any new employment created in new industrial development, *further employment will be created in the general distributive, personal and similar forms of services* (my italics). Therefore the forecasts of net new jobs needed to maintain full employment is reduced to about 5,000. Whether calculations are made by direct "pounds per new job" calculations, or by working down on the normal capital to output relationship (2:1) and breaking down output into "added value" to be broadly the same as elsewhere, it appears that the 5,000 new direct industrial jobs can be achieved. . . ,

There is no doubt that the *re-employment* of 3,000 men who became redundant from the services has been counted in the "new" employment which is supposed to create an equal amount of additional new employment in the service industries. This is a fallacy, as the re-employment of people who lose their employment cannot create additional employment. The calculation is further falsified by the fact that the service industries are suffering from underemployment, and even genuine "new" employment will probably not lead to their expansion, but to the fuller use of existing capacities. A further point which is difficult to understand is how a "normal" capital-output ratio can be assumed for Maltese industrial development when capital-output ratios in "industry" vary from .02 to 40. It depends entirely on what industry it is proposed to attract to Malta. Light engineering industries, which would be the most likely starters, would demand a far higher ratio than 2. The insufficiency of the plans is thus made clear, and it would seem to be desirable that Ministers, before approving such plans and defending them in Parliament, should have the opportunity of consulting expert advice which obviously is not now available to them.—Yours faithfully,

T. BALOGH

Balliol College, Oxford

South Africa

SIR—In the note "Disapproval by Boycott?" in *The Economist* last week, you suggest that "the pressure to force it [the South African Government] to change its policy must come from inside South Africa." In adding that "signs are not wanting that it will," you seem to be pinning great hope on the Progressives. I do no less than hold this hope myself, but your correspondent in South Africa throws the ball back to you at the end of his report on the Pro-

gressives in the same issue. "It seems a little doubtful," he writes, "whether the Progressives will win support from a notoriously reactionary white electorate. But Africa is changing rapidly *and the impact of events beyond South Africa's borders is already becoming discernible in the political climate* as more Whites realise that the Union cannot remain out of step with the rest of this emerging continent."

One brief comment on the Progressives is necessary. I see their appearance as one of the most important and welcome recent events, second only to the growing revolt against Afrikaner nationalism of its intellectuals. But the Progressives were not elected as Progressives, and may, therefore, be only a little more representative of White opinion than the Liberal Party was five years ago with precisely the same policy. The Liberals had, to some extent, prepared the way for the Progressives, and both have moved from their former positions, under the impact of internal and external pressures. This also applies to the Afrikaner rebels. But none of them can be allowed to obscure the essential truth of the South African scene (the Liberals in fact proclaim it), that extra-parliamentary means of action (including appeals for help from abroad) are the only means by which people unrepresented in Parliament can force the Whites to relinquish the benefits they draw from White domination. These benefits are drawn at African expense.

You concede—and you are the first (at last) to do so—that the boycott might "upset many farmers in the Union," but you claim "that the usual effect of an outside attack is to rally public opinion to the Government." That is the usual effect of internal pressure, too, *in the short term.* This last is the operative phrase because the pressures from inside and outside have a salutary effect quite soon afterwards. "Massive disapproval in Britain," whether supported by action or not, has precisely the same effect, incidentally, on people who believe you are either with or against them. At least action like boycott is more likely to achieve its aims than the formality of protest.

Apartheid may well carry the seeds of its own destruction, and if left to run its course, may wreck the economy and be the cause of much bloodshed. But when would the end come by this means alone? And would the Africans who stand for non-racial co-operation of the races (still in the majority) still stand for it then, when Whites at home and abroad have in the interim stood aloof from their struggle?—Yours faithfully,

London, NW3 PATRICK VAN RENSBURG

Machine Tools

SIR—This Association is considerably dismayed by the article appearing in your issue for November 21st concerning machine tools. It does not seem to maintain your usual level of factual correctness.

So far from trying to suppress Professor Melman's broadcast, the association offered its assistance in preparing a balanced programme in which both sides of the picture could be displayed. The basic reason for the report of the Department of Scientific and Industrial Research not being published at the present time is that in their approach to members of the industry the DSIR representatives initiated voluntarily the suggestion that information given by members would not be divulged.

The unfairness of your report seems to be summarised in the final sentence, where you describe the industry as "uncommunicative." For our part we have been discouraged, particularly in the more recent past, at the complete lack of notice afforded in the general press, which appeals to what you so rightly describe as "the wider public having the right to be interested in the performance of key suppliers of engineering technique," in respect of several positive items of news and several publications concerning the industry published by us.—Yours faithfully, H. O. BARRETT

The Machine Tool Trades Association
London, WC2

Italy

SIR—I read in *The Economist* recently a correspondence from Rome, "The Vanoni Plan Reappraised," in which some comments were made on Professor Saraceno's report on the re-examination of the Vanoni Plan.

Your correspondent criticises the author of the report on the grounds of its not making any mention of the fact that the cause of the delay in investing in the South was the high cost of electricity there. But:

1. The electricity tariffs in Italy are governed by regulation on the basis of which the maximum prices, the same throughout Italy, for the supply of electric power are laid down. As a consequence of this unification, the prices in force in the various regions, provided the characteristics of supply are the same, fall within such a narrow range that the difference between them certainly cannot constitute a reason for giving preference to one region rather than to another, where the setting up of new industries is concerned. All the more so as electric power notoriously constitutes an average of between 1 per cent and 2 per cent of the total cost of the product. This percentage is overstepped only in exceptional cases.

2. As a matter of fact, the most important factor for the development of industrial initiative is a sufficient availability of electric power, in addition, naturally, to other factors, such as the existence on the spot of cheap capital, of skilled labour, of certain amenities, etc. The availability of electric power in Southern Italy—I should be glad to quote figures at your request—more than meets the demand that may be called forth by the advance of industrialisation. This is confirmed, without any possibility of doubt, by the intense rate of increase which in the South—as well as in the rest of Italy—the construction of new electric power plants has enjoyed since the end of the last world war. This increase has permitted the formation of a wide margin of generation capacity, to cater for any foreseeable demand.

3. A further proof that the level of the prices of electric power cannot be the cause of any delay in investments in Southern Italy is given by the fact that the maximum prices laid down in the whole of Italy by the tariff regulations now in force are, by and large, lower than those applied in the other countries of the European Common Market.—Yours faithfully,

VITTORIO DE BIASI
President

Associazione Nazionale
Imprese Produttrici e Distributrici di Energia Elettrica
Milan.

Arab Refugees

SIR—May I point out that your comments last week on Israel's attitude towards the Arab Refugee settlement are somewhat incorrect.

Israel's will to negotiate even without the framework of a general peace settlement was stated by Ambassador Eban before the Special Political Committee of the General Assembly on November 17, 1958:

> If such a solution by integration were actually carried out and if the international assistance, offered in 1955, were available, Israel would be prepared to pay compensation, even before the achievement of a final peace settlement, or the solution of other outstanding problems.

The same undertaking was reiterated by Mr Ben Gurion, the Prime Minister, when he addressed a group of journalists on November 29, 1959.—Yours faithfully,

London, NW8 VIVIENNE BLOCH

Adultery

SIR—Your note on adultery as an offence cognisable by the ecclesiastical courts in England prompts me to inform you of the position in Scotland. The Act of 1581, which was the last to define adultery as a crime, has probably lapsed into desuetude during the 18th century. However, another Act of 1600 making it an offence for persons divorced for adultery to marry whomsoever they are declared to have committed adultery with may still be in force, and for this reason divorce decrees in Scotland do not now name the paramour. Just as it would be interesting if the Archbishop of Canterbury revived the offence of adultery before his courts, so equally interesting, but different, effects might be observed if the Scottish courts were to resume the practice of naming the paramour.—Yours faithfully,

Eastbourne ROWLAND BOWEN

BOOKS

All Is Not Gold

"F. E." The Life of F. E. Smith, First Earl of Birkenhead

By his son, The Second Earl of Birkenhead. *Eyre and Spottiswoode.* 572 pages. 63s.

F. E. SMITH was one of those now legendary pre-first-world-war figures who came down from Oxford already fully armed with all the qualities for glittering prizes at the Bar and in politics: fluent trenchant oratory proved from the first and against the best at the Union; a capacity for relentlessly intense intellectual concentration when required (he beat the great Holdsworth for the Vinerian Law Scholarship); and an arrogant self-confidence. All his maiden speeches all his life were triumphs. The prize-winning youth was father of the prize-winning man.

To himself even more than to his many admirers, F. E.'s whole upward rush from bourgeois northern origins to high places among the top people in the land was excitingly dramatic; he even exaggerated the ordinariness and poverty of his start to make it seem more dramatic still. Through it all he played as he worked with unrepentant gusto; and, his son says in this very honest book, "in the end this tremendous appetite for life was to prove too much for him." "When he broke, he broke quickly"; he was 58 when he died.

Was it at the end, the too-early end, success? Of his talents and triumphs there has never been any question. "Everything 'F. E.' undertook," John Buchan wrote, "he did easily, as with his left hand, and with a superb gesture of unconcern. He was Aristotle's Magnificent Man, the last exponent of the Eighteenth Century Grand Manner." Winston Churchill, who rated friendship with F. E. as "one of my most precious possessions," has vividly described his "impressive and enviable gift" of ordered argument, whether from the Woolsack or on political occasions: "For all the purposes of discussion, argument, exposition, appeal or altercation F. E. had a complete armoury. The bludgeon for the platform; the rapier for a personal dispute; the entangling net and unexpected trident for the Courts of Law; and a jug of clear spring water for an anxious perplexed conclave." Lloyd George and Michael Collins alike admired and trusted him. In his forty-third year, when he was already in the van of a famous generation of pleaders, he became first Solicitor-General and then Attorney-General in the Cabinet; at forty-six, to the shock of all the conventional, including King George V, he was Lord Chancellor.

This was success enough for any man, but was it success enough for F. E.? He did not, for all his brilliance and the reforming zeal and panache of his Lord Chancellorship, ever reach the top rung that he felt was in his grasp. "If they will give me formal recognition," he wrote to J. L. Garvin in 1910, when for four years his sustained forays against the entrenched Liberals had already given fresh heart to the Tories, "I am certain that in two years I can undertake a considered campaign in the country which will itself win 30 or 40 seats"—words that echoed the ebullient confidence of Lord Randolph Churchill a generation before. But it was Lord Randolph's son, F. E.'s contemporary sparring partner, friend and then colleague, who lived on to lead the party and the nation. Indeed, when F. E., by accepting the Woolsack in 1919, chose the path away from political leadership, he was implicitly recognising that the height was not for him.

Loyal always, to the point of personal risk, to the friends and causes which he chose—the Lords, Ireland, Lloyd George, the Coalition—he did not always choose them either well or consistently. Pungent and pugnacious partisan though he was, he was never really a party man. "I never remember a time," he wrote to Austen Chamberlain (also in 1910 when he was clamouring to lead a raging Tory campaign in the country), "when so many men in England were sick of mere party cries and faction." What he wanted was a coalition; and when war did bring Lloyd George's Coalition he stuck to it, as Churchill did, beyond the point where the party men returned to their stations. He was, in politics, an "against" rather than a "for"; and his foe, increasingly, was socialism. Of the Liberals, when they were at the peak of their power, he said apocalyptically, "in the decade of convulsion which the Government invites, the Liberal party will find its permanent sepulchre." As Secretary of State for India in his last political fling from 1924 to 1928 he was seized of the historic significance of his task, but was not in tune with the trends that were leading on to independence—any more than Winston Churchill was.

His son's biography of him, rewritten from a much earlier memoir, is a very long and very interesting but not a very good book. It is strung together rather than woven together; it is oddly unfinished and poorly buttoned-up; it lacks the "ordered texture of argument" or exposition that was F. E.'s own highest art. But, for a son's tribute, it is very fair and, though unconfident in its criticism, simply honest; it is very well worth reading for its picture of a famous man who, despite his scintillation, his charm and—for all the wounds inflicted by his rhetoric and sarcasm—his magnanimity, did not have the stamina, the ballast, the natural depth or the intuitive touch to stay the course for the most glittering of all the prizes. Winston Churchill, only two years younger than F.E., acquired all these things—but then he has lived for nearly thirty years longer.

Terse Words on the Bomb

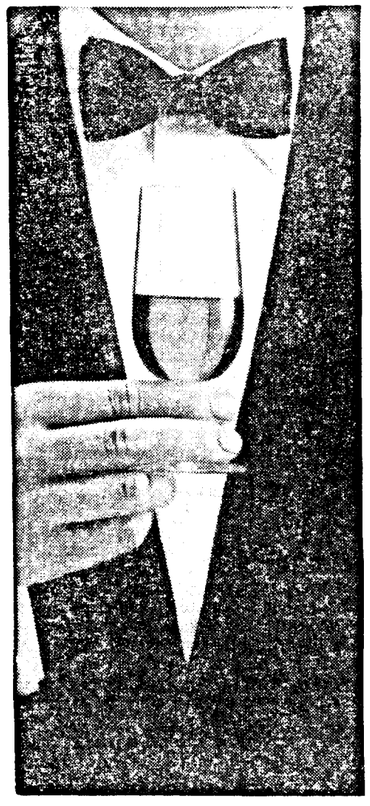
Strategy for Survival

By Wayland Young.
Penguin. 95 pages. 2s. 6d.

MR WAYLAND YOUNG, after despairing of the world's future without disarmament, and profoundly doubting the prospects of disarmament along the lines now being explored at Geneva and the United Nations, plumps very strongly for the non-nuclear club plan to which Lords Simon of Wythenshawe and Russell gave birth in the House of Lords earlier this year and which was adopted as a compromise with the Ban-the-Bombers by the Labour party in time for the general election.

The strategy of the non-nuclear club is to make total nuclear disarmament easier by confining the bomb, in the interim, to Russia and America; but whereas the Labour party was content to advocate that Britain should negotiate a multilateral pact to renounce the independent manufacture and deployment of the bomb, Mr Young wants members of the non-nuclear club to refuse to permit either Russian or American nuclear weapons systems to be based on their territories as well. Thus the two mutual strategic deterrents would be withdrawn completely to Russian and American soil—or the world's oceans. Mr Young recognises that the weakness of this plan is that it would, if pursued to its logical end, denude the Nato shield of its own deterrent power, and lay open Europe to a Russian attack in overwhelming force which American possession of a long-range nuclear striking force in America would be unlikely to deter, especially if (though this point is not made) Russia's long-range rockets are more effective than America's first-strike forces. So Mr Young in turn compromises by suggesting that, for a preliminary period, Nato forces (and Russian forces in East Germany) should retain small tactical nuclear weapons, defined by him as nuclear weapons of a kiloton, or fifty tons TNT equivalent. These, he thinks, would maintain stalemate on the ground, even though both the nuclear powers would have to promise members of the non-nuclear club (Britain, France, etc., on the western side, and Poland, Czechoslovakia, etc., on the other side of the iron curtain) not to initiate their use. But would even this plan—reminiscent of the arguments to make limited nuclear war possible—really maintain a ground deterrent? It seems to presuppose that small nuclear bombs are a substitute for

A man is known
by the company he keeps



A host is known by the brandy he serves

To serve your guests an indifferent brandy is more insult than compliment. The correct thing to serve after meals is a cognac of liqueur quality. This is why the perfect host gladly pays that little bit more for a really fine liqueur brandy like Remy Martin. A genuine Fine Champagne V.S.O.P. Cognac. A brandy defined by French law as *Fine Champagne* because it is made exclusively from grapes grown in the two finest districts of Cognac. And it is reassuring to remember that Remy Martin make *nothing* less good.

PRIDE OF COGNAC

REMY MARTIN

divisions on the side of the defence ; military experts are beginning to doubt this. So does Mr Young ; he is ready to risk a weakening of the west for the wider objective of confining the bomb to the superpowers, but he also advocates—and here he is very fair—much larger conventional forces to be maintained by members of Nato and presumably by the non-nuclear powers generally. In logic this looks a good solution—a shield of 65 divisions armed with modern conventional weapons would probably deter the Russians in central Europe, though possibly not in Asia or even in Turkey or the middle east. But the prospects of raising such forces seem to be dim.

It follows that Mr Wayland Young's plan might well greatly weaken the west's power to deter limited incursions that could "escalate" to something worse ; and the question also arises whether the enforced withdrawal of American aircraft to America, the abandonment of all the ground-based intermediate range missiles—which can only be deployed against Russia from Europe—would in fact not create tempting possibilities for a successful Russian pre-emptive nuclear strike, which some American strategists fear during the period of the "missile gap." Finally Mr Young's arguments that China would in the end also refrain from the bomb seem weak in the light of Chinese stalinist attitudes today. His arguments in fact carry one back, inexorably, to the need to master the problem of inspection and control ; if these were mastered, the non-nuclear club, at least with its avowed objective, would not be needed. But these criticisms made, it must in fairness be said that this is one of the tersest and best-argued cases for the non-nuclear club to have appeared ; it deserves to be widely read and discussed in the context of political and technological realities.

A Brick of a Bishop

Mackenzie's Grave

By Owen Chadwick.
Hodder and Stoughton. 254 pages. 25s.

It is a great pity that most readers, and therefore most authors also, since even authors must live, fight shy of books about missionaries. Biographers in particular are crying out for new subjects, yet here is a whole series of characters, most of them exciting, many of them eccentric, who still lack any biographies except a few horrid bits of hagiography sponsored by ecclesiastical publishers. Meanwhile, the general public remains ignorant of some of our greater men, and even serious historians misread—and miswrite—the history of regions such as Africa, whose development has been influenced at least as much by the missionary as by the politician and the big businessman.

Here at last is a book that treats a missionary subject in an adult manner, at once scholarly and entertaining. The story that Dr Chadwick has to tell is as tragic as any in the history of missionary enterprise. In 1861 a little expedition set out up the Zambezi to plant a Christian mission in the very darkest heart of Africa. After travelling hundreds of miles through unknown, dangerous country, fighting several pitched battles with slave-raiders, enduring dreadful hardships from famine and disease, and losing four of their number, including their leader, Bishop Mackenzie, the survivors were rescued by a relief expedition, who obliged them, much against their will, to withdraw from this untenable outpost to the healthier neighbourhood of Zanzibar. (As a matter of fact, the vaunted healthiness of Zanzibar was merely comparative ; as late as 1905, Sir Charles Eliot wrote of that island, "Whether it is advisable to spend more than two days there is doubtful, for the climate is by no means healthy.")

Dr Chadwick brilliantly sketches in this odd little group of Victorian heroes. Chief among them were Scudamore—"they always thought of him as 'dear Scudamore,' and yet it moved insensibly into 'dear old Scudamore'"—Procter, who was rather deaf and played the flute, Rowley, "too odd, too angular, too individual to be a fine leader of men," and the endearing Waller, "a hairy, tweedy man," who carried all his possessions in a fishing basket. Lastly, there was Mackenzie, a saint if ever there was one, in Livingstone's words, "quite a brick of a bishop." Mackenzie shared with Livingstone a deep religious sense and "a participation in the mystique of affection for Africa" ; unfortunately he also shared with him an incapacity for dealing with what would nowadays be described as "problems of logistics." It was Mackenzie who displayed "an unusual ability for losing himself on journeys," but it was Livingstone who had, quite wrongly, assumed that the Zambezi was a natural highway for commerce and Christianity, and who had therefore sent the expedition out on a journey where better pathfinders than Mackenzie might be excused for losing themselves.

Although started at the instigation of the Presbyterian Livingstone, who was never a man to worry himself over sectarian differences, the Central African Mission was an Anglican venture, having, as Dr Chadwick says, "much in it of the Oxford Movement, of the attempt by Newman and Keble and the others to teach the bishops that they were 'Apostolic men'." Hence the presence of a bishop as the leader of the expedition. The Tractarians believed that a bishop should do as the Apostles did and lead the spearhead of a missionary attack ; he should not be a general commanding his army from some safe headquarters in the rear. So the little company chugged away up the Zambezi in the *Pioneer* steam-boat, taking with them the Bible, "The Christian Year," "The Origin of Species," and, for light reading, some of the stories of Miss Yonge—the masculine Waller not surprisingly found "Heartsease" "a poor twaddling novel." In their medicine-chest they had some remarkable pills christened "the Rousers," which, Livingstone assured them, would render African fever "not a whit more dangerous than the common cold." Within a year Mackenzie himself was dead of that same fever and three of his companions were to follow him. The mission was doomed from the start ; when Tozer and Steere—perhaps in another book Dr Chadwick will tell us more about Steere's remarkable character and career—sailed up the Zambesi under Tozer's sheltering umbrella they were perfectly right to disregard the protests of the survivors and adopt a policy of *reculer pour mieux sauter*.

Yet Mackenzie had done his work. He had left his bones in Africa, and what the African Church needed, and still needs, was not only hospitals and schools and mission stations, but also the bones of its bishops. Mackenzie's grave is one of the foundation-stones of modern Nyasaland, and that remote mound by the Ruo river is an earnest that Christian principles may yet prevail in the settlement of the problems of that distressful country.

Introduction to Money

The Economics of Money

By A. C. L. Day.
Oxford University Press. 255 *pages.* 7s. 6d.

In assessing, as in writing, such an introductory textbook as this, a certain amount of split-mindedness is needed. On the one hand, the critic must apply tests drawn from such expert knowledge as he may himself possess of the job in hand : tests for correctness of analysis, realism of judgment, up-to-dateness, scrupulousness in indicating first approximations and over-simplifications as they occur, elegance and economy of presentation. On the other, he must make an imaginative effort to strip himself of the very qualifications needed to apply these tests ; to put himself in the shoes of the beginner, the total ignoramus (or, worse and more probable, the victim of popular fallacy) for whom the book is in fact intended. He must ask himself : "Suppose I were starting from scratch, what would this mean to me?"—with, as an occasional rider, "Suppose I were not only starting from scratch in this particular field, but were unused to handling abstract ideas and not especially well equipped to deal with them?"

Mr Day's "The Economics of Money" passes all the first set of tests with flying colours, scoring especially high on contemporaneity. Monetary institutions and, behind the façade of those institutions, the realities of monetary practice have changed to an extent that makes even quite modern formulations of accepted doctrine misleading. When one compares Mr Day on, for instance, open market operations with any previous account of the matter, or notes his ability to set in perspective the international monetary problems of the postwar years, his advantage is seen to lie not merely in the fact that he is writing in 1959, and not in 1955 or 1950, but also in his attitude of mind. He is not modifying, or patching, or putting a contemporary face on, the accepted ideas of 1950 or 1955 (let alone, as happens too often, those of the 1930s, or even the 1920s) in the light of later events. He is starting from things as they are and fitting events and ideas solidly into the framework of today—not without realising, and making his readers realise, that the flux still goes on and that the framework is provisional. Moreover, his presentation is extremely neat ; tightly knit, freshly conceived, its parts mutually coherent and mutually signposted, its sparse metaphors consistent, its balance of description and analysis nicely calculated, its structure the aesthetically satisfying work of a civilised mind.

Only—one wonders—has that mind made the essential imaginative effort to lay itself alongside other minds very much less well equipped by nature and by training? The "intelligent general reader" who is the Home University Library's target can be credited, certainly, with a genuine desire to get to grips with his subject, and a readiness for sustained concentration greater than that of the wider "popular" audience. But he is given few concessions—in the way of familiar example, topical or historical allusion, recapitulation, reminder, change of tempo to suit the difficulty or relative simplicity of the matter in hand—to sustain him on what cannot be other than an exacting journey. As an exponent of the elements, *in vacuo* as it were, Mr Day is practically unbeatable. As a putter-across of those elements, one would be delighted to see him succeed, because such success would speak well for public intelligence and morale ; but one has one's doubts.

On Two Fronts

The Achilles Heel

By Manès Sperber.
Andre Deutsch. 224 pages. 18s.

Mr Manès Sperber belongs to that group of European ex-communists who have spent their later years fighting on two fronts : against Stalinism and against the new "Right." Members of this group (Mr Koestler being probably the most eminent) find themselves in a difficult position. They are intent on exposing the inhumanities of Soviet rule and seek to warn democracy against communist subversion. But, at the same time, they do not want to become the champions of McCarthyism and the automatic allies of reaction. They are like men caught between two fires, riposting now in one direction, now in the other. Their force lies in personal integrity, in their austere refusal to accept compromise. Their battle cry is "A plague on both your houses!" In the lead essay of this collec-

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tion Mr Sperber defines his attitude eloquently:

> No, we do not want the McCarthys and their sort on our side in our struggle against Stalinism, any more than we want the Sartres and their sort on our side in our simultaneous struggle against the McCarthyists.
>
> There does not exist a single truth which we should smother for tactical reasons, nor any form of baseness which we should be prepared to gloss over, even provisionally.

This is all very well, but it is by no means easy to apply in practice. Were there no "truths" worth smothering about the Soviet Union at the time of Stalingrad? Mr Koestler noted with sharp insight that the war was being fought against lies and in the name of half-truths. Probably so; but such are not the kind of ideas that rally a democracy in its hour of mortal trial. Ibsen showed in *The Wild Duck* that men's lives depend on certain sheltering lies. So does their political survival.

The limitations of Mr Sperber's intransigence emerge clearly when he turns to the actual case. His view of the Rosenberg affair is entirely beside the point. The question was (and remains) the problem of whether or not the law under which the Rosenbergs were condemned to death had been falsely made retroactive. To say that the verdict was just and balk at the sentence is to miss the underlying difficulty. Mr Sperber's essay on T. E. Lawrence is also rather indecisive. And, oddly enough, he does not grapple with the theme of Lawrence's alleged "élitisme." The best image of Lawrence's literary art remains R. P. Blackmur's "Everlasting Effort." Lawrence's role in the mythology of politics has yet to be dealt with. But Mr Sperber is not only a political essayist and novelist. He is also a psychologist and sometime disciple of Adler. His considerations of anti-Semitism and his study of the Freud-Fliess correspondence are both first-class work. Here, indeed, there are no truths that need be smothered.

Scottish Chancellor

John Maitland of Thirlestane and the Foundation of the Stewart Despotism in Scotland

By Maurice Lee, Jr.
Princeton University Press. London: *Oxford University Press.* 326 pages. 48s.

THOSE who imagine that the notion of a New Monarchy in Renaissance Europe can now be safely relegated to the historical wastepaper basket, along with that of the overmighty subject, the rising middle class and similar outworn concepts, would do well to consider the case of the Stuart kings of Scotland. For what did James VI endeavour to create in his dominions, if it was not a new Monarchy? There was only one remedy for a semi-bankrupt crown, lacking reliable officials or a standing army, confronted by an aristocracy of unequalled turbulence and beset by a Kirk of incomparable zeal. This was the time-honoured solution of enforcing law and order, creating a bureaucracy and allying with what could be mustered in the way of a middle class. James's efforts in this direction secured him the reputation of being the most successful king of Scotland since Robert Bruce.

But it is doubtful whether he would have accomplished much without the aid of John Maitland of Thirlestane, long overshadowed by his elder brother, Mary Stuart's Maitland of Lethington, but now at last the subject of a full-scale biography. Maitland was the epitome of the tireless middle-class administrator, the privy councillor who never missed a meeting and whose anti-aristocratic policy helped to create the machinery that made possible a century of Stuart absolutism. Gaining the king's favour during the period of the dominance of the Duke of Lennox, he became Secretary in 1584 and secured the office of Chancellor three years later, retaining it until his death in 1595. For most of this brief period he was the king's principal adviser, responsible for handling a variety of problems ranging from the maintenance of diplomatic relations with England to the subjugation of Huntly and Errol, the Catholic Earls. His greatest achievement was probably the Parliament of 1587, which succeeded in annexing the church's temporalities and in giving parliamentary representation to the lesser landowners. All these tasks were performed against a background of staggering crudity and violence, for in sixteenth century Scotland dissident nobles were likely to revenge themselves by savage raids on the royal bedroom, while hapless clansmen were known to have been roasted alive. Yet the Chancellor got little help from his royal master, who was capable of yelling at a refractory minister, "I will not give a turd for thy preaching," leaving the more diplomatic Maitland to restore relations with the aggrieved Kirk. James could do nothing to save him when he fell in 1592 before the inevitable coalition of resentful magnates, egged on by the Queen herself. On his death the king produced an appropriate sonnet, but was subsequently observed to be "very merry, saying that he would no more use chancellor or other great men in those his causes, but such as he might convict and were hangable."

Professor Lee tries to guard himself against exaggerating Maitland's importance by pointing out his financial incompetence and his numerous errors of judgment. But his conclusion that this cautious and unenterprising Scot deserves to be ranked with Cromwell and Richelieu is one which the attentive reader is unlikely to swallow. The book is scholarly, but it seldom goes outside the printed sources and is often exceedingly dull. One misses the memorable vignettes that were such a feature of Professor Willson's "James VI and I." Instead we get rather turgid prose and some notable examples of academic understatement. Of these the assertion that James "showed little interest in the opposite sex" is perhaps the most remarkable.

POSITIVE ADVANTAGES IN MOVING TO NORTHERN IRELAND

Branch factory now larger than parent plant

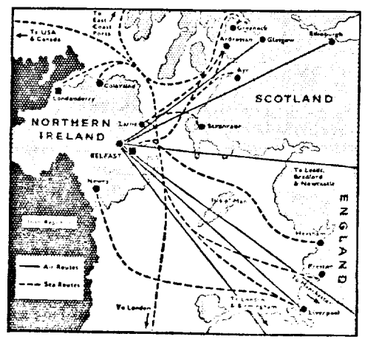
Mr. J. A. Moore, Director U.K. Optical Bausch & Lomb Ltd., reviewing his company's progress in the Board of Trade Journal, says:

"Why does an English company choose to set up a branch factory in Northern Ireland? In the case of the U.K. Optical Company Ltd, the war was over, and the company planned a substantial increase in its productive capacity. Lacking permission to build in the London area, where the parent Mill Hill factory is located, the company learned of, among others, a vacant 60,000 sq. ft. factory in Lurgan, Co. Armagh, and in 1946 arranged to lease it from the Northern Ireland Ministry of Commerce. Since then, the production area has been more than doubled and the branch factory has far outstripped the parent. In 1956, moreover, the company improved its export sales potential through association with an old-established American concern, the Bausch & Lomb Company of Rochester, N.Y. The British concern was renamed U.K. Optical Bausch & Lomb Ltd. After the war we aimed at a more diversified output within the optical field. Spectacle frames and sun-glasses, as well as lenses, are now made in Lurgan. In London, production includes lenses, spectacle cases and various ophthalmic instruments.

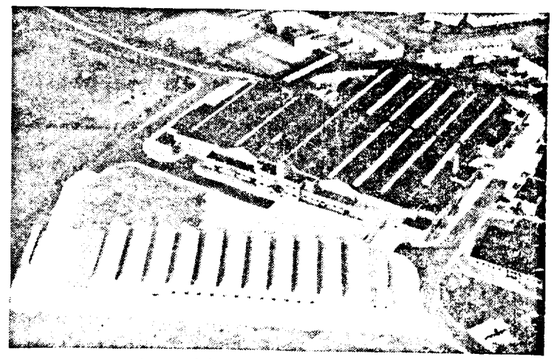
Mr. J. A. Moore, Director U.K. Optical Bausch and Lomb Ltd.

Production area more than doubled

The Lurgan factory, a wartime one, was extended four years later, when the Ministry added a further 40,000 sq. ft. of production space. Finally in 1957, the firm took over yet another 30,000 sq. ft. With 15,000 sq. ft. of offices and canteen space, the plant now occupies 145,000 sq. ft. This history of expansion, of course, is the best evidence that U.K. Optical – one of the three largest concerns in the British spectacle industry – is well contented with its reception in Northern Ireland. Something over 600 workers are employed in Lurgan, almost twice as many operatives as the firm employs in England. There is room for further expansion on the eight-acre site. At the beginning, there were naturally doubts about the wisdom of establishing a factory in Northern Ireland. At first sight, Lurgan seemed a long way from London and from the English market; the Irish Sea seemed to increase the distance. In fact, this problem of distance and isolation proved a negligible one. Company executives have generally found it pleasant to move from London to the calmer tempo of Lurgan, a typical Ulster provincial town set amid busy farmland. With a fast, frequent and convenient air service from nearby Nutts Corner airport, the door-to-door travelling time to Mill Hill is something like three hours. It is not onerous to travel, say, to monthly board meetings in London; a 'Telex' installation provides day-to-day communication at reasonable cost. In addition, the Lurgan unit has always exercised a high degree of local autonomy. Nor have freight transport costs been a problem, for the company's products have a high value for weight. The use of container services has overcome occasional early difficulties in shipping goods across the Irish Sea; spectacle glass is brought in from North Wales.



In addition to fast sea-freight services Northern Ireland is well served by passenger and freight air services to and from the leading industrial centres of Great Britain.



Aerial view of the U.K. Optical factory at Lurgan.

We have found, indeed, a number of positive advantages in moving to Northern Ireland. A vacant factory was the original inducement; the company has since been impressed by the Ministry of Commerce's eagerness to help in plans for further expansion. One facet of government assistance in Northern Ireland is the ease of personal access to everyone in the Ministry – including the Minister himself. This informality leads to quick planning, quick decisions and quick action. In turn, the factory has become one of the showplaces in Northern Ireland's drive for new industry; U.K. Optical's experiences form an excellent advertisement for Northern Ireland.

Working to fine limits of accuracy

The company has been equally well pleased with the labour force of Lurgan and district. The manual dexterity of the linen workers has readily been adapted to the precise operations of the optical industry. Time and motion study has been freely used, and the work is broken down into a great many operations – but many require a great deal of accuracy. In lens production, in particular, the operatives work to fine limits of accuracy.

Industrial relations have always been very good – in part because of the company's own efforts in this field, which include schemes for sickness benefit and pensions, but also because of the nature of the local people. The Lurgan worker seems to take a very keen

NORTHERN IRELAND MEANS BUSINESS

Within the past fourteen years 140 British and American firms, large and small – and including many who are recognised internationally as leaders in their respective fields – have selected Northern Ireland as the location for new plants to serve the United Kingdom, European, British Commonwealth and other overseas markets.

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In many other ways, which can only be summarised here (but details of which the Ministry of Commerce will very gladly supply) the Northern Ireland Government is able to make the path plain, the way simple and the result a success. And without needless red-tape!

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interest in his job, and is adaptable and easily trained. Six of the twelve senior executives are Ulster people who have risen from the shop floor; the rest of the labour force has been recruited locally.

Low labour turnover

There has never been any shortage of good workers. Absenteeism – for any reason – averages something like 2½ per cent. The labour turnover is remarkably low – and, among the 350 male workers, has been as low as two employees in a year. The Amalgamated Engineering Union represents the workers in the factory – there is a self-contained branch, which workers are encouraged to join, but no closed shop. The union has co-operated very well, for example, in occasional short-time working made necessary by fluctuations in frame production; such fluctuations are scarcely avoidable, since spectacle frames have become in part a fashion industry.

U.K. Optical has also enjoyed very good relations with the Lurgan community. Not only has it given needed employment during a period when the linen industry has been contracting; the weekly

Lens manufacture in the new 30,000 sq. ft. extension at Lurgan.

wage-packets contribute significantly to the town's commerce. Whenever possible, the firm buys materials and services locally, and the traffic is occasionally reversed when the tool room helps a local garage. Part of the town's social life is focused on the factory; this includes canteen dances and an annual flower show which has become a local institution. Similarly the firm's executives and their wives have found themselves drawn swiftly into the life of the town.

The consequence is an efficient, contented factory with an annual output of up to 6,000,000 lenses and something over three-quarters of a million spectacle frames. The lenses and frames, incidentally, are sold separately. Three main varieties of lens are produced; single vision, both toric and meniscus; fused bifocals; and, on only a small scale, solid bifocals. The range of frames has been a wide one, for it is a changing market, and the company has experimented with many designs and materials."

AMERICAN SURVEY

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

The Next President

WASHINGTON, DC

Now is the time, with the next presidential election less than a year away, when even the sharpest-eyed observers begin to suffer from an odd blurring of their political vision. The nearer the election comes, the harder it seems to be to separate the qualities that make a good candidate from those that make a good President. Mr Eric Sevareid, that shrewd and stylish commentator, points out the importance of the distinction in his preface to a recently published book about the major candidates*: "The requirements for winning the race are by no means always identical with the requirements for discharging the office once it is won." Yet the articles which follow his preface, written by nine well-known Washington journalists, show how difficult it is to keep the two apart. The authors, honourably intent on being objective and impartial, have assembled a good deal of useful information about the candidates. But, with two or three exceptions, they give the reader very little help in deciding what kind of President each man would make if he got inside the White House. Indeed, in some cases—notably the chapter on Senator Symington—they shy away from the delicate questions that have to be asked about a man's fitness for the Presidency.

This preference for thinking about what happens before November 8, 1960, rather than after it, is partly the result of the way in which Americans pick their leaders. When a party is a fragile container holding together a number of mutually suspicious regions and ideologies, the party managers can hardly be blamed if they judge a candidate by his ability to keep the container intact; and the tests they apply sometimes have little to do with his ability to run the United States later on. When, in addition, the candidate has to win approval in a number of the primary elections which various states hold to enable voters to express their views on potential contenders for the Presidency, and then from the highly-excited ladies and gentlemen at his party's national convention, the gleam of his teeth is liable to be as important as the cut of his character. But the problem goes deeper than this. The qualities which will make a good President are not easy to detect. Thus the temptation is increased to pick a man on the calculable basis of how he will fare at the polls rather than on the incalculable basis of how he will fare as President afterwards.

But the matter need not be left entirely in the lap of the gods. Even the hardest-boiled professional politician, buttonholed at a cocktail party and asked to name the man of his choice, is liable to start by saying whom he would choose if he could put the candidate in question into the White House without going through the formality of an election. (It is surprising how often, among Democrats, the choice is Senator Lyndon Johnson.) There are a number of characteristics which it is plainly desirable for Mr Eisenhower's successor to possess during the four or eight years for which he will hold office. The prescription varies; Democrats, in particular, tend to construct a hypothetical President who turns out to be what logicians would call a Not-Eisenhower. But it is possible to find fairly general agreement on three qualities.

The first is a close and compassionate understanding of what is going on in the rest of the world. This is more than just an intellectual grasp of current events, as President Eisenhower has demonstrated most successfully. He often seems to know fewer details of international affairs than the journalists who question him at press conferences; but he has an instinct for a mood or a trend which keeps his judgment remarkably sure. His successor will need the same flair as that which led the President to reassess Mr Khrushchev's purposes and thus to change the whole course of American foreign policy this summer. He will also need the quality—that transparent honesty and good will—which has enabled Mr Eisenhower to keep the affection of the uncommitted nations when more brilliant men like Mr Dulles have lost it.

But, in addition, the next President will need something that Mr Eisenhower does not possess. If, as now seems almost certain, he is going to negotiate with Mr Khrushchev at a whole series of summit conferences, he will have to carry in his head a store of detailed knowledge about current problems. This implies a long and close interest in foreign policy, for which even the most zealous coaching after the election will be no substitute. Senator Johnson, whose work in Congress is chiefly concerned with domestic matters, is likely to find this his weakest point.

A reflective temperament, sympathy, an open and sensitive mind: these are the essence of the first qualification. It is a test in which many people would say that Mr Adlai Stevenson and Senator Hubert Humphrey scored highly. The second qualification, unfortunately, seems to require a rather different kind of temperament. It can be argued that the most trying decisions which the President will have to take in the next few years will arise from a series of crises in East-West relations. If Mr Eisenhower's current attempt at negotiation fails, the first crisis may be close at hand; even if tensions are relaxed, no one in Washington believes that the danger of clashes in the Middle East—not to mention the Far East—will be wholly dispelled. There is thus a school of thought which holds that the chief requirement for the next President is a toughness and clarity of mind which will enable him to take decisions quickly and correctly in an emergency; in particular, he must combine a willingness to take risks with a cool enough judgment to ensure that the risks are calculated ones.

The **Republicans** seem certain to choose as their presidential nominee either :—
Mr Richard Nixon, Vice President of the United States; or
Mr Nelson Rockefeller, Governor of New York State.

The **Democrats** have a much wider range of possibilities, including Senator Kefauver of Tennessee and a number of State Governors—Mr Brown of California, Mr Meyner of New Jersey, Mr Williams of Michigan. But the presidential nominee is likely to be one of the following:—
Senator Hubert Humphrey of Minnesota;
Senator Lyndon Johnson of Texas, the party's Senate leader;
Senator John Kennedy of Massachusetts;
Mr Adlai Stevenson, the nominee in 1952 and 1956;
Senator Stuart Symington of Missouri.

* *Candidates 1960.* Edited by Eric Sevareid. Basic Books, Inc. 369 pages. $4.95.

This emphasis on the importance of decision-making is typical of the group of public servants of whom Mr Dean Acheson, the former Democratic Secretary of State, is the most articulate spokesman. The quality which they seek was possessed in high degree by President Truman; his decisions to send American help to Greece and Turkey in 1947, and to intervene militarily in Korea in 1950, are classic examples of the kind of quick-punching determination which these men admire. Among the present candidates they find the same quality in Senator Johnson; others claim to detect it in Governor Rockefeller and, less confidently, in Vice President Nixon and Senator Humphrey. It is those who rate this qualification most highly who look with the wariest eye on Mr Stevenson's reputation for being indecisive. One of the great problems of American foreign policy at the moment is that it seems to require both this toughness and also the breadth of understanding for which Mr Stevenson is famous; and the two qualities rarely flower fully in one man.

The third qualification is perhaps the most important, since the extent of the President's influence over the country depends on it. It is generally assumed that, whoever wins next November's election, and whatever his party, he will wield the presidential power more actively than Mr Eisenhower has done; that is, there will be a greater display of the "executive energy" which the nation's founders hoped for. But a good deal will depend on two factors. One is the ability of the new President to pick his advisers skilfully, and to use them well. This is a knack which Governor Rockefeller has demonstrated more convincingly than any of his rivals. The other is the President's willingness to lavish a loving care upon the niceties of everyday politics: to know whom to put pressure on, and how to apply it best, in order to exert his leadership as effectively as possible. This was one of President Roosevelt's great strengths, and is one of Mr Eisenhower's most obvious deficiencies; among next year's likely candidates there is no manipulator in sight with half the skill of Senator Johnson.

If these factors are lacking, the most energetic flow of ideas from the White House is liable to trickle away into frustration and inconclusiveness. All the major candidates seem to be aware that the United States will have to put out new efforts in the next decade if it is to meet the Russian challenge; but the difficulty will be to stir public opinion out of its present apathy. The powers of the Presidency will have to be used to the utmost. It would be a miracle if a candidate were found who combined this skill at political manipulation with all the other qualities that are needed for the office. There seem remarkably few Lincolns or Roosevelts in sight at the moment; but if the candidates are tested by these stringent standards in the coming year it may at least help—as Mr Sevareid puts it—to separate the men from the boys.

Future articles will discuss the leading presidential candidates individually.

Bipartisan Aspirations

THE President's breakfast with the congressional leaders of both parties and his pre-departure broadcast to the country are both obviously designed to stress, for the benefit of those he is about to visit, that world peace is not only his own personal "basic aspiration" but also that of everyone, and every party, in the United States. Indeed, it is just because he does symbolise the basic aspiration of the American people that they have given him such huge majorities. But the foreign officials whom Mr Eisenhower will be seeing are well aware that he cannot be elected again and they would certainly feel more confident of the future if they had some assurance that the next President will share not only Mr Eisenhower's basic aspiration but also his views on how it should be given practical application.

However, the suggestion that a leading member of the Democratic party—ex-President Truman was mentioned—should accompany Mr Eisenhower was hardly feasible. The President regards this as his personal mission and by now he is enough of a politician to wish that his own Republican party should get all the credit for it. Nor do the Democrats want to be inhibited from criticising the President's initiative should it turn out to be a liability to the Republicans in the coming election campaign. While at this early stage it is only retired statesmen with no hope of office—Mr Dean Acheson, in particular—who denounce the new policy of negotiating with the Russians, if it fails the potential Democratic Presidents will all be delighted that they were not closely associated with it.

Nevertheless there is a real need—which is not being filled—when an Administration is reaching the end of its life for some sort of bipartisan approach to the details, as well as the aspirations, of foreign policy. There were several Republicans in the Truman government and in its later days Mr Dulles was actually working in the State Department. But the attempt to bring Mr Stevenson into the Eisenhower Administration in a somewhat similar way to years ago was not successful. And the situation is made worse at the moment by the changes which are taking place among the career diplomats. The only high-ranking professional who will be with President Eisenhower throughout his trip is Mr Robert Murphy and he is retiring as soon as he gets home.

Capital Caution

FROM A CORRESPONDENT IN NEW YORK

THE preliminary survey of plans for capital investment in 1960, which has just been released by the McGraw-Hill Publishing Company, suggests that the increase next year is likely to be smaller than the experts had expected. This year spending on plant and equipment has been checked by the steel strike, but for this very reason it was thought that in 1960 such expenditures might rise by 15 to 20 per cent—almost as much as in 1956. Instead, business as a whole plans to spend only 10 per cent more than it is doing now. Manufacturing companies expect to spend 19 per cent more, but this is only because the steel industry had to postpone all its plans for the last half of 1959 and expects an increase of 76 per cent in 1960. A few other industries are in the same boat, but most of the plans are more modest.

A survey made in November catches most companies before their budgets for the next year are completed, and in good times actual spending usually exceeds the paper estimates. But in 1960 any increase greater than 15 per cent will take some doing. Manufacturing companies may raise their sights, but they will be plagued by the shortage of steel. The makers of industrial machinery have almost exhausted their stocks of steel and their deliveries will not be back to normal for from four to six months. For the same reason, it is hard to visualise much increase in commercial construction beyond the present scheduled rise of 9 per cent.

Two industries which could increase their expenditures sharply if they wanted to are oil and electric power. But the glut of petroleum products is leading the oil companies to think of ways to reduce expenditures, not of how to raise them. This situation may change before 1960 is over if demand grows enough to strengthen the prices of oil products, but it is hard to see it changing very fast. The electricity companies are happy to order new generating equipment now that it is cheaper, but they will not get it until 1961.

If a 1956-style boom is coming in capital goods, it is still a year away. By next spring, manufacturing firms may be operating at close to 90 per cent of capacity in an attempt to make up the losses caused by the strike. This is a level which in the past has released

THE MAN FROM CHARLES W. HOBSON'S

Every year Charles Hobson executives **and copywriters spend hundreds of hours working at the point of sale. They learn about customers' outlooks and shopping habits. They help to keep the thinking of all our advertising in touch with the realities of selling.**

Our photograph shows account executive W. M. Turnock serving a customer in a large London garage last month. The story of what he and other Charles Hobson executives learned first-hand about customers and their habits is contained in their reports. These are valuable sources of reference for all our work as an advertising agency.

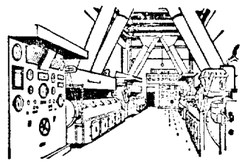
CHARLES W. HOBSON LIMITED, 12/13 CONDUIT STREET, LONDON W.1

Tate and Lyle are sweet on Coal

TROPICAL PLANTATIONS for cane sugar, English fields for sugar beet. And, for Tate and Lyle, British coal to begin the processes that put an endless supply of pure sugar into the larders of Britain.

The shrewd men who direct this great sugar business choose coal because coal, efficiently burned on mechanical stokers, provides accurately controlled heat for the lowest cost per lb. of steam; because coal—mechanically stoked—burns smokelessly; and because the coalfields of Britain can supply all industrial demands for generations to come.

When it's your turn to make a decision about fuel, remember Tate and Lyle. Their experience could profitably sweeten your financial cup of tea.



Here are some key facts and figures about the Tate and Lyle power houses at their refineries in London and Liverpool

The boiler houses at the three Tate and Lyle refineries raise together 890,000 lbs. of steam per hour at 650 lbs. per sq. inch at 82% efficiency, which pass through turbines to generate 24 Mw. of electricity of which 4 Mw. is re-exported to the grid. The steam then goes to the process, and the power and heating operation has an overall thermal efficiency of 72%. The coal burnt amounts to over 300,000 tons per annum of washed smalls.

PROGRESSIVE INDUSTRY IS GOING FORWARD ON

COAL

ISSUED BY THE NATIONAL COAL BOARD

a surge of new construction. By that time the oil and electric power industries may also be ready to join the parade. The railways, which have shelved most of their plans to buy new goods wagons because the steel strike hurt their business, will undoubtedly want them next year.

The deferring of many plans for new capital investment will provide a welcome relief to the money market. The companies included in the survey, questioned about their financing plans, indicated that $6.3 billion would be needed from external sources to finance capital expenditures in 1960—or only about $500 million more than in this year. (This is not an estimate of the total of new issues, which include funds raised for working capital.) More than 80 per cent of the funds required for capital spending are expected to come from internal sources such as retained earnings and depreciation and depletion allowances. This is a high degree of reliance on internal financing, even allowing for the fact that preliminary financial plans often underestimate the eventual need for public issues of securities.

According to the survey manufacturers expect to finance nearly all their 1960 capital spending from internal sources. Estimates in this field have usually proved too low in the past. But the present plans for raising less than $800 million in the money market for new plants and equipment could be increased considerably without approaching the 1957 total of nearly $3 billion. The petroleum industry also proposes to finance nearly all its capital expenditures in 1960 from internal funds. The electricity and gas companies will rely, as usual, on the money markets, but they do not plan to spend much more next year than they did in 1959. The real pressure on the money markets will come late in 1960 or in 1961, particularly if businessmen seek short-term funds early next year in the belief that long-term interest rates will fall as 1960 goes on, and that they will save money by refunding these obligations later.

Senator Kennedy's Catechism

LIKE Al Smith, who in 1928 became the only Roman Catholic ever to be nominated for the Presidency, Senator Kennedy is undergoing a public cross-examination to discover whether his freedom of action if he reached the White House would be circumscribed by his religious beliefs. Protestant groups and enterprising newspapers naturally wanted to know the views of the leading Roman Catholic contender for the Presidency once the American bishops of his faith had publicly denounced the use of government funds to disseminate in under-developed countries information on artificial methods of birth control.

Up to now not a penny of foreign aid funds has been spent in this way and no country has requested help in controlling the growth of its population. But the Indian Ambassador to the United Nations has just said that India would welcome it and in years to come the question may be far from academic. That rapidly falling death rates and continued high birth rates make more difficult the task of economic betterment in backward areas is not disputed. The foreign aid programme is involved in two ways: because it may be thwarted by this rapid growth in numbers and because efforts to improve living conditions may themselves be a cause of the trouble. Last summer the Draper committee, which was appointed by the President to study foreign aid, seemed to suggest, in heavily-veiled language, that information on birth control should be made available to countries receiving economic assistance if they asked for it. This position has been supported by the Protestant Council of Churches.

In his press conference this week the President said forcefully that the matter was not one for the government and that if foreign countries wanted such assistance they should address themselves to private organisations. Senator Kennedy disdained such sidestepping of the issue. He rightly declared that it would be unbecoming of the government, which has never advocated birth control in the United States (although the population is increasing very rapidly) or in Europe, to urge it on the brown and yellow races; this is a problem for the under-developed countries themselves. But, if the question of providing information came to him as President, he would decide it in the best interests of the United States. Other possible candidates—Governor Rockefeller, Mr Stevenson and Senator Humphrey—believe that such assistance should be provided to countries requesting it. Only Senator Symington, who has probably given less thought to the problem than anyone, was unequivocally in favour of birth control abroad—perhaps because any religious controversy is bound to make Democratic politicians even more timid about entrusting their hopes to a Roman Catholic and thus to improve the presidential chances of less controversial candidates.

Wall Street's Meagre Diet

FROM A SPECIAL CORRESPONDENT

AT a time when the prices of most ordinary shares which are traded on Wall Street are moving sluggishly, a few favoured issues have shot up by leaps and bounds while others have fallen drastically. These divergences have been masked by the market averages, which have remained fairly static for the past two months. But the managers of institutional portfolios, who have often attributed their lack of interest in British and European securities to the thinness of foreign markets, have become painfully aware that this condition also prevails at home. These professionals are turning more and more to secondary distributions—sales of shares through underwriters—in preference to the stock market, where the lack of buyers usually forces them to make big price concessions when they are disposing of large blocks of securities. The meagreness of the supply of shares was an important and perhaps welcome element in the upward thrust of prices during the recent bull market, but now that demand has slackened and the desire to lighten holdings of equities is widespread it has become obvious that a thin market has its drawbacks.

Trading volume has declined in spite of the rapid growth in the number both of shareholders and of shares outstanding. At the end of 1958, there were just over 5 billion shares listed on the New York Stock Exchange with a total value of $276 billion; since then a record number of stock splits and dividends has increased the number of shares still further while the rise in equity prices has raised their total value to over $300 billion. The total number of shareholders is also higher. Yet since 1951 the rate of turnover has ranged between 12 per cent and 19 per cent compared with an average turnover of about 40 per cent in the nineteen-thirties and of 119 per cent in 1929. This means that the total value of a very large number of listed shares is being determined by a very small portion of them. In October, when 61 million shares changed hands, about $5 billion was added to the total value of listed shares, indicating that major swings in prices can result from minor fluctuations in turnover. In recent years the number of shares bought and sold has not amounted to a significant proportion of the total; the biggest trading day, just after the President's heart attack in 1955, saw 7.7 million shares change hands and total values declined by about 4 per cent. But this is no guarantee that there will never be an upsurge in trading volume, accompanied by wider price fluctuations.

The thinness of the market has several causes. The tax laws, which treat as ordinary income a gain made when a security has been held less than six months and exact a maximum of 25 per cent on a

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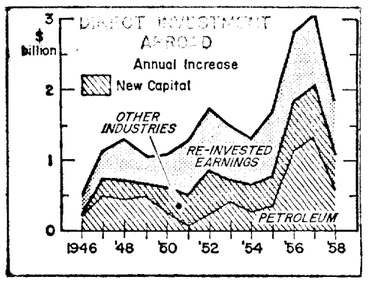
Business Moves Abroad page 972

Business Moves Abroad

SINCE the war American businesses, like American holiday-makers, have taken to going abroad, and by now the migration of American capital in search of markets and higher profits is well-established. Direct investments abroad, in branches, subsidiaries and foreign affiliates, amounted altogether to only $7.9 billion in 1943; by the end of 1958 they reached a total of $27.1 billion in terms of book value alone. Their actual worth was probably close to $50 billion, according to an estimate by the McGraw-Hill Department of Economics. Direct investment now represents the lion's share of the whole $41 billion of private American holdings abroad. Earnings on direct investments amounted to about $3 billion in 1958, a recession year; reinvestment of earnings



accounts for much of the spectacular growth in the American holdings.

Even more remarkable is the estimate by McGraw-Hill that American-controlled firms abroad sold about $30 billion worth of goods in 1958, nearly twice the value of American exports. Ten years earlier such sales were about equal to exports, then worth $12 billion. About 3,000 firms, including 99 of the 100 largest American corporations, have undertaken foreign operations and many of the businessmen involved believe that sales from foreign plants will continue to increase far more rapidly than exports.

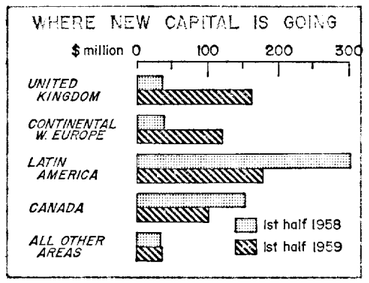
This growing stake in foreign operations inspires, in those concerned, a more liberal attitude towards trade policy; protection at home can bring retaliation abroad. But many trade unionists and members of Congress are beginning to protest about the "export of jobs" which results when American capital and know-how link hands with lower foreign wage scales. To give only one example, the International Harvester Company, which once exported 15,000 tractors a year from the United States, now exports only 1,000; more tractors are being sold abroad than ever before, but from its foreign plants. Moreover, the migration of private capital contributes (if only temporarily) to the deficit in the balance of payments.

Last year the value of direct investments rose by only $1.8 billion, but this is still substantially more than the postwar average. Moreover, the petroleum industry, which accounted for 40 per cent of all direct investment between 1950 and 1958, was responsible for most of the decline in the rate of growth in 1958. In the first half of 1959 the flow of new capital into direct investment abroad was 13 per cent higher than it had been in the first half of 1958.

These balance of payments figures fail, however, to give a complete picture of the part played by American-controlled companies in the economies of foreign countries because their growth is being financed to an increasingly large extent in foreign capital markets and out of the subsidiaries' own internal resources. Last year the Department of Commerce began a survey—admittedly not quite complete—to discover what resources are available to such companies and how they are spent.* In 1958 spending on property, plant and equipment totalled $3 billion, of which only $.8 billion came from the United States; such spending amounted to 17 per cent of the total for all American companies at home and abroad.

The McGraw-Hill Department of Economics has also started a survey of foreign spending by manufacturing and petroleum companies. It concludes that in 1959 this is likely to rise only 5 per cent above spending in 1958 and will remain below that for 1957. But spending on manufacturing plant alone is being expanded by 26 per cent and will be higher in 1959 than it was in 1957. Moreover, by 1960 manufacturing companies expect to be spending 47 per cent of their foreign outlays in Western Europe compared with less than 40 per cent in 1957; this would be a larger share than that going to Canada and Latin America together.

Direct investment abroad is prompted more by the desire to tap new markets or to preserve old ones than by low foreign wage-scales. These do not always mean low costs of either labour or production. A study by the National Industrial Conference Board concludes that only in Britain and Western Europe are costs in general lower than they are in the United States. Stronger incentives

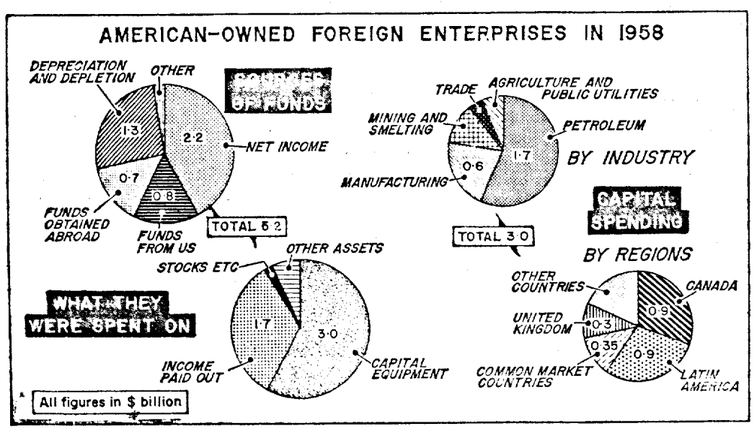


are the desire to evade tariff barriers and the considerable advantage of being able to adapt output to a specific market—smaller refrigerators for Europe, for example, and ones with room for wine bottles in Italy.

In 1958, the first year of the European Common Market, new investment in the countries belonging to it held up well, in spite of the recession, at just over $90 million a year, while new capital flowing into the United Kingdom fell from $157 million in 1957 to $58 million. (The sharp rise in 1959 owed much to one large transaction—the purchase of British Aluminium.) France and Italy scored the greatest gains. Elsewhere, new investment in Latin America fell from over $1 billion to $288 million (mainly because of less interest in petroleum leases) and in Canada from $584 million to about $400 million. The Far East was a net loser, but Africa and the Middle East continued to gain because of new investment in petroleum.

Much emphasis has been placed on the need to replace government-financed foreign aid with private capital, partly to lighten the taxpayer's load, partly because private capital is a bringer of new techniques. But in 1958 no new capital went, for example, to India on balance; in general private capital for factories is attracted by the prosperous markets of highly developed countries. Moreover, 85 per cent of the foreign capital spending of American companies in 1958 was for expanding and modernising established enterprises—those created in 1950 or even earlier.

* *Survey of Current Business*, October, 1959.



Flowers in the desert

Flowers grow, even in the wastelands of Mexico . . . the flow[illegible] of cactus. A brief shower . . . and the sands blaze into short life with scarlet mariposa lily, verbena and desert dandelion. But where man-made channels water the desert, blossom comes more surely and profitably—in the pinky-white form of cotton. Nearly half a million irrigated acres are under cotton cultivation in Baja California del Norte. The whole valley area of this corner of Mexico depends on cotton—and nematodes were seriously endangering this all-important crop.

For some years, yields had been steadily decreasing in many of the cotton fields and by 1956 the situation was causing alarm. The presence of nematodes was suspected and an infestation survey was carried out—with startling results. Nearly a fifth of the entire cotton acreage was found to be seriously infested with nematodes and it was, therefore, decided to carry out a comprehensive series of trials with Nemagon soil fumigant. Once again, the results were startling.

Dosage rates as low as ½ gallon per acre (5 litres per hectare) gave *yields 2½ times those obtained in untreated soils—together with larger bolls—yet there was no diminution in quality of the cotton lint or seed.* Furthermore, there was a marked reduction in cultivation and irrigation costs as a result of the far more rapid growth. These were readily-apparent benefits of treatment with this important soil fumigant developed by Shell. From the power of Nemagon, will come more—and more profitable—'flowers in the desert'.

Nemagon
Trade Mark

Nemagon is one of a series of Shell pesticides that offers control over virtually every major world pest—aldrin for insects in the soil, endrin for those which attack foliage and flower, dieldrin for persistence and public health uses, Phosdrin for close-to-harvest application and D-D for nematode control.

IN AGRICULTURE . . . YOU CAN BE SURE OF SHELL CHEMICALS

Issued by Shell International Chemical Company Limited and Bataafse Internationale Chemie Mij. N.V. For further information consult your Shell Company (in the U.K., apply to Shell Chemical Company Limited).

A shine in their eyes

In front of the shop window . . . a home begins, dining table, chairs and sideboard. Curtains and carpets and interior-sprung mattress. Clothes line and washing-machine. A home built first in two-minds-with-but-a-single-thought, now seen with starry eyes through plate glass windows and in shiny catalogues. A home in the making, chemical formula for domestic bliss.

Chemical formula? Ketones for the fine lacquer finish on the hardwood furniture. Detergents for the scouring of the wool of the carpet. Plastics for the curtains and for the clothes line. Epikote resins for the durable finish on the washing-machine. Synthetic rubber for the foam filling of cushions. All, by Shell.

Shell industrial chemicals help to build many homes—and many products. In the range of Shell chemicals are ketones, alcohols, glycol ethers and hydrocarbon solvents; resins, plastics and detergents; base chemicals and additives; glycols, synthetic rubber, synthetic glycerine. Ask your Shell Company how Shell chemical research and production can best serve you.

Shell Ketones

Shell Ketones—particularly methyl isobutyl ketone—are all-important constituents of the fast-drying, long-lasting nitrocellulose lacquers which are so widely used in wood and metal coatings. Ketones are also used in the manufacture of vinyl and acrylic lacquers, in extraction processes for drugs, pharmaceuticals and perfumes and in the manufacture of synthetic resins, plastics and rubber accelerators. Like all Shell industrial chemicals, Shell Ketones serve many industries. Your Shell Company will give you full details.

IN INDUSTRY . . . YOU CAN BE SURE OF SHELL CHEMICALS

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Continued from page 971

gain made when it has been held longer, are a deterrent to frequent trading. Similarly, the concept of dollar averaging, a system favoured by institutions and individuals who can count on a constant flow of fresh funds which are used for regular purchases of the same issues, tends to freeze shares in portfolios. Some institutions disdain dollar averaging. But, because of the size of their commitments, most institutions must be long-term investors; their purchases reduce the number of shares available for trading.

While long-term investment has been encouraged, short-term transactions have been curtailed. The imposition of margin requirements—now standing at 90 per cent—has cut down the activities of traders. Before the Federal Reserve Board had the authority to regulate margins, speculators could and did purchase shares with comparatively little cash, hoping for a quick rise in prices. This generated an unhealthy amount of risky trading that served to accelerate the 1929-30 disaster; with today's high margins the individual is well protected against being wiped out and there is no danger of an excessive amount of credit going into the equity market. But the advantages afforded by margin requirements are offset, to some degree, by a decline in trading depth.

The Stock Exchange has itself contributed to thinner markets by increasing commissions on purchases of equities. Commission charges have gone up three times since 1947, with the last rise, in 1958, amounting to an average of 13 per cent. Merrill Lynch, Pierce, Fenner & Smith, the nation's largest brokerage firm, fought the increase on the ground that it was hardly consistent with the exchange's campaign to increase the number of small shareholders. It was also a blow at speculators. Trading volume actually rose after the new scale of charges was established, but this was because of the resumption of the bull market and the increased demand for shares. In the last few months there has been an increase in the activity of members of the stock exchange trading for their own accounts, but the amount done on behalf of the public has fallen sharply.

The combination of the capital gains tax, higher margins and higher commission charges has not only reduced the total floating supply of shares, but has also concentrated the attention of traders upon those issues having relatively few shares outstanding. Institutional investors like to confine their buying to corporate blue chips, such as General Motors, du Pont, International Business Machines and US Steel, which have a high number of shares and shareholders and which are less vulnerable to violent swings in price. Sophisticated speculators seeking large short-term gains do not purchase these issues unless circumstances clearly indicate a big new wave of demand; instead, they seek out ones whose prices will soar if there is a small rise in demand. A group of such issues, which have comparatively few shares outstanding and which are closely held, are listed on both the New York Stock Exchange and the American Stock Exchange; frequently their prices fluctuate 10 or 20 per cent in a single day.

Steel's Working Conditions

THE deadlock in the steel negotiations, which makes it seem probable that the strike will be resumed when the present injunction against it expires on January 26th, has arisen not from any inability to agree on wages or other payments but from the management's insistence that in any settlement it must be given greater control over local working conditions. To the labour leaders the companies' intransigence on this point suggests that they are using the anti-labour climate in Congress and the country as an opportunity for trying to break the steel workers' union. To the men themselves the companies are simply attempting to "eliminate jobs" and speed up work and are attacking the safeguards won by labour during long years of struggle. The men therefore rallied behind their leaders' call for a strike far more enthusiastically than they would have done had the dispute been on the less emotional question of wages.

Local working rules are the thousands of customs and work practices which have grown up during the detailed application to particular steel mills of wider industrial agreements; they naturally vary considerably from plant to plant and even from process to process within a plant. They may involve wages and hours but usually concern some aspect of working conditions—work loads, the number of men on a job, calculations of overtime, breaks for refreshment, seniority and promotion. In *Business Week* recently an example was given of a team of twelve men doing a job which only needed ten; to eliminate the two spare men would have saved over $7 an hour, some of which would have gone to the men remaining as a reward for extra work and responsibility. But under Section 2B the cut cannot be made unless the union agrees—and it is not likely to do so.

SECTION 2B is the clause in the union's 1947 agreement with the maior companies which protects these local rules except where the management makes a basic change in the conditions of production. Modernisation and the installation of automatic processes constitute such a change and the union insists that, in taking its stand on Section 2B, it is not opposing automation or the changes in work rules which this necessitates. Indeed, the union says that it welcomes investment in new and better facilities. But it is resisting attempts to reorganise the use of manpower where there have been no technological improvements in the plant; it argues that this means over-work for some at the expense of the jobs of others. The dispute is therefore concerned chiefly with older steel mills in which restrictive work rules have grown up over long periods of time and have been frozen into local practice.

On their side the steel companies assert that the industry uses manpower wastefully. Therefore they want more freedom to change work rules, particularly those concerning the number of men on a job and their working schedules, when such changes would make production more efficient and eliminate idle time. But, as the presidential board of enquiry pointed out, the managers have not as yet offered compensation to those workers who might become redundant under such a system.

The steel industry has maintained an almost united front so far but an important maverick was the Kaiser Steel Corporation which signed a separate contract on October 26th. As well as providing for concessions on wages and welfare this gave responsibility for changing local work rules to a small joint committee from management and labour. The other companies rejected this solution on the grounds that it would cost them more than it would Kaiser and would almost certainly be less effective. This is because most of their facilities are older than are those of the Kaiser Corporation, which was founded during the last war and is modern both in its plant and in its labour relations; it is less troubled with work rules and it treats them with a flexibility that is not found elsewhere. The heart of the industry's refusal of the new Kaiser contract seems to be management's desire to have direct control over the workers in a plant.

However, the other companies have offered to delay a decision on work rules for a year provided that the question is submitted to a study committee and, if that fails, to binding arbitration. This proposal was unacceptable to the union which claimed that it would only delay, not counter, what is held to be the industry's determination to reduce its work force; furthermore the union felt that the question as submitted in the companies' proposal was phrased so narrowly that it could only be settled in their favour.

The exchanges try to narrow price spreads, but there is no way of preventing big gains and losses when the number of shares involved is so small.

For example, shares of the Fairchild Camera & Instruments Corporation, which is one of the most publicised electronics firms, sold for $283 last week, $30 more than the previous closing price. In all, 4,100 shares of Fairchild were traded, which represents less than one per cent of the 495,000 shares outstanding. As a result of a single day's trading the value of Fairchild shares increased by almost $15 million or roughly $5,400 for each share that changed hands. If a total turnover of less than one per cent can bring such a great rise, it can also bring a great fall; in August, Fairchild shares dropped $44 in three trading days, a loss of about 25 per cent for those who had bought just before the break.

Institutional investors recognise that the market's evident thinness can accentuate a decline just as it has magnified the upturn. There is little, however, that anyone can do about it. No one favours any change in margin requirements, for example, nor is there any chance of a reduction in commission charges. Even more surprisingly, there is little sustained sentiment for changing the laws on capital gains. There have been some suggestions that the law should be made more flexible; this would help to thaw out portfolios. For example, the Investment Bankers' Association, when it met in Florida this week, supported proposals to reduce the capital gains tax, particularly on shares which have been locked up for a long time, and pointed out that this would mean more trading, and hence more revenue for the Treasury, as well as greater stability for share prices. But there is unlikely to be much congressional support for either argument.

When Television is Sick . . .

BETWEEN now and Christmas television's sordid cupboards will be turned inside out by a host of government investigators. This week the Federal Trade Commission discussed with the industry's leaders ways of eliminating deceptive advertising. On Monday the Federal Communications Commission, the government agency which was so backward about interfering with rigged quiz shows, is beginning broad hearings on the practices and malpractices of television. Two days later a House committee will pick up its hearings where it left off after Mr Charles Van Doren offered his celebrated confession. The Department of Justice is preparing a report for the President on deceptive practices, and a Senate subcommittee is thinking of looking at the rating systems, which supposedly measure the popularity of individual programmes, to see if they too are rigged.

Any hopes which sponsors, advertisers and the industry may have cherished that the scandal would die down before Congress reassembles early in January have been frustrated by the discovery of a new vein of corruption: payola. This is the entertainment industry's expressive term for the bribes paid by gramophone record companies to disc jockeys, who can turn a new song into a goldmine by playing it on their programmes of recorded music. Some of these gentlemen have been unhorsed abruptly; many are being interviewed by the New York authorities in the wake of charges that payola is widespread. The most influential disc jockey, Mr Dick Clark, who has a vast teenage following, has been forced by the American Broadcasting Company to give up his considerable interests in recording and music publishing firms.

According to Dr Stanton, the candid head of the Columbia Broadcasting System, "something has to be done before it is done to us." The risk of new legislation may not be this acute, but the fear of it is driving the industry to put its own house in order, or at least to give the impression that it is busy doing so. The chairman of Young and Rubicam, the important advertising agency, has failed to persuade CBS and ABC that what the industry and its advertisers need is a panel of distinguished outsiders to draw up a code of conduct, but only because Dr Stanton feels that this would be "passing the buck" and an abdication of the networks' own responsibilities. One of the reforms being discussed at CBS is a move toward the "magazine concept," under which the network, instead of its advertisers, would provide the programmes—in short something like British commercial television. Such a noble experiment might free CBS from the devil of government control, but undertaken alone it seems equally certain to land it in a deep blue sea of deficits. Advertisers pay television $1 billion a year, partly to be identified with their own shows. The National Broadcasting Company's decision to appoint a "citizens' advisory committee" is a safer, if somewhat meaningless, course.

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Written for Busy Men

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ENGLISH AND FRENCH EDITIONS

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AND OUTER SEVEN

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SHORTER NOTES

In spite of all the discussion of railway mergers, and the Interstate Commerce Commission's encouragement of these plans as a cure for the unhealthy economic condition of many railways, the first such merger takes place only this month. It was originally proposed, and turned down, 34 years ago. It unites the Norfolk and Western Railway Company with the Virginian Railway Company; the two lines, with 2,748 miles of track between them, serve the Pocahontas coal-producing region. The merger is expected to bring savings of $1 million a month, but it may mean that as many as 40 per cent of the employees will lose their jobs.

* * *

While visiting New Delhi on December 11th President Eisenhower will open the American exhibit at the World Agricultural Fair. It will include models of four American types of farm—dairy, poultry, wheat and general—and will cover some five acres at a cost of $2 million. The two-month-long fair will stress methods of increasing food production. Among the other countries participating are Russia and Communist China.

* * *

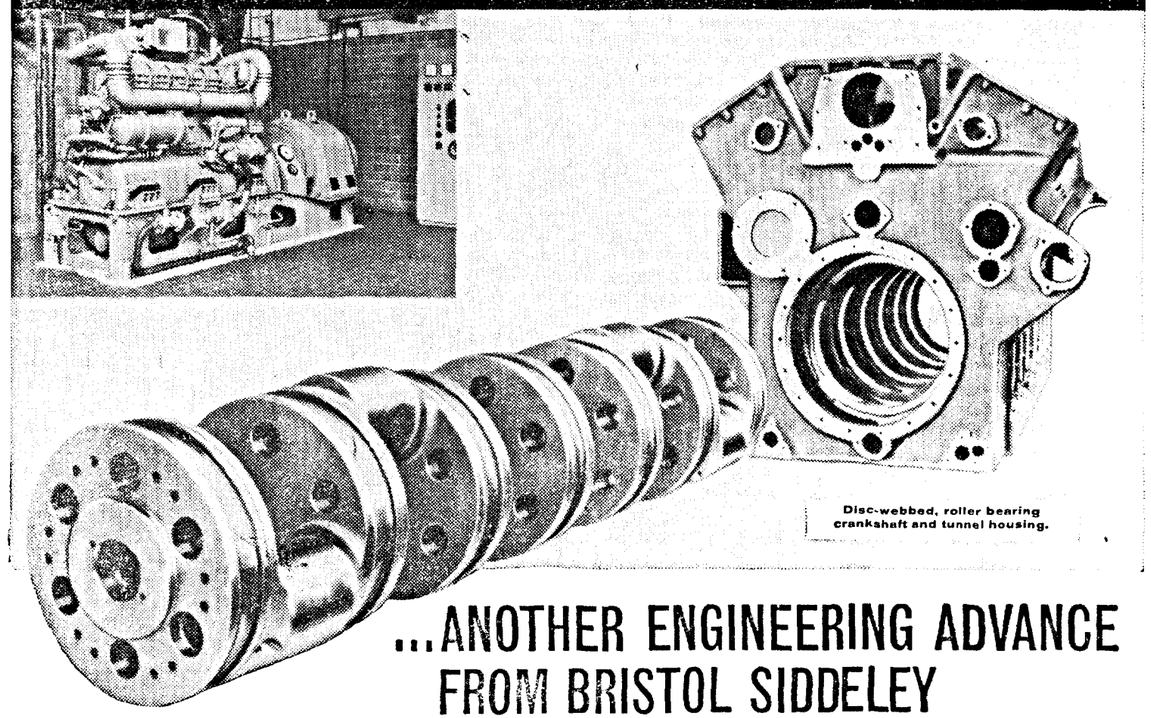
Even though there was a loss of $528,873 according to one calculation, 1958-59 was the New York Metropolitan Opera Company's most successful financial season for twelve years. A different, but equally valid, accounting method produced a profit of $3,150.

* * *

Corrections:—The first article in the series "Bill of Health" appeared in the issue of August 29th, not August 20th, as was stated at the end of the series. Several of the surveys referred to in these articles were undertaken by the Health Information Foundation Incorporated, of 420 Lexington Avenue, New York City, which is an independent research organisation sponsored by the drug companies.

In an article entitled "One Sheep, One Vote" in *The Economist* of October 15, 1959, it was stated that live sheep are being sent to the United States from New Zealand; this should have been Australia.

Maybach industrial diesel engines–from 300 to 1,800 hp–
can achieve 16,000 hours between major overhauls...



Disc-webbed, roller bearing crankshaft and tunnel housing.

...ANOTHER ENGINEERING ADVANCE
FROM BRISTOL SIDDELEY

Bristol Siddeley Engines Limited produce Maybach* diesel engines. Covering a power range from 300 to 1,800 hp, Maybach diesels are amazingly reliable and have shown that they can achieve major overhaul lives of between 12,000 and 16,000 hours.

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THE WORLD OVERSEAS

Sweet Reason on Algeria

FROM OUR SPECIAL CORRESPONDENT AT THE UNITED NATIONS

By Wednesday the United Nations Assembly's public debate on Algeria was at last properly launched—on a flood tide of sweet reasonableness. Even before the formal opening of the debate on Monday, it had been pretty clear that only one issue was at stake. Would the assembly accept a resolution whose Arab, Asian and African sponsors were diplomatically anxious to make no reference to spades as spades ; or would a decisive number of delegates listen to those who thought it better to pass no resolution at all? On both sides generous tribute has been paid to "men of good will" thanks to whose recent initiatives, it is almost fulsomely emphasised by most speakers, a solution in Algeria now seems much nearer. Whatever their private reservations, in public delegates of a notable variety of governments have vied with one another in hailing the approach of a new and radiant day, and have presented their arguments mainly in terms of a choice between tactics—the actual goal may not be very clearly defined, but it is stoutly assumed that it is scarcely in dispute at all. Times have indeed changed.

Arab spokesmen have seemed more concerned to praise General de Gaulle than to badger him. Mr Mongi Slim of Tunisia, who opened the debate on Monday morning on a rigorously unimpassioned note which sounded like a choirmaster's tuningfork, quoted copiously and appreciatively from the General's utterances.

On Wednesday afternoon, Mr Georges Hakim of Lebanon, while minutely analysing the inconsistencies between the various French statements on Algeria, placed his analysis in a framework of resounding compliments to the "high statesmanship" of the "great leader of a great nation." True, on Tuesday the irrepressible Mr Shukairy got into the act with a speech which, after beginning with a promise of "no recriminations, no indictment," veered to references to "Paris, whose streets are murmuring under the muddy boots of militarism and colonialism." But by his own peculiar standards even he was notably restrained; and the private consensus of opinion among the Arabs here, including most particularly the Algerian representatives, was that Mr Shukairy might have been better employed in some other committee of the assembly. One Arab suggested to your correspondent that the one jarring note in ten Arab speeches might serve a useful purpose by pointing up the statesmanlike moderation of the others.

More jarring notes may yet be heard. On Wednesday Señor Lequerica of Spain, in the course of handing out verbal bouquets all round, let slip an unhappy phrase about the United Nations "keeping its fingers out of the pie." As for Russia, the present interesting stage of its relations with France suggested that its views might well be couched in cautious terms.

The general aroma of good intentions seems too strong to be easily dissipated. The British and Australian delegates, who on Wednesday joined with their American and Canadian colleagues in an Anglo-Saxon chorus of appeals for the debate to be left to tell its own tale without the adoption of any resolution at all, took pains to praise Mr Slim's opening speech. On all sides appeals to precedents were deployed in a most Anglo-Saxon manner. Sir Pierson Dixon cited Cyprus—the most encouraging item missing from this assembly's agenda—as showing the 1958 session's wisdom in not passing any resolution on a dispute when agreement was "almost within reach." Mr Slim, referring to the Algerians' nomination of five imprisoned leaders as their chief representatives in the proposed discussions with the French government, remarked that neither Britain nor France had had cause to regret their acceptance of Dr Nkrumah and the King of Morocco as negotiators brought straight from detention. Mr Fawzi added Gandhi, Nehru, and others to this list.

At the end of the day the Burmese delegate formally introduced a joint Asian-African resolution, whose terms were as restrained as had been expected. Again the contrast with the 1958 assembly was most striking. Then, the same group had presented a draft which referred specifically to the conflict in Algeria as a war, to the country's right to independence, to negotiations, and to the insurgent leadership by its full style and title as provisional government. Even after the deletion of the last reference this resolution had mustered only 35 votes. This week's text speaks of hostilities, not war (an Algerian here remarked to your correspondent that this was a more modest expression than even the French President himself had used); of self-determination, not independence: of rather vaguely defined pourparlers, not negotiation; and of "the two parties concerned," not otherwise specified.

To vote against this, it has been remarked here, is practically to vote in favour of sin. Accordingly Wednesday's reluctant westerners will presumably continue to avoid any criticism in specific terms and will stress the value of not adopting any resolution at all. But it need hardly be said that, for all the present appearances of sweetness and light, France's allies remain painfully embarrassed. The French thirst for grandeur may have been slaked with verbal bucketfuls during the debate, but the French, who have absented themselves throughout, have made clear their abhorrence of any resolution passed by an organisation whose name is now something of a bad word in Paris. British and American spokesmen on Wednesday left some uncertainty whether in the event they would actually vote against the present resolution or further irritate Paris by abstaining. They left no doubt about the relief with which their delegations would greet a decision not to press the resolution to a vote. No such decision seems likely. A number of European and Latin American delegates are understood to be equally unhappy about how exactly to distribute their favours. Obviously some very nice calculation is involved for those who genuinely want an early solution in Algeria. In the United Nations context, sweet reasonableness can sometimes present subtler and more painful dilemmas than are involved in old style head-on collisions.

Italy in the Thaw

FROM OUR ROME CORRESPONDENT

The first signs of a thaw in east-west relations threw Italy's home politics into disarray. For twelve years and more the existence of the cold war was a basic assumption of Christian Democrat power and the chief justification of political alignments in Italy. It will be long before the disorder is composed. Indeed, should the thaw set in in earnest, the cracks in the ice of Italian

politics are bound to widen. But the government, at least, has had time to get over the shock, thanks to the delayed departure for the summit, and is ready to welcome President Eisenhower (due in Rome on December 4th) with a decent appearance of being convinced of the benefits and the urgency of détente. Opinion has come a long way from the time when the government-inspired radio and press ridiculed or deplored Mr Macmillan's well-meant attempts to press for east-west talks.

It is trite to repeat that since the days of Guelph and Ghibelline Italy's domestic politics have constantly tended to polarise round the main contending parties in Europe. This has been as true since the war as it was in the thirteenth century; the east-west conflict has been the main issue in Italian politics and has given ideological colouring to the clash of domestic interests which is a natural feature of the country's present stage of economic development. But if the great powers of east and west shift their positions in relation to each other, party political life in Italy will be thrown into confusion until the contending groups in Italy can adjust themselves to the change. In such an upheaval, who will survive? This is as big a problem for the Communists as for the Christian Democrats, for the Confederation of Industries as for the trade unions: each group feels itself in danger of losing its international backing and the slogans which sustain it in the fight. This threat (for that is what it is seen as) comes at a time when the first timid efforts at an industrial revolution in the south are bringing the northern industrial interests and the advocates of state enterprise into keener opposition than ever.

As might be expected, the Communists have acted quicker than their opponents. Signor Togliatti has already stolen a march on the Socialists by announcing that his party will support any government—even this one—that shows a serious intention of putting through even moderate reforms. This double move to the right to outbid the Socialists in moderation is a well-known gambit of Signor Togliatti's; he calls it the quail's hop. He first made it in 1944 when he astonished and irritated the Socialists by agreeing to collaborate with the monarchy. But his most outrageous performance was the Communist vote in favour of Article 7, which incorporated the Concordat and the Lateran Treaties in the Constitution of the Republic. It is not surprising that the old leader should repeat a manœuvre that has served him in the past, but this does not prove that the Italian Communist party under his leadership is really in a condition to face up to the problems of détente. The Communist party under Signor Togliatti is an inflexible doctrinaire body, still wedded, in spite of some unhappy readjustments, to the methods and dogma it perfected in Stalin's day. Paradoxical as it may seem, the existence of a big, stolidly "revolutionary" Communist party, shorn, since the Hungarian revolt, of its revisionist intellectuals, is a conservative factor in Italian politics. Not unless it passes under the leadership of Giorgio Amendola, the most imaginative of the younger leaders, will the party be in a condition to understand and serve Mr Khrushchev. When that happens it will be almost indistinguishable from the Socialists.

The only political party which is spiritually prepared for a détente in world affairs is in fact the Socialist; and in theory this party should have found the way smoothed for its long-projected understanding with the Catholics. But the time factor for this is out. Both sides have dallied too long. The marriage contemplated twelve years ago by De Gasperi and Nenni ought to have been consummated between Nenni and Fanfani, but Nenni missed the appointment at his party's Venice congress in 1956, and Fanfani muffed it at Naples last January. The intrigue goes on, as it is bound to, but no one has much confidence that these particular protagonists will ever pull it off.

A third party opposes the match between Catholics and Socialists. The Social Democrats, who lost their left wing to the Socialists last spring, have received a shot in the arm: Eugenio Reale's group, which left the Communist party after the Hungarian revolt and failed to find a home with the Socialists, this week officially joined the Social Democrats. Both operations, the exit of Matteotti and the entry of Reale, go to show that, whatever the intentions of its leaders, the Social Democrat party is a barrier, not a bridge, between Catholics and Socialists.

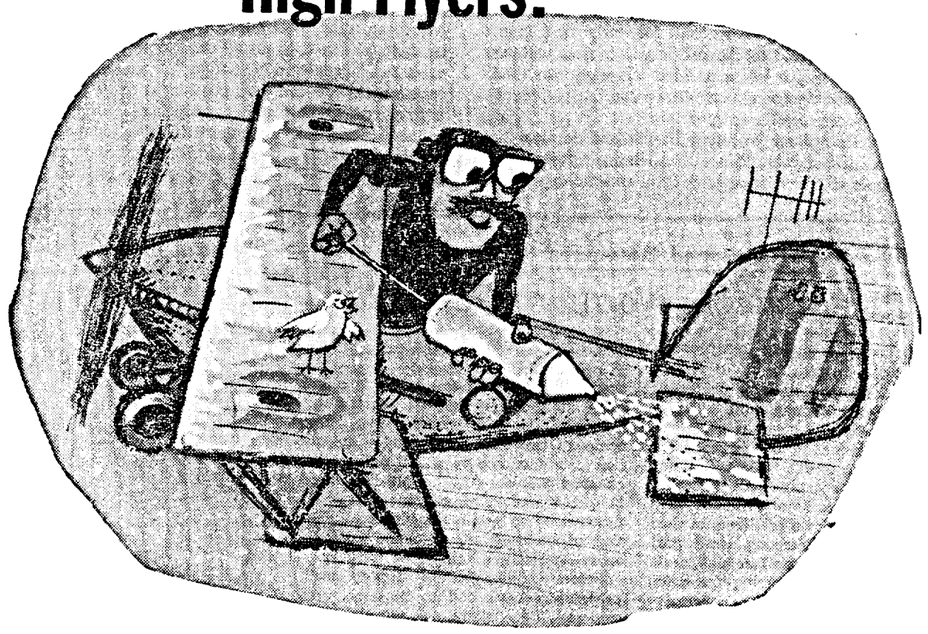
The thaw, if it comes, will break at a difficult time for the Christian Democrats, whose unity is threatened by the conflict between social pressures from below and vested interests above. The party assize at Florence ended in a victory for the centre, on the surface; but there is no doubt that the party is being carried along by force of circumstance in the direction of reform and that its leaders are more and more committed to a policy of planned development for the south. The rate of industrial expansion in the north, with the rapid rise of living standards there, accentuates the backwardness of the south and generates intolerance. Signor Milazzo's breakaway from orthodox Christian Democracy in Sicily, whatever its immediate political causes, was an expression of this discontent. The Christian Democrats, as the party of government, cannot be indifferent to it. Just as the first years of Christian Democrat domination were characterised by the land reform, so today, if the party is to survive, it has to address its energies to the development of the south. Already, since the congress, the minister of the budget, Signor Tambroni, has announced that the Vanoni scheme is to be re-elaborated in the form of a fully-fledged development plan. Other measures, such as an agricultural plan, have been announced.

It is easy to spot the weak points in such ministerial promises and to suspect that the reforms, when they come, will be bland and incomplete. It may even turn out that the whole manœuvre, like the land reform itself, may serve in part as a smoke screen. For all that, as De Gasperi always saw very clearly, the country is moving to the left.

How long will it take to develop the south, and is there really time to do things the hard way, are questions for the detached observer. Italian politicians are now involved in the preliminary phase, the phase in which vested interests feel the threat and are feverishly preparing to meet it. Their first step is to seek protection under cover of the common market. "Big industry is pressing us to hurry forward" is a phrase one heard repeatedly from members of the Italian delegation last week in Strasbourg.

It is one of Italy's misfortunes that a country with no national foreign policy beyond the defence of its foreign trade and of emigration (the Alto Adige question is marginal) is saddled with the diplomatic machinery of a big power. The foreign ministry, a first-class diplomatic instrument with nothing to do, is exposed to pressure from Italy's stronger allies in the common market. Thus it was inevitable that Signor Pella should agree with the French at Strasbourg that the timetable for the common market should be shortened. Up to date, President Gronchi is the only important Italian prepared to assert that Italy's interests are closer to those of the Anglo-Saxon powers than to those of France and Germany. Mr Eisenhower's visit will be an opportunity for the Italian president to expound this view. It will also be a chance for Signors Segni and Pella to disentangle themselves a little from French and German pressure. But it is a chance that they will find it difficult to take; for the great and growing industrial interests of north Italy feel themselves more drawn to the developed western Europe of the common market than to the social reformers and nationally-minded planners who press for an all-out effort to develop Italy's south.

Good News for Hi-Fi High Flyers!



For high-flying hi-fi fans, a splendid vista stretches endlessly ahead. Those twin bugbears of stereo in the stratosphere—ice outside the aircraft and overcrowding inside it—have surrendered to a massed attack from the scientists who work on chemicals from oil. As ever, the Esso Chemicals Division took a keen interest in the fray.

High flying is all right—the sun's usually out and you're clear of the main roads—but it gets a bit parky up there. Ice tends to form on the wings and things. One solution is to spray on a fluid called iso-propyl alcohol, which de-ices the aeroplane. It's made from propylene, of which Esso Chemicals have plenty.

Hi-fi-ing is all right, too, although you used to need a small airship to carry all the necessary equipment. Then transistors came along. Open any transistorised gubbins and you'll probably find the parts embedded in a plastic potting compound. This is an epoxy resin, which also starts out as propylene—of which Esso *still* have plenty. And so stereo in the stratosphere flies slowly into the sunset, de-iced and uncrowded. Yes, it's a rich, full life for hi-fi high flyers. (And Esso Chemicals *still* have lots of propylene. Want some?)

Note to Manufacturers

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ESSO MEANS BUSINESS IN CHEMICALS

Morocco's New Worries

FROM A CORRESPONDENT IN RABAT

AFTER months during which the Moroccan government, led by Mr Abdallah Ibrahim, lost much of its popular support, it has recently scored some remarkable successes. The prospects for the future, however, with labour trouble and a round of wage demands threatening, are still not very encouraging. Mr Ibrahim was called upon by King Mohammed last December to form a non-party government that would prepare the country for its first elections, the first two stages of which, for rural and municipal assemblies, are now tentatively scheduled for early next year. Although Mr Ibrahim was told to choose his government without regard for party affiliations, it has a decided left-wing bias, and enjoys the support of the 650,000-strong Moroccan labour federation, the *Union Marocaine du Travail*.

The government decided not to follow France and devalue the currency at the end of last year. Since then, its main tasks have been the maintenance of the existing price level and the expansion of Morocco's export trade. Over the first six months of this year both aims were achieved: the cost of living showed a fall of over 6 per cent, and for the first time since the war Moroccan exports outstripped imports by a total of 295 million francs.

But the blocking of Morocco's franc zone " operations account " by France on June 30th, the eve of the opening of the new Bank of Morocco, started a serious financial and economic crisis. It was at this point that confidence in the government evaporated. The devaluation of the Spanish peseta only aggravated the situation since Spain and Morocco are direct competitors in European markets, and Morocco's failure to devalue had already made its products 17 per cent dearer in French markets. As a result, the Moroccan franc, after climbing slowly during the first six months of 1959, slumped to an all-time low of 500 to the dollar. The cries for " economic liberation " from France were intensified, especially as the ties were considered to be coupled with political concessions. On October 19th Mr Abderrahim Bouabid, the economics minister, announced his programme for a 20 per cent devaluation and a series of stringent exchange control measures to limit the flight of capital. By getting a loan of $25 million from the International Monetary Fund, he turned a devaluation " defeat " into an economic liberation " victory." Economic and financial talks between France and Morocco, based on these changes, are expected to be held in Paris shortly.

The simultaneous abrogation of Tangier's royal charter was an inevitable part of the new economic measures ; not only was there a continuous " bleeding " of capital from Morocco through this free money market, but thousands of pounds' worth of luxury goods were also being smuggled into Morocco each month through Tangier. Now, faced with the economic integration of Tangier with Morocco, many small, though legitimate, Tangier businesses are threatened with extinction ; of the several hundred banks and exchange bureaux only about fifteen are expected to survive. Plans are going ahead for constructing a " free port " area in an attempt to promote Tangier as an ocean-going shipping port and to develop an entrepôt trade. It is also intended, with improved road and rail facilities, to make the port a gateway into the provinces of northern Morocco.

The major diplomatic problem inherited by the Ibrahim government was that of the presence of foreign troops—American, Spanish and French—in the country. It was announced in October that all Spanish troops had withdrawn into the presidios of Ceuta and Melilla. But there are still some 14,000 French troops in Morocco, as well as 10,000 American military personnel with 11,000 dependants. The Americans are deployed in one naval and four air force bases built during the French protectorate. The Moroccans have never recognised the legal existence of these bases, because no agreement was ever signed between the United States and the Moroccan government. When Mr Ibrahim returned from a visit to the United States early in November he announced that President Eisenhower had " recognised the sovereignty of Morocco over the American bases " and accepted the principle of general withdrawal. The Moroccans hope that President Eisenhower will sign an agreement during his visit to their country on December 22nd.

Mr Eisenhower's visit and the bases agreement are a definite success for Mr Ibrahim, who can now ask France to accept the principle of the general withdrawal of its forces. Another success is the support that Morocco secured in the United Nations for its petition against the intended French nuclear tests in the Sahara.

Australia's Untapped Resources

Red Riches in Northern Queensland

FROM OUR CORRESPONDENT IN AUSTRALIA

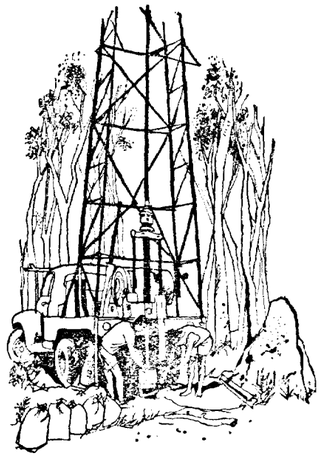
THE aircraft from Cairns, after three hours' flying across the scrub country of Cape York, emerged over the blue waters of the Gulf of Carpentaria. For your correspondent's benefit, it flew very low along the coastline at Pera Head. One could see the tracks of turtles on the white sand, the shadows of sharks in the shallows. But most striking were the cliffs. They were 18 or 20 feet high, and terra cotta red: solid bauxite, the raw material of aluminium. The aircraft climbed again, and some 20 miles farther north crossed the estuary of the Embley River. A red roof announced WEIPA in large white letters. This was a mission house. To one side of it, huddled among the palm trees on the beach, lay an aboriginal village ; to the other were the neat rows of a white man's camp. Beyond was a red airstrip: bauxite again. One landed on bauxite, got it in one's hair, probably drank it in one's tea.

This huge deposit was discovered in 1955 by a geologist of Consolidated Zinc Proprietary Ltd. After some months of prospecting that company, seeking a partner with experience in aluminium, joined with the British Aluminium Company to form the Commonwealth Aluminium Corporation (Comalco), each partner having a 50 per cent interest. (British Aluminium then really was British ; but last year the American company, Reynolds Metals, together with Tube Investments, bought it up.) The next step was to get a lease from the Queensland government. The agreement, signed in 1957, is for a term of 84 years, with a possible extension for another 21 years. It covers an area of 2,770 miles, but from 1960 this starts to shrink, until in 1977 it is 1,000 square miles. The company undertakes to spend a steeply rising amount each year, and to establish an alumina plant (the intermediate stage in the manufacture of aluminium) on Queensland soil, with the ultimate intention of building a smelter in Australia or on Australian-administered territory.

Before mining could begin much preparatory work had to be done. An exploration company, a subsidiary of Consolidated Zinc, has been drilling all over the vast area, bringing up thousands of samples foot by foot, washing them, and sending them away in carefully docketed bags for analysis. This work is more or less completed now, and the disposition of the bauxite is known in detail.

In general it is known that the total proved resources of this part of Northern Australia exceed 3,000 million tons, of which probably 2,000 are of " metal grade "—that is, yielding about 50 to 55 per cent of their weight in alumina. These figures include an area inland from Comalco's lease, on which the Aluminium Company of Canada (Alcan) is prospecting ; and smaller deposits on the other side of the Gulf of Carpentaria, where Comalco has another lease. No less than a third of the world's resources of metal grade bauxite seem to lie in north Australia. And on the Weipa side the ore is only one or two feet below the surface.

In other ways, too, Comalco's planning has reached a detailed stage. Work has been going on to find sites for a port and



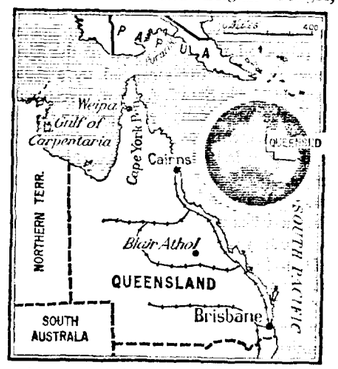
for the alumina plant, a water supply for the town, and local materials for building. An excellent deep-water harbour could be made with some dredging, and the plant could be near it ; the water supply could come from a river 40 miles away or perhaps from underground sources near the plant ; and promising experiments have been concluded using (guess what) bauxite as an aggregate with cement in building.

A major decision still has to be made: What source of power? There are two or three possibilities, and the choice between them will dictate the site for a smelter. The smelter, as distinct from the alumina plant, requires a vast amount of power, which is not available at Weipa itself. One possibility is to dam the Purari River in Papua, build the smelter on the coast nearby, and ship the alumina 500 miles. A second possibility is to use the Blair Athol coalfield in Central Queensland, a huge deposit of black coal which could be cheaply worked by open-cast methods, and over which the company has acquired a five-year option. The alumina would have to go by sea round Cape York and would probably meet its power on the coast at the nearest point to Blair Athol. Yet a third possibility now being investigated is to take the alumina to the south island of New Zealand—though that would not please Queensland.

Plans and preparations are thus far advanced ; but it remains to complete the matter of money and markets. The two go together in aluminium production. Producers and consumers are usually linked, and markets are lined up before the investment is made. It is a very heavy investment. An aluminium smelter of the optimum capacity of 240,000 tons of ingot metal would cost £A100 million ; the alumina plant to feed it £A45 million ; power supplies perhaps as much as £A80 million. The whole process on this scale would therefore cost about £A225 million, and half that capacity about £A125 million.

Formidable as those figures are, they are no larger than they would be elsewhere. Nor are they too large seen against total world demand for aluminium which, although it has only lately regained a balance with supplies, will rise steeply with the latest surge in the world economy. The report of the United States government's policy commission in 1950 forecast a consumption in that country of 4.5 million short tons by 1975, and this figure already looks like being nearer 10 million tons. By 1975 the " free world " might well require 50 million tons of bauxite a year—2½ times the present level. But Australia must face the fact that there is plenty of bauxite on this planet, and the question is whether these particular deposits will be exploited in preference to those of other countries.

Against Australian bauxite one might cite its remoteness from the big markets ; the high cost of all-white labour competing with coloured labour elsewhere (most bauxite occurs in the tropics) ; and its late appearance on the world scene, at a time when the big aluminium companies were already interested, if not committed, elsewhere—in the Caribbean, the Guianas, and more recently parts of West Africa. There are proposals for aluminium production in Guinea, Ghana and the French and Belgian Congos,



making use of the untapped hydro-electric resources of the rivers. And the United States government, anxious to save such countries for " the West," is sometimes prepared to guarantee its investors against expropriation and political upheaval.

In favour of Australian bauxite and alumina, however, is the fact that their distance from the west coast of the United States or Canada is not much greater than that of African bauxite from the United States, even from Gulf ports: 6-7,000 nautical miles as opposed to 5-6,000. The longer sea transport in any case would be offset by there being no haul by road or rail at the outset. Australia's bauxite is so accessible that its alumina plant will be built, on bauxite, alongside a wharf loading point. And its extent is greater than that of all the African deposits added together.

Besides, there are nearer markets: the developing countries of south-east Asia, India, Japan—though Japan is likely for some time to be a customer for bauxite rather than for alumina or aluminium. The immense Weipa bauxite deposits are the only big known reserves strategically placed to serve the long term needs of this Pacific area. Above all, there is Australia itself, a rapidly expanding market on the very doorstep. Its consumption of 28,000 tons of aluminium in 1958 would, if the present rate of expansion continues, rise to well over 60,000 tons in 1967 and in 10 years or so could approach 100,000 tons.

The higher cost of white labour would be partly justified by greater mechanical skill. But other advantages are here implicit. There would be no black nationalism to add its special risks to the enterprise, no danger of sudden demands for a bigger share of the proceeds, no bar on the repatriation of earnings, no threat of expropriation. The government of Queensland (one of the Right) will change its colour some day, but not as drastically as all that. Australian interests can claim that no other producer (actual or potential) within the sterling area offers a comparable security and stability.

The disadvantage of having appeared late on the scene is nevertheless hard to assess. But since geologically and politically Australian bauxite is particularly well favoured, and since geographically it is at a disadvantage only in European markets, it will be strange indeed if such wealth is for long allowed to remain in the earth.

But on the home front, although it has been riding on a wave of popular acclaim, the government is threatened with a general strike and a round of wage demands.

The strike threat is connected with the political situation. The UMT, the Moroccan labour federation, is supported by the left-wing neo-Istiqlal and the new Union of Popular Forces led by Mr Mehdi ben Barka, but it has been having trouble with the "free" trade unions, which are supported by the right-wing Istiqlal party of Mr Allal el Fassi. During demonstrations and brawls the police and security forces have arrested members from both sides. This impartiality does not suit the UMT. As all police, security and armed forces are under the command of the conservative-minded Crown Prince Moulay Hassan and all left-wing factions identify him with the El Fassi Istiqlal, the security forces are accused of collusion with the "free" trade unions. If the UMT were to call a general strike in protest, it would be one more move in the campaign against the Crown Prince and the monarchy.

Internally, the government's new economic measures depend on a policy of price-pegging. Nearly a hundred firms and traders have been fined sums ranging between 5,000 and a million francs for arbitrarily raising their prices. However, the government has also ordered a general five per cent wage increase, and it expects private enterprise to absorb this without raising prices. Now the UMT has demanded a 20 per cent wage increase for all workers in the printing trade, and it is feared that this is the first of a wave of such demands.

Thus Morocco proceeds towards its first elections. The King has announced his wish to turn the country into a constitutional monarchy, and any postponement will only endanger him. Indeed, the King has little choice but to try to turn the country into a constitutional monarchy before the country turns itself into a republic. But one may doubt whether Morocco, with its disease of political fission and its habit of plots and intrigue, is really ready for such a democratic experiment.

Bonfires in Panama

BY A CORRESPONDENT

TWICE last month Panamanian demonstrators, bearing their national flag, which it is forbidden to fly inside the Canal Zone, have surged towards the zone's frontier as "a symbolic act of reaffirmation of sovereignty." In the first, and more serious, riots on Panama's independence day, November 3rd, some 80 people were injured in the free-for-all against American troops and their own National Guard; later in the day the American embassy had its windows broken and its flag torn down and burnt. In the second incident, on November 29th, the soldiers were better prepared and protected themselves with sandbags and tear gas without opening fire, and the rioters contented themselves with burning two effigies of Uncle Sam just outside the zone's entrance. Diplomats on both the American and Panamanian sides have tried to handle these incidents as delicately as they can, but the border is now heavily guarded and American residents hesitate to go outside the zone.

In recent years the United States government has made a genuine effort to improve relations with the small republic that lies across one of the world's most important trade routes. Four years ago the rent paid for the Canal Zone was increased from $430,000 to $1.9 million a year. At the same time the invidious distinction between the wages paid to American citizens and to Panamanians (the "gold" and "silver" standard) was officially abolished. The American ambassador and the general who administers the zone have been meticulously careful about protocol and the way they wield their immense influence in the affairs of the republic.

But discontent still grows. Almost all of the higher salaried positions in the zone are still held by Americans; and there is an unofficial but effective colour bar that is highly irritating to the overwhelming majority of Negro, Indian, or *mestizo* blood. A decline in tourism and the reductions in American naval appropriations have caused considerable unemployment in Panama City, where one-quarter of the nation's million inhabitants are concentrated. Above all, Panamanians would like a larger share of the Canal's $90 million revenue from shipping tolls.

Economic discontent has recently been finding an outlet in attacks against the English language. Panamanians are fond of American films, but groups of students now organise demonstrations against the practice of printed subtitles, and demand dubbed-in Spanish voices in place of Hollywood's "gutteral grunts." Canal Zone signs that print the republic's name without an accent on the last letter are frequently defaced or torn down. And until bi-lingual signs were put up a few months ago, many Panamanians made it a practice to station their cars in front of "No Parking" placards, claiming that they could not understand this foreign language.

These grievances are shrewdly exploited by Panama's principal opposition party, the Third Nationalist party (TPN) led by the former president Señor Arnulfo Arias. Panama has had ten presidents in the past ten years and since 1936 no elected president has managed to last out his term. Señor Ernesto de la Guardia, the present holder of the office, is a hard-working and cautious friend of the United States. His administration, though handicapped by a deficit of about $8 million a year, has encouraged foreign investment and begun a programme of well-drilling and road-building in the hinterland. He has kept the *balboa*, the hardest currency in Latin America, at par with the American dollar. Already this year he has survived transport strikes, student riots, an attempted assassination, and two abortive invasions. He will now probably last out his term until next May, and his National Patriotic Coalition (CPN) has nominated another moderate, Señor Ricardo Arias, the ambassador to the United States, to succeed him.

The opposition, which is divided between eight splinter parties, is not likely to confine itself to peaceful electioneering. The TPN has started a movement to restore the civil rights of Señor Arnulfo Arias, which were taken away after he was deposed by a revolution in 1951, so that he may once again be a candidate. Another opposition leader, Señor Roberto Arias, Dame Margot Fonteyn's husband, is in exile in London after the failure of his invasion in May. The youngest and most anti-American candidate is the TPN congressman, Señor Anquilino Boyd, who calls for the nationalisation of the Canal.

Unless these opposition groups are able to concentrate on one candidate, the government is likely to win again, and to continue its friendly policy towards the United States. The prospects of a Panamanian Nasser are exceedingly remote. But political and economic unrest within Panama, disturbed conditions elsewhere in the Caribbean, and the need to satisfy suspicious public opinion throughout Latin America are likely to give the United States many more anxious moments about its strategic waterway.

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Electrical Aids in Industry

Data Sheet **No. 9**

Lighting

Data Sheet No. 7 dealt with some actual applications of factory lighting. Further applications are given here.

Drawing Offices

It is fair to say that in no part of a factory is good lighting more important than in the drawing office. The draughtsman's task is extremely exacting and unless the illumination is up to required standards, mistakes, loss of time and greater fatigue will result.

The essential requirements are: high value of illumination, absence of shadows and absence of reflection.

One of the major problems is the reflection of the light sources by shiny tracing paper, instruments, set-squares etc., and particularly by the extra-hard pencil leads often used. Another problem is that caused by the shadows ahead of T-squares and by the variety of angles at which drawing boards are set.

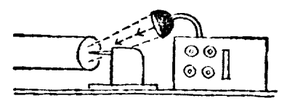
Fluorescent lighting is particularly suitable because of its comparative freedom from shadow, its natural colour and because it can be localised with respect to drawing boards to avoid reflections while at the same time giving enough light upward and sideways to satisfy the general lighting requirements of the office.

A lighting solution which has been successfully employed for tracing is to light from beneath and through the paper which is fixed on to a translucent panel, thus eliminating the problems of shadow and reflection.

Machine Shops

The problems of machine-shop lighting vary so widely that it is impossible to lay down rigid rules which are applicable to all types of machine. Certain maxims, however, have proved in practice to be satisfactory in various trades.

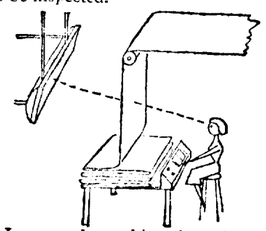
There is a strong case for the provision of local lighting on many machines to enable the direction of light to be varied to suit the work, or to boost the illumination for fine work.



In shops employing certain machine tools, particularly circular saws, the possibility of stroboscopic effects can be avoided by splitting lamps among the phases of a three-phase supply or by using twin lamp fittings with a split-phase circuit.

Where safety goggles are used, extra illumination should be provided to compensate for the reduced light reaching the eyes.

Silhouette inspection of fabrics or profiles can often be used to advantage by placing a light source behind the material to be inspected.



In general, machine-shop lighting is essentially an empirical science, based largely on a combination of general and local lighting, which offers immense scope for ingenuity.

For further information, get in touch with your Electricity Board or write direct to the Electrical Development Association, 2 Savoy Hill, London, W.C.2. Telephone: TEMple Bar 9434.

Excellent reference books on electricity and productivity (8/6 each or 9/- post free) are available—"Lighting in Industry" is an example.

E.D.A. also have available on free loan in the United Kingdom a series of films on the industrial uses of electricity, including one on industrial lighting. Ask for a catalogue.

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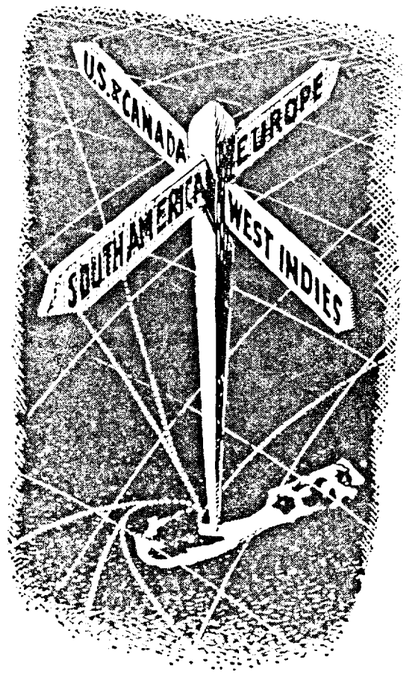

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THE BUSINESS WORLD

Rules for Unit Trusts

AUNTIE has always kept a close eye on unit trusts since they started here twenty-seven years ago. They had a Board of Trade inquiry all to themselves before the war when everybody was inclined to say that the Companies Act of 1929, though needing a little brushing up and modernising here and there, was still a pretty adequate measure. The 1948 Companies Act put this complacent view right—until it is now time for another. The Jenkins Committee (as we may as well start calling it) will be studying the improvement of the company law, with take-overs and relations between directors and shareholders for good measure. It will also be reviewing the Prevention of Fraud (Investments) Act, 1958. So far as unit trusts have any corner of their own in our mercantile law, it is under this discouraging title. Official attitudes towards unit trusts seem almost to have taken as their starting point the implicit assumption that they were conceived in sin and bound to grow into a swindle. (And so, perhaps, some of them might have done but for the fact that the depositary trustees always had the securities and the cash first before they issued a single unit.)

One or two building societies and an occasional savings bank in trouble have put the perspective right. The new affluence has widened popular interest in ordinary shares and the unit trust is now admitted as a respectable member of the junior financial establishment. And not so junior either. The movement, after all, can comprehend a diversity of talent—Rothschilds who have been in St. Swithin's Lane for a century and a half, a former Chancellor of the Exchequer (Mr Peter Thorneycroft), the recently retired doyen of City Editors (Sir Oscar Hobson), a liberal sprinkling of academic economists following Keynes a generation later into the City, and the founding fathers of the business, Municipal and General Securities (with Mr Ian Fairbairn as the keeper of the movement's conscience though not everywhere accepted as its father confessor). These names—and there are others too—give a strong impression of respectability; they would not, even on first acquaintance, be automatically associated with the need to prevent them from committing fraud in connection with investments.

Nor, indeed, is that a view that the public has lately been taking of the offers of new units which several of the groups have made. Since the election, eight "block" offers have been made to the public (two to launch new unit trusts) and they have attracted some £10 million. The Radcliffe report estimated that between mid-1958 and mid-1959 the value of holdings in unit trusts actually doubled, from £60 million to £120 million—this last figure including about £25 million of capital appreciation. The score now could easily be £150 million. With a level of personal savings higher than at any time in history and the increasing interest of the small man in equity share investment, the ground was clear for another leap forward by the unit trusts.

This is a big success story in a mere matter of eighteen months. Good luck has helped, with the tide in the ordinary share market flowing strongly in favour of any buyer who did not make an utter fool of himself. Success could breed a dangerous complacency were it not for the fact that from the very start of the movement in the thirties there have always been at least two strongly held views about the ways in which it should conduct its business. This difference is still very much in evidence. A few weeks ago, an association of unit trust managers was formed after many months of discussion, and with the initial good fortune of Sir Oscar Hobson as chairman. M and G have conspicuously stayed out of the association on grounds of undeniable logic: it has no rules at this stage, so what is the point of an association? It has, however, some objects that seem very acceptable. This does seem a case where strict logic could lead the balance of judgment astray. Hamlets without Princes, a Building Societies Association without the Halifax, and an effective unit trust association without the M and G are all in the end unthinkable. M and G will, in fact, be associated with the new body in the discussions with the Board of Trade about the revision of the regulations governing unit trusts.

THERE are some weaknesses here. In the beginning, attention was concentrated on how selling prices were fixed and some managers were justifiably criticised in the early days for adding in small extras in calculating them. A good deal less attention, however, was paid to the way in which re-purchase prices were to be fixed and the little extras that might be deducted from the price. But the really big argument that has been going on in the movement for more than twenty years is about the "cash fund" versus the "appropriation" method in operating a unit trust. On this, it is important to note that all the recently formed trusts are of the cash fund type. In this type, there is no possibility that the managers can ever be placed in an invidious or equivocal position towards the unit holders. If in the rounding off of a price a purchaser pays a fraction above the mathematically strict price, the benefit accrues to the fund (in which he is a participant) and not to the manager. If, as can happen in the appropriation fund, the managers are in the position of principals in the purchase of

underlying securities and the buying and selling of units, they stand to make adventitious profits over and above the service fees they charge for managing the trust. They can make losses too, and it does not follow, because the unit holder gets an absolutely impeccable deal from a cash fund, that he may not occasionally get a distinctly favourable one from an appropriation fund. Several of the bigger management groups who run their trusts in this way have now arrived at a "heads you win" answer— that securities may be appropriated into the fund at cost or market value, whichever is the lower. In this way, the managers forgo any chance of profit although they stand to incur a loss.

There is in all this some danger of excessive puritanism. It is far better to be outside any compromise or confusion about whether one is acting as an agent or as a principal. That is the only unimpeachably safe rule in any financial relations. But there are occasions even outside the field of unit trusts where good behaviour rather than any clear definition of practice has to be relied on to preserve the essential distinction. And on all the recent evidence, at any rate, it hardly seems that managers running trusts on the appropriation method have been making a killing at the unit holders' expense, by riding the two horses at once.

This is one main point of difference between M and G and the rest. Another is whether it is right to make "block offers" —issues of large round amounts of units at a fixed price, tantamount to a prospectus issue of shares. Such offers can go wrong just as a trustee issue sometimes goes wrong—the market rises in the days between the fixing of the terms and the opening of the list, in which case the stags come pouring in, or the market falls and the issue is a flop. The block offer has the great advantage of attracting attention and making a worthwhile operation for the managers. It is open to the criticism that so long as the price is fixed it cannot be precisely right—and indeed if it goes markedly wrong the managers have to curtail the offer or withdraw it. Here again, the only test is the pragmatic one—the test of whether the method works conveniently and fairly for the investor and provides a return for managers who, however devoted to the public, are still presumably in business to earn a crust or two.

ALL this is rather boldly drawn and perhaps a little too simple for the scholiasts in the unit trust movement or perhaps at the Board of Trade. But it does seem that the movement has by now acquired a repute and a capacity for independent and decent thinking that justify getting rid of the idea that a policeman must always be nearby on the beat to keep it in order. This it is broadly capable of doing for itself. No unit holder has ever been able to complain that he has been robbed of his shirt; the most he could ever say is that he was short of a button or two. That does not dispose of the case for sensible public control or indeed of realistic official help. A property owning democracy is hard to reconcile with a 2 per cent stamp duty, and the unit trusts also have to find settlement duty too. So the small man in unit trusts has to pay 2½ per cent before he is allowed the opportunity of the sensible pooling of risks that is offered as the common recipe for his investment problem. The unit trust managers, too, have long suffered under the grievance that, whereas the lordly ones in the investment trusts can charge their management expenses against their gross income, the unit trust manager has to find his costs out of his net income.

On the side of control, the regulations must continue to cover such things as management charges, the calculation of buying and selling prices and yields, and general provisions about advertising, trustees and the disclosure of management accounts. But on the question of management charges, is there not a case for a more flexible approach? Could not competition be allowed to determine to a much greater extent than hitherto the level of management fees? May it not be worth paying rather more for a special quality of brains? There are some examples in the investment trust field where a special ability in management has been given its head and has done fantastically well for stockholders. Why should the benefits of expertise of this kind be denied to unit holders merely because an official at the Board of Trade decides that they should not be allowed to pay for it?

SOME UNIT TRUST PRICES AND YIELDS

Trust	June 30, 1958	Jan. 1, 1959, or issue price	June 30, 1959	Oct. 1, 1959	Dec. 1, 1959	Appreciation per cent since June 30, 1958 or over issue price
Pre-war:						
M & G	7s. 3d.*	8s. 10¼d.	9s. 7½d.	10s. 0¾d.	12s. 0¼d.	66
	5·47	4·55	4·34	4·11	3·36	
Scotbits	12s. 9d.	16s. 1½d.	19s. 6d.	20s. 4½d.	24s. 10½d.	95
	4·68	3·71	3·36	3·24	2·77	
B. Industries. 4th	14s. 1d.*	16s. 11½d.	19s. 6d.	19s. 8d.	22s. 10d.	62
	7·40	5·66	4·86	5·00	4·23	
Domestic	8s. 10½d.	11s. 3d.	13s. 0d.	13s. 10½d.	16s. 3d.	83
	5·82	4·65	4·35	3·90	3·13	
Post-war:						
CUPID	—	2s. 6d.†	2s. 10¼d.	2s. 7¾d.	3s. 1d.	23
		4·00†	3·89	3·72	2·43	
B. Shareholders.	10s. 0d.†	10s. 7½d.	11s. 3½d.	11s. 11½d.	13s. 10d.	38
	4·00†	3·95	3·75	3·55	2·92	
Unicorn	10s. 9d.	13s. 7½d.	15s. 2½d.	16s. 0d.	19s. 3d.	79
	4·90	4·16	3·88	3·75	3·01	
Shield	—	10s. 0d.†	11s. 3¾d.	11s. 9d.	13s. 8¼d.	37
	—	4·00†	3·64	3·61	3·11	
Economist Indicator	190·3	249·3	269·7	305·6	347·7	83
Yield	6·32	5·15	5·02	4·55	4·17	

* Adjusted for splits. † Issue prices and estimated yields: Community Unit Trust —9.6.59; BST—27.11.58; Shield—31.1.59.

In the ordinary case, the maximum charge now allowed to a unit trust is 13¾ per cent over twenty years, of which the initial loading charge is usually restricted to 5 per cent. Some forward-looking (not rapacious) managers regard these charges as inadequate. Costs of day-to-day management have increased since they were imposed. Trusts who run savings schemes (which broadly must be regarded as Good Things) have additional costs to carry. Given competition between managements, their charges are not likely to get out of hand. But given a tight control on what they can charge, the risk is that ability and enterprise may be stunted. There have been undesirable features about the unit trust movement in the past. Official control has served a valuable public purpose and it must be continued. But it could in future be framed in a way that gives the unit trusts the opportunity to expand their service to the small investor (even if that were to mean that they made more money) rather than in a way that assumes as a first hypothesis that managements are bound to act in a fashion that must be inimical to their unit holders.

BUSINESS NOTES

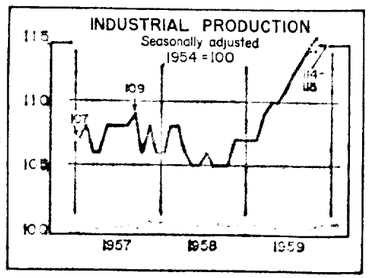
THE ECONOMY

Recovery Into Boom

To find another twelvemonth in which Britain's industrial output rose as much as 9 per cent, one needs to look back through the statistics to the second half of 1953, during several months of which the index of industrial production was 9-10 per cent above the levels of late 1952. Then, too, recovery from a mild recession had begun the autumn before: from the turn it rose just on 11 per cent in eleven months, as against the rise of nearly 9 per cent between the index for October last year, 105 (1954 = 100) and the provisional index for this September, 114. Since then, moreover, production appears to have gone up again: the preliminary indications, which judged by the latest wave of revisions could be conservative, suggest it may reach 114-115.

It would only be customary to add warnings against drawing any too close a parallel between the period where recovery merged into the beginning of the 1953-55 boom and the present emergence of the 1959-? boom. But it would also only be reasonable to record the fact that by most measures the economy looks more strongly based for expansion than it did then. In late 1953 Britain's labour force in civil employment was larger than it had ever been before, and the number unemployed, some 300,000 people, represented a rate of 1.5 per cent or less. Today there are still about 130,000 fewer people in civil employment than there were at the postwar peak of September 1957, and the 431,000 people unemployed represent 2 per cent of the insured population.

Measurement of the slack in industrial capacity was even less advanced then than it is now: but net fixed investment by private companies, to take one very oblique indicator, had been falling for the three years before 1953, whereas it rose by about half between 1955 and 1958. In October, about half the manufacturers reporting to the FBI on trends in their business said that they were working to capacity, as against only 40 per cent in June. But the National Institute of Economic and Social Research, in its bi-monthly *Economic Review*, published this week, feels that "this probably exaggerates the rate at which capacity utilisation is rising" (it is itself, once again, making more direct inquiries). Certainly the economy appears today somewhat farther from being overloaded than it did at the beginning of the last boom.



Expansion Without Tears

BOTH the National Institute and the London & Cambridge Economic Service, which also published its quarterly survey of the economy this week*, reckon that allowing for seasonal influences, expenditure on personal consumption levelled off in the third quarter, though remaining perhaps 3½ per cent higher than a year before. There may already have been some slackening in purchases of durable consumer goods, which had increased so rapidly between autumn 1958 and the middle of this year: as new figures this week once again show, the rate of increase in hire purchase debt has slackened. Even the sharp rise in consumer spending during the second quarter of the year did not quite match the rise in personal incomes after tax, and in the third quarter this "disposable income" appears to have gone on rising slightly: so presumably personal saving will have increased once more. Exports, which had risen sharply in the second quarter of the year, also levelled out in the third quarter (allowing for seasonal factors), while imports rose: but since September exports have gone up again.

On the assumption that business decisions about fixed investment will have been more favourable following the election, most observers would expect private as well as public investment to go on rising. Consumption expenditure may rise gradually: incomes are not growing as fast, but there remain comfortable margins of personal saving. One would expect a quickening increase in investment in stocks, to match the rapid rise in output: the process of rebuilding stocks of materials, as distinct from work in progress and stocks of finished goods, has no more than begun. Higher incomes in primary producing countries have already benefited the central reserves, and from now on are likely to help British exports. All in all, these economic surveyors expect output to go rising, though more slowly—and see no need in the coming months for any official restraint on demand.

* In *The Times Review of Industry.*

IN THE MARKETS

London and New York

"THE Bank of England have today decided, with the approval of the Chancellor of the Exchequer, that there shall be no alteration in the rate of discount this day." The Bank's announcement on Thursday was awaited in the City for more than its new form. The weakening of sterling and the fall in the reserves in November as a result of transfers of short-term funds to take advantage of rising interest rates abroad has brought the question of how long London can resist the world trend. Gilt-edged prices have accordingly suffered their first significant setback since the election. In the money market, the Bank of England has given a mild pull on the credit reins.

Another depressing influence is the weight of new issues in this market. Last Friday the authorities brought forward another corporation loan, of £4 million for West Bromwich, bringing a total of three local issues for £26 million in just over a month. The coupon on the West Bromwich issue is again 5¼ per cent, and the price of 98½ is also the same as for the preceding Hertfordshire issue; maturity dates, at 1977-79, are one year shorter. The new issue was over-subscribed on Wednesday, but after the fall in the market it opened on Thursday at a discount of ⅛. The gilt-edged market has also been given notice of a forthcoming issue by the World Bank; and the government has substantial maturities to deal with early in the new year.

By Thursday the fall in gilt-edged and in sterling had affected industrial shares; the *Financial Times* ordinary index dropped by 3.6 points. A contributory influence may have been Wednesday's set-back on Wall Street. Earlier, a strong rise on Wall Street encouraged steady gains in London ordinary shares; *The Economist* index rose by 3.8 to 351.5 in the week to Wednesday. Investors were turning their attention to oil shares and the capital goods industries. Financial houses and stores lost some of their lustre as some investors began to indulge in long-range fears about a curb to the consumption boom.

Wall Street had enjoyed gains in ten successive sessions, raising the Dow Jones industrial average by 30 points to 664—within 14 points of the August peak. The market is still highly sensitive to adverse rumours from the steel industry; Wednes-

day's dip was attributed to a statement by the industry that it had made its last offer to the union. Yet if the steel strike is settled, most people expect short-term interest rates to rise still further, as corporations run off their large holdings of Treasury bills.

STERLING

The Reserves Fall

NOVEMBER'S movements of gold and convertible currencies brought a loss of £18 million, or $50 million, to Britain's central reserves. This is not an insignificant amount, and the fall is the first since the crisis of 1957 that is not attributable to special payments. The reserves are now a little under $3,000 million—compared with $1,850 million at the worst point in 1957. Last month's fall met with little surprise, and sensibly caused no alarm.

It has been clear for some weeks that London is losing funds to centres where interest rates have recently been raised; and published figures had shown that Germany's reserves of gold and foreign exchange, which were falling through the first three quarters of this year, rose by fully £60 million in the first three weeks of November. The withdrawal of foreign funds from London, which coincides with delayed demands for dollars for commercial transactions, is not at an end. On Wednesday, before the announcement of the gold figures, sterling dipped below its parity on the US dollar for the first time this year.

Against this background, the figures of sterling balances in the July-September quarter have a dated look. Holdings of all countries rose by £72 million, to £3,434 million. The non-sterling countries added £43 million (Western Europe accounting for £32 million of the increase); and sterling countries, which usually draw on their London funds in the third quarter, this year added £29 million. Plainly this was an element in the unusual strength displayed by sterling in that quarter.

The Arbitrage Calculation

INTERNATIONAL movements of short-term funds today flow through a wide variety of investment media. Over the past year, for example, foreign funds employed in London have been invested less in Treasury bills and more in higher yielding short-term corporation loans or deposits with reputable hire purchase finance companies. In New York, rates on six months' Treasury bills have often been considerably above those on three months' bills. It is therefore not possible to point to any single interest rate differential between centres. Comparing like with like, however, there is a distinct though modest turn to be gained from moving short-term money from London to New York, even after meeting the cost of forward exchange cover. The three months' Treasury bill rate in New York this week has risen to a new peak of 4½ per cent, compared with 3.4 per cent in London. Against this margin of 1.1 per cent the discount on forward dollars represents an annual cost of about 0.8 per cent, which leaves a net differential of about ⅜ per cent in favour of moving funds from sterling into dollar Treasury bills.

Another pull has been from London banks bidding for three months' dollar deposits at rates rising to 4⅛ per cent. One reason for the ability of non-American banks to compete for dollar deposits, which may be deployed in New York or London, is that under regulation Q the Federal Reserve Board has fixed maximum rates of interest on time deposits paid by member banks at 2½ per cent for three months' money and 3 per cent for six months.

The attraction of higher rates in Frankfurt has had little effect on foreign funds since there is virtually no organised money market in that centre and there are very few short-term securities in which foreign money can find temporary investment. But the higher interest rates in Germany and the tightening of bank reserve requirements have led German banks and merchanting houses to repatriate working balances previously kept abroad. Appreciable withdrawals of German balances have been made from London, New York and Zurich.

WORLD BANK

Cwthmen Take the Money

A NOTABLE addition to the attributes of Commonwealthmanship was pointed out this week by Mr Eugene Black, president of the World Bank, in an address to the Institute of Bankers in London. Mr Black, who ought to know, cited: "the (Commonwealth's) ability to obtain large loans from the World Bank." The Commonwealth has borrowed from the bank about £530 million, or one-third of all its loans—impressive, but perhaps not too surprising, since the Commonwealth populations represent a good deal more than one-third of those the bank is trying to help.

Mr Black seems to feel that Britain has done well from the bank. It did not release the last of its paid-in sterling subscription until October; and British companies have obtained orders arising out of World Bank loans worth £140 million, which is 50 per cent more than the British Government has subscribed to the bank's capital. But Mr Black welcomes, in retrospect, the general principle of limiting government contributions in ready money, since it has made the bank dependent on the support (and thus the respect) of private investors subscribing to its bonds. It is from market sources that the bank will continue to draw its funds. So far the bank has raised only two issues of £5 million each in London, in 1951 and 1954. Mr Black foreshadowed another issue "in the not too distant future."

The World Bank is the most promising international institution for the promotion of economic development: its rate of lending continues to be 75 per cent above that in 1954-57. But the new look now being undertaken by the United States at its international commitments threatens to leave a gap in international financing at a time when the demands of developing countries are increasing and when moves by some of them to full sovereignty are diminishing their chances of securing credit on their own name from private investors. The proposed International Development Association, whose articles are being drafted by the executive directors of the World Bank for submission to member countries, will add something, but not very much—about $150 million a year. Mr Black's comments this week may do something to reassure those who have been sceptical of IDA. He hopes the articles will leave the bank a good deal of flexibility; and he makes it clear that "conditions should always be attached to assistance." Many people will agree that aid can be made much more effective economically when it is disbursed by an international organisation rather than through bilateral channels, where it is only too likely to be affected by political and strategic aims of the lending country and suspicions on the part of the receiving country.

THE DOLLAR

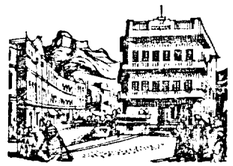
Sense from New York

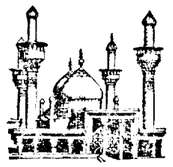
MUCH of the loose talk about the weakness of the United States dollar and of America's finances generally has spread outwards from the bankers of New York: it has often been left to London to give a due perspective. All the more welcome, therefore, is the sober appraisal by Dr Roy L. Reierson, chief economist of the Bankers Trust Company, in his recent address in Texas on "The Discipline of the Balance of Payments." Dr Reierson straight away points to the great underlying reserve of strength, the $19½ billion of gold that still remains after all the publicised losses. This is half as large again as the gold reserves of the whole of Western Europe; and it exceeds the total of short-term dollar balances held in the United States by foreigners and international institutions.

Almost $12 billion of the gold, it is true, is needed as the statutory 25 per cent cover against Federal Reserve notes and deposits. The remaining $7½ billion of "free" gold indeed provides perfectly respectable banking cover for the foreign dollar liabilities; but as Dr Reierson says, there is no reason why any foreign fears about future convertibility should not be reassured by reducing, or even eliminating, the requirement for 25 per cent domestic cover. It serves no purpose: American citizens cannot convert their notes into gold or indeed hold gold bullion in the United States at

A tale of Twenty-two Cities

From Tunisia to India, from Aden to Iraq are the Cities, twenty-two of them—in fifteen states. They all have this in common: every one is in an area where a dramatic transformation is taking place, a transformation from a traditional past to modern statehood. Every one, too, contains a branch of The British Bank of the Middle East, a Bank dating back to 1889 and closely associated with the rapid development taking place today. Tunisia, Libya, Lebanon, The United Arab Republic, Syrian Region, Abu Dhabi, Iraq, Jordan, Saudi Arabia, Kuwait, Bahrain, Qatar, Muscat and Oman, Dubai and Sharjah, Aden and India: these are the territories where The British Bank of the Middle East operates. It has intimate knowledge and experience of their political, economic and financial affairs. If you are interested in new markets and the limitless possibilities of development in this vast area, The British Bank of the Middle East can give you the reliable help and advice you need.





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"Through East Anglia in a Motor Car"
with acknowledgments to Methuen & Co

Was the other car meeting us or going in the same direction? In the same direction surely, for though the cloud of dust was coming nearer to us, it was not approaching very fast. So we determined to pass as soon as might be, and, "giving her a little more gas", we were very soon "on terms" as a racing man would say, with a two-seated car going along the middle of the road at a fair pace. Once, twice, thrice our horn sounded, but the occupants of that car never heard us. At last, keeping well to the offside of the road, and when our bonnet was level with their rear off-wheel, Mr. Johnson and I gave a simultaneous and stentorian yell; and the two pairs of goggles that were turned upon us, who were then as nearly always, ungoggled, clearly covered four eyes starting with surprise. It was a lesson to them and to us of the very poor penetrative power of a motor-horn in relation to motor-cars in front, and of the necessity of looking behind you now and again, especially if you be in a noisy car.

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all, and in 1945 the statutory cover was cut from 40 per cent without fuss.

High interest rates in New York have in fact succeeded in attracting funds from abroad, so that this year's larger total United States deficit has been accompanied by a smaller outflow of gold. But Dr Reierson agrees that the deficits cannot continue unchecked. He sees no solution in protectionism, and would be loth to interfere with the outflow of private capital. But, he notes, "some selective reductions in the size of our foreign grant and loan programme seem unavoidable." These reductions can be moderated if steps are taken to tie the aid to imports of American goods —and Dr Reierson makes the point that such programmes are not part of "the regular flow of commerce."

The implications of this analysis are twofold. Europe must shoulder more of the burden of overseas aid—a point that is now being rightly made from all directions. And, Dr Reierson says, the United States must follow European countries towards competitive prices, greater productivity and fewer restrictive practices. It is certainly a change for Europe to be regarded as a model in these matters.

STEEL

Electric Expansion

In five years' time, when the six 110-ton electric arc furnaces that Steel, Peech & Tozer plans to instal in its Templeborough melting shop come into full operation, Sheffield will have the largest electric steelmaking plant in the world (though it will have lost a local landmark in the fourteen 120-foot chimneys that now clear the waste gas from Templeborough's open hearth furnaces). Today, Steel, Peech & Tozer produces about a million ingot tons a year from these 14 100-ton furnaces and from the seven 60-ton furnaces in its Rotherham melting shop, which is to be demolished completely: when the electric furnaces are all in commission, they will give it a capacity of 1,350,000 ingot tons.

This latest step in United Steel's reconstruction of its steelmaking capacity hugely develops a fresh chapter in the rather general change that is beginning in the steelmaking techniques of the British steel industry. This change has shifted what a few years ago seemed one of the most settled patterns of any growing technology towards a much readier acceptance of converter processes using oxygen, towards new versions of the open hearth (in particular United Steel's own Ajax process, described in last week's issue of *The Economist*) and towards electric steel, which until very recently was confined to the production of alloy and special steels.

The development of electric steelmaking for ordinary carbon steels may almost be said to date from a report produced by America's Battelle Institute, which to date might rank as the most effective ever produced by any sponsored research institute. This, some years ago, compared the costs of bulk steel production in arc furnaces with those of converter processes and the open hearth, emphasising the way in which the stability of electricity costs, relative to those of coke oven gas or even of fuel oil, was reinforcing the inherent economies in capital cost that an electric furnace offers—to which have to be added its possibilities of precise control and easier scheduling for the supply of steel at frequent intervals.

Steelmaking Costs Shift

Up to 1958 electric steel production in Britain, almost exclusively of alloy or special qualities—as for example in United Steel's big electric furnaces at Samuel Fox in Stockbridge—did not exceed 1¼ million ingot tons a year. During the last two years two smaller companies, Brymbo and Round Oak, have switched over to electric furnaces, adding a capacity of some 500,000 tons a year—of carbon steel—to that total. By the time that Steel, Peech & Tozer's new plant comes fully into operation electric steel production may be nearer treble than double the 1958 figure.

United Steel has itself released no estimates of comparative costs. As between big electric furnaces and an openhearth installation, the capital cost of an electric plant would ordinarily be reckoned as a third to 40 per cent lower than the open-hearth installation that would be required to give the same output. The running costs are higher with electricity: but for a cold metal shop—and Steel, Peech & Tozer is a cold metal shop without its own iron production, which in future may well take even more of the whole United Steel group's circulating scrap—the total costs begin to offer a significant advantage over the open hearth once one passes a capacity of say 750,000 tons a year.

Any change that will involve, eventually, manning six furnaces instead of 21 will require a good deal of discussion with labour: the new plant, eventually will require perhaps 700 men fewer than the two existing melting shops do. But the change will proceed by degrees, beginning with four electric furnaces, of which the first will begin operating in January, 1963. Two open-hearth furnaces at the Sheffield end of the Templeborough melting shop will be closed down in two years' time and others in succession later: some of the remaining furnaces will be fitted with special oil burners to maintain output during the interim and others given basic roofs after the pattern of those recently installed at Appleby-Frodingham. United Steel has not yet completed its negotiations with the Yorkshire Electricity Board over the price of the 750 million kwh a year that the new plant will require: this price and the availability of scrap will be two major factors governing the costs it can achieve in practice.

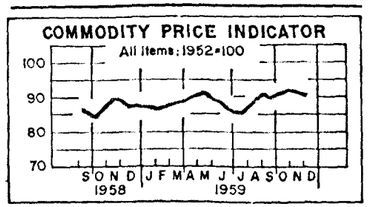
LONDON TRAFFIC

Too Good to Last?

The Minister of Transport's hastily concocted plans for controlling Christmas traffic in the West End of London came into effect this week, with spectacular results on Monday which became progressively less spectacular—though still impressive—later on in the week. The plan involves the promise of strict enforcement of existing parking regulations within a "pink zone" bounded by Edgware Road, Marylebone Road, Southampton Row, Kingsway, the Strand, Pall Mall and Park Lane; in addition, about twenty temporary car parks, most of them free, have been set up outside the zone. On Monday traffic in the zone was estimated at 30 per cent lower than normal: by Wednesday this had risen to 20 per cent below normal, though there was little congestion. Thursday was considered to be the first real test of the scheme, because of its late shopping hours: the number of cars in the "pink zone" was back to normal, and while traffic moved fairly steadily, there were jams just outside the zone.

The most centrally located temporary car parks were fairly heavily used; the one on the Mall, for instance, was packed to more than its intended capacity by noon on Wednesday. Those in outlying districts were much less used; and even if all the temporary car parks were used to their capacity, they would hold only about 2,500 cars. Ancillary effects of the scheme were both good and bad: buses (presumably more heavily loaded) were able to move easily through the West End, though congestion in the City delayed some of them up to an hour on Monday.

On Tuesday buses were on time, except in Oxford Street, where trucks unloading goods caused delays. The protests of some shopkeepers that the scheme would ruin trade appear to have been premature: one large Oxford Street store reported that its business was fully up to expectations in the early part of the week. Of the two private parking garages within the zone, one is customarily full (in such space as it has not let off for storage purposes) and so felt no change; the other—jointly run by Lex and



Commodity prices have weakened in the past month, *The Economist* indicator dropping by over two per cent. The decline in rubber, copra, metals, tea, cocoa and sugar has more than offset higher prices for wool and other fibres.

Selfridges—experienced only a slight increase over its normal peak rate of about two-thirds full, an increase that was probably due to Christmas rather than to Mr Marples's plans. The Minister has now had the kudos from his appeal to motorists' consideration and self-interest—perhaps too soon; it now remains to be seen what results he can get with firmer measures.

BANK CREDIT

Gilt-edged and Advances

THE big funding sales of gilt-edged stock achieved by the Government broker during the weeks of buoyancy following the election have made a clear impact on the course of bank credit. The earlier rise in the banks' liquid assets, which resulted from the government's borrowing on Treasury bills at a time when the gilt-edged market was unreceptive, was reversed in the four weeks to November 18th and, despite a further rise in advances, total deposits fell. The amounts of official sales in this period will under the new system be made known next August. Mr Christopher Saunders, formerly deputy director of the Central Statistical Office, aptly says in the current issue of *The Banker* that the new figures

> reach the candour of a bikini, which has been said to reveal all—except what really matters. We may be sure that the ultimate modesty of the authorities will be preserved, but at least we can now know—six months or so after she has left the beach—roughly what she looked like.

Contrary to the indications of the individual bank statements, the detailed figures show that advances net of extraneous items have perceptibly slackened in their pace of growth, with a rise of £36 million. As the banks' liquidity ratios dropped from an average of 34.4 per cent to 33.6 per cent, some of them may on their own volition tell their managers to ease up in their lending. Much may depend on the course of the gilt-edged market before the end of the year, when the banks need a cushion of surplus liquid assets to meet the attrition in the revenue season; at the moment the government broker is doing little funding.

If the authorities do not make the market sanction work, they will presumably consider whether they should, for the first time, bring in special weapons to freeze bank liquidity and induce a check to advances. At the end of last week's debate on the Radcliffe report, Mr Anthony Barber, the new Economic Secretary to the Treasury, stated that the Government is re-examining the question of whether to use special deposits of variable liquidity ratios (as preferred on balance by the committee). It seemed implicit in Mr Barber's remarks that the authorities have definitely decided that they want some special addition to market sanctions on liquidity.

LONDON CLEARING BANKS
(£ million)

	Nov. 18, 1959		Change on Month	Change on Year
Deposits	7,206·7		− 2·1	+417·9
"Net" Deposits	6,860·1*		− 9·3	+364·9
	(6,766·1‡)		(− 21·5)	(+338·6)
		%§		
Liquid assets	2,419·3	33·6	− 57·9	+132·7
Cash	583·1	8·1	− 5·7	+ 27·9
Call money	523·3	7·3	+ 41·1	+ 81·3
Treasury Bills	1,170·3	16·2	−101·2	− 6·7
Other bills	142·6	2·0	+ 7·9	+ 30·2
"Risk" Assets	4,481·2	63·8	− 35·8	+272·9
Investments	1,728·8	24·0	− 0·3	−422·6
Advances‡	2,752·4	39·8	+ 36·1	+695·5
State Boards	68·0	—	− 6·4	− 6·3

* Excluding items in course of collection. † Excluding all transit items. ‡ Excluding all transit items, except for ratio to gross deposits. § Ratios to gross deposits.

Stock Transfers in America

BY A NEW YORK CORRESPONDENT

AMERICAN procedure for registering and transferring stocks saves paper work by using a stock certificate which bears on its back the equivalent of a transfer deed; it saves time by requiring companies listed on the New York Stock Exchange to maintain a "transfer agent" in the immediate vicinity and by obviating the need for both buyer and seller to sign the same document; and it saves leg work by having taxes deducted through the Stock Clearance Corporation. Every business day is a settlement day and a customer must receive his stock certificate within four days of making a purchase.

A few companies—General Motors for instance—keep their own agent in New York, but most appoint a bank to act on their behalf. To act as a check on the transfer agent, the New York Stock Exchange also requires companies to name a separate bank or trust institution to act as "registrar". The requirements of the American Stock Exchange (which deals in the securities of smaller companies) are necessarily more flexible; for instance only companies with a large turnover in their securities must maintain a transfer agent in New York.

A seller signs his name on the back of the stock certificate. His broker "guarantees" his signature and states that the necessary taxes have been paid. The stock certificate is then "negotiable", with neither seller nor broker knowing the name of the buyer. When the day's transactions have been cleared the buyer's broker inserts his client's name on the back of an appropriate stock certificate above the signature of the seller and dispatches it to the transfer agent.

The transfer agent issues a new certificate for old; records the data for his own use and for the company; and forwards both old and new certificates to the registrar. The registrar's task is the relatively simple one of ensuring that the agent does not over-issue the stock of any company. The duplicate certificates are then returned to the agent who files the cancelled one away and hands the new one made out in the name of the purchaser and duly signed by himself and the registrar to the buyer's broker.

In practice no more than a score of institutions are involved in this work and the Stock Clearance Corporation provides an invaluable sorting office at each stage. A single bank acting alternately in the role of agent and registrar may process five or six million certificates in a year. One of the largest in the field, the Chase Manhattan Bank, has a thousand employees in its agency department operating three eight hour shifts. A company may pay its agent five hundred dollars a year or a hundred and twenty-five thousand dollars a year depending on the volume of transactions and the range of services required; these may include a daily report on transactions in its stock, the handling of dividends and communications to stockholders.

Most brokerage houses are to some extent mechanised. Eight of them have installed elaborate electronic equipment of their own and several others plan to do so. For the benefit of banks and brokerage houses, International Business Machines Corporation recently opened a data processing centre operated on somewhat the same principles as a launderette; the Radio Corporation of America will launch a similar project in the New Year.

What Happens in London

This is a summary of the communications involved in a purchase of shares on the London Stock Exchange. The number of communications recorded is less than the twelve recently referred to by Lord Ritchie because communications between the seller and his broker have been omitted:

(1) The client tells his broker that he wishes to buy, say, 100 shares in X Ltd.

(2) The broker gets in touch with his dealer in the House, who buys the 100 shares in X Company from a jobber.

(3) A contract note is then sent to the client informing him that the purchase has been made on his behalf and setting out the price, brokerage, stamp duty, etc.

(4) A few days later the client is sent an account by his broker reminding him of the amount due on the settlement day.

(5) The client sends his cheque.

(6) The broker sends a receipt for this amount to the client.

(7) By this time the broker will have drawn up the transfer deed (having sent it to the Share and Loan department to get the contract stamp affixed), and this will be sent to his client.

(8) The client then signs the transfer deed (sometimes wrongly), has his signature witnessed, and sends the transfer deed back to his broker.

(9) The next communication is between the registrar of X Ltd. and the client. The client eventually receives the share certificate representing his holding in X Ltd. after several weeks, and sometimes months, of waiting. The shareholder then acknowledges the receipt of his certificate.

INDIA

Non-Convertible Rupees

BRITAIN has granted India an additional line of credit of £19 million under Section 3 of the Export Guarantees Act. This forms part of the joint international programme agreed last March at a meeting called by the World Bank to see India's external finances through to the end of the second five-year plan in the spring of 1961. Britain's previous credit of £28½ million granted under the same procedure has been fully used.

Despite this support, India remains very short of sterling and it has been resorting to special expedients to finance part of its external trade. The use of non-convertible rupees, in particular, is spreading as India negotiates trade agreements with iron curtain countries. The latest of these was signed recently with Czechoslovakia. Part of this agreement is a credit under which Czechoslovakia will advance Rs.23 crores (£17 million) to help India set up three industrial plants during the third five-year plan. The repayments are to extend over thirteen years and the rate of interest will be at the usual 2½ per cent. Under another part of the agreement India is to import engineering goods and equipment, paying in non-convertible rupees which will be used by Czechoslovakia to pay for imports of iron ore, manganese, jute, mica and tea from India.

These discriminatory barter deals are contrary to obligations under the International Monetary Fund. India has been criticised from Washington on this score, but it has so far replied that this is the only way in which trade can be conducted with iron curtain countries. The readiness of the iron curtain countries to accept non-convertible rupees may in due course constitute a threat to other exporters to India who, apart from any credit arrangements they may make, normally insist on payment in convertible sterling. The threat to British traders is further intensified by the emergence of a free market in non-convertible rupees in New York where the current rate is 5.80 to the dollar as against the official rate of 4.75, or roughly 16¾ rupees to the pound against the official rate of 13.30. British merchants are unable to use this market; operators from other addresses will have fewer inhibitions about using cheap rupees for the familiar switching deals.

AUSTRALIAN TRADE

Wool Earnings Rise, Imports Increased

AFTER dropping shortly after the new season began in August, wool prices have held steady at levels that should satisfy growers and consumers alike. In the last two weeks prices have firmed, but there is no sign of a marked rise in the offing. Most buyers will hope that the market remains steady. The recovery in world consumption of wool now appears to be slowing down. According to the Commonwealth Economic Committee, the rate of consumption in ten leading countries in the third quarter was only slightly higher than in the second quarter, whereas the second quarter's rate was about 10 per cent higher than in the first. Compared with a year ago, consumption in the third quarter showed an increase of 21 per cent.

The improvement in the growers' fortunes is shown by the latest returns from Australia. In the first four months (July to October) of the 1959-60 season Australia sold 415½ million lb, which was 52½ million lb, or 14 per cent, more than in the same period of last season, while receipts rose by over £A32 million, or 46 per cent, to £A102.6 million; the average realised price rose by nearly 13d. to 59½d. a lb. The recovery in wool, Australia's principal export, plus higher earnings from meat and dairy products, has enabled the Commonwealth government progressively to liberalise its import policy.

On December 1st the import ceiling was raised by another £A25 million to £A875 million a year, and discrimination against dollar imports was almost eliminated. The government also gave notice that from October 1, 1960, imports of motor vehicles from the dollar area will be freed for the first time since 1936. The latest relaxation mainly affects items in the administrative import category—raw materials, semi-finished and finished industrial goods. In addition about fifty components and materials for industry, covering trade worth about £A6 million a year, are now being licensed on a sales replacement basis (virtually free of restriction); and import quotas in categories A and B, largely consumer goods, have been increased by five per cent.

IRON CURTAIN BONDS

Czech Bounces

THE Czechoslovak default on three loans in two months must take some of the attractiveness out of Iron Curtain bonds, some of which were marked up sharply last week on the news of a call by the Foreign Compensation Commission for the registration of claims against the Soviet Union. The Order in Council that will set in motion this registration is only a step towards the opening of negotiations.

The Czechs have given no reason for their failure to pay the 3 per cent half-yearly interest owing on the 6 per cent first mortgage debentures by the former Skoda Works (now the V.I. Lenin Works Plzen). Czechoslovakia had already defaulted on the State loan of 1922 and the City of Prague loan of the same year. It is not clear whether these defaults spring from policy decisions or merely from administrative bungling: only £21,580 of interest payments this year are involved. Questions are to be asked next week in Parliament.

AIR SAFETY

Lessons of Nettuno

NO one will ever know why an experienced pilot of British European Airways should have been more than two miles outside his proper, ten-mile wide civil air lane on the day when, thirteen months ago, his Viscount collided head-on over Nettuno near Ostia with an Italian fighter practising aerobatics. The collision was not, as it happens, due to the poor state of the air traffic control system as it existed in Italy at the time. On such a clear day the Viscount pilot could easily see the Italian coastline with which the air lane coincided on this particular leg of his route; had he kept to his prescribed course and not strayed into a zone reserved for military aircraft there would have been no danger.

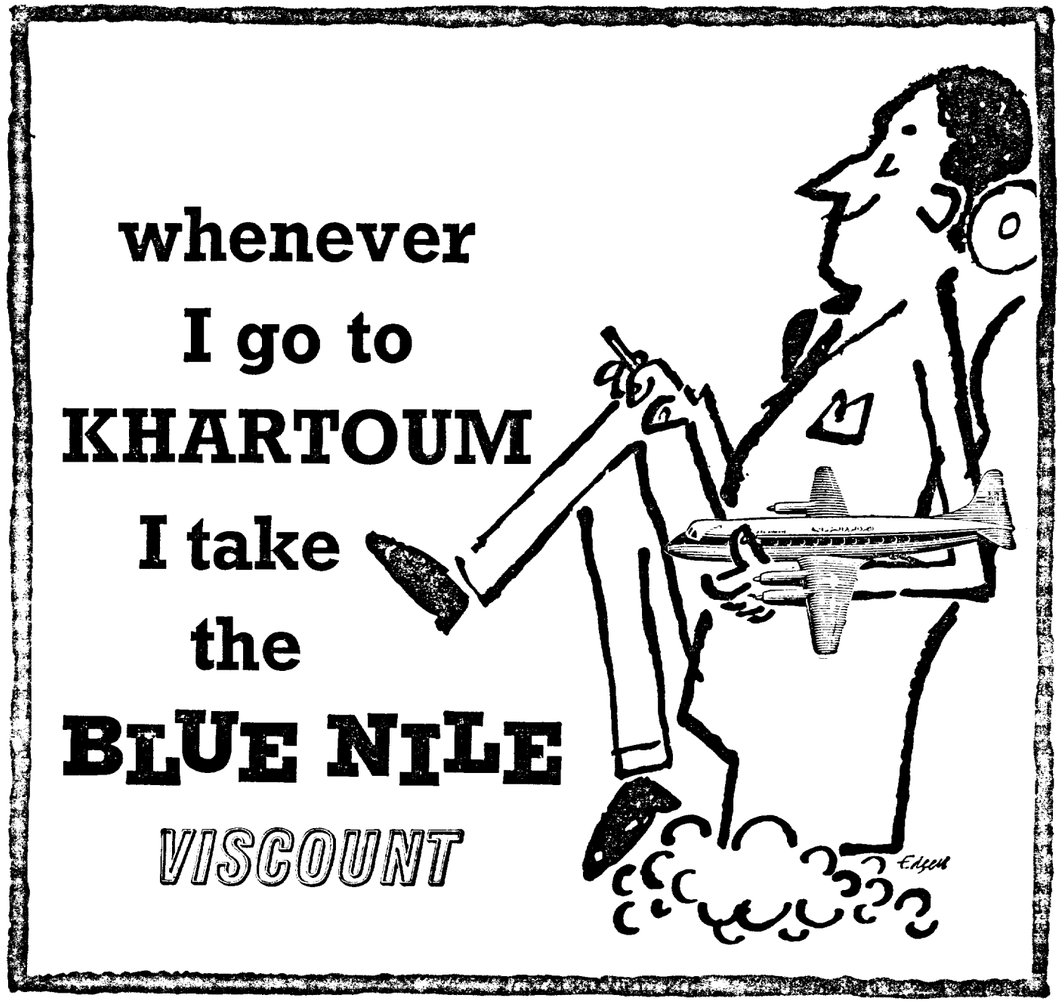
The Italian Ministry of Defence which conducted the inquiry handled this aspect of the accident with great tact and delicacy. The fact that the BEA pilot was technically in the wrong was merely used by the court of inquiry as an argument for putting in more and better navigating aids. But even if the Italian chain of navigating beacons had been installed and properly working (which they were not) at the time of the accident, the Viscount still could not have used them, because it carried a different type of navigational aid working on a completely different principle. Hence the plea made by the Italian investigators, who included one of Italy's most respected civil pilots, that airlines should be encouraged to fit aircraft to use whatever navigating aids are provided along their routes.

The Ministry of Aviation is at present holding talks with its European counterparts about a unified air traffic control system for the whole of Western Europe. This will have to be a standardised system, and as an earlier international meeting discovered at Montreal, it is not easy to get agreement on standardisation when competing navigation systems are involved.

TRANSPORT

Electrifying the Railways

IT takes time to rebuild a railway line, and longer still if it is to be electrified with the minimum possible interference to normal traffic operations. By concentrating first upon the London (Euston) to Birmingham, Liverpool and Manchester prong of its programme of trunk line electrification, the Transport Commission is hoping to complete the conversion of this 495-mile route by 1964, three years earlier than was originally envisaged. Part of the first stage, Crewe to Manchester, is already open for trial running and crew training: the remainder is scheduled to be in operation next September, and the Crewe to Liver-

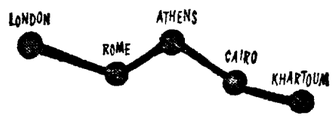


Every Monday a Sudan Airways VISCOUNT 831 (maintained and crewed by Airwork) flies from London to the Sudan. **This is the only air service to cater specially for the Sudan.** Passengers who wish to break their journey at Rome, Athens*, or Cairo may do so and continue their journey by the next plane at no extra cost. The return flight from Khartoum will be on Thursdays. **VISCOUNT comfort . . . Rolls-Royce Speed.**

The latest Viscount—the 831—is larger, much faster and even more luxurious than its predecessors. In a perfectly relaxed atmosphere, you can eat and drink, read and talk (nearly everyone on board will have a common interest in the Sudan) or simply sleep, lulled by the soothing hum of the four Rolls-Royce jet-prop engines. An unusual feature of this flight will be a Free Information Service on all matters relating to Sudanese business, political, and social life. This will be very helpful to newcomers and to those returning after a long leave of absence. If you have business in the Sudan, ask your travel agent about the new Blue Nile Viscount.

* *Subject to the approval of the Government concerned.*

BY THE "FABLED CITIES" ROUTE



SUDAN AIRWAYS' *technical maintenance provided by Airwork, who are also UK Managing Agents.*

pool section is due to be ready a year later. South of Crewe, surveying and other preparatory work has gone as far as Rugby.

The commission had few illusions about the civil engineering problems that would arise from its decision four years ago to adopt an alternating current system, feeding electric power at the industrial frequency of 50 cycles ac, at a pressure of 25 kV, direct from the grid into the locomotive. This was a technical advance, combining the relative cheapness and efficiency of grid supply with the greater robustness and technical advantages of the dc traction motor. But overhead wire conduction raised the problem of bridge clearances, which the older 660 V dc system with third rail conduction—as used by Southern region—would not have done; and 25 kV ac needs a minimum clearance of 11 inches against only 4 inches for the 1,500 V dc system that the Cock report in 1951 recommended the railways should use.

The London, Manchester and Liverpool main line, for instance, runs under 900 bridges of one kind or another, of which 700 afford too little clearance for the 25 kV overhead wires (and nearly 500 would also be too low to give the 4-inch clearance that 1,500 kV would require). However, the commission underestimated what this work would cost. The total outlay for this is now likely to be at least £150 million against the £118 million that was reckoned in 1956.

The commission never intended, because of the time and money it would take, to reconstruct every tunnel and every congested stretch near cities. Instead it planned to reduce the line voltage from 25 kV to 6.25 kV on the stretches of line under about 100 of the 700, and to design locomotives able to take both. The first such locomotive was handed over by AEI last week: its main transformer primary winding is in four sections, allowing working at 25 kV or 6.25 kV. Meeting the railways' weight specification of 80 tons gave manufacturers another problem: much was saved by redesigning the main transformer and the underframe—and using fibreglass for the roofing, doors, and bulkheads also helped.

STOCK EXCHANGE

How to Measure Turnover

An unsigned article in the latest issue of the *Stock Exchange Journal* considers the various problems that will have to be overcome in providing better figures of stock exchange turnover. The stock exchange Council is no doubt anxious to meet the recommendations of the Radcliffe committee that this should be done. As things are, big obstacles stand in the way of collecting more useful information, but with an increasingly mechanised stock exchange, new vistas are open to the Council. It is with this prospect in view that various questions are posed. Should the new figures be calculated according to the number of units of shares (as is done in New York), the nominal amount for the market value? Should turnover be calculated on a daily basis, or for the duration of an account? How is turnover to be defined?

The main need is to obtain some idea of turnover both in the number of units and in money terms. The essential first step is for the Council to ensure that all bargains are marked. It would be useful to have from jobbers figures both of their total sales and purchases; if these can be broken down into various groups so much the better. The article points out that while turnover in the gilt-edged market could best be calculated daily, calculation of turnover in other sections on this basis would give a false figure, because of the account system. The writer of the article fears that publication of further information could increase rather than lessen public suspicion about the working of the stock exchange—but recognises that the stock exchange should put the public right when special influences are at work.

WHISKY

Sober Freedom

Six months after whisky sales on the home market were freed from quota restrictions on most brands at the beginning

Central Banking Information

The Bank of England has agreed to tell more of what it is doing. Will it allow the public as deep and as frank an insight into its thoughts and actions as, for example, was given in a recent long speech by Dr Karl Blessing, president of the German Bundesbank?

Dr Blessing was explaining why the Bundesbank had raised the discount rate to 4 per cent. After the end of 1957, policy was directed mainly to three ends: to stimulate domestic economic activity, to strengthen the capital market and to promote capital exports to offset exchange surpluses. By mid-1959, these objectives were "more or less achieved"—and the central bank was beginning to see a danger to internal price stability. It asked the Government to spread out official building orders. It secured little response.

> We talk about co-ordinating cyclical policy in the European area, yet when it comes to co-ordinating measures that merely affect domestic activity we run into the greatest difficulties. The fact is, unfortunately, that in the cyclical policy game the central bank is always left "holding the baby."

The Bundesbank therefore fired a "warning shot" in early September, raising its discount rate from 2½ to 3 per cent. In succeeding weeks it became "more and more convinced that an investment boom had been added to the building boom." Its evidence, in summary, is

> (1) The labour market is extremely strained. (2) Order backlogs are growing and delivery periods lengthening. (3) The price climate has changed. (4) Capital expenditure is growing. (5) Demand for credit is rising.

The Bank has no regrets about its earlier policy of monetary ease: this helped to contain the recession. In changing course, it has "deliberately accepted the possibility" that short term funds may return from abroad. Exchange surpluses "may again cause us headaches." But there have been underlying changes since 1957, and the bank does not expect exports of capital to stop.

Dr Blessing had some pointed words about the domestic bond market, which after carrying rates down from 8 per cent to 5 per cent in little more than a year underwent a sharp change of mood ("defeatism" Dr Blessing calls it) in the summer. The Federal Government's first market loan had to be floated at a yield of over 6 per cent. These events show that the bond market "has unfortunately still not regained the intrinsic stability which it ought properly to have." Some institutions have gone so far as simply to throw on to the market bonds they had taken up for the purpose of placing.

Dr Blessing's conclusion is uncompromising but not austere:

> The past years have shown that it is possible to keep employment and production at a high level, and to reduce recessions to a tolerable size. . . . We have shown that we are determined to preserve the DM's purchasing power. We shall not let ourselves be deterred from doing so, even if employers and the employed show lack of self-discipline and self-control. The consequences would however . . . be equivalent to an economic recession. . . . Discipline pays. I hope that those concerned will grasp this fact, and will not compel us to bring even heavier guns out of our arsenal. We should prefer to be allowed to leave matters at the measures recently adopted.
>
> The saver and investor can depend on us. We shall not allow his rights and interests to be impaired, even though he cannot defend these as forcefully as other groups. Whoever tampers with the value of the DM will burn his fingers.

That ought to be clear enough.

of April, sales have still not risen much above those in 1958: at 2,797,000 proof gallons in the first six months of this financial year, they were only 0.3 per cent above the 1958 level, while those for the year 1958-59 were 11 per cent below those in 1938-39. Scottish Unionist MPs have been sufficiently disturbed by this apparent lack of vitality in sales of their national product to arrrange to meet the whisky trade to discuss what representations they should make to the Chancellor of the Exchequer for a reduction in the duty. The distillers would naturally be delighted by any such move, because the spirit duty remains at the peak level that it reached in 1948, while that on beer and some wines has been reduced. They do in fact feel, though they admit that six months' sales give inconclusive evidence, that duty may be one of the factors now holding sales down.

It is impossible to compare whisky sales with those of gin in these six months, because figures of releases from bond are not published monthly for gin as they are for whisky. But if market guesses are reliable, gin has been selling well this summer. If duty were the main restraint upon demand, one might expect a general fall in spirit sales (whisky costs rather more a bottle than gin, though in pubs both "nips" may cost the same); if gin sales have in fact gone on rising while those of whisky stand still, duty can hardly have been the chief culprit.

Certainly there are a number of other factors that might explain the failure of whisky sales to rise last summer; the abnormal temperatures made people want cooling as well as stimulating drinks, and gin lends itself better than whisky to mixing these. More fundamentally, the new freedom of whisky may merely have uncovered the extent to which the taste of the British drinker has changed in the last twenty rationed years, during the war and for long after while the American market was given priority.

LONDON OFFICE BUILDINGS

Buildings Go Begging

SINCE the war about 25 million square feet of office space has been built in new blocks in the City and West End of London, most of which has gone up within the past five years. This week it was revealed at a meeting of the London County Council that two newly-completed buildings are standing empty or partly empty, and have been so for some time. It was also asked whether, with 50,000 London families awaiting rehousing, the building of further new offices in central London ought to be stopped.

It is certainly true that London office rents have fallen in some cases in the past year. First-class offices, in terms of location and amenity, were being leased for about 30s. a square foot a year ago, but while this is still the rate for the very best properties, 25s. or even 22s. 6d. is more

How Big is Big?

IN April, 1956, the National Institute of Economic & Social Research published a list of 512 companies engaged in British industry that had net assets of more than £2.5 million in 1953-54, as a by-product of research into the sources and use of funds of public companies. This wider research was later taken over on a continuing basis by the Board of Trade, which has of necessity kept up to date the sampling frame upon which it is based and hence the data from which any such list of large companies could be culled. The institute has itself considered revising the list in accordance with the changes that have taken place in the asset pattern of companies since 1953-54; but it was decided that, if at any time such a revised list came into demand, it could most easily be supplied by the Board of Trade.

Some limited but interesting secondary research upon a number of these companies has recently been carried out by another organisation, the Institute of Economic Affairs. It made no attempt to bring the list up to date (beyond noting that 40 of the companies had vanished through mergers): but sent to most of the remainder a questionnaire asking about their capital, their employment, their build-up of costs and (indirectly) about their turnover. The answers it received from 151 of the 460 companies that it approached display, mainly, the heterogeneity of the sample: big businesses, the institute discovered, differ quite a lot from each other and moreover would rank in quite different orders according to the particular measure of bigness one chooses to apply.

As generalisations, these conclusions will surprise nobody: but the degrees of difference in business pattern, and of variance in ranking by different criteria, are worth recording. Even a "single" criterion may on examination dissolve into several aspects: how for example should one measure capital employed? Messrs Harris and Solly, who carried out this survey,* found for example that a company which ranked 4th out of 43 of these companies by net assets fell to 12th place by gross profits and to 15th by net equity earnings: and even the top company by net assets, though it earned the largest absolute return upon both total capital and equity, ranked only 29th by rate of return on equity (admittedly a measure of the intensity or efficiency of capital use, rather than of size). Numbers employed offer another basic order of ranking that differs from any measurement by capital employed; and turnover (calculated for a number of companies which gave details of payroll and of the proportion of labour costs to gross income) would offer yet another. The extent to which any of these companies, or any smaller company, might dominate in its own field is obviously another measure of "business power": but the authors here offer no evidence as to that.

The authors conclude that some "multiple index" might be the best way of indicating a company's "total economic weight"; it might link an absolute figure for annual net output (i.e., turnover less what it buys from outside) with a capital ratio indicating the "scale of operations" required to produce it. In this survey they were not able to make very satisfactory estimates of net output (comparatively few companies gave them estimates from which they could even roughly calculate it). This figure, to the outside observer who is constantly involved with statistics which make use of the concept of net output, such as national income figuring, would certainly seem the most useful measure of size for most practical purposes—supposing that companies can be persuaded to disclose it.

The study is powerfully solvent of generalisation about bigness in business according to any single criterion. But in demonstrating the difficulties of generalisation the authors have produced—again as a by-product—some interesting incidental data about their own sample of big British businesses.

OWNERSHIP OF LARGE COMPANIES

(Number in sample: 120)

Proportion of equity	Held by individuals	Held by insurance companies and pension funds
80 per cent or more ..	21	...
70 " " " " ..	39	...
50 " " " " ..	91	...
40 " " " " ..	107	...
20 " " " " ..	119	25
10 " " " " ..	1	81
Under 10 per cent	...	39

LARGE FIRMS, AT HOME & ABROAD

Proportion employed overseas (percentage)	Numbers of companies	Employment: Total	Employment: Overseas
More than 50.	9	185,940	118,660
25 to 50	17	287,750	90,990
10 to 25	20	416,590	77,510
Under 10	37	578,830	21,270
Nil.....	47	252,870	...
Total companies	130	1,721,980	308,430
Per cent of total	*100*	*82·1*	*17·9*

* A Survey of Large Companies, by Ralph Harris and Michael Solly. Institute of Economic Affairs, 42s.

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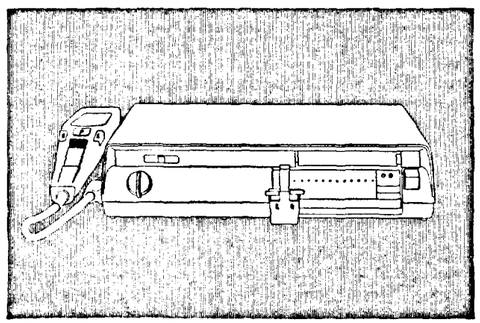

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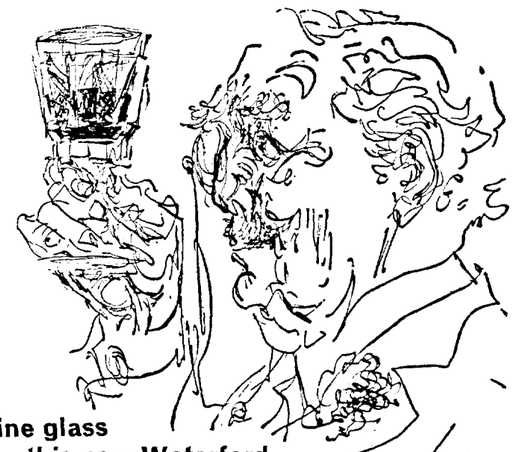

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common now. The range is a very wide one, and depends strongly on location (the Bank and Holborn being "In," while Route Eleven is still "Out," for instance). There is still considerable demand, though tenants are becoming more selective: as recently as three years ago offices were being let in the blueprint stage, but nowadays leases are seldom signed until after the building is completed. Some people are moving out of the central area: but one of the two buildings referred to by the LCC is just north of Putney Bridge, in a respectably decentralised area where rents are much lower. This building of twelve storeys has been empty since it was completed three months ago.

The other building instanced was Thorn House, in Upper St. Martin's Lane; Thorn Electric occupy five floors and showrooms in the building, and have been trying to let the other seven floors, without success, for about three months. This is slightly longer than has been the case in the past, but it is by no means disastrously so; it may take longer than that to complete legal work on the lease. According to one large City estate agent, 50-60,000 square feet of offices in a modern building in certain specific locations could not be easily found at present: as against this there are a number of buildings going up in both the City and the West End, and several bombed sites which are still apparently more economic as car parks than as office buildings. This market may eventually render unnecessary Mr Brooke's threat to stop all office building in central London. Even so, however, it will not mean that housing would necessarily pay on sites where offices do not.

FIRE

Danger in the Home

THE inquest held last Wednesday on five little Hertford children who died in a fire caused by a paraffin heater is—or certainly should—lead to heart-searching about the safety of certain types of household equipment. Some engineers have raised doubts about the wisdom of using radiant heaters of the paraffin-burning type in houses at all; as this particular tragedy shows, they can flare up in a draught and may turn a house within minutes into a raging inferno. It was such doubts, coupled with an increasing number of fires caused by oil-burning appliances (300 in 1950, 1,300 in 1957, against perhaps 12 million paraffin heaters in domestic use) that decided the Fire Research station of the Department of Scientific and Industrial Research to start its own investigation into oil-burning appliances but unfortunately these investigations take time to prepare and the preliminaries, including the construction of a wind tunnel for controlled reproduction of draughts, and approaches to manufacturers, had only just been finished before the inquest. A heater of the type that caused the Hertford fire was in fact the first that the station tested. The results, as quoted at the inquest, sounded alarming, though the maker concerned complained that the tests were unfair. Certainly there is no reason at this stage to think that they were due to any special features of this particular design of radiant heater: if valid, they would probably apply generally.

Just what happens when a radiant heater catches fire in a draught is still not clear: the sequence of events that might lead from an open door to a disaster, and how often they might occur, are something that the Fire Research Organisation has yet to discover. The Consumers' Association tested five radiant paraffin heaters a year ago and blew draughts on them from an electric fan in the expectation that they would catch fire, but none of them did. There are, however, 43 different types of radiant heater on the market and their sheer number may mean that it will be some time before the DSIR's investigations are completed. Reports from fire brigades suggest that a good number of fires caused by paraffin heaters are due to clumsiness and spilt fuel, but at least a third appeared to have been caused by defects in the equipment itself. It would be a mistake, however, to think that heaters burning paraffin are the only hazard. The British Standards Institution reported not so long ago that at least three cheap electric fires it had tested were frankly dangerous in the sense that the floor underneath them became overheated. There may be a need for some tightening up in safety regulations and safety standards.

EASIER HOARDING

Paper Gold

IT is more than three hundred years since English goldsmiths first developed the idea of holding gold in their safes against receipts which came to be used as money. Sixteen Johannesburg businessmen have formed the International Gold Corporation with much the same idea in mind, although Englishmen and other residents of the sterling area may not under existing regulations become customers. The new corporation has a capital of £25,000, and both the Standard Bank of South Africa and Johnson Matthey, bullion merchants, are associated with the scheme, which starts on January 1st. At a premium of up to 3½ per cent the corporation will sell bearer bonds against gold bars weighing between 50 grams and 1 kilogram. At current prices, plus 3½ per cent, the smallest bar would cost about £20 16s. and the largest £415 19s. Bigger bars will be sold on request. The Standard Bank will endorse the certificates, and hold the gold in London.

The certificates will be anonymous, freely transferable, and contain a promise that the gold they represent will be delivered free of charge anywhere it is legal to do so. They are therefore a stage nearer gold notes than the certificates available under the scheme operated by Samuel Montagu for delivery of gold in London or three other centres—with no commission charge. The buying and selling prices of the new units will be announced daily, and an agency has been set up in London in the hope that the present restrictions on dealing in gold in the sterling area will be lifted. Another hope held out by the company is that "an increase in the price of gold is inevitable." For anyone who agrees, or still regards all currencies as suspect, gold may be preferred to an investment that bears interest.

SUGAR AGREEMENT

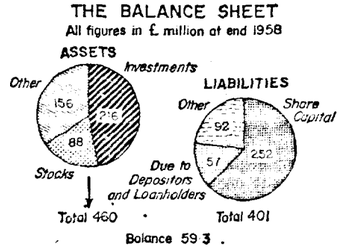
Quotas Cut for 1960

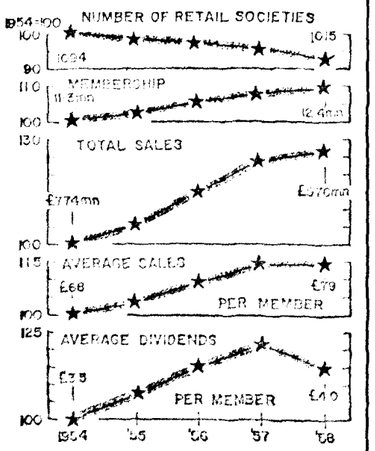
AFTER surviving a difficult year in which export quotas had to be cut by the maximum of 20 per cent, the International

Co-operative Retailing

Amalgamations are slowly reducing the number of retail co-operative societies. But over the last five years their membership has risen by more than a million and their sales by £200 million or 26 per cent.

Last year sales just kept pace with the rise in membership; but the average dividend paid out to consumer-members fell.





Sugar Agreement may have an easier passage in 1960. European demand on the "free" world market is no longer burdened by a record domestic crop. The latest estimates of the German company, F. O. Licht, put the new beet crop in Europe, excluding Russia, at 11.1 million tons, which is about 1.3 million tons smaller than the 1958-59 crop. Some European countries, notably France, have been making good this loss by buying on the world market, and Russia unexpectedly bought a large quantity from Cuba. These purchases, together with a firmer selling policy by Cuba, set off the recovery in prices. From a trough of 2.55 cents a lb in July the Cuban spot price rose to 3.17 cents in September, just over the theoretical minimum under the agreement of 3.15 cents. It has since slipped below 3.0 cents a lb, though forward quotations continue to command a respectable premium.

The turn for the better is reflected in the decisions of the sugar council at its meeting in Tangier last week. It puts the minimum requirements of the free market next year at 5.7 million metric tons, and the total available supply at 6.8 million tons; this includes an estimated supply from non-member exporters of 240,000 tons, a special "hardship" quota of 40,000 tons for Formosa, and a maximum carry-forward from 1959 quotas of 170,000 tons for Cuba and 22,000 tons for the Dominican Republic. The council has sensibly decided to restrict exports from the beginning of 1960, cutting quotas by 12½ per cent. This brings the total exportable supply to about 6 million tons, and leaves an apparent surplus of about 300,000 tons. This is probably a close enough balance to aim at just now; the council will have fuller information when it reviews the quotas in March. It will have to meet before then, if the market price averages less than 3.15 cents a lb for seventeen consecutive days, to decide whether further action is called for. Sugar's prospects are brighter than they were, but much will depend on political developments in Cuba.

HIDES & LEATHER

Recovery Under Way?

TANNERS will be glad to forget 1959. In the first four months prices of hides shot up by over 75 per cent, and in the following four the market held moderately steady at a little below the peak; it then fell like a stone, and towards the end of last month many hides were not much dearer than at the beginning of the year. Prices have now rallied. An Argentine ox hide (for sole leather) is now quoted at about 17d. a lb c & f UK, 2d. above the trough, while a New Zealand cow hide (for upper leather) has risen by 1½d. to about 21½d. a lb. It requires no great perspicuity to see that prices rose too far, and some people are confident that the fall will also prove to have been overdone.

Most tanners and users of leather bought heavily during the rise, and needed time to work through their stocks. When prices started falling tanners and their customers held off, thus accentuating the fall. The drought in Europe promised to bring an increase in slaughterings in some countries, and hence to a larger supply of hides, and this also may have encouraged buyers to stay their hand. Recent shipments of Argentine hides to Europe on consignment may have helped to weaken the market further. Buyers are now looking forward to an increase in cattle slaughterings in the United States next year, and to some recovery in slaughterings in Argentina, the largest exporter of hides.

The recent rally in British and Continental markets has followed a much firmer tone in Chicago and Buenos Aires. Some venturesome souls here, mostly dealers, it seems, have started to buy modestly, but most tanners are waiting to see whether the rally will last. After their chastening experience they can be forgiven for playing for time.

SHORTER NOTES

Mr Neville Faulks, QC, has submitted his report on the H. Jasper group of companies to the Board of Trade, which has declined to make it public at present because certain matters in it are *sub judice*. Mr F. Grunwald, managing director of H. Jasper and Company, will appear in court on Monday. The secretary of Camp Bird, a general mining and finance group, declined to comment on Thursday on reports that Camp Bird will help the State Building Society to regain full security for the £3,250,000 advanced for mortgages for Lintang Investments Ltd., for which the Jasper group originally bid.

★

An "exhaustive study" of whether the Post Office should set up a giro system on continental lines is being made by the Government following the qualified recommendation made by the Radcliffe committee. This was stated on Wednesday by the Postmaster General, Mr Reginald Bevins, in reply to a parliamentary question. Mr Bevins hopes to report his decision "quite soon."

★

The negotiated price for Commonwealth sugar in 1960 has been set at £44 8s. 10d. a ton, which is 13s. 2d. less than in 1959. Commonwealth exports to preferential markets remain at a maximum of 2,375,000 tons a year. The quantity sold at the negotiated price in 1960 has been increased by 3 per cent to 1,655,000 tons; the rest is sold at the world market price.

★

Shell Chemical Company has announced price cuts ranging up to £10 a ton—about five per cent—on four petrochemical solvents, monopropylene glycol, and most of the company's range of alkanolamines. The reason given for the reductions was that demand for these chemicals had grown, making higher production possible; Shell is already one of the largest British manufacturers of petrochemical solvents. The company added that it is now marketing 35 per cent of its industrial chemicals at "lower" prices.

United Dominions Trust has extended the scheme under which it co-operates with Continental finance houses (reported in *The Economist* of November 14th) to provide instalment finance for imported goods. It now has an arrangement with a leading finance house in Germany, the Netherlands, Sweden, Switzerland and Austria.

★

Wiggins, Teape is to raise £3.6 million by a rights issue to ordinary and preference shareholders. Ordinary shareholders are to be offered one ordinary share at 65s. for every ten already held and preference holders will be offered one 7 per cent preference share at 22s. for every four held. The issue will finance the purchase earlier this year of British Waxed Wrappings, a former subsidiary of Spicers.

★

Locana Corporation, whose two principal shareholders are Hambros Bank and Harrisons and Crosfields, is to extend its interests in European stocks by subscribing to shares in Sipelec, the new French investment trust sponsored by the Suez Canal Company. The trust, which was launched a few months ago, now holds some 40 investments (most of them in French companies) and will soon increase its issued capital from 500 million francs to 1,500,000 million francs.

COMPANY AFFAIRS
Comments on pages 1014, 1015 and 1018 on
Hawker Siddeley — Great Universal Stores
Mercantile Credit — Tate and Lyle
Giltspur Investment — Allied Bakeries
Beaverbrook Newspapers — Metal Industries
Allied Ironfounders — Bowater
Woolwich Equitable — 'Bigger Brewery Dividends'
National Commercial Bank of Scotland

LONDON AND NEW YORK
Stocks, prices, yields and security indices on pages 1016 and 1017

LONDON STOCK EXCHANGE
The week's movements reported on page 1018

MONEY AND EXCHANGES
Money market report, exchange rates and public finance on page 1019

COMPANY MEETINGS

THOS. W. WARD LIMITED

MR H. W. SECKER ON RECORD PROFITS

The Fifty-sixth Annual General Meeting of Thos. W. Ward Limited was held on November 27th at Sheffield. Mr H. W. Secker, OBE, chairman of the Company, presided, and, in the course of his report, said:

Reference has already been made to the loss we have all suffered by the deaths during the year of the President, Sir Ashley Ward, and the Deputy Chairman, Mr F. R. Stagg.

Both, in their differing spheres, were men of outstanding ability and vision, who, with their contemporaries, guided the Company's interests through the difficult years of the 1920's and early 1930's, and helped to build the solid foundation of the Group's interests, from which we are obtaining such successful results today. Their wise counsel will be greatly missed both in the Parent and Subsidiary Companies.

Sir Ashley Ward, a nephew of the founder, Mr Thos. W. Ward, joined the Company in 1892. He was appointed a Director in 1919, Joint Managing Director in 1927, also Chairman in 1941, and the first President of the Company in 1950 on retirement from the Chairmanship. He continued, however, to take an active interest in the affairs of the Group right up to the time of his death in March of this year. He was an outstanding leader because he was so essentially human, and he had a wide circle of friends both in business spheres and in the wider spheres of public life, to which he devoted considerable time and energy.

Mr F. R. Stagg, who died in November last, after a short illness, joined the Company in 1895. He was appointed a Director in 1927, Assistant Managing Director in 1938 and Deputy Chairman in 1950. A Constructional Engineer, he had a wide and unrivalled knowledge of all the Company's constructional installations, and it is largely due to his energy and foresight that our Subsidiary Companies concerned with Cement, Excavators and Cranes and Quarrying are such successful units today. He was a man of abounding enthusiasm in promoting the interests of the Ward Group of Companies.

Arising from the vacancies so created, Mr Arnold Carr, Assistant Managing Director, has been appointed Deputy Chairman of the Company in succession to Mr Stagg, and Mr Douglas F. Walton, who is responsible for the Rail and Railway Siding Construction departments, has been appointed a Director of the Company.

We have to be reconciled to the fact that at some point of time a business will be deprived of men of outstanding calibre, but unfortunately with them goes a wealth of knowledge and experience. It is essential, therefore, that considerable thought and attention should be given to the selection and training of staff to equip them with the knowledge to succeed to key positions when the occasions arise.

This question of training is constantly engaging our attention. In the last few years there has been a great increase in the provision of managerial and commercial courses, and we are doing everything possible to encourage the younger members of our staff to take advantage of the facilities available, whether during the day or evening classes. We consider such further education invaluable, but it is supplementary to, and cannot be a substitute for the knowledge and experience which is obtained in the thrust and parry of business life where the initiative, judgment and aptitude for taking responsibility is developed, and this must be impressed upon the younger generation.

In the concluding remarks of my review last year, I predicted it to be improbable that any recovery that might take place towards the end of the financial year to June 30, 1959, would be sufficient to offset the falling away already experienced, and warned shareholders that a reduction in Group profits must be expected. This prediction has happily not been fulfilled, for instead of a reduction in profits, I am able to present accounts to you which show the highest profits in the Group's history, despite a substantial reduction in turnover. This illustrates how difficult it can be for a Chairman of a large industrial group to make a prediction for a current financial year on the experience of the early months of that year, when there are so many outside factors affecting business today whose influence cannot be accurately assessed. As it turned out, the pace of the economic recovery in certain sectors of industry was very much faster than informed opinion anticipated. This improvement was influenced by certain factors which are now generally well known, but it may be of interest in setting the background if I briefly outline the position.

It will be remembered that my review on the 1958 accounts was made at a time when on the national scene there was a recession in the Steel Industry and amongst the heavier sections of the engineering trades, whilst there were cutbacks in buying by the nationalised industries and shipyards, and by lower orders from the construction industry. There was also a decline in exports. To a group with large interests of a merchanting nature, such drastic reductions in stock and order levels by the industries to which we are suppliers, could only react adversely on our own prospects of trade.

To counteract the slackness in trade in certain sectors, however, the Government took positive steps to stimulate the economy. In October, hire purchase controls were removed, giving liberalisation of credit terms, and an acceleration was announced of public investment on roads, railways, power, housing, etc., whilst the control of the Capital Issues Committee of borrowing in the United Kingdom was suspended. In November, the Bank Rate was reduced to 4 per cent, and at the end of December restrictions were lifted on the convertibility of sterling held by non-residents. These steps were followed by the Budget in April 1959, with measures for reduction in taxation and the restoration of investment allowances.

On the international scene, there was a much quicker change than was expected as a result of the speed and extent of the American recovery.

In general, therefore, the quicker rate of recovery in trade was due largely to the success of the Government measures, combined with the improvement in the American economy, but, in addition, certain sections of the Group have also benefited from particular circumstances which have operated to our advantage, and to which I refer specifically later in the review.

I ended my review last year by saying that our organisation was well equipped to turn to advantage the opportunities which a recovery in trade could bring. With all due modesty, the results now before you strikingly justify such a claim. Although there has been a successful outcome to our efforts, many difficulties have been encountered, which at times have caused some concern and involved awkward decisions of policy, for I have never known a financial year to show such an unusual pattern. More than ever, therefore, I would like to acknowledge the skill, enthusiasm, and hard work displayed by my colleagues on the Boards of the Parent and Subsidiary Companies, and by executives, staff and workpeople throughout the Group, and to thank them all for their valuable contributions to the excellent results which have been achieved.

GROUP ACCOUNTS

Group Profit before Taxation of £2,775,667 shows an increase of £176,089, compared with the previous year. Also, the incidence of taxation is reduced following the changes made in the last Budget, so that the charge is £92,300 lower than in the previous year. Because of the reduction in the rate of tax, we are able to bring back £116,224 from the provision for taxation made in the previous year. We have also brought back into profits £16,584 from Taxation Equalisation Reserve.

The comparative increase, after taxation and transfers from reserves, is therefore, £355,001, arising as follows:

	£
Increase in Profits before Taxation	176,089
Decrease in Charge for Taxation...	92,300
Increase in transfers from Reserves	86,612
	355,001

After deduction of the amount attributable to Minority Shareholders, the Group profit relating to our interests amounts to £1,421,524, compared with £1,071,302 in the preceding year, an increase of £350,222. Out of such figure of Group profit £381,892 has been retained in Subsidiaries Accounts, compared with £288,392 in the previous year, so that £1,039,632 remains to be dealt with in the accounts of the Parent Company, representing an increase of £256,722, in comparison with the figure of £782,910 for the previous year.

Group Turnover at £43,234,000 shows a decrease of £5,414,000, compared with the preceding year's figure of £48,648,000, equivalent to a drop of approximately 11 per cent.

The foregoing figures of Profit and Turnover include figures relating to E. H. Pickford & Company Limited for the eight months, and for Watsons (Metallurgists) Limited for three months since their respective dates of acquisition.

The major falls in turnover have arisen in the

Parent Company in those sections of the business engaged in Scrap Iron and Steel, Machine Tools and Industrial Plant, Foundry Supplies and Constructional Steelwork, whilst in Subsidiary Companies the falls have occurred in Engineering and the manufacture of Iron and Steel and Non Ferrous Metals. In all instances, these relate to sections of industry where there has been a general pronounced slackness in trade. Against this, our interests in Cement, Quarries, and the supply of plant and equipment to the building and constructional industries, have maintained, and in some cases increased, the level of turnover.

Fortunately we have in certain instances been able to earn a higher overall profit despite the reduced turnover, and in other instances we have managed to minimise the impact of the lower turnover on profit.

The largest decline in profits, however, occurred in those sections of the Group engaged in the heavy engineering industry and in the manufacture and supply of Machine Tools, where the drop in profits compared with the previous year approximated 20 per cent and was higher than the corresponding percentage decrease in turnover.

SCRAP IRON AND STEEL AND SHIPBREAKING

A year ago I drew your attention to the effect which the recession in the Steel Industry was having on these sections of our business. We were then buying scrap tonnages considerably in excess of our capacity to sell and thereby building up excessive stocks, which were hampering operations at our works. We could not ship the excess overseas as exports were limited and controlled by licences. In December, 1958, however, the Board of Trade issued open general licences and we were enabled to export and clear our excess stocks at very satisfactory prices. The open general licences were withdrawn early in March, 1959 for the heavier grades of scrap, but are still available for certain inferior grades. As I have told you earlier, the recovery in demand came more quickly than was anticipated, and during the last three months of the financial year we were almost back to the normal levels of deliveries and stocks.

A rather similar pattern was experienced in the important section of our business in defective and reusable iron and steel products. For the first half of the year there was a serious falling off in demand for the home market, but eventually we were able to find an outlet in overseas markets at satisfactory prices.

The overall position on the year was that although there was a considerable fall in tonnage delivered, profits have been higher than in the preceding year, mainly because of the higher prices which we were able to obtain overseas.

We were in the anomalous position of having an adequate supply of ships for breaking in our shipbreaking works, but in view of the lack of demand for scrap, our activities were seriously curtailed, so that on average for all our yards, we were only working at about 50 per cent of capacity during the year.

The recovery to a more normal level of demand which has taken place in recent months should be reflected in more profitable operations at our Shipbreaking Works during the current year.

DEVELOPMENT

Last year I informed you of the setting up of two new depots, one on a five acre site at Salford to deal with scrap in the Lancashire Area, and the other on a four acre site near Coventry to serve the Midlands area with contractors' plant, both for sale and hire.

These depots are now functioning, and judging from the results already shown, there is no doubt that they will provide a useful extension to the Wards service to customers and become valuable assets of the business.

CEMENT AND QUARRIES

Our cement interests have had a very successful year, showing further increases in tonnages dispatched, as the Government's measures to stimulate the economy, together with the expansion in the public works programme, has resulted in an increased demand for cement. During the year, Ketton Cement has been supplied to many important contracts, including sections of the London-Yorkshire Motorway and the Great North Road. The Ribblesdale Cement Ltd., in which our Ketton Portland Cement Subsidiary holds a 50 per cent interest, has now commenced an extension of its Cement Works, at which an additional kiln of large capacity is to be installed.

Turnover and Profits of our Quarrying interests in Westmorland and Derbyshire have been well maintained, and although there is a tendency towards slightly lower prices, reduction in costs have been achieved which offset their effect. In line with our policy of concentrating development on the larger quarry units we have sold the entire share capital of Pengwern and Gwydyr Quarries Ltd.

Further progress has been made during the year by North Lonsdale Tarmacadam Ltd. in the laying and construction of roadways.

ENGINEERING

The Subsidiaries engaged in this section of Industry had the common experience of suffering from the contraction in demand in the home market following the credit squeeze, and from import restrictions in overseas markets.

Despite such adverse conditions, Thomas Smith & Sons (Rodley) Ltd. maintained a reasonable level of production in Excavators and Cranes, and during the second half of the year there was some improvement in the order book position. Many journeys have been made overseas by Directors and Sales Engineers. Our Agents in many countries have been brought up to date with our latest developments, and a large number of overseas customers visited. Although there was some falling off in overseas orders, approximately 36 per cent of the total production was exported, which, in the circumstances, is very commendable. Profit margins again narrowed during the year so that, inevitably, there was a contraction in profits compared with the preceding year, but, in the circumstances, the results were not unsatisfactory. The order book is not nearly as good as we would like to see it, however, and prospects during the coming year are somewhat difficult to forecast.

We could not expect an improvement on the record results of last year, but it is very gratifying to find that the results of John Smith (Keighley) Ltd. are very little inferior to such record figures. Turnover has again been equalled, but margins have narrowed somewhat, so that the profits show a small decrease. It speaks well for the quality of their cranes that they can hold their sales under such competitive conditions, and the order book is quite satisfactory.

The recession in the Machine Tool Industry has adversely affected the order book of Fredk. Town & Sons Ltd., whilst there has also been a decline in business with overseas markets. Until a few years ago "Towns" shipments overseas accounted for something like 65 per cent of production, whereas this has been reduced to around 35 per cent. Competition is also much keener for the smaller amount of business offering. Having regard to such difficulties, the results have not been unsatisfactory, and should conditions in the Machine Tool Industry improve, then I feel that "Towns" are well equipped to share in the improvement.

The operations of Widnes Foundry & Engineering Co. Ltd. were severely affected by the curtailment of capital programmes by some of their biggest customers following the credit squeeze, so that profits are much lower than in the previous year, but there are signs of some improvement in demand in recent months.

Both companies concerned with the manufacture of Rails and Sidings, namely Darlington Railway Plant & Foundry Co. Ltd. and The Railway & General Engineering Co. Ltd., have had a satisfactory year, but with the completion of certain of the major capital programmes by the big Steelworks, and the contraction in capital expenditure by the Nationalised Industries, the order books are showing some decline, whilst conditions are becoming increasingly competitive for the smaller amount of business available.

It has been rather a disappointing year for Ensign Conveyor Co. Ltd., but it is hoped that improvements will follow from certain reorganisation which has recently been made.

MANUFACTURING OF IRON AND STEEL AND NON FERROUS METALS

The overall picture is that trading conditions were amongst the most difficult since 1938, and it is therefore distinctly creditable that the combined profits of the companies in this section were less than 1 per cent below those of the preceding year. The decline in demand affected the output of the Wolverhampton & Birchley Rolling Mills Ltd. which was 9½ per cent lower than in the previous year. In spite of such adverse conditions, with further mechanisation to reduce costs and further expansion into specialised production, earnings were maintained at a level comparative with the previous year. Fortunately demand has improved in recent months, and it is considered that conditions should remain favourable during the remainder of the current year. Development schemes are under consideration to expand production to give an improvement in quality and a reduction in costs.

As and from July 1, 1959, the complete merger of Midland Iron Co. Ltd. and Low Moor Best Yorkshire Iron Ltd. has been completed by their amalgamation into one company, under the title of Midland and Low Moor Iron & Steel Co. Ltd.

The outlook for Wrought Iron is not encouraging, and will be adversely affected by the curtailment in demand from the railways and mining industry. Against this, the production of special irons is being vigorously pursued. New applications have been developed during the year for the use of these specialities, and it is confidently expected that this specialised business will gradually expand and prove profitable.

In line with general experience, John Williams (Wishaw) Ltd. experienced a shortage of orders in the first half of the year, but in recent months there has been a considerable improvement, so that the present day order book is quite satisfactory. The electrification of the Steel Rolling Mills has now been completed and benefits should flow therefrom in the form of more efficient working and reductions in costs.

The year has been particularly difficult for Alexander Metal Co. Ltd. because of the shortage of work in the non ferrous foundries, allied to the instability of market prices of non ferrous metals. Conditions have recently shown some improvement, however, and there are possible grounds for expecting that future prospects will be somewhat brighter.

VEHICLES

I am well satisfied with the results shown by E. H. Pickford & Co. Ltd. for the period since our acquisition in October 1958, and in combination with our existing interests in The Deighton Motor Co. Ltd., we have a valuable stake in the prosperity of the Motor Car Industry.

MISCELLANEOUS

Although turnover of Dick's Asbestos & Insulating Co. Ltd. was well maintained, there was a contraction in profits results from the increasing severity of competition. There is a reduction in the volume of work available on Thermal Insulation Contracting throughout the country because of the contraction in the number of Power Stations in course of erection, and the reduction in the number of capital projects coming to completion. The decline in the Shipbuilding Industry also has an adverse effect, inasmuch as those companies which have traditionally specialised on marine insulation are now turning their attention to land insulation, and so aggravating the situation. The indications are that turnover is likely to be maintained during the current year, but that profit margins may be further narrowed.

I am well satisfied with the results so far shown by Watsons (Metallurgists) Ltd. which we acquired in March of this year. This Company which is under excellent management, specialises in the Supply and Crushing and Grading of Ferro Alloys, and enables us to extend the services which we can offer to the local Steel Industry.

In addition to consolidating their business in the supply of Industrial and Domestic Fuel, Ward, Longbottom Ltd. are developing the use and supply of fuel oils for industrial purposes as authorised distributors in the United Kingdom for Shell-Mex and BP Ltd. Satisfactory progress has also been made by George Hassall Ltd. of Stoke, and Frank Parker & Co. Ltd. of London in the respective fields of Merchanting Steel and Machinery, and Contractors Small Tools and Equipment.

PARENT COMPANY

Further to the comments I have already made on certain of the sections, I am pleased to report that we have had exceedingly good results from the sale and hire of Contractors' Plant, and that our Wagon Building and Repairing sections have maintained a very good level of activity. Satisfactory results have also been achieved in Railway Siding Construction, whilst our Works Dismantling activities have experienced their busiest time for many years.

We have recently purchased the Electric Railway from Swansea to Mumbles Pier on the Gower Peninsular, which covers a distance of 5¼ miles, and is known generally as the Mumbles Railway. It is the oldest passenger railway in the world, and first carried passengers in 1807 with horse-drawn vehicles on rails. A small section of track has been taken up to permit a new bus station to be made at Mumbles, but the main work of dismantling will not commence until after the closing of the railway on January 5, 1960.

We are also taking an active part in the dismantling of redundant machinery under the Government scheme for reorganisation of the Cotton Industry.

I often feel that our larger interests overshadow the many exceptional services performed by our Factory Planning and Installation department, and that shareholders are not therefore acquainted with some of the extremely complicated and specialised tasks undertaken. I think it may be of interest to refer to a contract recently completed on which as main mechanical engineering contractors we have been responsible for the installation of much of the machinery and equipment. This concerned the new Ship Hydrodynamics Laboratory of the National Physical Laboratory at Feltham, Middlesex, which was opened by HRH Prince Philip on Monday, October 19, 1959. The main aim of this research laboratory will be to build up basic knowledge for the design of ships that will enable high speeds to be maintained in rough seas without danger and with a minimum of discomfort.

One of the most important jobs which we carried out was the construction of the water tunnel or resorber which is U shaped, the vertical arms going 180 ft. into the ground in concrete lined shafts. Inside the shafts the steel tunnel of cylindrical sections had to be welded into position. All welding was carried out from the inside of the tunnel and every weld was ultrasonically tested. We also installed the track on the ship tank, which was a considerable achievement, as this had to be set to a tolerance of five thousandths of an inch over the 1,300 ft. length whilst following the curvature of the earth, which in that distance rather surprisingly is ½ in.

RAIL CHARGES

Despite the great pressure of road competition, and the recession in the Steel Industry during part of the year under review, tonnage placed on rail was well maintained, and over £1¼ million was paid to the British Transport Commission in freight charges.

During the last quarter of the financial year, rail tonnages and rail freight payments were higher than in any previous comparable period, and this reflects the close understanding that exists between the Commission and this Company.

There has been a growing appreciation by the Commission of traders' problems and a readiness to discuss and experiment, which is most heartening.

OVERSEAS TRADE

In face of intense and sometimes impossible competition, we have increased our Overseas Trade substantially. Directors and senior executives have travelled many thousands of miles, with satisfactory results, and I regard this as a major item in future development.

APPROPRIATION OF PROFIT

It will be seen from the Directors Report that it is proposed to increase the Final Dividend on the Ordinary Shares by 5 per cent, giving a total dividend for the year of 25 per cent less tax, compared with 20 per cent less tax for the previous year. It is also proposed to place £600,000 to General Reserve and to increase the carry forward by £45,781 to £728,076. Although we have added to the retained profits in the Parent Company by approximately £3,300,000 during the past five years, the rate of dividend now proposed is double that of five years ago. I therefore feel that we are keeping a fair balance between the present interests of the shareholders and the future needs of the business.

BONUS SHARES

Since the last bonus issue of one for one to Ordinary Shareholders on May 28, 1954, we have added to the retained profits of the business approximately £3,300,000. During the same period, in approximate figures, Fixed Assets have increased £600,000, and we have invested nearly £2 million in Subsidiary Companies. Your Board therefore consider it sensible that adequate recognition should be given in the capital structure to the fact that the major part of the profit retentions have been invested in assets of a permanent nature, hence the proposal to capitalise £2,200,000 from Revenue Reserves to be appropriated as bonus shares amongst the Ordinary Shareholders in the ratio of one for one. It should not be assumed that an increase in dividend will automatically follow from such an operation. On present indications, it is unlikely that this will be so, but the proposals for dividend for the current year will be determined as usual by the Directors in the light of the results achieved. Certain aspects connected with the proposals are under consideration by our legal advisers and when these are settled, the necessary meetings of shareholders will be convened for the purpose of giving effect to the proposed capitalisation.

BALANCE SHEET

Current Assets afford more than double cover for Current Liabilities. Stocks are slightly below the level of a year ago, but this is balanced by a small increase in Debtors. The combined total of Bank Balances and Tax Reserve Certificates is nearly £600,000 higher than at June 30, 1958

Total Net Assets after deduction of the Preference Capital, are equivalent to £5 12s. approximately per share on the £2,200,000 Ordinary Share Capital. Such figure is based solely on the book value of the Assets.

The Parent Company's Balance Sheet shows a similar pattern to that of the Group Balance Sheet. The increase in Shares in Subsidiary Companies reflects the purchase during the year of the entire Share Capital in E. H. Pickford and Co. Ltd. and Watsons (Metallurgists) Ltd.

FUTURE PROSPECTS

As Chairman of a Group which owes so much to the enterprise and initiative of individuals and which still retains ties of a "family" character, I am relieved that the bogy of Nationalisation has been removed for the present. But the optimism that might have been engendered by the return of the Government at the recent election should be tempered by the knowledge that although there has been an underlying improvement in industry in general during the last 12 months, there are still important sections to which the recovery has not spread. Furthermore, apart from the success of the motor car and heavy electrical industries, we are

not obtaining the results in the export field which we should. I mention these factors as a background, because as I have pointed out earlier in the review, we have major interests as suppliers to a wide range of industry, and our fortunes are largely bound up with the prosperity of the customers to whom we supply.

You will have gathered from my remarks on the individual sections of the Group that I consider the outlook to be reasonably satisfactory for our interests in scrap, shipbreaking, cement, quarries, supply of contractors plant, supply and construction of railway sidings, motor car distribution and in the re-rolling of steel, but I cannot be so sanguine about those sections of the Group which are concerned with heavy engineering and the machine tool industries.

We all hope that the Government will be successful in developing policies which will promote higher productivity in all sections of industry, and higher real incomes, without setting up inflationary pressures. If we can achieve conditions of prosperity and stability in this country, we shall be enabled to assist the undeveloped areas both of the Commonwealth and in other parts of the world. The need for this is unquestionable, then I think we may look forward to the future with hope and confidence.

The report and accounts were adopted and the dividends recommended declared. The retiring directors were re-elected and the auditors re-appointed.

LEETHEMS (TWILFIT)

The thirty-first annual general meeting of Leethems (Twilfit) Limited was held on November 26th at Southsea, Hants, Mr A. E. Downing, FCA (*the chairman*), *presiding*.

The following is an extract from his circulated statement:

We are pleased to record improved trading conditions during the latter part of the Company's financial year which are reflected in the increased profits.

By keeping in step with the demands of changing fashions our designers ensure that we are not only retaining but increasing our share of the lightweight corsetry trade. Contrary to the experience of others the demand for our traditional garments, made from the more rigid fabrics, is increasing.

Your Directors feel that the accumulated amounts retained and placed to Capital Reserve Account, aggregating £150,000, should be applied to paying up in full a further issue of Bonus Ordinary Shares in the ratio of one new Ordinary Share for every two existing Ordinary Shares held. In the absence of unforeseen circumstances it is hoped that in future it may be possible to justify a more liberal distribution of earnings to Ordinary shareholders and that in any event the 10 per cent dividend paid for each of the past five years will be maintained on the Ordinary Share Capital as increased by the proposed Bonus Shares.

The improved trading conditions during the latter part of the Company's financial year are being maintained.

The report was adopted and at a subsequent extraordinary general meeting the scrip issue proposals were approved.

THE INDIAN IRON AND STEEL COMPANY LIMITED

(Incorporated under the Indian Companies Act 1913)

SIR BIREN MOOKERJEE ON INDUSTRIAL PROBLEMS

The Annual General Meeting of The Indian Iron and Steel Company Limited, will be held on December 21st in Calcutta.

The following is an extract from the statement by the Chairman, Sir Biren Mookerjee, which has been issued to the shareholders along with the Directors' Report and audited accounts for the year ended March 31, 1959:

Production of Ingot steel at 608,205 tons showed a welcome improvement of 100,625 tons over the previous year, but the factors to which I drew attention last year continued to keep output well below plant capacity. There were no fewer than nine sporadic strikes in different Departments during the year and the discipline of the workers leaves much to be desired. Disorganisation of operations by reason of the extensions works continued and it will be some little time before facilities are freely available to enable the expanded plant gradually to be worked up to its full output capability.

I commented last year as an exception on the good performance of the Sheet Mills in 1957-58, and I should again like to commend their very creditable performance in having established a yet higher production record for 1958-59.

Production of castings at the Kulti foundries improved owing primarily to the operation of the Second Spun Pipe Plant, total output of castings being 147,325 tons against 115,969 tons in the previous year.

DOMESTIC MARKET

When all the plants in both the sectors get into production more or less according to schedule, my fear is that there will be so much iron and steel produced that it will be difficult for the producers to be able to dispose of their output.

As producers we are interested not only in producing more and more, but in selling what we produce at economic prices. The manufacturers in both the sectors are likewise interested in selling all that they produce in whatever form not only to the intermediate but to the ultimate consumers. Without an extensive domestic market not only for this, but for all other manufacturing industries, the persistence in calling for more and more production by new or the existing plants may, instead of promoting, actually retard the industrial development of the country by making the manufacture of goods unprofitable or the products unsaleable.

By and large and in the final analysis the consumer of all goods and services is the common man. It is, therefore, essential that the Government should ask not for more production and less consumption but for more production and more consumption to absorb what is produced. For this purpose several changes in the policy of the Government are necessary, the two most important of which are, first, the lowering of the selling prices by avoiding the setting up of Government Trading organisations and the mischievous idea of obtaining revenue by monopolistic high prices which is no more than indirect taxation without parliamentary control; and secondly, the increasing of the purchasing power of these consumers by reducing taxation, both direct and indirect. The whole burden of the taxation is practically carried by these people. Until it is considerably lightened, they will have no resources from which they can buy the goods produced.

But alleviation of taxation is not all. Cost of production must also be reduced and here, so far as the labour cost per ton of saleable product is concerned, industry finds itself faced with a further difficulty for so long as Government regards the establishment or expansion of industries primarily as a source of providing employment this cannot be done for two important reasons. First, of course, is that inflation has been constantly increasing the cost of living of all the consumers including the workmen. The latter therefore ask for increase in their wages from time to time. The industries on the other hand are handicapped by the compulsion to employ more men than are required. Whilst the problem of employment is an acute one, it cannot be solved merely by creating unnecessary jobs and increasing the cost of production and the burden on the consumer. The solution is to be found, if at all, in more production at lower costs and more consumption at lower selling prices as has been the case in other developed countries and not by adopting the reverse process.

EXPORT MARKET

It is commonly assumed that if the production of steel is beyond the demand of the domestic market, then the surplus can be exported, but on the existing selling price structure, loaded as it is with heavy excise duty, freight equalisation and various surcharges, I do not see where we can find foreign markets. In the Far East we are likely to be faced with severe competition from Japan and now probably China, and also from Australia, whose cost of production is such that I see exports have recently been made even to Russia. The Middle East and Eastern Europe will be more successfully covered by the USSR and her satellites, and the whole of Western and Northern Europe by Western Germany, France and the UK whose existing and potential capacity is in excess of the demand and who depend largely for their food and many essential raw materials on imports and must therefore export to pay for these imports. All these countries may become more formidable competitors than our planners seem to realise, and it is possible we may be entirely priced out of every foreign market worth capture.

If the iron and steel industry has to compete with other iron and steel making countries, then we must follow their ways and means of production and costing. What would this mean? We have firstly to see that the manning of our plants is if possible on a par with theirs or in any event is not allowed to exceed the level at which our labour cost per ton will be competitive with theirs; then that the wage structure is brought into line with their practice, namely, that every job has its assigned wage unlike in India where wages are increased yearly by automatic grade increments with corresponding increase of the cost of production from year to year.

After commenting on the Government's labour policy and productivity, the chairman continued:

FUTURE DIVIDENDS

The year under review is the last year for which shareholders will receive credit in respect of their dividends for income-tax paid by the Company. Under the provisions of the Finance Act, 1959, future dividends will be declared gross and the only credit that shareholders will receive will be for the tax that must be deducted at the prescribed rates on payment of their individual dividends. Some indications of the Company's future dividend policy will therefore be expected of me.

So far as the Preference shares are concerned, the dividend on these is expressed to be 5 per cent free of tax, and the dividend at this rate will in accordance with the provisions of the Finance Act, 1959, be grossed up to such an amount as after deduction of 30 per cent thereof would represent the previous amount payable free of tax and this gross dividend then paid to the individual shareholders under deduction of tax at the prescribed rates.

It will normally be the policy of your Directors, circumstances permitting, to apply so far as possible a similar principle in determining the future rate of gross dividend payable on the existing Ordinary share capital. It will be appreciated, however, that the ability of the Company to compensate its shareholders in this manner will to a large extent be dependent upon the saving under the new basis of corporate taxation and that for many years to come it will be necessary to make large reserve allocations out of profits in order to provide finance for the repayment of our very heavy loan liabilities.

ALLIED BAKERIES

EQUAL VOTING RIGHTS FOR "A" AND "B" SHARES

GROUP'S CONTRIBUTION TO PRICE STABILITY

The Twenty-Fourth Annual General Meeting of Allied Bakeries Limited was held on November 27th in London.

Mr W. Garfield Weston (the Chairman) presided and, in the course of his speech, said:

In this country, in Australia, and in South Africa we are among the leaders in every one of our major activities—in bread, in biscuits, in cake, in icecream and in other foods.

Our bakery division is continuing to operate at a very high level of efficiency and we have been successful, by using large scale advertising, in establishing "SUNBLEST" as our nationally known trade name. The quality of our bread and confectionery is unsurpassed—if I may slightly misuse a well known phrase—"We have never made it so good"; and, incidentally, we have never before made it in so many different, and equally good, varieties.

Although there is evidence that the national biscuit market is a contracting market I can assure you that we are certainly holding our own and that, also, we are continually seeking ways of utilising to even better advantage our most efficient factories and distribution organisation.

The sales of our grocery interests are steadily increasing and, our ice-cream interests, under the trade name of "Neilsons" are going from strength to strength.

We have had some wonderful results from our overseas companies—in Australia, New Zealand and South Africa—and, indeed, look forward to more great progress by them in the years to come.

The Chairman announced that his son, Mr Garry Weston, who for a number of years had been managing their biscuit subsidiaries in Australia, had been elected by the Directors as Vice-Chairman of the Company.

NEW VICE-CHAIRMAN'S REMARKS

Mr Garry Weston then gave a review of the financial accounts and, commenting on the record profit figure of £6,866,000, said that after various appropriations they were left with a net profit amounting to £3,290,000. He added: To appreciate the full significance of this net profit figure it is necessary to relate it to our sales of £125 million. We are, in fact, earning just about 6¼d. net profit after tax on every £1 of sales we make.

We are continuing to build up the strength of our organisation and this year we have ploughed back into the business for expansion, re-equipment and extension nearly £5,200,000.

Mr Garfield Weston, continuing his review, also commented on the net profit margin of 6¼d. per £ of sales, and said: I believe that the stability of any really great commercial organisation is based on large sales and on small profit margins. We have been promised an even better standard of living in this country, but this can only come from stabilisation of prices. Our organisation has its part to play in this; by utilising every available modern method to expand our sales, with ever increasing turnover we shall be able to keep our margins at a modest level. In this way we shall make a contribution to the stability of prices, and, at the same time, continue to give Shareholders a proper return on their money.

Commenting on the non-voting ordinary stock, Mr Garfield Weston announced that the Directors had decided to submit proposals to give the existing "B" shares equal voting rights with the "A" shares, it would not be their intention to give any form of compensation to "A" Shareholders. At the same time, in view of the group's diversification steps would be taken to change the Company's name.

Mr Garfield Weston concluded: Your Directors today declared a first interim of 6 per cent on the enlarged capital against equivalent of 5 per cent last year. On the basis of three interim dividends this would mean a total of 18 per cent. If expectations are realised it is hoped to declare a bonus of 3 per cent as in the last two years, so bringing up the total to 21 per cent against equivalent of 18 per cent.

The report and accounts were adopted.

JOHANNESBURG CONSOLIDATED INVESTMENT COMPANY

(Incorporated in the Union of South Africa)

The annual general meeting of the Johannesburg Consolidated Investment Company, Limited, was held on December 1st in Johannesburg.

Mr D. A. B. Watson, who presided in the unavoidable absence of the Chairman, Mr H. J. Joel, said: Our investment income of £1,929,000 was less than that earned during the previous year, the decrease being of the order of £170,000. This reduction was the result largely of earlier unfavourable trading conditions in the platinum, base metal and copper industries. I am happy to report, however, that there has been a satisfactory improvement in the outlook for these and most of our other fields of investment, and if this improvement is maintained, it is fully expected to result in increased investment income during the current year.

The anticipated improvement in the earning capacity of our investments is reflected in the rise in their market value at June, 30, 1959, which value, after adding unquoted stocks at Directors' valuation, increased during the year from approximately £22,440,000 to £28,368,000. This increase of about £5,928,000 includes net additional investments made during the year at a cost of about £1,381,000, so that the actual appreciation in the market value of investments, both quoted and unquoted was about £4,547,000.

The profit from realisation of investments was £293,000, which is £140,000 less than the figure for the previous year. After allowng for various items of revenue and expenditure, he total profit of the company before taxation amounted to £2,041,000. which is about £300,000 less than that for the twelve months ended June, 1958.

Despite the reduction in gross profit, the charge for taxation for the year was considerably greater than that for the preceding year. Mainly because of the heavier provison for taxation the profit available after taxation for the year was £990,000, as compared with £1,940,000 in the previous year.

Owing to the net re-appreciation in the value of our portfolio and the materially improved outlook for our investments as a whole compared with the previous year, the transfer to Investment Reserve amounted to only £247,000 as compared with the transfer in the previous year of £1,738,000. We have been able to maintain the dividend at last year's rate of 4s. 6d. while leaving the carry forward practically unchanged.

The Chairman then referred in detail to the principal fields of investment in which the company was interested, namely diamonds, copper, platinum, gold, various base metals and South African industrial activities and continued:

I am confident that during the current year ending June, 1960, our income from investments will show an appreciable increase on the figure for last year, and, provided that there is no major depreciation in the book value of our investments, I am equally confident of our ability at least to maintain last year's rate of dividend. Whilst on the subject, I have to inform you that the Board of your company has decided that, commencing in January, 1960, consideration will in future, be given at that time each year to the payment of an interim dividend.

NATIONAL COMMERCIAL BANK OF SCOTLAND LIMITED

SUCCESSFUL COMPLETION OF MERGER

SATISFACTORY BUSINESS TRENDS CONTINUING

PROPOSED RIGHTS ISSUE OF SHARES

MR IAN W. MACDONALD ON THE GENERAL BANKING PICTURE

The First Annual General Meeting of The National Commercial Bank of Scotland Limited will be held on December 24th in Edinburgh.

The following is the Statement by the Chairman, Mr Ian W. Macdonald, CA, which has been circulated with the report and accounts:

Following the merger of the two Banks, your Board elected me as their Chairman, and thus I have the honour of submitting the first annual statement of the combined Institution.

I am glad to say that, as a result of careful and skilled planning and much hard work on the part of the officials and staffs of the two Banks—ably assisted by our professional advisers—everything went smoothly on September 16th, the appointed day. New Bank notes, cheques, stationery, name plates all appeared at the right time and places, thus minimising the degree of inconvenience experienced by our customers consequent upon the change of name. I am also happy to say that already there is solid evidence of co-operation and unity of purpose at all levels, and I feel sure that the combined Bank has the full support of the entire staff—some 3,500 strong.

FEATURES OF PAST YEAR

Before turning to our domestic finances, it is appropriate to look for a few moments at the British banking picture. The past year might be described as one of "no change" in official monetary policy. Credit, which was liberated in mid-1958, has remained unfettered, and the significant financial trends of 1959 are all related to this new-found freedom. After a slow start in the latter half of 1958, there was a violent upsurge of credit demand, and the two principal indicators—bank and hire purchase advances—confirmed that this was being met to a degree unprecedented in the past twenty years. Since July, 1958, advances by the London Clearing Banks have risen by 41 per cent.

Fortunately, this abnormally rapid growth has not so far been associated with any of the monetary symptoms of inflation. Bank deposits and the supply of money have not risen proportionately and the heavy sales by the Banks of Government investments to finance their lending appear to have been well absorbed out of net savings, which are currently reported at high levels. Similarly, the large increase in hire purchase debt has so far been largely financed from private sources without any strain on the monetary system. Overall, Britain has enjoyed a year of satisfactory economic balance and monetary stability.

POSITION IN SCOTLAND

Unfortunately, Scotland has not been quite so happily placed and, while there has been no widespread or general setback, some of our basic industries, such as shipbuilding, marine engineering, coal and steel have had a difficult and disturbing year. As a result, Scotland has been below the national average in its productive growth and has not shown up well in the unemployment figures.

In any banking review of 1959, reference must be made to the recently published Report of the Radcliffe Committee. Our special interest naturally lies in the references to Scottish banking principles and practices. As was to be expected, the Committee focused its attention on differences between Scottish and English banking and in particular on the circulation of Scottish bank notes. In the Report the Scottish system is commended and there are no proposals involving any material change in the pattern or functions of the Scottish Banks.

THE ACCOUNTS

I would now refer to the banking activity and results of the combined Institution since our former Governors reported to Shareholders and Stockholders a year ago. Our separate experiences prior to the merger followed the general banking trend—a modest rise in deposits, a sharp expansion in advances associated with substantial sales of Government investments, and a welcome improvement in earnings. This also has been the experience from the merger date to the close of the financial year on October 31st, and I am glad to say is still continuing. It will be seen that the first accounts of the combined Bank reflect these changes.

By way of explanation, the accounts now submitted for the period—approximately a year—to October 31, 1959, show one figure of profit which represents our joint earnings, partly while separate and partly while conjoined. Equally, the appropriations of profit for dividends and other purposes cover the full period since our last separate accounts. To facilitate comparison we have shown, both in the Profit and Loss Account and Balance Sheet, combined figures for the previous year. These figures are based on the last published accounts of the two Banks and, in our view, give a broad measure of comparison. It will be appreciated that there inevitably existed certain variations in pre-merger practices and classifications, but, as these were not material, we have not thought it necessary to adjust, to any extent, the published figures of the preceding year.

A CHANGE IN FORM

There is, however, one change in the form of the accounts to which I would like to refer. The Commercial Bank owned subsidiaries operating in the hire purchase field, but the combined Bank had no subsidiary companies at October 31, 1959, and therefore no consolidated Profit and Loss Account or Balance Sheet appears in the accounts now submitted. The reason for this change has already been intimated to Shareholders, but, for the purposes of record, I might briefly re-state the facts. In the closing months of 1958 we agreed with Lloyds Bank Limited to share, on a fifty-fifty basis, our respective hire purchase interests.

To achieve this end a new holding company, Lloyds & Scottish Finance Limited, was formed and this company acquired from the Commercial Bank its hire purchase investments in exchange for 50 per cent of its own issued capital. Accordingly our hire purchase interests are now represented by our shareholding in Lloyds & Scottish Finance, which appears in our Balance Sheet under Trade Investments. Correspondingly our income from hire purchase activities now comes to us by way of dividends paid by the new holding company.

MODEST RISE IN DEPOSITS

I would like to say a word or two by way of specific comment on the more important items which appear in the accounts.

Deposits at £236 million show a modest rise over the year of £9 million (4 per cent). This is rather less than the average increase over the same period of the English Clearing Banks. It is never possible to make any close analysis of the reasons for variations in deposits which fluctuate quite considerably from day to day.

Many Shareholders will have seen the new Notes of the National Commercial Bank. These are issued in denominations of £1, £5, £20 and £100 and take the place of Notes of similar denominations formerly issued by "National" and "Commercial." We have had many favourable comments on the designs and colours of the new Notes. As to circulation, the monetary value of all Notes, old and new, in the hands of the public at the Balance Sheet date amounted to £37 million—an increase of £1 million.

The Note Circulation of the Scottish Banks is undoubtedly a pointer to the state of the Scottish economy, and the fact that the circulation has been fairly constant over the past two years indicates a slowing down of economic progress during that period.

LIQUIDITY RATIO

Our liquidity ratio, which is measured by comparing cash and other quick assets (£110 million) with liabilities to the public by way of Deposits and Notes in Circulation (£273 million), works out at over 40 per cent, which we regard as satisfactory.

British Government investments at £68½ million are some £29 million below the combined portfolio of a year ago. This large reduction represents, in the main, sales to finance the growing volume of advances, which at £96 million are £30 million up on the year—an increase of approximately 45 per cent.

You will observe that Trade Investments stand at £6 million, whereof £5½ million is invested in Lloyds & Scottish Finance, to which I have already referred. This latter figure is £2½ million greater than that appearing for shares in subsidiary companies in the Commercial Bank Balance Sheet of a year ago, and the increase represents our 50 per cent share of additional hire purchase investments effected through Lloyds & Scottish Finance.

VALUATION OF PROPERTIES

In the course of the merger negotiations, the Boards of the two Banks agreed that professional valuations of the properties should be obtained.

It was recognised that over the years it had been the policy of each Bank to write down rather severely the historical cost of properties. The resultant figures in the respective Balance Sheets were clearly unrealistic from both a cost and market value viewpoint, and were not necessarily consistent in the degree of undervaluation. As anticipated, the professional valuations showed aggregate figures far in excess of both book values and historical costs.

There seems to be little advantage in entering properties in a Balance Sheet at an arbitrary amount not resting on any conventional basis, and accordingly your Board decided to restore the aggregate to a figure which, although still under cost, is more closely related to that basis and is substantially below market value. This operation involved the addition of £1½ million to the book value of properties, with a corresponding increase in capital reserves.

PROFITS AND APPROPRIATIONS

I indicated earlier that the changing pattern of banking business had resulted in a welcome improvement in our earnings. Moreover, the profits of our hire purchase associates have also been rising. In consequence the profit for the year (after tax) at £1,194,504 shows an improvement of approximately 36 per cent on the combined profits of the two Banks for the previous year. Out of these profits your Board have appropriated £250,000 to Contingencies Account, £200,000 to the Pension Funds and £10,000 to the Commercial Bank Widows' Fund, which will be the continuing fund for the combined Bank, the National Bank Annuity Fund now being a closed fund. Interim dividends paid prior to the merger are shown in the accounts. It is now recommended that on the two Preference Share issues final dividends be paid, making in all 10 per cent and 5 per cent respectively. You will recall that the Directors expected that, in the absence of unforeseen circumstances, a further dividend of 9 per cent would be recommended on the Ordinary Shares. Since the date of that announcement in March, 1959, the earnings position has improved to a degree which could not then be anticipated and your Board are now happy to recommend an additional dividend of 5 per cent, making 14 per cent actual, over and above the interim dividends of 6 per cent paid by each Bank prior to the merger.

CAPITAL STRUCTURE

In recent months your Board has been considering the adequacy of the Capital and Reserve structure of the Bank. You will see from the Balance Sheet that this amounts to some £13½ million. This might be regarded as a satisfactory foundation, for the time being, for our purely banking activities. We are, however, in the fortunate position of having, for our size, a relatively larger stake in hire purchase than any other Bank in the United Kingdom. As I have told you, our investment in Lloyds & Scottish Finance is approximately £5½ million, and it is anticipated that we shall make a further investment in this company during the current year. When this factor is brought into the reckoning, it becomes evident that the Bank's Capital and Reserve structure should be substantially enlarged. Your Board feel that the most appropriate method to broaden the base is by way of a rights issue to the Ordinary Shareholders on favourable terms.

Accordingly, as has been announced, it is proposed to seek the approval of Shareholders to an increase in capital which will enable the Directors to offer to Ordinary Shareholders one new share for every two held at a price of 25s. per new share. If this scheme is approved, the Bank's Capital and Reserves will rise from £13½ million to over £20 million. In making a proposal of this nature, it is desirable that the Ordinary Shareholders should have some indication of the dividend which, in the absence of unforeseen circumstances, your Directors would expect to be able to recommend for the current year on the enlarged Ordinary Capital. In my letter to Shareholders, which is issued with this statement, a dividend of 15 per cent is forecast for the current year.

THE DIRECTORATE

I would wish to finish this statement—as it was started—on a personal note. A year ago the Governors of the two Banks submitted to Shareholders and Stockholders a report on their stewardship in association with their Director colleagues. I am sure I voice the feelings of all of you in thanking Lord Saltoun and Lord Rowallan and the Extraordinary Directors for their valued services to the respective Institutions. It was with a considerable measure of regret that we decided that the structure of directorate in the combined Bank should be on what are now orthodox lines.

To Mr David Alexander in his capacity as General Manager, to his immediate colleagues, and to all other officials, managers and members of the staff we would offer our appreciation of their prodigious efforts which ensured the smooth flow of a most complicated series of technical operations associated with the merger.

NETHERLANDS BANK OF SOUTH AFRICA LIMITED

DIVIDEND 8¾ PER CENT

INSTITUTION'S GROWING STRENGTH

The Ninth Ordinary General Meeting of Shareholders of the Netherlands Bank of South Africa was held on December 1, 1959, Mr J. P. Kakebeke (the Chairman) presiding.

The following is an extract from his circularised statement:

POSITION OF THE BANK

ACCOUNTS

The internal economic difficulties experienced in the Union, particularly during the first six months of the financial year under review, and the lower national import and export values naturally affected the Bank's local and international business activities to some extent. A factor which similarly influenced our earning power was the lowering of the South African Reserve Bank's official discount rate and the delayed and halting adjustment made to this reduction by the short-term interest rate pattern in the Union.

Under the circumstances it is satisfactory that the net profit could be maintained at about last year's level.

It would appear as if we can look to the future with greater confidence. General economic prospects have improved to some extent. Particularly pleasing, for instance, has been the marked recovery in the Union's exports since the second quarter of this year, a development which is also reflected in the Bank's export financing figures since then. I am also pleased to state that the number of our connections and the business entrusted to us are still growing satisfactorily and continue to strengthen the entire structure of our institution.

Our development in the Federation was also maintained at a favourable level, particularly when it is borne in mind that economic conditions were, in broad outline, rather similar to those in the Union.

The results of our London office can be considered satisfactory.

During the year valuable services were rendered by our Representative Office in New York, which was opened in September, 1958.

Mention should also be made of the continued valuable co-operation with the Nederlandse Overzee Bank NV, Amsterdam and its branches, respectively affiliates, in Rotterdam, The Hague, Hamburg, Brussels and Antwerp.

As is customary, all additions to furniture, office equipment and stationery were written off while adequate provision has been made for taxation, possible bad and doubtful debts, depreciation of bank buildings and for the customary strengthening of the Staff Pension Fund.

NEW OFFICES

During this year a branch was opened in the new centre of Braamfontein in Johannesburg.

PARTICIPATIONS

It is our belief that, in keeping with similar developments in other countries, the Bank should also extend the scope of its activities into other financial fields, particularly in association with organisations already operating therein.

In the course of this year the total share capital of £200,000 of the Netherlands Finance and Investment Corporation Limited, established in Pretoria in 1949, was taken over from our affiliate, the Nederlandse Overzee Bank NV in Amsterdam.

The Bank also acquired this year a 25 per cent participation in the share capital of the South African Scottish Finance Corporation Limited. This company, established in Johannesburg in 1958, is engaged in hire purchase financing. With the other partners in the foregoing enterprise, namely the Commercial Bank of Scotland Limited, Lloyds Bank Limited and the British and Commonwealth Shipping Company Limited, it was subsequently decided to acquire approximately 85 per cent of the share capital of the Credit Corporation of South Africa Limited, one of the main hire purchase finance institutions operating in the Union. The Bank's participation in this instance will also amount to 25 per cent.

Finally, it was also decided to subscribe to the capital of the Federal Industrial Development Corporation Limited, established in the Federation earlier this year.

DIRECTORS' REPORT

In the Directors' Report it is proposed to increase the Reserve by £100,000 to £1,350,000.

Your Directors again recommend a dividend of 8¾ per cent, or 1s. 9d. per share, for the year under review.

The report and accounts were adopted.

BROOKE BOND & CO. LTD.

TRADING PROFIT UP BY £241,400

The Sixty-seventh Annual General Meeting of Brooke Bond & Co. Ltd. was held in London on November 27th. The following is an extract from the circulated statement of the Chairman, Mr John Brooke:

Group Net Profit after Tax for the year to June 30, 1959, is £2,231,006 compared with £1,758,399 last year.

The Trading Profit of £4,488,222 is £241,400 up on last year (a pity it's not a record). There was an extra benefit of £125,168 due to a reduction in the Reserve for unrealised profit on stocks (last year we had to reduce profits by £78,088 for this).

We have continued to earn fair profits throughout Great Britain, though not quite so good as in the preceding year, aided once again by stable prices on the tea market.

East Africa made the best showing, where your tea crop was a good one, and at last a successful braking effect has been exerted on production costs.

Profits in India, Ceylon and Pakistan were rather better; they would have been better still, but for the phenomenal rates of taxation imposed by the governments of these countries.

TEA SUPPLIES

World tea supplies were slightly in excess of consumption requirements during the period. This kept the market low for the plainer types which always suffer most under such conditions. Good teas remained at a remunerative level for those lucky (or clever) enough to produce them. There appears now to be a stronger statistical position in course of development. Production in 1959 has so far not exceeded that in 1958, whereas consumption continues to increase. This is particularly the case in India and the Middle East, where tea is recognised as the finest and cheapest beverage both to quench thirst and to revive drooping spirits.

Here at home spirits are high, and perhaps for that reason tea consumption has lagged a little behind the 1958 intake.

Some tea consumption at any rate has increased in Great Britain—that's the consumption of Brooke Bond Tea.

INCREASED WORLD SALES

Our sales volume shows an increase of nearly £11 million. £3 million of this sum came from increased sales of our packet teas throughout the world. The biggest part of the balance came from the new bulk tea trade with Bushells in Australia (reckoned in terms of £ million and lb million); and also from a useful increase in the rest of our bulk tea trade.

Progress in the sale of our packet teas is helped by the higher standard of living now being enjoyed by many peoples in Asia and Africa for whom a cup of tea—once an occasional luxury—is becoming a daily pleasure.

A year ago we carried out a revaluation of land and buildings in Great Britain.

There has also been a revaluation of some overseas properties this year, resulting in a further credit to Capital Reserves of £326,721.

To attempt a comparison of the total book value of Fixed Assets with their real value (whether market or going concern) is never easy, though we know the various revaluations in the last few years have brought the net book value of £11,755,384 to a point much closer to their real value.

Last year we referred to the high rates of taxation on our businesses in India, Ceylon and Pakistan. Direct taxation on the profits of companies in India has been reduced, but the advantage of this to shareholders has been practically wiped out by taxation on dividends.

In East Africa our current taxation charge has been considerably reduced by the new allowances to encourage agricultural development.

We always bring in as a commitment our legal liability for orders placed for buildings and machinery, amounting this year to £746,000. Over and above this total, we estimate that it will cost about £790,000 to bring to full bearing all our immature tea and coffee acreage, including the necessary buildings and machinery. This expenditure, mostly in East Africa, will be spread fairly evenly over the next four or five years.

Another project looming up is the large new tea packing factory we have started to build at Redbourn near London. The cost of this will be about £400,000.

SATISFACTORY CONDITIONS OVERSEAS

Our tea estates in North and South India, Ceylon and East Africa were visited by Mr Rutter during the year; without exception, his reports are extremely satisfactory.

Owing to severe drought conditions in South India, Ceylon and Tanganyika, yields were seriously reduced and account for a reduction of nearly 1 million lb of crop in the Group as a whole. However, properties in Assam and Kenya were not affected and showed handsome increases; Kenya's increase was nearly 1 million lb of made tea.

The planting out of new areas in Africa was completed to schedule, some 600 acres in all. Conditions in that country are rapidly changing and your Company continues to give every possible consideration to the welfare of its African employees. Rations have now been converted into wages value, so that each individual now receives only cash which can be spent as chosen.

Trading in the current year has been quite good, though of course it is never good enough to satisfy any of us. However, sales (as we say in the jargon) "show an increase over the corresponding period of last year." The tea market is hardening and maybe there will be a tendency for us to earn a bit less on the swings of distribution and a bit more upon the roundabouts of tea growing.

NEW STAFF SCHEME

We have recently started a Scheme to help our Staff purchase limited numbers of "B" Ordinary Shares, should they wish to do so.

The Scheme operates by means of a loan from the Company to Trustees.

The Trustees buy shares on the Stock Exchange upon application from employees. The staff then pay the Trustees for these shares by means of regular weekly payments over a period of about two years. When the employee has completed his payments to the Trustees for his shares the Company will then make him a small gift of "B" shares which the Trustees will purchase for the employee—a maximum of 40 "B" shares per employee.

So far, about 250 members of the staff are in the Scheme. If some of us have been surprised all of us have been greatly encouraged by this response.

The Report and Accounts were adopted.

W. & J. LAWLEY LIMITED

IMPROVED ORDER BOOK

The twentieth annual general meeting of W. & J. Lawley Limited was held on December 2nd in Birmingham, Mr H. J. Gaunt (chairman and joint managing director) presiding.

The following is an extract from his circulated address:

The Group Profit on Trading amounts to £107,525, compared with £108,285 in the previous year. In my last Report I said that after a lean period in the Ironfoundry Industry, our Order Book had improved. I am pleased to say that this improvement was maintained and our output increased in a satisfactory manner.

Our Subsidiary Company, in keeping with others in the same trade, found a considerable drop in orders, but this was arrested towards the end of our Financial Year and we are now working to capacity. At the moment this trend seems to be maintained and, naturally, both companies will use every endeavour to see that we take our share of this improvement.

Out of a Net Profit of £87,297 Taxation requires £42,097, leaving Profit after Taxation of £45,200. The Directors propose a Dividend of 25 per cent less tax the same rate as in the previous year.

The Consolidated Balance Sheet shows the financial strength of the Group. Revenue Reserves and Surplus total £168,360, an increase of £2,483 after having written off out of Reserves the Goodwill arising on Consolidation and amounting to £24,371. Since the Subsidiary Company was acquired on January 1 1956, that Company alone has been able to transfer £27,500 to Reserve, and it was now thought advisable to write off the figure of Goodwill which has appeared on the last three Consolidated Balance Sheets. The remaining figure of £168,360 is greatly in excess of the Company's Issued Share Capital of £120,000. Current Assets exceed Current Liabilities by £172,806.

As usual it is extremely difficult to forecast the future, but both Companies have a satisfactory number of orders on hand at present.

There are, however, claims for a shorter working week and increases in wages are being considered. What difference this will make to the stability of the trade I cannot foretell, as there is always a strong resistance from our customers to any price increase.

The report was adopted.

CROMPTON PARKINSON LIMITED

RECORD PROFITS

MR ALBERT PARKINSON'S REVIEW

The forty-sixth Annual General Meeting of Crompton Parkinson Ltd. was held yesterday in London, Mr Albert Parkinson, MBE, the Chairman, presided. The following is an extract from his statement:

Notwithstanding intensified competition and price reductions, we have succeeded in achieving an overall increase both in output and sales of many of our products and I consider myself fortunate to be able to report a year in which the Company's profits have been raised to record levels.

The consolidated net income of £1,253,021 shows an increase of £140,592. The Directors recommend a final dividend of 9 per cent on the Ordinary stock which, together with the interim dividend of 5 per cent makes a total distribution of 14 per cent for the year, subject to income tax, an increase of 2 per cent, compared with the previous year. A further scrip issue of fully paid shares will be allotted in the ratio of one new fully paid Ordinary share of 5s. for every four Ordinary stock units held.

OVERSEAS

It has been mainly in the field of the heavier capital equipment that orders have been shortest, but in quality and competitiveness our Australian organisation has proved well able to meet the position, and during the second half of the year there was an improvement of orders in transformers and other large products.

In India our activities continue at a high level with both factories of our associated manufacturing company fully extended. The manufacturing development which was agreed by your Board and our partners in that country has made it possible for our advance to continue unchecked.

Much of the technical effort of our works management and staff has been spent on improving still further your Company's products and the extension of our product ranges. During the year a further important order was placed with your Company by the British Transport Commission for complete sets of locomotive equipment. The manufacture of this order, which is the largest ever placed by the Commission for diesel-electric equipment, has commenced and will continue for the next two years. The Central Electricity Generating Board awarded Atomic Power Constructions Ltd., of which your Company is a founder member, a contract for the construction of a nuclear power station at Trawsfynydd in North Wales. The electrical equipment which will be supplied by your Company during the next few years will provide a valuable addition to the input of orders to our works.

I believe that there will be a general increase in demand during the current year but that we shall be faced with intensified competition in many of those traditional fields from which your Company normally derives the principal part of its income. For this reason I think that we can expect a year in which trading conditions will be considerably more difficult. I have referred to the Company's policy concerning expansion as it is to such activities that I believe we must look for the maintenance and development of your Company's profitability.

S. SIMPSON LIMITED

(Manufacturers of DAKS Clothing)

The twenty-sixth Annual General Meeting of S. Simpson Limited was held on November 26th in London.

Dr S. L. Simpson, the chairman, presided.

The following is an extract from his statement:

The consolidated balance sheet of the Company and its subsidiary companies shows current assets of £2,766,825. The aggregate of current liabilities and provisions is £775,229. The surplus of current assets over current liabilities is therefore £1,991,596.

Your Company pioneered the manufacture of high quality Lightweight Suits in this country, and the demand which has arisen during the past year in the home and overseas markets for our Lightweight Suits indicates that our research in the techniques of tailoring fine lightweight clothes has been of great benefit to this organisation and the retailers we serve.

SUBSIDIARY COMPANIES

Your wholly owned subsidiary Company, Simpson (Piccadilly) Limited has had another successful year with a record turnover and a record profit. The high reputation enjoyed by Simpson (Piccadilly) Limited for its selection and presentation of the finest quality merchandise is shown by the increased number of customers served during the year, including a great number of visitors from overseas.

Your wholly owned American subsidiary company, Simpson Imports Inc., New York, has again made substantial progress during the year. The Canadian wholly owned subsidiary, Daks Canada Limited, has been reorganised and a Marketing Manager, trained by S. Simpson Limited, has been transferred to Canada. During the month of October special trade shows were held in Montreal and Toronto.

MANAGEMENT CHANGES

Due to the expansion of your Company and the increasing fields of responsibility of the Directors, your Board has agreed upon certain changes of management. Major A. Huskisson has become Deputy Chairman of S. Simpson Limited and Simpson (Piccadilly) Limited. Mr H. Balcon has become Managing Director of S. Simpson Limited. Mr J. Apfel has become Associate Managing Director (Technical) of S. Simpson Limited. Major Huskisson has been a Director since 1940, and had been Managing Director of the Company since 1942; and his wide experience and knowledge will be fully utilised in the important function of co-ordinating the activities of the parent Company with its subsidiary companies. Mr Balcon has been with the Company for 33 years, and joined the Board in 1937. He was appointed Assistant Managing Director in 1947 and Deputy Managing Director in 1949. Mr Apfel has been with the Company for 35 years and has been Technical Director since 1949. In Simpson (Piccadilly) Limited your wholly owned subsidiary company, Mr F. Brame, who has been with the Simpson organisation for 30 years and who was appointed Assistant Managing Director of Simpson (Piccadilly) Limited in 1948 and Deputy Managing Director in 1951, has now been appointed Managing Director.

The report and accounts were adopted.

STAVELEY COAL & IRON

OUTLOOK MORE FAVOURABLE

The ninety-sixth Annual General Meeting of the Staveley Coal and Iron Company Limited was held on December 2nd in London, Mr John P. Hunt, Chairman, presiding.

The following is an extract from his circulated statement for the year ended June 30, 1959:

Last year I said that there was at that time little indication of improvement in the level of business activity although I viewed the future with confidence. At home, I regret to say, this slackness in trade continued until the end of the financial year and certain of the subsidiary companies operating in the machine tool and foundry industries have been less profitable. This reduction in profits has been largely offset by profits from the new acquisitions and increased profitability in those subsidiaries supplying the consumer market. Consequently the profits of the English companies in total are almost identical with those of a year ago.

RECESSION IN CANADA

The recession in Canada, aggravated by prolonged strikes in the West, has been more serious than in this country, with the result that our losses there have exceeded those of a year ago. Since the end of the financial year there are indications of an improvement in the level of Canadian business activity.

The consolidated profit before taxation for the year was £1,349,881, a decrease of £55,353 over the previous year. Due, however, to the release of income tax provisions, the profit available for distribution is £44,809 higher than last year. The directors are recommending a final dividend of 7 per cent, less income tax, making a total dividend for the year of 10 per cent, the same as that paid for the previous year.

During the financial year just ended the Group acquired for cash the issued share capital of Amasal Limited, who operate salt works principally at Stafford and a group of sales divisions located throughout the country handling the sales of "Saxa" table salt and associated products. During the current year the Amasal salt production will become fully integrated with The British Soda Company Limited and will add to that company's profitability and importance in the salt industry. By this acquisition the Group controls almost one quarter of the total production of salt in this country.

These acquisitions fit well into the industrial pattern of the Group and the Board is satisfied that they will yield adequate returns on the sums invested in their purchase.

IMPROVED ORDERS

As already indicated there has been some improvement since the end of the financial year in the general level of business activity both at home and in Canada. Orders have improved, although in the case of the machine tool subsidiaries they are still below factory capacity, nevertheless the outlook is more favourable than at this time a year ago.

While I cannot make any prediction as to the final outcome of the current year's trading, I can say that the profits for the first three months of 1959-60 are showing some improvement over the corresponding three months of the previous year.

The report and accounts were adopted.

THE CRITTALL MANUFACTURING COMPANY

LORD BRAINTREE ON DEVELOPMENTS IN ALUMINIUM FIELD

The thirty-fifth annual general meeting of The Crittall Manufacturing Company Limited was held on December 2nd in London, Lord Braintree (the Chairman) presiding. The following is an extract from his circulated statement:

When we met a year ago I had to report on a period during which we worked short-time a day a week over a period of four months. The decrease in house building, together with the restriction on credit generally, had an adverse effect on the building trade. I am pleased to tell you that there has been an improvement in the period under review, which is reflected in the fact that the total sales have increased by approximately 7½ per cent. The result of this improved turnover is that the Group profit before taxation is £679,697 compared with £628,835, which I feel can be regarded as satisfactory.

The improvement is mainly brought about by having enough work to maintain full-time production, but we are continuing to reduce costs by change of method generally involving increased mechanisation.

In spite of the fact that at the beginning of the period we were recovering from the restrictions of the previous year the improvement covers the whole period. Our grain silo business continues to make a substantial contribution to our turnover and has been a useful addition to our improved window business.

We have built a new shop at Silver End which will enable us to produce several times our previous volume of aluminium windows. In this connection, I should mention that we have just concluded an agreement with the firm of Curtisa S.p.A. of Bologna, who are recognised as being one of the most up-to-date designers and producers of curtain walling and the fenestration and clothing of building generally. Under this arrangement there will be the fullest exchange of information between the two Companies, and already it has had some beneficial effect on the design and appearance of some of the products to be made in the new factory.

Our export business continues to be about one-quarter of our total trade.

The statement then reviewed in detail the activities of the subsidiary and associated companies. After reviewing the financial results for the year, Lord Braintree continued:

The following figures show how each pound of income has been utilised:

	This year s. d.	Last year s. d.
Raw materials, supplies and services	10 10½	10 11¾
Wages, salaries and payments for the benefit of employees	7 2½	7 1¼
Depreciation	3¾	3½
Taxation	9½	10
Dividend	5	5¼
Amount retained in business	4¾	4¼
	20 0	20 0

Future Prospects.—There is undoubtedly an improved horizon in commercial and industrial building and we have great hopes for expansion particularly in the aluminium field.

The report was adopted and the total dividend of 15 per cent for the year was approved.

UNITED WINE TRADERS LIMITED

SUBSTANTIALLY IMPROVED PROFITS

SIR KENNETH MURRAY ON THE OUTLOOK

The seventh annual general meeting of United Wine Traders, Ltd., was held on November 26th at Suffolk House, Laurence Pountney Hill, London, E.C., Sir Kenneth Murray, chairman of the company, presiding.

The Secretary, Mr Geoffrey Butler, read the notice convening the meeting and the auditors' report.

The following is the chairman's statement circulated with the report and accounts for the year ended June 30, 1959:

I should like first to refer, with great regret, to the decision of Mr E. Price Hallowes early this year to retire from the Board at June 30, 1959, on his taking up residence abroad for reasons of health. As most Shareholders will know, he had been Vice-Chairman of the Company since its inception in 1952, and a well-known figure in the Wine Trade for over 50 years. His experience and knowledge will be sadly missed, particularly by his colleagues and myself.

We are, however, fortunate in having his son, Mr Geoffrey Hallowes, with all his experience in the trade, to succeed his father, and you will be invited at the Meeting to confirm Mr Geoffrey Hallowes' appointment as a Director. Mr Hennessy has been appointed Vice-Chairman in Mr E. Price Hallowes' place.

I am pleased to be able to report substantially improved figures for the year under review, the combined profits of the Group, after taxation, showing an improvement of £67,418 on the previous year's figures.

EXPANSION OF WHISKY EXPORTS

This increase is to a large extent accounted for by the successful development and extension of the Whisky Export Trade of one of the Operating Companies, Justerini & Brooks Ltd. Under the name of "J. & B. Rare," this Brand has now established itself not only in the USA, but also in South America, the Caribbean, and more recently in certain European countries.

Trading conditions in South East Asia are also of great interest to us, due to the firmly established position of our Brandy and Champagne export trade in these markets. After two years of comparative depression, I am pleased to report a steady improvement which is already reflected in our shipments to that part of the world. At the same time, our export trade with other countries of the Middle and Far East, and also Africa, have inevitably fluctuated with the current political situations and economic restrictions in those particular markets.

On this occasion I have left till the last a reference to Home Trade, though we attach as great importance to it as ever, and indeed it remains the backbone of our business. I am, therefore, particularly pleased to report improved results at home, even though they be less spectacular than the results in the Export markets, to which I have already referred.

CHANGING CONDITIONS

As regards the future, conditions in the Wine and Spirit trade are changing so rapidly that

concerns such as ours have to meet new conditions and keener competition from many directions. I would not go further as regards the future than to assure you that your Board is very much alive to these developments and is continually taking steps to meet them.

The opening of new markets and the preservation of old, involve a great deal of travelling by your Executive Directors and staff. For example, visits have been made during the year to territories as far apart as Malaya and America, as well as many countries in between, and I would take this opportunity of thanking all concerned, both at home and abroad, for their loyal and sustained efforts on the Company's behalf.

The Directors have decided to transfer £10,000 to General Reserve, and to reduce the Book Value of Goodwill to £36,000.

INCREASED DIVIDEND

In addition to the Preference dividend for the year, and an interim dividend of 10 per cent on the Ordinary Shares, which have already been paid, your Directors recommend payment of a final dividend of 20 per cent on the Ordinary Shares, making a total distribution on these Shares of 30 per cent. This compares with a total distribution last year of 25 per cent and, if approved, will enable a sum of £48,329 to be added to the Carry Forward.

The report and accounts were unanimously adopted; the proposed dividend was approved; the retiring director, Mr Geoffrey M. Hallowes, was re-elected and the remuneration of the auditors, Messrs William S. Ogle & Co. and Messrs Gillespie Brothers & Co., was fixed.

HOLDERS INVESTMENT TRUST

CURRENT ASSETS APPROXIMATELY £3 MILLION

CAPITALISATION OF RESERVES

MR LIONEL BARBER'S STATEMENT

The twenty-sixth annual general meeting of Holders Investment Trust Limited was held on November 26th in London.

The following is the statement by Mr Lionel Barber, FCA (chairman), circulated with the report and accounts for the year ended July 31, 1959:

The net profit of the Group before taxation for the year ended July 31, 1959, was £1,298,599, compared with a profit for the previous year of £1,839,575. Although the net profit before taxation showed a fall of £540,976, we have had the benefit, in arriving at the taxation provision to be made, of the reduction in the standard rate of Income Tax from 8s. 6d. to 7s. 9d. in the £ for the Income Tax years 1959-60 and 1960-61, with the result that the net surplus after taxation showed a decline of only £166,224.

The Unquoted Investment shown in the Balance Sheet at £479 was acquired in the year 1952, and until this year had a market quotation. The holding is not now officially quoted and hence to comply with the Companies Act is shown separately.

TRADE RECESSION AFFECTS TURNOVER

Two factors applicable to William Hill (Football) Limited and William Hill (Glasgow) Limited contributed to the decrease in net earnings. Firstly there was a decline in turn-

over by 12 per cent, and secondly a lower rate of gross profit was earned. The decline in turnover was, in the opinion of your Directors, the effect of the trade recession on the spending power of the workers, who are of course our main customers. However, the turnover for the first few weeks of the current Football Season encourages me to expect that at least lost turnover will be regained.

I am pleased to say that the remaining subsidiary, debretta limited, showed an increased turnover and a larger profit. Proposals are in hand which, when completed, will provide a substantially greater productive capacity, to meet the growing demand for that Company's products.

BOARD'S POLICY OF DIVERSIFICATION

During the year several businesses were investigated with a view to acquisition, but none was considered as having the desired growth potential. The policy of making other investments to strengthen and diversify the affairs of the Trust continues.

A further instalment of £150,000 was paid to the Vendors of William Hill (Football) Limited, leaving only two further instalments to be met.

As you are aware, the 5 per cent Cumulative Redeemable Preference Shares amounting to £1,250,000 are redeemable at par at any time after July 31, 1959, and before July 31, 1971. It is not the intention of the Board to redeem any Preference Shares whilst the liability to the Vendors of William Hill (Football) Limited is outstanding.

The Consolidated Balance Sheet discloses current assets amounting to £2,933,427, of which £1,400,000 is in tax reserve certificates provided to meet the liabilities to Income Tax due on January 1, 1960, and January 1, 1961.

FREE ISSUE OF SHARES

In furtherance of the intention of your Board to increase the Ordinary Capital of the Company by way of capitalisation issue, as indicated in my Statement last year, you will be asked at the Annual General Meeting to authorise the capitalisation of £245,000 transferred from General Reserve by the issue of fully paid 2s. Ordinary Shares of the Company on the basis of one new share for every three existing Ordinary Units and/or "A" Non-Voting Shares.

In conclusion, it is with pleasure that I thank on your behalf all employees in the Group for their efficient and loyal service.

The report and accounts were adopted and the capitalisation of reserves was approved.

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China	£9 0s.	£7 15s.
East Africa	£7 15s.	—
Egypt	£8 0s.	£6 9s.
Europe	£5 0s.	—
Ghana	£9 9s.	£6 15s.
Gibraltar, Malta	£5 0s.	£4 0s.
Hongkong	—	£7 15s.
India	£9 9s.	£6 15s.
Indonesia	£9 0s.	—
Iran, Iraq	£7 15s.	—
Japan	£10 5s.	—
Jordan	£7 15s.	—
Malaya	£9 0s.	£6 15s.
Nigeria	£9 9s.	—
Pakistan	£9 0s.	£6 15s.
Philippines	£10 5s.	—
Rhodesia, Nyasaland	£9 9s.	—
South Africa	£9 0s.	£7 15s.
South America	£9 0s.	—
Sudan	£7 15s.	—
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An allowance is made towards travelling expenses.
Further particulars and information as to the method of application may be obtained from the Secretary, Association of Universities of the British Commonwealth, 36 Gordon Square, London, W.C.1.
Applications, close, in New Zealand and London, on January 15, 1960.

THE UNIVERSITY OF MANCHESTER
Applications are invited for the posts of LECTURER IN SOCIAL ANTHROPOLOGY and LECTURER IN RURAL SOCIOLOGY in the Faculty of Economic and Social Studies. Salary on a scale £900 to £2,650 per annum with membership of F.S.S.U. and Children's Allowance Scheme. Initial salary according to qualifications and experience.—Applications should be sent, not later than December 12, 1959, to the Registrar, the University, Manchester 13, from whom further particulars and forms of application may be obtained.

AUSTRALIA
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Appointee will be eligible for "2 months' study leave on full salary after six years of service. Subject to passing a medical examination appointee will be eligible to contribute to the State Superannuation Fund.
First-class ship fares to Sydney of appointee and family will be paid.
Four copies of applications should be lodged with the Agent-General for New South Wales, 56-57, Strand, London, W.C.2, from whom a copy can be obtained by airmail in an envelope marked "University Appointment" to the Bursar, the University of New South Wales, Box 1, Post Office, Kensington, New South Wales, Australia, by December 24, 1959.

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By E. B. Worthington, M.A., Ph.D., Deputy Director-General Scientific, The Nature Conservancy.
in the Auditorium, The Wellcome Building, 183 Euston Road, N.W.1, on Tuesday, December 8, 1959, at 5.30 p.m.
The Chair will be taken by Lord Hurcomb, G.C.B., K.B.E.

THIS AUTOMAKE GOOD PICTURES the Viromatic II 35mm camera which sets itself. Price £45 0s. 0d.—City Sale & Exchange, Ltd., 1, Leadenhall Street, London, E.C.3.

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COMPANY AFFAIRS

Hawker Siddeley

THE unchanged ordinary dividend and preliminary profits figures of the Hawker Siddeley group caused little stir in the market: jobbers cautiously marked up the £1 ordinary shares by a shilling to 30s. on the ground that the rise in the group's United Kingdom earnings was slightly better than the directors seemed to expect when the £5,000,000 convertible debenture issue was made last April. In the event, the UK section's trading profits after depreciation and after a higher charge for "special development" of £2,965,720 (against £2,886,203 last year) rose from £5,688,201 to £5,985,926. The chairman, Sir Thomas Sopwith said last year that the group's orders for aircraft were "substantial" and throughout 1958-59 the aircraft division has been working on government contracts. The fact that earnings from these contracts are fairly predictable, and could be foreseen by the directors last April, suggests that the improvement in trading profits reflects to some extent the benefits of last year's reorganisation, which brought the Brush group into the industrial division and merged all the aviation companies into one aviation division.

Year to July 31	1958 £	1959 £
BRITISH GROUP:		
Trading profit*	8,574,404	8,951,646
Special development	2,886,203	2,965,720
Taxation	3,877,075	3,091,301
Minority interests	4,170	7,209
Net profit	*1,806,956*	*2,287,416*
Prior year's credits	1,414,150	2,130,784
Net balance	*3,221,106*	*5,018,200*
CANADIAN GROUP:		
Trading profit*	6,616,689	3,910,726
Taxation	2,986,101	2,057,741
Minority interests	1,733,093	1,355,261
Net profit	*1,897,495*	*1,232,757*
Prior year's credits	...	22,888
Profits on sale of investments	...	712,145
Net balance	*1,897,495*	*1,977,790*
CONSOL. NET EARNINGS:		
Net profit	5,118,601	6,250,957
Dividends	1,652,803	1,755,376
Retained by subsidiaries	3,392,267	3,962,708
Retained by parent	73,975	73,975

* After depreciation.

Following the report from the chairman of A.V. Roe (Canada) issued in October, the fall in trading profits from £6,616,689 to £3,910,726 for the year to July 31st came as no surprise. But the Canadian group's contribution to Hawker Siddeley's total earnings has in fact fallen only from £1,897,495 to £1,232,757, thanks to lower taxes and the sale of the group's holding in Algoma Steel, which brought in some £712,000.

The 10 per cent ordinary dividend is again covered about 2¼ times by earnings (excluding profits from former years) and the £1 ordinary shares at 29s. 10½d. offer a yield of 6.6 per cent. But the real testing time for Hawker Siddeley is yet to come. As contracts for military aircraft run out—some of them are doing so now—the group will be forced to rely much more on the success of its other interests. At the same time, the group's role in a more rationalised aircraft industry is a question the directors will shortly have to consider.

Great Universal Stores

IN the six months to September 30th last turnover of the Great Universal Stores group reached a record level and trading profits jumped from £11,248,580 in the corresponding six months last year to £12,109,792, an increase of 7½ per cent. Moreover, a provision of £3,191,000 (against £664,000) has been made for unearned profit and collection charges on hire purchase business. The benefit of this upsurge in hire purchase business will be seen in the profits over the next year or so as these debts are collected. Current profits have benefited by about £300,000 from this year's cut in income tax and the latest six months' net profits of £4,805,875 compares with £4,128,123 in the same period last year.

The interim dividend is held at 7½ per cent, but it is payable on the equity as increased by the recent one-for-ten scrip issue. There is little doubt that the minimum total payment for the year can be taken as a maintained 35 per cent on the increased capital. The market had virtually discounted these very satisfactory results and at 51s. the 5s. "A" ordinary shares yield about 3¼ per cent without a vote.

Mercantile Credit

THE doubling of gross profit in the year to September 30, 1959, from £958,346 to £2,133,972, was broadly foreshadowed at the time of the preference share issue in September, but it is still a remarkable result; net profits show an even steeper increase from £442,310 to £1,052,226. In the nine months to June 30th last the company's HP debt soared from £26 million to £49½ million, including £7 million from newly acquired subsidiaries. A more up to date picture of hire purchase business will be given in the full report.

Ordinary shareholders are to receive a final dividend of 10 per cent on the capital as increased by the 100 per cent scrip issue, making an effective total of 15 per cent for the year as forecast at the time of the issue in August; for shareholders other than the banks, the comparable effective dividend last year was 8 per cent. The ordinary capital has been swollen not only by this scrip issue but also by the issue of shares to Westminster and Martins banks, each now holding 20 per cent of the issued ordinary capital. The payment for these shares, originally scheduled for four equal instalments with the last in March, 1960, was advanced because of the considerable expansion of business and completed during the summer. These shares and those received by the banks in the scrip issue will not rank in full for the final dividend.

No one expects the recent rate of expansion of hire purchase to continue; and the crop of bad debts and frauds have caused many companies to draw breath. Nevertheless, backed by the banks and with fresh capital (including £2½ million from the recent preference issue) Mercantile Credit is in a strong position to hold its own in this more competitive market for credit. At 29s. 3d. the 5s. ordinary shares yield 2.6 per cent.

Giltspur Investment

HIRE purchase has not been easy money for everybody. Giltspur Investment and Finance, a London investment company, shows in its report for the year to March 31st last, only recently published, a fall in group profits from £41,637 to £1,548, and it appears that this results from severe losses from bad debts incurred by its hire purchase subsidiary. The board (a new one was appointed in August) cannot be certain that further losses will not be suffered. The balance sheet shows that block discounting and hire purchase debtors amounted to £314,477; bank loans and acceptances of the whole group amounted to more than that, at £333,346.

Since the date of the accounts one of the company's two subsidiaries, Beaufort Plantations, has been sold at a "satisfactory price." The 2s. shares now stand at 5s. 3d.; earlier this year they were quoted at around 9s. The company has never paid a dividend.

Tate and Lyle

SATISFACTORY results have induced the directors of Tate and Lyle to loosen their purse strings. The ordinary dividend, which has been unchanged for four years, is now stepped up from the equivalent of 10⅚ per cent (allowing for the 60 per cent scrip issue) to 12 per cent, which is still covered almost 2½ times by earnings. The £1 ordinary shares rose after the announcement by 2s. 1½d. to 60s. 6d. to yield 3¼ per cent.

Trading profits for the year ended on September 30th last advanced by 8½ per cent, from £6,195,253 to £6,720,469. Sales of refined sugar to the home market rose by 48,656 tons to a new peak of 1,499,823 tons. There was a further fall in exports of 8,760 tons to 575,673 tons, but profits from exports were higher. Large economies have been achieved, partly no doubt as a result of the low level of raw sugar prices in recent months.

Within the last month Tate and Lyle has acquired a controlling interest in Canada and Dominion Sugar at the cost of something over £6 million. In his statement at the annual meeting, Sir Ian Lyle, the chairman, will presumably report on how this bid is being financed and also on his plans for the Canadian company, which has been experiencing difficult trading conditions.

Allied Bakeries

OPPONENTS of non-voting shares have found a redoubtable ally in Mr Garfield Weston, chairman of Allied Bakeries, who now proposes to enfranchise his non-voting "B" shareholders. At present the ordinary capital of £12.3 million is divided into an equal amount of "A" and "B" 5s. shares, "A" shareholders having one vote for every four shares held. It is now proposed to merge the two classes of shares, giving "B" shares equal voting rights with the "A" shares. The board of Allied Bakeries does not intend to follow the examples of House of Fraser and Pye in giving compensation to the "A" shareholders; "no case for compensation really arises so far as this company is concerned" as the two classes have always had identical rights except for votes. The gap between the prices of the "A" and "B" shares, which had been up to 5s. earlier this year, had narrowed to 1s. before this announcement.

The expansion of the company has continued at a remarkable rate. A rights issue early this year raised £2.8 million, and the cash flow from depreciation and retained earnings provided another £5.2 million; nevertheless, bank advances and short-term loans amounted to over £7¾ million at the end of March this year. This figure has since been substantially reduced both by current earnings and by a lease-lend deal involving a small number of the group's freehold shop properties. Nevertheless, it would not be surprising to see Allied Bakeries raising fresh capital before long, and it will be in a much more favourable position to do so.

Not only are "B" shareholders to be given a vote, but all ordinary shareholders in Allied Bakeries (soon to be changed to British Associated Foods) are promised an increase in dividend from 18 per cent to 21 per cent if the directors' expectation of the results for the year are realised. Since this news both "A" and "B" shares have risen by 2s. 4½d. and 3s. 6d. respectively to 38s. to yield 2.8 per cent on the forecast dividend.

Bigger Brewery Dividends

THE Chancellor's reduction of twopence a pint on beer duties and more particularly the long fine summer of 1959 have brought about a change of fortune for the brewing industry. Indeed Mr Edward Thompson, the chairman of Ind Coope, now asserts that "the industry is beginning to trade in more favourable conditions than it has enjoyed at any time since the period shortly after the war." Accounts of five important groups in the year to September 30th last all show an increase in sales and profits, in which other factors have also played their part. The brewing groups have spent vast sums in the last few years in modernising not only their licensed premises but, more important still, their production processes. In many cases also considerable economies are resulting from the merging of breweries into larger units, and it seems clear that this integration in the brewery trade will continue. Because of these numerous acquisitions it is not always possible to make an exact comparison with the figures shown for the previous year.

Mitchells and Butlers, trading in the Midlands and South Wales, has increased its trading profits by £448,761 to £2,638,257, but this includes almost five months' profits of the newly acquired Atkinsons Brewery. As forecast when the offer for W. Butler and Co. was made three weeks ago, the dividend is being raised from 13½ per cent to 15 per cent. In addition there is to be a tax-free capital distribution of 1½ per cent, the same rate as last year. If this latest offer is successful Mitchells and Butlers will become a very strong brewery group in the Midlands.

Ansells Brewery and Mitchells and Butlers held negotiations on a possible merger some years back but these fell through. The two companies, however, jointly own several new public houses in which the products of both companies are on sale. Profits before tax of Ansells have risen only slightly from £2,500,767 to £2,532,825 but after a smaller provision for tax, net profits are £220,767 higher at £1,371,476. The ordinary dividend is raised from 16 per cent to 19 per cent; it is still covered more than twice by earnings. It is therefore quite possible that this increased dividend will be maintained on the capital as increased by the proposed one for five scrip issue.

Flowers Breweries made trading agreements with both H. and G. Simonds and Whitbreads during the year. Group profits have jumped from £765,124 to £1,044,953 and the ordinary dividend is increased from 17 per cent to 18 per cent. The new ordinary shares issued to shareholders in September do not rank for the final dividend of 12 per cent, but the directors stated at the time of the issue that they hoped to maintain the higher dividend rate on the increased capital in 1959-60.

Hammonds United Breweries has continued its vigorous policy of expansion and has acquired both R. F. Case and John Aitchison during the year. Trading profits have risen from £793,599 to £908,788, but it is not clear how much of this 15 per cent increase can be attributed to these latest acquisitions. Hammonds, which operates mainly in Lancashire and Yorkshire, is raising its dividend from 14 per cent to 15½ per cent on capital increased not only in connection with mergers but also by a one for nine rights issue in the summer.

H. and G. Simonds which operates mainly in South and South-West England is raising its dividend from 12 per cent to 14 per cent. Trading profits have risen from £850,799 to £897,494, and a lower tax charge leaves net profits £93,755 higher at £478,573.

BREWING PROFITS AND DIVIDENDS

(£'000s)

	Mitchells and Butlers		Ansells		Flowers		Hammonds		H. & G. Simonds	
Years to end-Sept.	1958	1959	1958	1959	1958	1959	1958	1959	1958	1959
Gross profits	2,189	2,638	2,501	2,533	765	1,045	794	909	851	897
Net profits	995	1,318	1,151	1,371	316	495	302	429	385	479
Ordinary dividend	389	517	455	576	175	197	125	179	150	187
Ordinary div. (per cent)	13⅓	15	16	19	17	18	14	15½	12	14
Current Price	74/9		87/9		22/6		17/3		17/11½	
Current Yield (%)	4·0		4·3		4·0		4·5		4·1	

Beaverbrook Newspapers

BY contrast this week Beaverbrook Newspapers has announced a rights issue of non-voting 5s. "A" ordinary shares at 20s. per share on the basis of one for every twenty-four "A" ordinary shares held. An issue has been expected since the recent report mentioned a further expansion programme costing £1 million, but it was expected to be on a larger scale than the one now proposed, which will raise only £250,000. The issue is not being underwritten and certain institutional investors who have expressed strong views on the subject of non-voting shares may decide not to take up their shares. The "A" shares are currently quoted at 24s. 9d. and rights are worth about 3d. each.

National Commercial Bank of Scotland

THIS is the first balance sheet of the combined bank, which transacts about 30 per cent of banking business in Scotland under the vigorous chairmanship of Mr Ian Macdonald. Shareholders who have been asked for £7 million in a rights issue can find much to encourage them. Net disclosed profits for the year to October 31st are £1,194,504—a handsome figure for an undertaking of this size, and about 36 per cent larger than combined profits of the two banks a year ago. The improvement is attributed to three factors. Advances have risen by 45 per cent to £96 million, financed

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London and New York Stocks *on next two pages.*

LONDON AND NEW YORK STOCKS

Prices, 1959 High	Prices, 1959 Low	BRITISH FUNDS AND GUARANTEED STOCKS	Price, Nov. 25, 1959	Price, Dec. 2, 1959	Net Yield, Dec. 2, 1959 § £ s. d.	Gross Yield, Dec. 2, 1959 £ s. d.
98 1/2	96 11/16	Funding 2 1/2% 1956–61	98 15/32	98 7/16	2 12 0	3 13 7
99 1/16	98 11/32	Exchequer 2% 1960	99.14.0	99.14.4 1/2	1 8 6	3 7 1
100 3/16	99 5/16	Exchequer 3% 1960	99.17.11	99.17.11	1 1 6	3 8 4
101 11/32	100 1/8	Conversion 4 1/2% 1962	100 31/32	100 23/32	2 3 4	4 2 10
96 3/8	94 7/16	Exchequer 3% 1962–63	96 1/8	95 31/32	3 1 3	4 4 10
93 5/8	91 5/8	Exchequer 2 1/2% 1963–64	93 1/8	93 1/32	3 4 3	4 4 9
101 15/16	100 3/8	Conversion 4 3/4% 1963	101 17/32	101 5/16	2 10 8	4 6 11
100 1/16	99 3/8	Conversion 4 1/2% 1964	100 1/32	99 29/32	2 15 2	4 10 6
92 15/16	89 7/8	Savings Bonds 3% 1955–65	92 1/32	92 3/8	3 8 7	4 14 5
86	82 3/4	Funding 3% 1959–69	85 13/16	85 5/8	3 14 0	4 19 11
94 7/8	89 11/16	Funding 4% 1960–90	94 3/4	94 7/8	2 14 2	4 6 6
84 9/16	80 3/4	Savings Bonds 3% 1960–70	84 7/16	84 1/4	3 13 7	5 0 2
86	83	Savings Bonds 2 1/2% 1964–67	85 13/16	85 3/4	3 15 6	4 17 0
78 15/16	75 1/16	Savings Bonds 3% 1965–75	78 11/16	78 1/2	3 14 0	5 1 9
105 11/16	102 1/2	Exchequer 5 1/2% 1966	104 7/8	104 3/4	2 13 5	4 16 9
87 7/16	83 1/4	Funding 3% 1966–68	87 1/4	87 1/4	3 13 0	4 19 6
98 1/8	95	Victory 4% 1920–76	96 1/2	96 5/8	2 19 4	4 12 5
90 3/8	87 1/2	Conversion 3 1/2% 1969	90 1/4	90 1/8	3 9 5	4 19 4
104	98 5/8	Conversion 5 1/4% 1974	102 1/16*	102 1/2*	2 19 10	4 19 10
81 7/16	76 7/8	Treasury 3 1/2% 1977–80	80 5/16*	80 1/8*	3 10 1	5 1 2
80 13/16	76 9/16	Treasury 3 1/2% 1979–81	80 9/16	80 3/8	3 10 2	5 2 2
107 1/4	101 1/8	Funding 5 1/2% 1982–84	107 1/8	106 15/16	3 0 4	5 2 8
68 3/8	64 1/2	Redemption 3% 1986–96	68 1/8	67 5/8	3 8 0	4 19 0
93 1/16	87 7/16	Treasury 5% 1986–89	98 1/8	98 1/4	3 3 6	5 0 1
75 1/16	70 1/2	Funding 3 1/2% 1999–2004	75	74 5/8	3 5 3	5 0 11
77 1/2	72 1/4	Consols 4% after Feb. 1957	77 1/4	76 3/4	3 4 7	5 6 2
68 5/16	64 11/16	War Loan 3 1/2% after 1952	67 1/4*	66 11/16	3 4 4	5 5 0
68 11/16	63 13/16	Conv. 3 1/2% after Apr. 1961	67 1/2	66 15/16	3 4 5	5 5 6
60	55 1/4	Treasury 3% after Apr. 1966	58 1/8	58 1/8	3 3 7	5 4 1
53 5/8	49 1/4	Consols 2 1/2%	52	51 1/4*	2 19 7	4 17 2
51 1/8	47 1/8	Treasury 2 1/2% after Apr. 1975	49 7/8	49 5/8	3 2 1	5 1 8
98 3/4	94	British Electric 4 1/2% 1967–69	98 5/8	98 7/16	3 0 7	4 17 5
80 7/8	77 1/4	British Electric 3% 1968–73	80 11/16	80 1/2	3 14 9	5 1 9
78 1/8	74 1/8	British Electric 3% 1974–77	77 3/4	77 5/8	3 12 5	5 0 2
91 3/4	87 1/2	British Electric 4 1/4% 1974–79	91 9/16	91 3/8	3 4 7	5 0 11
81 5/16	77 3/16	British Electric 4 1/2% 1976–79	81 1/16	80 7/8	3 9 10	5 0 11
92 1/4	87 1/8	British Gas 4% 1969–72	92 1/16	91 15/16	3 6 2	5 0 1
88 5/16	84 3/4	British Gas 3 1/2% 1969–71	88	87 7/8	3 9 2	4 19 4
69 7/16	65	British Gas 3% 1990–95	68 5/8	68 3/8	3 7 7	4 18 0
80 7/8	77 1/4	British Transport 3% 1968–73	80 11/16	80 1/2	3 14 9	5 1 9
89 5/8	84	British Transport 4% 1972–77	88 1/8*	87 7/8	3 6 10	5 0 3
70 1/4	66 1/16	British Transport 3% 1978–88	68 11/16*	68 1/4	3 12 5	5 2 3

Prices, 1959 High	Prices, 1959 Low	FIXED INTEREST STOCKS	Price, Nov. 25, 1959	Price, Dec. 2, 1959	Yield, Dec. 2, 1959 £ s. d.
		DOMINION AND COLONIAL			
102 1/16	99 3/8	Australia 4 1/2% 1960–62	101	101	3 16 0
107 3/8	103 3/4	Australia 6% 1974–76	107 1/8	107 5/8	5 5 0e
77	73	Ceylon 4% 1973–75	74 1/2	74 1/4	6 15 0†
104 1/2	99 1/2	Jamaica 6% 1977–82	104	104	5 16 0e
108	104 1/4	New Zealand 6% 1976–90	108	107 3/4	5 8 0e
101 7/8	93	Rhodesia and Nyasaland 6% 1976–79	96 1/2	96 1/2	6 7 1‡
75	69 1/2	Southern Rhodesia 2 1/2% 1965–70	74 1/2	74 1/4	5 14 0†
		CORPORATION AND PUBLIC BOARDS			
104 1/2	100 7/16	Agricultural Mortgage 5 1/2% 1980–85	104	104	5 7 0e
105	102 1/4	Birmingham 5 3/4% 1974–76	105	104*	5 7 1e
94 1/2	92 3/8	Bristol 3% 1953–63	94	94	4 14 0†
98 1/2	94 1/2	Glasgow 4 3/4% 1966–68	98 1/2	98 1/2	4 19 0†
102 1/2	99 1/4	Corporation of London 5 1/4% 1976–79	100 1/4	100	5 3 0†
57	52 3/4	L.C.C. 3% after 1920	55 1/4	54 3/4	5 9 0†
64 1/2	59 3/4	Metropolitan Water Board 'B' 3% 1934–2003	63 3/4	63 1/4	5 3 0†
		FOREIGN BONDS			
113 1/4	101 1/4	German 7% 1924 (British Enfaced 5%)	108 1/4	106 3/4	...
198 1/2	177	German 5 1/2% 1930 (Enfaced 4 1/2%)	195	188 1/4*	...
48	23 1/4	Greek 7% Refugee 1924	41	43 1/2	Nil
169 1/4	157	Japan 5% (Enfaced) 1907	161	161	...
118 3/4	112 3/4	Japan 6% (Enfaced) 1924	114 1/2	114	...
59	55	Uruguay 3 1/2% Bonds (Assented)	56	56	...

NEW YORK CLOSING PRICES

	Nov. 25 $	Dec. 2 $		Nov. 25 $	Dec. 2 $		Nov. 25 $	Dec. 2 $
Ath. Topeka	25 3/8	25 1/4	Boeing	34 3/8	32 3/4	Inter. Nickel	104	105 3/8
Can. Pacific	25 1/4	25 1/4	Celanese	27 1/4	27 1/2	Inter. Paper	133 1/8	136 1/8
Pennsylvania	15 3/8	15 7/8	Chrysler	63 1/4	64	Kennecott	92 3/8*	93 1/4
Union Pacific	29 7/8	29 3/8*	Col. Palmolive	40 1/4	39 1/8	Monsanto	49 1/4	51 1/2
Amer. Electric	46 1/4	47	Crown Zeller	54	54 3/8	Nat. Distillers	32 3/8	33 1/8
Am. Tel. & Tel.	77	78 1/8	Distillers Seag.	33	33 1/8	Pan-American	21 1/8	23 1/4
Cons. Edison	59 3/8	59 1/4	Douglas	39 3/8	41 1/2	Procter Gamble	87 1/2	87 1/4
Int. Tel. & Tel.	38 5/8	39 3/8	Du Pont	253 3/4	253 3/4	Radio Corpn.	69 1/8	70 5/8
Standard Gas	4 5/8	4 5/8	East. Kodak	107 3/4	108 3/8	Sears Roebuck	49 3/4	48 3/4
United Corpn.	7 3/4	7 3/4	Ford Motor	80	79 1/8	Shell Oil	76 3/8	77 3/4
Western Union	44 3/4	45 5/8	Gen. Electric	89 1/2	91 1/8	Socony-Mobil	39 1/8	40 3/8
Alcoa	99 1/2	105 7/8	General Foods	100 5/8	102	Stand. Oil Ind.	40	41 5/8
Aluminium	31 1/2	30 7/8	General Motors	51 1/8	51 3/4	Socony-Mobil	39 1/8	40 3/8
Amer. Can	41 1/8	41 3/8	Goodyear	137	163 3/8	Stand. Oil Ind.	40	41 5/8
Am. Smelting	49 1/8	50	Gulf Oil	104 1/2	110	Stand. Oil N.J.	46	48 3/4
Am. Viscose	43 3/4	46 5/8	Heinz	85 1/2	89	20th Cent. Fox	29 3/8	31 1/2
Anaconda	61 1/8	62 1/2*	Int. Bus. Mach.	425	442	Union Carbide	139 3/4	143
Beth. Steel	53 3/8	54 1/8	Int. Harvester	48 1/8	49 1/4	U.S. Steel	97	98 3/4
						West. Electric	100	103 1/2
						Woolworth	62 1/8	64 1/4

* Ex dividend. † Tax free. ‡ Assumed average life 9 years. § Less tax at 7s. 9d. in £. ‖ Ex capitalisation. ° Ex rights. ‡‡ Ex all. (a) Interim dividend. (b) Final dividend. (c) Year's dividend. (d) Capital distribution 1s. 6d. per share. (e) To earliest date. (f) Flat yield. (g) Equivalent to 7·2 sterling. (i) After Rhodesian tax. (l) To latest date. (p) Assented stock.

Prices, 1959 High	Prices, 1959 Low	ORDINARY STOCKS	Price, Nov. 25, 1959	Price, Dec. 2, 1959	Yield, Dec. 2, 1959	Last Two Dividends (a) (b) (c) %	%
		STEEL AND ENGINEERING					
67/10 1/2	28/11 1/2	Colvilles £1	64/6	67/3	4·16	8 b	6 a
65/–	26/6	Dorman Long £1	63/–	65/–	3·69	4 a	8 b
51/–	20/9	Steel Co. of Wales 1	49/6	49/6	4·04††	9 c	3 3/4 a
56/3	25/–	Stewarts & Lloyds £1	53/6	54/3	4·06	3 a	8 b
74/3	23/4 1/2	John Summers £1	71/6	73/9	2·89	6 2 1/2 b	4 a
76/3	24/9	United Steel £1	73/3	74/9	3·34	8 1/2 b	4 a
45/9	30/8 1/4	John Brown £1	44/3	44/6	4·49	6 b	4 a
10/–	7/–	Cammell Laird 5/–	7/6	8/7 1/2	8·12	11 a	3 a
35/6	25/6	Fairfield 5/–	32/6	33/4 1/2	5·99	7 1/2 b	2 1/2 a
36/6	27/2 1/4	Vickers £1	29/7 1/2	32/1 1/2	6·23	7 1/2 b	2 1/2 a
		Averys £1	95/6	95/–	3·16	10 b	5 a
27/3	16/–	Coventry Gauge 10/–	25/9	27/3	3·75	†4 3 b	†7 8 a
54/6	36/6	Alfred Herbert £1	52/3	52/3	3·76	†2 a	†4 b
29/6	16/9	Ransome & Marles 5/–	25/3	25/9	3·40	5 a	12 1/2 b
36/–	39/9	Renold Chains £1	53/6	52/9	4·74	3 a	9 1/2 b
71/–	37/–	Allied Ironfounders £1	61/6	67/3	4·83	8 3/4 b	7 1/2 a
55/–	42/3	Babcock & Wilcox £1	42/3	45/–	5·11	7 b	4 1/2 a
109/9	43/11 1/2	Davy-United £1	102/9	109/9	2·73	10 c	15 c
87/9	51/3	Guest Keen £1	83/–°	86/–*	3·26	9 b	5 a
80/–	44/7 1/2	Metal Box £1	76/9	79/–	2·19	3 1/2 a	5 1/2 b
58/–	42/6	C. A. Parsons £1	50/–	54/3	3·23	4 3/8 a	4 3/8 a
25/9	19/–	John Thompson 5/–	19/9	21/–	5·36	15 b	7 1/2 a
122/3	72/–	Tube Investments £1	119/9	122/3	3·72	7 1/2 a	12 1/2 b
		BUILDING, etc.					
80/–	39/9	Associated Portland £1	71/3	71/–	2·70	10 c	4 b
28/3	15/–	British Plaster Board 10/–	25/10 1/2*	26/10 1/2*	3·72	6 3/4 a	4 a
101/10 1/2	59/7 1/2	Richard Costain £1	100/–	101/10 1/2	2·94	5 a	10 b
15/3	9/7 1/2	Crittall Manufacturing 5/–	14/7 1/2	15/11 1/2	4·96	5 a	10 b
102/6	61/3	London Brick £1	99/–	102/3	3·33	6 a	11 b
125/–	79/9	Wall Paper Defd. £1	118/9	124/4 1/2	3·22	5 a	15 b
		CHEMICALS AND PAINT					
48/–	34/9	Albright & Wilson 5/–	27/–	27/3	2·50	25 b	10 a
19/6	12/6	Borax Defd. 5/–	18/7 1/2	18/–	2·43	10 c	10 c
32/9	19/3	Brit. Ind. Plastics 2/–	10/–	10/–	4·00	4 1/2 b	2 a
28/6	14/7 1/2	Fisons £1	70/3	69/6*	3·45	4 1/2 b	4 1/16 a
		I.C.I. £1	54/10 1/2	55/4 1/2	3·28	5 a	3 3/4 a
		International Paints 4/–	15/3	16/7 1/2	4·81	6 a	3 a
		Monsanto 5/–	21/10 1/2	22/6	3·00	5 a	11 2/3 b
		Pinchin Johnson 10/–	26/9	28/9	5·79	5 a	11 2/3 b
		ELECTRICAL AND RADIO					
67/–	54/–	A.E.I. £1	60/3*	59/9*	5·02	7 1/2 b	7 1/2 a
61/–	46/3	B.I.C.C. £1	53/6*	55/3*	4·89	9 1/2 b	4 a
49/6	37/4 1/2	Decca Record 10/–	47/–	46/–	4·35	20 c	5 5/8 a
81/6	47/4 1/2	E.M.I. 10/–	76/6	77/9	2·57	5 a	15 b
51/–	38/–	English Electric £1	43/6	46/6	4·01	3 a	9 1/2 c
48/9	30/–	General Electric £1	42/9	44/–	4·55	3 a	7 b
22/9	13/9	Pye Defd. 5/–	20/10 1/2	20/7 1/2	3·03	12 1/2 c	12 1/2 c
98/6	84/6	A. Reyrolle £1	90/–	94/6	3·70	6 1/2 a	11 b
		MOTORS AND AIRCRAFT					
23/4 1/2	10/–	British Motor 5/–	21/6	20/7 1/2	4·42	5 3/4 a	12 1/2 b
113/–	50/3	Ford Motor £1	106/6	103/3	2·62	8 1/2 b	5 a
74/–	44/–	Leyland Motor 5/–	73/3	73/3	3·41	12 1/2 c	12 1/2 c
18/11 1/2	7/3	Rootes Motors 4/–	14/7 1/2	14/9	3·25	8 c	12 c
12/11 1/2	5/11 1/4	Standard-Triumph 5/–	11/–	10/10 1/2	4·14††	12 c	12 c
29/–	18/3	Dunlop Rubber 10/–	26/6	25/9	5·05	3 1/2 a	9 2/3 b
70/–	44/3	Joseph Lucas £1	64/9	65/9	3·80	10 b	2 1/2 a
44/10 1/2	23/7 1/2	Pressed Steel 5/–	40/4 1/2	40/–	3·31	17 1/2 b	9 a
88/–	48/11 1/2	Triplex Holdings 10/–	87/6	86/10 1/2	3·45	20 c	30 c
12/9	8/3	Bristol Aeroplane 10/–	11/3	11/3	8·89	3 1/2 a	6 1/2 b
20/9	12/11 1/4	De Havilland £1	16/9	17/11 1/2	...	7 1/2 c	Nil
48/9	34/9	Dowty Group 10/–	45/9	47/9	3·94	†5 a	†6 1/2 b
34/–	26/11 1/2	Hawker Siddeley £1	29/10 1/2	31/–	6·45	3 a	7 b
53/11 1/2	41/3	Rolls-Royce £1	44/–	44/3	4·52	7 1/2 b	2 1/2 a
		PAPER AND NEWSPAPERS					
69/6	44/6	Bowater Paper £1	64/–	66/6	3·76	12 1/2 c	5 a
57/6	42/6	Albert E. Reed £1	55/6	56/–	5·00	9 b	5 a
34/11 1/2	22/–	Spicers 1	32/9	32/6	4·92	5 b	3 a
29/3	21/–	Daily Mirror 'A' 5/–	28/4 1/2	28/7 1/2	4·37	15 b	10 a
37/–	24/6	Odhams Press 10/–	36/–	36/3	4·83	12 1/2 a	12 1/2 b
		TEXTILES					
35/–	22/–	J. & P. Coats £1	33/–*	33/6*	5·97	7 1/2 b	2 1/2 a
37/9	18/3	Fine Spinners 5/–	32/9	30/3	6·61	5 b	2 a
68/4 1/2	35/4 1/2	Lancashire Cotton £1	64/–	62/6	5·60	12 1/2 b	5 a
61/6	35/4 1/2	Patons & Baldwins £1	58/11 1/2	61/6	5·20	2 1/2 a	13 1/2 b
7/8 1/4	4/3	Salts (Saltaire) 5/–	7/2 1/4	7/8 1/4	5·20	10 c	8 c
38/11 1/2	25/–	Woolcombers £1	33/3	34/11 1/2	4·40	5 b	2 1/2 a
19/6	14/7 1/2	Bradford Dyers £1	18/3	19/6	...	Nil c	3 a
61/9	37/–	Courtaulds £1	61/6	61/–	7·38	22 1/2 c	12 1/2 c
60/3	31/3	Calico Printers £1	58 7/8*	59/–	3·95	6 2/3 b	5 a
18 7/4 1/2	10/–	Radio Corpn. 10/–	18/11 1/2	18/4 1/2	7·62	10 b	4 a
35/6	24/6	Tootal £1	29/9	29/9	5·04	7 1/2 c	7 1/2 c
		DRAPERY AND STORES					
31/6	19/7 1/2	Boots Pure Drug 5/–	29/–	29/9	2·69	16 c	3 a
48/6	27/–	Debenhams 10/–	47/9	42 10 1/2*	3·89	5 a	11 2/3 b
54/3	28/7 1/2	G.U.S. 'A' 5/–	52/4 1/2‖	51/–	3·43	2 1/2 b	7 1/2 a
48/7 1/2	31/9	House of Fraser 5/–	46/9	45/4 1/2	4·41	40 c	15 a
25/6	13/–	Lewis's Investment 4/–	24/9	25/11 1/2‖	3·18	16 c	7 1/2 a
78/3	41/4 1/2	Marks & Spencer 'A' 5/–	72/41/2*	73/–*	2·28	20-83b	12 1/2 a
50/3	32/7 1/2	United Drapery 5/–	48/4 1/2	50/–	3·50	22 1/2 b	12 1/2 a
69/9	47/3	Woolworth 5/–	66/4 1/2	68/–	2·94	26 2 1/2 b	13 1/3 a

Prices, 1959 High	Prices, 1959 Low	ORDINARY STOCKS	Price, Nov. 25, 1959	Price, Dec. 2, 1959	Yield, Dec. 2, 1959	Last Two Dividends (a) (b) (c) %	%
		BANKING					
66/–	44/63 4	Barclays £1	58/9	63/11 1/2	3·17	5 b	5 a
67/–	40/3	Lloyds £1	62/–	66/11 1/2	3·02	10 c	5 a
86/–	60/11 1/2	Midland £1	82/–	85/4 1/2	3·51**	12 1/2 c	7 1/2 a
94/–	54/–	National Provincial £1	86/6	89/11 1/2	2·69**	10 c	5 a
56/6	37/9	Westminster 'B' £1	55/9	59/–	3·39	10 c	5 a
83/–	54/3	District 1	79/6	83/–	3·37**	9 1/2 b	8 1/2 a
29/9	17/–	Martins 5/–	27/9	29/11 1/2	2·75	16 c	8 a
72/3	52/3	Nat. Comm. Bk. Scot. 10/–	67/6*	68/6*	2·92**	...	...
96/–	67/6	Royal Bank of Scotland £1	91/6	91/6	3·72	9 b	8 a
56/9	37/9	Barclays D.C.O. £1	48 10 1/2	52/9	3·41	4 a	5 b
60/6	43/9	Chartered Bank £1	54/6	55/3	5 43	7 1/2 a	11 b
£34 5/8	£27 5/8	Royal Bank of Canada $10	£29 7/8	£29 7/8	2·82	$2·10c	$2·25c
£23 1/2	£18 16	Bank of Montreal $10	£20 3/16	£20 11/16	2·99	$1·60c	$1·65c
41	30 1/2	Bank of New South Wales £20	39 1/4	39 3/4	3·62§	9 c	9 c
49/9	32/3	Bank of London & S. Amer. £1	49/6	49/6	4·04	6 b	4 a
		FINANCIAL					
41/6	28/41/2	Alexanders £1	41/6	41/6	3·61	5 b	2 1/2 a
55/–	41/3	National Discount 'B' £1	51/–	53/3	4·69	7 b	6 1/4 a
62/9	49/–	Union Discount £1	58/6	60/–	4·17	6 1/4 b	6 1/4 a
62/6	40/9	Commercial Union 5/–	59/–	57/6	3·62	2 1/2 b	20 a
185/–	127/6	Employers Liability £1	180 7/8	180 7/8	3·04	15 b	12 1/2 a
248·9	160/–	Equity & Law 8/6	246/3	243/9	2·35	†32·35c	†41·17c
356·3	192/6	Legal & General 5/–	323/9*	318/9*	1·57	60 b	40 a
157·5	112/6	Pearl 5/–	152/6	152/6	3·76	20 b	20 a
350/–	210/–	Prudential 'A' 4/–	316/9	326/3	3·26	†14 7 1/2 c	†16 2 1/2 c
102/6	59/11 1/2	Royal Exchange £1	102/–	101/3	3·16**	10 b	8 a
46/–	16/2 1/4	Bowmaker 5/–	40/–	39/3	3·18**	8 3/4 b	7 1/2 a
42/6	18/7 1/2	Lombard Banking 5/–	37 10 1/2	35/–	2·43	8 1/2 b	8 1/2 a
220/–	113/6	U.D.T. 5/–	215/–*	210/–*	2·38	21 b	4 a
48/–	34/9	B.E.T. 'A' Defd. 5/–	45/6	45/3	3·87	25 b	10 a
18/6	12/6	Cable & Wireless 5/–	18/–	17 10 1/2	2·80	10 c	10 c
32/9	19/3	Land Securities 10/–	29/3	28/9	2·26	4 1/2 b	2 a
28/6	14/7 1/2	London & County 10/–	26/9	28/–	2·98	4 1/6 a	4 1/6 b
		FOOD, DRINK AND TOBACCO					
38/–	22/6	Allied Bakeries 'A' 5/–	35/3	38/–	2·37	18 c	6 a
47/9	23/4 1/2	Beecham Group 5/–	45/6	44/9	2·68	24 c	8 a
14/3	10/6	International Tea 5/–	12/4 1/2	12/–	4·17	2 1/2 a	7 1/2 b
24 10 1/2	18/10 1/2	J. Lyons 'A' 1	77/6	76/–	3·73	5 b	5 a
33/3	18/11 1/2	Ranks 10/–	24/–	24/11 1/2	4·15	12 1/2 b	5 a
61/–	42/–	Schweppes 5/–	30/9	30/3	3·31**	3 a	9 b
17/11 1/2	10/10 1/2	Unigate 5/–	15/7 1/2	17/11 1/2	2·92**	...	...
80/–	43/9	Bass 5/–	78/6	78/9	2·92	36 b	10 a
36/6	23/10 1/2	Distillers 10/–	34/9	35/11 1/2	3·56	4 a	8 1/2 b
25/–	14/7 1/2	Flowers 5/–	23/3	22/6	4·00	6 a	12 b
82/6	54/–	Guinness 10/–	79/–	80/6	3·48	18 b	10 a
20/3	12/7 1/2	Ind Coope & Allsopp 5/–	18/11 1/2	18/6	4·19	4 a	11 1/2 b
90/–	38/9	Watney Mann Defd. 1	87/6	87/6	3·43	6 3/4 b	3 3/4 a
137/–	100/–	Whitbread 'A' 1	128/11 1/2	126 10 1/2	3·94	17 b	8 a
68/11 1/2	51/41/2	British Amer. Tobacco 10/–	64/3	64/41/2	4·44	†17 1/2 c	†10 5/6 a
42/6	26/8 1/4	Gallaher 10/–	38/9	38/–	4·38	13 1/2 b	3 1/2 a
71/–	54/3	Imperial Tobacco 1	68/9	69/4 1/2	6·05	12 1/2 b	8 1/2 a

THE ACTUARIES' INVESTMENT INDEX

(December 31, 1957=100)

GROUP	Price Index Nov. 25, 1958	Price Index Oct. 27, 1959	Price Index Nov. 24, 1959	Average Yield per cent Nov. 25, 1958	Average Yield per cent Oct. 27, 1959	Average Yield per cent Nov. 24, 1959
FINANCIAL:—						
Banks	132·9	210·3	219·4	4·44	3·42	3·29
Insurance (Industrial Ordinary)	128·4	195·6	198·9	5·48	3·66	3·59
Investment trusts	133·9	212·6	208·5	4·31	3·02	3·08
Property companies	172·8	306·0	301·5	4·17	3·22	3·38
INDUSTRIALS:—						
Electrical engineering	122·6	170·2	168·8	4·96	3·89	4·07
Engineering	123·5	158·0	162·6	5·00	4·14	4·11
Motors and aircraft	120·6	185·8	185·6	6·18	3·93	4·29
Shipbuilding	100·4	106·4	106·8	7·30	6·70	6·88
Steel	110·2	240·8	278·4	8·69	4·49	3·91
Breweries	131·5	215·3	216·0	5·49	3·64	3·69
Chain stores	119·7	172·0	183·7	3·80	2·79	2·67
Cotton and rayon textiles	97·7	162·3	169·8	8·62	5·54	5·31
Wool textiles	104·5	169·5	173·7	7·14	4·99	4·90
Chemicals	132·9	201·1	206·0	4·36	3·16	3·08
Oil	113·6	120·5	122·5	5·79	5·04	4·95
Shipping	114·7	120·3	120·2	5·36	4·97	4·93
Ordinary, *all* classes	125·0	174·4	178·7	5·56	4·23	4·19
Preference	102·4	105·2	111·5	6·22	6·05	5·71
Debenture	107·4	107·0	108·4	6·03	6·05	5·97
Total—*Capital Goods*	121·2	171·0	175·7	5·80	4·30	4·34
Total—*Consumption Goods*	131·5	207·4	213·2	5·61	4·02	3·95
Consols 2 1/2%	110·3	112·7	112·4	4·90	4·80	4·81

STOCK EXCHANGE INDICATORS

LONDON

***The Economist* Indicator**

1959	Indicator*	Yield %	1959 High	1959 Low	1958 High	1958 Low
Nov. 4	341·9	4·14				
,, 11	352·7	4·09				
,, 18	349·6	4·14	352·7 (Nov. 11)	245·0 (Jan. 28)	255·6 (Dec. 31)	166·1 (Feb. 26)
,, 25	347·7	4·17				
Dec. 2	351·5	4·12				

* 1953=100.

***Financial Times* Indices**

1959	Ord. Index†	Ord. Yield	Fixed Int.‡	2 1/2% Consols Yield	Bargains Marked	1959	1958
Nov. 25	303·1	4·07	97·01	4·82	17,484	High	High
,, 26	303·3	4·07	96·99	4·80	16,043	309·6	225·5
,, 27	304·9	4·07	96·99	4·80	15,935	(Nov. 12)	(Dec. 31)
,, 30	306·0	4·05	96·99	4·81	20,532	Low	Low
Dec. 1	307·3	4·03	96·87	4·86	17,941	212·8	154·4
,, 2	307·8	4·03	96·61	4·90	17,980	(Jan. 30)	(Feb. 25)

† July

by the sale of gilt-edged securities; secondly, the Scottish banks have benefited from lower interest rates, as the proportion of interest bearing deposits is higher than in England; thirdly, additional profits have naturally been earned this year from hire purchase.

The hire purchase subsidiaries, which now include not only Scottish Midland Guarantee Trust (acquired in 1954) but also Olds Discount and interests in South Africa, were split off last year into a holding company, Lloyds and Scottish Finance, owned 50-50 by Lloyds Bank and the National Commercial (in which Lloyds has a direct interest of about 37 per cent). The results of the year's HP business will be apparent in a few weeks when the holding company publishes its balance sheet. The National Commercial's stake in the finance company has been raised from £3 million to £5½ million in the past year, and it will increase this further in the current year. That is the main reason for the big rights issue.

Metal Industries

SHAREHOLDERS will be encouraged by the directors' half-yearly statement showing that trading profits for the six months ended September 30th have risen from £679,000 to £850,000. The increase in the interim dividend from 4 per cent to 6 per cent is designed ostensibly to reduce the present disparity between the interim and final payments, but the directors say that if "present trends continue" the total ordinary payment will be increased from 14 per cent to 15 per cent. Sir Charles Westlake, the chairman, points out that these profits include a contribution from two recent acquisitions, Towler Bros. (Patents), Avo (instrument makers) and Taylor Electrical Instruments, whose earnings, he says, "have justified the forecasts." Just what proportion of earnings comes from these new acquisitions is not revealed, but Avo's fairly large Government contracts and the success of Taylor Electrical's new ultra-sensitive multi-meter suggests that their contributions have been quite substantial. It would be surprising if the heavy engineering sections had made any marked recovery in this period of slack trade. The £1 ordinary units yield 4.1 per cent on the forecast dividend of 15 per cent.

Allied Ironfounders

IN his last full report for the financial year to April 4, when the group's earnings fell by some 11 per cent, Mr W. H. Smith, the chairman, said that since March of this year sales had improved and the volume of orders in hand was higher than a year before. Now the doubling of the interim dividend from 3½ per cent to 7½ per cent suggests that this improvement may have gone a good deal further than the directors thought likely earlier in the year. Allied Ironfounders has paid an interim dividend of 3½ per cent and a final of 8½ per cent for the last three years; the market was therefore taken by surprise, and the £1 ordinary shares were marked up 10s. to 71s. but dropped back to 67s. 3d.

The building boom, which is concentrated mainly in the private sector, has so far lost none of its momentum, and may soon be reinforced by the Government's plan to improve old houses. At the same time, the boom in consumer durables (Allied Ironfounders makes Aga cookers and Rayburn boilers) shows no signs of slackening. Investors may, therefore, be well justified in hoping for a final payment of 12½ per cent, making a total distribution of 20 per cent. This would offer a yield of 5.6 per cent on the £1 ordinary shares at the current price.

Bowater

MINORITY shareholders in the group's packaging subsidiary, Bowater-Eburite, are to be offered one £1 ordinary share in Bowater Corporation for every five 5s. ordinary shares in Bowater-Eburite. At present some 44 per cent of the equity (representing 8,164,408 5s. ordinary shares) is held by minority shareholders. The holders will therefore be entitled to receive the corporation's final dividend for the year ending December 31st. During 1960 the Bowater directors will recommend a scrip issue in which both the Bowater-Eburite shareholders and the Corporation shareholders will be able to participate.

There are at least two obvious advantages to be gained from total control of Bowater-Eburite. Firstly, it will facilitate the heavy expansion programme which is to take place over the next two years and is designed to help Bowater-Eburite strengthen its hold on the increasingly competitive packaging market. Secondly, it will resolve the present conflict of interests between Bowater's newly acquired subsidiary, Bowater-Perga, and Bowater-Eburite. Both these companies have recently been competing with each other in the production of milk cartons.

Woolwich Equitable

THE most striking feature of the accounts of the Woolwich Equitable Building Society for the year to September 30th last is the substantial improvement in the intake of money during the year. Investments in shares rose by no less than 83 per cent, from £15.7 million to £28.7 million, while withdrawals were only £1.5 million higher at £12.9 million; net share receipts amounted to £15.8 million compared with £4.3 million in the previous year. These figures, however, include only three months of business after the reduction in its rate paid on shares from 3½ per cent to 3¾ per cent. The latest quarterly figures of the Building Societies Association have shown that the rate of withdrawals is going up and this trend has become more marked lately. The majority of building societies, which make up their accounts at the end of the year, are therefore not likely to be able to record such a good performance.

London Stock Exchange

FIRST DEALINGS:	Nov. 23	Dec. 7	Dec. 28
LAST DEALINGS:	Dec. 4	Dec. 24	Jan. 8
ACCOUNT DAY:	Dec. 15	Jan. 5	Jan. 19

STOCK markets developed an uncertain tone after the week-end. Rises in oil shares and the heavy industries kept the indices rising, and *The Economist* indicator was up by 3.8 points to 351.5 in the week to Wednesday's close; but hire purchase shares and stores declined. The weakness of sterling, the fall in the foreign exchange reserves and fears of a rise in Bank rate combined to weaken the market generally on Thursday.

Gilt-edged stocks were particularly affected by the rise in the United States bill rate to a new peak, and at the opening on Wednesday jobbers marked down most of the Funds fairly sharply. Among undated stocks 3½ per cent War Loan fell ½ to 66 7/16—a fall of 1⅛ over the week. Short dated stocks were also marked down and came in for persistent rather than heavy selling; 4½ per cent Conversion 1964 lost 7/32 at 99 19/32 after touching 100¼ earlier in the week. Among medium dated stocks 4 per cent Gas 1969-72 fell by ¼ on Wednesday to 92 15/16 but showed a net rise over the week of 1/8.

Bank shares have been active in anticipation of next month's dividend season. Over the week to Wednesday's close National Provincial put on 2s. 7½d. to 89s. 1½d., Lloyds gained 4s. 4½d. to 66s. 1½d. and Barclays 4s. 4½d. to 63s. 1½d. Insurance shares were dull.

The best performance among industrial shares was shown by the capital goods industries. Babcock and Wilcox closed 2s. 6d. better at 45s., Vickers gained the same amount at 32s. 1½d. and Reyrolle improved 4s. 6d. to 94s. 6d. Steel shares were also one of the brighter sections, with Dorman Long 2s. better at 65s., Colvilles 2s. 7½d. up at 67s. 1½d. and South Durham 1s. 4½d. up at 54s. 9d. Motor shares lost some of their recent firmness; Ford dropped 3s. 3d. to 103s. 3d. and BMC by 10½d. to 20s. 7½d. The spate of higher profits and dividend payments from brewery companies helped most brewery shares to advance. Ansells put on 3s. 4½d. to 87s. 7½d., while Ind Coope at 18s. 6d. and Bass at 78s. 9d. both showed gains of 3d. over the week. But Flowers lost 9d. to 22s. 6d. Stores shares lost ground; GUS "A" lost 1s. 4½d. at 51s., Marks "A" closed 7½d. down at 73s. and Gamage closed unchanged at 100s. Some American buying helped Philips Lamps to show a net gain over the week of 3s. to 141s. 6d. and GEC improved 1s. 3d. to 44s.

Oil shares were helped earlier in the week by the rally on Wall Street, but continental selling on Wednesday tended to offset the earlier gains. Even so, over the week Burmah were 1s. 3d. better at 46s. and BP improved 1s. 3d. to 52s. 9d.; exceptionally, Shell lost 3d. at 143s. 6d.

Money and Exchanges

EXCHEQUER RETURNS

For the week ended November 28, 1959, there was an "above-line" deficit (after allowing for sinking funds) of £14,637,000 compared with a surplus of £2,880,000 in the previous week and one of £17,777,000 in the corresponding period of last year. There was a net expenditure "below-line" of £18,463,000 leaving a total cumulative deficit to date of £685,800,000 compared with £609,605,000 in 1958–59.

£'000	Estimate 1959-60	April 1, 1958, to Nov. 29, 1958	April 1, 1959, to Nov. 28, 1959	Week ended Nov. 29, 1958	Week ended Nov. 28, 1959
Ord. Revenue					
Income Tax	2147,000	839,306	839,740	30,692	25,609
Surtax	171,000	48,000	49,500	1,300	1,300
Death Duties	195,000	118,400	142,500	4,900	3,900
Stamps	68,000	38,700	60,000	1,300	3,200
Profits tax, EPT and EPL	274,000	206,300	190,600	9,100	6,600
Other Inland Revenue Duties	1,000	120	110	...	...
Total Inland Revenue	2856,000	1250,826	1282,450	47,292	40,609
Customs	1285,500	867,368	922,167	26,419	26,794
Excise	864,500	639,065	626,050	18,515	20,355
Total Customs and Excise	2150,000	1506,433	1548,217	44,934	47,149
Motor Duties	104,000	29,594	28,604	258	...
PO (Net Receipts)	...	4,100	...	700	...
Broadcast Licences	35,000	19,400	21,400	4,000	4,700
Sundry Loans	30,000	26,058	31,359	...	...
Miscellaneous	150,003	54,222	80,622	880	400
Total	5325,000	2890,633	2992,652	96,664	92,858
Ord. Expenditure					
Debt Interest	600,000	406,318	352,260	4,422	...
Payments to Northern Ireland Exchequer	79,000	45,848	48,661	3,063	3,190
Other Consolidated Funds	10,000	4,872	5,448	55	54
Supply Services	4523,531	2704,481	2821,072	106591	103311
Total	5212,531	3161,519	3227,441	114131	106555
Sinking Funds	39,000	23,223	23,506	310	940
"Above-line" Surplus or Deficit		294,109	258,295	17,777	14,637
"Below-line" Net Expenditure*		315,496	427,505	18,976	18,463
Total Surplus or Deficit		609,605	685,800	36,753	33,100
Net receipts from:					
Tax Reserve Certificates		202,800	121,250	14,690	3,277
Savings Certificates		87,300	52,700	2,200	...
Defence Bonds		56,066	98,585	4,301	4,124
Premium Savings Bonds		46,405	34,290	1,620	990
Total		392,571	306,825	22,801	8,391

* Net receipts of the Civil Contingencies fund of £10 million in 1959–60 compared with £12 million in 1958/59.

FLOATING DEBT

(£ million)

	Treasury Bills		Ways and Means Advances		Total Floating Debt
	Tender	Tap	Public Dept.	Bank of England	
1958					
Nov. 29	3,410 0	1,659·2	173·3	...	5,242·5
Aug. 29	3,250 0	1,891·2	214·5	3 0	5,358·7
Sept. 5	3,260 0	1,886·4	247·1	1·3	5,394·8
,, 12	3,280 0	1,911·0	227·1	3 8	5,421·9
,, 19	3,310 0	1,911·6	232 0	...	5,453·6
,, 30	5,298·3		270·1	1 8	5,570·1
Oct. 3	3,370 0	1,936·3	247·5	3 0	5,556·8
,, 10	3,390 0	1,954 2	259·7	...	5,603·9
,, 17	3,340 0	2,016·0	241·4	...	5,687·4
,, 24	3,430 0	2,052·7	217·8	...	5,700·5
,, 31	3,460 0	2,114 0	202·5	...	5,776·4
Nov. 7	3,520 0	2,023·4	227·1	...	5,770·5
,, 14	3,580 0	1,942·9	223·8	...	5,746·7
,, 21	3,620 0	1,887·2	223·6	...	5,730·8
,, 28	3,650·0	1,902·9	205·1	1·3	5,759·3

THE MONEY MARKET

ATTENTION this week has again been centred on the further rise in the United States Treasury bill rate to a new peak. The 91-day bill rate jumped from 4.279 per cent to 4.501 per cent while the rate on 182-day bills rose from 4.625 per cent to 4.891 per cent, only fractionally below its high point.

At last Friday's London bill tender the discount market syndicate repeated its bid of £99 3s. for the 91-day bills. The average rate of discount was virtually unchanged at £3 7s. 11.95d. per cent, now well over one per cent less than the equivalent US rate. The market also kept its bid unchanged for the shorter dated 63-day bills at £99 8s. 1d.

Credit has been uneven in Lombard Street this week. At the end of last week one or two houses were forced to borrow a very small amount from the Bank. Earlier this week, credit conditions were much easier, helped by the disbursement of half yearly interest on War Loan. On Wednesday, however, there was a complete change and money was very scarce. No official help was given and four or five houses had to borrow a small amount from the Bank of England at the penal rate.

MONEY RATES

LONDON

	%		%
Bank rate (from 4½% 20/11/58)	4	Discount rates: Bank bills:	
Deposit rates (max.):		60 days	3 17/32–3 19/32
Banks	2	3 months	3 17/32–3 19/32
Discount houses	2–2¼	4 months	3 17/32–3 19/32
Money:		6 months	3 17/32–3 5/8
Day-to-Day	2 3/8–3 3/8	Fine trade bills:	
Treasury bills:		3 months	4 1/4–5
2 months	3 3/32	4 months	4 1/4–5
3 months	3 3/32	6 months	4 1/2–5 1/4

NEW YORK

	%		%
Official discount rate: (from 3½%, 10.9.59)	4	Treasury Bills: November 23	4·279
		,, 30	4·501

BANK OF ENGLAND RETURNS

(£ million)	Dec. 3, 1958	Nov. 25, 1959	Dec. 2, 1959
Issue Department:			
Notes in circulation	2,078·5	2,143·7	2,172·5
Notes in banking dept.	21·8	31·7	52·8
Govt. debt and securities*	2,096·5	2,172 0	2,222·0
Other securities	0·7	0·7	0·7
Gold coin and bullion	0 4	0 4	0 4
Coin other than gold coin	2·6	2·3	2·3
Banking Department:			
Deposits:			
Public accounts	13·8	12·5	11 0
Bankers	215·4	252·7	224 6
Others	71·2	66·0	63 8
Total	300 4	331 2	299 4
Securities:			
Government	264 0	290·5	228·3
Discounts and advances	10·5	4·8	14·7
Other	21·1	21·1	20·9
Total	295·6	316·4	263·9
Banking department reserve	22·8	32·6	53·7
"Proportion"	% 7·5	% 9·8	% 17·9

* Government debt is £11,015,100, capital £14,553,000. Fiduciary issue increased by £50 million to £2,225 million on December 2nd.

TREASURY BILL TENDERS

Date of Tender	Amount (£ million) Offered		Applied for	Three Months' Bills Average Rate of Allotment	Allotted at Max. Rate*
	91 day	63 day		s. d.	%
1958 Nov. 28	230 0	50 0	418 9	66 1 20	99
1959 Aug. 28	91 day 270 0		413·4	69 9 03	61
Sept. 4	290 0		395 4	69 9 53	80
,, 11	290 0		453 5	69 8 47	51
,, 18	290 0		428 5	69 8 13	56
,, 25	290 0		430·0	69 5·24	64
Oct. 2	280 0		411·6	69 10 48	54
,, 9	290 0		433·2	69 9 00	66
,, 16	270 0†		444 4	68 4 91	34
,, 23	260 0		456 5	68 6 74	37
	91 day	63 day			
,, 30	220 0	50 0	461 6	67 8 53	54
Nov. 6	240 0	50·0	464 9	67 4 62	53
,, 13	230 0	60 0	471 5	67 9 55	26
,, 20	230 0	60 0	438 0	67 11 96	44
,, 27	220 0	60 0	415 4	67 11 95	46

* On November 27th tenders for 91 day bills at £99 3s. 0d. secured 46 per cent, 63 day bills at £99 8s. 1d. secured 89 per cent, higher tenders being allotted in full. The offer this week was for £230 mn. of 91 day bills and £60 mn. of 63 day bills. † Allotment cut by £20 mn.

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

	Official Rates	Market Rates: Spot					
	December 2	November 26	November 27	November 28	November 30	December 1	December 2
United States $	2·78–2·82	2·80 1/16–5/16	2·80 1/8–1/4	2·80 1/8–1/4	2·80 1/8–1/4	2·80–80 1/8	2·79 13/16–15/16
Canadian $	...	2·67 1/8–1/4	2·66 1/2–3/4	2·66 1/2–5/8	2·65 3/4–7/8	2·66 1/16–5/16	2·66 1/16–15/16
French Fr.	13·622–14·027	13 74 1/8–3/8	13·73 7/8–74 1/8	13·73¾–74	13 73¾–74	13·73 1/4–1/2	13·72 3/8–5/8
Swiss Fr.	11·94–12·54 7/8	12·15 3/8–7/8	12·15 3/8–5/8	12·15 7/8–16 1/8	12·15 7/8–16 1/8	12·15 3/4–16	12·14 7/8–15 1/8
Belgian Fr.	137·96–142·05	140·12 1/2–22 1/2	140·12 1/2–17 1/2	140·12 1/2–17 1/2	140 12 1/2–15	140 02 1/2–07 1/2	139 92 1/2–97 1/2
Dutch Gld.	10·48–10·80	10·58 1/8–3/8	10·57 7/8–58 1/8	10·57 7/8–58 1/8	10·57 7/8–58 1/8	10 57 1/2–3/4	10·56 3/4–57
W. Ger. D-Mk.	11·59¼–11·92¾	11·68 1/2–3/4	11·68 1/2–3/4	11·68 1/2–5/8	11 68 3/8–5/8	11 68–68 1/4	11·67 1/4–1/2
Portug. Esc.	79 00¾–82·00 1/2	80 15–30	80 15–30	80 15–30	80 15–30	80 15–30	80 15–30
Italian Lire	1725–1775	1738 7/8–39 1/8	1738 1/2–3/4	1738 1/2–3/4	1738 1/2–5/8	1737 1/4–38	1736 3/8–7/8
Swedish Kr.	14·27 1/2–14·70	14·51 1/8–3/8	14·51 1/8–3/8	14·51 1/8–3/8	14·51 1/8–3/8	14·50 1/4–51	14·49 3/8–7/8
Danish Kr.	19·06 1/2–19·62	19 33–33 1/4	19 33–33 1/4	19 33 1/8–3/8	19 33 1/8–3/8	19 32–33 1/4	19 32 1/8–7/8
Norwegian Kr.	19·71–20·30 1/2	20 00 1/4–1/2	20 00–00 1/4	20 00–00 1/4	20 00–00 1/4	19·99 7/8–20 00 1/8	19 99 1/4–20 00
One Month Forward Rates							
United States $		1/8–1/4c. dis	1/8–1/4c. dis	1/8–1/4c. dis	1/8–1/4c. dis	1/8–1/4c. dis	1/8–1/4c. dis
Canadian $		5/16–9/16c. dis	3/8–1/2c. dis	3/8–1/2c. dis	3/8–1/2c. dis	7/16–9/16c. dis	7/16–9/16c. dis
French Fr.		1 1/4–1 3/4c. dis	1 1/4–1 3/4c. dis	1 1/4–1 3/4c. dis	1 1/4–1 3/4c. dis	1–1 1/2c. dis	1–1 1/2c. dis
Swiss Fr.		3/4–1c. pm	5/8–1/8c. pm	5/8–3/4c. pm	1/2–1/4c. pm	3/4–1/4c. pm	1/4c. pm–par
Belgian Fr.		par–5c. dis	par–5c. dis	par–5c. dis	par–5c. dis	par–5c. dis	par–5c. dis
Dutch Gld.		1/2–1/4c. pm	1/2–1/4c. pm	3/8–1/8c. pm	3/8–1/8c. pm	3/8–1/8c. pm	1/4c. pm–par
W. German D-Mk.		3/4–1pf. dis	3/4–1pf. dis	3/4–1pf. dis	3/4–1pf. dis	3/4–1pf. dis	7/8–1pf. dis
Three Months Forward Rates							
United States $		7/16–9/16c. dis	7/16–9/16c. dis	7/16–9/16c. dis	7/16–9/16c. dis	7/16–9/16c. dis	7/16–9/16c. dis
Canadian $		1 1/4–1 3/4c. dis	1 1/8–1 1/4c. dis	1 1/8–1 1/4c. dis	1 1/8–1 1/4c. dis	1 1/4–1 3/8c. dis	1 1/16–1 3/16c. dis
Swiss Fr.		1 1/8–3/4c. pm	1–3/4c. pm	1–3/4c. pm	3/4–1/2c. pm	1–1/2c. pm	7/8–1/8c. pm
W. German D-Mk.		1 7/8–2 1/8pf. dis	1 7/8–2 1/4pf. dis	2–2 1/4pf. dis	2–2 1/4pf. dis	2–2 1/4pf. dis	2 1/8–2 3/8pf. dis
Gold Price at Fixing							
Price (s. d. per fine oz.)	250/2 1/4	250/2 1/2	...	250/3	250/3 1/4	250/5	

Prices and Wages

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

BRITISH

Prices and Wages	This week	External Trade	Nov. 7th
Manpower and Output	Nov. 28th	Industrial Prices	Oct. 24th

OVERSEAS

Western Europe	Nov. 14th	United States	Oct. 10th

	Unit	1956	1957	1958	1958			1959 (*)				
		mid-June			Nov. 18	Nov. 25	Dec. 2	Nov. 3	Nov. 10	Nov. 17	Nov. 24	Dec. 1
WORLD PRICES												
Commodity Price Indicator(8):												
All items	1952=100	92	95	87	90	88	89	91	91	91	90	90
Food	,,	90·8	98·8	94·8	90·4	89·6	89·0	84·8	83·8	82·8	81·7	82·0
Fibres	,,	81·5	95·9	80·1	73·9	74·3	74·1	80·6	80·8	82·0	83·1	83·6
Metals	,,	95·6	79·7	70·8	78·1	76·1	77·6	83·5	84·9	82·8	81·2	81·8
Other items	,,	101·8	107·2	104·3	125·0	120·8	121·9	129·8	129·0	131·8	129·0	126·7
		Monthly averages			1958			1959				
BRITISH WHOLESALE PRICES(2)		1956	1957	1958	August	Sept.	Oct.	June	July	August	Sept.	Oct.
Materials used in:												
All manufacturing industries	1954=100	106·7	107·4	100·8	101·0	100·2	100·7	100·9	100·9	101·9	102·0	102·4
Mechanical engineering	,,	116·5	121·9	123·5	123·5	123·5	124·2	123·6	123·5	124·2	124·4	124·8
Electrical machinery	,,	114·3	114·9	114·5	114·5	114·5	115·5	114·8	114·5	115·1	115·2	115·4
Building and civil engineering	,,	109·5	113·7	114·2	114·0	113·8	113·9	113·3	113·2	113·3	113·3	113·3
House building	,,	109·4	112·3	111·9	111·6	111·3	111·4	111·0	110·9	111·0	111·0	111·1
Products of:												
All manufacturing industries	,,	107·0	110·4	111·1	111·1	111·1	111·3	111·3	111·2	111·4	111·5	111·6
Chemicals and allied trades	,,	103·1	106·5	105·6	105·0	105·0	105·2	107·4	106·3	106·0	106·4	106·6
Iron and steel	,,	112·8	125·2	129·9	129·6	129·6	129·5	128·3	128·3	128·3	128·3	128·6
Textile industry	,,	97·5	100·9	97·9	97·7	97·1	96·6	95·7	95·6	95·9	96·7	96·7
Food manufacturing	,,	105·8	107·1	104·9	105·1	105·5	105·6	106·1	106·2	106·9	107·1	107·3
Commodities:												
Cotton, raw	,,	95·1	90·7	77·2	76·4	75·5	75·1	70·2	69·7	69·2	69·3	69·7
Wool, raw	,,	90·6	101·1	72·4	72·0	67·6	64·6	75·7	78·6	84·8	82·3	80·9
Rubber, No. 1 RSS, one month future	,,	143·4	131·6	118·2	119·1	120·1	126·7	140·9	142·3	156·1	162·2	158·8
Softwood, imported	,,	109·5	109·7	102·1	101·9	99·1	98·1	94·5	94·9	95·1	95·2	95·2
Copper, ex-warehouse	,,	132·4	88·3	79·4	82·8	84·2	95·1	92·5	88·8	93·6	92·6	97·3
UK RETAIL PRICES												
All items (1)	Jan. 17, 1956=100	102·0	105·8	109·0	108·3	108·4	109·4	109·3	109·0	109·3	108·7	109·2
Food	,,	102·2	104·9	107·1	105·2	105·6	108·1	108·4	107·4	108·1	106·1	107·4
All items	1938=100[2]	254	263	271	270	270	272	272	271	272	271	272
Food	,,	269	276	282	277	278	284	285	282	284	279	282
Housing	,,	145	155	172	174	174	175	181	181	181	181	182
Clothing	,,	263	267	269	268	268	268	268	267	268	268	269
Fuel and light	,,	251	268	281	275	275	275	276	276	276	277	278
Household durable goods	,,	308	308	307	305	305	305	299	299	299	299	298
Drink	,,	264	272	276	276	276	276	255	256	256	256	256
Tobacco	,,	411	421	428	428	428	428	428	428	428	430	430
Purchasing power of £ (based on all consumer spending)	1938=100	38	37	36	36	36	36	36	36	36	36	36
UK TERMS OF TRADE												
Import prices:												
All items	1954=100	105	107	99	99	98	98	97	97	98	98	99
Food, drink and tobacco	,,	101	101	97	97	97	98	97	97	97	98	100
Basic materials	,,	106	110	96	94	93	92	92	93	94	94	95
Fuels	,,	110	128	112	112	113	110	102	104	101	99	102
Manufactured goods	,,	110	104	101	102	101	102	103	102	104	105	106
Export prices:												
All items	,,	106	111	110	110	109	109	109	108	108	109	109
All manufactures	,,	106	109	111	112	110	111	111	110	110	111	112
Metals	,,	112	115	118	119	117	118	115	112	113	113	114
Engineering products	,,	107	112	115	116	114	116	116	116	117	118	120
Textiles (excluding clothing)	,,	99	101	101	101	100	98	98	97	95	98	98
Terms of trade:												
Ratio of import to export prices	,,	99	96	90	90	90	90	89	90	91	90	91
SHIPPING FREIGHTS												
Tramp shipping freights (fixed in sterling)	1952=100	157·0	112·7	67·1	65·0	65·7	70·4	69·2	69·7	69·6	71·0	80·4
UK WAGES												
Weekly wage rates:	Jan. 31,											
All workers (3)	1956=100	104·7	110·0	114·0	114·1	114·7	115·9	116·8	117·0	117·1	117·2	117·3
Men	,,	104·8	110·0	113·8	113·9	114·5	115·9	116·7	116·9	117·0	117·0	117·1
Women	,,	104·2	109·7	114·0	114·7	114·9	115·8	116·7	117·0	117·2	117·7	117·7
Juveniles (4)	,,	105·5	111·3	115·8	116·0	116·5	117·7	116·7	118·9	119·1	119·4	119·4
All workers	Sept., 1939=100	272	286	296	297	298	301	304	304	304	305	305
Weekly earnings: (4)												
All workers	s. d.	200 8	212 5	217 4	214 2[5]	...	217 4	222 6[5]	...	...	...	...
Men	,,	237 11	251 7	256 8	253 2[5]	...	256 8	262 11[5]	...	...	...	...
Women	,,	123 2	129 6	133 11	131 3[5]	...	133 11	137 0[5]	...	...	...	...
All workers	Oct., 1938=100	377	399	408	402[5]	...	408	418[5]	...	...	...	...
Men	,,	345	365	372	367[5]	...	372	381[5]	...	...	...	...
Women	,,	379	398	412	404[5]	...	412	422[5]	...	...	...	...

(1) For a rough conversion to basis of June, 1947, multiply throughout by 1·534. (2) The interim index of retail prices has been linked back to 1938 with the aid of calculations made by Professor R. G. D. Allen for the London and Cambridge Economic Service. (3) For a rough conversion to basis of June, 1947, multiply throughout by 1·561. (4) Surveys made twice a year; annual figures relate to October survey. (5) Figures relate to April survey. (6) In general males under 21 and females under 18 years of age. (7) Certain changes have been made in the classification and coverage of the Board of Trade's index numbers in this section. (8) The series for "all items" and "other items" have been revised throughout; quotations for Middle East and Venezuelan crude oil now replace the previous quotation for gasoline. Owing to a change in the tea quotation used, some revisions have also been made in the series for "all items" and "food" from June 2, 1959. (*) Revised figures for October 27th: fibres, 80·7; others, 130·4.

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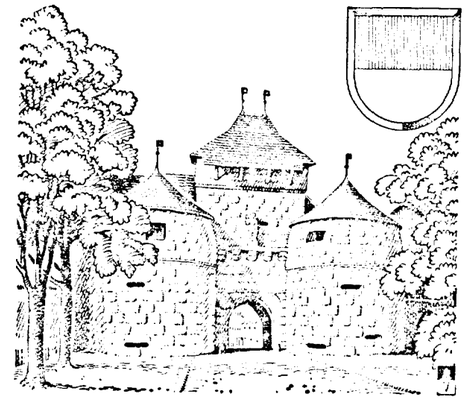

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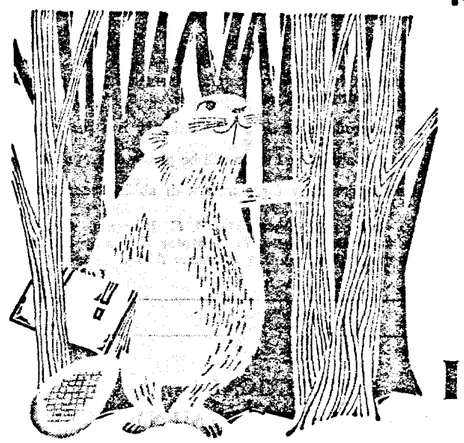

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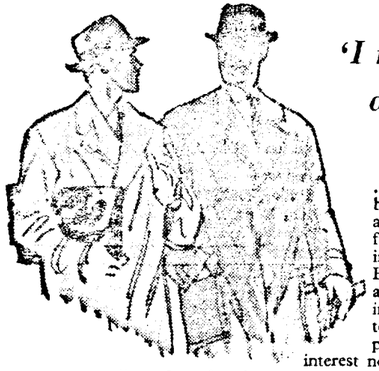

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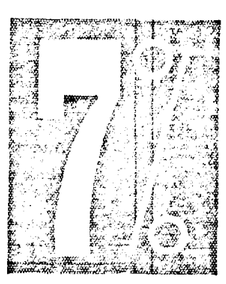

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Experience in O.R. would be an advantage, but where this is lacking training will be provided.

Applications, giving details of age, education and experience to Personnel Officer, Head Office, British European Airways, Bealine House, Ruislip, Middlesex.

A PUBLIC BODY (concerned with Agriculture) invites applications for the appointment of Deputy to the Chief Officer. An honours degree would indicate the type of background required of candidates, who must have had senior administrative experience. Commencing salary not less than £3,000 p.a. Maximum age 45 years. Pension arrangement available.—Detailed applications should be addressed to B. M. & Co., Alderman's House, Bishopsgate, London, E.C.2, by December 21, 1959, quoting reference AC.1 on outside of envelope.

ROAD RESEARCH LABORATORY (D.S.I.R.), Harmondsworth, Middlesex, requires Civil Engineers, Materials (Research) Engineers, in Senior Scientific/Scientific Officer grades, to be based on Tropical Section of R.R.L. and available for secondment to overseas territories to study locally available road-making materials, and help in developing methods of road-making appropriate to local conditions. Preference given to engineers with some field experience. After a period of laboratory training they will be posted for tours in British overseas territories, returning to work in the Tropical Section of the Road Research Laboratory between tours. Qualifications: 1st or 2nd Class Honours degree. At least three years' post graduate experience for S.S.O. grades. Starting salaries within the range S.O. £655 — £1,150, S.S.O. £1,233 — £1,460. Normal prospects of promotion to Principal Scientific Officer in mid-thirties (range up to £2,120) with possibilities of higher posts. Five-day week.—Forms from Ministry of Labour Technical and Scientific Register (K), 26 King Street, London, S.W.1, quoting E.347/9A. Closing date January 15, 1960.

NATIONAL HEALTH SERVICE TRAINING POSTS IN HOSPITAL ADMINISTRATION

The Minister of Health and the Secretary of State for Scotland invite applications for up to sixteen training posts in hospital administration, tenable for a period of three years beginning in the autumn of 1960.

A short list of applicants will be interviewed by a Selection Committee, and those selected will be given practical experience of all branches of hospital administration, together with courses of instruction at the University of Manchester or at the Hospital Administrative Staff College of King Edward's Hospital Fund for London.

Applicants, who should normally be not more than 30 years of age on September 1, 1960, must have discharged their obligations for National Service and should either:—

(i) have graduated (by September, 1960) from a British University, or

(ii) have obtained (by September, 1960) a professional qualification acceptable to the Selection Committee, or

(iii) have been employed in the hospital service for at least three years and have passed at least the intermediate examination for a professional qualification.

In exceptional circumstances consideration may be given to applications from persons without one of the above qualifications, or from those aged up to 35 years. Students due to take their final examinations in 1960 may apply.

Successful candidates will receive a salary during the training period commencing at £575 p.a. (plus an addition in the London area) with yearly increments of £30. Those already in the hospital service will retain their present salary scales if advantageous. Training fees will be met.

Further information and application forms can be obtained from University Appointments Boards or by writing to the Secretary, Ministry of Health, Savile Row, London, W.1, or to the Secretary, Department of Health for Scotland, St. Andrew's House, Edinburgh, 1. Completed application forms should be sent to the appropriate Ministry *not later than Saturday, January 30, 1960.*

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Salary commensurate with senior status of this post. Profit Sharing and Pension Plans. Full details education, qualifications, experience, age, etc., to Personnel Manager, A. C. Nielsen Company Limited, Nielsen House, Oxford.

ECONOMIST GRADUATE with some knowledge of statistics required to pioneer econometric studies of raw material purchasing in well-known firm. No age limit. Please indicate current salary or salary required. Applications should be accompanied by curriculum vitae, and state when available. Suitable applicants will be interviewed in London on December 30th. Appointee may be required to live and work in North of England.—Box 1243.

ASSISTANT required for Export Manager of medium sized Engineering firm, some 30 miles west of London. Candidates should be in the age group 24-28, have good spoken command of one or more European languages, have a grounding in export sales and, preferably, some technical experience. After an initial training period, some travel, mainly European, will be required.—Please write with full description of background and experience, present salary and salary required to Box 1248.

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HEADQUARTERS, LONDON, S.E.1.

ENGINEERING DIGITAL COMPUTING SERVICE

COMPUTER PROGRAMMERS required in the System Planning Branch to deal with the solution by digital computer of a wide variety of technical problems to be found in the Electricity Supply Industry.

Previous experience in numerical analysis and the use of electronic digital computers, particularly a DEUCE computer, would be considered an advantage. Applicants should hold a University Honours Degree in mathematics, physics or engineering, or should have had considerable experience in programming.

Salaries on a scale within the range £1,029 to £1,495 p.a., according to duties and responsibilities.

Applications stating age, qualifications, experience, present position and salary, to the Personnel Officer, 24 30, Holborn, London, E.C.1., by 18th December. Envelopes should be marked "Confidential Ref. ECO 464."

CENTRAL OFFICE OF INFORMATION requires to appoint a Senior Officer to control the daily editing of a group of wireless Press services directed to the U.K. information posts in various regions of Africa and the Caribbean area. This appointment calls for someone of the liveliest mind who must already have held responsible posts on the staff of a newspaper, news agency or broadcasting organisation. Ability to make use of a wide knowledge of current affairs including constitutional and economic developments in Africa is essential. Candidates will be preferred who have lived in one or more of the African territories, engaged in journalism or public relations. The holder of the post must be able to give effective leadership to a small body of qualified staff. Salary between £1,395 and £1,660 (men); £1,345 and £1,600 (women).—Write, giving age, full details of experience and qualifications to Manager, (P.E.1956), Ministry of Labour, Professional and Executive Register, Atlantic House, Farringdon Street, London, E.C.4. Only those candidates selected for interview will be advised.

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GROUP ACCOUNTANT

He will be head of the accountants in a British Group of Companies with wide European connections. This Group is chiefly concerned with research into the marketing of consumer goods.

This top accountant will be responsible only to the Director of Administration of the Group.

The better he is—the better he will be paid.

If you want to know more about this job write with details of yourself to:

VICE-ADMIRAL SIR GUY SAYER,

ATTWOOD GROUP OF COMPANIES LIMITED

CHANTREY HOUSE, ECCLESTON STREET, LONDON, S.W.1.

MANAGEMENT Accounting Adviser and a Marketing [illegible] required for the Management Services Department of the British Institute of Management. They will be responsible for the organisation of courses, seminars and conferences in their respective fields, and will be expected to provide information to enquirers in these fields with the assistance of an Information Officer and the Institute's extensive management library. They will act as Secretaries to the Institute's Management Accountant and Marketing Advisory Committees. Applicants for the Management Accounting vacancy should be qualified accountants with an interest in research and the organisation of research and discussion groups. This field will cover budgets, estimates and control information. O. & M. and company procedures. Those applying for the Marketing vacancy should preferably be graduates with management experience either with a sales team or with a department concerned with marketing a product or group of products. Starting salaries: £950-£1,050. Pension Scheme.—Applications to Mr. N. Gaisanne, Head of Management Services Department, BIM, 80 Fetter Lane, E.C.4, within seven days of publication of this advertisement.

For other appointments see page 1013

APPLICATIONS are invited for the newly created post of WORKS' COST ACCOUNTANT. Successful applicant will be fully qualified with complete knowledge of Cost Control and budgetary work and have previous commercial experience preferably in the furniture industry. Permanent post with excellent Salary and prospects.—Crondale Furniture Company, Ltd., Broad Road, Wealdstone, Middlesex.

STATISTICAL CLERK required by Arthur Guinness Son & Co. (Park Royal), Ltd. Minimum qualification G.C.E. Advanced level mathematics, but preferably A.I.S. Final or Degree. Salary according to qualifications, five-day week, three-four weeks' holiday per annum according to age, free luncheons, non-contributory pension scheme.—Please write giving details of age, qualifications and experience to Personnel Manager, Park Royal Brewery, London, N.W.10. Ref.: SC/E.

INDUSTRIAL MARKET RESEARCH

Expanding organisation requires a specialist with at least three years' experience in industrial market research work and capable of taking over the direction of U.K. research within a short period.—Apply Box 1242.

APPLICATIONS are invited from persons with a degree or diploma in SOCIAL SCIENCE or SOCIAL STUDIES and experience in one or more of the following fields: mental health, social administration, or social research—to participate in a survey which is being financed by THE NUFFIELD PROVINCIAL HOSPITALS' TRUST into mental health needs in the county of Anglesey. The survey is expected to take two or three years. The Department of Studies in Psychological Medicine and Social Science of the University of Liverpool are co-operating in the survey. Salary in the range £900-£1,400 according to qualifications and experience; travelling allowance; superannuation.—Further details obtainable from the undersigned to whom application forms must be returned by January 15, 1960. G. WYNNE GRIFFITH, County Medical Officer of Health, Shire Hall, Llangefni, Anglesey.

THE LONDON SCHOOL OF ECONOMICS AND POLITICAL SCIENCE

Applications are invited for appointment to an Assistant Lectureship in Statistics. The successful candidate will be required to teach theoretical statistics and some mathematics. Salary scale £700 x £50—£850 per annum plus £60 London Allowance; with superannuation benefits and family allowances. In assessing the starting salary consideration will be given to age and experience.

Applications, with the names of three referees, should be received not later than January 22nd by the Secretary, The London School of Economics and Political Science, Houghton Street, Aldwych, W.C.2. from whom further particulars may be obtained.

SALES RESEARCH EXECUTIVE required to evaluate and interpret television and marketing statistics to clients and advertising agencies. At least one year's experience in television planning and/or marketing required. Candidates must possess degree in economics or one of the social sciences and be familiar with handling of statistical material.—Applications in writing to Personnel Manager, Associated Television, Ltd., 17 Great Cumberland Place, London, W.1.

APPLICATIONS are invited for the post of GENERAL SECRETARY of the NORTHERN RHODESIA MINE WORKERS' UNION. Applicants must have had wide Trade Union experience in an administrative and negotiating capacity, and be able to prepare and present a case for arbitration and conciliation. The Northern Rhodesia Mine Workers' Union operates within the Mining Industry of Northern Rhodesia and has a membership of approximately 5,000 Europeans. The commencing salary offered will be commensurate with ability but will not be less than £2,000 per annum. Applications giving age, marital status, academic qualifications and full details of previous experience together with at least three references should be addressed to The President, Northern Rhodesia Mine Workers' Union, P.O. Box 75, Kitwe, Northern Rhodesia.

BBC requires Industrial Correspondent in Midland Region (Birmingham). Duties: under general direction of Regional News Editor to act as specialist correspondent and adviser on Industrial and Trade Union affairs concerned primarily with news programmes, both national and regional. Sound and Television; also to advise on reflection of industrial matters in other types of programmes. Qualifications: journalistic experience in field of industry and labour relations; ability to supply concise, balanced and rapid coverage of events for news bulletins, to describe technical developments clearly and accurately, and to broadcast effectively in Sound and Television. Wide knowledge of Midlands industries and labour relations in the region important. Salary £1,545 (possibly higher if qualifications exceptional) rising by five annual increments to £1,970 p.a. max.—Requests for application forms (enclosing addressed envelope and quoting reference G.1383 Ec) should reach Appointments Officer, Broadcasting House, London, W.1, within five days.

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A unique opportunity is available for a Chartered Accountant to join the nucleus of a management team now being formed in the United Kingdom by the newly established subsidiary of a major American company.

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Box No. 1249.

BROWN & POLSON require for their Finance and Administration Division, a young man, 23-28, with an Accountancy or Cost and Works Accounting Qualification. Experience in an industrial concern would be an advantage but applicants with solely commercial or auditing experience should not hesitate to apply. Experience within the Company will not be confined to its London headquarters but will include periods at the Manchester and Paisley Works. Salary, Profit Payment, Life Assurance and Pension Schemes are good and the Company is progressive in outlook and expanding. —Replies to Group Personnel Manager, Brown & Polson, Ltd., 125/130 Strand, London, W.C.2.

APPOINTMENTS REQUIRED

ADMINISTRATIVE OFFICER, H.M.O.C.S., aged 36, requires interesting and responsible post with future. Experienced S.E. Asia politics, economics and languages. Available for interview.—Please write Box 1251.

DATA Processing, Mathematics, Statistics. Young gentleman with experience and qualifications involving these subjects seeks suitable post.—Box 1250.

MALAYAN EXECUTIVE, early thirties, experienced commercial and industrial management, speaking several Asian languages, detailed knowledge Malaya, fair knowledge South-East Asia, wishes change to more active organisation, preferably based Malaya/Singapore. Present salary £4,500 but willing accept lower salary in growing enterprise.—P.O. Box 3612, Singapore.

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THE CUNARD STEAM-SHIP COMPANY LIMITED

5 PER CENT CUMULATIVE PREFERENCE STOCK

6 PER CENT SECOND CUMULATIVE PREFERENCE STOCK

NOTICE IS HEREBY GIVEN that the Transfer Books in respect of the above Stocks will be closed from December 5 to 8, 1959, both dates inclusive, for the purpose of preparing Warrants in respect of Dividends for the half-year ending December 31, 1959, to be paid on and after January 1, 1960.

By Order of the Board,
J. C. TOMLINSON,
Secretary.

Offices: Cunard Building, Liverpool.
November 26, 1959.

NORANDA MINES, LIMITED

DIVIDEND NOTICE

NOTICE is hereby given that an interim dividend of Fifty Cents (50c) per share, Canadian funds, has been declared by the Directors of NORANDA MINES, LIMITED, payable December 15th to Shareholders of record November 20, 1959.

By Order of the Board,
C. H. WINDELER,
Secretary.

Toronto, Ontario.
November 12, 1959.

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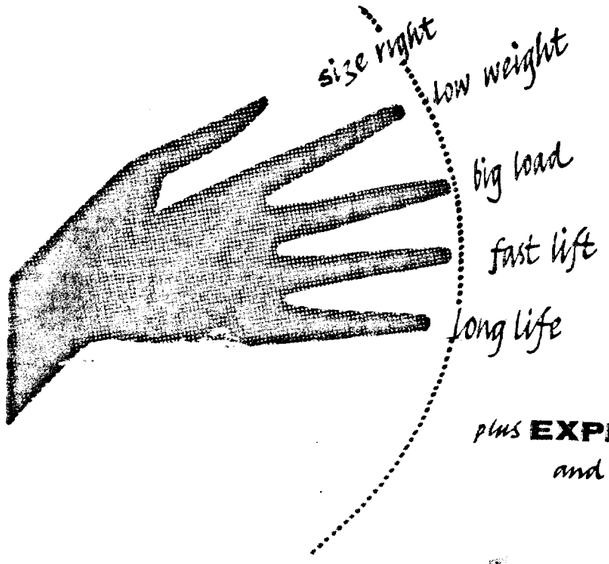

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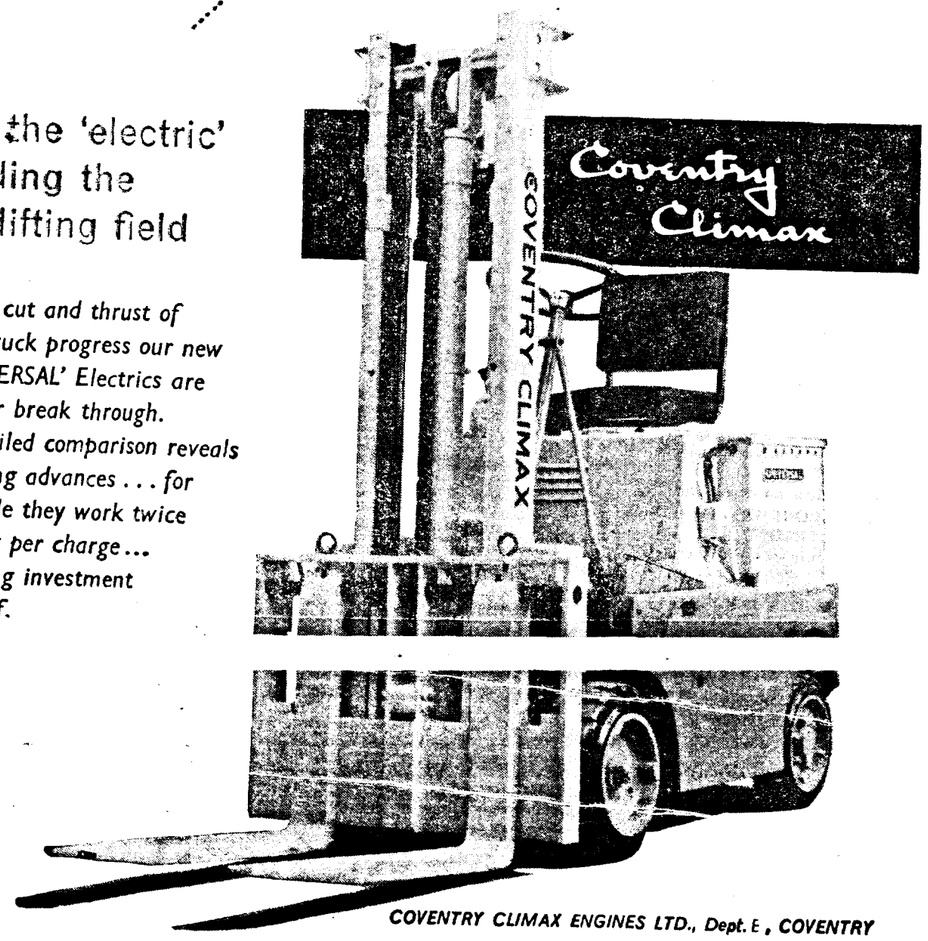

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AIR EDITION

The Economist

DECEMBER 12, 1959

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The West Takes Stock

For Trade *and* Aid

America and Europe ought now to be on the eve of the most important overhaul of western economic policy since the start of the Marshall plan (page 1039)

Mr Douglas Dillon

Nato in the Thaw

Political and military change alike make life difficult for the alliance (page 1043)

India and America

President Eisenhower's visit to Delhi marks a reconciliation without illusions (page 1044)

Leap in the Light

The Crowther report provides a 20-year plan for education which ought to kindle reforming zeal in government, the teaching professions, industry and all men of goodwill (page 1041)

Mr Sandys's Turn

How many air manufacturers should the Minister of Aviation support? (page 1087)

American Boom Bent but Not Bust *(page 1063)*

World Politics and Business

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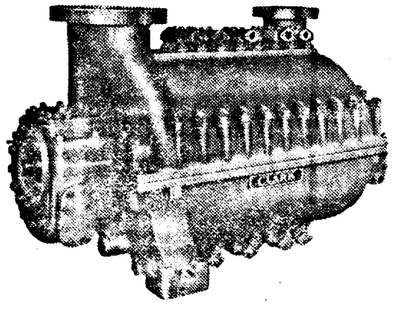

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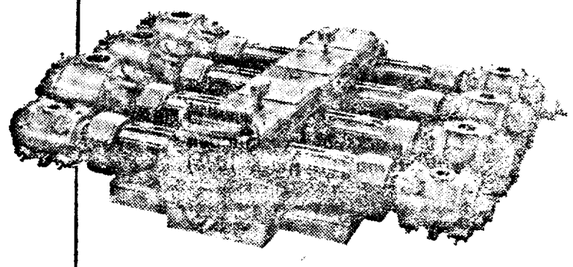

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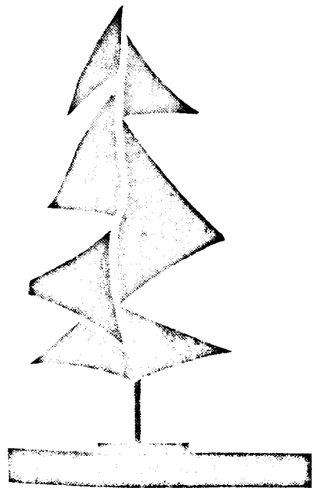

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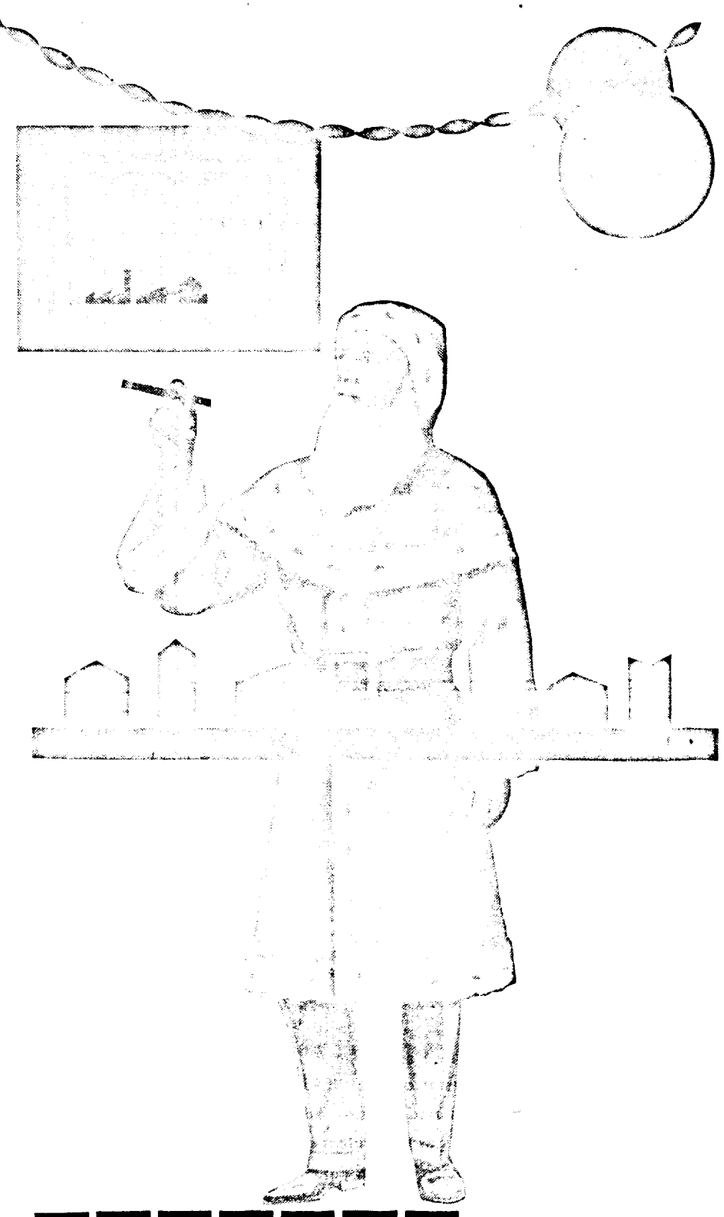

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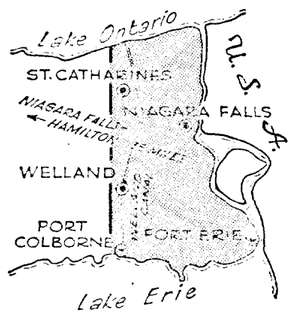

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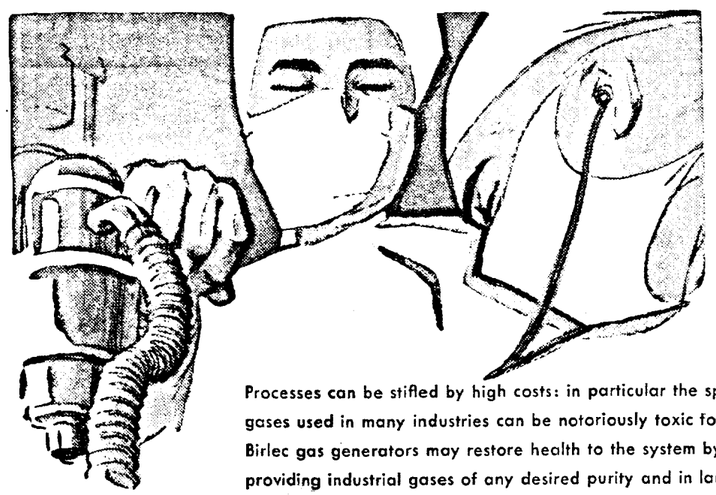

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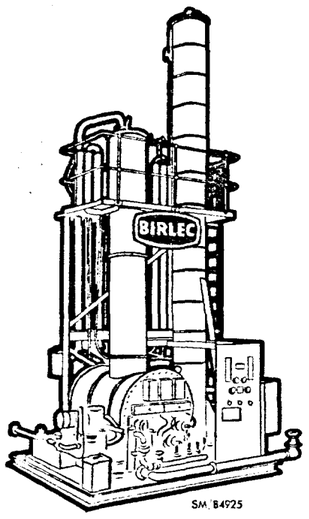

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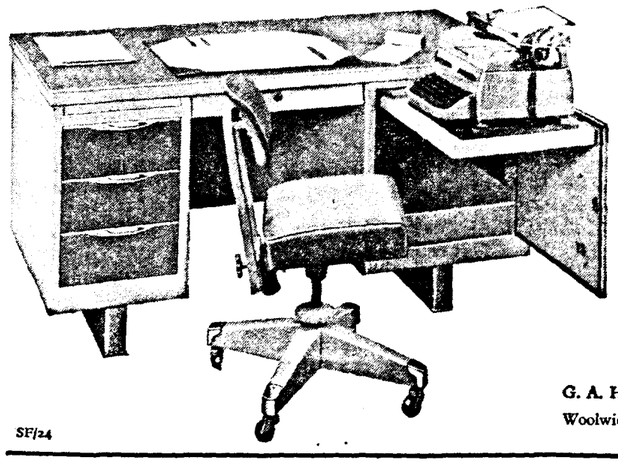

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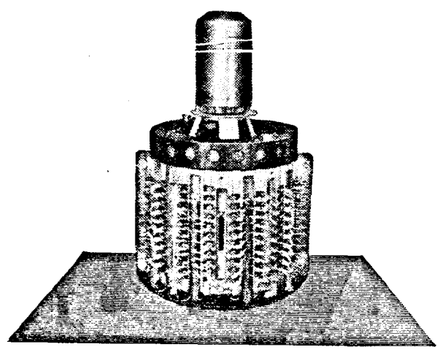

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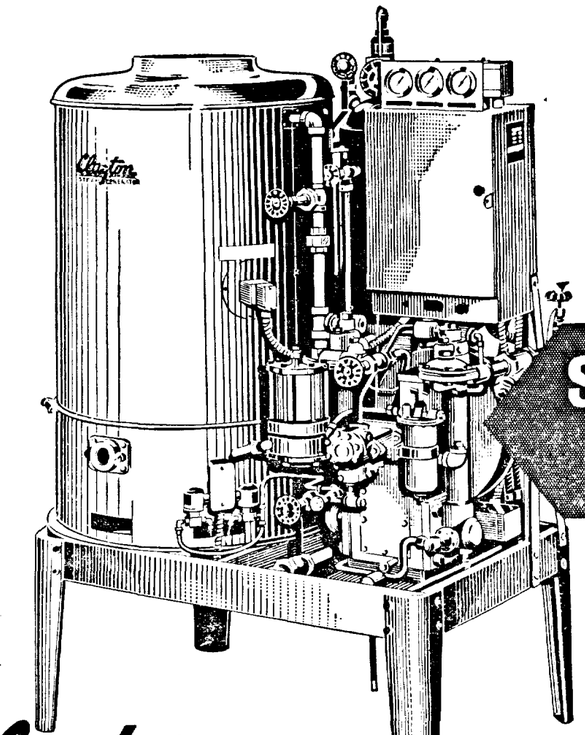

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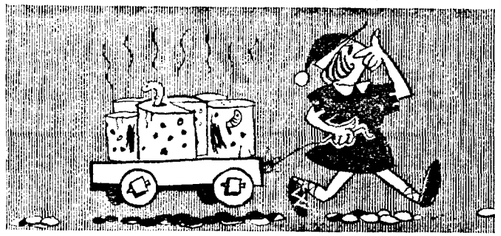

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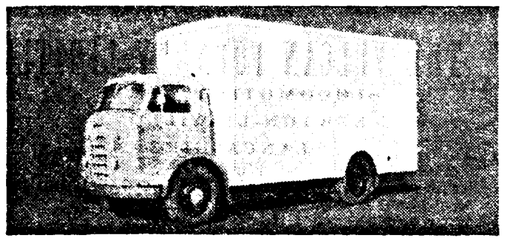

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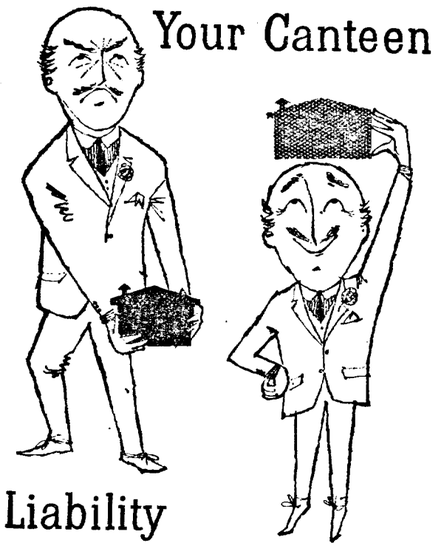

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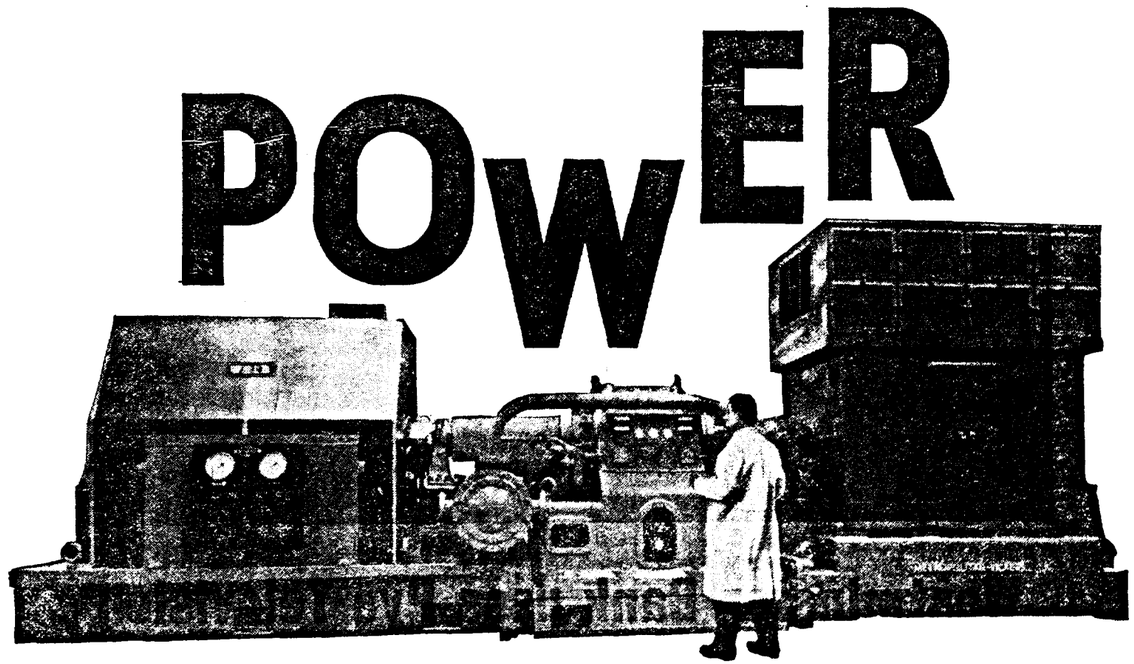

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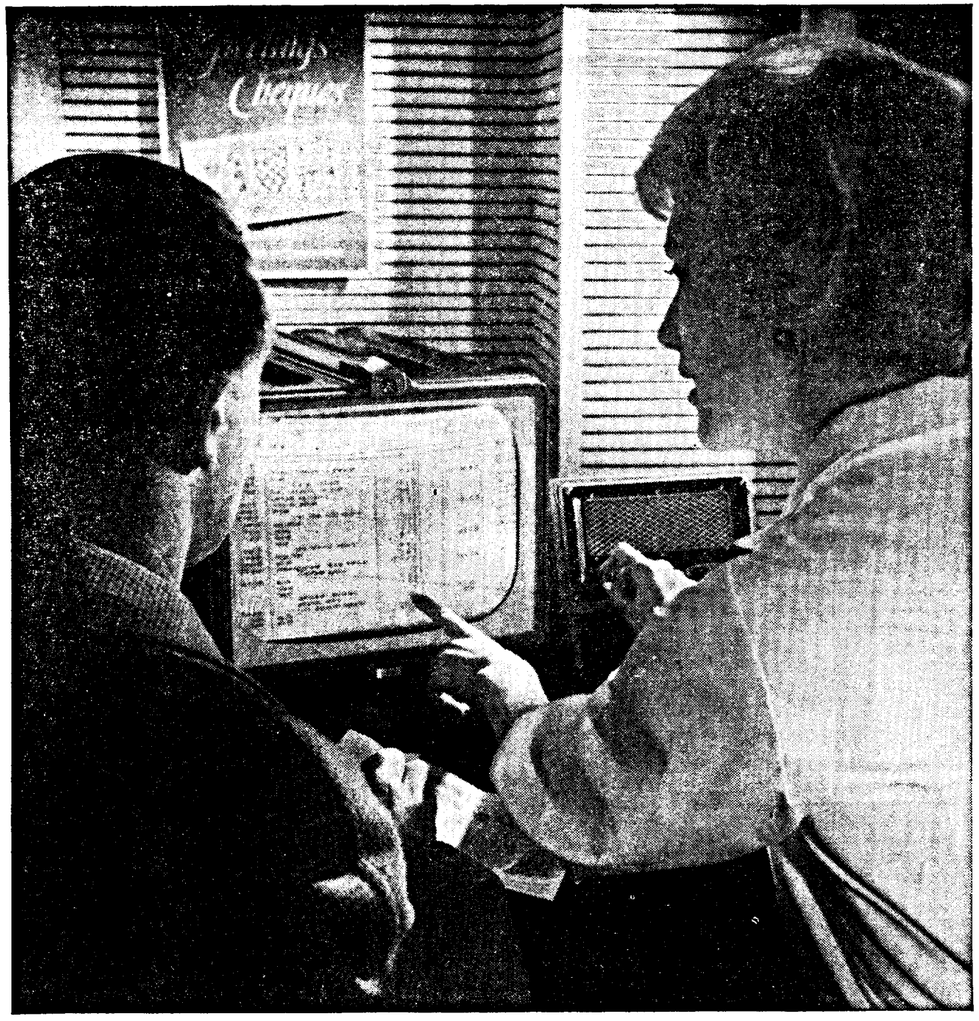

Westminster Bank uses Pye Television

The Pye Industrial TV Division, a member of the Pye Instrument Group, has supplied all the television equipment to the Westminster Bank for the first inter-branch TV network. The new system which makes centralised book-keeping possible has been brought about by the closest co-operation with the GPO who have supplied Post Office lines to carry the signals. The illustration shows a customer checking his banking account.

The Pye Instrument Group consists of: Pye Atomics Division; Pye Industrial Television Division; Faraday Electronic Instruments Ltd.; Labgear Ltd.; W. G. Pye & Co. Ltd.; Pye Telecommunications Ltd.; Unicam Instruments Ltd.; W. Bryan Savage Ltd.; W. Watson & Sons Ltd.

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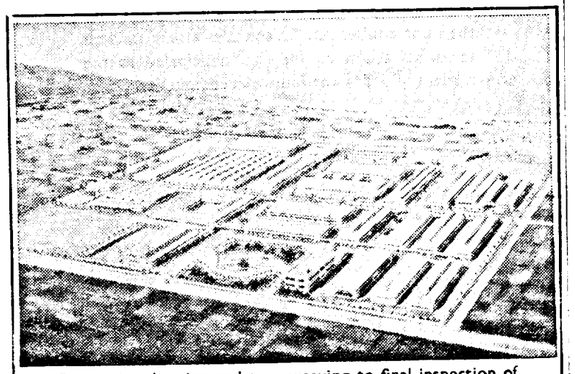

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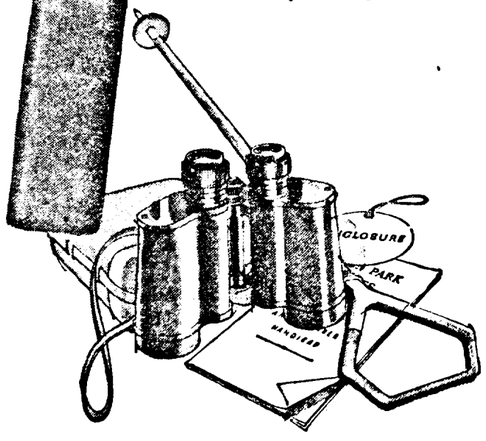

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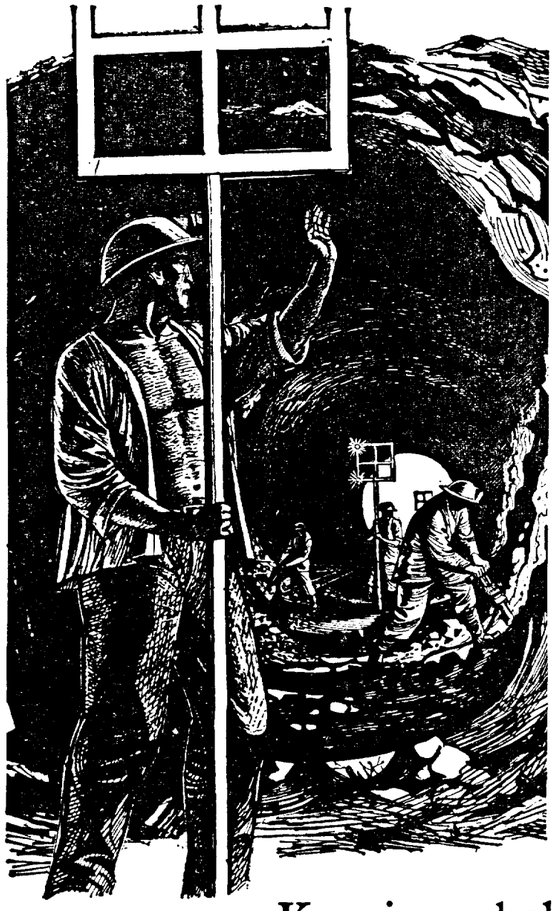

A new life begins for Northern Brazil

Brazil, once regarded by the outside world as a country of unproductive tropical jungle, has today a rapidly expanding industrial economy. This 'industrial revolution' is well under way in Northern Brazil, where a gigantic new hydro-electric plant is being constructed by the Companhia Hidroelétrica do São Francisco at Paulo Afonso, 200 miles up the São Francisco river. This project will supply power to the region on a scale previously undreamed of in Latin America. Immense difficulties had to be overcome—roads widened, new roads and bridges built, and over 11 million cu. ft. of rock excavated—before the first stage of the project was complete: a 2½ mile dam and a huge underground power station. Atlas Copco rock drills with Sandvik Coromant drill steels were used almost exclusively for these drilling operations, with great success.

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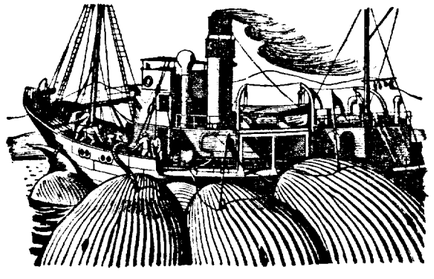
The Atlas Copco Group of Companies is responsible for the manufacture of compressed air equipment and its distribution and servicing in 90 countries throughout the world. Group Headquarters: Atlas Copco AB, Stockholm 1, Sweden.



Atlas Copco puts compressed air to work for the world

The Economist

DECEMBER 12, 1959

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VOLUME CXCIII . NUMBER 6068.

For Trade *and* Aid

WHILE President Eisenhower is touring Asia, Mr Douglas Dillon, the American Under-Secretary of State in charge of economic affairs, is touring Europe. Properly handled, this could be a very important visit indeed. It could just conceivably be the exploratory prelude to the most important development in international economics since General Marshall launched his plan of 1947 on that flood tide in Atlantic affairs that has so spectacularly led on to fortune. A main reason why the decade and a half following the second world war has been so different in economic experience from the period 1918-33, for Americans as well as for the rest of us, lay in the fact of General Marshall's initiative. Now everything suggests that a new tide is racing which could determine whether the decade and a half from 1960 to 1975 will repeat the last fifteen years of success, but this time with Europe allied to America as intelligent benefactors and with the poorer countries outside Europe as the immediate recipients.

If—as seems all too dangerously possible—the tide is missed this time, it will be because western politicians are frightened of getting "too far ahead of public opinion." The key, as always, rests with simple folk in Europe and America. The need now is that just as many people in our modern western electorates as understand, say, the complexities of the internal combustion engine should understand also the relatively simple story of the main economic and social problems that are emerging for the sixties and seventies ahead. It is a story with two separate geographical settings, the poor countries and the well-to-do ones, and with two principal themes, finance and free trade.

In the poorer countries the dominating fact for the sixties and seventies is that the revolutions of rising expectations and industrial advance are going to create what might conveniently be called the equivalents of "several new Japans." The problem is to save these new countries from following the same road as their prototype did. When Japan was industrialising itself, it was not enabled to cover the balance of payments deficits, almost inseparable from that early stage of emergence, by ready borrowing abroad; the result was a series of economic crises, including the failure of foreign exchange banks, which helped to destroy the power of its middle classes and to make the pattern of its industry monopolistic and the philosophy of its government dictatorially *dirigiste*. When Japan entered the second stage of its industrial revolution, and became a major exporting power, the outside world did not welcome its cheap consumer goods (as helping to bring down their costs of living) but set up indignant protectionist barriers against them; this helped to make its government nationalist and aggressive as well. *Dirigiste* and nationalist, Japan in the thirties found its way into the fascist sphere; if forced to be *dirigiste* and nationalist, the new industrialising countries in the sixties and seventies are all too likely to fall into the Soviet and communist orbit.

In their hearts, almost all prominent statesmen in the richer countries recognise this problem. By a fortunate coincidence the main features of the current economies of what might be called the free and wealthy half-world—America and Europe combined—have put them into a particularly favourable position to meet its challenge. But by one of the ironies of history each of these features is at present in danger of being mismanaged and misread as an argument that the richest of us must become more cautious and more protectionist instead.

The first feature of America's and Europe's economy in the last fifteen years has been the unprecedented boom by which we have grown richer, and the consequent emergence of price inflation as our main internal economic problem (in place of the former problem of unemployment). The rapid growth of wealth should have made us all more able to help poorer countries, and the preoccupation with keeping down the cost of living should have made us all more willing to welcome the prospect of importing cheaper consumer goods from them. Instead, the tendency in foreign investment affairs (especially in Europe) has been to say that we cannot afford to export capital abroad because there is so great a demand for it at home, and the tendency in general economic management (especially in the United States) has been to tighten financial policy to beat inflation and then to increase protection to help those who are hurt by this tightening. A check has had to be imposed on the rate of industrial growth in order to keep prices down, and then restrictions on various forms of agricultural or textile imports have been imposed to put prices up again. This was the first set of illogicalities to appear.

A SECOND and more recent feature of the rich and free half-world's economy has been the remarkable strengthening of Europe's balance of payments relative to America's. This, again, ought to be a great advantage. A short while ago some people feared that the United States, which already holds half of the world's gold reserves, might tend to run a permanent surplus in any freely trading world, while everybody else would in such circumstances tend to run a permanent dollar deficit; since a country with inadequate reserves cannot for long invest or give away a deficit, the awkward implication was that only the United States might be able to help the poorer countries. Now, however, it has been shown that, at the recent level of relative interest rates, and at least at certain stages of the trade cycle, the flow of investment and aid money out of the United States can considerably exceed its surplus on commercial trade account, so that foreign exchange reserves have been falling in America and rising in Europe for more than two years. This is a sign that Europe could and should finance a larger measure of aid itself, which will be economically welcome and politically healthy. But, once again, the opportunity may be mishandled into being a misfortune, for America may run down its aid programmes before Europeans get theirs started; and the unusual spectacle of the weak dollar has even impelled some Americans into the absurdity of saying that the richest country in the world needs to impose new restrictions against imports in order to protect its balance of payments.

The third recent feature of the free world's economic scene has been the growth of regional free trading ideas in Europe, arising originally from an urge towards greater political unity among the six countries of the continental common market. Yet again, this is a development which ought to have helped the whole free world's economy to move in the way that it needs to be going. Free trading ideas, like measles, are apt to be contagious. Certainly an advance to liberalism has been the reaction in the rest of Europe where the seven nation free trade area has now been formed, and where a dramatic change now seems likely to come over the thinking of big business. A short while ago any British businessman calling on the Board of Trade was most likely to be clamouring for protection for his industry; now he is just as likely to be pressing for a scheme of freer trade, because he fears what may happen to his markets in France when the Germans can sell there over a lower tariff wall.

No doubt German businessmen calling on Dr Erhard will be expressing the same apprehension about British competition in Scandinavia. It is reasonable to suppose that similar pressures towards liberalism may grow in America, but the danger is that the initial reaction may be the other way; if European countries reduce tariff barriers against each other but not against America, then the American authorities may come under pressure actually to increase tariff or quota protections in their own country as a "defence against discrimination." This idea that it is logical to react to increased competition with one's exports by putting up the duties levied on one's imports belongs wholly to the era when unemployment was the capitalist world's abiding economic problem, and when price inflation did not exist.

The fourth feature of the economies of the western half-world since the war has been the growth of central planning and planners within them. There are now an unprecedented number of politicians, dons, civil servants and bankers who are regarded as being quite capable of going out to Timbuctoo and recommending what should be its level of real investment in five years' time and for what level of balance of payments deficit it is then likely to need finance. At first sight, the availability of these gentlemen should be a great help in the West's task of getting Asia and Africa on their feet. But the trouble is that their long-term estimates are almost invariably wrong, as indeed the most expert forecast of even so well-documented an entity as, say, Britain's probable balance of payments in 1960-61 is equally likely to be. The result is that foreign investment and aid programmes have started to be based on rigid annual votes and preconceived "plans" which become totally out of touch with emerging international opportunities and needs; and when national parliaments start to cut back these preconceived annual votes they almost always do the cutting for false emotional and political reasons.

BY far the best step now would be for America and Europe to vote their annual aid funds into some widely-based central organisation, perhaps linked with the OEEC, which could distribute the money flexibly among under-developed countries as needs arose and changed; no doubt some of the money must be earmarked for particular investment projects, but the organisation's main aim should be to keep in being a sort of revolving overdraft fund on which developing countries short of foreign exchange could draw, provided that their own internal economic policies were not the obvious main cause of their exchange shortage. National parliaments in the western countries should be kept as far as possible out of the business of determining day-to-day distribution of these funds. A much less sensible advance would be for each country to start setting up Eximbanks of its own, making tied loans to help its own exporters in a new wave of discriminatory trade offensives masked as aid.

There, then, is the nature of the present watershed. The ideal outcome of Mr Dillon's voyage of exploration would be the formulation of plans:

(a) to establish a new central fund for distributing Americo-European aid to Asia and Africa on a flexible system (delegated to the managers of that central fund); and

(b) to start extending the tariff cuts now being made within the two western European groups into a concurrent and wider (though no doubt initially less rapid) liberalisation of European and American tariffs and quotas in trade with the whole world.

The worst outcome would be if the opportunities now presenting themselves were somehow mishandled into becoming excuses for retreats by America into greater protectionism and unilateral cuts in aid. The most probable outcome, no doubt, is something between the worst result and the best, with some new mechanism for "co-ordinating" western aid programmes (but not for pooling or dramatically increasing them) and with new expressions of intent about liberalism in trade policies (though not where there are special interests whom liberalism would really hurt). But the prospects for humanity in the next two decades could be transformed if only there were to well up now a logical, pulsing demand from western electorates that only the best way forward is good enough.

Leap in the Light

Those who say that reformers have nothing to campaign for, because all the old reforms have been carried out, talk nonsense. Now, as half a century ago, more education is the nation's most pressing need

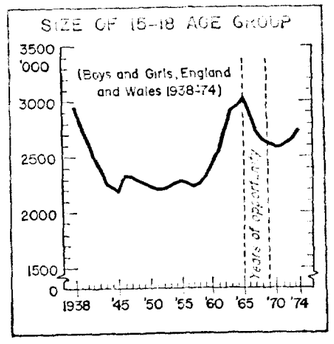
NOBODY now denies that Britain must become a far better educated nation; three party manifestos said as much two months ago. What has been much less certain is the pace, timing and proper order of the reforms which politicians can be pinned down to accept, and so to afford. It is the invaluable contribution of the report of the Central Advisory Council on Education (England) published this week, that it suggests what these should be, and sets out a specific long-term programme on which a start could, and should, be made in the New Year. In the words of the report*

> Nothing of this sort has hitherto been possible in English education. There has been no lack of aspiration, or the definition of objectives; but the attainment of them has been left to the mercies of the parliamentary timetable and of financial exigencies . . . there has not been support in public opinion for anything more. . . . [But] it should not be difficult to convince the public that there is as much need for a twenty year programme of educational development as there is for similar programmes of railway modernisation or of atomic generation of electric power.

The bulk of such a programme must be for young people aged 15 to 18, the age group with which the council was directly concerned. At present half of these have done with education altogether at 15; a quarter get some kind of further education, mainly part time and vocational and usually limited; and another quarter stay on in school for some time after 15. But only 10 per cent of the nation's youth are still in school at 17, and only a derisory 3 per cent reach universities. The council proposes that the country should advance, stage by stage, until by 1980 nobody is completely out of touch with education before 18; about 50 per cent of those between 15 and 18 will then be spending at least half their time in school or in further education, while the other 50 per cent are getting full time secondary education—a fourfold increase on present performance.

One motive for this bold prescription is social and personal: most people with money to spare would not wish that their own children, however dim-witted, should cease education at 15; and there is no reason in equity why poorer people's children should cease it then either. The other motive for the advance is national and economic: nothing less will suffice to staunch the present sorry waste of young talent.

With the guiding philosophy of the report *The Economist* is, not unnaturally, in agreement; the chairman of the council is the recent editor, and present vice-chairman, of this paper, who has educated those who serve the paper's present editorial tradition in their attitude to educational policy, and to much else besides. Before anybody questions the practicability, as distinct from the obvious desirability, of the programme, he should keep the profile of the teenage population over the next fifteen years firmly in mind. The picture will be of a peak of numbers towards which we are now starting to mount, followed by a valley, followed by another peak whose height cannot yet be assessed. Whatever plans are made for education, this profile (reproduced in the accompanying chart) is the fixed topography of the battlefield. It is obvious that, if a big push forward is to be made, the years of decline into the valley—1966 to 1968—are the years in which to make it; and the years 1960-65 are the years in which the forces must be mobilised, bearing in mind the time it takes to train teachers and teachers of teachers, and to build schools and colleges. Today's bulge is tomorrow's extra teachers: a German witness said to the council "we envy you your bulge." The council proposes that the opportunity be seized to make the biggest possible single step forward—the raising of the minimum



* *15 to 18*: Report of the Central Advisory Council for Education (England), Vol. I (Report) HMSO, 12s. 6d.

school leaving age to 16—some time between 1965 and 1968. Politicians must be brought to see that if the leaving age is not raised during those years, the following new upsurge of teenagers will make the advance impossible in our lifetimes.

This is the decisive step that determines most of the programme (a summary of the council's recommendations is given on page 1047). It is the practical means towards the council's wider end of a properly educated nation. It is, as the council propounds it, a step which would raise the legal leaving age for some not merely to 16, but to 16½. The council wants there to be only two leaving dates (Easter and July) in each school year, instead of the present three ; this is to ensure that the last year in school is not ruined as now by the attrition of a dwindling class. The council suggests that a local examination for a leaving certificate in the summer would encourage the brighter pupils to stay on even if they could " legally " leave at Easter, while the duller or more restive could leave a term earlier to get jobs before the brighter half invaded the job market, which might not quickly digest them all in one gulp. (This sensible change for the last year at school could be made during this Parliament, in order to improve the present secondary course, even while the leaving age remains at 15.) The council estimates that, simply to raise the leaving age in 1965, 21,300 extra teachers would be needed (with a ratio of one teacher to 17 pupils, or 19,100 to secure the maximum tolerable ratio of 1 : 19). But this increase would be in addition to the extra teachers who would be needed in any case to reduce the size of class ; in all, between 50,000 and 70,000 teachers would be needed in addition to the present 260,000.

To bring every class right down to the regulation limit of no more than 30, even more teachers would be needed. Some people would give that aim precedence over the extra year at school. The council, implicitly, does not agree ; and its reasons for preferring a longer school life are powerful. A rise in the leaving age would at once incite young people to stay on longer in sixth forms and in " extended courses " in modern schools, and to take GCE by the thousand more. It is utterly wrong to think (as so many dons do) that the ability is lacking. The report drives this point home with a telling census which the council arranged. This showed that half the national service recruits to the army who were rated in the two highest ability groups had left school at 15 ; among children of manual workers two-thirds of those in these groups had done so. But for the accident of birth, twice as many children could have taken GCE last year, plenty of them at A level ; and many could have gone on to compete successfully for places at the universities.

THIS is the overwhelming argument against resting satisfied with the present growth in the numbers voluntarily staying on at school for an extra year. Voluntary extension of education works too sluggishly. Parents who have not themselves stayed on are too slow to let their children do it. To make the extension compulsory will urge another echelon of young people to aspire to, and to achieve, higher education eventually, as well as giving them more secondary education now. The numbers, the economics and the opportunities of sixth forms in all types of school will improve—though the problem of the university bottleneck will no doubt get worse until new prescriptions prevail there, too. The implementation of the 1944 Act's scheme for county colleges (i.e., part-time compulsory further education) thus should not in logic precede, but should follow from and be made acceptable by, the raising of the leaving age. The latter is the flywheel that will impart momentum to the whole plan.

Nowhere is this truer than among the half million teenagers in the " second quartile " of the nation's brains, to whom the council devotes so much rightful and humane attention. It is convinced that this group, broadly speaking the top third of those who just fail the eleven plus, contains a reservoir of unused capacity—including, it insists, capacities which, though not verbal, are just as valuable as the more intellectual. The council's firm belief is that an extra school year at this level—in the improved modern school streams which it prescribes—will surely yield increasing, not diminishing, returns. Its objective for this " second quartile " is " to transform what is now a varied collection of plans for vocational training into a coherent national system of practical education." The report itemises the heartbreaking waste and discouragement of talent which the " evening class " system perpetuates ; and it calls for a longer and better school course integrated into a proper system of day-release and full-time sandwich-type courses that should not overstrain the young mind. This will need not only more teachers, but also more enlightened employers. Employers who have been crying out for better technicians are now offered a working blueprint for getting them ; the lack of this hitherto has been the most charitable excuse for their backwardness.

This is the programme. There are eight years at most to mount it. Can it be done ? Financially, there is no need to blench at the Crowther proposals. The council reckons that the total social cost when the programme has been mounted (i.e. the loss of young workers' output plus Exchequer cost) should not exceed £250 million a year. The education estimates might rise by 15 per cent or more, but by 1965-68 the national income should surely also have risen by at least that proportion. If the finance is so well within what we ought to be able to afford, it is hard to believe that the teachers cannot be found, too. The council itself is more worried about quality than quantity: naturally, for the demand is for teachers of sixth forms and of upper modern school forms—and the better the teachers, the more sure the benefits that the report aims to harvest. But it would be pusillanimous to reject the plan on anybody's objections that " there will not be enough good (or graduate or first-class honours) teachers." This would be like surrendering at the start of a war because one's officers looked rather a scratch lot. Battle improves them. This is not a leap in the dark that has been proposed to Sir David Eccles and the nation. It is a leap in, and into, the light.

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Nato in the Thaw

As the Mulley report says, the West's true interest lies in the development of Nato's all-round strength

DECEMBER brings puddles and Nato muddles. Disarray in the alliance, and the acceptance of disarray, are normal. This may persuade the ministers arriving in Paris for their council meeting on Tuesday that normality is what divides them least. The ministers are only human. The political pressures behind them do not encourage new commitments. There is no visible western electorate concerned to put new thought or new money into Nato's military readiness. If the ministers believe they can get away with normality again this year, the likelihood is that they will. They may even feel satisfaction that nothing worse has come about.

After all, why worry, this December of all Decembers ? There is no crisis: Mr Khrushchev has not moved in Berlin. There is less apparent prospect of war in Europe in the next year than at any time in Nato's existence. The western big four are meeting next Saturday. They will send Mr Khrushchev their ideas on the time, place and agenda for the summit. Even then no one can be sure that the summit will be in April (even Mr Macmillan is not sure nowadays), or indeed that it will happen at all before there is a new President in the White House. Why hurry ? The Nato ministers are going to mull it all over. They will find, as they always do, that things are not quite as bad as they seem, or as the papers make out.

General de Gaulle may have said something at the Ecole Militaire, but France is not going to leave Nato tomorrow. Mr McElroy may have talked about cutting the American military commitment, but the United States is not going to pull out of Europe this year or next. Nato may not have enough troops on the ground, but the American nuclear deterrent is still there, backed by the British one ; and even the British deterrent is not derisory now. These arguments are all perfectly fair, if they are what the ministers are anxious to hear. After the familiar reiteration they can emerge, if not entirely content, at least comforted ; and Nato will soldier on.

If this is what happens in Paris next week—and, failing an unexpected United States initiative in looking to the future, it is what will happen—one or two simple things fall to be said. Nato can be any kind of an alliance in its second decade that its members want it to be. It can lend itself to any gimmick they choose to think up, from the joint exploration of space to the distribution of economic aid, if that is the way they prefer to keep it alive. But Nato began ten years ago as a military alliance ; it is still essentially that today. If its members think that the strategic balance in central Europe is now substantially favourable to the West, they can afford to leave Nato to soldier on. If they think that there is a Russian threat but that the best way to contain it is by the formation of independent nuclear striking forces, they should spend their substance on just that, and again leave Nato to soldier on. But they must know exactly what they are doing and why they are doing it.

Nato came into being to deter a specific military threat. Ten years ago this was assessed, as it should be now, in terms of the known Russian and satellite forces available to overrun Europe. The Lisbon (1952) target of 65 divisions, either ready or at one month's notice, was calculated by the soldiers on the basis of experience in the last war that one division in defence could contain three in attack, using conventional weapons only. At that time atomic bombs had barely entered into tactical calculations. The first big change in the equation came when it was realised that the United States had enough atomic weapons and aircraft for these to be used, by bombing communications and troop concentrations, to inhibit the arrival of Russian reinforcements on a European battlefield. The Nato divisional target was then scaled down to 30 or the equivalent ; when Britain actually got its own bombs, it promptly reduced its individual contribution by fully 25 per cent on land and 50 per cent in the air.

The second big change, which Nato is now experiencing, is the arrival of Russian tactical atomic weapons to face the West in central Europe. The present balance of forces reflects the fact that, leaving aside the military possibility of mutual suicide by the strategic use of megaton weapons, the Russians appear to be mounting just as many tactical nuclear weapons as the Nato forces. At the same time, although there are only 20 Russian divisions poised in east Germany, the Soviet Union has not significantly reduced the effective conventional force that Nato's Lisbon target was designed to meet.* In fact, some military experts believe that, though the Russians have fewer men under arms, mechanisation and re-equipment have made them far stronger than they were in 1948. On the western side, not even the revised target of 30 divisions has been met. Most of the atomic capability is being built up, but there are no more than 21 divisions on the ground at best ; the pessimists would say 16 effective divisions in Russian terms. The implications of this imbalance cannot be ignored.

IT is evident that the size of Russian attack that the West is capable of meeting strictly with conventional weapons is now almost minimal. The deterrent effect of the West's tactical atomic weapons is now almost entirely offset by the Russian development of these weapons. In fact, as before 1948, western policy still depends on the understanding that any local, conventional aggression in Europe will be " escalated " to global war. The major political question, which Nato still has to answer, is whether such a policy remains credible in the year 1959 when a Russian looking at the western alliance may begin to calculate that, in some five years' time, it could be so weak and muddled and fearful of atomic war that a quick and successful push on the ground would not bring nuclear retaliation.

If nothing else is done at the Nato council next week, the protagonists of independent defence should be required to explain how their policy answers this dilemma. Does it improve the likelihood of political unity in the next decade ?

* " The Soviet Union and the Nato Powers." Institute for Strategic Studies.

Will it impress the Russians as a defensive strategy? Can the reliance on nuclear weapons ever allow the West to enter disarmament talks with the necessary margin for manœuvre? It is not a sufficient reply that the Russians would never move if there was the slightest possibility that total disaster would overwhelm them and everyone else. It is far more logical to argue that there should still be a local conventional deterrent to limited aggression. Two chances of stopping a nuclear holocaust are ten times better than one. This has been Nato policy up to now: it ought not to be let slip by default.

YET this is what is happening. The Mulley report to the Western European Union assembly has achieved fame because it recommends the establishment of a European nuclear deterrent which, at present, could only come about as the gift of the British government. But the Mulley report is worth reading for what it says on the whole Nato problem. It affirms, quite plainly, that the Nato forces in Europe are still at a disadvantage because "their *raison d'être* has not been clearly defined." Is it impossible to attempt this now? Is it impossible to tell the western electorates that they have a choice in the defence of Europe? Must it be assumed that, faced with the understanding of what outright reliance on nuclear weapons means, the western peoples would necessarily reject such devices as continued military conscription, if conscription were a necessary safeguard against nuclear warfare? It depends, as ever, on how much the West is really prepared to give up for its security. The answer ought not to be prejudged.

The Mulley recommendation on a European deterrent has been injected into this debate, perhaps a trifle artificially. But it is there now, for Nato as well as WEU to take into account. If it is not the British government that has played this card, at least the impression has got round that the card is in the British hand to take one trick or another. To place the British deterrent in European hands might be a real gesture towards the Six. But it would require, as the Mulley report itself admits, a change in American legislation if the transatlantic exchange of nuclear information is to continue. For the moment, it seems unlikely that the proposal would be acceptable to General de Gaulle, for whom political calculations now seem to bulk largest. Should the independent French deterrent prove unexpectedly costly, the Mulley proposal might then become practical politics. But there are other items, besides General de Gaulle's sensibilities, that must be got out of the way first.

Action of the kind urged by the Mulley report as a whole to prevent the disintegration of western military unity is to be recommended. Even without France, there are steps towards the integration of conventional forces, including the present efforts to develop a common Anglo-German tank, that are both militarily and economically wise. But the nuclear problem is of a different calibre. If the Mulley plan were to mean anything at all, it would have to allow all the European allies, including west Germany, a say in the manufacture and delivery of nuclear weapons. This is, in the light of the present Russian interest in general disarmament, a recommendation of despair.

The coming talks with the Russians may show more clearly what the prospects for a general arms settlement may be. These chances should not be disrupted now by any new proposal to give nuclear weapons to west Germany. The hopeful atmosphere may change as a result of Russian action or inaction in the next months. If that happens, the argument for the Mulley proposal will be much stronger, if only as a device to reduce the number of independent nuclear powers. But at exactly the time that hope of effective disarmament may have to be given up, it will be all the more necessary for Nato to adjust its ideas on the strength of the conventional forces needed to contain any Russian pressure from the east. In this sense Nato will be wise to plan for the worst now. It would not take too long to hand over the British deterrent to a European authority; it will take years to lift Nato's conventional forces to anything like an effective force to balance the Russians. Now is the time to worry about it.

India and America

Mr Nehru and Mr Eisenhower have met against a startlingly changed background. Whatever follows, their meeting must in itself hearten their two countries' friends

HOW times change. The President of the United States is hailed in Delhi as "a messenger of peace" as he rides in on a flood of pledges to work for world disarmament. The Prime Minister of India is reported to be particularly anxious for American assurances of support against the aggressive tactics of communist China. One has a sense of having stepped with Alice through the looking-glass; everything on the other side is familiar, but the opposite way round.

Since Mr Nehru and Mr Eisenhower last conferred, almost exactly three years ago, much has indeed changed. In December, 1956, their closest bond was their solidarity in opposing the Anglo-French attack on Egypt. That, for all its importance, was a somewhat isolated episode. The Suez conflict provided only a temporary bridge between Delhi and Washington, whose general relationship at the time was distant and dogged by misunderstanding. True, substantial American aid was already flowing to India, which has by now received about two billion dollars' worth of it—more than the sum of all Russia's outlays on aid to non-communist countries. And through all vicissitudes there have been good friends of India in the United States, and vice versa. But on almost every practical question of policy the world's two largest democracies were, until quite recently, opposed, and resentful of each other's opposition.

India, uninterested in the fate of Europe, and feeling quite snug in the shelter of the Himalayas, had only two real international aims. One was to keep the leadership of the Asian-African campaign to liquidate the remains of colonialism; the other, to consolidate the new Asian freedom from western dominance by forging links with the communist powers, under the co-existentialist banner of *panch shila* and, in the case of China, under that of Asian solidarity and the spirit of Bandung. Americans, on the other hand, were giving top priority to the buttressing of their new allies and of other states in both Europe and Asia that felt exposed to communist pressure. Dispute was inevitable.

Indians suspected the United States of supporting the position of its Nato ally, Portugal, in Goa. They disliked its allies and clients in the Far East, and could see none but the most sinister reasons for its protection of Taipeh against Peking. The Seato and Baghdad alliances were to them a veiled form of neo-colonialism and a provocative intrusion into an Asian sphere which they wanted to see left out of the cold war. They particularly resented American military aid to Pakistan, and rejected all disclaimers from Washington of any intention of strengthening Pakistan's hand in the Kashmir dispute. Most of them agreed with Mr Nehru's sweeping denunciations of the whole idea of military alliances anywhere in the world; and when they did so, they thought only of the West's alliances, never of the Sino-Soviet alliance of 1950, which was in fact the first intrusion of a military block into the "Asian sphere of peace."

For their part, Americans regarded Delhi's denunciations as patronising and ill-informed. They felt, with some justice, that India was blind to the threats to western Europe and Asia against which they had hastily thrown up dykes in the form of alliances and military aid programmes. They found (as, indeed, did many Indians) Mr Nehru's equivocations about Hungary hard to stomach. They asked whether, after the experience of Korea, it could be seriously suggested that they should leave in the lurch any other small state that appealed for protection. They remarked sarcastically on India's firm military grip on Kashmir and its pious preaching of non-violence to everybody else. Much American feeling was summed up in a cartoon that showed a Krishna Menon-like figure ranting into a microphone, while another Indian worried: "Unless they give us more aid, we shan't be able to afford to put out any more propaganda against them."

INDIAN and American politicians are alike in being unusually lavish with impromptu comments on other people's affairs, often couched in rather aggressively moralistic tones. (There has been less friction of this kind since the death of Mr Dulles, and Mr Nehru has lately been struggling to restrain himself, though he dropped a brick of old-fashioned dimensions on German toes only last week.) Both India and the United States in practice enjoy the commonsense benefits of mixed economies; but Indians love to talk socialism to a degree that often frightens Americans, who, although they already have more of it, hate to use the word.

The meeting at the highest level three years ago in no way disposed of these controversies. Indeed, it was quickly followed by the further involvement of the United States in the Middle East, by way of the Eisenhower Doctrine and fuller participation in the Baghdad pact. Neither the American intervention in Lebanon in 1958, nor India's gleeful reaction to Baghdad's withdrawal from the pact, nor the seizure of power in Pakistan by the soldiers whom America had equipped, improved the relationship. Even today there are obviously many outstanding points of dispute: in Laos, for example, Indian and American differences of approach have been newly illuminated; at the United Nations assembly, India is a prominent champion of communist claims to the Chinese seat, the east European seat in the Security Council, and the presidency of next year's assembly session. But these are not being allowed to mar the great reconciliation of 1959.

THIS reconciliation is not just the product of China's jackbooted suppression of the Tibetan rising and occupation of Indian border areas. Before those events, Americans were already rapidly awakening to India's lynchpin role as free Asia's most stable democracy and most competent user of development aid. Soon after them came Mr Eisenhower's dramatic embarkation on his present course of personal diplomacy. Mr Nehru is now in a position to claim, as he claimed on Tuesday, that the great powers are at last carrying out the policies he had long urged upon them. Mr Eisenhower can likewise enjoy the thought that India, at last faced with a direct threat on its own frontier, can now see more clearly what has been preoccupying the West for the past decade.

The President will hardly be tactless enough to draw attention publicly to the fact that the Indian Prime Minister has in effect just proclaimed a Nehru Doctrine for the protection of Nepal and Bhutan; or to the ironic echoes awakened by Mr Nehru's insistence that he cannot agree to a "summit" meeting with Mr Chou En-lai without adequate preparation. There is no question of this meeting affecting either India's policy of military non-alignment or America's pledges to the allied nations which Mr Eisenhower has included in his tour. Nor, except in the most general way, can the Delhi talks do much to carry forward the plans for economic aid for India's third five year plan which are already under discussion in less exalted quarters. Mr Nehru cannot well admit publicly that his country is involved in a crucial economic rivalry with China; nor will he personally make any request for more American aid.

Great delicacy will also have to be used if Mr Eisenhower's visits to Karachi and Delhi are to have a beneficial effect on the familiar Indian-Pakistani ruptures, which have lately shown so many signs of healing. It would be a splendid thing if these visits led at last to an agreement on the re-distribution of the Punjab river waters; this would be a major breakthrough in the economic struggle in southern Asia. But if the visit yields no immediate and tangible results at all, there should be no cause for recrimination. A warm embrace between India and America has in itself enough meaning to hearten both nations—and all their friends.

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NOTES OF THE WEEK

MR EISENHOWER

All to All

To be all things to all men, while hurtling half-way across the world in a riot of ceremonial pageantry and popular enthusiasm, is an astonishing feat—and so far Mr Eisenhower seems to have handled it most featly. In Rome his call on the Pope, despite the delicate historical relationship between the Vatican and the American presidency, went off in a comfortably relaxed, indeed in a homely (using the word in its British sense) atmosphere. President Gronchi was given some moral support for his forthcoming trip to Moscow, while the Italian government, which has shown little enthusiasm about that expedition, was reassured about Italy's place in the pattern of future negotiations in general.

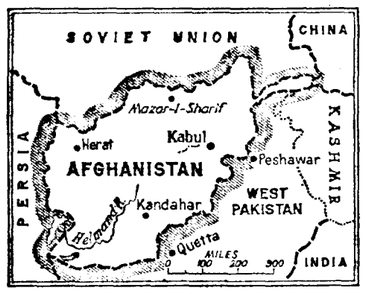
In Turkey, Mr Eisenhower found himself in a country directly bordering on Russia for the first time since he went to Korea immediately after his election to office seven years ago. The Turkish welcome was heartfelt, but his hosts' attitude to his hopes of an east-west *détente* was expressed, with characteristic forthrightness, in the phrase "peace but no concessions." And so to Karachi, where the military government had a well drilled and even more spectacular reception waiting for him. Here Mr Eisenhower was the guest not only of an ally, but also of one of the underdeveloped countries that look westward, with undiminishing expectation, for help in getting their economies through the stage of "take-off" into self-sustaining progress —an expression which Mr Nehru was using in Delhi while Mr Eisenhower was conferring with President Ayub Khan in Karachi. The reluctance of the United States to become involved, unless in the unexceptionable role of fairy godmother, in any of the issues that divide Pakistan and India, or Pakistan and Afghanistan, is clear enough. But there is much that a fairy godmother can do, in the course of executing her recognised duties, to divert her beneficiaries' attention from old feuds to new horizons; and President Eisenhower shows every intention of proceeding on these lines, whether in Karachi, Kabul, or Delhi.

AFGHANISTAN

Up in Central Asia

The most important mosque in Kabul looks more like a Russian Orthodox church than a place for Moslem worship. Built long before the recent surge of Soviet interest began to change the face of Afghanistan's capital city—it still reminds visitors from the south and west that they have passed through Arab and Persian lands and are in central Asia.

For long a buffer state between Russia and India, Afghanistan has emerged from its neglected international position of the past and taken its place among the sought-after neutrals. The competition between the Soviet Union and the United States has, for all practical purposes, been won by the Russians. In the northern reaches the Russians are busy building the strategic roads they dreamed of long ago but could not build because it would have annoyed the British rulers of India. The high mountains of the Hindu Kush no longer mark the southern limits of Russian activity. The Afghan army and air force are equipped



with Russian weapons and planes; the streets of Kabul are paved with Russian asphalt, and Russian buses run on them.

Revolution has not come to Afghanistan. A government largely composed of the king's relatives rules with an iron hand over sometimes unruly groups of tribes. But the ingredients of revolution are there—a ruling clique jealous of its privileges, an army becoming aware of its potential power, and the examples provided by none-too-distant neighbours. For these reasons the government may be trying to regain the balance between East and West that it enjoyed in former times and now appears to have lost. If this is so, then President Eisenhower's decision to pay a short visit to Kabul this week, on his way from Karachi to Delhi, was wise. As for the Afghans themselves, it is hard to find out what they think. In a charming but maddening oriental way they tell the Americans of their dislike of Russians, and the Russians how much cleverer they are than those people from the United States.

RUSSIA AND INDIA

Another Presidential Tour

MR EISENHOWER'S visit to New Delhi will be followed not long after by another presidential visit: Marshal Voroshilov, titular head of state of the Soviet Union, who had to postpone his journey because of illness, will be going in January. Admittedly a president of the presidium of the Supreme Soviet carries little effective weight in the Kremlin. The ageing marshal is something of a figurehead. But, to add significance to his Indian tour, Marshal Voroshilov will be accompanied by two important assistants, Mr Kozlov and Mrs Furtseva.

Mr Frol Kozlov is both a member of the party presidium and one of the two deputy prime ministers (Mr Mikoyan is the other). It was Mr Kozlov who went to New York in June for the opening of the Soviet exhibition. He is a specialist in industrial matters. Thus he will be able to talk in New Delhi about Soviet aid for the Indian five-year plan; and if agricultural questions crop up, he can call on his ambassador there, Mr Benediktov, who was once minister of agriculture. Mrs Ekaterina Furtseva, the only woman in the inner Soviet leadership, has thirty years of party work behind her and is reputed to enjoy Mr Khrushchev's particular confidence.

The importance of the delegation shows that the purpose is not purely ceremonial. Mr Khrushchev, like other people, is aware that a *détente* in Europe will, if anything, render the competition for influence with the neutrals keener than ever. By the pains he took to preach conciliation in the Sino-Indian frontier dispute, Mr Khrushchev has shown that he does not want his Chinese partner to throw away the Bandung card. The Soviet delegation to New Delhi will not only be out to repair any inroads Mr Eisenhower may have made on the Indian consciousness; it will also have to undo, as far as it can, the damage done by Russia's Chinese friends.

CENTRAL AFRICA

Next Best Thing?

MR GAITSKELL'S fervent bad judgment duly carried the Labour party last week into refusing to nominate members to the Monckton commission; and Sir Roy Welensky's fears (and other people's hopes) that men like Mr Bevan and perhaps even Lord Attlee might be allowed to come poking their noses into his Federal backyard are now ended. A boycott of the commission by African leaders and parties, both in and out of prison, seems certain to follow. In these depressing circumstances the Government's worst course (although some people suggested it) would have been to "balance" the absence of Labour privy councillors by not appointing any Conservative privy councillors either; this would have left the commission far too predominantly Rhodesian. It is arguable that the best course might have been to go to the other extreme: to revoke the appointment of the unofficial British and Rhodesian members already announced, and to send Lord Monckton out alone to the Federation (if both he and Sir Roy would have consented to the change; probably they would not have). But, all things considered, Mr Macmillan may have done the best he can by adopting a third and middle course. He has appointed three (generally left-of-right) Conservative ex-ministers to the commission; and he is now presumably hunting around to find three right-of-left "unofficial Labour" men of good will who will see the sense of ignoring the Gaitskell ban and make up the membership of the full commission.

If the Government is wise, its next step ought to be the widespread release of African detainees, including Dr Banda, before the commission sets to work. Even if this can be done, it would be idle to suppose that the commission can now start with a fair wind behind it. Yet one warning should be issued, both to white Rhodesians and the Labour party. The exaggerated outcry that the commission is now packed with federalists and settlers who will bring in a verdict for continued federation, and in the form the United Federal party demands, seems to overlook that similar objections were raised against the parliamentary mission to Malta in 1955 and the East African Royal Commission; yet from both came recommendations that were quite surprisingly radical. The way in which this commission has been born would seem likely to constrain it to a more liberal approach than many people expect; its findings should not be prejudged by anybody who does not want to run the risk of eventually looking very foolish.

LABOUR PARTY

In Search of Words

AFTER the shouting will have to come the drafting. Next week's meeting of the Labour Party's National Executive may give a glance at the two points on which Blackpool's orators were agreed—to open coffee bars, which would attract youth by dispensing jive and moral issues, and to make some public show of dressing down the "little Cæsars" on Labour local councils. But it will presumably also have to start coming to grips with the question of what to do about the party's constitution. One point that must be decided at the outset is whether there is to be a "party royal commission" to look into all parts of the constitution, including the party's peculiar structure (as the newest member of the executive, Mr Wedgwood Benn, has been advocating) or whether attention is to be concentrated on the rephrasing of the fundamental aims.

What the Crowther Report Recommends

1. Raising of the School Leaving Age to over 16 (see page 1041) sometime between 1965 and 1968. Pupils whose sixteenth birthdays fall in Sept-January would be free to leave school at following Easter, the remainder in July. The secondary modern schools' "extended course" to be adjusted to a 4¾ year basis, with a final term of special preparation entitling the leaver to a *leaving certificate*, based on a "formal assessment" or possibly a local—not national—examination. The council was divided on *awkward cases* (e.g. pregnant girls). The majority would make no special new provisions for these; a minority report proposes they be allowed to leave school before 16, but to remain as educational wards of the local educational authority, whose prescriptions for work or apprenticeship, etc, would be legally binding.

2. County Colleges (=one day a week further education to 18 for all school leavers as planned in the 1944 Education Act) to be developed *after*, not before, raising of the school leaving age because (a) if they were developed before the leaving age was raised the age groups involved would thereafter have to be adjusted, (b) more building would be needed for the colleges than the schools, (c) an extra year full-time would make later part-time work worthwhile but not the converse.

Meanwhile the Minister should *reaffirm his intention* to implement the County Colleges scheme eventually and to plan (for the late sixties) a *regional compulsory pilot scheme* to try it out. This would re-energise the growth of part-time release for general education purposes, which now wilts.

3. The Secondary Modern Schools (including the "modern streams" of comprehensive schools) should not be warped in development by concentrating on their small examinable minority who can attempt GCE. External examinations on a regional basis for those pupils (about one-third) who could take an examination below GCE "O" level. Responsibility allowances for teachers struggling with below-average pupils.

4. The Sixth Form (in grammar schools and top streams of comprehensives) will be increased in number by higher leaving age; this will bring into them more pupils who could be harmed by present undue degree of specialisation, under which four-fifths of *boys* have chosen their sixth form course by 13 or 14. Early specialisation therefore to be discouraged. The *principle of specialisation* ("narrow but deep thus teaching pupils to think") is upheld, but the report proposes better use of "minority time" to make scientists literate and arts specialists "numerate." It asks for non-university sixth form courses for some pupils. It lays main blame for the schools' loss of control of their sixth form "education" on the competitive struggle to get into the universities, who have intensified this by their entrance policies. Pressure to enter Oxford and Cambridge sets the pace. This long, analytical section may be described as the "Sixth Form Charter of Rights."

5. Further Education for technicians, craftsmen and operatives (all those not going to universities or institutions of technology) to be welded into a single system of education; a start to be made by reducing reliance on evening classes and extending day-release, providing more time for all courses, and reforming examination requirements. Part-time courses to be replaced later by "college-based" sandwich courses, with full time college "introductory courses." A new "alternative road" of full-time practical education to be introduced for "non-academics."

6. Types of School. The report avoids controversy over what are the best types of schools, but sets out conditions in which comprehensive schools may be introduced. While insisting that "we cannot afford to lose any good school whatever its classification," the council thinks that some grammar and modern schools will not be able to provide all the new courses recommended. It calls for more technical schools or technical sixths.

7. Teachers: The report calls for (a) *a report by the National Advisory Council on the Training and Supply of Teachers about the number of teachers needed to raise the school leaving age;* (b) a campaign to attract university graduates; (c) a "consideration" of "material rewards" for graduate teachers; (d) re-recruitment of married women whose children have grown up; (e) short-service teaching engagements; (f) taking clerical jobs out of teachers' hands; (g) hard-lying money for teachers in bad areas.

It rather looks as if Mr Gaitskell has now resigned himself to the narrower exercise. He will need every bit of support that he can get from the unions in the battles ahead, and they have no doubt indicated that they do not expect to be repaid for their pains by any apparent diminution of their weight in the party's counsels. Furthermore it now seems to have become accepted that Mr Morgan Phillips has won a new lease of life for himself at Transport House. So nothing very much can be expected in terms of reorganisation there.

Therefore, whatever small tidying up is done in other directions, it looks as if the real wrangling is to be over the rival formulations of aims. The Victory for Socialism group has already caucused and decided to come forward with its own formula rather than to stand pat on the original gem about "common ownership." Presumably it will take as literally as possible Mr Gaitskell's protest that the old bald commitment must be misleading because Labour clearly had no intention of nationalising "every little shop." It will suggest some form of wording that will rigidly commit Labour to nationalise every big shop instead. Whatever precise formula it finds the central elements in the party can be guaranteed to react against it, which is a comfort for Mr Gaitskell. But, unfortunately for him, they will react equally against any line of composition in which can be detected the fair hand of Mr Anthony Crosland, who more than any mythical "Frognal Gardens set" (Frognal Gardens is the leader's home street in Hampstead) is now regarded as Mr Gaitskell's really sinister adviser by the men of the centre and the left.

CEYLON

Hanging by a Thread

CEYLON'S politics have been reduced, by a quick succession of events, to something close to chaos. The parliamentary system hangs by a thread. By now, in almost any other Asian country, either the army would have taken over, or a lively brushfire of revolt would have flamed up in the hills. But Ceylon is a tight little island whose soldiers are few and unambitious; and even the most disgruntled politician cannot appeal to a tradition of guerrilla resistance such as exists in Burma, Indonesia, or even India. For the moment, the country remains remarkably quiet—though the quietness masks a mixture of bewilderment, alarm and indignation. It seems just possible that the elections now announced for March 19th will, in the event, be held.

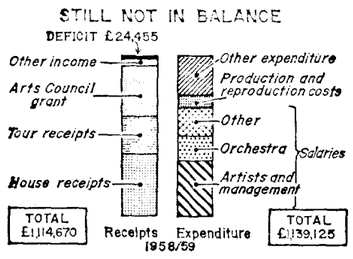
Mr Dahanayake's fast-multiplying opponents have, however, much reason to suspect him of seeking to forestall the voters' verdict. He has summarily dissolved parliament without consulting his cabinet. With parliament safely out of the way, he has dismissed five ministers and reappointed Mr de Zoysa, the finance minister, who had just resigned under a cloud of suggestions that he was connected with the murder of Mr Bandaranaike: he is using the government radio to argue his own case—specifically, to promote the interests of the privileged Buddhist orders on whose support he proposes to found a new party. It is hard to see such a party winning a free and fair election, for anti-clerical feeling has run high since Mr Bandaranaike was shot by a monk. And it is equally hard to imagine the governor-general, the civil servants, the police and the armed forces all putting their weight behind an attempt to impose a regime of bigotry.

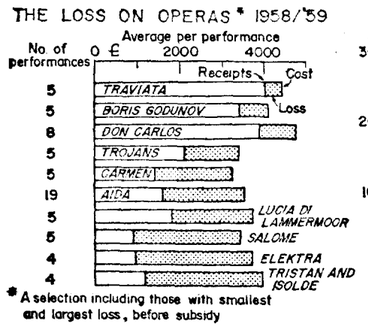
The party which Mr Bandaranaike created and held together, and which Mr Dahanayake has now abandoned, is in utter disarray. On the left, the main Marxist groups are divided by communal as well as ideological rifts. The stage may well be set for a come-back by the United National party which ruled until 1956. Its defeat then represented not only a swing to the left but also a chauvinistic reaction against its leaders' liberal acceptance of western ways of life. Ceylon is a relatively sophisticated country, and three years of turmoil over communal and religious issues seem to have led many people to look more kindly upon Mr Dudley Senanayake's level-headed, if cosmopolitan, notions. But will they be given the opportunity of voting him back into office?

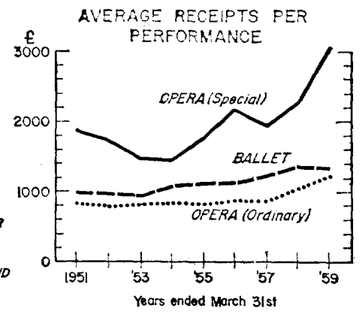
The Royal Opera House

Notwithstanding an increase of £60,000 in the Arts Council grant, Covent Garden was still running a deficit in the last financial year 1958–59, at the end of which its overdraft stood at £183,248.

More ballet was performed last year and average attendances fell, although ballet remained more popular than ordinary opera. But it was the special "international" opera performances at higher prices which were the best attended and these yield the highest revenue a performance.







MR MOORHOUSE

Whose Conscience?

NEITHER Egyptians nor British have any cause to be proud of the circumstances that led, at Port Said in mid-December, 1956, to the death of Mr Moorhouse, a subaltern in the West Yorkshire Regiment. This young officer was kidnapped by an Egyptian resistance group which seems to have been after somebody more important; in the search that followed they had either to take a risk, or leave their captive trussed up and unattended. They chose the second course, and by the time it was safe for them to look at him again, he was dead.

As Mr Selwyn Lloyd said in the Commons on Monday,

> such an occurrence surely cannot be a subject for celebration, however strong nationalist feelings may be.

British people may be pardoned, therefore, for finding the idea of a Moorhouse "museum" in Port Said repulsive. There has been, however, a danger that their reaction might get out of hand. Just when diplomatic relations between London and Cairo are in course of being re-established, this could do great harm; it has done some already. Not all places that call themselves museums, particularly in Mediterranean ports, are state institutions. This particular "museum" is an ignoble piece of private

enterprise, not the child of the Cairo government or of any public body.

Fortunately the odd group in London that planned a counter-museum, ridiculing the Egyptians' conduct at Port Said, has thought better of that idea. It remains disturbing that some of the British public have come as near as they have done, in the past ten days, to a shrill nationalist outburst of a kind they used to be content to leave to less fortunate and more immature peoples. We, the British, need to remember that we, too, have cause for a troubled conscience about Port Said and the death of Mr Moorhouse; can that have been why some of our voices have been raised so loud?

IRAQ

What Parties?

IN just over three weeks Iraq is supposed to return to normal. General Qasim promised the Iraqis in July that by January 6, 1960, the republic would have completed its difficult passage through a transition period. All the paraphernalia of representative government — political parties, elections, a permanent constitution and a national assembly—would replace the military government. There is no sign that the promises, so glibly made six months ago, can be carried out in the spirit in which they were made. The attempt, by assailants still unknown, to assassinate the general on October 7th did not calm Iraqi nerves; nor was his long stay in hospital conducive to the restoration of confidence. On December 3rd he went back to his office at the ministry of defence with every chance of finding that it would take longer to cure Iraq's troubles than it had to heal his own wounds.

Before he left hospital, General Qasim said he still intended to allow political parties to function by January 6th. The parties that emerge then will probably not be recognisable as descendants of the pre-revolutionary groups. There are still members of the old National Democratic Party in the government, but it is doubtful whether they can muster enough support to form an effective party. Nothing can be expected from the Baath Socialists. General Qasim recently said that it was they who were responsible for the Kirkuk riots last June and not the communists who had formerly been accused. The strength of the Baath was never great in Iraq, but it was well organised and at one time received valuable support from Syria—where, however, it is now in eclipse. Of all the party remnants and political factions in the country, only the communists appear to have confidence enough to set themselves up as a party with hope of governing Iraq. Their confidence is justified by the amount of backing they get from those in authority, not from any popular enthusiasm. It looks as if the general may have trouble in convincing anybody else that opposition to the communists is a worthwhile, and safe, undertaking.

LOCAL COUNCIL BY-ELECTIONS

A Liberal Tide?

IT is usually unsafe to draw generalised conclusions from local council by-elections, at which only 2,000 or so people may turn out to vote. But the trickle of Liberal successes at Labour's expense since the general election has now reached a stage where it deserves comment. The best published success was at West Ham last week where a Liberal sensationally broke into Labour's monopoly of the local council: he won by 1,406 votes to Labour's 662 votes (with the Tories getting 339) in a ward which Labour had held by a majority of 171 over the Liberals as recently as May of this year. This followed another Liberal gain from Labour in the previous week in a ward in the Teesside borough of Thornaby, a near Liberal gain in Cheadle (where a former rock solid Labour ward was held by Labour by only one vote), and sharply increased Liberal majorities over Labour in wards at Rochdale and Bradford. The Conservatives also seem to have made some advances in scattered local polls in the last few weeks, although not as notably as the Liberals.

All this does not necessarily mean that people who voted Labour as recently as October 8th are now deserting to other parties in droves. What it probably does mean, however, is that the Liberals in particular are finding it easier to attract to the polls large numbers of vaguely anti-socialist people with a gleeful determination to kick Mr Gaitskell while he is down, while dispirited Labour people are staying away. It may therefore be bad news for Labour that Liberals at West Harrow have nominated a candidate for what is likely to be the first by-election of the new Parliament; if the Liberals displace Labour in second place in this safe Tory seat, it will be a nasty blow for Transport House. Labour's really bad luck, however, is that the second by-election of this Parliament will be at Brighouse and Spenborough where the late Mr John Edwards's majority in October—only 47—was the lowest Labour majority in the country. It is not yet known whether the Liberals will enter a candidate here; generally speaking it is less easy for them to draw support away from either of the major parties in so desperately marginal a seat than it is in a safe one.

Normally, it would be absurd to start paying any attention to short term voting trends so early in a Parliament. But there are two reasons why early parliamentary by-election results may be more important than usual this time. One—as Mr Gaitskell frankly admitted at Blackpool—is that any marked Liberal gains over Labour now could begin to acquire a momentum of their own. The other is that Mr Gaitskell's task in holding his party together would be much easier if early by-elections showed a swing back to Labour (thus restoring his prestige among his own folk as a probable future Prime Minister) than it will be if the Labour vote in by-elections shows signs of falling drastically further away.

NIGERIA

Three Cornered Fight

THE Nigerian federal general election, which takes place on Saturday, will decide which party or coalition of parties will rule Nigeria after independence in October next year, and who will be prime minister. The campaign practically began last summer, but as time has gone on it has become progressively harder—as in some other elections—to guess at the outcome. There are 312 seats, of which 174 are in the Northern region. Earlier this year the betting was heavily that the Northern People's Congress, which is led by Sir Ahmadu Bello, the Northern premier (and to which the present Federal prime minister, Alhaji Abubakar Tafawa Balewa, belongs), would practically sweep the board in the North, and so dominate the Federation. The NPC was expected to gain a working majority by teaming up with the dominant party in the East, the National Council of Nigeria and the Cameroons, led by Dr Azikiwe, the Eastern premier; and the NCNC itself, which then expected to come out of the election rather badly, seemed willing to play the junior partner.

But since then three unexpected things have happened. First, the Action Group led by Chief Awolowo, the Western premier, has mounted a strong challenge throughout Nigeria; it is contesting almost every constituency. Secondly, as a cross current, the Action Group lost the Lagos council to the

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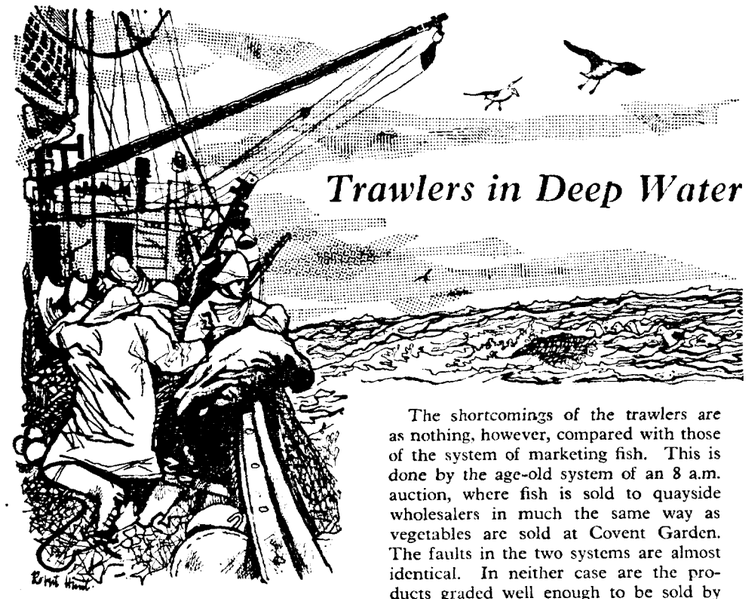
NCNC; this showed that the latter was far from being a dead duck. Finally came the surprising result of the Northern Cameroons United Nations plebiscite, in which the trust territory voted against immediate integration with the Northern region. This was interpreted by many as a sign that the Northern People's Congress, the party of the Emirs, would not win the overwhelming victory which it expected out of loyalty to tradition. It was claimed as a victory by the Action Group; and, significantly, Dr Azikiwe moved away from his love-hate relationship with the NPC and began to co-operate closely with the muslim opposition party in the North, the Northern Elements Progressive Union. Dr Azikiwe was also annoyed when Sir Ahmadu said that Alhaji Balewa would be federal prime minister after the election. The Northern politicians, however, think that, as the radical vote in their region is split between Action Group and NEPU candidates, they will still win comfortably and be able to choose their partners at the centre. There is thus no love lost between the three regional parties, none of which seems to be in a position to win an overall majority. The safest forecast is for a period of acute political manœuvre in the pre-independence months.

SOUTH AFRICA

Casting the Stone

MR ORMSBY-GORE'S answers to Labour criticisms of the Government's refusal to intervene in South Africa's



Trawlers in Deep Water

IN the parliamentary debate that took note of Britain's historic decision to enter the seven nation free trade area in Europe, the main concern of the House of Commons seemed to be with fillets of frozen fish. To many people in the distant-water trawling port of Hull, which your special correspondent visited last week, the industry's concern about freer trade in these seemed wholly reasonable. Things have not been going well for the trawler owners for some time. Their costs have been rising; their catches have been falling; and the British public has given less overt support than trawler owners feel they deserve in their costly battle against Iceland's 12-mile limit. Unhappily, too, every change in fishing technique, as well as in fishing politics, seems to have taken this industry of stubborn individualists by surprise. The design even of new British trawlers is on the conservative side. Their methods of grading and preserving fish at sea are still rudimentary; and their nets are still made of sisal at a time when many people think that nylon is a better bet.

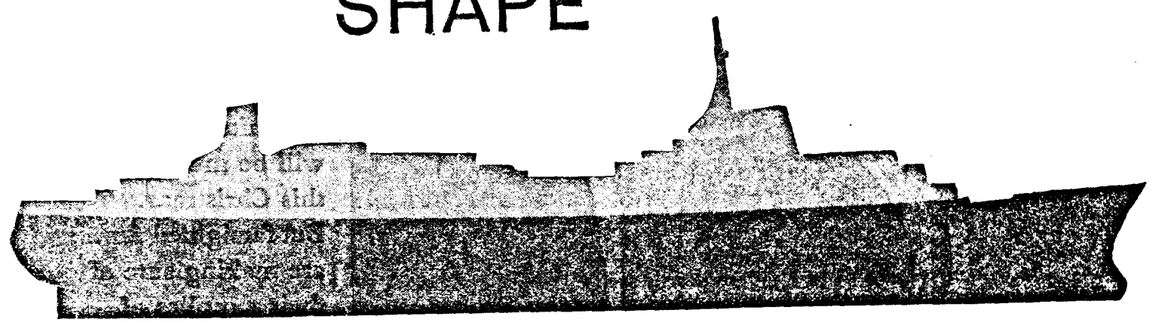
The shortcomings of the trawlers are as nothing, however, compared with those of the system of marketing fish. This is done by the age-old system of an 8 a.m. auction, where fish is sold to quayside wholesalers in much the same way as vegetables are sold at Covent Garden. The faults in the two systems are almost identical. In neither case are the products graded well enough to be sold by sample. Vegetables degenerate during their long wait in the petrol-laden air of London's markets; the fish at Hull, rushed back a day early in new £350,000 trawlers, are then left exposed in metal drums on the quayside until the auction takes place. At whatever time the fish are landed, the auction time is always the same. Especially in summer, therefore, some of the fish are in danger of losing their freshness before they reach the inland markets; and the criss-cross of telephone calls involved in selling the fish wholesale cost one major distributor £50,000 during last year alone.

To improve methods of fish distribution should be neither very difficult nor very expensive, though it would upset the small wholesalers and the "bobbers," the dockhands who still unload the ships by hand and basket. But the owners face another and thornier domestic difficulty —their high labour costs. Work at sea is hard and dangerous, and the average seaman's wage of around £20 a week before tax is not exorbitant by British standards. But the salary of skippers, which averages £4,000 a year and may reach double that figure, does seem high considering that a skipper has to have little special training beyond years of experience on the job. His is certainly the only job, for instance, which enables an enthusiastic and able manual worker who takes some short study courses to be fairly sure of paying surtax (provided he keeps his job) within fifteen years. The reason is that the skipper's pay is very highly geared—as it had to be in the days when fish was won by instinct—to the value of his catch. He gets one per cent of the gross takings plus ten per cent of the net profits; his mate gets another seven per cent of the profits. With the break-even point of a modern trawler at about £5,600 for a 20-day voyage, and with landings typically selling for between £7,000 and £8,000 over the year, the skipper's slice becomes substantial. With fishing done more and more by electronics and less and less by instinct, the piecework gearing may now be too high.

Here then are a formidable array of problems; but the conclusion of the inquiring outsider must be that they are neither insoluble nor soluble only —as the industry likes to think—with immediate Government help. The major lack in the industry today is freezing capacity; sufficient of this would take many years and much money to install. But foreign freezing capacity in plenty could be made available. Norway has a surplus and would be pleased to earn profits by freezing British fish; Iceland is also keen to expand its fish processing industry. Rather than build expensive British capacity, these facilities could and should be used.

Herein lies the error of the British trawler owners' antagonism to foreign fishers. In co-operation with the other members of the Outer Seven they could form themselves into a well integrated industry, whereas now they are forced to ask for protection. They may well have a case eventually for new Government help in constructing ships designed to fish outside the twelve-mile limits if the judgment of next year's conference on the law of the sea goes the wrong way; but certainly not until they have put their wholesale business and foreign relations in some sort of proper order.

A MIGHTY LINER TAKES SHAPE



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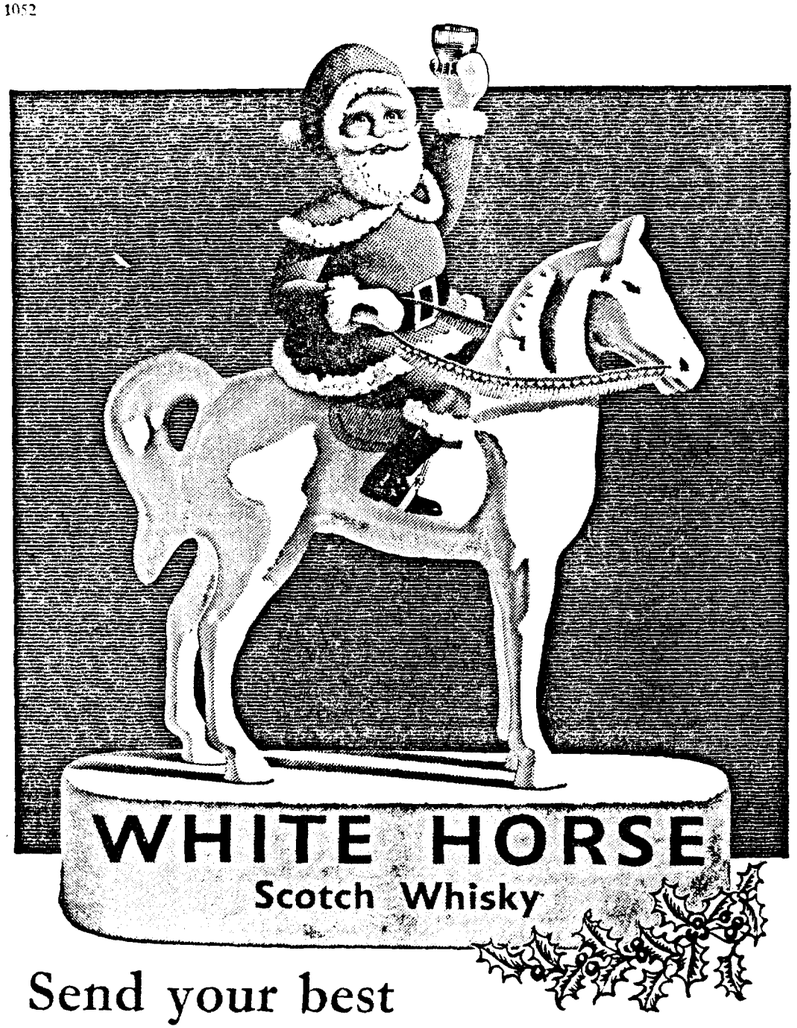

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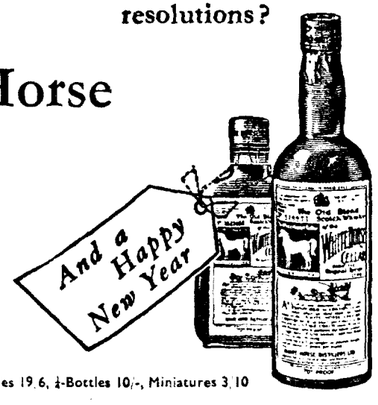

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domestic policy, during the debate on racial discrimination on Monday, were correct in terms of the exact provisions of the United Nations charter. But Mr Callaghan's frustrated outburst at the end reflected a widespread emotional feeling that they should be right morally as well; and one is bound to feel some sympathy for his effort to extract an outright condemnation of apartheid. Yet Mr Alport was obliged to resist. His stonewalling was not explained simply by Commonwealth solidarity; as Mr Callaghan said, the Commonwealth is divided on this as on so many issues—and on this one South Africa is, unofficially if not officially, in a minority of one. The real reasons for the Government avoiding an outright condemnation of South Africa are different. The first is that the majority against South Africa is prepared to condemn oppression only when the oppression is on grounds of colour; country after country that joins in condemning South Africa's domestic policy is run by an oppressive government, which would righteously resist any attempt by the United Nations to judge it. This is a doubtful bandwagon to jump on. The second reason is that Britain is itself vulnerable through the responsibility it has for territories in which the problem of colour discrimination, with or without political oppression, is unsolved. The intention is, of course, to solve it; and when this has been done—whether in Kenya, Nyasaland or Northern Rhodesia (or North Kensington)—it will be time enough to make official holier-than-thou pronouncements.

The peculiar problem which South Africa presents is that it is not only a sovereign state practising colour discrimination as a way of life, but it is also the only state which is unrepentantly increasing that discrimination. This is not true of the southern states of the United States, or, to take a Commonwealth instance, of the application of the "white Australia policy." Even Southern Rhodesia is moving in a direction against racialism. In short, South Africa sticks out like a sore thumb in a world in which non-white states are increasingly influential—especially when acting in concert—and very sensitive. This is a reason why there will have to be a term to Britain's official line. The tragedy of Monday's debate was that ill-informed or ill-disposed non-white people the world over will infer from the defeat of the Labour motion that the Government favours apartheid. Nothing could be more untrue. But the Government should rely on its own actions in its own bailiwick to prove it; there will be opportunity enough in 1960.

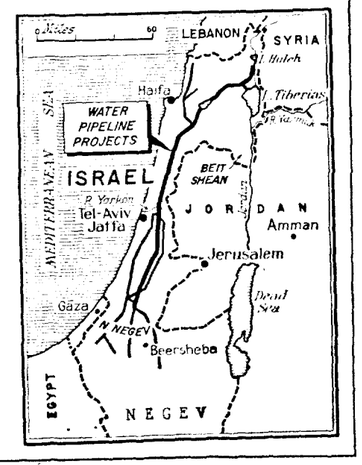
Flare-up Over the Jordan

EVER since 1956 when the Arabs turned down the Johnston master plan for sharing the Jordan waters, the Israelis have quietly gone ahead with their own part of the project. It could only be a question of time before this tranquility was exploded. On November 17th, the Jordanian prime minister, Mr Majali, pointed out what was going on in a challenging speech clearly intended for Cairo. The challenge was taken up; Cairo's propaganda machine got to work, committees were formed, and this week an emergency meeting of the Arab League was demanded. Cairo took the lead through the Arab League four years ago in throwing out the Johnston plan; now, as leader of the UAR, President Nasser speaks for his Syrian citizens, who are more nearly affected than the Egyptians themselves.

For the next year or so, the Israelis intended to finish various regional irrigation projects that make no use of international water. In order to compensate for the water that may be lost through the Jordanian-American scheme to divert the river Yarmuk, a canal has been designed to draw water from Lake Tiberias (which belongs to Israel) southward to the settlements in the Beit Shean region. Two pipelines are being built to bring water from the river Yarkon to the northern Negev. A huge pumping station is to be constructed on the western shore of Lake Tiberias. By themselves these schemes are unexceptionable; the point is that they are all on the periphery of the master plan and the day must come when *they are linked with the Jordan.*

The proposed link is a conduit from the Jordan just south of Lake Huleh to the northern tip of Lake Tiberias. In 1954 the Israelis abandoned work on this conduit because the Security Council objected to its passing through a demilitarised zone. But it is still the essential link in a plan fundamental to Israel's agricultural *development.*

In reprisal, the Arabs are threatening to divert the course of Jordan tributaries and even, according to Cairo, to run the head waters of the river into the Mediterranean at Tyre. This kind of talk is less disturbing to the Israelis than the fact that the balloon has gone up at a time when they are in the middle of negotiations with the Americans about costs. So far they have had no international help for a project whose total bill is expected to be in the region of £80 million. By putting off the critical day when the scheme touches the Jordan, they hope at least to raise some money for the important regional plans.



LAND

One-Tenth Urban

How much of Britain's land is now urban and how fast is town devouring countryside? These questions are often asked, but the various statistics gathered by the Ministry of Agriculture, local councils, and the voluntary Land Utilisation Survey are both complex and contradictory. Mr Robin Best of Wye College has now done a valuable service in collating these figures,* and even making some sense out of them. It seems that in 1950:—

(1) About 65 per cent of the surface area of England and Wales consisted of crops and grass in exclusive agricultural occupation. These 24 million acres (plus another 4½ million acres in Scotland) are the agricultural area which really matters.

(2) 10 per cent of land in England and Wales was used as rough grazings (mainly hills and moors).

(3) 6 per cent was wooded.

(4) Nearly 9 per cent was used partly for agricultural and partly for other purposes (e.g. service land, water gathering grounds). This category is growing.

(5) Urban development, including gardens and recreational land, covered only just under 10 per cent of land.

Clearly therefore England (and Scotland much less so) is still not nearly as "urbanised" as many people assume. But the urban area of England and Wales is growing by about 40,000 acres a year, most of it impinging on agricultural land of above-average quality and output. The county councils' development plans are attempting (with the Government's backing) to curtail this rate of growth, but Mr Best is surely behind the times in accepting the plans' allocations as a basis for his projections. More land than the plans provide is already urgently needed to meet the rising demand for roomier living conditions, and it is obviously going to have to be set free. A reasonable guess is that urban development of various kinds might

* The Major Land Uses of Great Britain. By Robin H. Best. Department of Agricultural Economics, Wye College. 10s. 6d. (post free).

swallow up to four million acres over the next half-century, although even this heavy loss (equivalent to perhaps 20 per cent of present British agricultural output) might well be fully offset by the increased value of home-grown vegetables plus the upgrading of adjacent farmland. The real nuisance to food production, in fact, may be not so much development itself as the disturbance to agriculture (and the inflation of land values) caused by the expectation of development. This certainly is something which sensible planning should try to combat, but a country which is still only one-tenth urban should not make any Canute-like attempt to hold back the whole tide.

PIGS

Pork from Canada

THE news that the Government is to authorise the importing of 25,000 tons of frozen pork from Canada, hitherto kept out by one of the few remaining dollar import bans, is welcome on several counts. First, of course, on the good old free-trading ground that it will make for a lower cost of living. Secondly, paradoxical though this may appear to some British farmers, the arrival of extra supplies of this particular form of pig meat should remedy some of the present acute lack of balance in the British pig industry. A shortage of British pork, resulting in high prices and early slaughtering of a proportion of potential bacon pigs, has led in turn to a shortage of baconers and hence an uneconomically diminished throughput for the curing factories. Faced with higher costs, the curers are prevented by the competition of Danish bacon from raising their price to the retailer ; they can respond only by offering less to the bacon-pig producer—who simultaneously finds his deficiency payments shrinking precisely because the pork-producer is getting higher prices in the market, since these determine the average return on which the deficiency payment is calculated. Anything which eases the pork shortage automatically reduces this scissors-like pressure on the bacon industry.

Finally, it is worth recalling that the Canadian farmer is not least among those to whom the British public owe some arrears of consideration. During the war four out of every five Canadian pigs were shipped to Britain in one form or another, a fact which inevitably altered Canada's production structure. After the war dollar restrictions abruptly cut Canadian pig producers off from the British market. These restrictions were accepted with a fair degree of philosophy at the time, but the philosophy has been tried pretty high by their long continuance. Caught between the unbridgeable dollar gap to the East and the unscalcable protectionist wall to the South, the Canadian farmer and the taxpayer who props him have had to wait a long time for an instalment of liberalisation. The present relaxation is particularly well timed because Canada is now at the peak of the pig-cycle and expecting a bout of especially heavy marketing ; moreover, the Canadian price-support system is shortly to be altered (very sensibly) to something nearer the British deficiency-payment scheme. The Canadians are hoping that this is only the first step back towards reassertion of their former right to free entry for their produce, and a review of the whole situation is expected in the new year. Despite the squeals of protest which even his present action has evoked from both Conservative and Labour MPs, Mr Hare should be encouraged to take the full plunge then.

The Economist

DECEMBER 10, 1859

SMITHFIELD SHOW

The character of the exhibition of fat stock in Baker Street this year comes up fully to that of any preceding show. Indeed it may truly be said that every year produces an improvement in the stock shown. This is due to two causes; first, the great improvement which stock of all kinds and breeds have undergone, and are still undergoing; and secondly, the greater knowledge farmers of all districts have obtained, by more frequent communications with each other, of the indispensable requisites for successful competition in Baker Street. It may safely be said there were scarcely any but good animals shown. There were not half-a-dozen animals in the yard of which a grazier or breeder might not fairly be proud. It was the first idea which struck one, it would probably be one of the earliest observations a visitor would hear on going into the cattle department,—"What a good lot of beasts." . . . In truth it is to the breeders of the stock, and the judicious attention they have paid to the right principles of breeding, that the merits of the Smithfield Club shows of the present time are mainly due. More judgment in feeding is undoubtedly exercised than in former days, but unless the grazier had the opportunity of selecting from stock of high breeding and symmetry, his best exertions would only produce the often misshapen mountains of fat which once formed the staple of this show. . . . The pigs, as of old, were marvels of fatness and early maturity. If we must say that we do not see the same sort of improvement in the pig classes which we have noted in cattle and sheep, it is probably, because for fineness of bone, aptitude to fatten, and early maturity, and, we may add, for the power to endure in life and without actual suffocation miraculous loads of fat, the force of nature —or art—can no further go. There was no falling off, however, in any of those particulars amongst the swine just shown in Baker Street. The implement and machinery department is well sustained. There were an unusual show of steam engines. The roots of all kinds were enormous. We noticed one root of yellow globe mangold marked as weighing 34 lbs. Some very fine mangold roots were ticketed as grown by Sir William Hayter on ground originally poor and sandy heath.

FRANCE

The Bazooka Dossier

M. FRANCOIS MITTERRAND has now been charged with concealing information from the police about the mock attempt on his life in October. This affair grows ever more involved and far-reaching. The latest move lends extra urgency to the question, "Qui Ment ?" asked by *Le Monde* in connection with M. Mitterrand, M. Debré (the French prime minister) and the Bazooka affair.

On January 16, 1957, in Algiers, one of General Salan's aides, Major Rodier, was killed with a bazooka bomb by counter-terrorists. M. Mitterrand, who was minister of justice at the time, says that he was sent evidence implicating M. Debré, whom he interviewed in consequence. M. Debré denies that any such interview took place. *L'Express,* however, has since published a full account, from an unnamed source, of the case against the prime minister, and it is a disturbing one. Briefly, this version says that M. Debré and M. Arrighi were the employers, for subversive purposes, of Major Rodier's murderers, MM. Kovacs, Castille and Fechoz. The murder was in excess of instructions. Even so (hints *L'Express*) M. Chaban-Delmas, then a minister, was able to protect M. Debré from M. Mitterrand, and M. Debré, in turn, was eventually able to protect his subordinates. Kovacs was allowed to escape to Switzerland, while his associates received "derisory punishments." The magistrate who laid the dossier compromising MM. Debré and Arrighi before M. Mitterrand was demoted to obscurity. Finally the attempt was made, through M. Pesquet, either to kill or to discredit M. Mitterrand himself.

Whether the allegations are true or not, the fact that they can be seriously made and attended to uncovers a little more of the stratum of violence in French public life. And, like the Audin affair, like the right-wing plot in October, the Mitterrand case affirms France's crying need for peace in Algeria. Only when the desperate men on both sides have been frustrated in their efforts to prevent a negotiated peace will the Fifth Republic's criminal elements retire to the shadows where they belong ; and not until then will General de Gaulle's own efforts to re-establish the decencies have a fair chance of success.

LIFE'S QUITE RELAXING . . .

Perhaps because in many ways it's so much easier today. Thanks to new materials and better ways of making those already well known, there's more time to spare for everyone. Ten years ago, for example, washing and ironing clothes took up a sizeable part of the housewife's day, and mending nets was a regular time-waster for fishermen. I.C.I.'s 'Terylene' has changed all that. This remarkable synthetic fibre is as happy in easy-to-care-for clothes as in fishing nets and cordage, and its great strength and immunity to rot, sunlight and weathering are finding it new uses in industry every day. 'Alkathene' is another I.C.I. product that makes for easier living. Easily laid tubes of this versatile material, frost-proof and flexible, enable farmers to take water supplies to any part of their land simply and inexpensively, and the same plastic in the form of colourful kitchenware is lightening and brightening housework throughout the world. Wherever you look, the story's the same: new plastics, new dyestuffs, new metals, new chemicals of every kind from I.C.I. are saving time and allowing hard-working people everywhere the opportunity for the occasional, well-earned yawn.

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ICI

LETTERS

Share Transfers

SIR—I have read with interest that the Chairman of the Stock Exchange has drawn attention to the necessity for some simplification of the present cumbersome system of share transfers if a complete breakdown of the machinery is to be avoided. In modern conditions I fail to see the necessity either for the elaborate share certificates which are customarily issued, or for the present form of transfer deed.

A large number of investors deposit their share certificates with their bankers, brokers or other safe recipients and many more shares are registered in the names of nominee companies who act as agents for various trusts, estates and individuals. All these holders have the custody of vast numbers of paper certificates which in themselves have no intrinsic value: they are merely evidence of an inscription in the share registers of a company. The shareholder has no particular interest in the certificate: it is merely a piece of paper which has to be produced when he wishes to transfer his holding to another person.

The share registers of a limited company are in essence similar to the ledgers of a bank. In the one case there is a record of the individual holdings of stock or shares: in the other, of individual holdings of money. The holder of a bank account receives a statement of account at intervals which he accepts as evidence of his balance with the bank. Surely a similar statement from the registrar of a company would be acceptable to the majority of shareholders in place of a share certificate? Transfers of shares could be effected by the shareholders signing a transfer order similar in form and size to a cheque. The purchaser or his agent would in due course lodge the transfer order with the company together with a document similar to the "paying in slip" of a bank containing details of the purchaser for inscription in the company's registers. Transfer orders could be drawn for any required number of shares to facilitate delivery to different purchasers, which would eliminate the necessity of splitting certificates. The work of a company's share transfer department would be confined to posting "debits" and "credits" to shareholders' accounts—an operation which could be highly mechanised. The mechanics of transferring shares could be still further streamlined by the establishment of specialised concerns who would take over the whole business of share registration from companies, and would open accounts for firms and individuals through which lodgments and withdrawals of shares would pass by simple transfer.

The chief objection to this scheme from the point of view of the revenue authorities would be that stamp duty is payable on share transfer deeds on the amount of the consideration. If this duty must be imposed, cannot the stamps be affixed to the contract note?—Yours faithfully,

Bangkok J. H. DELACOUR

Telephone Tapping

SIR—Many people have expressed misgivings about the recent interception of a telephone message in Reading. But surely you go much too far when you state that the Reading police "should at once be disciplined."

At the time the telephone message was intercepted, the Reading police were conducting enquiries into a case of unnatural death at the request of the Coroner. It is surely the duty of the police, in a case of unnatural death, to enquire into all the relevant causes and motives, and to collect any evidence that there may be of any serious crime connected with the case. It is surely their duty to conduct these enquiries energetically and with initiative, within the rules of police procedure. The Reading police did not break any rules of police procedure in the course of these enquiries. Their action was not covered by the recommendations of the Birkett committee. If it is maintained that the Reading police should be disciplined for their conduct on this occasion, policemen will in future be continually looking over their shoulders to see if any politician or journalist is about to invent a new rule of procedure in criminal investigation, and to agitate for its retrospective application.

The two real weaknesses in our procedure revealed by this case would appear to be respectively technical and judicial. In the first place, it is altogether too easy for police, or other persons, to intercept telephone conversations without the knowledge of the Post Office or of either party to the conversation. Very many subscribers are today on party lines. The suggestion of your correspondent that any eavesdropping on the telephone should be made illegal seems an excellent way of closing this loophole. Secondly, if any body not a court, such as the General Medical Council, needs the powers to subpoena police officers and compel the disclosure of police evidence, its rules of procedure should be placed under judicial supervision; if it does not want this sort of reform, it should be prepared to relinquish these powers.—Yours faithfully, PETER C. PRICE

Reading

Chemical Sprays

SIR—In your recent note in which you drew attention to the danger of upsetting the ecological balance by the undue use of toxic insecticides, you overlooked, in common with many other people, a most important development which promises to rectify the situation. You did not mention the discovery and use of selective insecticides which make use of, and maintain, the ecological balance; for instance, selective systemic pesticides circulate within the plant, and kill off the rest while leaving predators of all kinds unharmed to mop up survivors. This method of pest control, in fact, is the preferred method if we are to avoid the development of strains of pests which are resistant to insecticides.

We are, however, only on the threshold of this change. The difficulty is cost: it is cheaper in the short run (though it may be dangerous in the long run) to apply insecticides of the "kill all" type which have a wide spectrum of toxicity; consequently more money has gone so far into the mass production of, and research into, these. But for many years now I have been urging that we need, both here and in America, an official research policy into pest control methods which work with, rather than against nature, and which would bring together creatively the work of chemists, entomologists, engineers and agriculturalists. There is, in short, no need whatever to despair about the present situation, which is temporary.

At the same time, let us keep these matters in perspective. Even the crude "kill all" insecticides that we have been using for the last twenty years or so, have preserved vast tonnages of vital foodstuffs and agricultural crops throughout the world from destruction, and have vastly enriched both farmer and consumer—and have incidentally made no mean contribution towards economising on Britain's import bill. They have—and will always have—a big part to play; what is important is discrimination in their application. For this we need not only the research to which I refer above, but also better training of our own farmers and operatives.—Yours faithfully, W. E. RIPPER

Docking, Norfolk

Air Conditioning

SIR—In your issue of October 3rd last there appeared an article under the title "A Cool Merger" in which it was stated that America's Carrier Corporation and Stone-Platt Limited have announced their plans for the production of carrier air conditioning plant in Britain.

We think it necessary to ask you to correct the error of fact in the above statement. This company is the proprietor of the registered Trade Marks Nos. 429,161, 578,981, 608,831 and 429.352, consisting of the word "Carrier" and registered in respect of goods that include air conditioning plant and we are accordingly the only company entitled to describe their products in Britain as "Carrier Air Conditioning Plant."—Yours faithfully,

R. S. ANDREWS

Carrier Engineering Company, London, SW1

BOOKS

Imperialism in Reverse

The End of Empire

By John Strachey.
Gollancz. 351 pages. 30s.

How tragic it is that inherited habit obliges the Labour party to regard its intellectuals as a class—a kind of person coming from outside the movement, men who may come in useful at tasks of drafting and oratory, but who are not the solid stuff of which a party must be made. Every group needs its intellectuals; least of all can a political party setting out to change things afford to underestimate the men who can tell it what to try to do, and why. Mr Strachey quotes in his preface another Labour intellectual, Mr Crossman, to explain "the purpose of the expenditure of pen and ink" involved in the long study of which this is the second volume:

> If I were challenged to say in a single sentence what is wrong with British Socialism, I should reply that it is bookless. The electorate can make do with the kind of popularisation possible in an article or a broadcast; those who presume to form public opinion cannot.

The lucidity, style and system that have marked all his books put Mr Strachey in the forefront of the very few who seek to fill this (for the most part, unfelt) need of British socialism. This does not mean that he is less often wrong than other people who lack his exceptional powers of exposition. To be wrong is permissible; what is not permissible, for a political movement, is to be unaware. It can be recalled that in 1936 ("The Theory and Practice of Socialism") Mr Strachey wrote that the Labour movement could make "no decisive advance" so long as it excluded the Communists from "full participation in working-class activity." That was when he believed, as he does not now, that the working class gained no benefit from industrial progress under capitalism. It was also the time when he believed that the capitalist empires, including the British, were desperately set on further expansion; while Russia, being a socialist power, was not even interested in recovering its lost provinces—the Baltic states, say, or Bessarabia, or eastern Poland.

Many things have changed; it is to Mr Strachey's credit that he takes in the changes and is prepared, in the light of them, to think it all out again. This involves him, after 23 years, in another vast theoretical exposition; the delightful surprise is that the result can be readable, stimulating, and positively enjoyable even for readers who are barely interested in socialism at all. He has set out to think again in the light of the fact that the old imperialist powers, and notably Britain, are actually liquidating their empires of their own volition. Where, then, is the inevitability of imperialist war? What is more, Britain without India continues to prosper and to expand its economy, as does Holland without Indonesia. Where is the doctrine of the economic compulsion to build empires?

In his search for an answer Mr Strachey passes the history of the British Empire in review, beginning with a brilliant account of early British rule in India, a passage which by itself would make the book worth while, combining as it does ruthless exactitude with narrative charm and even (since he is not without piety for his own British Indian ancestors) with affection. One conclusion he comes to is that Marxists and right-wing imperialists have joined to foster the belief that empires are more profitable, and economically more necessary, than they are. Unearned wealth from Bengal may, he still thinks, have given a decisive push to British economic growth in the eighteenth century, but in modern times the profits of empire have been marginal, and it is now decidely more profitable to give colonies up than to resist their urge to independence.

Does it follow that no new world empires will arise? It does not; however, the resistances are by now strong and the risks, in an age when any serious candidate must face a hostile super-power armed with nuclear weapons, are forbidding. Mr Strachey concludes that "an end of the imperialist epoch is both possible and a precondition of our survival." He goes on to think about the possible rôle of Britain in a post-colonial world, and concludes, rather gropingly, that it is to be a supplier of capital for the development of the colonial countries which Britain has, or will have, released from subject status.

Since at this final stage of his argument Mr Strachey is in effect trying to write a foreign policy, in the broadest sense, for a future Labour government, it is a pity that just at this point he ceases to trust his logic, takes short cuts, and becomes woolly. Correctly assessing the enormity of the gap (both in existing standards and in rates of growth) between the rich and the poor countries, he concludes that Britain ought to try to help—but not from self-interest; this he finds unproved:

> The truth is that there is only one conclusive reason why we should help the peoples of the under-developed world: and that is because it is right for us to do so. *It is morally right.*

Is that the only conclusive reason? And if it is, how does it come about that this moral obligation applies (as Mr Strachey argues in another passage) to poor countries that have been British colonies in preference to poor countries that have not? One can only assume that his preoccupation with British imperial history has left him haunted by some idea of atonement. But surely that is not the point. The point is that the world will work better for everybody if it is making general progress than if, while some parts are forging dizzily ahead, other parts are falling into misery and chaos.

The relevance of this apparently metaphysical distinction to British foreign policy is seen at a glance on page 273, where Mr Strachey makes one of his rare and trivial references to Europe. The potentiality of world economic expansion, he there remarks,

> sets such schemes as Commonwealth preference and the European common market in perspective. They must be seen and judged by whether or not they contribute to the development of the part of the underdeveloped world with which we are associated, and by so doing to world development as a whole.

Even with a good idea, it is possible to go too far. A country has to live with all its neighbours, not merely some of them, and a future Labour government that allows its European policy to be governed by the breath-taking criterion quoted above will be liable to come a cropper that will leave its capacity to help its liberated former colonies seriously diminished. But it is a sad fact that, for all the effect it has on Mr Strachey's view of world politics, the space between the North Sea and the Mediterranean might be tundra.

"The Little Terror"

A Study in Infamy: *The Hungarian Secret Police*

By George Mikes.
André Deutsch. 175 pages. 15s.

When shadowing a suspect, "jumping on or off buses is inadvisable"; in theatres and cinemas, "officers should generally sit behind the suspect, in order to keep an eye on his neighbours as well"; when following a suspect into a block of flats, "it is desirable to walk quietly, but a stealthy attitude should not be adopted. . . ." These hints on how to be a good secret service man, taken from a Hungarian secret police (AVO) manual, suggest that some AVO men may not be very well endowed with common sense. Some indeed are not. A group of them in a small town near Budapest, told to watch a certain man, disguised themselves as employees of the waterworks, built a hut in the road, and stayed there for days watching their victim. The AVO lecturer who told this story commented: "Their activities created some surprise and even provoked some comment because there were no waterpipes in the neighbourhood."

These extracts from the official manuals issued to the Hungarian secret police, which were smuggled out of the country and came into the possession of Mr Mikes, illustrate the more ludicrous side of secret service life. But the overwhelming effect of the extracts published in this book is one of horrified surprise: surprise at the fantastic thoroughness and complexity of the spy system built up by the AVO; horror, not only at the physical suffering which the AVO inflicted on its victims, but even more at the appalling weight of fear, suspicion, treachery and moral turpitude that the system imposed on a whole country. So hated was the AVO that, during the Hungarian revolution of 1956, the only victims of mob violence were known members of the secret service.

By now the world has been well briefed on the more spectacular aspects of the AVO—its horrifying prisons, its brutal methods of interrogation, its mock trials. In this book Mr Mikes concentrates on the fantastic apparatus of day-to-day control: the infiltration of AVO men into groups where some careless grumbling may breed suspicions of conspiracy; the shadowing of suspects; the censoring of letters; the elaborate arrangements for carrying out secret searches; above all, what Mr Mikes calls "the Little Terror," the "silent and ubiquitous army of terrifying and terrified police informers," which, as he himself says, "in the long run undermined people's courage, morale and mutual confidence." Most of these wretched people are recruited through blackmail—because the AVO has discovered something that might get them into trouble with their employers or the authorities, or even their families.

In the first section of his book, Mr Mikes gives an historical account of the Hungarian secret police from 1944 to the present day. The AVO was disbanded after the 1956 revolution. The name has been permanently dropped, but the organisation has been quietly resurrected. Under a communist regime, the chief instrument of political power is the secret or political police. In Hungary it may be now veiled in obscurity; but Kadar can no more manage without it today than could Rakosi in his day.

Cotton and Change

Social Change in the Industrial Revolution

By Neil Smelser.
Routledge. 452 pages. 40s.

It is a rare pleasure to welcome a book at once so original and so exciting. Mr Smelser has boldly attempted to interpret the economic and social history of the Lancashire cotton industry during the industrial revolution in terms of recent sociological theory. Starting from the view that as an economy progresses the social structures within it become more differentiated from each other, he goes on to assert that this very process possesses definite regularities and sequences that can be analysed systematically. The next step is to construct a model of such social change and finally to use it as a framework for discussion of the actual course of events.

One great merit of this approach is that it has enabled Mr Smelser to assemble his material with quite remarkable clarity and precision. There is much of absorbing interest in the chapters on the cotton industry itself, but undoubtedly the greatest attention will be paid to the second half of the book dealing with the consequences of change for the industry's workers. The emphasis is placed upon the family economy and the break in the economic relationship of parents and children that technical changes brought about. General agitation, trade unionism, factory legislation are all seen in this light. Only when he comes to the difficult question of structural change in consumption and savings does one feel that the theory is being laboured to embrace savings banks, co-operatives and the like.

Admittedly in the early chapters the model does not seem to add much to an understanding of the process of industrial growth from a purely economic standpoint. Its real role there seems to be to give a framework for the more important interpretation of social changes. Here the gain from the model is obvious, and the analysis is an enormous improvement on the work of both optimistic and pessimistic schools of thought, whose weaknesses Mr Smelser in fact points up very clearly. We see that in the factories it was not so much their physical evils as their social context that was changing; the ideals of factory reformers are shown to vary as technological changes modified roles and earning power within the family. This line of argument is hammered home time and again, and now that technological changes are again causing agonising social pressures the book is doubly welcome.

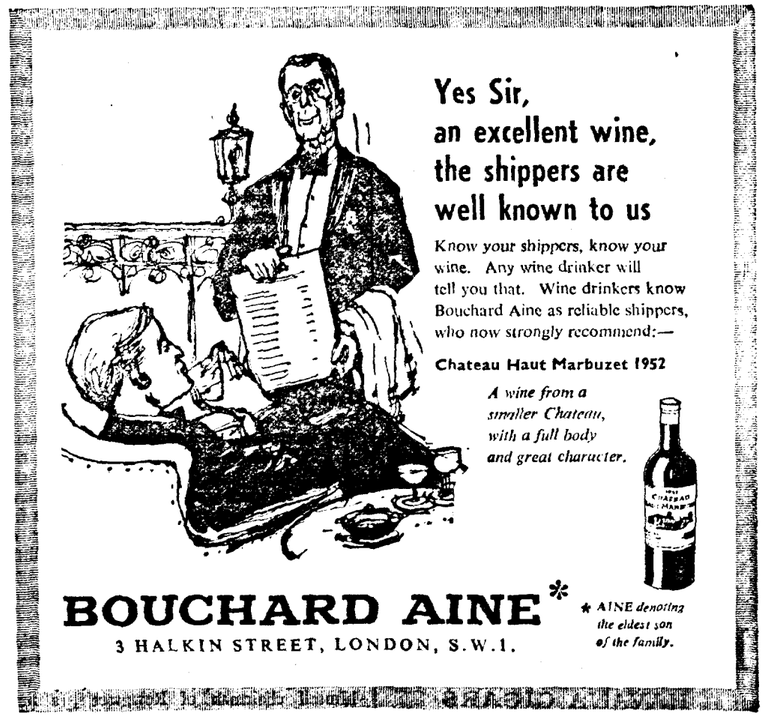
Northern antiquarians may be offended by tiny points of detail, but no matter; it is a fine work.

Satellite or New Style Nation?

Contemporary Canada

By Miriam Chapin.
Oxford University Press. 337 pages. 50s.

In a book distinguished for its total absence of complacent optimism, Mrs Chapin takes a searching new look at virtually every corner of Canadian life. Her scrutiny ranges from coast to coast, over the complexities of provincial variety: from the influence of Christianity to "scramble corners" for pedestrians; from trade unionism to the part played by national banks in national cohesion; from the National Ballet to the state of gaols. A shrewd and widely informed observer, with a knack of vivid and trenchant summary,



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by the company he keeps

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H. UPMANN
HABANA

H. UPMANN
HAVANA CIGARS

she contrives to give form and significance to this variegated mass of material, with only an occasional hint of breathlessness. That there are inaccuracies is scarcely surprising, but it is surprising that the documentation is sporadic, and that there are such remarkable gaps in the main river systems depicted in the end-paper map.

A US citizen from Vermont, Mrs Chapin approaches her subject with useful detachment. A resident of Montreal since 1932, she has an insider's knowledge—though not always understanding. To suggest that the Canadian declaration of war in 1939 was "the last sigh of subservience" to Great Britain is surely undiscerning. Canada went to war because its basic interests were at stake. There are other questionable judgments and generalisations, especially in the sections on the nature of Canada's Parliamentary government and on the significance to Canada of the Commonwealth.

On the other hand there are many brilliant and revealing passages. Mrs Chapin's examination of the problems involved in Canada's relationship with the United States is especially penetrating and provocative, as is her illuminating discussion of the role of French Canada within a nation that has had, perforce, to "cherish" diversity. She concludes that only by "a reconciliation of internal discords not yet imagined" can Canada "stand against the pressure to become a satellite of the United States." No one, in her opinion, "can foresee the result of the struggle for independence. . . . Indeed, Canada may never attain full nationhood, because it finds itself in a time when a new world order may be emerging, in which strict nationality is not as important as it was. . . ." Some Canadians believe that their country has attained "full nationhood," though this may well be nationhood of a new kind, which does not depend on a self-contained, exclusive type of sovereignty, as unattainable to Canada as it would be anachronistic in this new world order.

Why So Slow?

Prescription for Partnership

By William Wallace.
Pitman. 244 pages. 25s.

PARTNERSHIP is the goose of industrial relations that never seems to lay the golden egg. Ever since the turn of the century a small group of enthusiasts have been urging co-partnership as a panacea for industrial relations; yet the number of firms operating such schemes is little greater today than it was twenty years ago. What is the explanation of this disappointing record?

Mr Wallace's book answers this question fairly, even though it is in essence a tract for the partnership idea. Mr Wallace was himself chairman of Rowntree's, a firm with a long tradition of sound business and lively co-partnership; as a businessman he handles his evidence well. But the main meaning of partnership to him goes deeper than facts and figures; it is a reflection of his belief—and of Joseph and Seebohm Rowntree before him, both noted Quakers—in the dignity of man.

Philosophically, the case for industrial partnership is cast-iron. A worker, like anyone else, is not interested only in money; a scheme that gives him a higher status in his firm with no cut in his wage is welcomed accordingly. Morale goes up—the most common result of co-partnership, Mr Wallace found—and, as long as the trade unions agree to the scheme, good labour relations are assured. Moreover, many of the traditional arguments against partnership are shown here not to hold water. Most of the failures—through unsatisfactory workers' response or wages getting out of hand—came about because partnership was seen quite wrongly as a massive incentive scheme. For this, piece rates and bonuses related directly and immediately to output are much more suitable techniques.

Partnership is, in fact, a poor method for raising output and profits—especially in the short run. It appeals to the industrial visionary but not to the cost accountant, the linear programmer and the profit seeker. Since these latter form the bulk of influential businessmen, partnership can never appeal to the majority of firms. There is also an element of paternalism in partnership which can, unless carefully watched, get out of hand. Liberals who urge that work should be closer integrated into an employee's social life should note from the lavish, but intellectually disturbing, communities built round Olivetti factories at Ivrea how suffocating even the best of employers' intentions can become. The paternalism of the state is already a part of our private lives; should that of employers be padded around our working lives as well?

Partnership has clearly, from Mr Wallace's account, been a success at Rowntree's. But two general doubts remain. Partnership, whether it be in the form of profit sharing, share bonuses or, as in Germany, workers' representation on the board, can make good relations better. But few would claim that it would solve the really urgent industrial questions of the hour: how to make the really bad relations in the docks, shipbuilding and sections of engineering even average. Secondly, doubts remain about some of the profit-sharing schemes recently introduced by such giant firms as Imperial Chemical Industries and Courtaulds, and toyed with by others such as Unilever. The gross profits in these firms are spent first and foremost on preserving the company ethos—by distributing morocco-bound books to shareholders, shares to workers, top hat pensions to directors, and so on; net profits are a residual to be distributed only after building up the atmosphere of the Organisation Man. This voluptuous generosity (at the expense of a large body of scattered, and consequently powerless, shareholders) is far from the austere spirit that led Joseph Rowntree to start his scheme. The pity is that the two may come to be confused in the public mind

The Age of Swift

English Literature in the Early Eighteenth Century 1700-1740

By Bonamy Dobrée.
Oxford University Press. 713 pages. 42s.

THE great project of an Oxford History of English Literature is being realised slowly and in a somewhat piecemeal fashion. Its plan is quite different from that of the renowned old Cambridge History. Instead of each volume being composed of articles contributed by a variety of scholars, each Oxford volume is written by a single expert, who covers a whole period or section of English literature. The advantage is in consistency of tone and judgment; the disadvantage (apart from dangers of bias) the extreme slowness in getting the series completed. This volume, chronologically the seventh, has taken Professor Dobrée over twenty years to complete; and we are still awaiting Volume IV from Professor F. P. Wilson, the other general editor of the series, not to mention Volumes I, VI, VIII, IX, X, XI and XII from other distinguished pens.

Instead of grumbling, however, let us be thankful for this massive addition, for it is massive in bulk as well as in learning, a splendid two-guineas-worth, stout and well produced. Professor Dobrée wears his erudition lightly, and his markedly informal style makes his material pleasantly digestible for the non-specialist reader, while the chronological tables and the ample bibliographies (common to all the Oxford History volumes) make this an invaluable reference book for the student. It is not designed to be read through from cover to cover, but without undue labour it could be, for the period is brimfull of interest and Professor Dobrée is not in the least a pedantic guide.

The drama, his particular field, was in a poor way after 1700, and he does not attempt to boost it. The middle section of the book deals with those important writers who, without being creative in the fullest literary sense, played such an important part in the cultural life of the time—the philosophers, moralists, critics, aestheticians and chroniclers of various kinds. The creative writers are given, as it were, a double treatment. The early work of Defoe, Swift and Pope is considered, alongside the essayists, in the first part of the book, which deals with the years 1700-1720; and we meet them again in their maturity, in the third section, when the years 1720-40 are dealt with. It is because he is so conscious of changes in the political and literary temper from decade to decade that Professor Dobrée has chosen this arrangement, and it does make for enlightenment.

On Defoe he writes with considerable shrewdness and humour, and argues with some subtlety that Swift is a truly sane and healthy moralist, even in the fourth book of "Gulliver's Travels." One minor tiresomeness is that when, in passing, he refers to the work of some contemporary critic, he does not give, even in a footnote, a precise reference to the book from which he is quoting. On the whole, however, Professor Dobrée's urbane manner is well suited to the period he is examining, and the book is a treasury of scholarly information, most agreeably conveyed.

Trivial, Fond Record

Unofficial History

By William Slim.
Cassell. 251 pages. 21s.

THIS is a humane, intelligent soldier sitting at ease, recalling the little battles, the unimportant skirmishes and the less serious events that dotted and enlivened his career before he rose to command a victorious army. In sensing the self-critical humility of his account of the unsuccessful battle at Gallahat and the decisive authority that controlled the campaign that led up to a victory (which logistically seemed impossible of achievement) at Deir-ez-zor, his listeners—for Sir William's style is that of a man talking, fluently and easily, not of a man slaving at a desk—will know why and how he, more than perhaps anyone else, turned defeat into victory in the wearing, tearing campaign in Burma.

It is the lack of vanity and pretence that, after some of the other war memoirs, makes Sir William's writings so refreshing. In "Defeat into Victory" he said what he wanted to say about the war, not uncritically but fairly, and if in that book geniality was combined with instruction, in this latest one, designed he says for amusement, instruction peeps through the geniality. The facts are, he confesses, "a shade blurred here, a trifle out of perspective there, and perhaps a little, in this corner and that, consciously arranged to hold the design together." Some of the earlier chapters appeared originally in *Blackwoods* and the Kiplingesque tone of *the "Maga" is certainly present, as in* Sir William's *conte* about an incorrigible rogue called Chuck. It lurks too in Sir William's comment that when the British army is called upon to fight, two factors are constant: the battle will always be fought uphill and always at the junction of two or more maps. In his day, Sir William fought with as many maps and up and down as many hills with as much success as many of his contemporaries. It is a lack in them and not in Sir William that they have not occasionally kicked off their field boots as he has done here and sat in their slippers, recalling their careers and battles without rancour.

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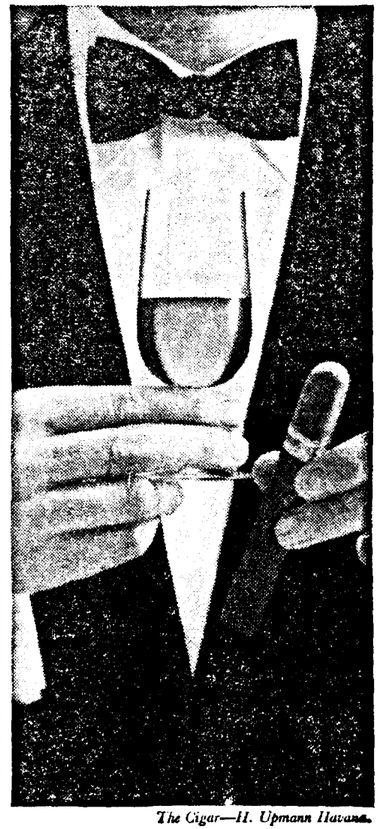
by the company he keeps



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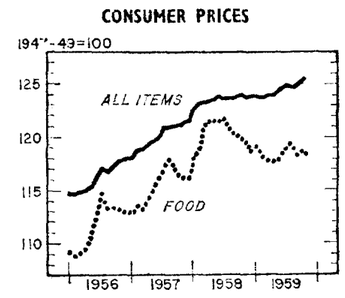
Boom Bent But not Bust

WASHINGTON, DC

THE steel strike, whether it has been ended by the recent court injunction or merely held over, still dominates the American economy. The industry has bounded back into full production in the five weeks since the Supreme Court ordered the steel workers back to the mills for an 80-day cooling-off period; but the impact of the stoppage lingers. The directly-related industries—the railways and coal mines—have shared in this unexpectedly quick revival, just as they suffered when the furnaces shut down in the summer. But steel consumers, slower to feel the effects in the summer, because they had accumulated huge stocks before the strike, are now slower to recover, because the small stocks they still have are seriously unbalanced and because re-stocking takes time. Even after the steel operatives went back to work on November 7th men were being laid off in steel-using industries that had run out of supplies—60,000 workers in the first week, another 40,000 in the second—and the process is still going on.



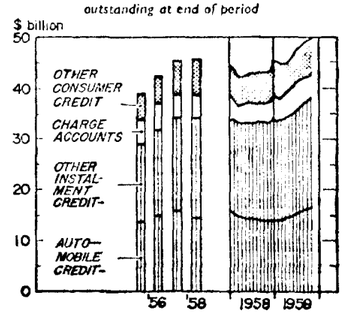
A new survey of business purchasing agents indicates that steel shortages have forced a quarter of all manufacturers to curtail production, and that some of them do not expect to return to normal before next spring. For example, the General Motors Corporation—the biggest of the automobile manufacturers—produced only 11,798 cars last month; a year ago the company was making as many in a day. Total motor output was 50 per cent below schedule for the month. The industry plans to make up the deficit with a record production in the first quarter of the new year, which will give the national economy an unseasonal bulge in the winter months. For the more distant future the delays brought on by the strike will probably mean a longer life for the industrial boom which the strike interrupted and thus may help the Republicans to hold on to the Presidency in next November's election.

By lasting for almost four months the strike sent some economic indicators plunging down as fast as they plunged in the early months of the postwar recessions. But there was an important difference. The plunge this year was caused by a failure of supply; final demand continued to rise, though more slowly than before. The chief measure of economic activity, the gross national product, fell by 1.2 per cent in the third quarter of 1959 from its peak annual rate of $484.5 billion in the second quarter. The big shift was in business stocks which, instead of accumulating at an annual rate of $10 billion, as they had done in the April-June quarter, were drawn down at the rate of $1 billion a year. Although the direct and indirect effects of the strike have lasted well into the fourth quarter, no further decline is expected in the gross national product and the authorities are once again talking confidently about its crossing the $500 billion mark in the new year.

While it is commonly claimed that the strike did no permanent damage to the economic structure, it should be noted that its effects on wages and prices will not be known until a final settlement is reached. The strike would turn out to have been a fearful extravagance if the same old inflationary push upward were to be renewed after labour and management had been left to sit out their differences for so long. The "temporary" damage caused by the strike, some of which was obviously more than just temporary, chiefly affected employment, prices and the balance of trade.

Half a million strikers were out of work for a third of a year, and at least as many workers in industries dependent on steel were laid off for equal or shorter periods. The loss of wages is estimated at $1.75 billion. And this does not allow for those who were unemployed before the strike and who were forced to continue in idleness because the demand for labour declined. In this sense the strike has aggravated the problem of long-term unemployment, although lately the number of men at work has been the highest in history except for a few midsummer peak periods.

Prices have been described as "reasonably stable" in the past eighteen months, but recently they have started to creep up again. The tendency has been strengthened by the pressure on steel supplies. This has affected the buyers of cars; the popularity of the 1960 models, particularly the three small newcomers, coupled with the expectation that the steel strike would stop production, started a brisk demand for everything on wheels this autumn and thus for a change cars have not been selling at a discount.

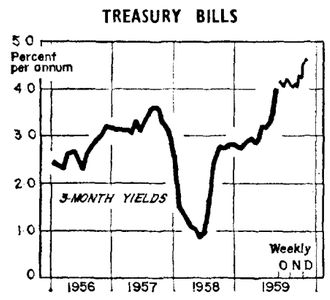


The steel strike has also had a direct impact on foreign trade. Imports of steel had been rising for more than a year before the strike, and they naturally swelled still further when the greater part of domestic production was cut off. Imports still account for less than 5 per cent of American steel consumption, and are mainly wire products and nails; but two years ago imports were less than 2 per cent of consumption. Meanwhile, the strike reduced exports to a trickle, and it is presumed that the foreign suppliers who leaped into the breach will not all withdraw voluntarily. In none of these three categories—employment, prices and trade—did the strike cause new damage. It confirmed situations that already existed and postponed the day when the difficulties would be solved.

In other areas, the impact of the strike has not been so clear-cut.

It has had two opposite effects on the demand for credit, for instance. In so far as there was "scare" buying of 1960 automobiles, the strike contributed to the continuing rise in hire purchase credit which has been going up by $500 million a month since July, with cars leading the way. On the other hand, the strike may have eased the demand for business loans, by curtailing the supply of steel available for production and by releasing funds which would normally have been tied up in stocks. Nevertheless the demand for loans has been heavy, and since the middle of the year they have gone up by almost twice as much as they did in the same period of last year. In the weeks since the output of steel was resumed the Treasury bill rate has climbed to new heights; part of the rise is attributed to steel, part to the general tightness of money and part to the seasonal demand for funds.

Construction has been declining unseasonably since early summer for a variety of reasons. The steel strike is one of them, but the tightness of credit is perhaps most important, particularly where the financing of private houses is concerned. Work has been or will have been started on 1,300,000 new private dwellings this year, compared to 1,100,000 last year, but last year the trend was sharply upward and this year it has been gradually—and now more sharply—downward. In the public sector, construction on the federally-financed highway system has also been delayed because Congress took so long to give in to President Eisenhower's demand for a higher petrol tax to finance the programme. And since that legislation provided less than enough to keep everything on schedule, there is more uncertainty about the years ahead.



In one important area—business investment in plant and equipment—the gentle rise has continued, in spite of the strike, and is expected to continue through 1960. Such investment this year promises to be nearly 10 per cent more than last year's $30.5 billion—the low point of the recession—and next year's may do as well again. The growth has been general, and it has been characterised by much greater increases in spending for equipment than for plant. In total, 1959 will have been a satisfactory economic year in spite of a most serious strike. It has demonstrated that a good boom is hard to break.

Democrats' Trial Run

THE liberal Democrats took over New York City last weekend, to honour Mrs Roosevelt, to inspect potential presidential candidates for 1960 and to draft a preliminary version of the platform on which they hope—although less confidently than they did a year ago—to win next year's election. In fact this gathering was almost a preview of the July convention in Los Angeles, except that it lacked the climax which comes when the presidential nominee is finally chosen. But there was plenty of bargaining in smoke-filled rooms with financial backers and local leaders—New York State has the biggest block of votes at the convention. And there were plenty of candidates wooing publicity, the elder statesmen of the party and popular acclaim. The latter came when each made his five-minute speech at the dinner—and Mr Stevenson won on both length and loudness of applause. But this did not mean that he was the favoured candidate for 1960. Rather did it underline the present weakness of his party—its nostalgia for its past, failures as well as successes, and its lack of any hero on which to build its future.

The divisions within the party, over strategy as much as over policy, were emphasised by the absence from the meetings of Senator Lyndon Johnson, who has given effective leadership to the Democratic majority in Congress but in directions which do not satisfy the liberals. Presumably he stayed away to dramatise his distrust of the National Advisory Committee which was responsible for last week's arrangements in general and for the draft platform in particular. This committee was set up originally after the 1956 disaster to give Democrats outside Congress, especially the liberals, a louder voice in the party's councils. Its influence is growing steadily, particularly now that it includes the leading southern moderate, Governor Collins of Florida. In present circumstances, nevertheless, it is a little hollow for the draft platform to accuse the Republican Administration of failing "to provide the bold and creative leadership required of the United States in this nuclear age."

Unfortunately for the Democrats the President has made peace, the most popular issue with the voters, a very Republican affair; in an attempt to win back a share in it, the Advisory Committee advocates the establishment of a National Peace Agency—an independent department in the government. Elsewhere in the platform, long-winded and conventionally New-Dealing as it is, there are a few more signs of the new approaches to the problems of the nineteen-sixties which, according to a growing number of thoughtful commentators, are what the American people want. Even though this platform is sure to be thoroughly modified before an election is fought on it, it gives the new Democratic leader something to work with—if only his party can agree on a good one.

Example for Steel

THE big steel companies must feel increasingly out in the cold as other disputes, of less importance to the economy and some of equally long standing, are being settled. For the first time, an agreement seems almost certain to be reached in a dock strike within the 80-days cooling-off period prescribed by the Taft-Hartley Act; this would be a heartening achievement for collective bargaining, which has been given a bad name by the steel dispute. During the next three years dockers on the east coast are to receive an increase in pay and other benefits worth 41 cents an hour, and the employers win the right to install labour-saving machinery, something which the steel employers already have.

Substantial concessions have had to be made to win the union's consent to this. The size of work crews is not to be cut, as the employers wished, and union members are to receive compensation if work which they could have done goes elsewhere because of new methods of packing goods in large containers. The exact amount is to be settled by arbitration if it cannot be fixed voluntarily. This may be a wasteful and stop-gap method of meeting the problems, both human and economic, created by automation, but at least both sides recognise that they exist. Dockers in ports from Maine to Virginia will be voting while *The Economist* is in the press on whether to accept the master contract worked out in New York City, which usually sets the pattern for the whole eastern seaboard; they are not likely to reject it, but employers along the Gulf may.

Elsewhere the steelworkers' union is seeking agreements with industries which normally wait for steel to lead the way, but which now feel that they can afford to wait no longer. Two leading manufacturers of tins, fearful of their supply of tinplate, have agreed to a new three-year contract providing for wage increases of 21 cents an hour; this is a trifle less generous than the union's settlement with the Kaiser Steel Corporation, which it is hoping to establish as a general model. It has also opened

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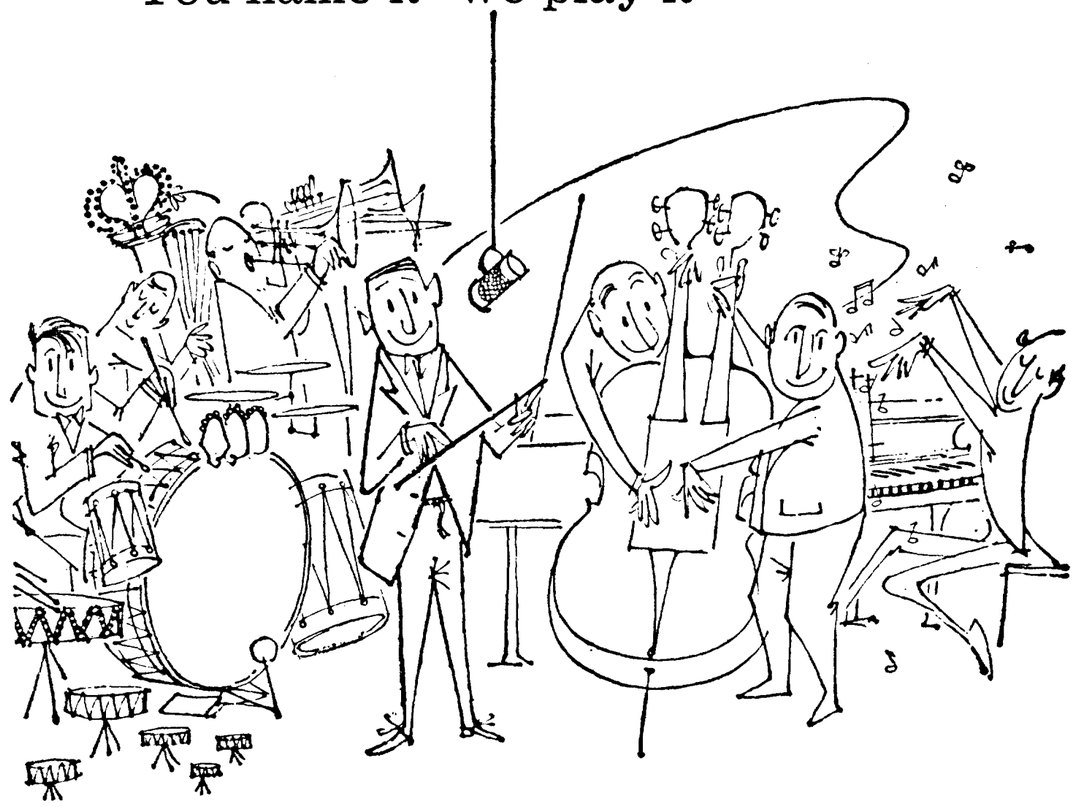

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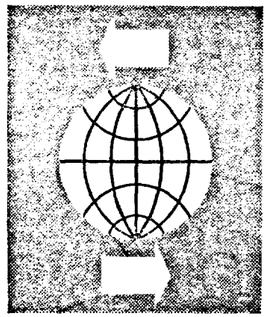

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formal negotiations with the major manufacturers of aluminium for the first time since July, when the contract which was about to expire was extended to avoid a strike. Agreements of this kind, with users of steel and with manufacturers of aluminium, one substitute for steel, build up the pressure against the steel employers. Before he left Washington the President made an eleventh hour appeal to both sides to reach a voluntary agreement so that the government would not have to step in. He did not single out either side for special blame. But the companies have made themselves look pig-headed by turning down flatly all the suggestions of the Secretary of Labour for bringing a third party into the dispute to reconcile the quite small differences which remain.

THE NEXT PRESIDENT?—I

John F. Kennedy

While Senator Kennedy does not intend to make a formal declaration until the New Year that he is seeking to become the Democratic candidate for the Presidency at the convention which meets in Los Angeles on July 11, 1960, he has long been campaigning for the nomination with mounting intensity. A correspondent in Washington describes this man who is generally acknowledged to be ahead, for the moment, of all other Democratic contenders.

SENATOR JOHN KENNEDY of Massachusetts is the presidential candidate whose popular image contrasts most sharply with his real personality. The general impression is of a handsome, dashing, colourful Democrat who has many of the happy qualities associated with youth: high spirits, impulsiveness, a warm heart and an easy direct approach to life. Senator Kennedy is indeed handsome, but behind the boyish mask lies a convoluted and complex personality.

Extraordinarily self-contained and self-possessed, he is capable of an emotional detachment about himself and those around him that is extraordinary in a relatively young man (he is 42) and rare at any age. He has many admirers and a large and devoted staff, but almost no intimates outside his family circle. Egotism and a fierce will to succeed are Senator Kennedy's ruling characteristics. In the service of his own ambition, he is wily and coldly calculating, but not hypocritical. Candour is probably his most engaging personal trait. Senator Kennedy is unashamedly a man on the make.

His intellectual qualities are his strongest point. He is the most widely read of all the candidates and has himself written two books. Well-versed in history, government, economics and foreign affairs, he has great intellectual curiosity and is astute in "picking the brains" of the many experts whom he cultivates. He has good taste in speechwriters, too, and his addresses sparkle with urbane allusions and erudite quotations. If he were elected, he would be the most literate President since Wilson and would return the institution of the brains trust to the importance it had in the Roosevelt Administration.

Mr Kennedy is also an effective politician and would make a strong party leader. Elected to the House of Representatives in 1946 and to the Senate six years later, he has had thirteen years of the cut-and-thrust of legislative politics. He knows the ways of Congress and has earned the respect, if not the personal affection, of his colleagues, most of them his seniors by many years. He has toiled faithfully at the routine drudgery and his quickness of mind and mastery of detail were impressive in the debates on the labour reform Bill which he managed on the floor.

As a political chieftain in his native Massachusetts, Senator Kennedy has built a strong personal organisation and kept the local politicians, some of them unsavoury, at arm's length. In the drawn-out and complicated pre-convention manœuvres which have been under way for more than a year and which will continue until next July, Mr Kennedy has acted as his own manager and chief strategist. He has yet to make a serious mis-step. There can be no question that here is a man with a solid core of ability, native political skill and much finesse.

NEVERTHELESS, there are several grounds for doubt about Senator Kennedy. One is his Roman Catholic religion. There is irony in this because Mr Kennedy, like most of his rivals in both parties, is close to being a spiritually rootless modern man. He performs the prescribed devotions of his faith, but his accession to the Presidency would no more mean "the Pope in the White House" than the election of an Episcopalian would signify the coming to power of the Archbishop of Canterbury.

Another cause of distrust in Senator Kennedy is the possible influence over him of his father, Mr Joseph Kennedy, the former ambassador to Britain. The elder Mr Kennedy has privately voiced anti-Semitic sentiments and has publicly expressed isolationist, "Fortress America" views; he also aligned himself with the late Senator McCarthy. The younger Kennedy is impeccably liberal in his voting record and does not share his father's private or public prejudices. Yet these worry many liberals.

More serious are the criticisms of those who profess to see in Senator Kennedy's record a dismaying pattern of retreat before pressure. Over a period of several years, he gradually altered his views on the relations between church and state until he had arrived at a highly simplified position that was acceptable to most Protestants but objectionable to many of his fellow Catholics. During his early years in the Senate he voted to support the farm programme of Mr Benson, the Secretary of Agriculture, but after the opposition of the farm states cost Senator Kennedy the nomination for the Vice Presidency in 1956, he shifted to an anti-Benson line. The leaders of the trade unions are divided on whether he made too many concessions to the conservatives in Congress during the drafting of the labour law.

His most spectacular surrender was to a part of his own Irish-American constituency in Boston. While he was running for the Senate in 1952, and until 1956, he vacillated on McCarthyism and evaded the moral challenge which it posed. Mr Kennedy has offered the defence that the issue of McCarthyism was a matter on which he did not have a strong, automatic reaction of his own. He has expressed some envy for liberals who instinctively and unhesitatingly rose to battle against McCarthy. This defence is revealing. It raises the query—on what issues does Senator Kennedy feel deeply and respond instinctively? This awkward question must be asked of presidential aspirants because in the American system of government so much depends upon the convictions and personal style of the man at the apex of power.

The tentative answer in Senator Kennedy's case must be that he has no reservoir of deep feelings about public issues. His approach is almost wholly cerebral. His tolerant, humane, liberal opinions are not nourished by any discernible hatred for injustice or any fellow feeling for the suffering and the deprived. This emotional thinness is distressing to those liberals who regard the struggle for civil rights for the Negro as the touchstone in domestic

politics and assistance to the underdeveloped countries as the touchstone in foreign affairs. Mr Kennedy's stated views on both these great issues are adequate, but his critics fear that if he were burdened by the enormous weight of the Presidency he might have neither the self-consistent philosophy nor the emotional stamina to persevere in those views.

These doubts may do Senator Kennedy a serious injustice, but there is nothing he can do between now and the nominating convention to disprove them. It is in this sense that it is unfortunate that he has had no executive experience. Any public man can learn quickly enough the routines of administration, but only through the trial-and-error of executive action can he demonstrate the depth and character of his convictions. Unfortunately for Senator Kennedy, he seems destined never to acquire any proper preparation for the post of chief executive. For if he is not nominated for the highest office his fellow Democrats appear determined to consign him, for vote-catching purposes, to what it usually the dusty futility of the Vice Presidency.

Protection for Migrants

An American Secretary of Labour must expect to be sniped at by both trade unions and businessmen but now Mr Mitchell has drawn the fire of a new set of adversaries, the Department of Agriculture and the farming organisations. For some time he has been concerned over the low wages and poor living conditions of the 400,000 migrant native farm labourers, whom he calls the "excluded Americans." Now he is requiring farmers who use federal or state employment agencies for recruiting their seasonal labour to pay their itinerant workers the wages "prevailing in the area" and to provide them with transport and housing which is up to local standards. The Department of Agriculture, with the encouragement of "corporate" farmers who will be the principal sufferers from the new regulations, opposes these strongly on the grounds that they will raise farming costs considerably; and they have been denounced by the Secretary of Agriculture as involving

Lessons of the Freeways

FROM A SPECIAL CORRESPONDENT

With the building of the 41,000 mile interstate highway system, the United States is turning into one vast complex of freeways; these are the limited-access roads planned, like the new British motorways, to move large numbers of cars as safely and as rapidly as possible over long distances. Most people are familiar with their massive construction, intricate design and vast cost, and with their gargantuan appetite for land, particularly for "cloverleaf" approaches. But apparently neither the public nor many of the officials involved realise how many new problems the freeways create.

The expert in handling traffic on them must be a specialist both in fluid-flow physics and in human psychology. Moving large numbers of cars safely, at today's high speeds, depends on knowing what people, with all their inefficiency and often plain contrariness, are likely to do next and getting them, unobtrusively, to do the right thing.

In one sense, the traffic engineers have been successful. Freeways cost from $3 million to $15 million a mile to build, and everything about them is expensive. It cost $1 million to provide adequate signs for Denver's eleven-mile Valley Highway. It costs $32,000 a day just to police the freeways in southern California. Because of the danger of floods, this road system must maintain 156 pumps in low spots and under-passes; it is also the largest single user of irrigation water in southern California because it landscapes thousands of acres. Yet in spite of such formidable expenses, the freeways carry people more safely and at a lower cost a head than ordinary roads; this is because they move so many more vehicles.

Problems begin, however, the moment that a designer gets to work. One is that freeways must be fitted in to the existing roads; it would be disastrous to discharge a huge flow of traffic just outside a town and leave it to find its own way. How frequently the motorist should be able to get on and off a freeway also causes much heart-burning. Too many exits and entrances would frustrate its only excuse for existence, the rapid movement of traffic over long distances; this is why, if a driver misses his turning, he must go on to the next even if it is 20 miles away.

For the same reason, and to reduce accidents, the "dividers" between the two sets of lanes are being made higher and more impenetrable all the time. Sometimes trees hide the lights of oncoming traffic; sometimes the lanes are a hundred yards or more apart. Given the least chance, a driver who changes his mind and wants to turn back will make a U-turn right across the dividing strip.

The very size of the operation creates its own frustrations. An interruption of one minute may halt a mile of vehicles and a five-minute block will have stationary drivers cursing five miles back. Sometimes people act like lemmings bent on suicide. Wind creates unexpected hazards. Tall vehicles such as caravans and high-sided lorries are not allowed on the Kansas freeway when the velocity reaches 25 miles an hour because they are easily turned over, and may block the road for hours. Motorists on 40-mile stretches without a turn-off are warned that headwinds will eat up their fuel supply faster than they think; even so the number stranded with empty tanks goes up astronomically when such winds rise.

Many motorists are unaccustomed to driving on freeways and panic when faced with the unexpected. But the commonest accident is a rear-end collision, which may pile up a number of cars, and is caused by sudden slowing-down and stopping. The engineers are urging manufacturers to install three-way rear lights, green for constant or increasing speed, amber for slowing down, red only when stopped.

Many other devices are being discussed: methods of reporting instantaneously to the controller whenever a car stops on a freeway; closed television circuits to keep trouble-spots under his eye; special wireless channels to which car radios may be tuned; and a computer which will give warning of trouble before it develops. The time may come when special driving skills will be required for a licence which is good on freeways, and when older cars as well as older drivers may be barred from them. Recently Detroit found that it had no law to keep horses, bicycles, funeral processions and even pedestrians off its freeway and it had to pass one.

The chief lesson for designers and traffic controllers to learn is that there is no substitute for vigilance and intelligent foresight. For example, it should have been foreseen that a multi-lane freeway must have shoulders wide enough to park on on both sides of each lane; a car in trouble which has to cut across half a dozen lines of high-speed traffic is asking for more.

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But the often appalling working and living conditions of these American migrants who follow the seasonal crops around the country are also receiving belated attention from Congress and from certain state authorities. An official survey* has characterised them as occupying " the lowest level of any major group in the American economy " ; earning an average of less than $900 a year, they do not come under minimum wage legislation and as transients are not entitled to such welfare benefits as unemployment insurance and compensation for injuries. Yet the mechanisation of agriculture has increased the need for large numbers of temporary workers at harvest time ; the picker who distinguishes between ripe and green fruit has yet to be replaced by a machine.

The 450,000 Mexicans, Canadians, West Indians and Japanese who enter the United States temporarily each year under labour contracts to help fill this need are cared for better than are the native American migrants, who are mostly Negroes and Puerto Ricans. The latest agreement between the United States and Mexico, which supplies about 95 per cent of this foreign labour, provides that these *braceros* may now work as ranch hands as well as crop pickers and they are guaranteed employment, transport, housing and insurance. In an attempt to extend such protection to migrant domestic farm workers a Senate subcommittee is holding hearings on Bills which would establish minimum wage standards for them, register the crew leaders who recruit and transport (and not infrequently exploit) them, and protect the migrants' children who customarily work beside their parents in the fields. Several states have already adopted legislation controlling the crew leaders, while New York, Pennsylvania, and Delaware have housing codes covering the migrant labour camps and Maryland hopes to have them before the next harvest. But this piecemeal approach and the differing standards in different states have led the National Advisory Committee on Farm Labour to propose that native workers be protected not only by the federal minimum wage law but also by federal enforcement of adequate housing, safety and health standards.

No Longer Long

THE resounding defeat of Governor Long in the Democratic primary election in Louisiana has finally killed his attempts to by-pass the constitutional prohibition against a Governor succeeding himself in that state. The primary is held to decide who will represent the Democrats in the coming gubernatorial election and has in fact usually been the deciding contest ; this year, however, there may be more effective Republican opposition. Governor Long had originally planned to resign from office and hand over to his Lieutenant-Governor for a few months while he himself ran again for election; but in the end he was forced to stand for the secondary post while backing a puppet for the governorship.

In its wisdom, now revealed for the first time, the Louisiana electorate rejected them both and the future Governor will be chosen in the January run-off between Mayor deLesseps Morrison of New Orleans and the hill-billy singer and former Governor, Mr Jimmy Davis, neither of whom secured, on his first ballot, the absolute majority over the other ten candidates which is required for victory. Mr Morrison, who tried unsuccessfully to win the governorship in 1956, is a Roman Catholic and has been a vigorous reform Mayor since 1946. In last week's contest he had a considerable majority over his opponent, sweeping south Louisiana and also winning the Negro vote from Governor Long. But this lead could be wiped out in January if the votes of the defeated candidates are switched to Mr Davis, who is more acceptable both to the segregationists and to rural Protestants in the north.

The result of the primary seems to mark the collapse of the Long family's political power in Louisiana, though the writing was on the wall in August when the State Legislature—whose acquiescence he once claimed to rent rather than buy because it was cheaper—refused the Governor's request for a special session. The rebellion was provoked by his peculiar behaviour during the summer. After twice being committed to a mental hospital and having a heart attack, he dismissed his many doctors and psychiatrists on the grounds that he knew as much as they did. He then conducted a violent campaign for re-election, pressing, among other schemes, his plan for a two-ply highway system: one for sane people and the other "for nuts and drunken drivers." The flight of the Governor's fair-weather supporters can scarcely have been slowed by his announcement that " if I am crazy now, then I have been crazy all my life."

Mr Long's defeat, if it is indeed the end of " Ole Uncle Earl," frustrates his alleged desire to rival the political martyrdom of his even more notorious brother Huey. It leaves Senator Russell Long, Huey's son, as the dynastic heir and he is said to covet the governorship when it comes up again in 1964. But the able young Senator will find the family political machine shattered and the anti-Long forces greatly strengthened by his uncle's recent excesses.

**Farm Labour Fact Book,* US Department of Labour, 1959, 240 pp., $1.00.

SHORTER NOTES

The Federal Reserve Board has allowed so-called country banks, which have to keep a reserve of 11 per cent of their demand deposits, to count as part of that reserve any cash they have in hand in excess of 4 per cent of demand deposits. Until now only the amounts actually placed with the Reserve Banks were credited as reserves. This change is the first step in what will be a gradual implementation of the new law authorising the counting of all cash holdings. The chief effect of the present move will be to allow country banks to meet their particular need for larger cash holdings, especially at Christmas time, without penalising their reserves. The Reserve Board regards the move not as a modification of its general policy of tight credit but as part of the operation by which it customarily provides more money at this time of year.

* * *

The Supreme Court has refused to review the judgments made in lower courts earlier this year on three cases which had been brought to test the validity of the Administration's ban on travel to Communist China. Thus the ruling of the lower court stands ; it found that the government's policy was legally valid on two grounds ; firstly, that Congress had specifically authorised the President to restrict travel ; and, secondly, that his power to conduct foreign affairs independently of Congress includes the authority to prevent any travel which might endanger the national interest. The Supreme Court's ruling caused some surprise since counsel in the three suits had relied heavily on its decision in 1958 which questioned the Executive's right to refuse to issue a passport and stated that the Constitution protected the citizen's right to travel.

* * *

East Haven, Connecticut, has a Trolley Museum which offers genuine tram rides every Sunday afternoon. Traditionalists approach the museum from the old Boston post road. Students of social change take exit 51 from the Connecticut turnpike.

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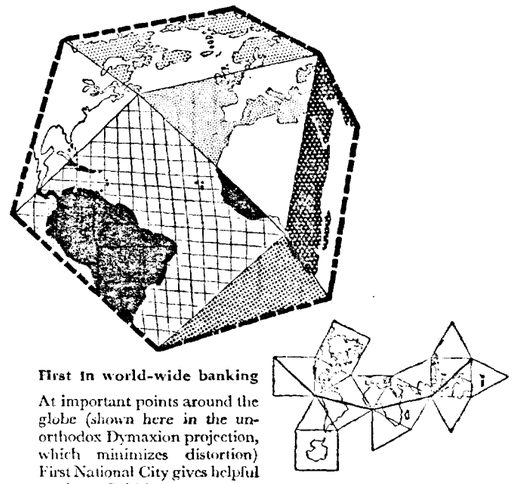

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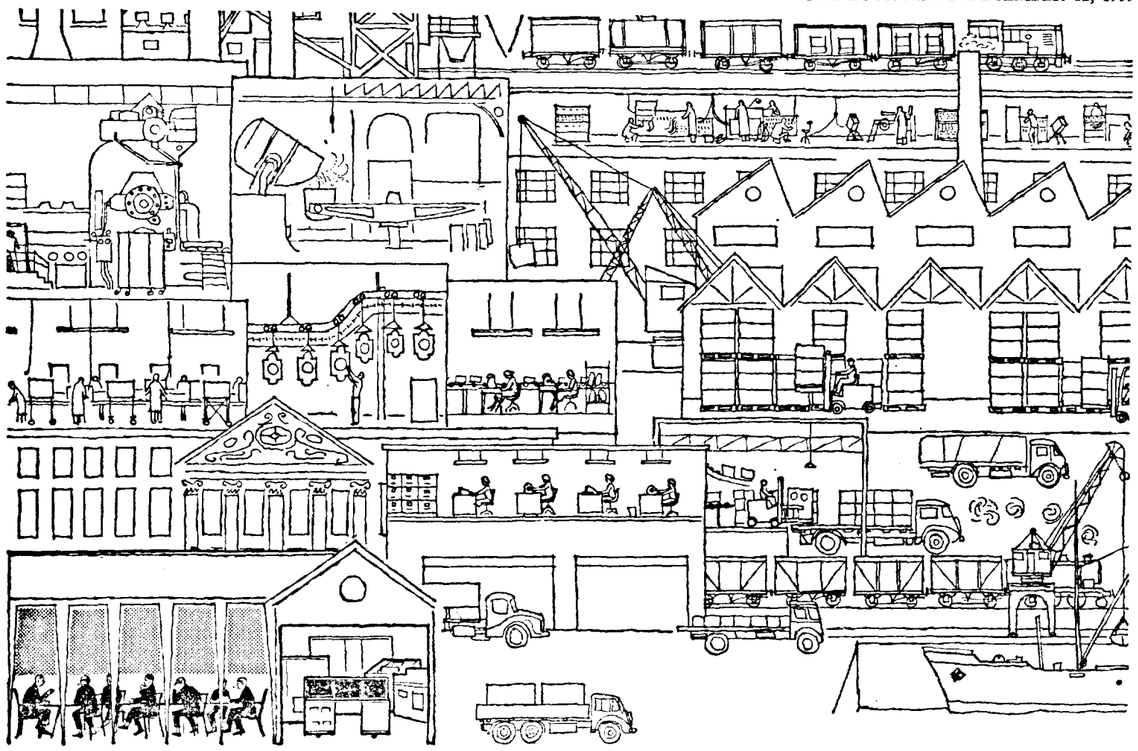

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REFORMING SAUDI ARABIA—I

The Saudis Take Stock

FROM OUR MIDDLE EAST CORRESPONDENT

Riyadh

For the first time in years, too many men are chasing too few jobs in Saudi Arabia. A prolonged business depression is the price the country has had to pay for reckless expenditure on imports used largely for the purpose of conspicuous waste. The crisis broke last year after heavy drawings had been made on the central monetary agency in an effort to redress an adverse balance of trade. At par, the Saudi riyal is worth 3.75 to the dollar. When, last year, it reached six to the dollar on the open market it was clearly time for drastic measures to be taken if the national till were not to be completely emptied.

To stop the drain, Amir Faisal, who is crown prince, foreign minister and minister of finance, forced through a series of austerity measures. The import of some luxuries was stopped altogether; the issue of import licences for some of the less luxurious luxuries was strictly curtailed. All but essential projects, or rather projects believed to be essential, were brought to a halt. The abrupt reversal of a ten-year-old inflationary process led straight to depression and despite grumbling and unemployment, deflationary pressures were kept up as a deliberate act of policy.

Although many business men look back with longing on the days when money ran away like water in the desert *wadis*, the effects of the present depression should not be exaggerated. The figures show that, while the import of luxury items and materials for construction has been cut back, foodstuffs and other essentials are being brought into the country in good quantity. After one full year of austerity, total imports fell from a record level of $220 million in 1957 to $214 million—a trifling difference. Incomplete figures for the current year indicate a further, though by no means sensational, drop. This is the more remarkable as the Arabian American Oil Company, the kingdom's only great industry, has cut its capital investment programme to about half of what it was because of the sluggish state of the international oil market.

The social effects of unemployment are less marked in Saudi Arabia than in more advanced communities. Much of the labour force is casual or at least semi-casual. Workers drift in and out of jobs at will and those laid off in recent months have drifted back to the villages or deserts from which they came. Many would have laid themselves off anyway.

Apart from the balance-of-payments crisis, which is being gradually resolved, there is the problem of the government's debts. Outside the country there have been wild stories that the government was three, or five, years in debt to the oil company. In fact, the debt is not crippling and never has been. According to a well-placed Saudi source, the internal debt of the government, owed mainly to local bankers, merchants and contractors, is about 350 million riyals. This figure is hard to sort out because the creditors have been known to submit bills for twice, or three times, what they were really owed in the fond hope of eventually being able to compromise on some reasonable figure. The royal debt is thought to be about 80 million riyals and the external debt about $40 million. A total national debt of around $115 million should be wholly manageable for a country with a virtually guaranteed oil income of some $350 million a year. If bonds could be issued to spread the debt over a longer term, say ten years, the problem could be shrugged off. But Saudi Arabia lacks the financial institutions capable of carrying out such an operation; the result is that the debt is always a weight around the government's neck. A greater part of the external debt is made up of short-term loans guaranteed by the oil company.

Good results have already been achieved by the austerity programme. A dollar no longer buys six riyals; the current rate is just under 4.75. Cover for the paper riyal, mostly in the form of foreign exchange, has climbed from an uncomfortably low ebb to the satisfactory level of 70 per cent. The recovery has been accompanied by less welcome features, such as the slowing down of sound projects like road-building and the tendency to economise by letting the salaries of government officials fall into arrears. But, while recognising that there is much amiss, financial and trading circles have been surprised by the speed with which the crisis of the riyal has been averted.

The main weakness of the Saudi economy in the past was the absence of a basic financial law. Those in power, or with access to the right quarters, drew the country's money as they liked. The lack of control meant that nobody knew what would happen next, nor indeed what was happening at the moment. The result was a scramble to cash in before it was too late.

The first step to correct this weakness was Amir Faisal's decision to enforce respect for budget estimates. Much friction was provoked by this radical departure from previous practice. No proper accounts had been kept and it was difficult to determine what debts were owed to whom. The patience of Amir Faisal, and those who thought like him, was sorely tried. But much of this work has now been accomplished. When King Saud goes forth to distribute largesse, which he still does, it is his own money that he is spending—money allotted to him in the current budget. Whether the King is satisfied with his present allocation is another matter. Many of his subjects wish that the civil list was more generous—on the ground that there would then be more coaches on the gravy train.

One conspicuous result of the new order is a reduction of the authority of the famous foreign advisers—the Palestinians, Syrians, Egyptians, Libyans and others who have exercised so much influence on Saudi affairs in past years. Gradually they have been edged from the centres of power, and the state, by and large, is now run by Saudis. At Amir Faisal's elbow stand Amir Fahad and Amir Sultan, the ministers of education and communications. Apart from King Saud himself, these three are the most able of the 35 surviving sons of the late King Abdul Aziz. A local wag has remarked that it is all to the good for the owners of the firm to be back in control of its affairs. In the old days, when the foreign advisers were in power, their interests were strictly short-term. The firm of Faisal and Brothers has more at stake.

(To be concluded)

A Canadian View of Australia

FROM OUR OTTAWA CORRESPONDENT

NEARLY 20 years ago Mr R. G. Menzies called for the development of "horizontal relations" between Commonwealth countries to supplement their "vertical relations" with Britain. The theme has lately been recalled by a message from Mr Menzies to the *Financial Post*, of Toronto, which has just put out a 44-page supplement on Australia; this must be the fullest treatment ever given to the sister-Dominion in a Canadian publication. "We have a good deal in common," Mr Menzies wrote:

> Climatically, of course, there is a great deal of difference; economically there is very little. Your north is cold; ours is semi-tropical. But in one sense they are both similar: they are both frontier areas.

Taking up the theme, the *Financial Post* wrote:

> Australia's population is strung out in a thin belt around three sides of its coast in as long and thin a belt as Canada's. . . . Like Canada it consists of widely scattered settlements clinging to the one hospitable edge of the country. Like Canada it has huge empty stretches even along the edge. And like Canada it has the constant irritation of uninformed people looking at the map and saying "Look at all the space they are doing nothing with."

These two countries have usually seen each other mirrored in an English (or Scottish) reflector. It may be an English book (such as Mr John Pringle's recent "Australian Accent"); or it may be an Australian writer who, in a valiant effort to get outside his subject, tries to see Australia from the point of the view of the other country he knows best. In either case the use of a British mirror distorts the picture for Canadians; and no doubt the same is true the other way round. So much of what Australians feel it necessary to say to the people of the British Isles just does not need saying to a Canadian, because it is experience they have in common, the normal state of existence in the so-called "new countries."

The similarity of Australia's problems to Canada's, and the basic similarity of the two peoples' outlook, even when their solutions diverge most widely, emerges from many of the articles in the Canadian paper. It appears in what Sir Bernard Heinze says about Australian development in the arts. He uses a phrase which surely Mr Vincent Massey will envy. After the early days of exploration and development, he says, this is "the second stage of pioneering." The parallels are equally clear in Sir George Paton's article about university problems, in articles about transport (always a vital subject in sparsely-settled countries like these two), and about the financial and constitutional arrangements of a federation.

SIR GARFIELD BARWICK, the Australian Attorney-General, explores a constitutional paradox. He explains that the central government in Australia is vested with powers that are enumerated on a list; all the residuary powers are retained by the states. The Australian government, unlike the Canadian, has no residuary powers. As he makes clear, it was the deliberate choice of the Australian constitution-makers to reject the Canadian pattern (34 years older) in favour of the American emphasis on states' rights. But the sequel has been surprising: the Canadian provinces, which were envisaged by the founding fathers as something more like English county councils, have surrendered far fewer of their rights to the central government than the Australian states have. The centralisation has taken place in the country which set out to bolster the rights of the states.

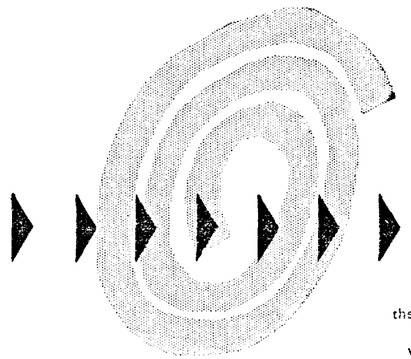
The wartime surrender of taxing powers to the central government appears to have become permanent in Australia: the only protest against the system of "tax reimbursement grants," on which the Australian states live, was uttered at last summer's conference by the representative of Victoria—who eventually accepted the plan. But two Canadian provinces are actually raising their own taxes: Ontario collects corporation income taxes; Quebec collects both personal and corporate taxes. The other provinces let Ottawa do the collection but take the revenue (13 per cent of personal income tax and nine per cent of corporation profits) which is recognised as their share. Again, the surrender of the borrowing powers of the Australian states to the Loan Council, which is inevitably dominated by the federal treasury, has no parallel in Canada, where the provinces raise their own loans wherever they like. A quarter of their total debt is owed to foreign lenders.

Similar paradoxes arising out of equally similar problems appear in current economic developments. Both countries are proud of their rapid rate of development; both mean to push it forward. Manufacturing industry has, in fact, grown faster and further in Australia than in Canada, according to the *Financial Post*. Australians employed in manufacturing are shown as 126 per cent of the 1949 figure, while the figure for Canada is 110 per cent of 1949. A comparison based on the value added to raw materials by factory processing shows Australia at three times the level of 1949 and Canada at less than twice 1949. The volume index of factory production prepared by the Australia and New Zealand Bank reached 138 per cent of 1953-54 at the end of last year. Canada's official index, converted to a 1953-54 base, was still at about 116 per cent—though this gap may have narrowed during 1959. One final comparison shows 30 per cent of Australia's employed labour force engaged in manufactures, against 25.6 per cent for Canada. Primary production employs less than 14 per cent of the Australian labour force and 16 per cent of the Canadian. Canada also appears to have a larger proportion of its employment in the tertiary industries and services.

THESE figures are not, at first sight, what one would expect from the relative rates of development and relative degree of foreign investment, shown in some other new calculations. Adjusting figures to match Canadian statistics, the paper says that Australia's new investment in capital facilities has represented between 19 and 20 per cent of gross national product consistently in every year since 1951. Canada's has been higher, but much more variable, ranging between 21.3 per cent and 27.7 per cent. Canada also appears from these calculations to have been far more dependent on foreign capital. Its current account deficits over the last five years are shown to have averaged 15 per cent of its external spending. Australia's came to 11 per cent.

A Canadian correspondent writing from Canberra contrasts Australian and Canadian attitudes to foreign investment and the need for new capital. Much as Australians want foreign capital, he says, the official Australian view is that the country is already getting all the capital it can use. Manpower, not capital, he reports, is the limitation on pace of development. "A Canadian interpreting this view," says the correspondent, "is bound to see it as a determination not to get involved in the inflationary sort of boom which Canada suffered between 1955 and 1957." Much of this difference in attitude, if it is correctly reported, is no doubt explained by the different balance-of-payments positions of the two countries. Australia has "balance-of-payments difficulties" in the sense of the term accepted by the International Monetary Fund, the General Agreement on Tariffs and Trade and all the most respectable people. Canada's balance of payments continues to present an irresistible surplus through boom and recession alike, because the inflow of capital is unrestrained and apparently limitless. This year again it covers a current account deficit of more than $1,500 million and keeps the Canadian dollar at a heavy premium which does some branches of the economy a good deal of harm. Canadians are increasingly disposed to envy Australia its ability and determination to retain control over its external exchanges. The

Continued on page 1079



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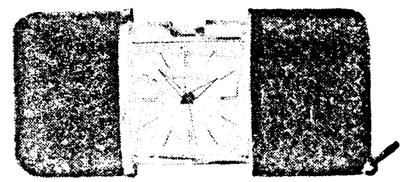

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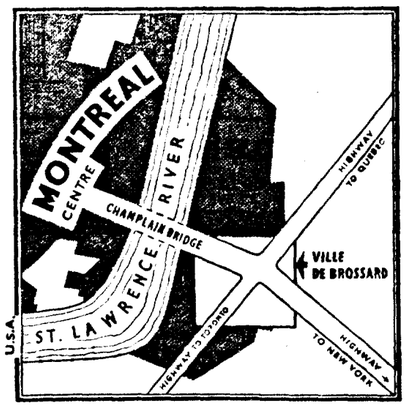

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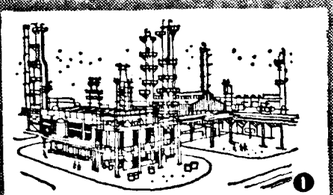

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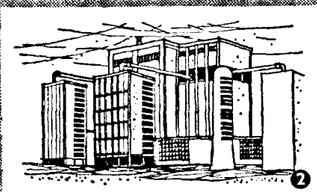

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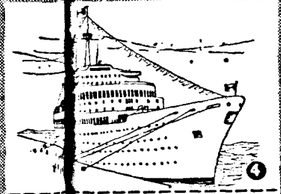

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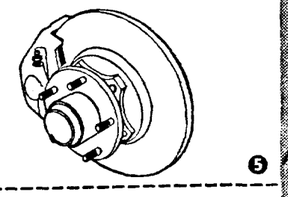

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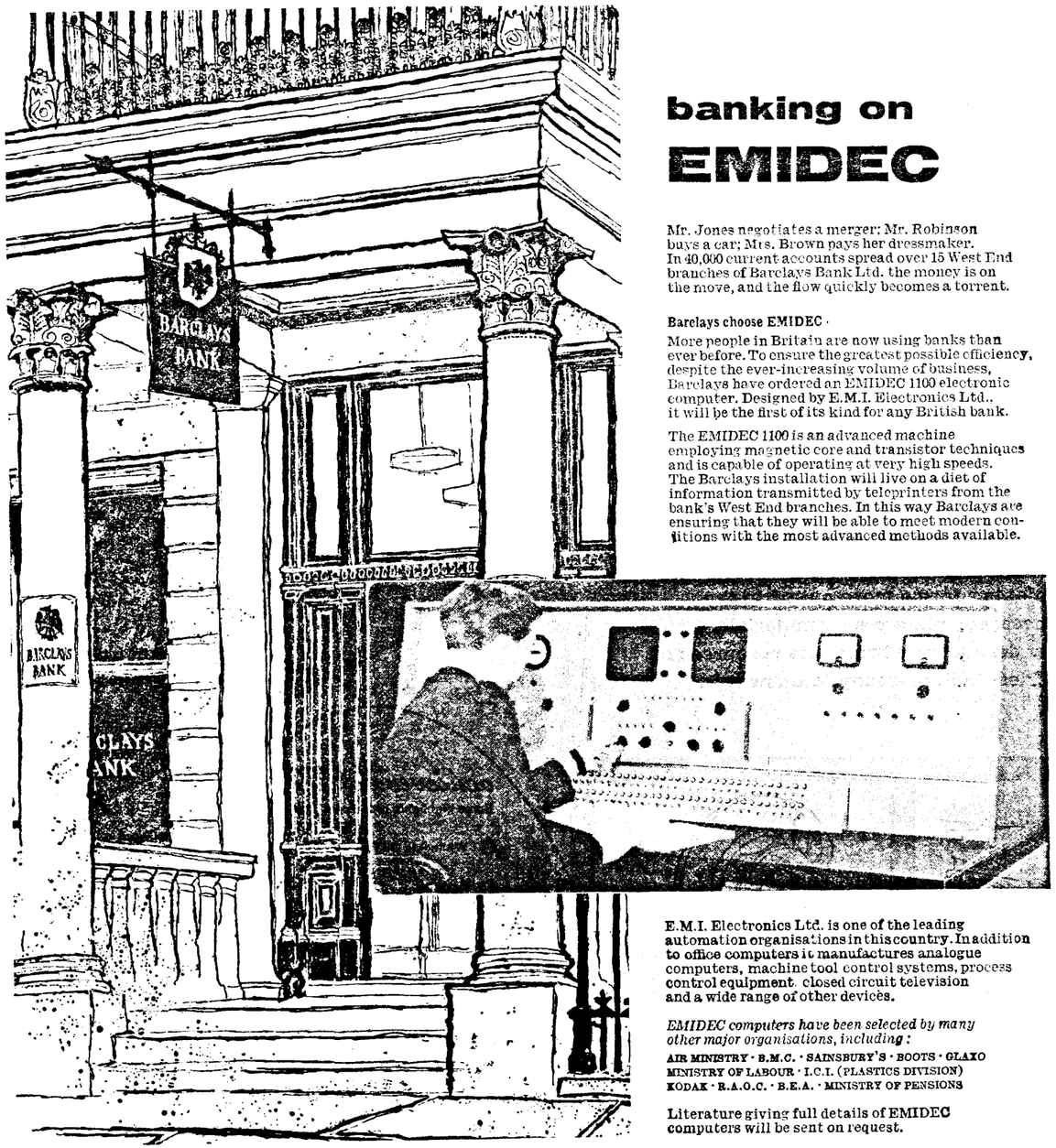

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sophisticated are beginning to ask why too much foreign capital should not justify, equally with too little, a formal claim that Canada is in "balance-of-payments difficulties." The more these two countries learn of each other, the more their basic policies will require such reconsideration ; and the more they both will profit.

Sicily's Odd Man Out

FROM OUR ROME CORRESPONDENT

SIGNOR MILAZZO'S regional government in Sicily fell on Monday, when two unidentified members of its heterogeneous majority voted against the budget, which was thereupon thrown out by 45 votes to 44. These *francs-tireurs* are thought to come from the ranks of the "independents" who left the right-wing parties to join Signor Milazzo last July when the Sicilian regional elections confirmed, in a qualified way, the popularity of his experiment. His government rested on a precarious majority of 46 (out of 90). In addition to his own party, the dissident Social Catholic movement, it was supported by the Communists and Socialists and by some independents from the Right.

Just before the final vote on the budget Signor Milazzo had obtained a majority for a clause authorising him to spend 200 million lire on propaganda for Sicilian autonomy. His defeat comes at a crucial moment in the controversy over the regions. The left and left-centre parties in Rome are pressing to implement the clause in the constitution which lays down that all Italy should be divided into 19 regions, each with its own assembly. Umbria is agitating for its own statute. The right-wingers, including part of the Christian Democrats, oppose any further extension of regional autonomy beyond the four regions which now enjoy it (Sicily, Sardinia, Trentino-Alto Adige and Val d'Aosta), since they fear that regionalism would lead to a left-wing predominance in central Italy. None of the existing regions except Sardinia has left its government in Christian Democrat hands. Signor Fanfani and his group have belatedly espoused the regional cause. Just over a year ago Signor Fanfani's centralising policy—he was then prime minister and party secretary—provoked a reaction which caused the Christian Democrats in Sicily to split, put Signor Milazzo in power and left the majority of the Christan Democrats in opposition. Reasons of prestige, and the fear that the Sicilian example might prove contagious, make them anxious to recover power in Palermo and there have been negotiations with Signor Milazzo since the party congress in October. But the party is divided: should it aim at a left-centre government in Sicily with Signor Milazzo, or a right-centre with the Liberals, Monarchists and neo-fascists ?

Meanwhile relations between the Socialist party and Signor Milazzo have become strained. The Socialists feel that Signor Milazzo is procrastinating over economic and agrarian reform. They have been pressing him to publish the plans for the implementation of land reform prepared by the previous assembly. They think some of his friends took fright at the prospect that once the budget was approved, these plans might have been put into execution. The region has substantial funds in its coffers ; it could, if it chose, make a start on land reform and embark on a planned industrial development. The Socialist party's central executive discussed withdrawing support from Signor Milazzo, but decided to stick to him on account of the party's commitment to a policy of regional autonomy. Its doubts may have helped to weaken Signor Milazzo's position. There is some reason to think that Signor Nenni, the Socialist leader, contemplated an agreement with the Christian Democrats in Sicily even without Signor Milazzo ; but Signor Nenni has his own left wing, which has not got to the point of being prepared to throw the Communists over.

Since his defeat, Signor Milazzo has sought to justify his incongruous formula for government by explaining the viewpoint of the poor Sicilian landlords (he is one himself), who have nothing in common, he says, with the rapacious industrialists of the north. Next Tuesday, December 15th, the assembly meets to appoint a new junta. The outcome is as problematic as it was in July. The Christian Democrats have 34 seats, the Communists 21, the Socialists 11, Milazzo nine and the neofascists nine.

What Africans Ask

BY AN AFRICAN CORRESPONDENT

AT this stage the Labour party must have enhanced its reputation among Africans by its decision to boycott the Monckton commission. The Africans in the Federation had thought that the commission would be properly balanced by the requirement that thirteen of its members should be from the federation, thirteen from the United Kingdom and two from the Commonwealth. They had hoped that those from outside the federation would be impartial, objective and uncommitted. They anticipated that the representatives from the federation would be supporters of Sir Roy Welensky, and with a few exceptions this has proved to be correct.

But the British representatives already chosen are all believed by the Africans to be pro-settler. The two Commonwealth representatives are authorities in their respective fields of study, but nothing more. The Africans had hoped that at any rate one of the Commonwealth representatives would come from Malaya, with its different races and nationalities. They would have preferred not to have an Australian representative, since Australia discriminates against its aboriginals and against Asians ; moreover, Australia's voting record at the United Nations on apartheid in South Africa has been overwhelmingly pro-South African.

In Southern Rhodesia, where there is no African organisation, African moderates who are respected by the African community because they are all successful professional men have declared that the Southern Rhodesian representatives on the commission are unacceptable ; they have demonstrated their disapproval by sending a cable to Mr Gaitskell. The two congresses in Northern Rhodesia, and the Malawi Congress and the Congress Liberation party in Nyasaland, have also declared their representatives on the commission to be unacceptable.

Thus the voice of the Africans of Central Africa has spoken against the composition of the Monckton commission. Mr Macmillan's refusal either to alter the commission's terms of reference or to change its membership suggests that the opinion of Africans is again to be ignored. What hope is there that the recommendations of the Monckton commission will be acceptable to them ? What hope is there that the conference due next year will produce a just solution of the problems of the federation ? How, Africans are asking, can Sir Roy Welensky's supporters on the commission agree to giving Nyasaland self-government with a legislature and an executive that are elected by the Nyasas themselves ? How can they permit the secession of Nyasaland from the federation and its association with those countries which it believes will not threaten its rights ? In brief, how can Sir Roy's government agree to a federal reconstruction which will involve the abdication of power by the privileged minority ?

It should be noted that Southern Rhodesian Africans are in favour of self-government for Nyasaland, and they do not believe that if the federation were weakened or dissolved Southern Rhodesia would join South Africa. In 1922, when there was no anti-English government in South Africa, the white Rhodesians voted against such a merger. They would again, strengthened by the many

South Africans taking refuge there from Afrikaner rule. Further, Africans in Southern Rhodesia would revolt against being taken into the Union against their will; and they believe that the world (including Great Britain) would not allow another 2,500,000 Africans to be surrendered to apartheid. On the contrary, Africans in Southern Rhodesia believe their present disabilities must be alleviated. In Southern Rhodesia they want a liberal franchise, not geared to a money income based on the artificially high wages of the white workers, and a bill of rights written into the constitution. But after the Conservative government's record over the African Affairs board, the federal franchise and the Devlin commission they are doubtful indeed if their modest requests will get much of a hearing. Their hope is in the growth of independence throughout Africa.

German Catholics and Communism

FROM A CORRESPONDENT

THE decision in October by Professor Wegner, Director of the Institute of Church Law at Münster, to seek "temporary asylum" in east Germany is the second such incident in as many years to disturb the solid propriety and nearly solid Catholicism of Westphalia's capital. Professor Wegner, a Berliner by birth, an admirer of Rosa Luxemburg, a convert to Catholicism, married to a Jewess, was reckoned something of an intellectual eccentric even before the present trouble began to brew last July. Like Dr Hagemann before him, he cannot therefore be taken as an example of anything at all. Still, if not an example, he is at least a reminder that the division of Germany is not merely geographical but lies across many an uneasy intellectual and academic heart. The repugnance of life in east Germany, the mass flight of the faculty of Halle, where apparently Professor Wegner means to seek asylum, are of course points as well taken by intellectuals as by anyone else. But where the preoccupation is with ideas, not all, it seems, about west Germany is good, and not all about east Germany is bad.

So far as Catholics are concerned, the authoritative word on relations with Communists was spoken in Pius XII's Christmas message of 1956. Strongly influenced by events in Hungary, the late Pope warned the faithful that only those obliged to do so by their office, religious or secular, should seek contact with Communists; the idea of intellectual dialogue was illusory. The overwhelming majority of west German Catholics, headed by Dr Adenauer, entirely agree. Communist equals wicked, if not damned, and that is that. But a small minority of Catholic intellectuals, of whom the foremost is Walter Dirks, co-editor of the *Frankfurter Hefte*, took humble but firm issue with the Pope. Particularly since an exchange between Herr Dirks and Cardinal Wendel of Munich on the Christmas message, sniping has been constant between, on the one hand, the ultra-conservative *Deutsche Tagespost* and *Mann in der Zeit* (a paper sponsored by the bishops and allied by mutual approbation with Dr Adenauer) and, on the other, the *Frankfurter Hefte*, the *Werk-Hefte katholischer Laien* and a few other individuals of the press and radio.

The views of these "left-wing Catholics," as their opponents dub them, can scarcely be summarised or generalised, but one point seems common. They consider it dangerous for Christianity, in particular the Roman Catholic Church, to allow itself to be represented as the counter-power to communism in a struggle for the world. There is no total war; the one creed is a perversion whose spread is made possible by the negligences of the other. The communist faith has fundamental features which have a rightful appeal to humanity whether European or Afro-Asian and which Christians must not seem to oppose. Discussing an article by Emil Franzel, who sees an affinity between the "rigorist" wing of the Church and communism, Walter Dirks wrote:

> What binds the Christian, partly in appearance, partly in reality, with many (not with all, not with the Stalinist) Communists, and with many (not with all, not with the *étatiste*) Socialists is not moral rigorism but restlessness in the cause of mankind, criticism of inhumanity, the claim to a human brotherhood.

On this basis, competition, dialogue, conversion are possible.

Such views might perhaps be taken as only an especially Christian version of the old absurdity that Left can speak to Left, were it not that they merge with other ideas current among some German Catholics which have no left-wing basis at all. The most lucid, and within restricted circles most influential, of current attempts to find common ground with communism is the work of the Jesuit scholar, Gustav Wetter. Father Wetter's concern is not with any supposed solidarity of the Left nor for that matter with parallels between the authoritarianism of the Catholic Church and communism in the manner of old-style liberals; it is with a certain community of concepts and of patterns of thought, whether in organisation or in philosophy, between the two systems. Aquinas, Innocent III, Las Casas would have hated communism; but at least they would have understood it. As Father Wetter has himself exemplified in debate with communist officials, Catholic and Communist seem to know better what the other is talking about than does either in debate with the contemporary humanist.

Dismay at contemporary western values is one element in the work of another Jesuit, Klemens Brockmöller, whose book "Christentum am Morgen des Atomzeitalters" was nearly a best-seller in 1954 and has been a factor in such discussions ever since. But this is not the distinctive element. Troubled glances at western "materialism" in the context of discussion on communism are not of course confined to Catholics; witness Karl Barth's letter to a pastor in the German Democratic Republic which caused some stir this time last year. The distinctive elements in Father Brockmöller's book are a Spenglerian pessimism about the prospects of European civilisation and ideas perhaps developed from the late Pope's emphasis that Christianity should not allow itself to appear exclusively identified with any one culture. The result is a vision of a new people, Asian, African and perhaps indeed Soviet, uncorrupted by luxury and capable of faith, who may by conversion become the new carrier of Christianity.

Apart from the seven days' wonder of Father Brockmöller, all these speculations of left-wing Catholics and certain Jesuits pass the average German entirely by. He is certainly not parish-pump bound in his faith as, for instance, the enormous response to the bishop's call last Lent for funds for the Afro-Asian poor, or the strongly marked feeling that John XXIII may represent a new era in the Church's history, testify. But as regards the higher foreign policy of the Church, especially towards communism, his motto

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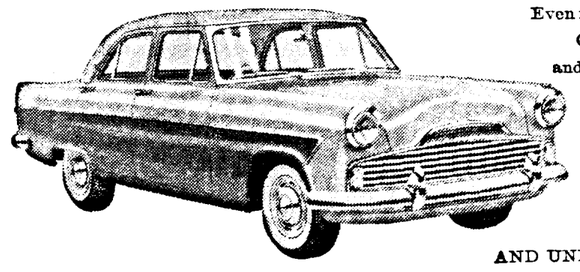

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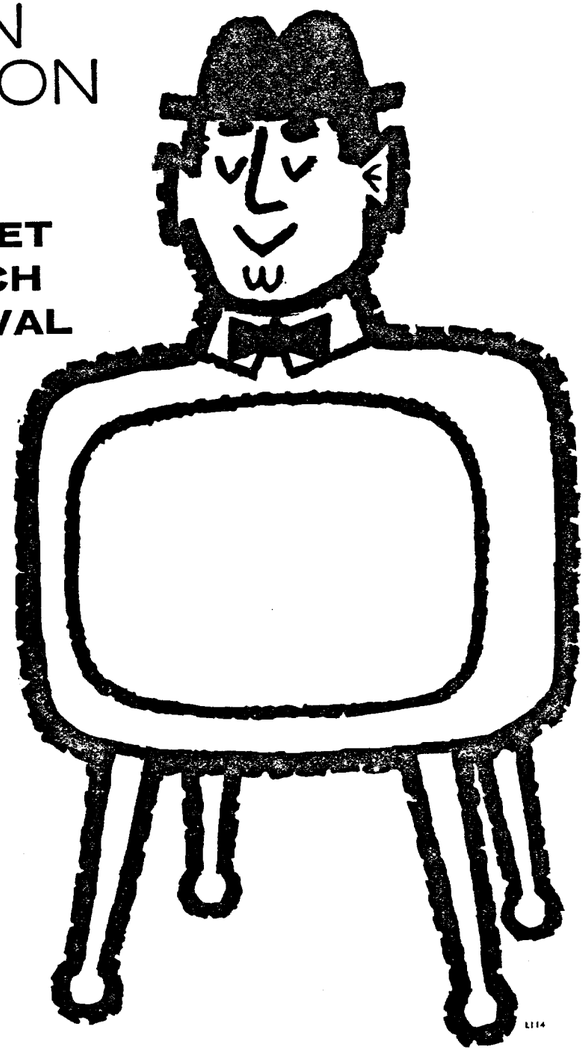

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seems to be as it is in secular affairs: No experiments. Furthermore, even so far as the intellectuals are concerned, the pessimism which clouds many of them, the tendency to underestimate the virtues and victories of the West in the world conflict, may only be the temporary result of the spiritual shell-shock from which Germany has suffered since its defeat and is still suffering. It may then be that these speculations will come to nothing more than a small footnote in a *Geistesgeschichte* of mid-century Germany. On the other hand it is just possible that more might be heard of them when Germany at last comes to grips with its recent past, recovers its spiritual self-confidence and returns to its traditional experiment with ideas.

Austrian Socialists' Gains

AUSTRIA had a spate of party conferences last month. On November 12th and 13th, the top men of the middle-class People's party met in the seclusion and Victorian splendour of the Südbahnhofhotel at Semmering. At the same time their partners in the coalition, the Socialists, were deliberating in the more work-a-day atmosphere of Vienna; while the leading members of the Freedom party, which provides the parliament with a rudimentary opposition of eight deputies, had a meeting at Salzburg. The People's party looked inward and decided on reform, which is to be more fully discussed at the party congress in February. But Dr Pittermann, the Socialists' chairman and the vice-chancellor of the Republic, declared, in an extrovert way, that there was no point in Austria trying to get on the European common market band-wagon. The respective preoccupations of the two major parties are characteristic of their present states of mind.

In the Viennese municipal election on October 25th, the voting pattern of the general elections in May was repeated; the People's party lost votes not only to the Socialists but also to the Freedom party. Although they are by no means faced with a landslide, the leaders of the People's party are frankly worried and puzzled by the loss of voters in the midst of the general prosperity. The party's thinkers are now making references to a rather obscure "malaise of the middle class," while its tacticians cast wistful glances in the direction of those countries where the socialists are the losers, and where the conservative parties are solely responsible "not only for the production, but also for the distribution of national wealth."

But the leaders of the People's party have another problem on their hands: since the formation of the new cabinet in July, the Socialists have claimed an increased share of responsibility inside the government that is out of proportion to their increased share of popular support. They began to take more interest in economic affairs—until then a middle-class preserve—before the general elections, and the relationship between the two coalition partners has recently been extremely strained by differences over economic policy. During the discussion of the finance bill for 1960 the partnership nearly broke up; the breach was patched up with no time to spare before the deadline, on October 22nd, for the presentation of the bill to parliament. At the same time, the Socialists have achieved solid success in the conduct of foreign affairs: Dr Kreisky, the new foreign minister, has carried through the overdue reorganisation of the ministry itself; he is responsible for the formulation of the government's policy towards European economic groups; some outstanding questions, such as Austria's recognition of the Danube convention of 1948, and the conclusion of a consular treaty with Russia, were resolved last month.

The Socialists are not only successfully active inside the government; outside it, they have retained the support of the working-class, while making significant advances among the middle-class itself. The reasons for this are not as obscure as the strategists of the People's party believe. They have placed too much reliance on prosperity as the final deterrent against socialism; in their propaganda, they are attacking not the current, but an earlier version of socialist doctrine; the voter has not been slow to spot the error. Austria's left-wing has by now been completely purged of Marxist relics; its leaders have recognised that they must deal with economic problems without the help of obsolete ideological instruments, and it was this recognition that made their successful inroads into the field of economic policy possible.

The middle-class leadership, on the other hand, have committed a number of serious blunders in their treatment of the coalition system. This sacred cow of Austrian politics is still a popular and lively animal, and the People's party's leaders, on several occasions in recent months, have tended to underestimate its vitality. During the election campaign in the spring, they created the impression that their party might be able, and willing, to govern single-handed; last summer Herr Raab, the Chancellor, handled the protracted negotiations on the new cabinet extremely clumsily, so that his party got much of the blame for straining the coalition too far. The Socialists, on the other hand, emerged from the election campaign and the subsequent negotiations as firm defenders of the coalition system. Finally, the local organisations of the People's party are now on the whole weaker and narrower than those of the Socialists. They tend to be careless about problems of political patronage and rewards for devoted service to the party; they also ossify quickly because they keep their young people outside in the cold too long.

Apart from references to a hidden weakness, signs of any offensive action by the People's party have so far been absent. It will now have to begin by overhauling its creaking apparatus; the formulation of policy will have to be reserved for a later date. There is some hope, however that the present coalition deadlock may be resolved in a different manner. While the system of government through the all-powerful coalition committee has been consolidated over the past few years, the parliament has slowly receded into obscurity; now, both parties appear to be interested in salvaging it. This is an essential constitutional reform for Austria. If it is successful, it may bridge the gap between the rulers and the voters. It would also relieve the dreary jockeying for positions inside the coalition, on the one hand by making it possible for one party to assume the sole responsibility for running the country, and on the other by strengthening the now impotent parliamentary opposition.

An Idea for Aid

IN a Gaullist era, the direct influence of M. Jean Monnet and the band of friends who did so much to bring the European communities into existence is inevitably reduced. But as a source of ideas they remain important. The ideas that emerge from M. Monnet's action committee have a way of percolating outward to Brussels, and then perhaps back to Paris and on to Bonn, until they appear, one day—modified perhaps, and some time later, but none the less there—in the policies of governments.

Last month's meeting of M. Monnet's committee produced much that was familiar—a suggestion that trade problems should be tackled on a world-wide or an Atlantic basis, and a proposal for an Atlantic conference. But one section of the resolution that was passed went beyond the ordinary. It was a suggestion that the six common market countries should undertake a gradual pooling of their exchange reserves, both as a backing for their own evolving common economic policies, and to enhance their ability to aid the undeveloped world. In Brussels the European commission is already being advised by Professor Triffin, of Yale University,

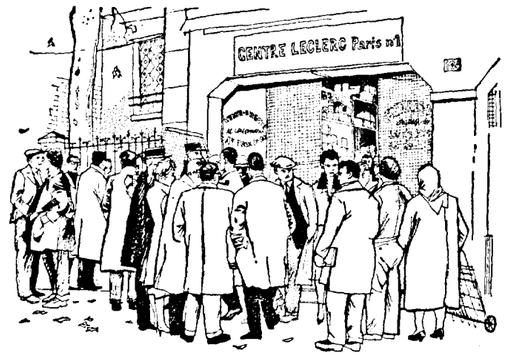
probably the man best qualified to devise and implement such a scheme.

There need be no doubt of the value of such a project if it were ever realised. To make a common economic policy really effective and expansionist, an economic union needs some such device. An article on page 702 of *The Economist* of November 21st suggested that any massive increase in European capital exports to the undeveloped world would require a major expansion of world liquidity. In the past the International Monetary Fund has lacked the political authority to carry out such big and long-term transfers of resources. Here at least is a part answer—a scheme for enhancing liquidity on a European basis within a system which has political teeth.

As an outsider Britain might well see such a project as a competitive threat to the status of sterling. Certainly, if Britain were in the scheme, sterling would stand to gain greatly from it. But the scheme has a chance of success just because it involves a greater pooling of sovereignty than Britain has yet been prepared to accept.

M. Leclerc Comes to Paris

FROM OUR PARIS CORRESPONDENT



AN unpretentious shop in the Parisian suburb of Issy-les-Moulineaux has created a stir among the public and panic among grocers. The shop, a converted garage, has no gadgets, no luxury trimmings. But the housewives are queueing outside it and M. Poujade has raised his old battle-cry of "unfair competition." M. Leclerc, the price cutter, has come to Paris.

The Leclerc formula is simple. Shops on his model buy straight from the factory and sell to the public at wholesale prices (they thus avoid certain local taxes on retail trade). The difference in price with the orthodox retail shops varies from commodity to commodity, but M. Leclerc claims that, on an average, his level is twenty per cent lower. The Leclerc shop can manage with the wholesaler's profit margin alone by cutting down overheads to a minimum and maintaining a very quick turnover. In order to do this, it concentrates on branded goods and limits its staff and amenities. The initial capital outlay is also kept down; this is why there are no Leclerc self-service shops. The new development does not perturb the elegant *épiceries fines* which cater for Parisian gourmets, but it does worry the small local grocers.

The experiment is not new. M. Edouard Leclerc began it ten years ago in his native Brittany. There are by now sixty Leclerc distribution centres outside Paris, though he owns only two of them. The first to be set up in the heart of the capital has been opened this month. The amount of publicity that the movement has been getting may be due to the fact that it coincides with an official attempt to keep the cost of living down.

After the devaluation and financial reforms of last December, French retail prices rose less than the experts had foreseen. But since the summer, and partly as a result of the drought, food prices have resumed their climb. The government, determined to limit wage increases, keeps an anxious eye on the cost-of-living index. Last month it launched a campaign to reduce the prices of a selected range of foodstuffs and other groceries. Multiple stores, trying to crush the Leclerc experiment, welcomed the move. Frightened small shopkeepers followed suit.

Demonstrative price reductions—as M. Pinay well knows—tend to be ephemeral. Official hopes are now based on the growing impact of competition.

It is usually forgotten abroad that the French industrial revolution of recent years has been accompanied by a concentration of trade. True, after the war France seemed a seller's paradise, and visiting Britons could return Napoleon's compliment about a nation of shopkeepers. Even when acute shortages disappeared and inflation was halted, small shopkeepers survived on the margin, partly through tax evasion. Gradually, however, the laws of the market reasserted themselves.

Between the beginning of 1954 and of the current year, the total number of shops in France was reduced by 34,000 (to 808,000). The net figure gives no idea of the real process, since each year family businesses predominate among the shops wound up, while new registrations are mainly companies and are often branches of an existing chain. If the turnover figures are looked at, the trend is more striking still. A recent trade survey revealed that the new self-service stores are doing particularly good business and that Paris is preparing for an invasion of supermarkets.

Nobody likes to be squeezed out in the name of economic progress. Shopkeepers who were feeling the pinch were the backbone of the poujadist movement and largely accounted for its surprisingly high poll in 1956. Two years later they deserted their leader and voted for the neo-gaullists, hoping presumably that the laws of the market would end with the Fourth Republic. How wrong they were! The new government is less affected than its predecessors were by the parliamentary pressure of small tradesmen, craftsmen or producers. It has encouraged foreign competition, and the French foreign exchange reserves are now sufficient to enable the authorities to step up imports if home prices get out of hand. The government has also set up an advisory committee which, in M. Rueff's own words, "will X-ray the French economy," searching for restrictive practices to eliminate. Shopkeepers can expect more competition, not less.

Against this background of concentration, M. Leclerc does not really appear to be on the side of the giants. Despite poujadist protests, he still seems to belong rather to the rearguard of individual shopkeepers fighting against the trade's big battalions. By cutting down both the initial outlay and running costs, he seeks an answer to the challenge of the financially powerful chains. Already many shopkeepers have been compelled to pool their buying. All this may prove of no avail to arrest the process of concentration of retail trade. The American group, Grand Union, recently disclosed its intention of setting up 22 supermarkets in the Paris area. Others will follow. Supermarkets may not fit the accepted picture of Paris, but the French, for all their predilection for fine food and shops with individuality, are not immune to the "American" trends spreading throughout western Europe. Nor, for that matter, are they exempt from the workings of economic laws. It was in Paris, after all, that just over a century ago M. Felix Potin—cutting out middlemen, resisting price increases, and so on—carried out the first revolution in the food and grocery business.

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In homes, stately and otherwise, all over the country, the grand strategy of the Christmas dinner is being planned. How about the item that adds the final touch—the wine? Here at Harveys we have every kind of wine, from the modest to the magnificent. In the medium and low price ranges alone there are Burgundies, Bordeaux and Rhone wines for every course on the Christmas menu, and for informal parties, too. Here are some of the most attractive of them:—

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A medium-dry white wine. Agreeably light for opening the meal and exceptional value at this price.

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CHATEAU RIPEAU, St. Emilion 1955
15s. *a bottle*, 8s. *a half-bottle*.
A beautiful Château-bottled claret. The finer wines of this district have truly been called the "Burgundy of Bordeaux", with their fullness of body, flavour and colour.

CHATEAU NENIN, Pomerol 1953
19s. *a bottle*.
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POMMARD, Côte de Beaune, 1953
12s. *a bottle*, 6s. 6d. *a half-bottle*.
A smooth, medium-bodied red Burgundy. Sunny and mellow, from a famous year. Excellent with chicken, game, steak or any red meat, as well as cheese.

CHATEAUNEUF DU PAPE 1956
10s. *a bottle*, 5s. 6d. *a half-bottle*.
A fine, strong red wine from the sun-drenched valley of the Rhone. Very palatable, with a depth of body greater even than a Burgundy. Full of flavour.

GRAND HERMITAGE, Red 1954
12s. *a bottle*, 6s. 6d. *a half-bottle*.
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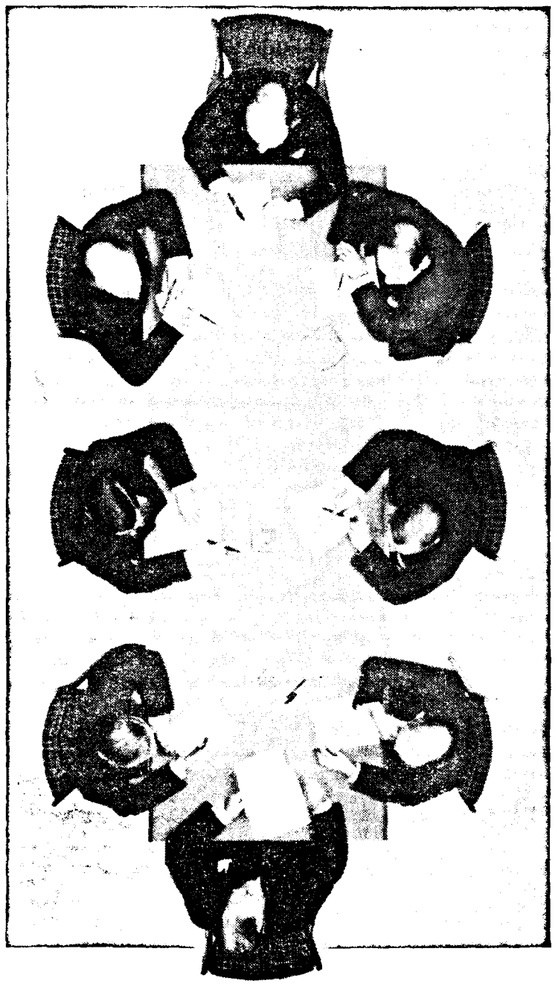

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THE BUSINESS WORLD

Mr Sandys's Turn

ALTHOUGH his plans for the aircraft industry are not so very different from those of his predecessor at the defunct Ministry of Supply, Mr Duncan Sandys, the Minister of Aviation, may find himself obliged to re-state them in the House of Commons before the Christmas recess in order to answer the charges now circulating in parts of the industry. The core of the policy is simple and has not changed since it was first propounded by the then Minister of Supply, Mr Aubrey Jones, in 1958. By that date it had become clear that, once defence cuts had taken effect, this country could not support an aircraft industry consisting of a score of companies employing 260,000 people. It looked as though there might be work for an industry employing 150,000. The question then was how they should be organised, and it is on this question of organisation that the existing companies and the government part company.

The reason for the survival of so many small companies in an industry where size is a good yardstick of efficiency lay in the amount of direct financial help they had been accustomed to receive from the government, while the military demand was still high, to meet the cost of developing new aircraft. Because of this, few companies bothered to increase their permanent capital much: and large, sometimes huge, bank overdrafts are a common feature in the accounts of aircraft manufacturers. But when it cut defence expenditure, the government also decided to stop financing the development of civil aircraft. This removed one of the industry's major sources of working capital, at a time when market conditions were least favourable for new aircraft issues. To find the resources needed to develop modern civil aircraft—and the industry had to build civil aircraft if it was to survive at all—the Ministry of Supply suggested that medium-sized companies should pool their resources by amalgamating into four or five large production units.

The aircraft industry's dislike of this policy is evident from its extreme reluctance to amalgamate. On the engine side matters moved swiftly and smoothly. The bulk of the industry's output was already produced by Rolls-Royce; Bristol and Hawker Siddeley amalgamated their two engine companies to form a single unit capable of competing with Rolls-Royce, which was what the government wanted. There are other small engine manufacturers, including Alvis, Blackburn and Napier, but their production is highly specialised and does not affect plans for the industry as a whole.

On the airframe side of the industry, the picture is very different. All the bigger companies, Hawker Siddeley, Bristol, Vickers-Armstrongs, de Havilland, Shorts, Handley Page, English Electric, pursue their own independent paths, occasionally carving up some of the smallest companies between them. Thus de Havilland and Westland, the helicopter manufacturers, recently each took over separate divisions of Saunders Roe; Hawker Siddeley has bought Folland Aircraft and made a bid last week for Blackburn Aircraft. With the exception of the Blackburn offer, these deals are hardly what Mr Aubrey Jones had in mind when he orginally advised the industry to amalgamate, and they are certainly not what Mr Sandys expects. But the Blackburn company has at the moment a certain amount of work in hand, and its design and production facilities are good. Its decision to go in with Hawker Siddeley probably means that the Blackburn management saw that a small, efficient company had more chance of surviving in the aircraft industry under the umbrella of a large group like Hawker Siddeley.

HAD Mr Jones's original policy been allowed to run its natural course, so that work went only to large companies with adequate production resources, the desired concentration of the industry into a few hands would have come about automatically, whether the industry was prepared to co-operate in the policy of amalgamation or not, and without the need to exert any pressure on individual companies. But other government departments regard the local pockets of unemployment that would inevitably have resulted from this with great alarm. Any minister responsible for aircraft production is under constant pressure from his colleagues to place work with companies in Scotland, or Northern Ireland, or anywhere else in Britain where MPs' constituents live, so that companies can go on building unwanted and often inefficient aircraft, when this is the very thing that the minister is trying to stop.

If companies can build aircraft out of their own resources, without coming to the government for financial help, no one would want to stop them. But those that have tried to do this are becoming increasingly disillusioned with the results. The market for civil aircraft is temporarily sated; airlines are awaiting delivery of the hundreds of jet airliners that they have on order and are undecided about what other types of aircraft they will need. Sales are temporarily at a standstill; one consequence of this has been that British manufacturers are doing less civil business than they expected. The smooth

transition that was hoped for from military to civil production has not taken place. Mr Sandys has moved to the Ministry of Aviation at a time when it is beginning to look as if the industry may not, after all, be able to finance its own civil development—simply because it cannot find enough current business out of which to do so.

Mr Sandys appears to have persuaded the government that he may, after all, have to give the industry more financial aid for its civil work than was originally expected. This immediately alters his relationship with the aircraft industry. The government has already sunk so many hundreds of millions of pounds into aircraft, most of it without return, that any minister who proposes to invest yet more government funds in civil airliners must first of all be able to present the Treasury with convincing evidence that he will not be throwing good money after bad. In the case of military aircraft, the acid test is technical: whether or not the design is a good one. But with civil aircraft something more is wanted. The best design in the world will not sell if buyers have less than full confidence in the company that proposes to build it.

THE fact has to be faced that there is only one British company in this industry in which overseas buyers have confidence: that is Rolls-Royce. Vickers-Armstrongs has made a successful name overseas with the Viscount; the company's standing abroad is not as high as that of Rolls-Royce or of the biggest American aircraft manufacturers, but it is certainly higher than that of any other British aircraft manufacturer and is probably comparable in the international civil market with such American companies as Lockheed. After Vickers comes Hawker Siddeley; the Indian government recently preferred to buy an airliner off the drawing board from Hawker Siddeley than to buy a practically identical, but fully proved, machine from Handley Page. Any other, smaller civil manufacturer is going to find it very difficult indeed to sell airliners abroad unless its designs are so highly specialised that buyers have no option. From this point of view Short's experiment in concentrating on the production of extremely large and extremely small freighter aircraft is one of the most interesting, if risky, commercial ventures in the industry.

If Mr Sandys can find aircraft companies able to design good commercial aircraft, and able to sell them abroad, he must still satisfy himself that those companies have sufficient resources to get the aircraft into production, turn them out in adequate numbers, and deliver them on time. "Resources" in this sense is beginning to mean something more than factories, machine tools, drawing offices and cash in the bank. It also means some other source of income to tide over the long gestation period of a civil aircraft. Vickers-Armstrongs, English Electric and, of recent times, Hawker Siddeley, all have substantial interests outside aviation to give their businesses a broad base (although Hawker Siddeley is having some trouble digesting its new purchases). Other aircraft companies are beginning to diversify but have not carried it to the stage where it could offset the vicissitudes of the aircraft market.

In the present state of the aircraft market, as a matter of hard fact, there may be work for only two major airframe manufacturing groups, rather than three; Mr Sandys has told the industry this. The two strongest airframe manufacturing units, on the criterion just laid down, are Vickers-Armstrongs and Hawker Siddeley. Vickers-Armstrongs, although it is working with English Electric on the design of the RAF's extremely advanced Canberra replacement, has shown no signs of wanting to amalgamate with any other aircraft company. Since the first days of the Viscount, Vickers has preferred to expand its own capacity and retain responsibility for its own aircraft; it now has three civil airliners in production and a fourth on the drawing board. Hawker Siddeley, on the other hand, will foster anyone's chickens. The group consists still of a number of separate companies. Some of the industry's medium-sized manufacturers (medium-sized by British standards) may already be planning to approach Hawker Siddeley with an offer to amalgamate. But collecting aircraft companies as if they were stamps or butterflies will not necessarily make Hawker Siddeley a strong producer; the resilient and newly streamlined Hawker management will face one of its stiffest tests in rationalising and integrating its new bag of assets.

The state of the aircraft market has brought a new and pressing urgency to the reorganisation of the industry. Britain has lost the market for long-range jet aircraft; the day of the Viscount is nearly over and the danger is that the industry may lose the market for the Viscount's replacement to foreign competitors. Most airlines consider that this should be a pure jet airliner; the French have such a machine already in service, the Americans one under construction, and in this country de Havilland is completing the design of one for British European Airways. Work was started on this aircraft as a private venture, but under present circumstances it would not be surprising if de Havilland asked Mr Sandys for a grant of some kind towards its construction. Mr Sandys may indeed find himself having to choose between de Havilland and Vickers-Armstrongs, since Vickers has recently decided to produce a scaled-down version of its big VC 10 jet for this medium-range market. With the growing possibility that its Vanguard may prove an expensive failure, and with the heavy cost of developing the VC 10 to carry, Vickers-Armstrongs may well feel unwilling to finance the development of yet a third airliner, this small VC 11. Yet there is growing evidence of foreign interest in such a machine and Vickers-Armstrongs is unquestionably in a stronger position to sell a Viscount replacement to its own Viscount customers than de Havilland would be.

What under these circumstances does Mr Sandys do? Refuse financial help to de Havilland and give it to Vickers-Armstrongs, which would in any case need the order from British European Airways that de Havilland has already secured for 24 medium jets in order to put production of its own medium jet on a commercial footing? Or support de Havilland, knowing that the company's chances of export sales are a good deal slimmer than Vickers? Or should he order a shot-gun wedding (the phrase is being used in the industry) between the two companies and produce a composite aircraft called the VC 121?

If Mr Sandys were minded to imitate Mr Khrushchev (to whom he is being compared by some of his private critics) he might at this stage be quoting the proverb about its being easier to lead a horse to water than to make it drink. He has told the industry that its chances of work are slim; told it that he will give financial help, withheld by his predecessor, to companies with sound civil projects; and told it the kind of conditions under which that help will be forthcoming. The tantrums of the Fairey Aviation company over its Rotodyne contract seem to indicate that the industry is disposed to believe Mr Sandys is once again back under its thumb. Several million pounds of public money have been invested in the development of this aircraft. Fairey was offered a contract this summer to cover the company's further development costs and has now returned it, unsigned, on the ground that still more money will be needed to cover, presumably, expenses involved in getting the aircraft certified for civil use. The Society of British Aircraft Constructors would be doing its members a service if it warned them that Mr Sandys is being a good deal more generous to the industry than many people think, not without grounds, he has any reason to be, and that he will face a hard fight with the Treasury to prove his case for such financial help as he is promising.

To imply that the new Minister of Aviation is trying to nationalise the industry is nonsense. There is nothing to stop any manufacturer from building as many aircraft of whatever shape and kind he likes, so long as he can raise the money privately and does not expect the taxpayer to provide it. But if the industry wants public money, it cannot complain if that money comes with strings attached to it. The only condition on which Mr Sandys insists as Mr Jones did before him is that the recipient shall have solid resources behind them. Nobody outside the aircraft industry would call this an unreasonable requirement.

Brands in the Branches

BY A CORRESPONDENT

Self-service multiples, handling more varied stocks, are easing the manufacturer's problem of "getting distribution for the product"

ANY food manufacturer today knows that his best chance of keeping up with Britain's rising standards of living lies in selling quality and convenience as well as sheer comestibles. The standards are rising throughout the pyramid of incomes, and indeed faster at the base of the pyramid; vast numbers of people are now rising into the modest affluence when they can indulge their taste for better qualities rather than larger quantities of food. This attraction of quality and variety, and of the service element now built into so many prepared and pre-cooked products of the food manufacturing industry, enables that industry to look forward to a fair share in growing prosperity; it also provides an incentive to compete for consumers' extra income with ever wider variety. The domestic market is now far from the day when every housewife bought her own basic ingredients, and made her own pies and puddings, baby foods and soups; more and more branded and partly prepared food products continue to come on to the market. All these new products can only be sold through shops; every manufacturer's first concern must be to "get distribution." Will "the trade" take it?

In any calculations on this point, the multiples must loom large. They are becoming more important to the food manufacturer not only because their total sales are growing more rapidly than those of the co-operative movement and the independent, but also because self-service is increasing their interest in branded goods and, because the breakdown of resale price maintenance is removing an incentive to compete in such fields as soft drinks using their own labels. Moreover, with the growth of buying groups and voluntary chains, many characteristics of the multiple today may equally apply to the combination of wholesalers and independent shops tomorrow.

Traditionally multiples have severely limited the assortment in their stocks so that only one or two brand leaders in a particular field could hope to be stocked. Moreover, they have matched their centralised buying by a most jealous guard on sales representatives' access to their branches. Finally, they have been a good deal keener than other sectors of the trade on rationalising their operations to cut costs. Modern developments, self-service in particular, are modifying the first two of these policies but underlining the third.

STOCK assortments are now increasing rapidly—not only because the customer demands a wider choice but because self-service reduces the marginal cost of stocking an extra line. In counter service, all assistants need (ideally) to know the prices, locations and characteristics of all the items stocked, and it is impossible to divide trade into departments without asking the customer to pay separately in each department. A self-service assortment of stock is not cramped by these limitations: it may easily number 3,000 lines instead of 1,000. The grocer will still try to stock only two leading cocoas out of three, or three leading makes of jam out of half a dozen, estimating that brand preferences for the rejected lines will generally not be strong enough to lose him a sale. But the largest size of Horlicks or the more exotic types of marmalade are much more likely (firm for firm and district for district) to be carried in a self-service shop. Their absence may mean lost sales, and though their turnover is slow, their presence now causes little trouble.

It follows that the manufacturer, even if he cannot convince the retailer that he is the leader or the second in the field, may nevertheless get distribution today provided that he has a loyal though limited clientele; the insistence of a relatively few consumers may do him more good than mere acceptance by many. Having got his product into the shops' stock, the manufacturer next wants to make sure that it is favourably placed—literally and metaphorically—in the shops to derive full benefit from the consumer advertising he is doing. To do this he must get his representative into the shops. Here he finds that the old resistance—based on a fear that an unscrupulous representative would over-sell a branch manager as well as wasting his time—is in some cases breaking down. One

reason is that with larger branches it is often economical for the goods to be delivered direct. Another that with self-service, the visitor who calls at the busiest time is not taking anyone "off the counter." Most of all, reputable firms have shown that they will not abuse the privilege.

Sales depend first on not running out of stock and second on display. The competition for satisfactory display has led many manufacturers whose goods require it to supply permanent stands, racks and containers for them, and self-service has accelerated this development. Cadbury and Wrigley do this in the confectionery field, and the pattern is the same in practically every "non-food" class where suppliers are seeking outlets in supermarkets, such as paperbacks, nylons, and lamp bulbs. In many of these cases, the equipment is only part of a complete "rack jobbing" service. Here the supplier takes responsibility for the stock and display from week to week; the retailer simply provides the space, and accepts a lower margin on the goods that are sold.

Where rack jobbing is inappropriate the more alert suppliers, particularly those in contact with the American market such as Hedley and Heinz, are now offering to dress the shelves for the complete commodity group they are interested in; soaps and synthetic detergents for Hedley, soups for Heinz. Unblushingly they explain that they allot appropriate shelf space to rival products in accordance with independent retail audit research figures of relative sales. The typical retailer has no objections. It is indeed reported from the United States that manufacturers are now "renting" eyelevel shelf space from the retailer, so as to keep their competitors' products in secondary display positions. The retailer might like that even better.

THE third feature of the multiple—rationalisation to cut costs—is now receiving new emphasis. The era of mass consumption is also the era of mass distribution. Distributors, particularly the new supermarket companies, are beginning to look at the jobs they do in the scientific ways that the production engineer and the method study man have brought to the factories. But most operations in distribution are as subject to the shape and design of the package as a British change dispenser would be to the threepenny bit. Here, too often, the ingenious brains that marry low-cost production with value to the consumer take no account of the pipe-line in between.

The bigger distributors have successfully insisted on the right to set their own selling prices; with recent policy changes by Schweppes and Beechams some of the last bastions of resale price maintenance in the grocery trade (though not in the pharmaceutical or confectionery trades) have fallen. In any case most manufacturers have never wished to print prices on their cartons or labels, since a change would render valueless the stocks of packaging materials, that the economies of scale in printing make it worth their while to hold. If goods are to be marked with their prices, as they must be in self-service, the distributor must do it. He does it with rubber stamps—which require a suitable blank space or "price spot" on the carton—or, less cheaply, with labels. The manufacturer can help merely by designing the pack with a price spot in the right place. Opinion is not unanimous about where the right place is, but ease of access in the outer cartons that packs arrive in and ease of handling at the checkout, point to the ends of tins and packets, not to their sides or faces. Too many packets make no provision for this; too many tins have embossed numbers on the top end which prevent a clear rubber-stamp impression; too many bottle tops are covered with meaningless designs, slogans or instructions. To one manufacturer of boot polish, the highly-decorated lid of whose product offers no place for the price, a distributor sent a sample showing how the design was disfigured by the superimposition of a price-label. "This is how we present your product to the consumer" he said. "Our design has always been like this and is going to stay like this" was the reply.

Other manufacturers, however, have realised some of the special implications of open display. The product must be easily stacked, or, if it is small and slippery, like meat pastes or confectionery, enclosed in a "display outer"—usually of thin cardboard with the lid folding back into a display card. It must be identifiable from any angle with its name on every face of the packet, or with a colour and design on every face that mark it out from others in the same commodity group. It must be easy for the customer to pick up with one hand, and adequately protected against the customer who will examine, finger, squeeze and return it to the shelf. Nor is it only the consumer's pack which is receiving attention. The "outer" case in which it is received at the shop, usually a fibreboard carton, is just as important to the retailer. The Campbell's soups which are packed in Canada come in flat cases only one tin deep; this uses more fibreboard, but finds favour with retailers not only because all tins are exposed for price-marking once the lid is off, but also because it is handled and stacked more easily. No one, however, has yet designed the perfect outer pack for tinned goods, from which they could be slid bodily on to the display shelves without individual handling.

IN general, the latest methods used by manufacturers for stimulating sales of a particular brand do not make for distributive efficiency. The grocer does not like to keep customers waiting while he searches through his stock of cornflakes so that a youngster can complete his set of circus characters. Nor does he enjoy finding that the TV advertisement says model Red Indians are in the packet while the stock he has been sent only contains cowboys. He gets a small allowance for handling (and financing) soap coupons, but he is conscious of the risk of loss involved in this new form of currency; nor is he inclined to argue with the customer who offers coupons in part payment for her purchases even though these do not include the products to which the coupons refer.

As for "bargain packs," unless a grocer gets adequate notice, he may have to leave money locked up in full-price stocks that remain on his hands while the "special offer" runs its course. Fortunately for him, the war of bargain packs has in some cases reached a stage where he can refuse to buy and stock the full-price article at all. Many of the special offer campaigns have been self-defeating—to the extent that brand loyalties which can survive a rival's "3d. off" have not been built up. Retailers are resigned to the fact that no manufacturer would ever be satisfied with the steady or steadily rising sales that would enable the shops to know how much to order. Stimulation by fits and starts will continue to be the rule; but retailers feel entitled, at least, to full and timely information about manufacturers' marketing plans.

BUSINESS NOTES

WORLD MONEY MARKET

London Regains its Poise

ALL the main financial centres are now looking outward at developments abroad. The moves towards convertibility a year ago went a long way to restore a measure of unity to the world money market and the results are very much in evidence. Funds are more sensitive to movements in interest rates, and small differentials may lead to substantial transfers. This is a sign that the market is working well; the movements are generally in a direction that helps to balance world payments and are quite different from capital transfers occasioned by loss of confidence or exchange speculation. For a time last week it looked as

GILT-EDGED SINCE THE ELECTION

	Oct. 8	Nov. 20	Dec. 4	Dec. 10
	Net prices			
Short Bonds				
Funding 2½% 1956–61	97²⁹/₃₂	96¹⁵/₃₂	98⁷/₁₆	98¹⁵/₃₂
Conversion 4½% 1962	100¹⁷/₃₂	101	99²¹/₃₂	100¹⁹/₃₂
Medium and Long				
Savings 3% 1960–70	80⅞	83⅞	83¹¹/₁₆	82¹³/₁₆
Conversion 5½% 1974	99⅝	102¹⁵/₁₆	102⅛	102⅛
Funding 5½% 1982–84	102⅛	105¼	104⁵/₁₆	104⅜
Treasury 5½% 1986–89	97⅝	97¹⁵/₁₆	96⅞	96¹⁵/₁₆
Gas 3% 1990–95	65⁵/₁₆	69	67¹⁵/₁₆	67⁵/₁₆
Funding 3½% 1999–2004	70¼	73⅞	72⅛	72¹¹/₁₆
Irredeemables				
War Loan 3½%	64	67¾	65¹¹/₁₆	65¾
Consols 2½%	49¹/₁₆	52⁹/₁₆	50¹¹/₁₆	50⁹/₁₆

though London had not taken the point at all. Britain's first commercial loss of reserves for two years led the stock exchange to talk itself into the likelihood of an early increase in Bank rate and consequent depression for gilt-edged.

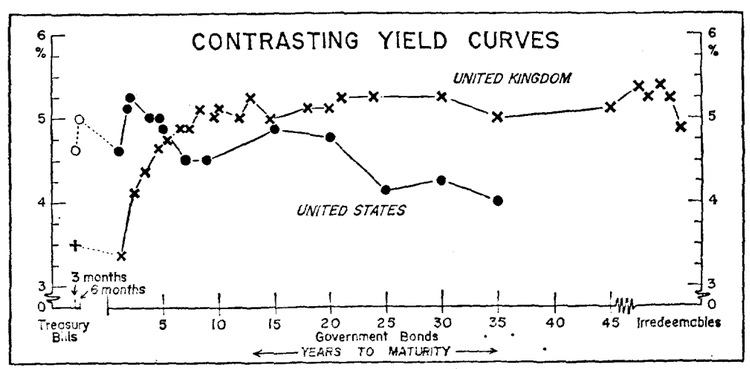
This week the whole market has recovered its poise. The fall in gilt-edged has been checked. The post-election honeymoon may be over, but buyers stepping in to take advantage of the slightly lower prices showed that the new investment demand at current returns is not over. The market has been helped by a recovery in spot sterling, which on Tuesday regained parity with the US dollar. Industrial shares, which in their recent fluctuations seem to have taken the 300 point on the *Financial Times* index as their baseline, received a big lift on the opening of the Christmas account from the further sharp rally on Wall Street. This carried the Dow Jones average within 3 points of its August peak of 678. Wednesday's rally in London brought *The Economist* ordinary indicator back to its peak of 352.7 (1953 = 100).

New York and Congress

BUT London has not been allowed to forget either New York or Germany this week. The German central bank published a stern warning by Dr Karl Blessing to the government and other public authorities that they should not rely on the market being able to absorb all the demands resulting from their fiscal softness. And in New York the Treasury bill rate rose to new heights—4.638 per cent for the three months' issue and only a shade under 5 per cent for the six months' issue. This led to talk of whether the Federal Reserve could continue to hold the discount rate at 4 per cent, though specialists on Wall Street point out that stringency is to be expected at the year-end (and this year withdrawals of funds by foreign banks for window dressing are likely to be a big additional influence); there has not been an increase in the discount rate in December for the past forty years. But few people would care to predict further. The corporations' very large holdings of short-term government paper are a constant threat to the market, and a renewal of business recovery when the steel strike is settled would almost certainly involve substantial liquidations.

The other major uncertainty over this market is whether Congress on its return in January will do anything about the ceiling of 4¼ per cent on new government issues of over five years' life, which is causing increasing congestion in the short-term market with the passage of time. It is this ludicrous ceiling that is responsible for the strange relationship of yields in New York today—5 per cent on six months' money and 4 per cent on thirty-five year bonds. This "downward sloping" yield curve is normally a reflection of investors' expectations that interest rates will soon fall. A diminishing number of investors in the United States have that belief today; the pattern of yields is the result of unnaturally freezing the supply of medium and long-dated maturities and concentrating all borrowing into the short end of the market.

In London the yield curve has the opposite shape (broadly what may be regarded as its normal one) and the contrast has an important lesson for the market. While the London Treasury bill rate is more than 1 per cent lower than in New York, there is a differential of almost exactly the same amount but in London's favour on long-term securities. Yields on British Government securities are thus not only high historically in relation to 4 per cent Bank rate, they are high in relation to today's levels in other countries. The implication surely is that gilt-edged may have little to fear even if the London authorities do feel obliged to follow other centres and raise Bank rate.



Bank Rate and Sterling

WILL they be? There can be little doubt that London could not, and should not, hold out against the world trend for any very long time, nor that before too long a rise in Bank rate will be prompted by domestic considerations. Bank rate, as the Government has mercifully agreed with the critics of Radcliffe, is a market weapon and changes are not to be regarded as world shattering shifts of policy. The Bank of England encouraged last week's rise of ½ per cent, to just over 3½ per cent in the Treasury bill rate, but the margin below Bank rate is not yet unduly small. There seems no reason why the Bank should at present be forced into a change before it feels that the time is ripe. It recognises that the return of funds to the United States is welcome to the authorities there. It would presumably not be unduly worried if, say, up to £100 million of balances in sterling were shifted to New York; such transfers involve no weakening in the net balance of

reserves to liabilities. What is much more difficult to judge is how much more money is likely to move.

A good deal of international funds that are sensitive to interest differentials have gone already. This week there appears to have been no large movement after the further rise in the United States bill rate, perhaps because banks are preparing for their end-year window dressing. The premium on sterling against New York in the forward market, which tends to move in line with the interest differential, has remained unchanged. But the influence of differing monetary conditions on the reserves is not limited to the amount of sensitive "arbitrage money." When interest rates are high in the United States and credit is tight, the impact on the exchanges is likely to be diffused through countless ordinary commercial operations, just as the very different influence of exchange speculation has in the past been diffused through leads and lags in commercial payments. There is now some cost incentive, as distinct from any speculative incentive, to go short on sterling. But one would never expect the running down of sterling balances and increase in sterling credits to be taken to the lengths for these reasons that they were when the future of the exchange was called in question.

PRICE CUTTING

Nem Con

MR HEATHCOAT AMORY went to some pains in a public speech this week—as no doubt he had the day before in private to representatives of business—to emphasise that

> I am not asking for a price freeze—or for that matter for a wage or dividend freeze—nor am I saying that there is room for all prices to be cut now or that I am dissatisfied with what has been happening.

Nevertheless, he was anxious to discuss with business, as represented by delegations from the Federation of British Industries, the National Union of Manufacturers, the British Employers' Confederation and the Association of British Chambers of Commerce, any possible steps that could be taken to maintain the relative stability of prices Britain has now enjoyed for 18 months.

The businessmen, according to the anodyne communique issued after the talks, were also, broadly, on the side of virtue. They agreed that inflation was still a very real risk; that stability was a good thing; and that they shared responsibility with the Government, the trade unions, the nationalised industries and the distributive trades for maintaining this good thing. But it is not easy to see what the "careful and speedy study" that they promised of the Chancellor's appeal can lead to in practice. They have undoubtedly great influence in business affairs; but this ordinarily falls well short of attempting to influence members' pricing policies, which are a matter of individual companies' circumstances. Nor does exhortation come as easily to trade associations as to a Chancellor. His ear-stroking may have a restraining influence; it is his monetary and fiscal policies that determine the matter.

WORLD BANK

£10 million Issue

THE International Bank for Reconstruction and Development will regard the terms for its third stock issue on the London market as being on the dear side, for this £10 million of 18-23 year stock carries a 5 per cent coupon and is offered next Wednesday at 96½. So the redemption yield to final date is £5 5s. 6d. per cent, sternly in line with the highest grade borrowing rates now prevailing in the London market. It is not to be supposed that the World Bank finds itself under any pressure to raise new money in London at the present time; more probably, its concern is rather to encourage a more active market interest in its bonds here. Its two existing issues, both of £5 million at 3¾ per cent, are officially quoted on the stock exchange with a putting-off point spread and markings, when they occur, evidently owe more to the Bank's sinking fund buying than they do to general investment interest. A £10 million issue is a much more realistic unit for the Bank to adopt for cultivating wider investment support here.

Interest on the stock is payable gross, without deduction of British income tax, which is a natural attraction to non-resident investors. Another point in its favour is the sinking fund operation of £278,000 annually starting in the year ending August 15, 1965, which will have redeemed at least half of the stock by the date of final payment in 1982. The relatively high coupon will make no tangible difference to the Bank's lending terms; averaged out over its total loan capital of $1,963 million (of this $1,638 million is payable in US dollars) it can have no significance. The Bank has lately been relying, perhaps more than it would wish, on short maturities sold in New York; further steps in its longer-term operations may bring the Bank to Europe again before too long—perhaps it will be Zurich's turn next.

STEEL

Back to 95 per cent

IN November steel output in Britain passed the record level touched in May, 1957: at 458,600 ingot tons a week, the equivalent of nearly 23,850,000 tons a year, it was the highest in the industry's history and as much as 30 per cent above output a year before. The recovery in its demand

has broadened: October deliveries of almost every steel product were higher than in September, even those of plate and heavy sections. There has been a marked expansion in demand from the constructional engineering industry and from general engineering. Pig iron production in November was 18-19 per cent higher than a year before: this too is back towards the levels of late 1957. The steady increase in output since the summer, taking up the slack in the industry, has been in response to orders that are now being placed further ahead and in larger quantities; there seems no doubt that a substantial number of customers are now doing their best to rebuild stocks. The comfortable margin of steel in hand upon which the "metal-using" industries were used to rely in the postwar period enabled them to cut their orders much more than their consumption during last year's mild recession as the Steel Board's table shows. Steelmakers hope this habit of carrying relatively large stocks will, equally, boost orders as the upswing continues next year.

STEEL PRODUCTION, CONSUMPTION AND INDUSTRIAL ACTIVITY

	Steel		Industrial production	
	Production	Consumption	All industries	Metal-using industries only†
	Per cent change on corresponding period a year ago			
1958 :—				
I	−1·0	+0·9	Nil	+3·0
II	−10·0	−0·9	−1·9	−0·6
III	−16·0	−7·2	−3·0	−4·7
IV	−19·1	−13·3	−0·9	−3·1
1959 :—				
I	−15·4	−11·4	−0·9	−5·2
II	−0·4	−0·5	+6·6	+2·7
III	+12·0	+2·8	+7·1	+4·9
IV (est.)* .	+25·0	+14·0	+9·0	+5·0

Source: Iron & Steel Board.

* Based on October and in some cases November figures. † Weighted according to their steel content.

The four more steel dividends announced this week have brought no real surprises; only the more heady market optimists could have been disappointed, for example, by United Steel's results. Steel share prices today reflect the removal of the nationalisation threat; steel companies' financial results (the first four of which are discussed in Company Affairs on page 1114), more soberly, reflect business during a financial year (to 30th September) during which production in the industry dipped as much as 19 per cent below the year before and did not show much general recovery until the early summer. United Steel's very broadly based experience includes very lean times in some departments against relatively successful trading elsewhere: it suggests, moreover, that a year of operation below capacity offered the industry economies in operating to set against the heavier burden of unit capital charges.

CROSSE AND BLACKWELL

Soup War Hots Up

THE two giants of the canned soup industry—Heinz and Crosse & Blackwell—have recently been forced to acquiesce in the fierce price-war in canned soups among retailers by the increasing popularity of packet soups and, more important, by the entry in the British market of Campbell's from the United States, which enjoys about 80 per cent of the American market. On Tuesday evening the directors of Crosse and Blackwell announced that they had received an offer of 72s. for each £1 unit; the identity of the bidder has not been disclosed. The offer places a value of some £9,700,000 on the group's ordinary shares, with a nominal value of £2,700,000, and on Wednesday (after the bid and not before it) the £1 ordinary shares shot up 15s. 3d. to 70s. Rumours about the identity of the bidder have been going the rounds in Throgmorton Street as fast as denials have issued forth from companies concerned. So far Beechams (who were involved in take-over rumours about C and B last July), Schweppes and Heinz have denied any knowledge of the bid. So, too, have General Foods of America.

The field of likely bidders has thus been narrowed, and the popular favourite is Campbell's whose actual (as against threatened) impact on the market has so far been small. To this American giant (whose net earnings after tax last year amounted to some $35 million) £9.7 million is probably a relatively cheap way of gaining Crosse & Blackwell's one-third share of the British market in canned soup, as well as sizeable interests in other food products, from vinegar and pickles to baked beans, boiled sweets and chocolates. Meanwhile shareholders of Crosse and Blackwell will have to wait for the further details promised by the directors and their advice on whether or not to accept. With the net assets of the group worth around 54s. 6d. a share there seems little doubt that they will recommend acceptance—unless some potential rival bidder acts fast. One encouraging feature about the affair has been the directors' scrupulous observance of the code of procedure in take-over bids recommended by the recent committee of City institutions. For once, shareholders as a body have been given information before it has become available to a lucky few; in Tuesday's dealings the price of the Crosse and Blackwell shares actually fell.

SCIENTIFIC POLICY

Lord Hailsham's Advisers

WHEN he was appointed Minister for Science two months ago, Lord Hailsham stressed the importance to him, as a layman, of technical guidance from the 15-man Advisory Council for Scientific Policy. This composite *eminence grise* has been advising successive governments on scientific matters for more than twelve years. This team of advisers may gain more power now that it is guide and mentor to a single minister with whole-time responsibil for science than when it was advising the government at large: however, its membership is widely chosen, and it has always enjoyed what might be described as "distinguished amateur status." The Advisory Council's report for the year ending September 30th suggests that it is sufficiently broadly based to avoid any danger of becoming a pressure group for any single kind of scientific effort, however fashionable. Its advice to the government on the biggest single issue of current scientific policy—space research—is presented with a clear-sighted realism and logic that will not endear the members of the committee to some of their interested colleagues.

After examining the arguments for an independent British space research programme the council concludes that they do not hold water. Space, it concedes, is exciting, stimulating, challenging; but "the magnitude of the effort involved in a substantial programme of space exploration is so great as to put its development and operation beyond the reasonable capacity of any but the wealthiest of nations," among which the council does not count Britain. It would be "the grossest folly" to undertake space research at the expense of crippling other branches of science. This is strong language for an official document, and in case there may be any doubt left in the readers' minds about its meaning, the committee goes on to say that Britain ought not to attempt to send rockets round the moon or to the planets, nor to try to put a man into orbit.

The council considers the expenditure of between £100,000 and £200,000 in total, on a programme involving the installation of British instruments in satellites to be launched by American rockets as part of an international space research effort, as "perfectly proper." But it has the gravest doubts, on grounds of cost, about the wisdom of modifying Britain's one big military rocket. Blue Streak, to give this country its own independent satellite launcher—though the odds are, as it happens, that the government will go ahead with this modification for Blue Streak, with or without the committee's blessing.

The report's conclusion on space research could, in sort, be summed up in one sentence: "We do not think that the scientific and technological return to be expected is likely to be commensurate with that cost." A space research programme complete with British launching rockets, as distinct from cautious experiments with earth satellites, might cost this country £100 million each year out of the £250 million or so that the government is at present spending on research as a whole. The repercussions that expenditure on this scale on one programme would have on the money available for research in other and perhaps more immediately rewarding branches of science explain why the Advisory Council has exhorted Lord Hailsham to close his heart and his pocket to the rocketeers.

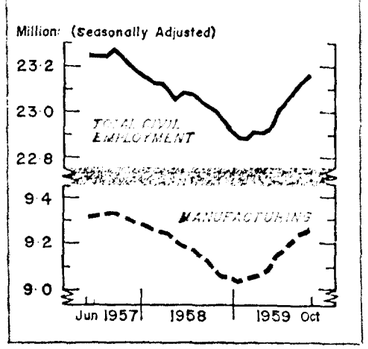
Who Wants Scientists?

LORD HAILSHAM'S advisers have saddled themselves with an embarrassing incubus in the form of a triennial estimate prepared with the help of the Ministry of Labour of the demand for, and probable supply of, scientists. Experience since the first of these estimates was prepared in 1956 suggests that to invite industry to guess how many qualified scientists and engineers it would like to recruit during the next three years is asking a fairly silly question, and gets some silly answers. In 1956 the Advisory Committee on Scientific Manpower expected only 35,000 new scientists and engineers to have qualified by 1959; in fact 41,000 did. The number of scientists and engineers employed in Britain therefore rose from 119,700 to 143,300, a much bigger net increase than had been predicted; and most of the newly qualified people went into industry.

One factor that affected its forecasts was the earlier assumption that "not far short of half" of all scientists and engineers on research and development (including re-

Recovery in Employment

By October, after allowing for seasonal factors, there were 275,000 more people in civil employment than in February and 150,000 more than a year before; yet the number was still 100,000 short of the post-war peak in September, 1957. Although most of the recent increase has been in manufacturing employment, even taking into account longer working hours this has risen by only 2½ per cent during the last twelve months, compared with a rise of 10 per cent in output.



search in universities) were engaged on defence work: it would now estimate the proportion as about a third. Leaving out the universities, the proportion on defence work in 1955-56 would have been about 40 per cent: and with defence cuts, this proportion has now fallen to only 25 per cent. More disconcerting discrepancies, however, occur between the numbers of extra scientists that separate industries calculated that they would need, and the numbers they have in fact taken on. The electrical engineering industries, which include electronics, estimated they would want 43 per cent more scientists; in fact they took on fewer than ten per cent new men. The chemical industry thought it would want 20 per cent more, but the numbers it employed actually increased by more than 45 per cent. The miscellaneous industries grouped under "other metal goods" estimated in 1956 that they would want about a third more scientists by 1959; in fact the numbers they employed actually fell during the period. Industry in general took on about 28 per cent more technically qualified people, whereas it had expected to need 36 per cent more: it is only fair to add that from 1955-56 to the beginning of 1959, its output had risen little more than 2-3 per cent.

This seems to bear out the sceptical conclusions if not the actual calculations of Professor Jewkes' recent acid attack on the Advisory Committee's 1956 estimates. It also throws considerable doubt on the committee's new forecasts about the supply and demand of scientists up to 1962. Industry, influenced no doubt by leaner times last year, was notably more cautious about the number of new scientists it thought it will want to take on; an extra 39,000 would seem to cover all needs, equal to an increase in numbers of 22 per cent. Balancing this against the numbers likely to be trained during the period, the committee thinks that about 6,000 jobs in science and engineering may still be going begging three years from now. But bearing in mind the amount of surmise and speculation behind the estimates from which these figures are prepared, the outside observer may be more inclined to guess that the supply and demand for scientists and engineers may be roughly all square by the early 1960s, if indeed they are not already, and that an actual surplus may appear in certain fields. Brilliant individuals will always be scarce, in science as everywhere else, but any general shortage of technically qualified people as such seems to have vanished, for the moment, with the rest of the inflation.

£298 million fob, were £7½ million below the October record. Re-exports, however, dropped sharply by £5 million to £9½ million, and the apparent trade deficit increased by nearly £10 million to £49.3 million. The rise in exports in recent months has almost matched the growth in imports. The Board of Trade states that after eliminating normal seasonal variation,

UNITED KINGDOM TRADE

Recorded figures: £ million per month

	Exports f.o.b.	Imports c.i.f.	Re-exports f.o.b.
1958	264·3	312·5	11·7
1959:			
1st qtr.	263·4	313·6	11·1
2nd qtr. ...	281·8	327·8	10·7
3rd qtr....	263·2	327·9	9·9
June	251·6	331·6	10·0
July	287·8	352·9	9·3
August.....	255·5	305·2	9·3
September .	246·5	330·1	11·2
October ...	306·0	360·2	14·6
November*	298·3	357·1	9·5
Jan.-Nov.* .	275·4	329·4	10·9

* Provisional.

the value of imports in the three months September to November was seven per cent higher than in the three previous months, and the value of exports six per cent higher. Taking the average of the first eleven months of the year imports were six per cent above the average for the whole of 1958, whereas exports were only 4½ per cent above the 1958 average.

EURATOM

The London Talks

WHEN he was in London last week for his first formal talks with the Atomic Energy Authority under the new UK-Euratom agreement, the president of the Euratom organisation, M. Hirsch, repeated what he had already said in New York, namely, that western Europe has no need for commercial atomic power now or for many years in the future. This once again served notice on British and American manufacturers that it is no use their looking to Euratom to provide them with the market for nuclear power stations that they cannot find at home. These hard facts are taking some time to sink in. Industry on both sides of the Atlantic still cherishes wistful hopes of milking Euratom of some of its very substantial income; there was acute disappointment in the United States at the reaction of public utilities in the six countries to the government-backed offer to help them erect American-designed nuclear power stations. It had been assumed in America that there would be a queue of applicants anxious to take up this offer; in fact only one of the five tenders submitted was a firm one, two contained important reservations and two were so vague that they were not worth serious consideration at this stage.

Euratom's main task is research—research to find a form of nuclear power that may be competitive ten years from now. But this is the objective of every country with an atomic energy programme already in existence: co-operation between the Euratom organisation and the Atomic Energy Authority may take the form of a co-ordinated policy in which the two organisations consult in advance to avoid duplicating each other's research. Thus Euratom is extremely interested in prospects for fast breeder reactors, of which Dounreay is the largest working prototype. Scientists from Euratom have spent some time visiting Dounreay; they now intend to build a fast breeder reactor of their own during the next two years, but to a completely different design, since there is no point in producing the twin of an experimental reactor already in operation. This type of co-operation based on a mutual exchange of information may prove more fruitful to both sides than the discouragingly tepid language of the diplomatic agreement between this country and Euratom might suggest. Like a good many scientific exchanges it is, however, based on old personal contacts; Euratom's research director was one of the original members of the old Tube Alloys team that worked on the atom bomb in Britain in the early days of the war.

OVERSEAS TRADE

Exports Remain High

IMPORTS and exports fell slightly in November from the high levels of the previous month. Imports dropped by £3 million to £357 million cif while exports, at

AIR POOLS

Less Competition Than Ever

THE Minister of Aviation, Mr Sandys, has blandly welcomed the recently signed pooling agreement between the British Overseas Airways Corporation in this country and the Canadian, Indian and Australian airlines, TCA, Air India and Qantas. This is in line with the current tendency to make such agreements. The Swiss and Scandinavian airlines have one; the French, German, Italian and Belgian airlines have just formed their own pool; British European Airways has similar agreements with practically every airline in Europe. But it does not follow that the tendency should be welcomed. The Dutch airline, KLM, stayed out of the recent "Airunion" pool because it considered the scheme bad for business. American airlines stay out because anti-trust laws do not allow them to join such associations.

When airlines join a traffic pool they agree not to compete. Under normal conditions they would schedule their flights, perfectly properly as the passenger might think, for the most popular hours of the day; in a pooled service (so the theory runs, although the timetables often contradict it) all the schedules are spread out across the clock, and if one airline loses because it operates at an unprofitable hour when traffic is thin, its partner compensates it out of the profits earned during busier hours. The essence of a traffic pool as the airlines under-

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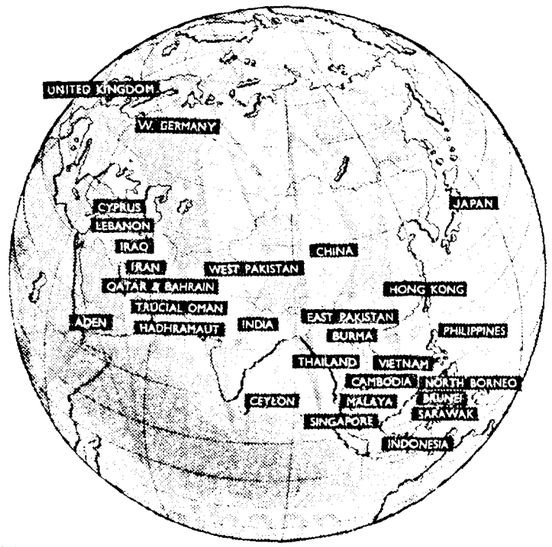

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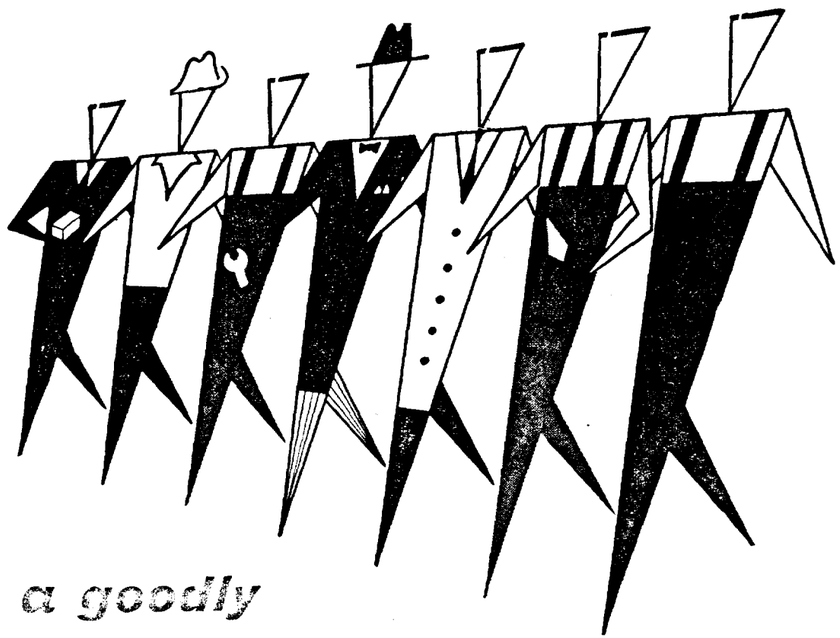

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stand it is an agreement to restrict competition and divide profits. The recent BOAC agreement is no exception. In some cases the exchange of profits is a one-sided business; time and again in Europe a traffic pool has been the only way that a big airline like BEA can get a small, probably impecunious or heavily subsidised national airline to allow it to increase services to that country, the small airline obtaining what amounts to a retainer from the big one. This may also have happened to BOAC.

Of the agreements formed recently between the bigger international airlines, that of Swissair and SAS is far the most significant since the two operators are actually sharing each other's aircraft fleets and rationalising engineering and maintenance. Unfortunately, the new BOAC pool agreement does not follow this new pattern. There is no sharing of aircraft, nor any rationalisation of maintenance and ground handling. The agreement seems unlikely to help BOAC cut down its huge staff overheads along routes where traffic is not heavy enough to justify them. It may have been too early to get the other partners to accept the idea of merging into what might be described as Air Commonwealth; but there is no evidence that BOAC pressed them very hard to do so.

ALUMINIUM PRODUCTS

Peak Output Regained?

SPEAKING of Tube Investments' year, Sir Ivan Stedeford said last week that trading came in like a lamb but went out like a lion rampant. Skipping the "rampant," the phrase also describes this year's business in the British aluminium fabricating industry (in which TI, in partnership with Reynolds Metals, now has the largest stake). Demand has been increasing throughout the year, especially in the second half. Most fabricators are now working pretty close to capacity, particularly for rolled products, after several painful years of working well below it. Delivery dates have lengthened—again, more for rolled products than for extrusions. Total deliveries this year will probably regain the 1955 peak of 313,000 tons, which would mean an increase of ten per cent over last year's deliveries of 283,000 tons. Exports have played a part in the recovery; shipments in the first ten months rose by nearly 40 per cent to 39,600 tons, compared with a year ago.

The latest figures of deliveries go no further than August. Between the first eight months of 1958 and 1959 total deliveries went up by 14 per cent to 205,000 tons, with rolled products showing a rise of 17 per cent to 99,000 tons, and extrusions an increase of 15 per cent to 45,000 tons; deliveries of forgings and castings increased less rapidly, by eight per cent to 60,000 tons. Sales of sheet and strip have been boosted by the boom in consumer durables, though transport of all kinds accounts for the main increase in tonnage. The market for foil has continued to grow but not, strangely, for other forms of packaging. The electrical industry and road transport seem largely responsible for the bigger sales of extruded products, which should do better still next year if the revival in the capital goods industries broadens out.

In the United States the recovery in demand for aluminium appears to have been checked, and some major producers have recently had to cut back output of aluminium ingot. This is probably no more than a temporary pause, caused mainly by the effects of the steel strike. The Aluminum Company of Canada, on the other hand, is now raising output from 75 to 77 per cent of capacity; this is still below the rate at which American companies are operating, but in the middle of this year Alcan was running at only 65 per cent of capacity. Sir Ivan Stedeford is not alone in his view that while the recession in aluminium is becoming less severe, "it is likely to be quite a time yet before the considerable over-capacity is taken up."

MANAGEMENT

A More Business-like BIM

FOR the first time since it was set up in 1947, the British Institute of Management now looks as if it is becoming economically viable without a government grant. In its last accounting year, ending March 31, 1959, it had an excess of income over normal expenditure of £20,172, compared with a deficit of £30,208 the previous year. However last year it was helped by a £10,000 Government grant, which it did not receive in the year before. This year it is receiving its final Government grant of £5,000.

This improvement in the institute's financial position has been achieved partly by an increase in income from collective subscribers and partly by administrative economies. The number of collective subscribers has nearly doubled (to 2,732 in April 1959) since 1955; and the income received from them rose from £67,058 in 1955-56 to £83,337 in 1958-59. On the other side of the account the Institute's staff has been cut from 168 in April 1957 to 123 now, and total administrative costs were brought down from their 1957-58 peak of £176,429 to £150,959 in 1958-59. This year BIM is budgeting for a further cut of nearly £4,000.

Financially, therefore, the record shows a great improvement. Two policy changes in the role of the institute, moreover, may mean that the economies will not detract from its usefulness to business members. First, the BIM has, with one specialist exception, abandoned the idea of high-powered staff offering expert advice in favour of employing mainly younger men, whose job it is to answer the many elementary enquiries received, and to know where to get the information for the more complicated ones. Helped by a specialist advisory committee, the staff now effects a liaison between those companies wanting information and those able to supply it. This change, quite apart from its value as an economy, is a wise one; the institute was never, understandably enough, able to attract men of a high enough calibre to command respect in industry.

The second change in the role of the institute has been its partial decentralisation through the establishment of regional councils in January 1958 and of branch committees: ten of its staff are now at regional offices. It has also managed to improve relations with other management bodies, which for many years were often antagonistic. The Institute's main role is to act as the national management body in relations with other countries, to be the focus of interest and information concerning good management practice, but to leave to the other bodies the more detailed and specialist approaches. It is unfortunate that the interest of top managers in the Institute has declined; many of them have gone from its Council, and the number of those attending the last two annual conferences showed a marked drop on the early years. It is now trying to rekindle the interest of top managers through regional conferences and by small discussions limited to them. The BIM has not achieved the high hopes that were held by some at its birth; but it looks as if those who were recently predicting, or hoping for, its early death were also wrong.

MACHINE TOOLS

Attention to Weaknesses

WHATEVER its attitude to other critics, the British machine tool industry is clearly taking some notice of the report by the Department of Scientific and Industrial Research upon its research and development facilities and its employment of technically qualified personnel. It was announced this week that representatives of the Machine Tool Trades Association had been discussing implications of this report with DSIR—and with the Ministry of Education: meetings are continuing, and some significant change in the industry's research organisation does now appear to be likely.

A statement from DSIR recorded that the machine tool manufacturers agreed that more advantage should be taken of further educational facilities for young technicians, and promised to discuss the improvement of curricula in technical schools and courses. On the research side, it was noted that DSIR is financing two university studies, at Manchester and Birmingham, into

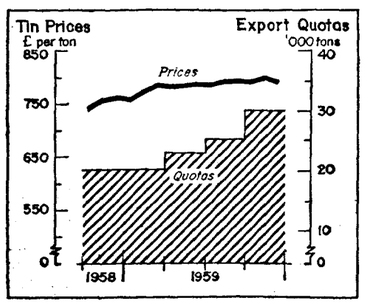
machine tool technique (and is contemplating the finance of three other research studies). The industry agreed to strengthen contacts between its own designers and engineers and research workers in universities; moreover, it undertook to formulate its own views on the form of research organisation most suited to the machine tool industry ought to take, and to report fully upon this when it has done so.

TIN MARKET

Exports Increased

FEW people expected the tin council to increase export quotas in the first quarter by as much as 6,000 tons. The new rate is 36,000 tons, equal to about 95 per cent of actual exports before control was introduced in December, 1957. Tin prices weakened before the council met in London last week, owing partly to the lack of American demand, but mainly in anticipation of some increase in export quotas. Since the announcement prices in London have shown little change, chiefly because prompt and nearby supplies to this market are still short. On Thursday cash tin closed at £791½ a ton, a little higher than a week ago, and three months' tin showed almost no change at £789 a ton. No business was done in the closing "ring." With prices kept in such a narrow range by the operations of the manager of the buffer stock, trading on the market has languished.

The council had to fix the new quotas without knowing whether the American steel companies will continue to operate beyond January 26th, when the injunction sending the strikers back to work for the eighty-day "cooling-off" period expires. But if events prove that the council has



over-estimated demand, the manager of the buffer stock has ample funds to support the market. The council disclosed that the buffer stock held 13,990 tons at the end of June, and that it is taking over 2,417 tons from the Board of Trade from December 28th; the sale of this tin will complete the disposal of the British strategic stock.

The chairman of the council announced this week that 10,000 tons are likely to be in the buffer stock at the end of December, and said that tin to be sold on the Board of Trade's behalf is not included in the stock. This makes the more puzzling the fact that the stock is well above most private guesses. The council, the chairman continued, has still not agreed on its interpretation of article VII of the agreement: whether exports can be restricted when the stock is less than 10,000 tons. Consumers are no doubt in favour of ending export control once stocks in producing countries have been run down to a normal level, but producers are split—and it is not difficult to see why. While exports are controlled each country's share of the total quota can only be changed slowly, under the provisions for re-distributing annually one-twentieth of the total among the most efficient countries. If exports were freed Malaya, for example, would stand to increase its share of the market, while the shares of Bolivia and Indonesia contracted, at a faster rate than at present. The chairman also announced that Russia had indicated that its exports to the free world next year would not exceed the ceiling of 13,500 tons observed in 1959.

RAILWAY REDUNDANCY

A Promise Made

THE Transport Commission has evidently decided that it is not only pay that is causing the recent heavy erosion of railway staff, but also the fear of prospective redundancy. So far the actual amount of redundancy on the railways has been very small—only 14,000 or so in the last two and a half years out of a total labour force of just over half a million. But clearly many railwaymen are looking ahead to the later stages of modernisation when the railways are promised a more streamlined mode of operation, and railwaymen though more highly paid will be fewer. This is still some years ahead: it was to counter any demoralisation in the meantime that the commission decided to issue its assurance this week that no men in railway conciliation grades in service in January, 1958, would be discharged as redundant.

This, the commission is keen to point out, is so far only a statement of principle. The details have still to be negotiated with the unions, and the assurance was given on the understanding that redundant staff would be willing to accept other work offered by the commission, even in another part of the country. In the amplified redundancy agreement settled with the unions two years ago, the railways already have one of the best arrangements of almost any British industry for resettling staff no longer needed in their present jobs. And normal wastage, which is very high on the railways—78,000 people left last year and another 55,000 were recruited—should enable the railways to achieve their streamlining without sacking many men. But certain kinds of skilled men are proving difficult to keep. The shortage has lately become most noticeable in most of the heavy industrial areas, but it is most acute in London at the Western Region's principal depot at Old Oak Common near the many light engineering factories of Acton and Willesden. Since the beginning of November Western Region has been forced to cancel a number of its suburban services. This week's assurance regarding redundancy may help in general, but the railways will probably have to wait for the next pay review, which is now not likely to be made until well into 1960, for any major attempt to stem the tide.

PAINT

Courtaulds Buys American

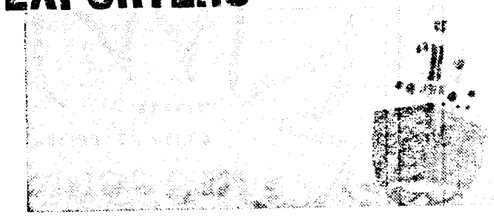
AN agreement which has been concluded to allow Courtaulds, through its subsidiary Group Developments, the exclusive use of the manufacturing know-how and paint "formulations" of the American Glidden International company suggests that the group regards paint as one of the more important of its attempts to diversify its products. Glidden is one of the largest American makers of domestic and industrial paints; Courtaulds already owns one paint company in Britain, Cellon, which originally made aircraft dope but now produces marine and industrial paints as well. The Glidden agreement will not affect Cellon at once, but it will eventually mean that production methods may be modified and new products added to its range—the agreement covers all types of protective finish as well as normal paint. With the experience of Cellon combined with that of Glidden, Courtaulds should be well placed to strengthen its position in the paint industry; expansion of the group's production facilities in this field would seem the next step that it will need to take. It possesses the resources and much of the basic engineering knowledge required, besides producing raw materials for some types of paint.

POST OFFICE MECHANISATION

From Prototype to Practice

THE mechanised parcel sorting office that the Postmaster General opened in Leeds last Tuesday is the first operational installation of this kind in Britain. It is a somewhat belated translation into practice of a prototype machine installed at the Paddington parcel sorting office in 1938. The Leeds installation consists of twelve machines, each operated by one man and able to sort up to 900 parcels an hour into 22 different channels—though up to 40 can be provided by this type of machine. It is dependent, like all existing sorting machines, on human control; the operator reads the address, when the parcel is brought to him

SMALL EXPORTERS



In three years – backed by ECGD insurance – a small manufacturer increased his export turnover from a mere £97 to £193,000 a year.

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by a conveyor, and presses the button appropriate to its destination. The parcel then falls through a trap door on to a conveyor, and is automatically carried to the correct despatch point. The machine can sort half as many parcels again in a given time as hand sorting can, but the biggest gains come from substituting conveyors for labour in the movement of the parcels within the office. How large the saving in cost will be is something the Post Office hopes to learn from the Leeds installation. But over 70 per cent of the total cost of the postal services is labour cost, so the gains should be substantial.

Letter sorting by machine is already being tried out. At Southampton machines have been installed that separate letters from packets, along with more complex equipment to arrange the letters facing the same way, ready for sorting. These automatic letter facers also cancel the stamps and separate the printed papers from the letters; their operation depends on the use of special stamps, from which the machines can distinguish the position and type of the letters. Twelve more of these machines were ordered from Elliott Brothers last month for new installations in Leeds, Liverpool and London.

Such machines precede the actual sorting of letters by destination in the postal process; this sorting is already done by a machine unhappily called Elsie at Norwich and several other towns. A letter sorting machine, like the parcel sorter, places a letter in a channel selected by the operator; it has 144 channels, three times the number that can be reached manually, and thus reduces the number of times that one letter need be sorted, as well as sorting twice as fast as a man can.

COMMONWEALTH SUGAR

A Million Saved

NEXT year Britain will pay about £1 million less for the sugar that it buys from the Commonwealth at a fixed price. This is the main outcome of the annual negotiations between Commonwealth producers and the Ministry of Food and Agriculture that ended in London last week. The maximum quantity of raw sugar that producers can sell in Britain and other preferential markets in 1960 remains at 2,375,000 tons, and the quantity sold at the negotiated (fixed) price has been increased by a further 3 per cent to 1,655,000 tons; the Commonwealth sugar agreement provides for such increases when British consumption exceeds 2,550,000 tons a year. Almost all the negotiated price sugar is sold to Britain, and the price for 1960 has been fixed at £44 8s. 10d. a ton, which is 13s. 2d. a ton less than in 1959. Commonwealth marketings in excess of 1,655,000 tons are sold at the world price (plus preference), which has recently recovered to about £28 a ton. This comparison is not as unfavourable to the negotiated price as it seems; but for the protective arrangements under which most of the world's sugar is produced, the price on the residual world market would be appreciably higher than it is.

British consumers will not gain immediately from the reduction in the fixed price. Under the curiously round-about scheme devised to permit private trading in Britain, the fixed price is paid by the Sugar Board, which then resells that sugar at the lower world price, recouping its loss by a surcharge (varied infrequently) on all sugar consumed here. It seems that an effort is to be made to keep that fixed price steady in future years. The Ministry states that a full review of the price fixing arrangements under the agreement took place on the basis of up-to-date returns of costs, and that the system was confirmed. It then adds, mysteriously, that "an arrangement was made to restrain prices in 1961, 1962 and 1963." Following four years in which the fixed price went up by £4 7s. a ton, an effort to avoid any further cost inflation is to be welcomed. It is encouraging to learn that Commonwealth producers evidently believe this to be as much in their own interest as Britain's.

AGRICULTURAL MACHINERY

Bucolic Affluence

BRITISH manufacturers of tractors and agricultural machinery appear to be on their way to another record year, both at home and in export markets. All of the major tractor producers report increases in production during the first nine months of this year, compared with a year earlier. Exports of tractors during the first nine months were worth £48 million, an increase of nearly ten per cent on the same period in 1958. Exports of implements and machinery are running at about the same level as last year—about £12.5 million in the past nine months—though there are wide variations between types; there has been a big drop in sales of combine harvesters, for instance. Large increases have been reported in exports of tractors to the United States and Canada, which seems somewhat surprising in view of the fact that roughly two-thirds of the industry is composed of American and Canadian subsidiaries or licensees. In fact, sales to North America account for only about one-seventh of all tractor exports, even at this year's high rate; both western Europe and the rest of the Commonwealth—led by Australia—are more important markets.

What never ceases to be surprising is the continued strength of home demand for both tractors and machinery. British agriculture is already easily the most highly mechanised in the world; yet it continues to buy tractors at a rate which would suggest either that the number per farm is growing at compound interest or that they are being replaced with increasing—and very possibly uneconomic—rapidity.

The range of specialised machines exhibited at the Smithfield Show and Agricultural Machinery Exhibition held at Earls Court this week displays an increasing number of expensive refinements such as impulse starters, countershaft discbrakes and hydrostatic drives. Even the more natural functions are now aided, by such devices as a mechanical midwife—for cows.

SHORTER NOTES

Mr John Dalgleish, chairman and managing director of Camp Bird, has stated that he was invited in a personal capacity by the controlling shareholders of the Jasper group "to evolve a solution" to the Lintang/Jasper affair. He stated that his proposals, which involved the taking over of the "beneficial shareholdings of the present majority holders in the Lintang/Jasper companies," were now being studied by those concerned. Any investment by Camp Bird in the proposed consortium would be "of a minor nature." The proposals will be submitted to the Stock Exchange and other authorities when the negotiations are complete. The shareholders' committee of the State Building Society announced that it viewed "with some misgivings the present negotiations with Camp Bird."

*

The auditors of both Camp Bird and its subsidiary, Hartley Baird, make certain reservations on the accounts of the companies for the year to April 30th. As last year, the main qualification on Camp Bird's accounts concerns the prospect of recovery of expenditure on mine development and exploration and other expenditure which has risen from £653,704 to £985,191. In the auditors' report on the accounts of Hartley Baird doubts are expressed concerning the recovery of amounts owing to the group by fellow subsidiaries and associated companies totalling £667,850.

COMPANY AFFAIRS
Comments on pages 1114–1115 and 1118 on
Steel Results, Metal Box, Turner & Newall, Decca, Granada, Guinness, Bass Ratcliff, Raleigh Industries, Tube Investments, Unit Trusts, Barclays DCO

LONDON AND NEW YORK
Stocks, prices, yields and security indices on pages 1116 and 1117

LONDON STOCK EXCHANGE
The week's movements reported on page 1118

MONEY AND EXCHANGES
Money market report, exchange rates and public finance on page 1119

COMPANY MEETINGS

N.V. KONINKLIJKE NEDERLANDSE VLIEGTUIGENFABRIEK (ROYAL NETHERLANDS AIRCRAFT FACTORIES)

FOKKER

AMSTERDAM, HOLLAND

(Aircraft and Engineering)

FIRST "FRIENDSHIP" AIRLINERS DELIVERED IN 1958: SUCCESSFUL DEMONSTRATION FLIGHTS

TRIBUTE TO BRITISH INDUSTRY

The Annual General Meeting of N.V. KONINKLIJKE NEDERLANDSE VLIEGTUIGENFABRIEK FOKKER was held in Amsterdam on September 29th, and the following is a summary of the report presented by the Board of Directors:

REVIEW

In accordance with the production schedule for the F.27 "Friendship" drafted three years ago, flight testing of the first production aircraft destined for *Aer Lingus Teoranta* began on March 23, 1958. The tests took several months and the transfer of the first plane, together with the second one, to *Aer Lingus* was made on November 19th. Twenty-two days later the third "Friendship" aircraft left for Eire; the fourth aircraft to come off the line was handed over to the Norwegian company, *Braathens South American and Far East Air Transport AS* on December 22nd, and delivery of further F.27's has continued according to plan.

After carrying out a number of demonstration flights, *Aer Lingus* started their first "Friendship Routes" from Dublin to Glasgow and Liverpool on December 15th. The Dublin-Paris route followed on December 17th.

Twenty-four F.27's are expected to be delivered by October, 1959. Deliveries by the FOKKER licensee in the USA—*Fairchild Engine and Airplane Corporation*—progressed at a similar pace. The first American-built aircraft began flying on April 12th and three "Friendship" aircraft manufactured by *Fairchild* were put into regular service by West Coast Airlines on September 27th. *Fairchild* will have delivered some 60 F.27 aircraft by October.

Output has progressed satisfactorily since, and reports from customers and *Fairchild* concerning the technical performance and commercial results of the "Friendships" delivered in 1958 are most favourable. By the end of October, 1959, some 75,000 flying hours will have been accumulated in regular airline operation. The number of aircraft sold so far, however, unfortunately falls short of expectations.

Current orders for the "Friendship" amount to 54 and the rate of output was maintained throughout 1958.

A certain amount of anxiety was felt in respect of *FOKKER Industria Aeronautica SA* in Rio de Janeiro (*Fokker-Rio*), although from the technical point of view this enterprise proved itself capable of standing on its own. An order for 100 FOKKER S.11 training aircraft was carried out on behalf of the Brazilian government.

PERSONNEL

The staff at the Schiphol and Dordrecht plants numbered 4,128 and showed but little change compared with the previous year.

A small increase in personnel was recorded in respect of *Avio-Diepen*. The staff of the FOKKER concern in the Netherlands rose to 4,800 during 1958.

The intensive training of newly recruited staff was practically completed. Only a few courses remained to be arranged for the retraining of present staff. 160 pupils passed through the training centre at Schiphol, and a further 25 were trained at Dordrecht.

PRODUCTION ACHIEVEMENTS

Although the contract for the manufacture of Hunters under licence neared its completion, output continued to rise. The entire order was completed in February, 1959. Mention should be made in this connection of the friendly co-operation with *Meatschappij voor Vliegtuigbouw Aviolanda NV*, as well as with the Belgian aircraft industry.

Output of expendable fuel tanks for the Hunters continued throughout the year, and the order was completed in 1958.

The organisation kept ready at Schiphol for the supply of spares and specialised assistance in emergencies was found to work satisfactorily.

REPAIRS AND INSPECTIONS

Maintenance work was carried out on a number of Dutch and Belgian aircraft as well as on aircraft and helicopters of the Royal Netherlands Navy.

The Ypenburg maintenance workshops were organised to undertake the IRAN of a number of Republic F. and RF.-84F jet aircraft of the Royal Netherlands Air Force.

The work started in 1957 for the inspection and maintenance of Douglas C.47 aircraft of the American Air Force was completed in 1958.

SUBSIDIARY ACTIVITIES

A special department was set up at Dordrecht during 1958 for chemical milling. This new process will greatly simplify the manufacture of certain spare parts. Work is progressing on the manufacture of radar aerials for *Hollandse Signaal Apparatenfabriek* (Netherlands Signal Equipment Factory) and also on the production of a new type of aerial to be used by the Civil Aviation Control authorities which is now installed at Schiphol Airport. Modifications to the aerial were also carried out on behalf of the Royal Netherlands Air Force.

Besides radar aerials, FOKKER made a batch of galleys for *KLM*'s Lockheed Electras and Douglas DC-8's and received from other sources orders for air-conditioning plants for ships and land installations. Sales of the FOKKER-Eckold metal-sheet shaping machines showed a slight temporary decline. Two new products were put on the market, the FOKKER "Hot Joggle" machine for hot and cold joggling and the FOKKER "Bond Tester," an electronic inspection device for the non-destructive testing of bonded metal compounds.

AIRCRAFT DEVELOPMENT

The Construction Department at Schiphol was kept fully occupied during the year by trials and further development of the "Friendship."

The modifications involved in the building of a heavier engine (Rolls-Royce "Dart" RDa 7 developing 1,900 hp) in one of the prototype aircraft took seven months. Buyers now have the choice of either the RDa 7 or the RDa 6 (1,600 hp).

Apart from its normal passenger configuration which provides between 32 and 40 seats, the "Friendship" is now available in a mixed passenger and freight version. This type is suitable for the transport of both passengers and freight in any desired proportion.

Further versions of the "Friendship" are available as executive aircraft and as military transports. In the latter case provision is made for the dropping of parachute troops and of military equipment. Constructional adjustments to meet further specialised requirements of buyers claimed a large part of the capacity available during the year under review.

Following the demonstration flight to India in 1957, another successful demonstration flight to South America began on April 27, 1958. Additional tanks were fitted to the aircraft for the 2,500-mile Atlantic crossing from Africa to Brazil. After the aircraft arrived in Rio de Janeiro on April 29, the extra fuel tanks were dismantled and numerous flights were carried out.

At the request of the Brazilian Air Force a flight was made to La Paz, the capital of Bolivia, which lies at an altitude of 13,000 feet. On its return to Schiphol on July 1st, the aircraft had flown 32,000 miles on this tour. The President of Brazil, His Excellency Dr J. Kubitschek, was one of a total of 1,465 passengers carried during 104 flights totalling 136 flying hours. Other demonstration flights to Yugoslavia, Austria, Germany and Sweden were also made during the year.

Studies with a view to the further development of the "Friendship" design continued to be carried out with the support of the Netherlands Institute for Aircraft Development, and discussions on new developments were also held with *Fairchild*, the American licensee.

PROSPECTS

Although the reluctance to place orders for aircraft, which was a marked feature of the aircraft market in 1958, continues to be noticeable, signs of a revival in the aircraft industry are making themselves felt. Discussions with various prospective buyers, which were broken off in 1957 or 1958 in view of the recession, have now been re-opened.

The Company's interest in repairs and maintenance work remains unchanged, and it is hoped to expand its activities in this field. Efforts are continually being made to improve co-operation with other aircraft manufacturers, particularly within the Common Market. The naval patrol aircraft specifications, which have been drawn up by the NATO countries, are a promising example of such co-operation. A group consisting of *Breguet* (France), *Sud-Aviation* (France), *Dornier* (Germany) and FOKKER put forward the design for the Breguet 1150, which was accepted, and work on the design and construction of the first prototype is now under way. The Company has undertaken to manufacture the mid-wing sections together with engine nacelles, and it is hoped that the design phase will soon lead to the production of the aircraft. It is felt that such a co-operative effort is most favourable to the continued expansion of the West European aircraft industry.

Plans for ordering a successor to the Hunter are taking shape as a result of negotiations between the Netherlands and Belgian governments, and it is hoped that this will lead to a joint effort of the Benelux industries.

Although the Company will have a share in the manufacture of the "Hawk" missile, which is being built by a European group representing five countries, this project ushers in a new era in which it is expected that production of military equipment by aircraft manufacturers will tend to drop. It is felt, therefore, that the Company did well to undertake the production of civil aircraft beginning with the "Friendship" airliner.

At the same time the need is felt to expand the manufacturing programme to include industrial products not directly connected with the aircraft industry.

"FRIENDSHIP", TRIBUTE TO BRITISH INDUSTRY

The FOKKER F.27 Friendship is a fine example of Anglo-Dutch co-operation, in which the British aircraft industry is playing a very important part.

The Netherlands have always been one of Britain's largest customers in military and civil aviation.

FOKKER is one of its oldest customers, dating back nearly 40 years. Large numbers of British engines, landing gears, instruments, etc., were used, and only since the war some 800 jetfighter aircraft of British design have been built under licence in the Netherlands.

Direct British exports to the Netherlands in the postwar period total more than £25 million.

From the outset the FOKKER F.27 Friendship was designed around products of the British aircraft industry, for which much research and development work was done in Britain. Rolls-Royce, Rotol, Dowty, Dunlop and many others benefit from their important share in Friendship production.

The British share in Friendship production is even more important than the Dutch share itself, because of the following facts:

1. More than one-third of the Friendship's value is British.

2. Licence-production of a British turboprop feederliner in the United States is inconceivable at the present moment.

3. The F.27 Friendship has opened the American market for British aircraft products.

4. Up till now, and probably also in the future, the American market for the F.27 is larger than the direct market for FOKKER.

5. The result of this is that already now the British share in Friendship production exceeds the Netherlands share by a considerable margin.

6. If all the spares and those rotational parts, all of British make, which have to be changed during the lifetime of the aircraft are taken into account, however, the British share may amount to as much as three times the direct Netherlands' interest in Friendship production.

7. The value of these British products, involved in large-scale F.27 production cannot for all practical purposes be matched by the export of British aircraft in this category.

F.27 aircraft have been ordered by: *Aer Lingus Teoranta, Aerovias Ecuatorianas (AREA), Aerovias Venezolanas (AVENSA), Aloha Airlines, Ansett-ANA, Austral. Dept. of Civil Aviation, Banco de Mexico, Braathens SAFE, Bonanza Air Lines, Butler Air Transport, Butler Aviation, Champion Spark Plug Co., Continental Can Corp., East West Airlines (Australia), General Tyre and Rubber Co., Guinea Airways, Helmut Horten GmbH, Ideal Cement Co. Iran: HIM The Shah, Iranian Oil, Johns-Manville Corp., Kimberley-Clark Corp., KLM Royal Dutch Airlines, Mac. Robertson Miller Airlines, Murray Corp., Neth. Dept. of Civil Aviation, Noland Co., Northern Consol. Airlines, Olin Mathieson, Ozark Air Lines, Pacific Airlines, Pakistan International Airlines, Philippine Air Force, Philippine Air Lines, Piedmont Airlines, Quebecair, Queensland Airlines, Reynolds Metal Co., Reynolds Tobacco Co., Raytheon, Royal Netherl. Air Force, Trans-Australia Airlines, Trans Mar de Cortes, Union Carbide, United Steel, West Coast Airlines, Westinghouse Electric Corp., Whitney, Wien Alaska Airlines.*

FINANCIAL RESULTS

Operating profits for the year 1958 made it possible to increase by Fls.4,480,000 the reserve for non-recurring expenses and for initiating production of the "Friendship."

A Bankers' syndicate was found which was prepared to provide the necessary credit facilities for the production of the "Friendship," and also gave its assistance in financing the sales of some aircraft.

It is proposed to distribute a 5 per cent dividend in respect of preference shares, and an 8 per cent dividend in respect of ordinary shares.

The report, the accounts, and the proposals put forward by the Board of Directors were adopted.

SUPERVISORY BOARD

(*Raad van Commissarissen*)

H. W. A. van den Wall Bake; HRH Prince Bernhard of the Netherlands; C. J. A. van Daalen; Drs H. P. Jongsma; Lieutenant General (Rtd.) I. A. Aler; Mr A. J. Steendijk; Ir. B. Wilton; Drs. J. C. Wurfbain.

BOARD OF DIRECTORS

(*Directie*)

H. During; Prof. Ir. E. van Emden; F. J. L. Diepen; Ir. H. C. van Meerten (*Deputy Director*).

BALANCE SHEET AS AT DECEMBER 31, 1958

(SUMMARY)

LIABILITIES	At 31.12.1957 Fls.	At 31.12.1958 Fls.
Capital	2.675.000.—	2.675.000.—
Reserves	8.650.000.—	8.650.000.—
Provisions	1.400.000.—	1.400.000.—
Private Long-term Loans	11,817,314.—	11,108,657.—
Advance Payments by Customers and Sundry Creditors	130.472.400.85	57,278.849.55
Current Account Credits	—	21,244,405.11
Outstanding Costs and Commitments on Buildings, etc.	3.248.086.65	3.077.958.60
Dividend and Directors' Fees	363.550.—	232.235.20
Undistributed Profit	3.217.12	3.407.91
	158.629.568.62	105.670.513.37

ASSETS	At 31.12.1957 Fls.	At 31.12.1958 Fls.
Buildings, Sites and Plant	12.241.601.85	11.036.449.59
Claims on Participations	1.662.059.26	7.080.724.16
Stocks and Work in Hand	124.668.230.39	77.625.578.50
Advances to Suppliers and Sundry Debtors	8.439.181.04	7.684.148.37
Bank Balance and Cash	8.807.071.98	309.226.43
Advance Payments on Orders	965.248.34	646.697.85
Buildings and other Property	1.846.175.76	1.287.688.47
	158.629.568.62	105.670.513.37

RALEIGH INDUSTRIES LIMITED

A MORE SUCCESSFUL YEAR

MR GEORGE WILSON'S REVIEW

In his statement to the Shareholders, Mr George Wilson, the chairman, says:

It is with much pleasure that my colleagues and I present to you the Directors' Report and Accounts for the year ending July 31, 1959. As you will already have seen from the preliminary announcement the profit of the Group before tax was more than doubled, and while this still falls some considerable way short of the profit earned in the year ended July 31, 1956, it does represent a sharp reversal of the trend of the last two years.

REVIEW OF THE ACCOUNTS

The increase in trading profit from £822,665 to £1,722,567 has made it possible to raise the distribution to the Ordinary Shareholders from 8 per cent to 12 per cent for the year, with a considerable increase in the amount of profit retained in the business. Our liquidity has also improved materially, the net current assets at £5,338,375 showing an increase of £1,428,218 over last year. In addition there are large balances owing by associated companies (former subsidiaries) which will be repaid over a period of years.

Book debts, including instalments outstanding on gradual payment accounts, have risen by more than £1,850,000, but stocks and work in progress have been reduced by over £1,300,000. Our indebtedness to our bankers has been reduced by nearly £900,000.

In relation to this more favourable liquid position, our major expansion programme has now been completed and our capital expenditure during the next few years will therefore show a substantial reduction compared with recent years. At the date of the Balance Sheet the commitments not provided for in these Accounts were approximately £285,000.

In my view there are two main reasons for the improved position which we have to show this year; firstly the excellent reception by the public of our new moped, and secondly the fruition, at least in part, of the many measures that have been taken over the past two years to improve our manufacturing efficiency and cut our costs. I will deal with both of these matters at greater length below.

REVIEW OF TRADING

Last year you may recall that I had to report a drop in turnover of some 5 per cent. This year I am happy to say that trend has been reversed and we achieved an increase in excess of 7 per cent.

By far the most significant contribution to this result has been achieved by our new moped, which met with an immediate response from the public. An indication of its reception can be gathered from the fact that during the ten months of our last financial year during which the Raleigh moped was available to the public, its sales amounted to more than one and a half times the total sales of mopeds in this country for the previous twelve months. It can, in fact, without any exaggeration fairly claim to have set the moped fashion in this country.

By contrast, I am unable to report any recovery in the sale of bicycles. On the contrary we have experienced a further drop in sales both at home and overseas compared with the previous year. That this is the general pattern is made quite clear by a study of the figures for the British cycle industry as a whole, from which it is evident that in spite of their failing to achieve last year's levels the cycle sales of this Group represented an increased percentage of the total sales of British manufactures.

Sales of our Sturmey-Archer range of products also showed a small decrease compared with the previous year both at home and overseas. This is not altogether surprising for, as I have pointed out previously, the fortunes of our Sturmey-Archer business are inevitably linked very closely with those of the bicycle.

OVERSEAS COMPANIES

During the year there have been some significant changes in our overseas companies. Late in the year we disposed of our controlling interest in Raleigh Industries of East Africa Limited to the United Africa Company Limited. The activities of this subsidiary were exclusively of a trading nature and with the increasing economic development of those territories we came to the conclusion that the task of merchandising our bicycles could more effectively be carried out by a group who were specialists in the territories concerned and whose organisation and experience of selling to the native was without equal. We have every expectation that under the new direction the sales of our products in the East African territories will go from strength to strength.

I have also to report that during the year we reached an agreement with Tube Investments Ltd. for the merger of the cycle interests of the two Groups in both South Africa and Ireland. In South Africa we have disposed of our controlling interest in Raleigh Industries of South Africa Limited to a jointly owned Company in which this Company will have a 49 per cent holding. The Irish merger has not yet been finally implemented and therefore no effect has been given to it in the Accounts under review. Our agreement with Tube Investments extends also to Mexico where we have decided to set up a joint factory for the manufacture of the products of both Groups. Progress on this undertaking is already well advanced. In both Mexico and Ireland this Company will own 51 per cent of the equity of the joint companies.

I am entirely satisfied as to the wisdom of this step which will enable the products of both Groups in these countries to be manufactured in one factory instead of in two as at present and must lead to a significant increase in operating efficiency and economy, quite apart from the benefits to be derived from the pursuit of a related merchandising policy for the various marks, the individual identity of which will however be scrupulously safeguarded.

MANUFACTURING EFFICIENCY

At the beginning of my remarks I mentioned that increased manufacturing efficiency was one of the two prime causes of the improvement in the Company's profit during the past year. As I mentioned in my statement last year, we have for some time been much exercised with the problem of improving our manufacturing efficiency and reducing our costs. This is essentially a gradual process, and results cannot be expected to come overnight, but there can be no doubt that during the past year many of the measures we have taken have borne fruit and contributed materially to a lowering of our manufacturing costs in spite of yet another wage award, which was announced in October of last year.

Vital extra impetus has been given to this drive by the introduction during the year of new blood into our factory management. Three of the key executive posts in the factory, including the most senior of all, have been filled by men recruited from outside our Group, while at the same time the whole structure of our factory management has been radically amended. The results of this major reorganisation are already making themselves felt in terms of still greater efficiency and this is a process which I have every confidence will continue and indeed grow in momentum.

I make no secret of the fact that I regard this as one of the most significant events of this past year.

DESIGN AND DEVELOPMENT

As part of our factory reorganisation, we have set up an entirely new division charged with overall responsibility for research and product design and development. I believe this to be a move of immense importance for the long term future of the company.

While obviously you would not expect me to refer in detail to the work on which this division is engaged, I can tell you that it has already proposed a number of fundamental changes not only to our manufacturing processes but also to the range and the design of our products, and a number of these are expected to take effect before the end of the current financial year. Not the least significant achievement of this new division is that it has already pointed the way to developments which we expect will enable us to employ the whole of our factories, which now cover a floor space of over 60 acres.

SADDLE MANUFACTURE

Before leaving the past year, I have to report on the acquisition by the company, by an issue of shares, as from the beginning of this calendar year of the saddle interests of J. B. Brooks Industries Limited. This Company with whom we have had the closest association for many years is probably the oldest and the best known of all companies connected with the manufacture of cycle saddles. This purchase has already made a significant contribution to the Group's profits for the year and we are confident that with the new outlets now available to it, its business can be expanded beyond anything hitherto achieved.

FUTURE PROSPECTS

So much for the highlights of the past financial year. What then of the future?

In my remarks on the moped I referred to the fact that the Raleigh moped set the fashion in this country, and I think it true to say that everyone has been surprised at the extent of the demand. Other manufacturers have not been slow to follow our lead and competition in this market is now extremely keen, particularly from the Continent and I do not therefore anticipate that our sales for the current year will exceed those of last year.

Ideas on moped design move fast and we, for our part, have already projected our thoughts well into the future, and are at present engaged in planning a programme which we are satisfied will enable us to maintain a leading position in this new and exciting market.

The prospects for the bicycle are difficult to foresee. For the past three years sales in both our home and export markets have declined. There are a number of reasons which have led to this—in the home market the great extension of motorised transport and the increased competition from television sets and the ever widening range of modern mechanical domestic appliances, and on the export side the embargo on imports into some of our principal markets and the temporary decline in the purchasing power in other major markets due to the fall in the level of commodity prices.

On the other hand on the home market there has been a pronounced swing of recent origin from the fully equipped adult machine to the sports and junior range and this factor coupled with the sharp increase in the birth rate immediately after the last war, must, at least for a while, as the "birth bulge" passes through the 15 to 20 age group, give rise to an increased home demand. Motorisation on the other hand can be expected to gain added momentum.

Again overseas there is the factor to which I referred last year of the inevitable if sporadic rise in the standard of living which in the long run can only have the effect of swelling the ranks of potential cyclists in the hitherto relatively under-developed countries. Further, there is already an indication of a partial, if somewhat irregular recovery in world commodity prices which can only have a beneficial effect on the demand for our products from the primary producing countries.

All these factors make the task of assessing the future level of cycle sales extremely difficult as to some extent they cancel each other out, but on balance I feel there are reasonable grounds for anticipating that the level of our cycle sales both at home and overseas will exceed that of the previous year. So far this year we show a modest increase in both our home and export markets. Sales of our Sturmey-Archer products also reflect this trend.

A new departure has been our entry into the field of sub-contract work for other industries where we have already negotiated a considerable volume of business. We are hopeful that this will make a worthwhile contribution to our total turnover during the current year.

LOCAL MANUFACTURE

There is, however, one proviso to which any forecast of cycle sales must be subject, and I refer to the ever present threat of a ban on imports into our principal markets. This may arise either from a shortage of foreign exchange or from a desire to encourage local manufacture.

I make no apology for referring to this matter again as it is to my mind the principal danger to our overseas sales which continue to account for some two-thirds of our total bicycle output.

We have already lost such markets as Indonesia, India, South Africa, Eire, Brazil, Argentina and Mexico and there are certain other major markets where we have reason to believe this problem may become acute within the next twelve months.

SHORTAGE OF STEEL

In any forecast of the trend of events during the remainder of the current financial year the present acute shortage of steel looms very large. Delivery is now around three to four months and shows no signs of improving. Every effort has been made to supplement our supplies from continental and other sources, but the position is extremely serious and there can be no guarantee that our production programme may not be affected before the year is out.

LABOUR AND MATERIAL COSTS

The cost of labour and the price of our raw materials during the remainder of our current financial year is yet another factor which is not easy to evaluate. As I have already mentioned, there was a labour award of approximately 4 per cent in October last year and there is now every indication that a further concession either in the form of a new wage award or a reduced working week may be made by the employers during the course of the current financial year.

Prices of raw materials have once more shown a tendency to rise after a period of relative stability, and any accentuation of this trend must inevitably have an immediate effect on our costs of manufacture.

TRADE WITH EUROPE

As the largest manufacturer of bicycles in either the Common Market or the Outer Seven, we are grateful for the part that Her Majesty's Government has played in the bringing into being of the so-called Outer Seven.

Further, I am hopeful that before so very long some form of rapprochement will be reached between the Common Market countries and the Outer Seven as this can only be to the ultimate benefit of all concerned and not least, of this Company.

CONCLUSION

I have endeavoured to place before you as clearly as I can the reasons which have led to our increased profit during the past year and to present to you some of the problems and opportunities which face us in the future.

While I feel there are grounds for satisfaction at the reversal of the trend of the last two years and the modest improvement in our cycle sales so far this year, this is no time for complacency for an enormous amount still remains to be done before we can recapture the prosperity which we achieved in 1956.

THANKS TO STAFF AND WORKPEOPLE

This past year has seen an unprecedented degree of reorganisation and redeployment in many sections of our manufacturing division with all the human problems which this entails. Furthermore, the most rigid economies have been imposed in every section of the Company and have affected everyone. All these personal and economic problems have been cheerfully faced by all grades of employees and it must be a matter of much satisfaction to them to see the improvement in the Company's position. May I on your behalf convey to them all my sincere thanks for their support, loyalty and cheerfulness throughout a difficult and testing period.

We are not out of the wood yet, but at least the daylight is beginning to filter through and this is a source of great encouragement to us all.

SPURLING MOTOR BODIES LIMITED

PURCHASE OF L. RUMBOLD & CO.

MR W. . SPURLING'S RETIREMENT

The twenty-second Annual General Meeting of Spurling Motor Bodies Limited was held on December 10th at The Refectory, Finchley Road, Hendon.

Mr C. J. Calderwood, who presided in the absence of Mr W. F. Spurling, said he was sure he was voicing the feeling of all stockholders in saying how sorry they were that indisposition prevented the Chairman from being present.

Speaking for his fellow-directors, Mr Calderwood said how much they regretted Mr Spurling's decision to retire from active participation in the affairs of the Group, and how they missed his wise counsel and dynamic personality.

Mr C. J. Calderwood and Mr H. H. Higginson have been appointed Joint Managing Directors. For the time being Mr W. F. Spurling will remain Chairman.

The following are extracts from the circulated speech of the Chairman:

"During my last year as an active director of the Group turnover was £4,800,000—an increase of £494,000 over the previous year.

"The early months of the current year have been very busy in all divisions, and I feel confident that that will continue.

"The net profits of the Group for 1958/9 were £138,370 compared with £125,789 for the previous year. After provision for taxation there is a balance of £74,927 available. From this, dividends amounting to £8,312 have been paid on the preference shares of the Company, and interim dividends (one of 5 per cent and one of 2½ per cent) on the ordinary stock units; these latter accounted for £13,219. This leaves an available sum of £53,396, from which it is proposed to pay a final dividend of 12½ per cent on the ordinary stock units. This will take £22,969 so that we are left with an undistributed balance of £30,427. Adding this to the balance of £185,398 brought forward from 1957/8 gives a total of £215,825. From this we propose to transfer £20,000 to General Reserve (bringing the total to £220,000) and to carry forward the sum of £195,825.

"The interim dividend for the current year will be considered and paid at the end of May 1960, and, provided the trend of business continues to be satisfactory, it should not be less than 7½ per cent."

Mr C. J. Calderwood made special reference to a matter which the Chairman could not mention in his review of the year, because negotiations were still in progress—the acquisition by the Group of L. Rumbold and Company Limited and its associated company Harris (Kilburn) Ltd. These carry on well-established businesses in light engineering; in the manufacture of aircraft seats and in the interior finishing and sound-proofing of aircraft.

The take-over was completed on November 23, 1959, and all stockholders were informed by letter.

Immediately after the Annual General Meeting, an Extraordinary General Meeting was held for the purpose of amending the Articles of Association to permit the appointment of a President of the Company, the first holder of that office to be Mr William Freemon Spurling.

ANGLO-TRANSVAAL CONSOLIDATED INVESTMENT COMPANY LIMITED

CHAIRMAN'S REVIEW

VIGOROUS WIDESPREAD PROSPECTING BACKED BY RECORD LIQUID RESOURCES

VAST DEVELOPMENT OF FISHING INDUSTRY

GOLD MINES SOUND INVESTMENT DESPITE OCCASIONAL DISAPPOINTMENTS

The Twenty-sixth Annual General Meeting of the Anglo-Transvaal Consolidated Investment Company Limited, was held on December 4th in Johannesburg.

Mr S. G. Menell, the Chairman of the Company, presided, and in the course of his address to members said:

I have pleasure in presenting for your approval the Twenty-sixth Annual Directors' Report and Accounts for the year ended June 30, 1959.

The Accounts before you reflect a net profit of £961,000, which is an increase of £17,000 on last year's figure. A surplus of £314,000 arising from the sale of certain shares to the American-South African Investment Company, Limited, is shown separately. From the aggregate profit of £1,275,000 we have provided £169,000 for taxation, depreciation of investments, and exploratory expenditure, and £300,000 has been placed to General Reserve. This leaves a balance of £806,000, to which must be added last year's carry-forward of £394,000, making £1.2 million available for appropriation.

The dividend on the Ordinary and "A" Ordinary shares was increased from 50 per cent to 60 per cent, and, in addition, an amount of £175,000 standing to the credit of the Profit and Loss Account was distributed by way of a bonus in the form of Participating Preference Shares. These appropriations, together with the payment of the usual preference dividends, etc., left a balance unappropriated of £392,000 to be carried forward to the current year.

The Balance Sheet discloses an excess of assets over liabilities of approximately £7 million. This figure, however, does not include the surplus of £4.5 million by which the market value of quoted investments exceeds the book value at June 30, 1959. With the Revenue Reserves now standing at £4.2 million, and taking into consideration the additional amount of £1.6 million, being the Company's proportion of the undistributed net profits (after providing for taxation) of the subsidiary companies of the Group, the Balance Sheet reflects a sound position.

STRONG CASH POSITION

Our strong cash position places the Company in a more liquid position than ever before in its history. There has also been a further increase in our permanent sources of income from dividends and other recurring items which has been a significant feature of our operations during the last few years. The summary of our various interests, which is incorporated in the Report and Accounts before you, will bring you up-to-date in regard to the operations of the various Group companies. There are a few features, however, that I would like to deal with at this meeting.

During the year under review we formed a wholly owned subsidiary, the Anglo-Transvaal Finance Corporation (Pty.) Limited, as the medium for handling funds for investment, and also the Group insurance business.

POTENTIAL NICKEL MINE

The Group continues its vigorous policy of prospecting for minerals, which is conducted mainly through Middle Wits. We have been active in prospecting operations and drilling programmes in the Transvaal, Orange Free State, and the Rhodesias. Our work in Southern Rhodesia has recently established an attractive Nickel prospect which holds out promise of developing into a producing mine.

The recent arrangements for the merger of Middle Wits. and Rooderand serve to concentrate our Group exploration activities in Middle Wits. These two Companies had complementary interests and the terms of the merger were considered to be in the best interests of the shareholders of both Companies.

FISHING INDUSTRY EXPANSION

The industrial interests of the Group have enjoyed a year of comparative prosperity, during a time when the general industrial activity of the country tended to slacken.

Amongst Anglo-Transvaal Industries' activities, an outstanding year's operation was achieved by their subsidiary, The South Atlantic Corporation, which has deep sea trawling and major engineering interests. Since your Group entered the fishing industry approximately ten years ago, it has been responsible for doubling the catch of trawled fish. This development has led to the establishment of large modern processing factories, which besides catering for the Union's requirements have increased the exports of their products from £400,000 in 1950 to over £2,300,000 this year.

FERRO-MANGANESE EARLY SUCCESS

The Ferralloy Ltd. plant at Cato Ridge recently made an auspicious start with the production of high carbon ferro-manganese of excellent quality. One of the factors which has materially contributed to the success of this project in the relatively short space of time since its inception in 1957, has been the circumstance of being able to mine a better grade of ore—and at a lower mining cost. This resulted in the production of ferro-manganese containing a high manganese content and an unusually low content of deleterious impurities at a cost which should enable the Company to operate on a very profitable basis, even at the present low world price for ferro-manganese. The proposed merger of Ferralloys and Associated Manganese will place the latter Company in a strong position with regard to the sales of its minerals either as raw materials or as semi-processed metals in the form of ferro-manganese, and possibly eventually, in addition also pig iron.

GROUP RESEARCH SUCCESSES

Within the Group we maintain a central laboratory which not only handles routine analyses and investigations, but also carries out applied research in respect of our various existing operations and potential new ventures. In particular it is concerned with problems of ore dressing and with the improved recovery of metals from their ores. In this direction the Anglovaal Laboratory has achieved some notable successes, particularly in improving processes used for the recovery of gold and uranium. At the Hartebeestfontein mine, for example, an improved process known as the "Reverse Leach" was developed in the laboratory and then applied at the mine. The pulp from the mill is treated first for the recovery of uranium and then for the recovery of gold. The yield of both uranium and gold has been increased.

At Virginia, where conditions are different, the "Hot Ferric Leach" process was evolved at the laboratory for improving the extraction of uranium from the type of ore at that mine. This process is now in operation at the Virginia mine, and has resulted in an improvement in the uranium recovery.

These processes have resulted in increasing the profits of each of the Hartebeestfontein and Virginia mines by some £150,000 to £200,000 per annum.

One more recent success has been a process for the economic concentration of nickel found at the newly discovered deposit located in Southern Rhodesia.

OVERALL SOUNDNESS OF GOLD SHARE INVESTMENTS

The problems at the Merriespruit Mine have no doubt been a shock to shareholders and investors who have come to regard a gold mining lease area as an investment in which the amount of money expended to bring a mine to production is rarely in jeopardy.

Indeed, the main underlying incentive for undertaking gold mining activities on the principal South African goldfields and for continuing the search for extensions of these, has been the unique nature of the stratified gold-bearing conglomerates of the Witwatersrand system. These, for some 70 years, have supported large-scale mining operations, first on the Witwatersrand, then on the Far East Rand, on the Far West Rand, in the Klerksdorp area, and, latterly, in the Orange Free State and the Bethal area. Although the percentage payability of the principal gold-carrying horizons varies from district to district, and also, frequently, from mine to mine, these conglomerates on the whole, from the earliest times, were recognised as being persistent and reliable gold carriers over wide areas. In this important respect, they differ

radically in character and in reliability from the other types of auriferous igneous ore-bodies which, before the opening up of the Witwatersrand, constituted the main source of the world's gold supply. Because of the capricious nature of the gold distribution in these other occurrences, gold mining investments carried with them the stigma of being of a highly speculative class. With the opening up of the vast South African goldfields based on the exploitation of the gold-bearing conglomerates, however, a major stable industry, now of long standing and with a substantial future still ahead, came into being. The predictability of operations, and the conditions lending themselves to forward planning with precision, were early proved to be of such an order as to have led the large South African gold mines to come to be regarded as gold factories rather than as gold mines, viewed in the speculative sense.

The progress made by the South African gold mining industry and its expansion to the present magnitude can be gauged from the following summarised statistical information.

The Witwatersrand was proclaimed as a goldfield in 1886. Dividends distributed between 1892 and 1896 reached an average of £1½ million per annum. In 1958, 54 producing gold mines, of which 22 in addition produce uranium oxide as a by-product, crushed over 65 million tons at an average recovery grade of 5.2 dwts, and distributed over £42 million in dividends, equivalent to approximately 13s. per ton milled. Significant also in South Africa's contribution to the world's gold output is the fact that in 1887 South Africa contributed under 1 per cent of the total world's gold output, whereas in 1958 this figure was over 58 per cent, excluding Russia.

The dollar price of gold which was fixed in 1934 at 35 dollars an ounce and has remained pegged at that level ever since, is unrealistically low not only in relation to world monetary requirements but also in relation to the economics of gold mining in South Africa.

The cost of bringing a large gold mine to production during the period 1934/39 was between three and four million pounds. The average expenditure to date on similar mines established after the war is between ten and twelve million pounds. The increase in capital cost of some 200 per cent is also reflected in higher working costs as the average cost during the period 1934/39 for mines established in that period was approximately 20s. per ton milled, whereas for the mines established in the postwar era the cost during 1959 has averaged some 60s. per ton milled.

Fortunately many of the new mines, by which I mean those started after the war, contain exceptionally high grade ore and are yielding good rewards to investors. The new mines which have reached production although not yet operating at their planned capacity in most instances are already producing some 50 per cent of South Africa's record rate of gold output and are paying dividends of about £30 million per annum despite large profit retentions for expansion purposes, loan repayments and the like. The capital employed in these new mines for gold mining purposes, including retained profits, already amounts to some £300 million. About £35 million has also been expended on uranium installations on these mines.

That this sound position exists despite the present low gold price is a tribute to the inherent soundness of the gold mining industry in South Africa. At times the industry has gone through difficult periods, particularly on those mines where the gap between the value of the ore milled, at the then prevailing gold prices, and the costs of production became critically narrow. In this respect history is repeating itself and the disappointments experienced by some of the new mines is attributable to this. Since the inception of our gold mining industry, however, there have been instances of mines on the major South African goldfields having failed to come to production or to continue as separate entities, but these are relatively few in number, and their incidence does not in any significant measure detract from the long history of the overall prosperity of the South African gold mining industry.

OVERSEAS INVESTORS

Largely owing to the exceptional attraction of British Industrial shares, London has not, as yet, resumed the role of being a centre of activity in South African gold shares.

However, there are indications that British investment institutions, which made the City of London the financial centre of the world by following a policy of investing around the globe, are now taking a different viewpoint of the unwarranted reports on South Africa's instability which had been circulating for so long. As this revival of interest occurs at a time when British industrial shares are enjoying an apparently unprecedented boom, we may expect that when this condition subsides, there will be an accelerated interest in our market, because our system of private enterprise unchanged for generations, should attract all classes of investors.

CONCLUSION

In conclusion, I would like to record my appreciation of the assistance I have received from my co-Managing Director Mr B. L. Bernstein, and my other colleagues on the Board, and to them and to the staffs in the Head and London Offices of the parent company, and the mines and industries of the Group, I express my thanks for the services they have rendered to the Group during the year under review.

The Report and Accounts for the year ended June 30, 1959, were then adopted, and the retiring Directors, Messrs B. E. Hersov and C. H. Leon, were re-elected.

The joint Auditors' remuneration for the year was fixed.

WHITEFRIARS INVESTMENT TRUST LIMITED

MR L. LARHOLT'S REVIEW OF COMPANY'S POSITION

The Twenty-Fifth Ordinary General Meeting of Whitefriars Investment Trust Limited was held on December 7th in London, Mr L. Larholt, the chairman, presiding.

Referring to the Accounts to April 30, 1959, and the Directors' Report thereon, the Chairman said:

In view of recent comment upon the Directors' Report and Statement of Accounts now under review, I would take this opportunity of clarifying certain aspects of the affairs of the Company, the subject of such comment.

Reference has been made to Directors' Fees totalling £11,447 for the year. Of this total, your Board received £3,380.

I am pleased to state that your Board has appointed an additional Director, namely, Mr T. R. R. Whittaker, a Chartered Accountant. Mr Whittaker was appointed after the notice convening the Annual General Meeting and accordingly retires and offers himself for re-election.

Although the final dividend forecast could not be paid, profits covering it were earned and it was only a technical point which prevented a distribution.

TURNER AND SAVAGE LIMITED

The non-availability of pre-acquisition profits for dividend purposes has had some bearing upon the estimate earlier made by your Directors when a forecast of a 30 per cent Final Dividend was given. Your Directors had anticipated that, of the total dividend income to be received from this Subsidiary, a smaller proportion than £31,977 would fall to be capitalised, with a correspondingly increased "Revenue" proportion available for distribution.

In the event, however, the inclusion in the Accounts of the proportions determined by the Company's Auditors, whilst having the effect of reducing the total available for "income" distribution, results nonetheless in a strengthening of the "capital" position in that £31,977 has been carried to reserve—by way of writing down the cost of the Investment in the Subsidiary.

COPESTAKE, CRAMPTON & COMPANY LIMITED

The surplus of £76,748 on the realisation of this investment was assumed to be available for distribution, but unfortunately the provisions of Article 114 of the Articles of Association preclude this.

I will not disguise the fact that I do not agree with this method of dealing with profits. Profits are earned to be distributed and in my opinion the Article was never intended for such a transaction as Copestake, Crampton & Company Limited. This was quite an undertaking and involved realisation of assets and gradual closing down of the business. The transaction was completed in the year now under review and it was a severe blow to be told that a rigid interpretation of the Company's Articles prevented distribution of this profit.

I do not dispute that the crediting of such profits to Capital Reserve can only strengthen the structure of the Company. However, the acquisition of the Ross Ensign group has already resulted in a most substantial increase of the Capital Reserve Account and further accretions, however desirable, are not really needed.

I am in active negotiation for a project which although different to Copestake, Crampton & Company Limited will also involve a large-scale purchase and sale of shares. Any profit made would fall to be dealt with in the same manner unless we amend Article 114 or find some alternative. I am at the moment in consultation with the Company's advisers and other expert opinion and we shall certainly

remedy matters before the close of the current year.

ROSS LIMITED AND ASSOCIATED COMPANIES

This Group comprises Ross Limited as the main Company, with Ross Ensign Limited and Barnet Ensign Limited as associates. Since the acquisition of the whole of the Issued Share Capital of this Group took place subsequently to the close of the financial year of your Company (April 30, 1959) nothing is, of course, reflected in the Accounts to that date. Your Company acquired Assets of £800,000 on this purchase, the greater part of which will be credited to Capital Reserve.

There was earlier an agreement to sell the freehold of the Clapham premises for £242,000 with an arrangement for a lease back to Ross Limited. Subsequently, after further consideration, the Board of Ross Limited (of which I am the Chairman) decided that in view of the fact that the Company had sufficient liquid funds for its requirements, the burden of a substantial figure of rent, annually, together with other commitments, was disproportionate to the advantages likely to accrue from the receipt of the proceeds of the sale. Accordingly, negotiations are now taking place for the cancellation of the Agreement.

Apart from the substantial Asset value of Ross Limited, we have acquired a company making a useful profit. With the abandonment of camera manufacture, Ross Limited, which prior to 1958 had suffered losses, is now making profits and its Directors expect that the profit in the current year is likely to be in the region of £75,000. In this group there are substantial losses available for tax relief.

You will shortly hear of the application by Ross Limited for full patent rights in respect of a Rotor Angle Meter. The development of this machine was undertaken in conjunction with a leading electrical Authority in the United Kingdom and is one which in future may well be fitted to the largest Alternators manufactured. It fulfils a long-felt want and offers a novel method of measuring and controlling comparative output. We feel there are ramifications as yet unexplored to which this invention may be adapted.

Furthermore, we hope shortly to announce interesting acquisitions which have long been the subject of negotiation but which have now reached finality.

We have signed confirmation for the purchase of a company as from June 1st last dealing in electrical and electronic equipment in which the Vendor guarantees a net profit of £80,000 per annum for two years. He proposes to retire after this period, but it should not be too difficult to maintain and I hope improve on this figure. Contracts should be ready for exchange this week, when the usual notice will be sent to Members. It is proposed that the purchaser of this Company shall be Ross Limited.

Similarly, we have completed negotiations for the purchase of another company and have made a formal offer in agreed terms. Immediately we receive acceptance we shall proceed with completion and advise Members. This should produce a further income to the Company of £70,000 per annum. In this instance, the purchasing company will be Whitefriars Investment Trust Limited.

You will appreciate therefore that our Company is progressing in a most satisfactory manner with a large asset value and steadily increasing income.

The Report and Accounts were adopted.

BARCLAYS BANK DCO

ANOTHER YEAR OF PROGRESS

The Thirty-fourth Ordinary General Meeting of Barclays Bank DCO will be held on January 4th in London.

The following are extracts from the circulated statement by the chairman, Mr J. S. Crossley, for the year ended September 30, 1959:

The postwar years have been notable for the steady expansion of our activities. I am glad to report another year of progress.

We now have 1,197 offices in operation handling, on March 31st last, some 638,000 current accounts and 810,000 savings accounts. During the last ten years current accounts have risen in number by over 57 per cent; over the same period savings accounts have increased by no less than 300 per cent.

The balance sheet reflects the continuation of this growth with increases of £62 million in the total of deposits and of £21 million in the figure for acceptances, guarantees, indemnities, etc., compared with a year ago.

The increase in the total of our advances to customers has been somewhat less marked than was the case last year. This item is now in the ratio of 41 per cent to deposits as against 43 per cent in 1958. Trade bills show a small reduction but there has been an increase of £26 million in the total of investments. This is mainly represented by an increase in short-term Government bonds in London.

PROFIT AND LOSS ACCOUNT

Unfortunately, expansion of a bank's business and of its gross income—our experience this year—does not automatically bring an increase in net earnings. In spite of the expanding business the estimated profit for the first half of our financial year, which was published in June, showed a significant reduction over the comparable period in the previous year, the figure of £525,000 having fallen from £584,000 in 1958. During the second half of our year there was some improvement but, notwithstanding this, the total figure for the year of £1,218,512 shows a reduction of £48,843, and this in spite of additional tax relief. For this there are two main reasons. The first is the factor of increasing costs which continues to cause us concern. The second reason is that, in certain territories we have been transacting business on less remunerative terms. There is one further factor, however, which should not be overlooked; this is the actual rate of expansion itself.

It is now three years since we were deprived overnight of the large and profitable business which we had built up in Egypt. I am still unable to give stockholders any information as to the progress of our claim for compensation.

In my last statement to stockholders I suggested that business conditions in 1958 had been dominated by uncertainty—an uncertainty caused mainly by the recession in business activity in the USA. Although towards the end of that year conditions seemed to be improving it was hardly possible at that time to assess either the depth or the probable duration of the depression. The outlook accordingly remained unsettled.

With the passage of another year one can now say that the skies are clearing and that the effects of the depression are passing off. In the USA, in the United Kingdom and in Western Europe business activity has confidently resumed its upward trend and has thereby improved the outlook for many of the territories with which this Bank is concerned.

Perhaps the most remarkable phenomenon of the past year has been the persistent strength of sterling. The true test of any currency, however, depends ultimately on its purchasing power and the important fact to record is that the purchasing power of the pound has been stable for the better part of two years. This is of profound significance to a world so much of whose trade is carried on in sterling and, in particular, to the countries of the Commonwealth whose currencies are based on it. It is a sure sign of returning confidence in this country and in its policies.

The improvement that has taken place in our economic circumstances will not only allow us to speak with more authority but will provide us with the opportunity—and I believe also the obligation—to make a bigger contribution to the tasks ahead. It should, however, be an increasing contribution to an increasing total and, preferably, with greater contributions from other Western European countries. It is much to be hoped that its effect will not be neutralised by some commensurate reduction in aid from any other country which might promote discouragement all round.

FULL CONVERTIBILITY

We now have the opportunity to take a constructive step forward by freeing the pound completely from all restrictions for residents and non-residents alike, for capital as well as for current payments. Such a move would not only be welcomed throughout the world; it would also, I believe, by restoring to the pound the prestige of a fully convertible currency, add much to its stature. Sometimes it may pay to discard from strength. The move towards convertibility at the end of last year did not prove a source of embarrassment. Indeed the subsequent firmness of the pound derived in part from that very cause. When people know that they can get their money out freely they seldom want to do so. Funds may very well flow towards London when once sterling is free; for it must not be forgotten that the United Kingdom can also offer opportunities favouring investment.

There are always people ready enough to argue against any bold course of action, on the grounds that conditions are not quite ideal—they seldom are; but by waiting for the absolutely perfect moment to arrive, there is always the risk of missing reasonably good chances that come along. Are we likely to experience much more favourable conditions than now exist? It seems to me that the underlying situation is as favourable at this moment as can reasonably be expected. While it is doubtless true that we have "never had it so good" it is also certain that we shall not always have it so good. Let us move now, therefore, while the trend remains favourable. It is certainly the case that the sterling reserves are not superabundant, but it is nothing new for Britain to work on small margins. The great business of the City of London was built on confidence in the first place and not upon accumulated reserves. The conditions under which it grew to greatness imposed the obligation to conduct its affairs with prudence as well as business acumen. Men and their policies mean more than bullion.

TUBE INVESTMENTS LIMITED

HEALTHY UPTURN IN TRADE

ALUMINIUM INTERESTS EFFECTIVELY INTEGRATED

A healthy upturn in trade was reported by Sir Ivan Stedeford, KBE, Chairman of Tube Investments Limited, in his annual statement to stockholders.

The movement back to increased activity, said Sir Ivan, was not felt to a marked extent until April, with 8 months of the financial year gone, but it was progressive, enabling TI to make good much of the shortfall. Total trading profits for the year, after depreciation, were £12,417,000, just about the same as the year before, but including 7 months' profits of the British Aluminium Company and Reynolds TI Aluminium Ltd. If adjusted for comparison, they showed a reduction of about 10 per cent on the previous year's record profits, this resulting from reduced turnover and margins. Since the beginning of the current year the improvement in trade had gathered momentum, and in this context the Board recommended a final dividend of 12½ per cent, making a total of 20 per cent for the year—an increase of 2½ per cent.

Discussing the acquisition of British Aluminium Company, he said that the voting rights of the British Aluminium shares held by TI and Reynolds Metals in their own right had been vested in Reynolds TI Aluminium Ltd. The Ordinary capital of this company had been rearranged, and was now held as to 51 per cent by TI and 49 per cent by Reynolds Metals. From this it followed that control of British Aluminium, exercised through Reynolds TI Aluminium with voting powers covering 96 per cent of the equity, was firmly in TI's hands. TI has been able to finance this substantial operation by only a small addition to its equity and by a cash payment of some £10 million. Nevertheless, by the end of the year, the liquid position was virtually unimpaired. Even with this considerable investment, only a little over one-fifth of TI's funds were at present employed in aluminium. Reynolds TI Aluminium had agreed to acquire for about £5 million the aluminium foil business of Venesta Ltd. Plans were in the making for a major expansion scheme.

The Canadian British Aluminium Company, at Baie Comeau, with the first two stages of the project completed, was running at its rated capacity of 80,000 tons a year. Discussions with the Consolidated Zinc Corporation, British Aluminium's 50/50 Australian partners, had confirmed the potentialities of the bauxite and power concessions of the Commonwealth Aluminium Company in Australasia.

There were welcome signs that the recession which hit the world's aluminium industry two years ago was becoming less severe, but it was likely to be quite a time yet before the considerable over-capacity was taken up. TI believed that its aluminium interests were now well disposed and effectively integrated and that it would be able to gain the maximum benefits from any improvement in trade that came along.

RECORD ELECTRICAL SALES

Another record year was achieved by the Electrical Division, the Simplex Electric Company's Creda range of electric cookers earning a popularity second to none, which the new Mercury Four promised to enhance, and the Debonair spindryer maintaining its lion's share of a widening market. The same design team recently introduced a new domestic appliance, the Creda "Corvette," which provides quickly warm, hot and boiling water "on tap" at the kitchen sink. It was TI's intention to enter the market for domestic refrigerators next year. The Division's industrial side was recovering more slowly; in the cable industry over-capacity and price chaos brought disappointing results.

The Steel Tube Division was considerably affected by the recession, but hopes for the current year were firmly based on full order books. The last year had brought home the truth that, when output is well below capacity, significantly increased costs per unit of output were an unavoidable by-product of high mechanisation. As production recovers, so costs level out, and happily this was TI's experience. Developments during the year included the completion of a modernised plant to produce stainless steel tubes at yet lower costs, successful trials in the hot extrusion of beryllium, and progress in new low cost ways of seamless tube making. TI's tube manufacturing interests in Canada, India and Argentina all returned substantially increased profits. Capacity was being doubled in India, where a mill for rolling steel strip was also being installed.

Substantial extensions to the factory of TI Cycles of India were under way. Provision was being made for the manufacture of saddles, chains and other important components. The extensions, when completed, would make this cycle factory among the best in the world. With TI's increasing investment in India, it was agreed with the company's Indian partners to bring all of the cycle and steel tube interests there under one company—Tube Investments of India Limited, which was recently formed for the purpose. The new company was now a subsidiary in which Tube Investments hold 60 per cent of the equity. Its results for the year had been consolidated.

The present surge in consumer demand had not coincided with one for capital goods. TI's experience closely conformed to this national pattern; nevertheless, a number of its engineering companies increased their turnover, if at lower margins. Sales of rolling mills and like plant nearly doubled those of three years ago. Good export contracts were completed and despatched and others were in progress. One of the smaller companies achieved record sales with its redesigned range of mechanical and hydraulic guillotine shears and like equipment. It had developed machines for the internal polishing of stainless steel tubes, and was at present completing two for Russia. TI was now Britain's major maker of polytetrafluorethylene products, and had started manufacture of glands and seals in Italy. At the Chesterfield Tube Company plans had been accelerated to modernise the extrusion presses and furnaces for stainless steel tube and plant for processing steel cylinders. The company was now equipped with ample low-cost capacity to meet the full range of demand. A "know-how" agreement had been reached with an Australian company to share in TI's bus, railcar and building prefabrication techniques.

STEEL DEVELOPMENTS

Both of the major steel units started the year with weak demand, volume being maintained at around 70 per cent capacity. The upturn came earlier at Park Gate Iron & Steel Company, and the requirements of the finishing mills soon reached a level which could only be satisfied by the purchase from outside of mild steel semis to supplement TI's own production. A major scheme of modernisation and expansion was being studied in consultation with the Federation and the Iron & Steel Board. The recession took longer to lift at Round Oak Steel Works, where the new electric arc furnaces had come into commission. The company was now favourably placed to meet the revival in demand for its traditional business as a supplier of rounds, forging bars and constructional sections. Of greater importance to TI was its requirements from Round Oak of high quality steel at the right cost for tube making. Steps had been taken which, it was believed, would underwrite this requirement. If they proved effective they should yield substantial benefits to Round Oak and the Steel Tube Division.

The concentration of manufacture in the reorganised cycle factories at Smethwick had been completed; production could now be tailored to meet changing requirements. The resulting economies had enabled the Cycle Division to make a satisfactory contribution to TI's results. Good progress had been made in the development of motorised machines. Well designed and efficient "mopeds" bearing the names of "Norman" and "Phillips" had been well received in what promised to be a growing market. Production for several months ahead had been sold of the "Sunwasp," an attractive all-British scooter.

OVERSEAS AGREEMENTS

Excess cycle manufacturing capacity, which had presented serious difficulties at home, had become an even more serious problem in certain overseas countries. TI's factories in South Africa and Ireland had for some years been operating well below their capacity, as also had those of Raleigh Industries. During the year TI and Raleigh had merged interests in these two countries, so that the respective makes of bicycles could be manufactured there economically in one factory. In the amalgamated company in South Africa, TI has a 51 per cent interest and Raleigh Industries 49 per cent. In Eire, Raleigh Industries had a 51 per cent and TI 49 per cent interest. Management was with the company with the controlling interest. It was intended also to establish with Raleigh Industries a cycle company in Mexico. These overseas cycle partnerships with Raleigh Industries, or any others which might follow, did not foreshadow a similar development in the United Kingdom, nor in other overseas countries, as, for instance, India, where the market was large enough for both.

An encouraging increase was made in sales to Europe, but TI's largest export markets were again Canada and the USA, with the Eastern Block moving up to third place. By a high degree of co-ordination among the plants of subsidiaries, TI had been able to accept a number of large export orders for precision tubes

against keenest world competition. The largest, worth over £3 million, came from the USSR.

TOMORROW'S MANAGERS

With Government encouragement for a good balance of expenditure and savings by persons and corporations, and for the sharpening of incentives for the wage earner, salaried staff and companies alike—industry would not flinch from the big changes which lie ahead, or the heavy capital expenditure needed to meet them. A prerequisite was the training and development of the men needed to tackle the technical and commercial tasks that accompany great projects. Now that National Service has ended, and the "bulge" was coming through schools and universities, industry faced the immediate responsibility of recruitment and training of the right numbers and mixtures of men to be the managers for the future.

This responsibility was being shouldered with urgency and care in TI. Personnel and Training work had been vigorously intensified. Apprentice courses were being expanded. TI's first sandwich course students had gained their Diplomas of Technology; and, with increased recruitment of university graduates, TI was stimulating management selection and development from men of widely differing ages and educational backgrounds. While this would never exclude recruiting new blood from outside, TI's aim was to satisfy future needs largely from within its own companies.

CAPITAL EXPENDITURE NEEDS

TI's capital expenditure had continued at a steady but reduced rate; schemes designed for increased productivity were given priority over those where just expansion of production was the main objective. TI now intended to press on as fast as possible with its capital development plans.

The Common Market in Europe presented Britain with a serious challenge which would grow stronger. The Outer Seven Market, though born out of disappointment, was welcomed for its likely direct outcome, and its implication that some association with the Common Market might be worked out. But the chances were that Britain would be faced across the Channel by an integrated system of great industrial resources, attacking world markets with the strength of a huge protected market behind it.

If Britain were to continue to be prosperous in a world of great industrial power blocks, or free trade, said Sir Ivan, she must raise her industrial efficiency far beyond anything she had yet achieved or attempted. She should spend capital to the limit of her resources. By the introduction of investment allowances, the Government had shown that it recognised the urgency of large scale industrial development. But he believed that much more was needed; a crusade to make British industry, for its size, the best equipped in the world.

Major-General Sir Francis de Guingand, KBE, CB, DSO, and Mr E. L. Burton, BA, ACA, were appointed directors during the year. A new member of the Board was to be Lord Plowden, KCB, KBE, who would be joining TI on January 1st next and would also become a Vice-Chairman and Chairman of The British Aluminium Company Limited. Lord Reith had intimated that he did not seek re-election to the Board. He would, therefore, be retiring as from the end of the coming Annual General Meeting. Two members of the Board, Mr Walter Hackett, Jr, and Mr R. D. Young, BSc, had been appointed Assistant Managing Directors. Both had spent their business lifetime with TI. Their long experience and intimate knowledge of TI's widespread affairs would be of great value in their new overall responsibilities.

HARRIS LEBUS LIMITED

IMPROVED RESULTS

The Twelfth Annual General Meeting of Harris Lebus Limited was held on December 4th in London, Sir Laurence Watkinson, KBE, CB, MC, the chairman, presiding.

The following is an extract from his circulated review for the fifty-two weeks to July 10, 1959:

We have achieved a trading profit of £480,246. The improvement on last year's result can be attributed mainly to the removal of hire purchase restrictions—let us hope they will not return—and other measures taken to stimulate the economy of the country, together with the fact that the attractive design and value of our products have been well recognised by our customers. Income tax and profits tax amount to £283,915, leaving a net profit of £188,629 as compared with £127,848 last year.

Your Board recommend an increase in the dividend to 7 per cent.

During the course of the year we purchased a Bedding factory in London which has traded successfully for many years under the name of Eventide (Bedding) Limited.

In August last we purchased a half-share in a furniture business carried on in Lagos, Nigeria. Though its turnover at present is comparatively small, we feel that that company can look forward to rapid expansion and a profitable future.

The level of the export trade, although not high, has been somewhat increased.

It is gratifying to find that public confidence in the economy has been re-established. Furniture sales are continuing at a high level, our order book has never in recent years been in a more healthy state, and our factories are operating at full capacity. But competition in the furniture trade remains strong.

The report and accounts were adopted.

KENNINGS LIMITED

HEAD OFFICE:—
CLAY CROSS,
DERBYSHIRE.

Est. 1878

Directors:—
G. KENNING, D.F.C., T.D., M.A.
(Chairman and Joint Managing Director)
D. B. KENNING, M.A., J.P.
(Joint Managing Director)
A. B. GRIFFITHS, O.B.E., M.A., F.S.A.A.
R. D. COOKE, M.I.M.I. (Secretary)

Salient features of the circulated Report of the Directors and the Chairman's Statement

Mr. George Kenning, the Chairman, said that the year had been one of continued expansion in all departments and in particular to Car Contracts, Self Drive Hire, G.K. Tyre Services and Petrol service stations.

The final dividend recommended on the 5/- Ordinary Shares was 14%, making 19% for the year. This represents a dividend of 22.24% on the capital as it existed before the Rights Issue made in May.

Mr. Kenning continued by remarking that the year just reviewed had been favourable, and that subject to the usual provisos the Board could see no reason why the current year would not be as successful.

TRADING PROFITS
1950—1959

1950	...	...	£303,234
1951	...	...	£356,996
1952	...	...	£369,140
1953	...	...	£391,786
1954	...	...	£521,129
1955	...	...	£689,461
1956	...	...	£703,880
1957	...	...	£678,740
1958	...	...	£890,600
1959	...	...	£1,056,116

GROUP PROFIT AND APPROPRIATIONS, YEAR ENDED 30th JUNE, 1959

	£
GROUP TRADING PROFIT	1,063,618
Less: Depreciation, Interest Paid, Directors' Emoluments, Employees Pension Scheme, etc.	316,191
Group Net Profit before Taxation	747,427
Less: Taxation	367,887
Group Net Profit after Taxation	379,540
Less: Outside Shareholders' Interests	15,672
	£363,868
APPROPRIATED AS FOLLOWS:—	
Retained in Business	208,376
Preference Dividend, net	6,532
Ordinary Dividend, net	148,960
	£363,868

CAPITAL AND DIVIDEND COVER

PREFERENCE SHAREHOLDERS:—	
Issued Capital	£200,000
Dividend covered by net earnings after tax	55 times
Capital covered by net assets	14 times
ORDINARY SHAREHOLDERS:—	
Issued Capital	£1,280,000
Rate of Dividend paid	19%
Dividend covered by Net Earnings	2.4 times
GROUP NET ASSETS	£2,870,989

POTATO MARKETING BOARD

CHAIRMAN'S ANNUAL REPORT

The Annual General Meeting of the Potato Marketing Board was held on December 9th at Agriculture House, Knightsbridge, SW1, the chairman, Mr J. E. Rennie, presiding.

The following is an extract from his speech:

Anyone who grows potatoes is investing a great deal of money in his crop, so great is the cost of growing it nowadays. However careful and skilful, he cannot control its yield owing to the vagaries of the British weather. That, of course, is a risk inseparable from most forms of agriculture. But with potatoes the risk is much greater than with many other farm ventures. The national yield varies so greatly that a variation of 1½ million tons is possible on a human consumption requirement of about 4½ million tons. Yet the public demand is extraordinarily rigid and is little affected by price. Indeed, in recent years, the highest rate of consumption was not in the 1956-57 season with a surplus of over a million tons and consequently low prices, but in the comparatively short season of 1957-58 when retail prices were often twice as high.

Our whole purpose is to bring as much stability as possible to what has always been a fluctuating and uncertain market, by first stabilising the acreage and then by using the riddle in conjunction with a buying programme to control any surplus and ensure the public gets the best of the season's crop. Last year the Government stated in the House of Commons that the acreage was sufficient in years of normal yield to meet all our own requirements of maincrop potatoes; and I may say the acreage planted this year is almost exactly the same as then. The whole of their quota was not planted by all producers, but the acreage allocated was exceeded by other producers who must pay the Board's special contribution of £10. This yielded the sum of £200,000, which has already been used to help bolster the market by buying a quantity of potatoes mainly of a type which being undesirable for some sections of the trade were having a depressing influence. The public and retailers have appreciated the better sample on 1½ in. riddle. We for our part intend to insist on a better sample being turned out by producers and merchants to eliminate the faults we sometimes see and which have such a depressing effect on the market, lowering the price producers get.

This year due to the dry weather there was more corky scab than usual—scabby potatoes are unsightly, and although the cooking and eating qualities are not affected the housewife wants a potato that is not only clean but looks clean. If producers send to market too much of this kind of produce the market must break. And, as you all know, signs that this might be about to happen appeared six weeks ago.

The choice before the Board was either to let the market slip, which would certainly bring nearer the date of a Government payment, or to use its own resources to prevent a collapse, which would bring loss to all of us. The Board judged that buying operations well within its means could steady the market. We decided, therefore—and our decision was well received—to intervene directly by a buying programme. But the Board's funds are not intended to provide the Guarantee Parliament has said shall be given to the Potato industry.

May I emphasise to all producers the necessity of at least maintaining the present acreage and increasing the proportion of the quality varieties?

BIRMID INDUSTRIES

IMPROVED EARNINGS

The Annual General Meeting of Birmid Industries Limited, was held on December 8th at Birmingham, The Most Honourable The Marquess of Exeter, KCMG, the chairman, presiding.

The following is an extract from his circulated address:

The Annual Accounts for the year ended July 31, 1959, show an improvement in earnings over those of the previous year.

Your Directors recommend the payment of a 20 per cent Dividend, an increase of 2½ per cent overall on last year's payment and it is proposed that the distribution shall now be wholly in the form of dividend rather than in dividend plus bonus as has been the practice in recent years.

The Directors have also given thought to the present capital structure of the Company and propose to recommend a scrip issue of shares in the proportion of one share for every two shares held. Resolutions to this end will be submitted to the Annual General Meeting.

DIVIDEND PAYMENTS

For the same reasons in considering dividend policy, the Directors feel that the coming year would be a suitable time for introducing the practice of paying some part of the total distribution as an Interim Dividend. Provided the earnings remain satisfactory, therefore, the Directors propose to make an interim payment in May next on account of the year ending July 31, 1960, but this should not be taken to imply that the total payment for the year would be increased thereby.

Taxation at £1,051,527 against net profits of £1,077,938 still takes an unduly large slice of our earnings, despite the reduction of 9d. in the pound.

The first half of the year under review was difficult for all our subsidiaries. Demand was lower than formerly in all sections. In particular, the market for aeronautical products, in which your light alloy foundries largely specialise, was, and unfortunately so continues, at a very low ebb. The second half of the year saw a steady increase in demand in other directions, especially the motor trade. Whilst prices here are very keen, we are beginning to reap the benefit of the modernisation plans carried out in recent years.

Total Group Sales for 1958-59 were almost identical with those of the previous year.

We have now largely finished with expenditure on new expansion and re-equipment projects. Some of these schemes are of a pioneering character and, being of recent introduction, are not yet operating at full efficiency or with the full additional order book which will ultimately justify the enterprise. As I write, there are better prospects of the additional business needed than there were a year ago.

The outlook for the aircraft industry is not at the moment very encouraging. On the other side, there is currently a steady expansion in the motor vehicle industry and, whilst competition is very keen and profit margins low, we have our full share of what business is going, with the prospect of increased output in those sections during the coming year.

The report was adopted and the increase in the authorised capital to £6 million and the scrip issue of one share for every two held were approved.

RANSOME & MARLES BEARING COMPANY

MR E. W. SENIOR'S CONFIDENCE

The forty-third Annual General Meeting of Ransome & Marles Bearing Company Limited was held on December 3rd at Newark, Notts, Mr E. W. Senior, CMG, the Chairman, presiding.

The following is an extract from his circulated statement for the year ended June 30, 1959: The reduced demand referred to last year continued well into 1959, and it was only in the last three months of the financial year that sales began steadily to increase.

The Engineering Industry had to meet, from October 1958 onwards, an increase in wages which was not passed on to our customers in increased prices, in fact the level of prices is, in general, lower than a year ago.

Consequently, as compared with last year, there is a drop in the consolidated net trading surplus from £1,423,755 to £1,182,056. This surplus is, however, higher than in any year other than 1958. The net profit of the Group is £609,396 as compared with £666,581.

The Directors recommend a final distribution of 10 per cent less tax and a bonus of 2½ per cent less tax, a net total dividend of £153,125.

It will be noted that the cash position has improved from £567,887 to £1,322,185. This will be needed partly to finance the increasing turnover and partly to meet other commitments. The capital commitments, which stood at £248,000 at the end of the financial year, are now over £500,000. I have no doubt that this policy of capital expenditure to develop not only production capacity but also productivity and quality is absolutely essential to continued success of the business, but all our efforts to maintain stable prices can be nullified if any increases in wage rates resulting from the present negotiations in the Engineering Industry, or reduction in hours, are not matched by at least a corresponding rise in productivity which I am satisfied can be done.

AUSTRALIA

Import restrictions have made a continuing and satisfactory development of our Australian business difficult, and having regard to the developing potential of the Australian market, your Board had come to the conclusion that it would be desirable to manufacture there. When the Australian Government decided to invite tenders from Bearing Manufacturers for the Government owned Bearing Factory at Echuca, Victoria, a factory of greater capacity than the one we had in mind, it was decided that we should put in a bid on behalf of your Company, Skefko, Luton, and SKF, Gothenburg. The bid has just been accepted and arrangements are now proceeding for taking over the factory and for the formation of an Australian manufacturing company of which the shareholders will be your Company, Skefko and SKF. It is pointed out that this joint venture does not affect either the independent action of the two sales companies, or the relations between Ransome and Marles and SKF in other respects.

I referred earlier to the increase in demand in the latter part of our financial year; this trend has continued, with a resultant increase in our order book and output running at a high level. There is every reason to expect the economy to continue to expand and we can, I feel, look forward to a satisfactory year.

The report and accounts were adopted.

THE CANADIAN BANK OF COMMERCE

MR NEIL J. McKINNON ON ECONOMIC CONDITIONS

The *ninety-third* annual general meeting of The Canadian Bank of Commerce was held on December 8th in Toronto.

Mr Neil J. McKinnon (the President), *in the* course of his speech, said: When we met a year ago we had passed through a mild recession and were on the verge of a forward movement in economic activity. Many lacked confidence in the outlook at that time but the advance during the year dispelled doubts and we may now anticipate that this year there will be a greater production of goods and services than we have experienced in any peacetime period.

The latest figures for Gross National Product, those for the second quarter, indicate a seasonally adjusted annual rate of $34.7 billion, an increase of about 7 per cent over last year, and of about 5½ per cent on a constant dollar basis. It seems likely that despite temporary hindrances to production the final half of this year will show a similar increase.

This is perhaps remarkable because this has been a year of some strain in certain respects. A severe winter had an adverse effect on employment, and the weather generally did not help to increase crops. The lumbermen's strike in British Columbia and the protracted steel strike in the USA both had retarding effects. It is not yet possible to judge the full effect of the US steel strike on Canadian manufacturing, which appears at present to be resuming an upward trend. But a large demand for durable goods and a high level of disposable personal income are buoyant factors.

Mr McKinnon said that capital investment in 1959 exceeded forecasts made earlier in the year and the outlook for 1960 was for greater expenditure for machinery and industrial construction. He added: Increased demand for loans of all types, particularly by smaller borrowers, caused a rapid increase in bank loans in the early part of the year. In the absence of leadership, through a central bank interest rate or otherwise, the chartered banks took steps to stabilise a situation which was impairing confidence in capital markets.

Summarising the general position, Mr McKinnon said: Economic conditions here and abroad suggest that we may be reasonably confident about the immediate outlook. The industrial picture looks currently sound provided it is not marred by strikes of the seriousness of this past year. Consumer spending, which has been running at high levels throughout most of the year, promises to continue to do so next year. Capital investment, with the exception of housing, may be somewhat larger than this year. It is more difficult to discern a constructive pattern in our external trade. Much will depend on competitive conditions here and abroad, the level of our dollar in international markets and the level of prosperity in the nations which provide our foreign markets. Inflationary tendencies appear to have subsided and our growth is taking place against a background of reasonably level prices. Although the near-term outlook is promising, much of our national income is based on export markets for natural and semi-processed products and much of our industry depends on a still small, although growing, domestic market. We are greatly influenced by the international environment and we should seek to understand its movement and direction in advance of its impact on us. Equally, we must seek to maintain a business climate which will give the necessary incentives to individuals and corporations to grow and expand.

VICE-PRESIDENT'S REMARKS

Reviewing the bank's balance sheet, Mr J. P. R. Wadsworth, Vice-President and General Manager, said that personal savings deposits had reached a record total of $1,368 million and loans had increased by $188,671,000 during the year. He added that in spite of the large expansion of loans, a strong liquid position had been maintained with quick assets at 53.5 per cent of liabilities to the public.

Mr Wadsworth pointed out that intensive efforts during the year accelerated the clearing of cheques in transit, reducing the total of transit items by $78.5 million. Since a little more than half of those items consisted of cheques drawn on branches of the bank, that action resulted in a reduction of general deposits of approximately $40 million. He added: This, together with the withdrawal of funds, mentioned in last year's report, which had been temporarily on deposit, resulted in a net reduction in total deposits of $64,617,000. Mr Wadsworth emphasised that the assets represented by transit items did not earn interest. He concluded: Profits after taxes increased by $906,033, and income taxes increased by $2.1 million. After providing for dividend payments of $9,163,828 an amount of $1,954,552 was carried forward, increasing the balance of undivided profits to $3,121,636.

THE MEANING OF

SMITHS...

...IN MONEY

	1958/9	1957/8	1956/7
TOTAL CAPITAL EMPLOYED	£16,527,000	£15,265,000	£13,801,000
NET PROFIT BEFORE TAX	£3,604,000	£3,382,000	£2,847,000
% TO CAPITAL EMPLOYED	21.8%	22.2%	20.6%
ORDINARY DIVIDENDS (GROSS)	£1,012,000	£723,000	£578,000
% TO ORDINARY SHAREHOLDERS' CAPITAL EMPLOYED	7.7%	6.3%	5.6%

...IN MANUFACTURING

FOR ROAD VEHICLES Dash-board instruments and gauges; car, coach, and truck heating and ventilating equipment; automatic and semi-automatic transmission systems for vehicles; K.L.G. sparking plugs; Bluecol anti-freeze; Radiomobile car radio; car radio aerials; flexible drives; flexible pipes and hoses; car batteries; car clocks; hydraulic jacks and hood-operating mechanisms. **FOR AGRICULTURE** Tractor instruments; hydraulic devices for tractors and farm machinery; time switches; machinery gauges; space heaters. **FOR RAILWAYS** Speed and distance indicators; temperature and pressure gauges; revolution indicators; combustion heating equipment for diesel coaches; automatic protection devices; transmission-control equipment. **FOR CIVIL AND MILITARY AIRCRAFT** Automatic pilots; flight systems; navigational instruments; engine instrumentation; fuel-content systems; flight instruments; warning instruments and safety devices. **FOR SHIPPING AND ALL MARINE USES** Navigational and harbour radar; echo depth sounders; echo fish and whale finders; navigational instruments; survey instruments; stress and stability instruments; optical instruments; tank measuring instruments.

FOR INDUSTRY Counting, measuring, and recording instruments; fast-response control systems; flame-proof remote indicators; ultrasonic inspection equipment; time switches, process timers, and time recorders; Hylumina ceramic insulator seals and thread guides; master clock systems; control and safety devices; small synchronous motors; magnetic couplings; combustion control equipment; process control equipment; hydraulic rams, pumps and control equipment. **FOR GUIDED PROJECTILES AND SPACE-EXPLORATION VEHICLES** Guidance control systems; sensing instruments; data-recording instruments. **FOR THE HOME** Sectric wall and mantel clocks; hand-wound wall and mantel clocks; striking and chiming clocks; Sectric and hand-wound alarms; kitchen timers; automatic control units for cookers; radio and television clocks, time switches for domestic appliances. **FOR YOU PERSONALLY** Travelling clocks; pocket watches; popular wrist watches at prices from 50/-; high-grade wrist watches at prices up to £80; solid gold presentation watches; stop watches for sportsmen; cine projection and recording equipment.

SMITHS

a name with a world of meaning

S. SMITH & SONS (ENGLAND) LIMITED

CRICKLEWOOD WORKS, LONDON N.W.2

BEKOH CONSOLIDATED RUBBER ESTATES LIMITED

INCREASED PROFIT

The annual general meeting of this company was held on December 2nd in London.

The following are extracts from Mr A. A. Estall's circulated Review:

The accounts for the year ended March 31, 1959, submitted with this review show a profit of £46,811 as compared with £28,376 for the previous year. Your Directors recommend a final dividend of 7½ per cent less income tax (making a total of 10 per cent for the year).

The cost of production including Government duty, rent and cesses plus London expenses amounted to the equivalent of 16.24d. per lb. Against this the net proceeds of the rubber crop plus cesses recovered and sundry receipts is equivalent to 20.92d. per lb: thus the profit is 4.68d. per lb for the year as compared with 3.55d. for the previous year.

The combined crop harvested was just short of 2,400,000 lb. For the current year it is hoped to produce 2,500,000 lb and to the end of September, 1959, that harvested totalled 1,192,000 lb. The crop will gradually increase year by year as the young areas reach maturity.

Of the current year's crop the major portion is being sold on arrival in the United Kingdom "to meet the market," but as an insurance it has been deemed prudent to sell forward in equal monthly deliveries during the months of January-June, 1960, a total of 268,800 lb at a price of just over 30d. per lb cif UK.

The report and accounts were adopted.

SUNGKAP PARA PLANTATIONS

The Thirty-fourth Annual General Meeting of Sungkap Para Plantations Limited was held on December 3rd in London, Mr P. B. L. Coghlan (the Chairman) presiding.

The following is an extract from his circulated review:

The substantial and welcome increase in the Trading Profit for the year under review—£25,329 compared with £12,275 for the previous year—was due very largely to the improvement in the price of rubber during the year which enabled the Company to realise an average price of 28.37d. per lb (against 26.35d. per lb) for the total output for the year.

It was particularly satisfactory that we were able to take full advantage of the upward trend in price by a substantial increase in production.

An important factor in the Company's relatively high profit-earning capacity is the considerably higher output now being achieved.

Altogether I think I may say that the Accounts give a satisfactory picture. Equally encouraging is the progress of the immature areas which, without exception, are developing well. Crops are continuing to improve and annual outputs at the rate of 900,000 lb or more should be capable of early fulfilment.

Prospects for the current year are bright and, provided there are no substantial reductions in current prices, it is hoped that even better results will be achieved than those now before you.

The Accounts were adopted and the dividend of 22½ per cent less tax, approved.

BANK OF MONTREAL

CANADA'S STRONG AND HEALTHY ECONOMIC RECOVERY

The One Hundred and Forty-second Annual General Meeting of the Bank of Montreal was held on December 7th in Montreal.

Mr G. Arnold Hart, the President, in the course of his speech, said:

The economic recovery, which got under way slowly and somewhat haltingly in 1958, has steadily gathered strength this year, although the prolonged steel strike in the United States has had some temporary deterrent effects in Canada in recent months. The commonly accepted measure of our overall business activity—the gross national product—has been rising consistently and may well approach $35 billion in 1959 as a whole, compared with $32½ billion in 1958.

A rise in business activity of the order of 7 per cent in one year is above average, but to a significant extent it has represented simply a reversal of the former recessionary trends and a re-emergence of deferred demands.

An important aspect of the recovery, both last year and this, but one that is perhaps inadequately appreciated, has been the striking improvement in efficiency achieved by many firms in many lines. Thus, while employment has expanded and unemployment has dwindled, the rise in employment has been far outstripped by the rise in production.

In short, the recovery experienced by the Canadian economy this year has been strong, healthy, and on a broadening base. It has been a real recovery, little inflated by price increases, and shortages of goods, manpower and productive capacity are neither present nor in prospect. But it has not in any sense of the work been a boom.

The President then outlined the problems confronting those seeking and those granting credit in a period of tight money and concluded: I suggest that we shall ultimately look back on the "tight money period" of 1959 as one in which, by taking thought, and by putting up with the disciplines of monetary restriction, we in Canada laid a solid foundation for orderly, stable and enduring economic progress, rather than the heady delights, and subsequent headaches, of inflation, boom and recession.

GENERAL MANAGER'S ADDRESS

In the course of his address, Mr R. D. Mulholland, the general manager, said: Our net profits amounted to $12,191,060 compared with $10,356.690 in the previous year. Out of our net profits an amount of $10,684,730, equivalent to $1.85 per share, has been provided for regular and extra dividends, as compared with $1.65 for the preceding year. Total assets of the Bank at the end of the fiscal year stood at $3,260 million, a comparatively small decline of $18 million. This reduction, in a period of expanding business, reflects the consequences of a much broader monetary pattern.

Our traditionally strong liquid position has been maintained. Our total deposits amounted to $2,998 million, a decrease of $40 million for the year. Deposits have declined steadily during the year and are now $79 million lower than last year excluding personal savings. Our personal savings deposits increased by $39 million, accompanied by a rise of 132,000 in the number of personal savings accounts.

Loans in Canada show a record increase for any one year in the Bank's history.

TELOGOREDJO UNITED PLANTATIONS

The twenty-sixth annual general meeting of Telogoredjo United Plantations Limited will be held on December 30th in London.

The following is an extract from the circulated review of the chairman and managing director, Mr C. C. Iveson:

The Profits of the Subsidiary Companies, after allowing for Indonesian taxation, amounted to Rp.4,352,757 and at the date of the issue of these Accounts there are unremitted Profits of Rp.12,756,782.

After allowing for Debenture Interest and Sinking Fund the loss for the year amounted to £15,831 as against £19,215 for 1957.

There are three important events which have occurred recently and which affect your Company. Firstly, the introduction of the Indonesian Monetary Measures. Secondly, the announcements of the UK and USA Governments of their intention to liquidate their strategic stockpiles of natural rubber over a period of years, and thirdly, the currently strong demand for natural rubber, resulting in high prices. It is disquieting and not in the best interests of the industry that we should see prices at the high levels now ruling, the continuance of which will inevitably encourage the greater usage of synthetics at the expense of the natural product. It is satisfactory, however, to note that both the UK and USA Governments intend to dispose of their natural rubber stockpiles in an orderly manner over a lengthy period. It is reasonable to assume therefore that their disposal arrangements will not unduly disrupt world markets, and at the same time in the long term, may have a healthy corrective influence at periods when natural rubber is temporarily in short supply.

APPOINTMENTS REQUIRED

YOUNG man, unmarried, Public School and Oxford; competent linguist, including Russian, seeks active position with future.—Write Box 1252.

ENERGETIC top-class Administrator (42) seeks post as CHIEF EXECUTIVE of Industrial or Commercial organisation with expansion policy. At present Director of engineering companies. Basic qualifications Finance and Economics, but wide experience of industrial management in all its aspects as both Consultant and Senior Executive. Present salary £6,750 plus substantial benefits. Negotiations in strict confidence.—Box 1254.

TOP management executive, English, resident Switzerland, free to travel, graduate engineer, linguist, worldwide experience consumer goods manufacture and management supervision of subsidiaries, seeks association with progressive company as consultant, manager or supervisor for Continental or overseas operations or development.—Box 1284.

APPOINTMENTS

MATHEMATICIAN

BEA

require a man with good mathematical ability for work connected with programming future service patterns and traffic flow. Applicants should have a degree in Mathematics or in Economics with statistics. A keen interest in the field of linear programming techniques is essential.

Salary in the range of £930-£1,120.

Applications to Personnel Officer, Head Office, British European Airways, Beaufne House, Ruislip, Middlesex.

For further appointments see pages 1124 and 1125

THE UNIVERSITY OF MANCHESTER

As the result of a grant from the Nuffield Foundation the Department of Social Anthropology and Sociology plans to carry out a study of a Lancashire town, and applications are invited for a RESEARCH FELLOW, initial salary within the range £950-£1,000 per annum, the appointment to be for two years from a date to be arranged. Applicants should have training in Sociology or Social Anthropology and field experience in one of these subjects. The successful candidate will be required to carry out a study of a section of the working-class population of the town. The appointment carries membership of the Children's Allowance Scheme. Application forms and further particulars may be obtained from the Registrar, the University, Manchester 13, to whom applications should be returned by not later than December 18, 1959.

COMPANY AFFAIRS

No Shocks from Steel

ALL the steel companies draw up their accounts to September 30th. This facilitates comparison of trading experience between companies, though it has the minor disadvantage that financial information about the industry as a whole is available for only one particular period. This year's accounts only partially reflect the sharp recovery in steel output which is now in full steam. To give a true basis of comparison, all the figures below show net earnings and earnings cover after charging amounts set aside for the fixed assets replacement reserve.

Steel Company of Wales reported on Thursday afternoon a rise in trading profits of over £1 million to £23,290,814. The dividend of 10 per cent for the full year (compared with 9 per cent in 1957-58) is as forecast in July. The market seemed satisfied.

United Steel's products cover almost as wide a range as the whole of the steel industry—from heavy steel plates for the shipbuilders to medium strip for the motor trade—so its profits indicate to some extent the trading experience of all the steel makers. The directors report that trading profits have risen in the year to September 30th from £20,511,000 to £22,011,000; and the group's net earnings are up from £7,086,000 to £7,834,000 after charging £17,648,000 (against £16,732,000) for depreciation and £2,000,000 (compared with £1,700,000) to replacement reserve, and slightly lower tax of £8,301,000.

With the final payment of 4 per cent, making a total ordinary distribution for the year of 15 per cent (against 12½ per cent) shareholders in United Steel are the first in the industry so far this year to enjoy a higher dividend. The ordinary dividend absorbs £2,021,000 compared with £1,467,000 and is covered by earnings about 2½ times. The directors say that the amount "available for appropriation" is £7,091,000 against £7,233,000 last year, but the fall in this figure is mainly due to an additional charge to the fixed assets replacement reserve of £736,000; there was no charge last year. At the same time the debenture redemption sinking fund this year absorbed £150,000. The absence of any news of the hoped-for scrip issue put the £1 shares back 1s. 6d. to 75s. 3d. on Wednesday, offering a yield of 4 per cent.

Thomas Firth & John Brown reports that trading profits have dropped from £6,306,055 to £5,566,445; but a lower tax charge of £1,607,786 (against £2,611,723) leaves net earnings slightly up at £2,019,280 compared with £1,849,570 last year. This figure is struck after charging £648,000 (against £599,000) to replacement reserves, and depreciation absorbs £660,721 compared with £664,600. The final ordinary dividend of 6 per cent, making a total payment of 10 per cent, on the capital as increased by the 25 per cent scrip issue last August means an effective increase in the distribution of just over one-eighth and was foreshadowed by the chairman at the time of the scrip issue. As Thomas Firth's main customers are the heavy engineering industries the results were in line with market expectations. Even so, the £1 ordinary units fell by 1s. 1½d. to 49s. 9d. on the news. Clearly, the fact that the group supplies the motor industry with alloy steel and rolled steel bars has done much to prevent profits from sliding too far, and the ordinary dividend is comfortably covered 2¼ times by earnings.

Whitehead Iron and Steel's main customers are also in the heavy engineering industries, especially the railways and the shipbuilders. Here too the fall in trading profits from £1,407,770 to £1,143,559 was not surprising; net earnings declined from £668,480 to £454,779 after charging depreciation of £169,821 (against £151,887) and tax of £319,059 (including £128,549 representing an over-provision added back) compared with £617,218. The charge to the replacement reserve remains unchanged at £200,000. The directors have decided to maintain the final ordinary dividend at 15 per cent, making 25 per cent; and they say that the results are in line with their forecast at the time of the interim payment. They add that "the favourable trading results from June, 1959, onwards arising from full working time have offset the reduced profits in the earlier part of the financial year." There is little doubt, too, that the rolled strip mills, which supply the motor industry and other consumer durable trades like the radio and television makers, have been working flat out and have also helped to cushion the fall in earnings which even now cover the dividend only 1½ times. On Wednesday the £1 ordinary shares fell 1s. 3d. to 49s. 6d. to yield 3¾ per cent.

Metal Box

TRADING profits of Metal Box in the six months ended September 30th fell from £4,405,000 in March-September, 1958, to £3,835,000, and in spite of a lower tax charge of £1,574,000 (against £1,940,000) the net profit attributable to the holding company is down from £2,026,000 to £1,837,000. This represents the first setback in the group's earnings for many years. It was a jolt to investors, who take growth by Metal Box almost for granted. They found no consolation in the increase in the interim dividend from 3¼ per cent to 4 per cent, and the £1 ordinary shares, which had climbed from 67s. earlier this year to a peak of 80s., were marked down on Monday by 3s. 6d. to 75s. Even now they yield no more than 2.3 per cent—on the market's assumption that the year's total dividend will still be 10 per cent, compared with last year's equivalent of 8⅓ per cent.

In his report for 1958-59 the chairman, Sir Robert Barlow, forecast that the group would be "hard put to it" to hold profit margins at the levels then prevailing. Investors might have heeded the warning. Total turnover in the six months ended September 30th rose by £1 million over the corresponding six months of 1958 to £39 million; the average profit margin, apparently, has dropped from 11.6 per cent. to 9.8 per cent. The increase in the volume of sales was greater than the increase in their value because of price cuts and because savings arising from improved techniques were passed on to purchasers. The printing strike this summer also made some inroads into the group's earnings.

The directors are confident that the present setback will be short-lived. In October and November, they say, trade has been improving and the group's total earnings in 1959-60 are expected to be "about the same" as last year. Their confidence is reflected in the new expansion programme, which will be financed partly from the profit on the sale of the group's holding in Steel Company of Wales since the election. Four new factories are to be built; one is for plastics in this country, two are overseas and the fourth will produce cans for the processed food trades in Scotland.

Turner and Newall

CAUTION has been the keyword at Asbestos House over the years, so that the raising of the final dividend from 10 per cent to 15 per cent (after a maintained 5 per cent interim) came as a pleasant surprise to the market; the £1 shares jumped by 10s. to 98s. 6d.

Year to September 30.	1958	1959
	£	£
Gross profit	15,093,895	15,773,892
Depreciation	2,715,252	3,203,287
Development	487,472	522,659
Tax	7,214,187	6,108,939
Net profit	5,973,524	6,894,925
Replacement	1,000,000	500,000
Ordinary dividend	1,887,964	2,681,456
Ordinary dividend (per cent)	15	20
Retained by subsidiaries	501,317	1,701,516
Retained by parent	2,449,892	2,237,609

In their interim statement the directors referred to some reduction in profits in the six months to March 31st, although this decline was "not of significant character." In fact in the full year to September 30th gross trading profits rose by £679,997 to £15,773,892, indicating that the lost ground had been more than regained in the second half of the year. But the improvement is offset to a large extent by an increased charge for depreciation of £3,203,287, against £2,715,252 last year, and there has been a fall in income accruing from trade investments and other investments. Profits before tax are therefore down slightly from £13,187,771 to £13,003,864. However, a lower tax charge—£6,108,939 against £7,214,187—leaves net profits £921,401 higher at £6,894,925. The increased ordinary dividend absorbs £793,492 more at £2,681,456, but is still covered 2.4 times by earnings. As usual, large sums are ploughed back in free reserves and replacement reserves—the total amount this year has risen from £3,951,209 to £4,439,125.

The yield on the £1 ordinary shares is now 4.0 per cent, the same as a year ago. The optimism of investors then has been justified—thanks largely, it would appear, to the Chancellor's tax cuts.

Decca

SHAREHOLDERS of the Decca Record Company are used to the need for patience, though this year the gap between the end of the group's financial year and the publication of the preliminary figures has been further narrowed by six weeks. And the results for the year ended March 31st are good, in present circumstances. The group's trading profit rose by 11¾ per cent from £2,953,000 to £3,300,000. A higher depreciation charge of £887,000 (against £735,000) and an almost unchanged tax charge of £1,003,000 leave net earnings up by 9 per cent, from £931,000 to £1,013,000. The unchanged ordinary dividend of 20 per cent is covered 1¾ times by earnings and offers a yield of 4¾ per cent on the 10s. shares at 47s. 6d.

The group's turnover rose by 4 per cent, to £21,800,000 (compared with a rise of 2½ per cent for Electrical and Musical Industries). This confirms that the big recording groups have been virtually unaffected by the slackening in pace of the record boom. In the current year Decca's record sales have so far been "substantially greater" than in the same period of 1958-59. At the same time, the group will have benefited from the manufacturing agreement with Radio Corporation of America, which has been working since May, 1958.

Clearly, other sections of the group have also contributed to the bigger earnings in 1958-59. Sales of gramophones, television sets and radios should all have reflected the current boom in these trades. And the Decca Navigator continues to do well: if hirings have increased at the same rate as in 1957-58, income from this source will also have made an appreciable contribution to the group's earnings. It would be welcome if the full report emulated the example of EMI and showed what proportion of turnover is attributable to different activities.

Granada

A YEAR ago Granada's non-voting "A" ordinary shares, which were then being dealt in outside the stock exchange, stood at around 52s. 6d. They were given an official quotation last April (when they were quoted at 79s. 6d.) and have since risen to 105s. 3d. In the year to September 26th the trading surplus was £2,108,562 (against £1,109,694) and the net profit was more than trebled at £797,290, compared with £257,129. The ordinary dividend of 80 per cent was foreshadowed by the directors last April, but, in addition, shareholders will receive a special twenty-fifth anniversary payment of 10 per cent. Granada's profits still lag behind those of ATV and Associated Rediffusion. The reason lies in a special agreement with Associated Rediffusion. This was originally designed to protect Granada from heavy losses in the early days, but today cuts into Granada's profits. The agreement ends in 1960 and the expansion in the group's earnings of around £2 million that can then be expected has already been largely discounted in the market. At the current price the "A" ordinary shares yield 3¼ per cent.

Arthur Guinness

ALTHOUGH the chairman spoke last year of "the difficult and competitive years" which he believed lay ahead, the reduction in profits before tax from £8,154,000 to £7,420,000 in the year to September 30th came as a great surprise to the market. This figure is after charging depreciation of £1,085,000, against £988,000 last year. The tax charge is cut substantially from £4,172,000 to £3,198,000 so that the net profit is raised from £3,980,000 to £4,222,000, out of which an unchanged ordinary dividend of 28 per cent absorbs £2,144,000. In addition, however, to mark the bicentenary of the company, a bonus payment of 5 per cent is to be made.

It is unfortunate that in this anniversary year the profits are disappointing. If the breakdown of profits is again published in the full report it will reveal where the fall in profits has been most marked. The subsidiary William Nuttall may have suffered a considerable reduction in sales along with other manufacturers of sweets during the hot summer. One would expect quite a different picture from the Dublin and Park Royal breweries. At 73s. 3d. (following a fall of 8s. 9d.) the 10s. shares yield about 3¼ per cent on the maintained dividend, excluding the special bonus.

Bass, Ratcliff

AN increase in dividend from 46 per cent to 57½ per cent is the cheering news for shareholders from the preliminary profits announcement of Bass, Ratcliff and Gretton. Nevertheless, the £1 ordinary shares fell on the news by 3s. 9d. to 75s., to yield 3½ per cent. The fall reflects the market's disappointment that there was no mention of the long overdue scrip issue. Last year the chairman, Mr C. A. Ball, referred to the obstacle presented by the holding of £268,871 of Bass ordinary stock by its subsidiary, Worthington and Company; under company law, no shares, even under a scrip issue, may be allotted to a subsidiary. But this ought not to be insuperable.

Bass now has trading agreements with both Watney Mann and William Hancock, the South Wales brewery. Its trading profits for the year to September 30th shows a small increase of £66,606 to £3,005,157; the company had to charge £246,291 for stock losses as a result of the reduction in beer duty. A lower tax bill leaves net profits £199,381 higher at £1,444,227, so that the sharply increased dividend is still covered almost 2¼ times.

Raleigh Industries

THE jump of nearly 8 per cent in Raleigh's trading profits in the year to July 31st, the raising of the ordinary dividend from 8 per cent to 12 per cent and the rise of 7 per cent in the group's turnover announced a few weeks ago tended to obscure some of the very real problems now facing the group. Mr George Wilson, the chairman, knows this, and points to the problems in his annual statement. He says that the advance in the group's earnings was attributable to two main factors: the success of Raleigh's new "moped" and the increased efficiency and lower costs arising from the group's major reorganisation plan, which is now completed. But Mr Wilson does not expect sales of mopeds to expand this year, owing to the increasing competition in that market. At the same time sales of bicycles have declined at home and overseas. Clearly hire purchase freedom at home has enabled more people to indulge their preferences for private motor transport and has also, apparently, offset any boost to cycle sales that might have followed the cuts in purchase tax in the last budget. As standards of living rise, sales of cycles tend to fall; but Mr Wilson hopes that this tendency will be temporarily offset in this country as the postwar "birth bulge" passes through the 15-20 age group.

Overseas, the group has had to contend with import restrictions in some of its principal markets—no small obstacle when exports take up two-thirds of total cycle production. The agreement with Tube Investments to set up a joint factory in South Africa and one in Mexico is obviously the most effective answer to a high tariff wall.

The balance sheet shows a stronger financial position. Net current assets have increased by £1.42 million to £5.33 million, capital commitments are down from £475,000 last year to £285,000 and the bank overdraft has been reduced from £2,676,817 to £1,790,284. Raleigh's earnings in the immediate future depend on the continuing success of its moped and on its ability to maintain its share of that rapidly expanding market. In the longer run, the

Company Affairs *continued on page 1118.*
London and New York Stocks *on next two pages.*

LONDON AND NEW

Prices, 1959 High	Prices, 1959 Low	BRITISH FUNDS AND GUARANTEED STOCKS	Price, Dec. 2, 1959	Price, Dec. 9, 1959	Net Yield, Dec. 9, 1959 § £ s. d.	Gross Yield, Dec. 9, 1959 £ s. d.
98½	96 11/16	Funding 2½%	1956–61	98 7/16	98 15/32	2 11 7	3 13 5
99¾	98 11/32	Exchequer 2½%	1960	99 14.4	99 14.6	1 6 7	3 9 3
103 13/16	99 5/16	Exchequer 3%	1960	99 .17 .11	99 18.9	1 14 7	3 5 4
101 11/32	100½	Conversion 4½%	1962	100 23/32	100 19/32	2 4 1	4 4 0
96⅜	94 7/16	Exchequer 3%	1962–63	95 31/32	95 13/16	3 2 2	4 5 11
93⅝	91⅜	Exchequer 2½%	1963–64	93 1/32	92⅞	3 5 1	4 5 8
101 15/16	100⅜	Conversion 4½%	1963	101 5/32	101⅛	2 11 7	4 8 0
100 7/16	99 17/32	Conversion 4½%	1964	99 29/32	99 17/32	2 16 9	4 12 4
92 15/16	89⅞	Savings Bond 3%	1955–65	92⅜	92⅛	3 9 10	4 15 10
86	82¾	Funding 3%	1959–69	85⅞	85⅜	3 14 10	4 16 10
94⅞	89 7/16	Funding 4%	1960–90	94⅞	94¼	2 14 10	4 7 5
84 9/16	80¾	Savings Bonds 3%	1960–70	84¼	83⅞	3 14 8	5 1 4
86	83	Savings Bonds	1964–67	85¾	85⅜	3 17 0	4 18 7
78 15/16	75 1/16	Savings Bonds 2½%	1965–75	78½	78	3 15 1	5 3 0
105 11/16	102½	Exchequer 5½%	1966	104⅜	104 5/16	2 15 1	4 18 8
87 7/16	83¼	Funding 3%	1966–68	87¼	86¾	3 14 8	5 1 4
98⅛	95	Victory 4%	1920–76	96⅝	96⅜	3 0 2	4 13 5
90⅜	87½	Conversion 3½%	1969	90⅛	89¾	3 10 8	5 0 8
104	98⅝	Conversion 5½%	1974	102 1/2*	102 1/4*	3 0 5	5 0 6
81 7/16	76⅞	Treasury 3½%	1977–80	80 1/8*	79 1/2*	3 11 2	5 2 6
80 13/16	76 9/16	Treasury 3½%	1979–81	80⅜	79¾	3 11 2	5 3 5
107¼	101⅛	Funding 5½%	1982–84	106 15/16	104 5/16*	3 1 7	5 2 8
68⅜	64½	Redemption 3½%	1986–96	67⅝	67¼	3 8 7	5 4 9
98 7/16	97 7/16	Treasury 5%	1986–89	98¼	97 11/16	3 4 2	5 4 11
75 3/16	70½	Funding 3½%	1999–2004	74⅝	72½*	3 6 5	5 8 9
77½	72¼	Consols 4% after Feb. 1957		76¾	75 13/16	3 5 5	5 7 7
68 5/16	64 11/16	War Loan 3½% after 1952		66 11/16	65⅞	3 5 2	5 6 5
68 11/16	63 13/16	Conv. 3½% after Apr. 1961		66 1/16	66¼	3 5 3	5 6 9
60	55¼	Treasury 3% after Apr. 1966		58⅛	57⅜	3 4 2	5 5 1
53⅝	49¼	Consols 2½%		51¼*	50⅜*	3 0 8	4 18 11
51⅛	47⅛	Treasury 2½% after Apr. 1975		49⅝	49⅛	3 2 9	5 2 10
98¾	94	British Electric 4½%	1967–69	98 9/16	98⅜	3 1 3	4 18 2
80⅞	77¼	British Electric 3%	1968–73	80 1/2	80⅛	3 15 9	5 2 10
78⅛	74⅛	British Electric 3%	1974–77	77⅝	77⅛	3 13 6	5 1 4
91¾	87½	British Electric 4¼%	1974–79	91⅜	91	3 5 3	5 0 11
81 5/16	77 3/16	British Electric 3½%	1976–79	80⅞	80⅜	3 10 8	5 2 0
92¼	87⅛	British Gas 4%	1969–72	91 15/16	91½	3 7 2	5 1 3
88 5/16	84⅜	British Gas 3½%	1969–71	87⅞	87½	3 10 2	5 0 5
69 7/16	65	British Gas 3%	1990–95	68½	68 1/16	3 8 2	4 18 9
80⅞	77¼	British Transport 3%	1968–73	80½	80⅛	3 15 9	5 2 10
89⅝	84	British Transport 4½%	1972–77	87⅞*	87 1/16*	3 7 8	5 1 3
70¼	66 1/16	British Transport 3%	1978–88	68¼*	67 13/16*	3 13 2	5 3 1

Prices, 1959 High	Prices, 1959 Low	FIXED INTEREST STOCKS	Price, Dec. 2, 1959	Price, Dec. 9, 1959	Yield, Dec. 9, 1959 £ s. d.
		DOMINION AND COLONIAL			
102 1/16	99⅜	Australia 4½%	1960–62	101	100⅞	4 6 0
107⅛	103¾	Australia 6%	1974–76	107⅝	107¼	5 7 0e
77	72¾	Ceylon 4%	1973–75	74¼	73¾	6 17 0
104½	99½	Jamaica 6%	1977–82	104	104	5 16 2e
108	104¼	New Zealand 6%	1976–80	107¾	107½	5 8 0e
101⅞	93	Rhodesia and Nyasaland 6%	1976–79	96½	96½	6 7 4
75	69½	Southern Rhodesia 2½%	1965–70	74¼	73¾	5 16 0
		CORPORATION AND PUBLIC BOARDS			
104½	100 7/16	Agricultural Mortgage 5½%	1980–85	104	104	5 7 2e
105	102¼	Birmingham 5¾%	1974–76	104*	103	5 14 1e
94½	92⅜	Bristol 3%	1958–63	94	93½	4 17 4
98½	94½	Glasgow 4½%	1966–68	98½	98½	4 19 0
102½	99¼	Corporation of London 5¼%	1976–79	100	99¾	5 5 0
57	52¾	L.C.C. 3% after 1920		54¾	54¾	5 9 0
64½	59¼	Metropolitan Water Board 'B' 3%	1934–2003	63¼	63	5 3 0
		FOREIGN BONDS			
113¼	101¼	German 7% 1924 (British Enfaced 5%)		106¾	106¾	...
198½	177	German 5½% 1930 (Enfaced 4½%)		188½*	188½*	...
48	23¼	Greek 7% Refugee	1924	43½	44½	NH
169¼	137	Japan 5% (Enfaced)	1907	161	161½	...
118¾	112¾	Japan 6% (Enfaced)	1924	114	114	...
59	55	Uruguay 3½% Bonds (Assented)		56	56	...

NEW YORK CLOSING PRICES

	Dec. 2 $	Dec. 9 $		Dec. 2 $	Dec. 9 $		Dec. 2 $	Dec. 9 $
Ath. Topeka	25¼	26¼	Boeing	32¾	33	Inter. Nickel	105⅝	108
Can. Pacific	25¼	26⅛	Celanese	27½	27¾	Inter. Paper	136⅜	136½
Pennsylvania	15⅜	16⅛	Chrysler	64	67¼	Kennecott	93¾	94½
Union Pacific	29⅞*	31	Col. Palmolive	39⅛	39⅝	Monsanto	51½	52¾
Amer. Electric	47	47	Crown Zeller	54⅜	54	Nat. Distillers	33⅜	33¾
Am. Tel. & Tel.	78⅛	76⅝	Distillers Seag.	33⅛	32⅝	Pan-American	23¼	22⅝
Cons. Edison	59½	59⅞	Douglas	41½	40⅝	Procter Gamble	87¾	89¼
Int. Tel. & Tel.	39⅞	39¼	Du Pont	253¾	262	Radio Corpn.	70⅝	71⅛
Standard Gas	9⅝	9⅝	East. Kodak	108⅜	107½	Sears Roebuck	48¾	48½
United Corpn.	7¾	7⅞	Ford Motor	79⅛	83⅛	Shell Oil	77¾	77
Western Union	45⅝	47⅞	Gen. Electric	91⅛	94½	Socony-Mobil	40⅜	41⅜
Alcoa	105⅞	104	General Foods	102	103¼	Stand. Oil Ind.	41⅝	42½
Aluminium	30⅞	32⅞	General Motors	51¾	52¾	Stand. Oil N.J.	48¾	49⅜
Amer. Can	41⅞	43	Goodyear	136⅜	138¼	20th Cent. Fox	31½	32¾
Am. Smelting	50	49⅞	Gulf Oil	110	109	Union Carbide	143	144
Am. Viscose	86⅝	86½	Heinz	89	91	U.S. Steel	98¾	100½
Anaconda	62½*	63¼	Int. Bus. Mach.	442	429	West. Electric	103½	108
Beth. Steel	54⅛	55	Int. Harvester	49¼	49½	Woolworth	64¼	64¾

* Ex dividend. † Tax free. ‡ Assumed average life 9 years. § Less tax at 7s. 9d. in £. ‖ Ex capitalisation. ¶ Ex rights. ‡‡ Ex all. (a) Interim dividend. (b) Final dividend. (c) Year's dividend. (d) Capital distribution 1s. 6d. per share. (e) To earliest date. (f) Flat yield. (g) Equivalent to 7·2 sterling. (h) After Rhodesian tax. (j) To latest date. (p) Assented stock.

Prices, 1959 High	Prices, 1959 Low	Last Two Dividends (a) (b) (c)		ORDINARY STOCKS	Price, Dec. 2, 1959	Price, Dec. 9, 1959	Yield, Dec. 9, 1959
		%	%	**STEEL AND ENGINEERING**			
68	60	8 b	8 a	Colvilles	£1	67/3	65/6	4·27
67	60	10 c	5 a	Dorman Long	£1	65/-	65/6	3·66
86	60	12½ c	7½ a	Steel Co. of Wales	£1	49/6	48/6	4·12**
94	54	10 c	5 a	Stewarts & Lloyds	£1	54/3	53/-	4·15
59	37	10 c	5 a	Tube Investments	£1	122/3	124/9	3·21
83	54	9½ b	8½ a					
29	17	16 c	8 a	**BUILDING, etc.**				
72	52	...	...	Associated Portland	£1	71/-	72/6	2·65
96	67	9 b	8 a	Borax Defd.	5/-	28/3	15/-	6 3/7 b	4 a	4·79
56	37	4 a	5 b	British Plaster Board	10/-	26/10½*	26/4½	2·45	4 a	3·79
39	23	9 b	5 a	Richard Costain	£1	101/10½	59/7½	5 a	10 b	3·00
39	23	10 a	5 a	Crittall Manufacturing	5/-	15/11½	9/7½	5 a	10 b	5·04
39	24	10 c	5 a	London Brick	£1	102/3	101/6	6 a	11 b	3·35
39	24	10 c	5 a	Wall Paper Defd.	£1	124/4½	123/11½	5 e	15 b	3·25
				CHEMICALS AND PAINT						
98¾	94	4 18 2	4 b	Albright & Wilson	5/-	27/3	26/6	13·6c	4·8a	2·57
80⅞	77¼	5 2 10	4 b	Borax Defd.	5/-	18/-	18/9	55⅛ b	2 11 ¼a	2·33
78⅛	74⅛	5 1 4	10/-	6/10½	12½ b	7½ a	Brit. Ind. Plastics	2/-	10/-	9/9	4·10
91¾	87½	5 0 11	75/9	43/10½	4 a	8 b	Fisons	£1	69/6*	68/9	3·49
81 5/16	77 3/16	5 2 0	58/9	33/10½	5 3⅛ b	3¾ a	I.C.I.	£1	55/4½	55/-	3·30
			17/9	12/7½	14 b	6 a	International Paints	4/-	16/7½	16/7½*	4·81
92¼	87⅛	5 1 3	23/3	15/11½	8½ b	5 a	Monsanto	5/-	22/6	22/4½	3·02
88 5/16	84⅜	5 0 5	32/-	18/6	5 a	11⅜ b	Pinchin Johnson	10/-	28/9	28/3	5·90
69 7/16	65	4 18 9									
				ELECTRICAL AND RADIO						
80⅞	77¼	5 2 10	67/-	54/-	7½ b	7½ a	A.E.I.	£1	59/9*	60/-	5·00
89⅝	84	5 1 3	61/-	46/3	9½ b	4 a	B.I.C.C.	£1	55/3*	55/9	4·84
70¼	66 1/16	5 3 1	49/6	37/4½	20 c	5½ a	Decca Record	10/-	46/-	47/6	4·21
			85/-	47/4½	5 a	15 b	E.M.I.	10/-	77/9	80/9	2·48
			51/-	38/-	9½ c	3 a	English Electric	£1	46/6	46/-	4·06
			48/9	30/-	3 a	7 b	General Electric	£1	44/-	43/3	4·62
			22/9	13/9	12½ c	12½ c	Pye Defd.	5/-	20/7½	20/3	3·09
			98/6	84/6	6½ a	11 b	A. Reyrolle	£1	94/6	94/9	3·69
							MOTORS AND AIRCRAFT				
			23/4½	10/-	5¾ a	12½ b	British Motor	5/-	20/7½	21/-	4·35
			113/-	50/3	8½ b	5 a	Ford Motor	£1	103/3	101/-	2·67
			74/9	44/-	12½ c	12½ c	Leyland Motor	£1	73/3	74/9	3·34
			18/11½	7/3	8 c	12 c	Rootes Motors	4/-	14/9	14/6	3·31
			12/11½	5/11¼	12 c	12 c	Standard-Triumph	5/-	10/10½	10/9	4·20**
			29/-	18/3	3½ a	9½ b	Dunlop Rubber	10/-	25/9	25/-	5·20
			70/-	44/3	2½ a	10 b	Joseph Lucas	£1	65/9	69/-	4·62
			44/10½	23/7½	17½ c	9 a	Pressed Steel	5/-	40/-	40/6¾	3·27
			88/-	48/11½	20 c	30 c	Triplex Holdings	10/-	86/10½	86/3	3·48
			12/9	8/3	3½ a	6½ b	Bristol Aeroplane	10/-	11/3	12/4½	8·08
			20/9	12/11¼	7½ c	Nil	De Havilland	£1	17/11½	19/3	...
			48/9	34/9	‡5 a	‡6½ b	Dowty Group	10/-	47/9	47/-	4·00
			34/-	26/11½	3 a	7 b	Hawker Siddeley	£1	31/-	30/9*	6·50
			53/11½	41/3	7½ b	2½ a	Rolls-Royce	£1	44/3	44/7½	4·48
							PAPER AND NEWSPAPERS				
			69/6	44/6	12½ c	5 a	Bowater Paper	£1	66/6	67/-	3·73
			57/6	42/6	9 b	5 a	Albert E. Reed	£1	56/-	54/9	5·11
			34/11½	22/-	5 b	3 a	Spicers	£1	32/6	31/3	5·12
			29/3	21/-	15 b	10 a	Daily Mirror 'A'	5/-	28/7½	28/3	4·42
			37/-	24/6	12½ a	12½ b	Odhams Press	10/-	36/3	36/-	4·86
							TEXTILES				
			35/-	22/-	7½ b	2½ a	J. & P. Coats	£1	33/6*	33/-*	6·06
			35/9	18/3	5 a	5 b	Fine Spinners	£1	30/3	29/-	6·90
			68/4½	35/4½	12½ b	5 a	Lancashire Cotton	£1	62/6	63/-	5·56
			63/-	35/4½	2½ a	13½ b	Patons & Baldwins	£1	61/6	63/-	5·08
			8/6	4/3	10 c	8 c	Salts (Saltaire)	5/-	7/8¼	8/-	5·00
			38/11½	25/-	5 b	2½ a	Woolcombers	£1	34/11½‖	34/10½	4·30
			19/6	14/7½	Nil c	3 a	Bradford Dyers	£1	19/6	19/-	...
			61/9	37/-	22½ c	22½ c	Calico Printers	£1	61/-	59/6	7·56
			60/3	31/3	6¾ b	5 a	Courtaulds	£1	59/-	59/11½	3·95
			18/4½	10/-	10 b	4 a	Jute Industries	10/-	18/4½	18/3	7·67
			35/6	24/6	7½ c	7½ c	Tootal	£1	29/9	29/-	5·17
							DRAPERY AND STORES				
			31/6	19/7½	16 c	3 a	Boots Pure Drug	5/-	29/9	29/3	2·74
			48/6	27/-	5 a	11½ b	Debenhams	10/-	42/10½*	42/6¶	3·92
			54/3	28/7½	27½ b	7½ a	G.U.S. 'A'	5/-	51/-	50/7½	3·46
			48/7½	31/9	10 c	15 a	House of Fraser	5/-	45/4½	44/9	4·47
			25/6	13/-	16 c	7½ a	Lewis's Investment	4/-	25/11½‖	24/-‖	3·33
			78/3	41/4½	20·83b	12½ a	Marks & Spencer 'A'	5/-	73/-*	74/-	2·25
			50/3	32/7½	22½ b	12½ a	United Drapery	5/-	50/-	49/4½	3·54
			69/9	47/3	26¾ b	13½ a	Woolworth	5/-	68/-	68/7½	2·91

YORK STOCKS

Prices, 1959 High	Prices, 1959 Low	Last Two Dividends (a) (b) (c)		ORDINARY STOCKS	Price, Dec. 2, 1959	Price, Dec. 9, 1959	Yield, Dec. 9, 1959
		%	%	**BANKING**			
66/-	44/6 3/4	5 b	5 a	Barclays	£1	63/11½	63/4½	3·16
67/-	40/3	10 c	5 a	Lloyds	£1	66/11½	66/3	3·02
86/-	60/11½	12½ c	7½ a	Midland	£1	85/4½	84/3	3·56**
94/-	54/-	10 c	5 a	National Provincial	£1	89/11½	89/-	2·70**
59/3	37/9	10 c	5 a	Westminster 'B'	£1	59/-	59/3	3·38
83/-	54/3	9½ b	8½ a	District	£1	83/-	81/3	3·45**
29/9	17/-	16 c	8 a	Martins	£1	29/11½	28/7½	2·79
72/3	52/3	...	...	Nat. Comm. Bk. Scot.	10/-	68/6*	67/6	2·96**
96/-	67/6	9 b	8 a	Royal Bank of Scotland	£1	91/6	91/3	3·73
56/9	37/9	4 a	5 b	Barclays D.C.O.	£1	52/9	49/-*	3·67
60/6	45/9	7½ b	7½ b	Chartered Bank	£1	55/3	54/-	5·56
£345/8	£275/8	$2·10c	$2·25c	*Royal Bank of Canada*	$10	£297/8	£31	2·59
£23 1/2	£18 7/16	$1·60c	$1·65c	Bank of Montreal	$10	£20 1/16	£21 5/8	2·72
41	30½	9 c	9 c	Bank of New South Wales	£20	39¾	39½	3·65g
49/9	32/3	6 b	4 a	Bank of London & S. Amer.	£1	49/6	49/3	4·06
				FINANCIAL			
41/6	28/4½	5 b	2½ a	Alexanders	£1	41/6	41/-	3·66
55/-	41/3	7 b	6¼ a	National Discount 'B'	£1	53/3	52/3	4·78
62/9	49/-	6¼ b	6¼ a	Union Discount	£1	60/-	60/-	4·17
62/6	40/9	21⅔ b	20 a	Commercial Union	5/-	57/6	57/-	3·65
185/-	127/6	15 b	12½ a	Employers Liability	£1	180/7½	182/6	3·01
248/9	160/-	‡32·35c	‡41·17c	Equity & Law	8/6	243/9	246/3	2·33
256/3	192/6	60 b	40 a	Legal & General	5/-	318/9*	332/6	1·50
157/6	111/6	50 b	20 a	Pearl	5/-	152/6	153/11½	3·74
350/-	210/-	‡147½ c	‡162½ c	Prudential 'A'	4/-	326/3	321/3	3·31
102/6	59/11½	10 b	8 a	Royal Exchange	£1	101/3	99/9	3·21**
46/-	16/2½	8¾ b	7½ a	Bowmaker	5/-	39/3	38/-	3·29**
42/6	18/7½	8½ b	8½ a	Lombard Banking	5/-	35/-	34/9	2·45
220/-	113/6	21 b	4 a	U.D.T.	£1	210/-*	195/-	2·56
48/-	34/9	25 b	10 a	B.E.T. 'A' Defd.	5/-	45/3	44/-	3·98
18/6	12/6	10 c	10 c	Cable & Wireless	5/-	17·10½	17/6	2·86
32/9	19/3	4½ b	2 a	Land Securities	10/-	28/9	28/3*	2·30
38/6	14/7½	4¼ a	4¼ b	London & County	10/-	28/-	27/3	3·06
				FOOD, DRINK AND TOBACCO			
38/6	22/6	18 c	6 a	Allied Bakeries 'A'	5/-	38/-	38/3*	2·35
47/9	23/4½	24 c	8 a	Beecham Group	5/-	44/9	43/3	2·77
14/3	10/6	2½ a	7½ b	International Tea	5/-	12/-	12/11½	4·12
91/-	69/-	9½ b	5 a	J. Lyons 'A'	£1	76/-	75/-	3·78
25/-	18 10½	5 b	5 a	Ranks	10/-	24/11½	25/-	4·00
33/3	18 11½	12½ b	5 a	Schweppes	5/-	30/3	30/3	3·31**
90/-	38/9	6¾ b	3¾ a	Tate & Lyle	£1	57·9*	57·9*	4·16
137/-	100/-	17 b	8 a	Unigate	5/-	17/11½	16/6¾	3·02**
80/-	43/9	10 a	4 7½ b	Bass	5/-	78/9	75/7½	3·14
36/6	23 10½	4 a	8½ b	Distillers	10/-	35/11½	35/9	3·50
25/-	14/7½	6 a	12 b	Flowers	5/-	22/6	21/-*	4·29
82/6	54/-	10 a	18 b	Guinness	10/-	80/6	73/9	3·80
20/3	12/7½	4 a	11½ b	Ind Coope & Allsopp	5/-	18/6	18/7½	4·16
90/-	38/9	6¾ b	3¾ a	Watney Mann Defd.	£1	87/6	86/3	3·48
137/-	100/-	17 b	8 a	Whitbread 'A'	£1	126 10½	126/3	3·96
68 11/2	51 4½	‡171½ c	‡105 6 a	British Amer. Tobacco	10/-	64/4½	63/4½	4·51
42 6	26 8¼	13½ b	3½ a	Gallaher	10/-	38/-	37/6	4·44
71/-	54/3	12½ b	8½ a	Imperial Tobacco	£1	69/4½	69/3	6·06

Prices. 1959 High	Prices. 1959 Low	Last Two Dividends (a) (b) (c)		ORDINARY STOCKS	Price, Dec. 2, 1959	Price, Dec. 9, 1959	Yield, Dec. 9, 1959
		%	%	**MISCELLANEOUS**			
58/6	37/9	20 a	40 b	Assoc. Brit. Picture	5/-	51/3	51/6	5·83
42/6	28/7½	3½ a	5 b	British Match	£1	40 6	40/-	4·17
79/6	49/6	8 b	4 a	British Oxygen	£1	76/6	78/-	3·08
18/-	13/-	6 a	8 a	British Ropes	2/6	10·9	10/6	4·19
60/9	35/9	51½ a	8½ b	Glaxo	10/-	59/3	57/9	2·42
98/6	56/4½	50 b	10 a	Hoover 'A'	5/-	95/-	94/6	3·17
232/6	172/6	32·18c	16·53a	Hudson's Bay	£1	217/6	215/-	2·99
14/7½	10/-	5 c	10 c	Rank Organisation	5/-	14/-	13/3	3·77
27/-	13/-	18 c	20 c	Sears 'A'	5/-	25 10½	25 3	3·96
6·36	7¼ a	Thomas Tilling	4/-	19·6	19·3	2·83
100/-	69 4½	5 a	15 b	Turner & Newall	£1	88/9	100/-	4·00
139/-	86/7½	16·8c	8 a	Unilever	£1	129·-*	130/-	2·58
11/6	9·9	10·4c	3¼ a	United Glass	5/-	11/3	11/6	4·52
43/6	31/9	†105 6 b	†41 6 a	United Molasses	10/-	41/9	42/3	5·80
				OIL			
58/6	49/-	†83¼ c	†3½ a	British Petroleum	£1	52/9	52/3	5·47
50/3	37/9	†43 8 b	†2½ a	Burmah Oil	£1	46/-	46·6	4·83
£173/4	£145/8	†171½ b	†7½ a	Royal Dutch	20fl.	£151/2	£153/4	3·01
†139/4 b	†5 a	Shell Transport	£1	143/6	144·6	4·24
...	...	Ultramar	10/-	55/3	55/9	...
15 b	7½ a	Wakefield C.C.	10/-	56/3	54/3	4·15
		SHIPPING			
13½ b	6½ a	Brit. & Com'wealth.	10/-	42/3	44/3	4·52
8 c	Nil a	Cunard	£1	19/3	21/-	7·62
10 c	10 c	Furness Withy	£1	42/-	44/-	4·55
10 a	10 b	London & Overseas	5/-	19/3	20/-	5·00
8 b	3 a	P & O Defd.	£1	43/3	45/3	4·86
5 c	2½ c	Reardon Smith	10/-	17/3	18/6	1·35
8 c	Royal Mail	£1	24/9	25/6	6·27
		MINES			
60 b	20 a	Anglo-American	10/-	203/9	203/9	3·93
10 a	General Mining	£1	141/3	140 7½	4·27
100 b	40 a	Union Corporation	2/6	79/-	78/6	4·46
50 b	45 a	Daggafontein	5/-	26/11½	26/7½	17·84
70 a	90 b	Free State Geduld	5/-	191/2	193/11½	4·14
35 b	35 a	Hartebeestfontein	10/-	60/3	58/9	11·91
50 a	60 b	President Brand	5/-	76 10½	76/4½	7·20
70 a	100 b	Western Holdings	5/-	165/-	163/11½	5·21
10 b	6¼ a	Consolidated Zinc	£1	72/-*	74/6	4·36
200/-	121/3	120 b	100 a	De Beers Defd. Reg.	5/-	188 11½	181/10½*	6·10
$1·60c	$1·35c	International Nickel	n.p.v.	$190*	$197½*	2·71
15 b	5 a	London Tin	4/-	11/3	11/10½	6·74
100/7½	73/11½	12½ a	37½ b	Rhod. Anglo-American	10/-	91 10½	96/6	5·41h
19/-	14/3	4¼ a	11¼ b	Rhod. Selection Trust	5/-	15/4½	15/4½	5·01h
26 c	20 c	Rio Tinto Reg.	10/-	46/3	45/7½	4·38
37½d	27½d	Roan Antelope	5/-	8/7½	8 10½	5·87h
15 a	22½ b	Tanganyika Cons.	10/-	51/-	48/-*	7·81
32/6	11/4½	43½ c	15 a	Tronoh	5/-	29/6	32/-	6·77
				TEA AND RUBBER			
75/9	57/5¼	10 b	6¼ a	Cons. Tea & Lands	£1	38/9	38/3	12·81
200/-	121/3	120 b	100 a	Jokai (Assam)	£1	29/-	29/3	11·47
$1·97½	$1·54¾	$2·60c	$3·00c	Nuwara Eliya	£1	18/6	18/9	14·93
40/-	23/-	†21½ a	†12½ b					
30/6	22/3	†3 a	†7 a	Grand Central	2/-	2·41½*	2/4½*	13·59
19/-	15/9	10 b	4 a	Lonrho	2/-	7/6	8/-	8·75
58/11½	43/9	26 c	20 c	Rhokana Corp.	10/-	46/3	45/7½	4·38
9·10½	7/6	3½d	7½d	Rhodesian Anglo American	5/-	8/7½	8 10½	5·87h
57/3	43/9	15 a	22½ b	Tanganyika Cons.	10/-	51/-	48/-*	7·81
32/6	11/4½	43½ c	15 a	Tronoh	5/-	29/6	32/-	6·77
				TEA AND RUBBER			
38/9	38/3	12·81
29/-	29/3	11·47
18/6	18/9	14·93
3·48	2/6	1/3	4 a	12 b	Grand Central	2/-	2·41½*	2/4½*	13·59
3·96	8/6	3/9¼	25 b	10 a	London Asiatic	2/-	7/6	8/-	8·75
4·51	10¼d.	6¼d.	8 c	Nil c	United Serdang	2/-	9d	9d	...
4·44	103/-	48/-	28½ b	12½ a	United Sua Betong	£1	89/-	95/-	8·55
6·06	54/9	31/6

new policy of undertaking sub-contracting work for other industries can be taken as a sign that the directors are already aware of the need to broaden the base of the group's activities still further.

Tube Investments

"TRADING in the year under review came in like a lamb and went out like a lion rampant." The improvement in trading between April and end-July enabled Tube Investments to make up much of the ground lost in the previous eight months, and the recovery has since gathered momentum. This is the encouraging news that the chairman, Sir Ivan Stedeford, has for shareholders in his annual statement.

In a comprehensive review of the group's activities, Sir Ivan admits that a high price was paid for British Aluminium but he is confident that the earnings cover for the TI dividend will not be materially affected by this investment in the years before it will yield profits on a "commensurate scale." The statement discloses that Tube Investments now holds 47 per cent of the British Aluminium equity; 4 per cent is held by Reynolds TI Aluminium, 45 per cent by Reynolds Metals while the remaining 4 per cent is held by miscellaneous shareholders. The voting rights of Tube Investments and Reynolds Metals have been vested in Reynolds TI Aluminium in which Tube Investments now again has a 51 per cent interest. The aluminium side accounts for just over one-fifth of TI's total funds.

The electrical division of TI again produced record results and it is intended by next summer to add refrigerators to the successful Creda range of electric cookers, spin dryers and water heaters. Full order books reflect the extent of the recovery in the steel tube section in the last months of 1958-59. Although the iron and steel section was working well below capacity in the early part of the financial year, both Park Gate and Round Oak are now flourishing and a major scheme for modernisation and expansion is being studied.

Sir Ivan reports a "steady if an unsensational improvement" in the cycle section. During the year TI and Raleigh Industries merged their interest in South Africa and Ireland, where both companies have been working below capacity for some years. There is no suggestion, however, for any such arrangement in this country or in countries such as India where the market is large enough for the two. The success of Tube Investments in recent years has been largely a reward for good management, and it is clear that this is recognised; personnel and training work is being extended. Since publication of the full results the £1 ordinary shares have strengthened further, and at 123s. yield barely 3¼ per cent.

Unit Trusts

SCOTSHARES, the unit trust launched on St Andrew's day by the Bank-Insurance group with a portfolio of industrial equities with Scottish interests, has proved a powerful magnet to the thrifty Scots. The initial offer of 5,000,000 units at 5s. each was "oversubscribed" three times. The managers say that around 15,000,000 units have been sold to over 35,000 investors and some 5,250,000 were sold over the counters of Scottish banks. The average purchase was 200 units at a cost of £50. The success of the offer, although due partly no doubt to the desire of the Scottish investor to have a stake in Scottish industry, was probably mainly attributable to the yield of £3 10s. —which today's market thinks of as attractive. "Scotbits," whose portfolio consists of Scottish investment trusts, banks and insurance companies, offers a current yield of £2 15s.

The **Commonwealth Unit Fund**, formed last July under the chairmanship of Mr Peter Thorneycroft, has made its second block offer. This is of 2,000,000 units at 11s. 5d. each at a yield of £3 15s. per cent. In the five months since the trust was launched the units have appreciated by some 14.6 per cent. At present the trust's portfolio consists of 125 investments in companies throughout the Commonwealth; share yields for a number of these continue to be relatively high as a result of the weakness in commodity prices.

Barclays DCO

DISCLOSED net profits of Barclays DCO in the year to September 30th dropped by £48,843 to £1,218,512, despite a lower tax bill. Mr Julian Crossley, the chairman, attributes this to increases in costs, particularly of salaries and pensions, and to a less favourable structure of rates in certain territories. But the fall in the rate of current profits may also be due to the exceptional pace of expansion; in the past five years 345 new offices have been opened (bringing the total to 1,197), and many of these "cannot yet be considered as fully established."

Some improvement in commodity prices —which the chairman says has gone neither fast nor far—is reflected in the increase in deposits of £62 million to £602 million. It has also brought a sharp recovery in the bank's acceptance business from £39.6 million to £60.4 million. The increase of £16 million in advances, to £248.3 million, is at a slightly lower rate than last year and the ratio of advances to total deposits has fallen from 43 per cent to 41 per cent. The figures show an increase in the gilt-edged portfolio from £58.8 million to £77.7 million, reflecting a rebuilding of the bank's portfolio of short term bonds.

The bank has widened its hire purchase interests in South Africa by acquiring a substantial holding in United Dominions Corporation (South Africa), a subsidiary of United Dominions Trust. Barclays Overseas Development Corporation, the bank's subsidiary, had another successful year, showing a slight increase in profits; its total loans and investments rose from £8.2 million to £8.6 million.

London Stock Exchange

FIRST DEALINGS:	Nov. 23	Dec. 7	Dec. 28
LAST DEALINGS:	Dec. 4	Dec. 24	Jan. 8
ACCOUNT DAY:	Dec. 15	Jan. 5	Jan. 19

ON Monday the weakness of sterling, continued uncertainty about Bank rate and the Chancellor's week-end plea for lower prices combined to keep prices weak in all sections of the market. But on Tuesday the improvement in sterling made for a firmer tendency, although buying remained selective. On Wednesday the strong overnight rally on Wall Street overshadowed any initial disappointment with the first batch of steel dividends, and most sections of the market—including the funds—advanced on a broad front.

Gilt-edged stocks attracted some institutional buying and turnover markedly increased on Wednesday, though short bonds were still weak. In the week to Wednesday 3½ per cent War Loan gained ¼ to 66, and in short-dated stocks 4 per cent Conversion 1964 put on 3/32 to 93⅜. In medium-dated stocks 4 per cent Gas 1969-72 improved 1/16 to 93½. Foreign bonds were quiet, but Home Corporation stocks moved in sympathy with the funds; 5 per cent LCC 1980-83, for example, closed ¼ better at 98⅛, bank shares lost some of last week's gains with Lloyds down 10½d. at 65s. 3d. and National Provincial 1½d. easier at 66s. 1½d.; exceptionally Barclays put on 4½d. to 63s. 6d.

Rises in industrial equities were scattered freely in all sections, and over the week to Wednesday's close *The Economist* ordinary share indicator rose 1.2 points to its former peak of 352.7. A strong demand for steel shares developed before the dividend announcements, but some disappointment over the lower profits from Whitehead and Thomas Firth and the absence of a scrip issue from United Steel put most steel shares back from the peak levels reached earlier in the week. Even so, over the week United Steel gained 6d. to 75s. 3d., Whitehead improved 1s. 6d. to 114s. and Dorman Long put on 6d. to 65s. 6d. Thomas Firth closed 1s. down at 49s. 6d. and steel Company of Wales lost 1s. to 48s. 6d.

Heavy engineering shares continued last week's firmness with Vickers up 7½d. at 32s. 9d. In electricals the sharp rise in EMI on Wall Street prompted a rise of 3s. to 80s. 3d. in London, and substantial American buying of Philips Lamps caused them to shoot up 8s. 6d. to 150s.; Decca put on 1s. 6d. following the higher profits figures. Turner and Newall improved 11s. 3d. to 100s. on the bigger profits and higher dividend. Aircraft shares were stimulated by the imminent rationalisation of the industry, which should bring its corresponding crop of mergers. Shipping shares were also active.

Oil shares were quiet but the undertone, helped by the strength of Wall Street, remained firm. Burmah closed 6d. better at 46s. 6d. and Shell gained 1s. to 144s. 6d.

Money and Exchanges

EXCHEQUER RETURNS

For the week ended December 5, 1959, there was an "above-line" deficit (after allowing for sinking funds) of £32,903,000 compared with a deficit of £14,637,000 in the previous week and one of £32,477,000 in the corresponding period of last year. There was a net expenditure "below-line" of £38,332,000 leaving a total cumulative deficit to date of £757,035,000 compared with £660,025,000 in 1958-59.

£'000	Estimate 1959-60	April 1, 1958, to Dec. 6, 1958	April 1, 1959, to Dec. 5, 1959	Week ended Dec. 6, 1958	Week ended Dec. 5, 1959
Ord. Revenue					
Income Tax	2147,000	858,775	862,916	19,469	23,176
Surtax	171,000	49,600	51,100	1,600	1,600
Death Duties	195,000	124,000	146,500	5,600	4,000
Stamps	68,000	39,900	61,800	1,200	1,800
Profits tax, EPT and EPL	274,000	212,200	196,300	5,900	5,700
Other Inland Revenue Duties	1,000	150	110	30	...
Total Inland Revenue	2856,000	1284,625	1318,726	33,799	36,276
Customs	1285,500	892,432	951,156	25,064	28,989
Excise	864,500	658,210	643,215	19,145	17,165
Total Customs and Excise	2150,000	1550,642	1594,371	44,209	46,154
Motor Duties	104,000	30,006	29,079	412	475
PO (Net Receipts)	...	6,150	...	2,050	...
Broadcast Licences	35,000	19,400	21,400	...	...
Sundry Loans	30,000	26,126	31,525	68	166
Miscellaneous	150,000	60,684	81,412	6,462	790
Total	**5325,000**	**2977,633**	**3076,513**	**87,000**	**83,861**
Ord. Expenditure					
Debt Interest	600,000	442,701	384,538	36,383	32,278
Payments to Northern Ireland Exchequer	79,000	48,479	51,339	2,631	2,678
Other Consolidated Funds	10,000	4,875	5,636	3	188
Supply Services	4523,531	2783,481	2900,922	79,000	79,850
Total	**5212,531**	**3279,536**	**3342,435**	**118,017**	**114,994**
Sinking Funds	39,000	24,683	25,276	1,460	1,770
"Above-line" Surplus or Deficit	—	**326,586**	**291,198**	**32,477**	**32,903**
"Below-line" Net Expenditure*	—	333,439	465,837	17,943	38,332
Total Surplus or Deficit	—	**660,025**	**757,035**	**50,420**	**71,235**
Net receipts from:					
Tax Reserve Certificates	215,338	134,840	...	2,538	13,590
Savings Certificates	92,300	52,300	53,200	5,000	– 400
Defence Bonds	60,303	101,471	104,000	4,237	2,886
Premium Savings Bonds	47,915	34,880	49,000	1,510	590
Total		**405,856**	**323,491**	**13,285**	**16,666**

* Net receipts of the Civil Contingencies fund of £10 million in 1959-60 compared with £12 million in 1958-59.

FLOATING DEBT

(£ million)

	Treasury Bills: Tender	Treasury Bills: Tap	Ways and Means Advances: Public Dept.	Ways and Means Advances: Bank of England	Total Floating Debt
1958					
Dec. 6	3,420·0	1,688·0	176·8	...	5,284·9
1959					
Sept. 5	3,260·0	1,886·4	247·1	1·3	5,394·8
,, 12	3,280·0	1,911·0	227·1	3·8	5,421·9
,, 19	3,310·0	1,911·6	232·0	...	5,453·6
,, 30		5,298·3	270·1	1·8	5,570·1
Oct. 3	3,370·0	1,936·3	247·5	3·0	5,556·8
,, 10	3,390·0	1,954·2	259·7	...	5,603·9
,, 17	3,340·0	2,016·0	241·4	...	5,687·4
,, 24	3,430·0	2,052·7	217·8	...	5,700·5
,, 31	3,460·0	2,114·0	202·5	...	5,776·4
Nov. 7	3,520·0	2,023·4	227·1	...	5,770·5
,, 14	3,580·0	1,942·9	223·8	...	5,746·7
,, 21	3,620·0	1,887·2	223·6	...	5,730·8
,, 28	3,650·0	1,902·9	205·1	1·3	5,759·3
Dec. 5	3,660·0	1,888·5	214·8	1·8	5,765·0

THE MONEY MARKET

At last Friday's Treasury bill tender, following the rise in New York and some pressure from the Bank of England in the money market, the rate for 91 day bills in London rose by ⅛ per cent to £3 10s. 7.23d., its highest for a year. This followed the lowering of the syndicate's bid by 8d. to £99 2s. 4d. and at this price the market's allotment was increased from 46 per cent to 54 per cent. For the 63-day bills offered the market lowered its bid by 5d. to £99 7s. 8d. and secured an allotment of 90 per cent. The further rise in the United States Treasury bill rate for three months bills to 4.638 per cent still leaves the margin over the London rate at over one per cent.

Despite a large amount of official help last Thursday two or three houses had to borrow a moderate amount from the Bank. Conditions eased over the week end and on Monday and Tuesday a few balances were unlent. On Wednesday however credit was short in spite of £9 million of Government disbursements and although the authorities gave a fairly large amount of help four or five houses were again forced to borrow from the Bank. February bills have changed hands at 3 15/32 per cent.

MONEY RATES

LONDON

	%		%
Bank rate (from 4½% 20/11/58)	4	**Discount rates:**	
Deposit rates (max.):		Bank bills:	
Banks	2	60 days	3 5/8–3 11/16
Discount houses	2–2¼	3 months	3 5/8–3 11/16
Money:		4 months	3 5/8–3 13/16
Day-to-Day	2⅞–3	6 months	3 5/8–3¾
Treasury bills:		Fine trade bills:	
2 months	3	3 months	4¼–5
3 months	3	4 months	4¼–5
		6 months	4½–5¼

NEW YORK

	%		%
Official discount rate: (from 3½%, 10/9/59)	4	**Treasury Bills:** November 30	4·501
		December 8	4·638

BANK OF ENGLAND RETURNS

(£ million)	Dec. 10, 1958	Dec. 2, 1959	Dec. 9, 1959
*Issue Department**:			
Notes in circulation	2,121·6	2,172·5	2,219·3
Notes in banking dept.	28·8	52·8	56·1
Govt. debt and securities*	2,146·5	2,222·0	2,272·0
Other securities	0·8	0·7	0·7
Gold coin and bullion	0·4	0·4	0·4
Coin other than gold coin	2·8	2·3	2·3
Banking Department:			
Deposits:			
Public accounts	12·2	11·0	10·8
Bankers	207·0	224·6	222·9
Others	69·4	63·8	64·0
Total	288·6	299·4	297·7
Securities:			
Government	245·5	228·3	214·7
Discounts and advances	9·6	14·7	23·2
Other	21·8	20·9	21·0
Total	276·9	263·9	258·9
Banking department reserve	29·7	53·7	56·9
"Proportion"	% 10·2	% 17·9	% 10·1

* Government debt is £11,015,100, capital £14,553,000. Fiduciary issue increased by £50 million to £2,275 million on December 9th.

TREASURY BILL TENDERS

Date of Tender	Amount (£ million) Offered		Applied for	Three Months' Bills: Average Rate of Allotment	Allotted at Max. Rate*
	91 day	*63 day*		s. d.	%
1958 Dec. 5	260·0	30·0	489·2	64 5·75	40
1959	*91 day*				
Sept. 4	290·0		395·4	69 9·53	80
,, 11	290·0		453·5	69 8·47	51
,, 18	290·0		428·5	69 8·13	56
,, 25	290·0		430·0	69 5·24	64
Oct. 2	280·0		411·6	69 10·48	54
,, 9	290·0		433·2	69 9·00	66
,, 16	270·0†		444·4	68 4·91	34
,, 23	260·0		456·5	68 6·74	37
	91 day	*63 day*			
,, 30	220·0	50·0	461·6	67 8·53	54
Nov. 6	240·0	50·0	464·9	67 4·62	53
,, 13	230·0	60·0	471·5	67 9·55	26
,, 20	230·0	60·0	438·0	67 11·96	44
,, 27	220·0	60·0	415·4	67 11·95	46
Dec. 4	230·0	60·0	408·1	70 7·23	54

* On December 4th tenders for 91 day bills at £99 2s. 4d. secured 54 per cent. 63 day bills at £99 7s. 8d. secured 90 per cent, higher tenders being allotted in full. The offer this week was for £290 mn. of 91 day bills. † Allotment cut by £20 mn.

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

	Official Rates	Market Rates: Spot				
	December 9	December 3	December 4	December 5	December 7	December 8	December 9
United States $	2·78–2·82	2·795/8–3/4	2·791 1/16–13/16	2·795/8–3/4	2·795/8–3/4	2·791 3/16–801/16	2·797/8–80
Canadian $	...	2·661/8–1/4	2·661 1/16–5/16	2·653/8–15/16	2·66 5/16–461/8	2·667/16–7/16
French Fr.	13·622–14·027	13·711/2–3/4	13·715/8–7/8	13·713/8–5/8	13·733/4–5/8	13·737/8–741/8
Swiss Fr.	11·94–12·547/8	12·141/4–1/2	12·141/2–3/4	12·133/8–5/8	12·111/2–3/4	12·10–101/4	12·10–101/4
Belgian Fr.	137·96–142·05	139·771/2–821/2	139·80–85	139·80–85	139·80–85	139·971/2–40·021/2	139·95–140·00
Dutch Gld.	10·48–10·80	10·553/4–56	10·56–561/4	10·557/8–561/8	10·551/2–3/4	10·553/4–56	10·553/4–56
W. Ger. D-Mk.	11·591/4–11·923/4	11·663/8–7/8	11·661/2–3/4	11·663/8–7/8	11·663/8–7/8	11·677/8–681/8	11·673/8–7/8
Portug. Esc.	79·00½–82·00½	80·15–30	80·15–30	80·15–30	80·15–30	80·15–30	80·15–30
Italian Lire	1725–1775	17351/2–3/4	17357/8–361/8	17351/2–3/4	17351/2–3/4	17373/4–38	17371/2–38
Swedish Kr.	14·27½–14·70	14·483/4–49	14·487/8–491/8	14·481/2–3/4	14·481/2–3/4	14·501/8–3/8	14·501/8–3/8
Danish Kr.	19·06½–19·62	19·321/4–1/2	19·313/8–7/8	19·315/8–7/8	19·313/4–32	19·317/8–321/8	19·321/4–1/2
Norwegian Kr.	19·71–20·30½	19·991/4–1/2	19·981/2–3/4	19·981/2–3/4	19·983/4–99	19·99–991/4	19·991/2–20·00
One Month Forward Rates							
United States $		1/8–1/4c. dis	1/8–1/4c. dis	1/8–1/4c. dis	1/8–1/4c. dis	1/8–1/4c. dis	1/8–1/4c. dis
Canadian $		3/8–1/2c. dis	5/16–7/16c. dis	5/16–7/16c. dis	7/16–9/16c. dis	7/16–9/16c. dis	7/16–9/16c. dis
French Fr.		1–1 1/2c. dis	3/4–1 1/4c. dis	3/4–1 1/4c. dis	3/4–1 1/4c. dis	3/4–1 1/4c. dis	3/8–1/2c. dis
Swiss Fr.		1/4c. pm–par	1/2–3/4c. dis	1/2–1c. dis	1–1 1/2c. dis	3/4–1 1/4c. dis	1 1/2–2 1/2c. dis
Belgian Fr.		par–5c. dis	par–5c. dis	par–5c. dis	par–5c. dis	par–5c. dis	par–5c. dis
Dutch Gld.		1/4c. pm–par	1/4c. pm–par	1/4c. pm–par	1/8c. pm–1/4c. dis	par–1/4c. dis	1/8–3/8c. dis
W. German D-Mk.		1–1 1/4pf. dis	1/8–13/8pf. dis	1/8–1 1/4pf. dis	1–1 1/4pf. dis	1–1 1/4pf. dis	1–1 1/4pf. dis
Three Months Forward Rates							
United States $		7/16–9/16c. dis	7/16–9/16c. dis	7/16–9/16c. dis	7/16–9/16c. dis	7/16–9/16c. dis	7/16–9/16c. dis
Canadian $		1 1/8–1 1/4c. dis	1–1 1/8c. dis	1 1/16–1 3/16c. dis	1 1/8–1 1/4c. dis	1 1/8–1 1/4c. dis	1 1/8–1 1/4c. dis
Swiss Fr.		1/4c. pm–par	3/4–1 1/4c. dis	3/4–1 1/4c. dis	1–1 1/4c. dis	1–1 1/4c. dis	1 1/2–2 1/2c. dis
W. German D-Mk.		2 1/8–2 3/8pf. dis	2 1/4–2 1/2pf. dis	2 1/8–2 3/8pf. dis	2 1/4–2 1/2pf. dis	2 1/4–2 1/2pf. dis	2 1/4–2 1/2pf. dis
Gold Price at Fixing							
Price (s. d. per fine oz.)		250/5¼	250/8½	...	250/8½	250/7	250/3½

UK External Trade

Imports are valued cif: exports fob.
Total trade unless otherwise stated.

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

BRITISH

Prices and Wages.....	Dec. 5th	External Trade	This week
Manpower and Output....	Nov. 28th	Industrial Profits	Oct. 24th

OVERSEAS

Western Europe.....	Nov. 14th	United States.....	Oct. 10th

	Unit	Monthly averages			1958			1959				
		1956	1957	1958	August	Sept.	Oct.	June	July	August	Sept.	Oct.
VALUE												
Imports:												
Total	£ million	321·7	336·8	312·5	303·0	309·2	325·4	331·6	352·9	305·2	330·1	360·2[8]
Food, drink and tobacco	"	119·6	123·3	124·4	120·8	122·8	135·6	120·6	128·2	106·8	121·4	141·9
Basic materials	"	91·2	96·7	75·0	73·9	69·5	70·2	79·4	85·6	79·6	77·1	82·7
Fuels	"	34·5	38·8	36·7	37·3	39·6	40·8	38·6	40·7	35·3	39·9	36·4
Manufactures	"	75·2	76·9	75·1	69·6	76·1	77·6	91·6	97·0	82·4	90·5	97·9
Exports of UK produce:												
Total	"	261·5	274·2	264·3	255·2	237·2	263·2	251·6	287·8	255·5	246·5	306·0[8]
Manufactures—Total	"	216·6	227·8	222·0	213·3	197·0	220·3	214·0	247·3	213·9	206·0	255·1
" Metals	"	36·7	39·7	35·9	32·2	32·8	35·0	31·9	39·7	34·3	37·7	43·4
" Engineering products	"	104·7	111·8	115·2	110·1	100·3	114·0	114·4	130·9	107·6	100·6	128·8
" Textiles[2]	"	24·5	25·0	21·2	20·2	17·9	19·0	18·3	21·8	20·0	18·2	22·4
Re-exports	"	11·9	10·8	11·7	12·7	9·8	11·6	10·0	9·3	9·3	11·2	14·6[9]
Balance of trade (exports less imports)	"	−48·2	−51·8	−36·5	−35·0	−62·2	−50·5	−70·0	−55·8	−40·4	−72·5	−39·7
VOLUME[4]												
Imports:												
Total	1954=100	110	114	114	113[4]	...	120[7]	123[3]	...	119[4]	...	128
Food, drink and tobacco	"	109	113	119	118[4]	...	126[7]	117[3]	...	109[4]	...	...
Basic materials	"	102	106	94	90[4]	...	97[7]	100[3]	...	101[4]	...	...
Fuels	"	115	114	124	128[4]	...	137[7]	154[3]	...	144[4]	...	...
Manufactures	"	125	130	132	131[4]	...	136[7]	150[3]	...	153[4]	...	...
Exports:												
Total	"	113	116	111	109[4]	...	115[7]	118[3]	...	111[4]	...	129
Manufactures	"	115	118	113	111[4]	...	115[7]	120[3]	...	113[4]	...	...
BY AREA[5]												
Imports:												
Dollar area—Total	£ million	70·9	80·3	65·5	*62·1*	*65·3*	*65·8*	*69·0*	*70·8*	*60·0*	*70·1*	*85·0*
" " USA	"	33·9	40·1	29·2	*23·7*	*30·0*	*33·3*	*29·0*	*28·2*	*23·8*	*32·4*	*45·6*
" " Canada	"	29·0	26·7	25·7	*26·9*	*25·7*	*24·4*	*28·5*	*28·8*	*25·8*	*25·2*	*28·4*
Non-sterling OEEC countries	"	*79·4*	*84·8*	*84·3*	*75·0*	*79·2*	*87·2*	*92·8*	*98·6*	*82·4*	*89·5*	*98·4*
Sterling area	"	*124·5*	*126·0*	*113·0*	*115·3*	*113·4*	*122·6*	*117·4*	*124·6*	*108·1*	*118·2*	*117·4*
Exports[3]:												
Dollar area—Total	"	*45·1*	*47·6*	*48·7*	*44·5*	*48·5*	*51·8*	*56·5*	*60·8*	*54·5*	*57·4*	*63·0*
" " USA	"	*21·5*	*21·5*	*24·3*	*22·4*	*24·1*	*27·8*	*31·9*	*33·0*	*31·0*	*32·2*	*34·4*
" " Canada	"	*15·2*	*16·6*	*16·1*	*14·4*	*12·8*	*16·8*	*15·7*	*20·5*	*15·1*	*17·1*	*20·0*
Non-sterling OEEC countries	"	*74·8*	*80·6*	*74·9*	*73·5*	*68·0*	*70·7*	*71·7*	*82·3*	*71·1*	*73·9*	*89·8*
Sterling area	"	*119·9*	*121·7*	*117·9*	*119·6*	*105·4*	*123·8*	*102·6*	*118·2*	*107·8*	*95·5*	*127·7*
Balance of trade (exports less imports):												
Dollar area	"	*−25·8*	*−32·7*	*−16·8*	*−17·6*	*−16·8*	*−14·0*	*−12·5*	*−10·0*	*− 5·5*	*−12·7*	*−22·0*
Non-sterling OEEC countries	"	*− 4·6*	*− 4·2*	*− 9·4*	*− 1·5*	*−11·2*	*−16·5*	*−21·1*	*−16·3*	*−11·3*	*−15·6*	*− 8·6*
Sterling area	"	*− 4·6*	*− 4·4*	*+ 4·9*	*+ 4·3*	*− 8·0*	*+ 1·2*	*−14·8*	*− 6·4*	*− 0·3*	*−22·7*	*+10·3*
TRADE IN SELECTED COMMODITIES[5]												
Imports:												
Wheat	'000 tons	398·4	377·5	376·8	368·7	348·4	406·1	352·9	407·4	307·7	277·0	344·1
Meat	"	72·4	74·2	69·5	81·0	62·6	56·5	50·7	78·8	61·4	70·8	70·0
Sugar, unrefined	"	*194·3*	*235·0*	220·1	197·9	225·0	238·2	203·3	193·1	145·8	288·9	202·2
Raw cotton[1]	"	27·0	30·6	21·5	21·5	16·4	9·9	29·2	31·9	23·3	17·9	18·5
Raw wool, sheep's and lambs'[1]	mn. lb.	53·2	51·6	51·2	34·9	19·9	49·0	58·9	63·6	33·5	24·6	45·5
Rubber, natural and synthetic[1]	'000 tons	18·2	22·7	17·0	9·9	12·2	14·5	13·5	16·5	21·4	20·3	11·4
Softwood[2]	'000 stds.	104·8	119·8	106·4	145·1	131·4	124·4	162·9	197·9	160·5	155·2	159·2
Woodpulp	'000 tons	183·3	178·2	175·2	177·9	184·5	181·8	177·0	151·4	176·2	196·9	220·6
Crude petroleum	mn. galls.	618	604	732	802	788	819	845	862	800	889	814
Exports of UK produce:												
Coal, including bunkers	'000 tons	812	666	403	363	408	424	295	368	310	318	449
Woven piece-goods—cotton[2]	mn. sq. yds.	40	38	32	30	27	27	25	28	30	25	32
" " " wool[2]	'000 sq. yds.	*9,107*	*9,029*	*7,887*	*7,843*	*6,132*	*6,877*	*7,157*	*9,305*	*8,755*	*7,184*	*8,856*
Passenger cars and chassis	number	27,848	35,360	40,336	34,921	38,203	39,230	47,586	53,561	38,147	38,513	49,892
Commercial vehicles and chassis	"	*10,506*	*10,216*	9,306	8,747	7,186	7,913	9,953	11,903	8,795	8,508	12,663
Agricultural tractors	"	*7,482*	*9,411*	8,711	7,549	7,961	7,357	9,609	9,657	9,045	8,648	10,473
Machinery—electrical	£'000	*5,314*	*5,612*	5,836	5,948	4,034	5,861	5,573	6,097	5,303	4,514	6,656
" other	"	*38,657*	*42,211*	42,784	39,870	37,848	40,567	42,629	49,456	45,442	39,589	51,314
Chemicals, elements and compounds	"	*4,948*	*5,219*	5,025	5,716	4,723	4,880	5,337	6,409	6,026	5,321	6,249

([1]) Retained imports. ([2]) Owing to changes in classification. 1959 figures are not strictly comparable with those for earlier years. ([3]) Average for second quarter. ([4]) Average for third quarter. ([5]) 1956 figures include re-exports of second-hand aircraft and exposed cinematograph film. ([6]) In 1959, indices for total imports and exports but not for the classes, are adjusted to include trade with the Channel Islands. ([7]) Average for fourth quarter. ([8]) Figures in *italics* are not strictly comparable with 1959 figures; the major differences are that the 1956 and monthly 1958 figures for OEEC countries exclude Spain and for the Sterling Area include Iraq. ([9]) November figures: total imports 329·4, UK exports 275·4, re-exports 10·9.

NOTICE OF OFFER FOR SALE

Dimplex

DIMPLEX LIMITED

(Incorporated under the Companies Act, 1929)

Share Capital

Authorised:		Issued and Fully Paid:
£250,000	in 1,000,000 Ordinary Shares of 5s. each	£250,000

The Company has no Mortgages, Debentures or other Loan Capital or Bank Overdrafts outstanding.

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OFFER FOR SALE

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The Offer for Sale shows (inter alia) that:

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2. Net Assets of the Group, excluding goodwill, amounted at 30th June, 1959, to £386,071.

3. The Directors are of the opinion that, subject to unforeseen circumstances, the profits of the Company for the year ending 30th June, 1960, calculated on the basis used in the Accountants' Report, will be not less than £225,000. In that event, it would be the intention of the Directors, subject to unforeseen circumstances, to pay a dividend or dividends in respect of the year ending 30th June, 1960, totalling not less than 25 per cent., less tax, on the issued Ordinary Share Capital of £250,000 payable as to an Interim Dividend at the rate of 10 per cent., less tax, in April, 1960, and a Final Dividend of 15 per cent., less tax, payable in October, 1960.

Copies of the Offer of Sale, on the terms of which alone applications will be considered, and Forms of Application, are obtainable from:—

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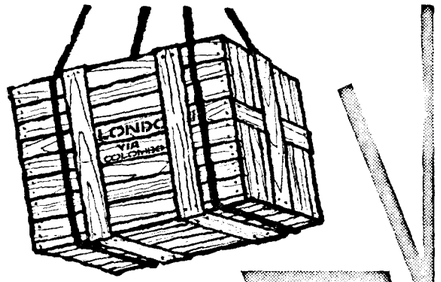

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P.16

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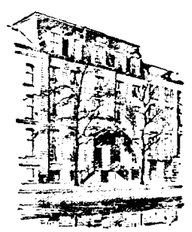

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Please send brief details in confidence, quoting reference S.1948, to P. J. H. Fryer. In no circumstances will a candidate's identity be disclosed to our client unless he gives permission after a confidential interview at which he will be given full details of the appointment.

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The College proposes to elect shortly an OFFICIAL FELLOW AND TUTOR, or LECTURER, in ECONOMICS. It is intended that he should take up his duties on October 1960. Application forms and full particulars may be obtained from the Senior Tutor, Magdalen College, Oxford, to whom applications should be made not later than January 1, 1960.

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Applications stating age, experience, qualifications, present appointment and salary, together with the names of two referees, should be sent to the Secretary of the Board, Pevensley House, University Road, Leicester, within 14 days of the appearance of this advertisement.

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Secretary.

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For further appointments and other classified advertisements see pages 1113 and 1124

UNIVERSITY OF OXFORD

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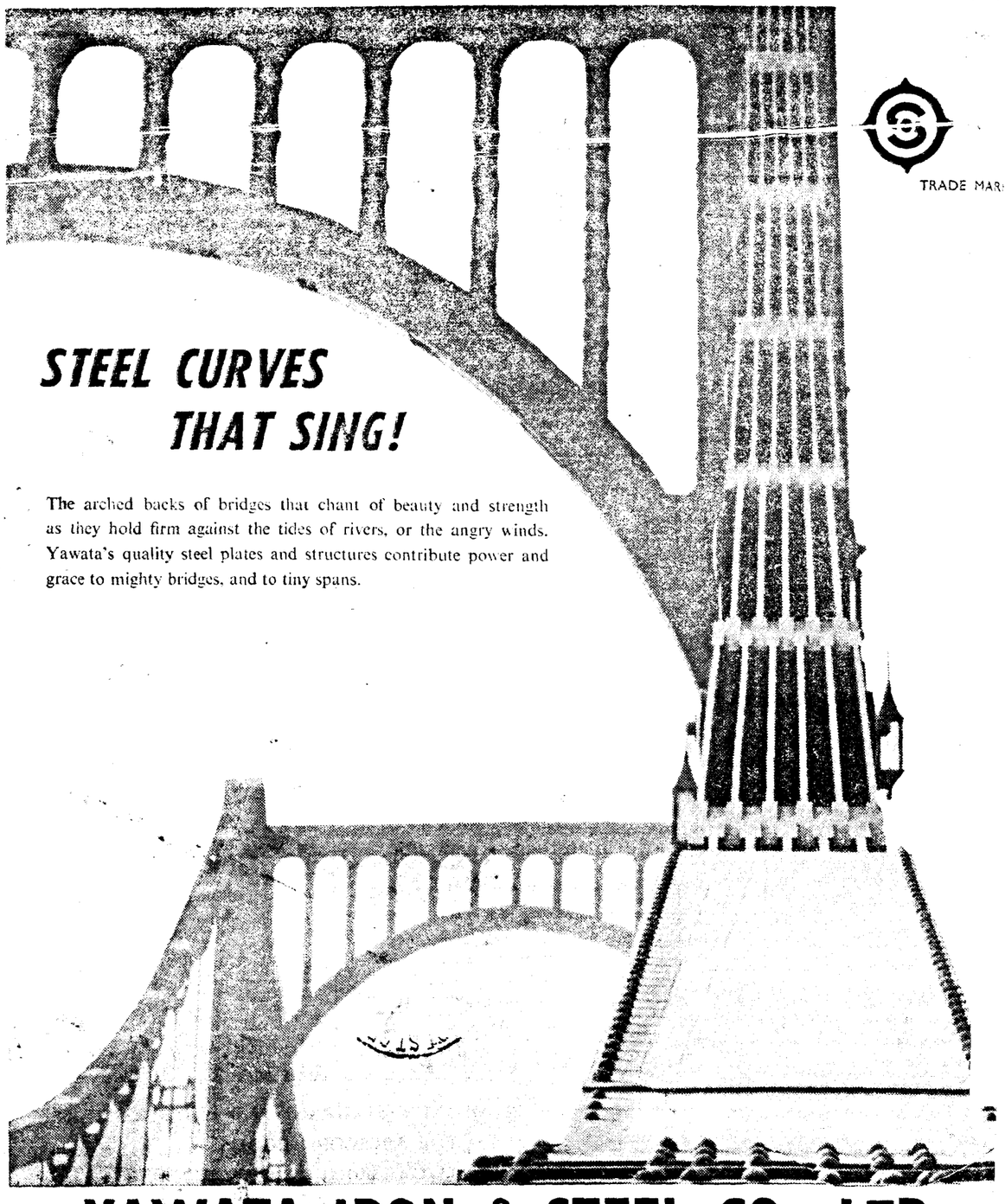

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African Deadlines *British Africa has now reached a stage where more and more white men have got to be ruled by black (page 1137)*

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Crossed Fingers on the American Trigger (page 1159)

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World Politics and Business

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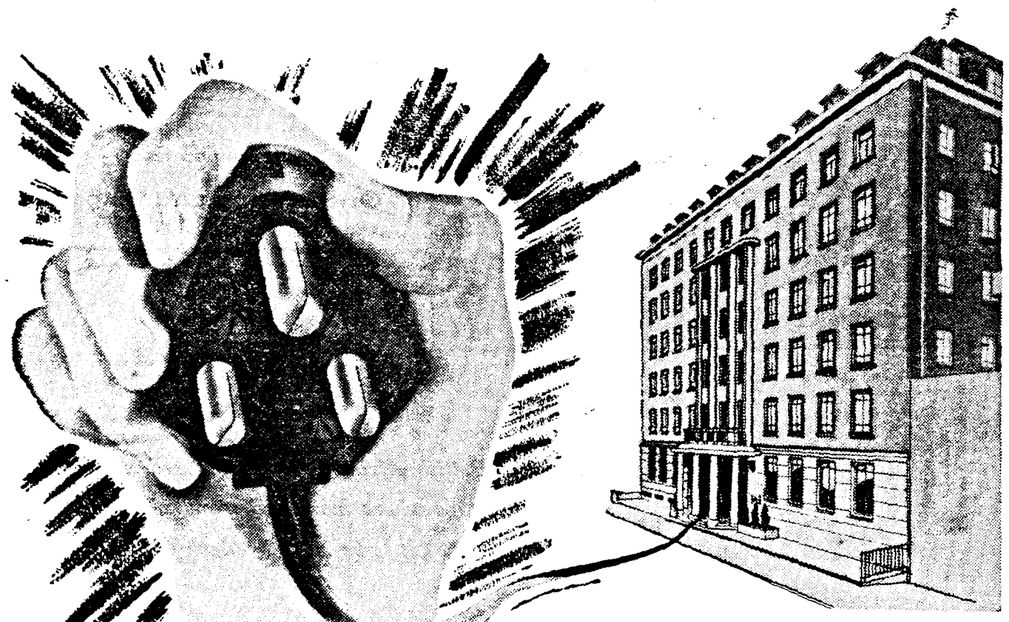

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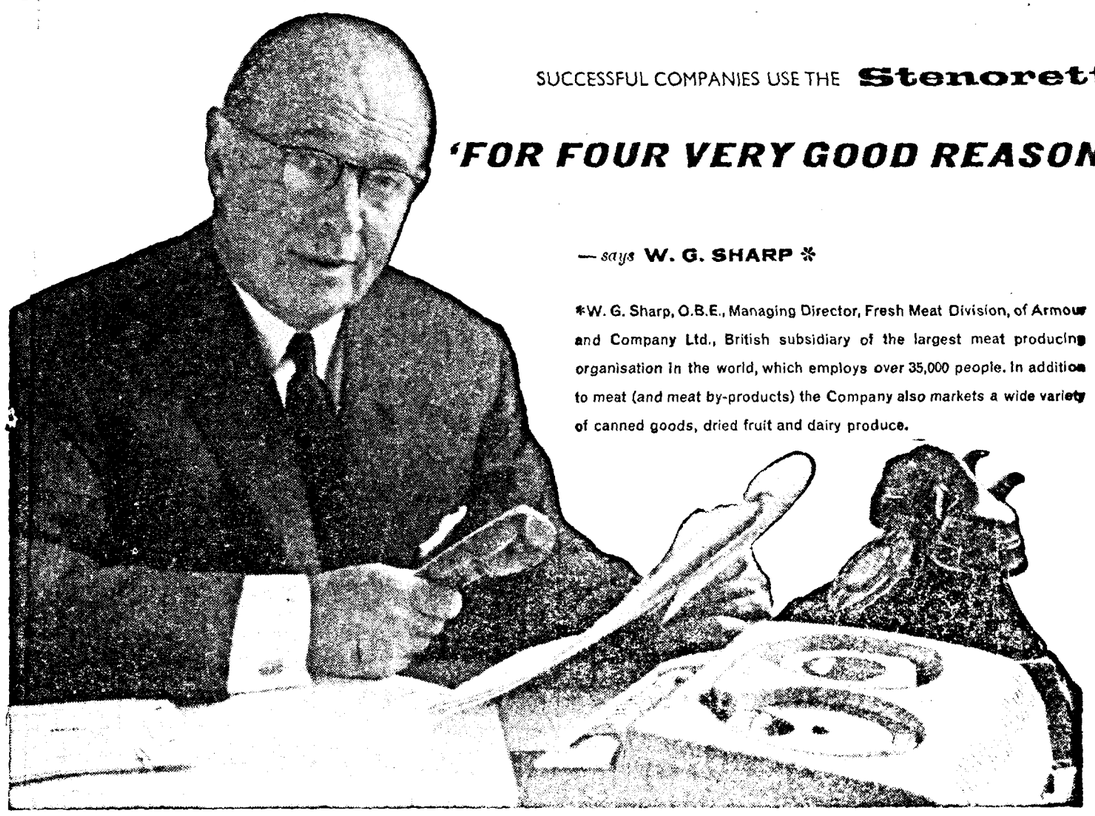

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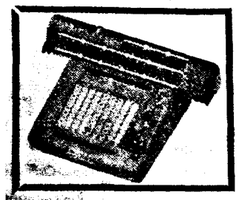

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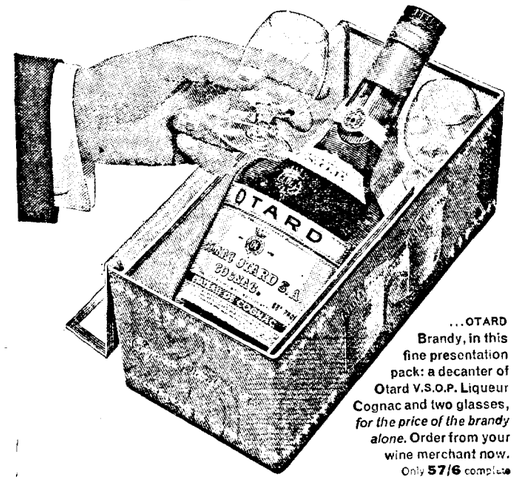

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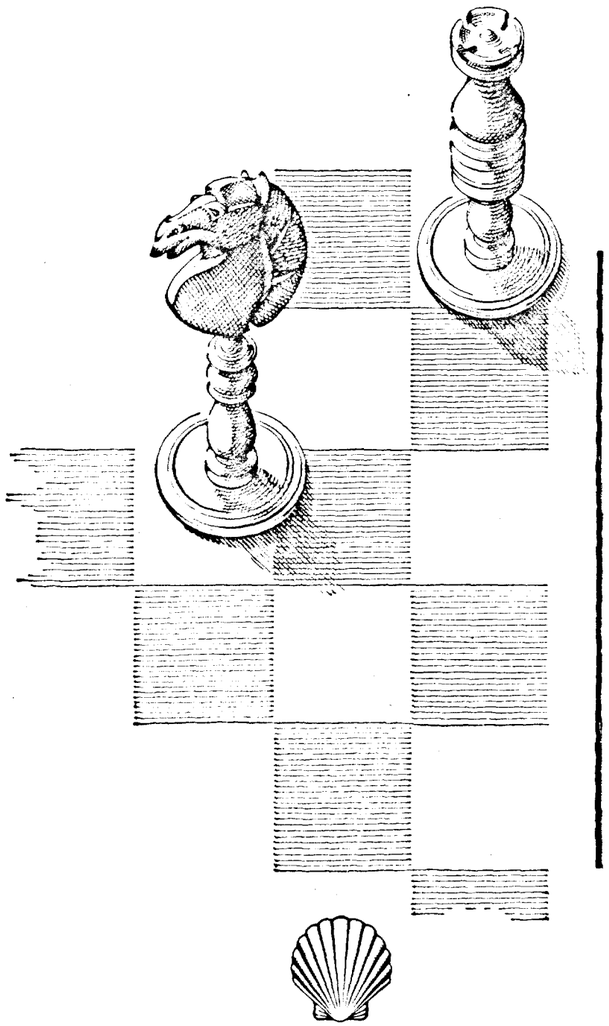

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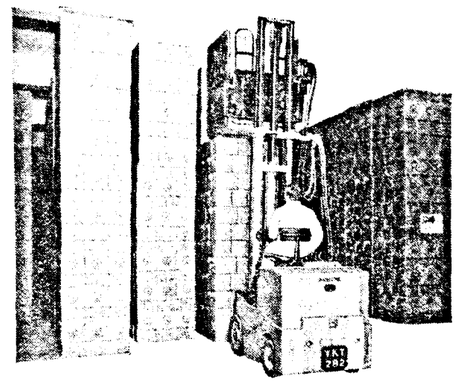

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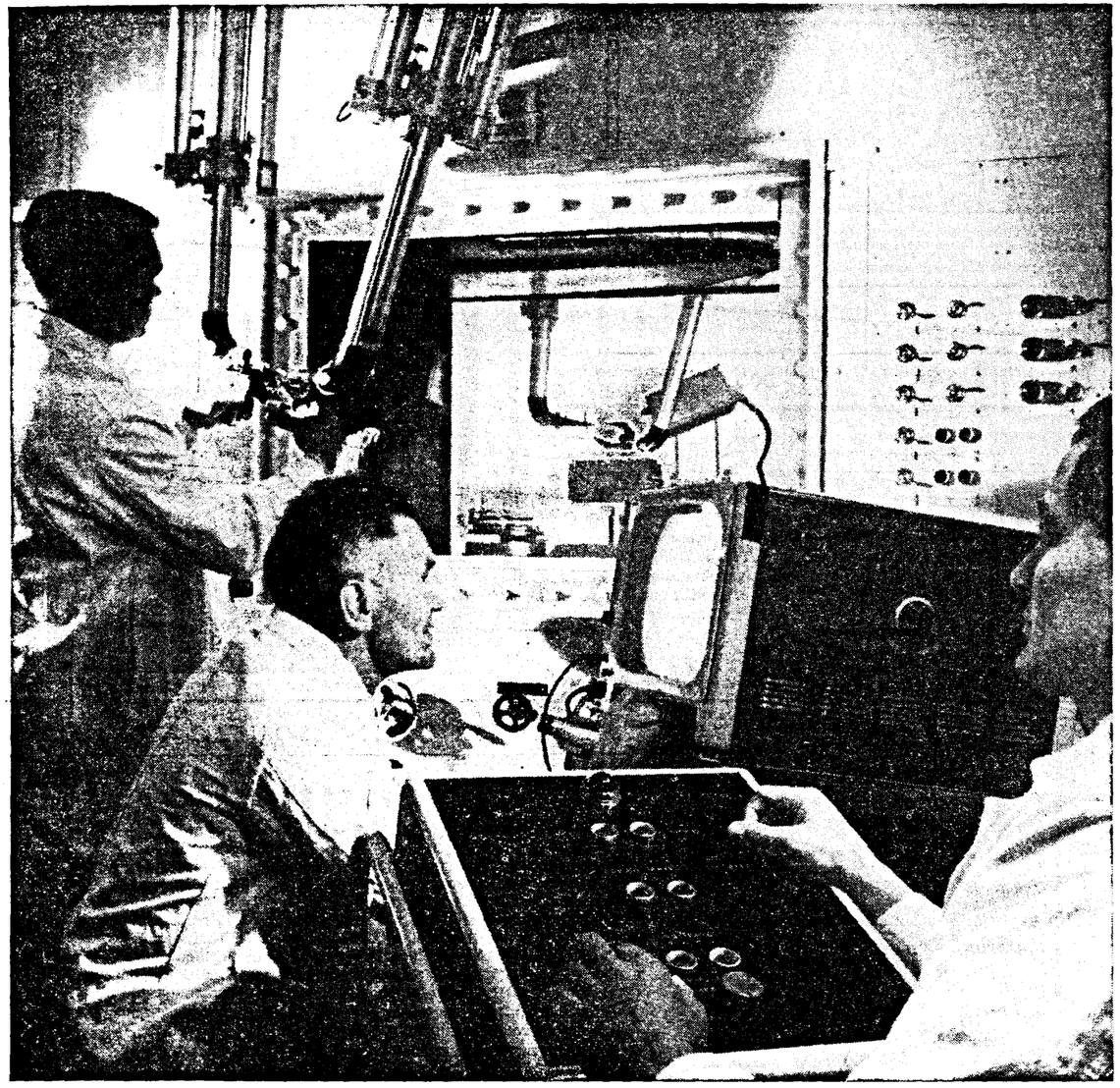

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The Economist

DECEMBER 19, 1959

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VOLUME CXCIII . NUMBER 6069.

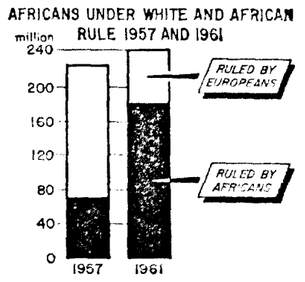
African Deadlines

IN Africa the Colonial Secretary, the British Government and the British people face a year of unprecedented decision. The inexorable advance of African independence is pressing hard against colonial territories in which substantial white communities are settled. In 1960 white citizens have got to be put in the power of black. Indeed, in this last fortnight of 1959, the process has already started.

The past week has been a memorable one in Africa's history. This is not merely, or even mainly, because of Nigeria's pre-independence election. From that election the conservative Northern People's Congress has emerged as the largest party, but the big gains by Dr Azikiwe's nationalist and radical alliance in all three regions look as if they have been the most significant pointer to the future. The voice of nationalism and probably of pan-Africanism will soon be heard from the centre of a big Federation of 35 million African people. In the same week, to the west of Nigeria, General de Gaulle has conceded that full independence is also the goal of all the states of the French community, not just of Guinea and Mali; while, to the south, the Belgian Congo has started its six-week-long poll in what may prove to be its pre-independence election also. But the really momentous announcement has come from Tanganyika, where Mr Nyerere has won the decisive point that the next election (in September) will be fought for responsible government on a common roll.

For the first time a sizeable community of white settlers, as well as Asians, will thereby pass under the authority of a predominantly and increasingly African party and government. This is the watershed in African developments. The "white belt," which used to be thought of as extending from Somaliland to the Cape, is cracked open. And this is being done in a country which, in terms of trained African cadres, is even worse off than Nyasaland. True, the white settlers are barely 20,000 strong and many of them are Greeks and Germans; true, the Colonial Office is going to insist on a qualitative franchise which will ensure (broadly) that only literate Africans get the vote; true, the non-Africans are to have 21 seats reserved to them in a house of 71; true, race relations have been good in Tanganyika and Mr Nyerere himself has been as moderate as he is modest. None of this can obscure the fact that power over the future and fortunes of white settlers is, rightly because inexorably, being transferred to Africans. Link these things with what is going on in west Africa and the Congo basin, add the independence of Somalia, and the implications for policy in Kenya and Central Africa become very sharp indeed.

In Kenya they are so sharp that Britain can no longer avoid the point of them. Gradualists have run out of further expedients to use, and African ambition threatens to explode in violence if the big decision is not now made. Mr Macleod is very prudently reconnoitring the field before the colony's constitutional conference in London in January, for there is every sign that this will reach no agreement. He has also given himself some slight elbow room until May, when a conference will be held with Mr Nyerere in order to decide upon



NIGERIA

The Hon. Alhaji Abubakar Tafawa Balewa is prime minister of the Nigerian Federation, and deputy leader of the strongest party, the Northern People's Congress. Though a nominee of Sir Ahmadu Bello, the powerful Northern premier, he has his own views on Nigeria's future.

The Hon. Dr Nnamdi Azikiwe, leader of an alliance between the National Council of Nigeria and the Cameroons and the Northern Elements Progressive Union, was formerly premier of the Eastern Region, and is Nigeria's veteran nationalist (aged 53). Likely to be deputy premier and foreign minister, he would tend to the Bandung block line abroad.

EAST AFRICA

The Hon. Dr Tom Mboya was educated at a Roman Catholic mission and Ruskin College; at 29 he is general secretary of the Kenya Federation of Labour and also deputy leader of the Kenya Independence Movement. He is in fact, though not in title, the leader of the Kenya African elected members.

The Hon. Julius Nyerere, aged about 34, was educated at a Roman Catholic mission and Edinburgh University; he organised the Tanganyika African National Union which won a majority at the 1958 election of elected members of all races. Next year he will be effectively in charge of Tanganyika.

CENTRAL AFRICA

Dr Hastings Banda took a medical degree in Chicago and Edinburgh; practised in London; became the London HQ of Nyasaland's resistance to Federation in 1953. At the age of 54, after an absence of nearly 20 years, he returned to be president of the Nyasaland National Congress in 1958; is now in detention.

Kenneth Kaunda (30, mission-educated) is president of the Zambia National Congress, the extreme and perhaps larger half of the Northern Rhodesian National Congress. He broke with the more moderate Hon. Harry Nkumbula after the 1958 constitution was introduced. Mr Kaunda has been detained in a rural area.

Josuah Nkomo is president-general in exile (he is in London) of the banned Southern Rhodesian National Congress. Aged about 45, he rose to political power in the Bulawayo Railway Workers' Union, and though opposed to federation asks only for relatively moderate political advances for Africans in Southern Rhodesia.

the composition and powers of the new Tanganyikan council of ministers—as well as such formally portentous matters as whether Mr Nyerere himself is to be called chief minister or merely leader of government business. This uncertainty about the exact terms to be used in Tanganyika may serve to brake Mr Mboya's impatience for a few more weeks ; it may preserve some small room for manœuvre when he demands an African elected majority, an African ministry and self-government for Kenya. But the basic choice is whether the Colonial Secretary is going to make the settlement with Mr Mboya or with the Europeans.

By now there should be no doubt in anyone's mind about this. The multi-racial parties in Kenya are plainly not going to work. The Europeans have moved too slowly, and Africa has moved too fast, for these parties to succeed in the growing atmosphere of racial suspicion there, in which Mr Mboya has played his cards as ruthlessly as he has played them well. It has yet to be seen what Professor Mackenzie, the constitutional adviser sent to Kenya at the African leaders' insistence, will make of the proposals of the New Kenya group, which seems to think that the realities of transferring power can still be muffled in fancy franchises that do not quite give black Africans the majority vote. They cannot. The choice before Mr Macleod is little wider than a decision between maintaining full Colonial Office control (partly delegated to the white settlers) which means holding African nationalism down by force—and will lead nowhere—or making a settlement with Mr Mboya. It will be all Mr Macleod can do to get as good a deal from Mr Mboya for the Kenya whites and Asians as Mr Nyerere has given in Tanganyika: a transitional period, but effective transfer of power this coming year. It will be far better to accept now that the 65,000 white men in Kenya must take the road on which the 20,000 white men of Tanganyika have this week set foot.

AND so to the hardest problem of all. Mr Macmillan, during his flight over thousands of miles of African-held territory on his way to Salisbury and Pretoria, will do well to bear the realities of East Africa in mind. It will be impossible to put first 20,000 and then 65,000 white settlers under African government, whatever the actual terms or timetable of doing so, without creating a precedent that will shake Central Africa to the roots. The Nyasalanders, who already argue that they have more trained Africans than Tanganyika with whom to sustain self government, will point out that the interests of far fewer (7,000) European settlers have to be taken into account in their country. The African National Congresses in Northern Rhodesia will argue that the interests of only a few more white settlers than in Kenya (75,000 of them) hold them back. But in this they are wrong. The essential difference is that, to the south, 220,000 white settlers in Southern Rhodesia hold the citadels of political power. Everywhere else except in the Rhodesias a unilateral decision by the British Government could (and very soon should) bring a black government into prompt existence ; but in the Rhodesias the immediate consequence of any such British attempt would be to drive Southern Rhodesia into South Africa's hands.

What Mr Macleod ought to want in Central Africa is African-dominated territorial legislatures and ministries in

Nyasaland (almost immediately) and in Northern Rhodesia (soon), but associated in a Federation (under that or some other name) with a Southern Rhodesia in which African preponderance is impossible of attainment, with or without bloodshed, for some time. Eventually, of course, African nationalism is going to become as irresistible in Southern Rhodesia as everywhere else. If the white Southern Rhodesians are ruling a separate and isolated country when it rises to boiling point, everybody has seen from South Africa what tragedies will occur ; if the region they ruled were then part of a steadily advancing federal state, associated with African partners who had learned the responsibilities of office in their own districts, and with a federal business community that drew much of its prosperity from the Northern Rhodesian copper belt, every sane step towards a Kenyan or West Indian solution would become that much easier for them to accept.

It is one of the ironies of history that it is African hatred of the word and image of Federation that may now do most to make this solution impossible. If it is impossible, then no liberal in this country would support what Sir Roy Welensky might like to mean by partnership between himself and Britain: a skilful political bargain whereby, in exchange for fair words, continued colonial prerogatives and new preambles, Britain would find that it had, in the cause of giving the Federation a further period of probation, undertaken to keep all forms of African nationalism down by force. Anybody who looks at the dramatically changing map of Africa (see *page* 1144) must see why there is such desperate reason to wish that federation could succeed, partnership become real, a temporary buffer be created between Southern Africa and the advancing northern tide, the white minority prepare to cede control and the Africans to take it over responsibly, with all suspicion spent. The only logical objective of British policy at the end of 1959 is to search and search again for any structure of federation that has any hope of working in this way ; no places of pride in African history will be accorded to those, black or white, who have chosen to boycott the Monckton commission, and to abdicate from the task of finding out.

Afro-Irish Assembly

As new members come forward and habitual attitudes pall, the United Nations Assembly is becoming less stereotyped in its moods. But the danger of ineffectiveness remains.

LIKE an iceberg upside down, the United Nations' glassy crags rise from Turtle Bay with most of their bulk above the surface and only a fraction below. But, as with other icebergs, it is the bit below the waterline that matters. Most of the UN Assembly's visible activities are calculated to confuse the average observer. Should he accept the Russian complaint that America dominates the assembly, the French complaint that the Asians and Africans dominate it, or the curiously belated recognition by some western commentators that America no longer dominates it ? If, as is now said, it has become the smaller nations' instrument for restraining the great powers, why has it done no more about disarmament than hand the problem back to the powers to settle ? Why, if Asia and Africa are now so dominant, has the assembly failed to adopt even a very moderate resolution on Algeria ?

The 1959 session, which ended in the small hours of Sunday morning, resembled earlier ones in too many ways. Twin torrents of oratory and paper were, for three months, daily flushed away into a kindly oblivion. Brevity was the exception, predictable repetition the rule. (The Belgian foreign minister, Mr Wigny, remarked at an early stage that most of the speeches would have been monotonous if they had not been pitiable—but this thought did not stop him from adding his quota.) With a single voice, five hundred delegates claimed to speak for suffering humanity, for peace ; after which pious gesture, most of them fell to chaffering over their particular interests. One must look closely to find, somewhere in this voluble crowd, men working for a general good.

The relatively mild tone of this year's debates was largely a mere reflection of the better atmosphere in the world outside. With Washington and Moscow getting on so famously, the other member governments might have seized the opportunity to offer helpful initiatives of many kinds. Instead, the feeling of relaxation encouraged many of them to mount their pet hobby horses and ride off in all directions ; and, as usual, it was hard to find anyone ready to make himself unpopular by heading them off. Of the various debates on themes almost wholly divorced from reality, those in the social and cultural committee were outstanding. This committee's chief claim to fame in 1959 was its decision that " freedom of information " should not extend so far as to entitle journalists, those notorious nuisances, to " seek " information ; at most, they could " gather " it. At one point, while its female members were debating whether the highly hypothetical rights of the world's children began at birth or at conception, the males fell almost silent, too numbed or perhaps too embarrassed to intervene. It was left to the redoubtable Princess Ping Peang of Cambodia to strike a rare note of honesty by revealing that several of the speeches had sent her off to sleep.

Little wit quickens these soporific exchanges. One had to wait a long time to hear an Irish delegate remark that failure to help backward countries would show that " the most underdeveloped territory in the world lies directly beneath men's hats." Indeed, the main function of the speechmaking is to fill in time while votes are canvassed, or compromise sought, in the corridors and lounges and in closed caucus meetings. This explains the occasional difficulty in getting a debate started at all (as in the cases of disarmament and Algeria this year). Perhaps a supply of pre-recorded, non-controversial oratory could be piped like " Muzak " through the headphone system to provide the necessary atmosphere ; delegates could then use their negotiating time to better effect, for they would no longer have to sit and listen just in case something significant was actually said. Better still would be a rule that no speeches should be made until a resolution had been tabled ; ideally, indeed, no speeches until after the voting (when many delegates

insist, in any case, on giving a lengthy explanation of their votes).

But the voting figures can be almost as misleading as the speeches. Many newspaper headlines, for instance, presented this session's voting on Algeria as a success for the Afro-Asian group. In fact, it was the French who were much relieved by the outcome, while the representatives of the Algerian rebels in New York were correspondingly cast down. This was not just because, with 39 votes in favour, 22 against and 20 abstentions, the necessary two-thirds majority was not secured. What signified was that the eleven Arab delegations could get only the ten communists and a mere 18 of the remaining 61 members to join them. They did not even get the full Afro-Asian vote (Cambodia, Iran, Japan, Laos, Siam and Turkey abstained); they got only five Latin Americans, little inclined though these republics now are to follow a United States lead; by watering down their text nearly to meaninglessness they finally won the support of Sweden, but they still got none of the other usually sympathetic Scandinavians, nor even Ireland. And as the assembly becomes more sophisticated, delegations are—very wisely—becoming less interested in illusory voting victories based on numbers, and more concerned to win over those members whose independence of judgment is widely respected.

Mr Khrushchev's advice to the delegates that they should vote only for resolutions that all members can accept is still being ignored (not least by the three Soviet delegations); but the growing desire to obtain, in an assembly where no one group now prevails, support broad enough to sustain a claim that it really represents the general will, has led almost all parties to draft their resolutions more temperately, and to conciliate opinion by showing more restraint in their speeches. There are naturally exceptions. Most of them are familiar. Nobody is surprised to hear Mr Lequerica of Spain having a crack at "social-revolutionary Genghis-Khanism," or Mr Shukairy insisting that disarmament and Israel are incompatible. But this year, despite the general mood of moderation, some jarring notes have also been struck by the newest UN member, Guinea, and have reverberated through the whole African group and beyond.

AFRICA gave the 1959 assembly its strongest flavour. It is odd how the seating order in the assembly hall sometimes takes on a symbolic character. This year, it brought Ghana and Guinea to the two ends of the front row (and banished France to the very back). African questions have been unprecedentedly prominent during the session: the French nuclear tests in the Sahara; Algeria, Cameroons, Somalia, Togoland; the status of Portugal's colonies, the violence in Ruanda-Urundi, and the familiar group of items involving South Africa. Messrs Endeley, Foncha and Ifeagwu swelled the ranks of the British delegation, MM. Houphouet-Boigny, Senghor, and others those of the French; and the prospect loomed that by next year the assembly would be trying to make room in its already overcrowded chambers for the delegations of Nigeria, Somalia, Cameroons, Togoland, and possibly Mali and other new members. Little wonder that Mr Hammarskjöld is just setting off on a remarkably intensive African tour.

President Sekou Touré's personal appearance left a more vivid mark on the assembly than Mr Khrushchev's. At the end of November a small but significant omen was to be observed: Mr Charles King, the permanent representative of Liberia, turned up in flowing robes to preside over a committee session. Keeping up with the Tourés (the president's brother leads the Guinea delegation) is a task that has led the whole African group into some strained situations, and weakened the already loosening cohesion of the larger Afro-Asian caucus. The Guinea delegation's needless attack on Israel embarrassed Ghana; its intransigence over the future of the Cameroons led to a painful split in the anti-colonialist ranks; its general conduct is making the veterans in the Bandung group a little less enthusiastic than they ought to be about next year's African influx. But the magnetic field which the Guineans' exuberant actions have created among other African delegates is a fact that cannot be denied.

In the second row of this year's assembly seating sat the Irish, whose quite different exuberance has also marked the session. When the delegates from Dublin first appeared at Turtle Bay three years ago, it was expected that their main contribution would be to end the unhappy alphabetical juxtaposition of Iraq and Israel. (Israel's other flank, formerly also resting against an Arab neighbour, is now shielded by Italy; and the Irish, Israelis and Italians relish among themselves the claim to be the joint delegation of New York City). Previous experiences, as at Strasbourg, misled some observers into expecting endless variations on the theme of partition. Instead, the Irish have startled the assembly by providing it with a flow of stimulating initiatives on almost every other subject.

At this session, Mr Aiken, the foreign minister, spent two months in New York and personally presented the Irish initiatives on Tibet and on the halting of the spread of nuclear arms from nation to nation. Mr Boland, the permanent representative at the UN, has won such widespread respect, in spite of the irritation that the recent Irish moves have caused to all the great powers in turn, that he is a strong candidate for the presidency of the next assembly (though his elevation would be a sad loss to the floor). The small, young, and bouncy Irish delegation has shown how much impact can be achieved by a UN member which cannot be branded as a mere tool of one of the big blocks, if it sets out not to gain some narrow sectional interest but to stir up the general conscience of the assembly on broad issues. Its liveliness is thus the exact opposite of Guinea's.

Perhaps the assembly needs a few more Irelands of this kind. Moderation is certainly gaining ground; but moderation can slide imperceptibly into inertia. It is good to see how many of the newer member states have rallied to help the by now old established "fire brigade"—of which the Scandinavians are the main nucleus—that can usually be counted on to work for conciliation and to ease the assembly out of futile deadlocks. The assembly cannot afford many more humiliating tangles of the kind typified by this year's deadlock over a Security Council seat. But it also cannot afford to lapse into quiescence, leaving disarmament to the Ten, nuclear tests to the Three, and Laos and almost everything else to the secretary-general, whose growing load of responsibilities has its disquieting features. If the United Nations idea is to survive and succeed, somebody has to keep the sluggish monster of Turtle Bay from lying down in its tracks. As well as Scandinavians to coax, it needs more honorary Irish to goad.

Hungarian Inquest

East and West continue to dispute the rights and wrongs of what happened in Budapest three years ago; Hungary has to live with the consequences

ECHOES of what happened in Hungary in the late autumn of 1956 are still reverberating, three years later, across the iron curtain. In Budapest the proceedings of the Hungarian party congress were shot through with references to those October days. In New York the United Nations General Assembly, after discussing Hungary in an acrimonious atmosphere far removed from the "spirit of Camp David," renewed Sir Leslie Munro's watching brief.

For all practical purposes the episode is closed. But the non-communist world feels compelled to go on protesting against the consequences of a tragedy which it failed to prevent. And the communists, having fabricated one of history's great lies about the Hungarian revolt, apparently feel a compulsive urge to go on repeating it—in the hope, maybe, that enough repetition will abolish the truth. Even Mr Khrushchev apparently felt compelled to reveal quite unnecessarily, in a speech to a Budapest factory audience, that the Soviet leaders had been divided about the wisdom of sending their troops back into Hungary in November, 1956.

Perhaps the people least interested in recalling the events of 1956 are the Hungarians themselves. Their consciences are not troubled; they are not preoccupied with foisting a lie on the world. The past is important to them because of the cause it gives their rulers for continued repression, and because it demonstrates the futility of any sudden new dash for freedom. Otherwise, without regret for the past or much hope for the future, the Hungarians are—by all reports, with stolid resignation—preoccupied with coming to terms with the present.

It is not an agreeable present. True, the "megalomania" of the Stalinist planners is now thoroughly discredited, and the material situation of the Hungarians has steadily improved over the last three years. After the revolt, the Hungarian economy was in a parlous state. But massive injections of economic aid—foodstuffs, industrial raw materials, and credits—from the rest of the communist block have put it on its feet again in a remarkably short time. And although they cannot expect to go on getting special economic help from their communist neighbours, the Hungarians can hope for a modest but steady improvement in their living standards—provided they work hard enough, and that sanity prevails among the planners. But it was not material difficulties and deprivations that drove the Hungarians to revolt three years ago. It was—as Mr Khrushchev virtually admitted during his recent visit to Budapest—the intolerable character of the tyranny that Rakosi had fastened upon them.

THAT tyranny was swept away during the October revolt. Today it is not so intolerable, but it has in effect been reimposed to a considerable extent. Rakosi's secret police, the AVH, have been restored in all but name; their powers have been slightly curtailed but they are as ubiquitous as ever. The information steadily trickling out of Hungary of trials and executions, both of those who took part in the 1956 revolt and of those accused of "counter-revolutionary" activities since, cannot be categorically proved. But it is, to quote the words of Sir Leslie Munro in his report to the UN Assembly, "based on evidence the cumulative force of which commands the most serious attention." No credence can be placed on the denials of the Hungarian authorities themselves. For instance, the categoric denial by the Hungarian minister of the interior at the party congress, that there either were or had been any minors in Hungarian prisons, is refuted by the Hungarian press itself which has on numerous occasions published reports of sentences imposed on young people for their counter-revolutionary activities.

Every section of the community has lost the gains it briefly made three years ago. The workers' councils, which sprang up everywhere during the revolt, were dissolved piecemeal and then formally abolished in November, 1957. The right to strike, proclaimed by the Hungarian TUC during the revolt, was speedily done away with: a decree of January, 1957, provides the death penalty for those inciting others to strike. The peasants, who celebrated the revolt by abandoning the collective farms, have for the past year been under ruthless pressure to rejoin them. The independent youth organisations which were formed all over the country during the revolt have been suppressed; all youth activities are again firmly under communist control. So are the schools, the universities, the legal profession. Most of the writers—those, that is, who are not in prison—have been forced to acquiesce with silent hostility in the regime.

NOTHING that was said or done during the recent party congress introduced any rays of light into this sombre picture or suggested that the regime contemplated any change. Contrary to rumour the old team remains in charge, practically unchanged. With Russian support and Russian garrisons, possessing the apparatus of repression and aware that the Hungarians now appreciate the futility of active resistance, Mr Kadar and his colleagues addressed the congress with a sickening self-confidence. Between them they made it quite clear that they have no intention whatsoever of sharing their power with anyone; those who "adopt a hostile stand" towards the regime will be curbed and punished; the "socialist transformation of the countryside" will be completed within a few years as a preliminary to the "total transformation of the social system"; every effort will be made to root out the admittedly still prevalent bourgeois ideas. In the Hungarian context both Mr Kadar and his patron, Mr Khrushchev, may be accounted moderate men. (It may be significant that in his speech to the party congress Mr Khrushchev, while condemning Rakosi, made no mention at all of Imre Nagy.) But it may not be easy to pursue the course that the Kadar regime has mapped out without falling back into Rakosist excesses.

Nor is it easy for the outside world to do anything about the present state of affairs in Hungary, beyond deploring it at the United Nations. Mr Khrushchev may prefer modera-

tion in Hungary ; he may even feel uncomfortable about the Soviet intervention in 1956. But he implied that in similar circumstances the Soviet Union would intervene again if necessary, and he made it clear that he has no intention of discussing Hungary with any western leaders. Those who try to raise the matter are, he said, " betting on a dead horse." Mr Khrushchev in Budapest and Sir Leslie Munro at the United Nations have both gone back to Hungary's revolt against Austrian domination a hundred and ten years ago to find similarities that justify, the one, Russia's intervention in Hungary, and the other, the West's continuing concern in what happens to the Hungarians.

It is also relevant to point out one vital difference between then and now. In 1849 the British government, enthusiastically supported by public opinion, successfully threatened Russia and Austria with war to stop them from bullying the Sultan into surrendering a band of Hungarian rebels, including Kossuth, who had taken refuge on Turkish soil. Today no great power dare back its demands on behalf of any small power or oppressed people with the threat of war, let alone the reality. Economic pressure is still possible, although rarely advisable, since it is liable only to cause more hardships to those it is meant to be helping ; anyway, in the case of Hungary, whose economy is closely tied in with the communist block, it is bound to be ineffective.

There remains the pressure of world opinion. Over the past three years this has been brought to bear pretty intensively on the Hungarian regime—with, it must be confessed, little obvious effect. This does not in any way mean that the Hungarian question should be, in Sir Leslie Munro's graphic phrase, " swept under the carpet." Public opinion in the free world is right to continue to protest as strongly as possible whenever trustworthy reports of individual repression filter out of Hungary. Such unwelcome publicity may, conceivably, influence a government that is anxious, as the Kadar government in spite of its defiant attitude plainly is, to achieve some measure of respectability.

Of more uncertain value is the present annual debate on Hungary at the United Nations ; this tends to descend into an angry slanging-match in which the fate of Hungary is submerged beneath general charges and counter-charges. It is an excellent thing that the United Nations should keep the problem of Hungary alive in the world's conscience by publishing at regular intervals a factual and objective account of conditions inside the country. But there is a case for abandoning the Assembly's emotional annual debate on Hungary ; this is bound to stir up ill-feeling between east and west without doing the Hungarians any practical good.

The plain fact is that whatever hopes the Hungarian people may have of achieving some amelioration of their present condition are bound up with the future course of east-west relations. If the present efforts to bring about a *détente* fail, the Hungarians may expect their situation at best to remain as it is, at worst to deteriorate. But if east-west suspicions were to diminish and east-west understanding were to improve, then the Hungarians (and all the other peoples of eastern Europe), might just possibly find some of the deadweight of oppression lifted from their backs. It will not be freedom, but it may be an improvement ; and who knows where such an improvement, once started, might end ?

Pre-Summit Summit

The different attitudes to summit policy which the four western heads of government have the task of reconciling this weekend

THE western summit in Paris this weekend (December 19th-21st) has to look forward, not back. But while the big four are bending their minds to the meeting with Mr Khrushchev, the echoes of allied disagreement, however muffled, must still carry into their discussions from the Nato Council debates. President Eisenhower and General de Gaulle are to talk things over privately today (December 19th) ; the American abstention in the United Nations vote on Algeria is only one of the points to be cleared up. The Americans have gone over to the offensive, as our Paris correspondent reports on page 1165. Mr Herter and General Twining have impressed on all their allies that the continuance of United States responsibility for the defence of western Europe is conditional on full participation by the Europeans themselves. Although the chief French spokesmen, M. Debré and M. Couve de Murville, have rolled over and played dead on the military integration issue, both the Americans and British are stirring up German fears for Nato's efficiency and unity. The need to secure the integration of European air defences is now held particularly urgent.

Through the Germans, the United States and Britain are trying to keep General de Gaulle safely in line for Nato. But on summit policy, both Americans and British in their official statements to Nato have made concessions. They have accepted the Franco-German argument that Berlin's future must be tied to the German question as a whole in any talks with the Russians ; and Mr Selwyn Lloyd, echoing Dr Adenauer, has called disarmament " the most fruitful field " for discussion.

The outcome of the Paris talks is intended to be a note (or rather three notes) to Moscow, suggesting a time, place and agenda for an east-west summit conference. The earliest, and most optimistic, suggestion for the date is April 20th, the first convenient time after President de Gaulle returns from London on April 8th (Easter falls on April 17th). It may be harder to decide whether to offer a formal agenda to Mr Khrushchev, and if so what to put on it, because earlier discussions have not reconciled existing disagreements. When, and if, some compromise has been reached the need for further western consultations before the summit may require the creation of a working party of officials. When it has done its work there may have to be a second meeting of western leaders on the eve of encountering Mr Khrushchev in person.

MORE than any leading statesman except Mr Khrushchev, **Mr Macmillan** has made the idea of an east-west summit conference his own. As he told the new House of Commons soon after it assembled (in the debate on the Address, on October 27th), his visit to Moscow confirmed him in his conviction of the need for a summit conference. He allowed himself during the general election campaign (September 30th) a rash prophecy that the date of the summit meeting would be fixed " within a few days," and he has continued to insist since, in spite of douches of cold water from General de Gaulle, that the meeting should be " at the earliest practicable date, in order to keep up the momentum."

What made Mr Macmillan go to Moscow was his concern, felt since the Russian declaration on Berlin in November, 1958, that

the situation in Europe was dangerous and was getting worse. Berlin is to him the prime topic for east-west talks at this stage. **Mr Selwyn Lloyd** was the member of the foreign ministers' conference at Geneva last summer who most doggedly kept alive the view that agreement on Berlin was possible. When the ministers broke up on August 5th they had not reached even an interim agreement on Berlin and they seemed, to the naked eye, still to be far from it; however, the news that Mr Khrushchev had been invited to Washington made it permissible to put the best face on what had been done up to then. Mr Lloyd was thus able, without striking a discordant note, to state his firm belief that " our discussions about Berlin have been of benefit." The relative success of the Camp David talks, which enabled the United States government to agree to a summit conference, also enabled the British Government to adopt as a settled opinion the thesis that an interim agreement on Berlin was now within reach of the powers if they chose to grasp it. Belief in summit conferences as a system of diplomacy can also by now be called a fixed British view. Again to quote Mr Lloyd's concluding statement at Geneva:

> I hope for a system which will consist of periodic meetings at which the great problems affecting the peace of the world may be considered by heads of governments.

Mr Macmillan's talks with Dr Adenauer in London in November brought the only qualification that has appeared in the British view of the summit. An Anglo-German compromise view of the agenda for the east-west summit would appear to include general disarmament, the German question with Berlin, and east-west relations generally. This is a compromise that may work well so long as things go smoothly ; but what if they do not ? It remains the British view that an interim agreement on Berlin is the most likely single possibility for a successful negotiation between the heads of government. And, since Mr Macmillan and Mr Lloyd are thinking not of a single grand assize, but of a series of summit conferences edging their way forward on different subjects in turn, they are not basically averse to an agenda that would offer a single modest, but distinct, chance of success.

FOR long an opponent of any summit meeting without (in the Dullesian phrase) adequate preparation, **President Eisenhower** has now come to favour it, though with a restrained rapture. The Eisenhower initiative in east-west relations last summer was principally concerned with improving Soviet-American contacts, of which Mr Khrushchev's tour and his own return visit to Moscow next spring are only part. It seemed to be chiefly as a gesture to Britain and France that Mr Eisenhower agreed to include them in these exchanges by envisaging the idea of a summit meeting to be held some time before the end of 1959.

The conclusive argument for him, as for **Mr Herter**, the Secretary of State, has been that since the Camp David meeting in September the Russian ultimatum on west Berlin has been lifted. It thus became possible for the United States to consent to the resumption of negotiations. In Mr Eisenhower's words at his press conference on September 28th, after the Camp David talks:

> We agreed . . . that these negotiations should not be prolonged indefinitely, but there could be no fixed time limit on them.

Even although Mr Eisenhower has since inclined to Mr Macmillan's views on the desirability of holding the summit this year, he has been prepared to allow General de Gaulle to set the pace, apparently believing that this is a necessary contribution to western unity. But the indications from Washington are that the United States agrees with the British contention that little progress can be expected on any issue at the summit, except on an interim arrangement for west Berlin. Thus, Mr Herter specifically told his press conference on November 24th that he now believed a new arrangement on Berlin could be worked out that would be better than the one existing at present. Mr Herter said that the Russians had " come a very long way " in their attitude on the Berlin question in the past year.

It seems probable, in the light of the foreign ministers' last exchanges at Geneva, that both the United States and Britain might be prepared to reduce their Berlin garrisons and accept some common restraints in return for renewed guarantees of right of access, perhaps with a United Nations " presence."

IN **General de Gaulle's** opinion (as he told his press conference on November 10th) the impulses pushing Mr Khrushchev towards a summit conference include the present balance of military power, the Russian people's concern to secure liberty and a better life, and the rising power of communist China. For himself, the general has never betrayed public anxiety to hasten such a meeting, although he has expressed himself as favourable in principle. In fact, his opposition to the Anglo-American wish to call a full summit before the end of this year was all too evident, and the present international situation has developed from his insistence on November 10th on three conditions for a summit conference. These were that the improvement of international relations should continue, that the western chiefs of state should reconcile their differences, and that he should have personal talks with Mr Khrushchev (arranged for Mr Khrushchev's visit to France, March 15th-29th) beforehand.

General de Gaulle has consistently upheld the west German position, particularly over the question of Berlin, in all discussions about the summit. French policy has given greater priority to securing the integration of west Germany into the west European political and economic community than to efforts to reunite Germany. Clearly it expects little from a summit meeting on Germany, and has sound, if selfish, reasons for delaying its consent to one. While the general has not voiced any disagreement with Dr Adenauer's suggestion that disarmament might provide the chief subject at the summit, French nuclear ambitions seem to preclude particular interest in this topic, too, except in the terms that M. Jules Moch has already put to the United Nations. These were that France insists on the right to become a nuclear power, irrespective of arrangements between other states, so long as full disarmament measures, including the cut-off of fissile material at the factory and the destruction of existing stocks of nuclear weapons, are not accepted by the other powers, presumably as part of a general nuclear and conventional settlement.

General de Gaulle has usually visualised the summit as an isolated, and decisive, peak, such as Teheran, Yalta and Potsdam (from which he was excluded) appeared to him to be. From this has sprung some, if not all, of his distrust of the idea. So far, he has not responded to Mr Macmillan's conception of a series of peaks. He has, however, made it clear that he does not wish to attend a meeting confined, as at the last Geneva summit in 1955, to expressions of mutual good will without any concrete diplomatic results.

LIKE General de Gaulle, **Dr Adenauer** is evidently in no hurry for a summit meeting. But he has left it to General de Gaulle to conduct the rearguard action in public, to insist on lengthy preparations and to upset the timetable by arranging to entertain Mr Khrushchev in March. Dr Adenauer, in contrast, has been making an effort not to appear obstructive in public. At a press conference after he had met General de Gaulle on December 3rd, he indicated that the summit conference might take place in Paris in the second half of April.

At one time it was expected that west Germany might attend the summit meeting whenever matters affecting Germany were discussed. Last week Dr Adenauer told a group of Christian Democrats at Bonn that he would not press to attend except when and if his allies wanted him. Once more he is prepared to leave the safeguarding of his interests to General de Gaulle ; at this stage it is more important to him to keep the east Germans away than to be there himself.

The German Chancellor evidently regards disarmament as the proper main topic for the summit agenda. Aid to the undeveloped countries is another subject on which he and General de Gaulle agree ; Dr Adenauer is also anxious for some plain things to be said to the Russians about not interfering in the internal affairs of other states.

The Chancellor has little enthusiasm for a discussion on Berlin, for he fears that any new arrangement there could only weaken the West's position. In Paris at the beginning of this month he and General de Gaulle agreed that the legal basis of the Berlin statute must not be put in question, though this would not exclude a revision limited to technical matters. Dr Adenauer would not want to see even such a limited technical discussion except in the context of a negotiation about the German question as a whole ; and nobody in Bonn, any more than anywhere else, expects anything from that.

NOTES OF THE WEEK

HOUSE OF COMMONS

Plums and Pains

BOTH Prime Ministers and nowadays "Shadow" Prime Ministers have their powers of patronage. The difference is that when one is in office, just having won an election, it is easier to overshadow those who have been disappointed in the distribution of plums. No one is more conscious of this than Mr Macmillan, whose present main problem seems to be not that of satisfying ambitious politicians but of retaining an unambitious one. Mr Heathcoat Amory has, on several occasions, taken Mr Macmillan by the arm and said that so far as he and the Chancellorship are concerned enough may soon be enough. Some time after the passage of next year's Finance Bill, perhaps. . . . After what happened over *The Times* and Mr Selwyn Lloyd this may not be widely believed in the country. The likelihood of the need for a change may not even be seriously believed by the Prime Minister, who is probably confident that he will in the end persuade Mr Amory to stay—for what could be nicer than having a man who is at once so competent and so unassuming living next door? But the Chancellor's wish not to stay much longer certainly is widely believed throughout the Cabinet—and makes for an intenser brand of loyalty to the man who will appoint his successor.

Mr Gaitskell's "shadow" appointments on the other hand cannot have quite the same conclusive ring. So long as the "1951 rule," by which only those who served in Lord Attlee's Government and those elected to the Parliamentary Committee spoke regularly from the front bench, was in force, a surprising range of Labour members nursed illusions that they could expect office in a Labour Government. The ending of the rule and the selection of backbenchers to lead on important topics for the Opposition has brought a bump of reality. This explains a good deal of the present ill-humour within the parliamentary Labour party. It manifested itself, for instance, in the defeat of Mr Wedgwood Benn, who had been chosen by Mr Gaitskell as the Opposition's spokesman on transport, for the chairmanship of the party's transport committee by a trade union member, Mr Popplewell. Mr Roy Jenkins and Mr Douglas Jay, two Gaitskellite economists, were also rebuffed in the election of officers in the finance committee. However, most of Mr Gaitskell's new dispositions are justifying themselves in debate; last week saw a particularly brilliant front bench inaugural from Mr Benn.

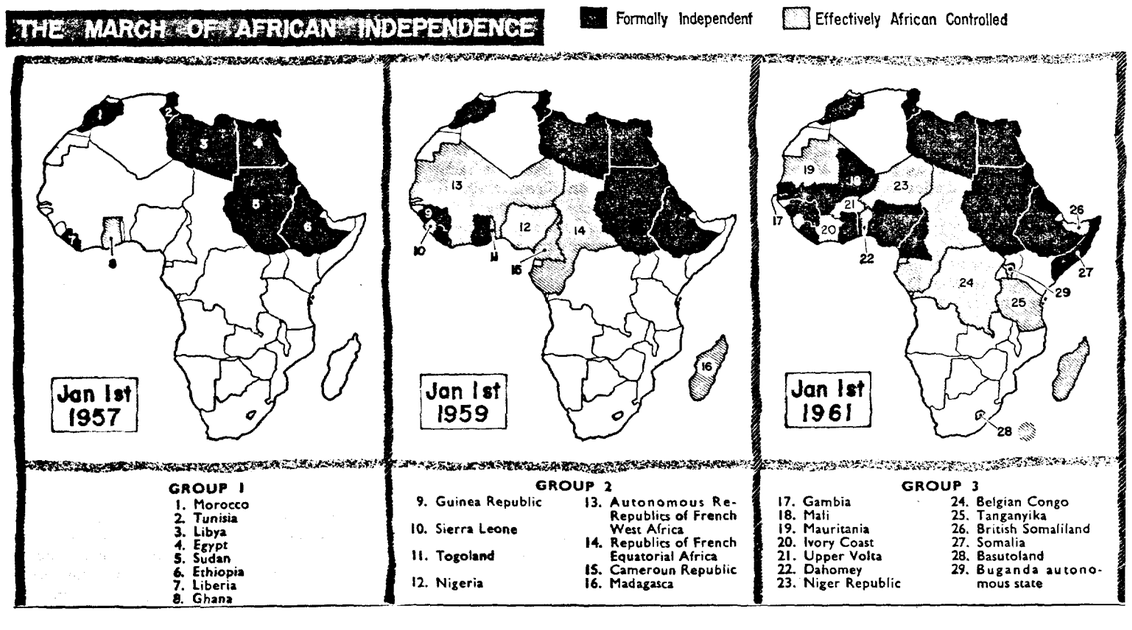
Temperate Tories

THERE was so much talk on the immediate morrow of the election about the dangers of the Tories going hog wild with success that one of the party's main moods in the period up to the recess has been a determination to disprove it. There has been much less pressing of specifically Tory views so far than many had expected. But these are early days. One of the main reasons why specific pressure points have been slow to develop is that the older members with their established hobby horses have yet to complete their sounding out of the exceptionally large number of new boys, many of whom have still to make their maiden speeches. The main points of friction are likely to be those where economic liberalism co-exists uneasily with traditional Tory protectionism. A recent move within the party to advocate the cutting of housing subsidies, for example, struck new members who had won marginal seats in urban areas as being an interesting intellectual exercise but politically unpleasant.

Conversely a protectionist by principle like Mr Robin Turton is applauded on the Tory benches for old time's sake, especially when he is scoring points off a Liberal like Mr Arthur Holt. But in private, with many a nostalgic sign of regret, Mr Turton is regarded as a stranded whale. Yet when it comes to the crunch of horticulture the protectionist pressure is likely to present a severe test of the Government's liberal intentions.

The pressure for birching, on the other hand, is not so great as had been expected, as far as the parliamentary party is concerned. There is indeed some reluctance to make any move which would give the Tory women outside any excuse to shrill out an unnerving cheer. The real discontents revolve around the pig—because of the bacon agreement with Denmark, pork imports from Canada, and current discussions over Polish trade; Schedule A income tax; private patients' prescription bills; and the evidence being submitted by government departments to the Royal Commission on the government of London. London members, many of whom have had the frustrating experience of sitting in permanent opposition to Sir Isaac Hayward, or dealing with him as mayors of Conservative boroughs, are less enamoured of the present powers of the LCC than civil servants in Whitehall, who enjoy dealing with the efficient bureaucracy of County Hall.

(*See* "**African Deadlines**," *page 1137*)



LABOUR AND NATO

Atoms for Germans

THE fuss inside the Labour party about Mr Mendelson's motion on the order paper against the supply of "tactical atomic weapons and missiles of nuclear capability" to western Germany did not amount to very much. Only fifty-two members turned up to the joint meeting of the party's foreign affairs and defence groups to discuss it, even though there had been 116 names on the motion. Mr Bevan easily persuaded those who came that the motion was badly worded, that the party had not receded from its position at the Scarborough conference against the equipment of west German forces with nuclear weapons before summit talks, and that the "shadow cabinet" would demand a debate of its own after Christmas.

But the lull in the party discussion may be deceptive. The rearmament of Germany is a very sensitive issue and many Labour members feel that it must be made symptomatic of their determination to act like an Opposition and not like a responsible government. Men like Mr Denis Healey and Mr George Brown, who have made themselves very expert at the intellectually intriguing calculus of deterrence, so closely allied to the philosophic theories of games, are in some danger of falling very far out of touch with those colleagues who feel in their bones that they just do not want the Germans to have access to nuclear bombs.

Most Labour members are not over-impressed by the argument that for the time being the Americans will hold the warheads, since the whole argument for letting the Germans and other Europeans have deterrent weapons of any sort rests on the supposition that a purely American deterrent is ceasing to be credible. And they are likely to think it over-sophistical for the party which is against German nuclear armament to fight to the last ditch on the proposition that west German forces in Nato should have the short-range Little John missiles but not the longer-range Matadors and Maces. After all, they will conclude, the Germans are ingenious chaps and if they are allowed a small weapon of this sort it will not be long before they have a larger one.

EUROPE

Mr Thorneycroft Speaks Out

THE outstanding, in a sense dominating, speech in Monday's debate in the House of Commons on the new European Free Trade Association was made by Mr Peter Thorneycroft, back in the House after an illness. With great moderation, and complete loyalty to his former ministerial colleagues, he set out to lead the House along towards a greater understanding of the essentially political choice that confronts Britain in western Europe. While he did not say (as the Liberals did) that Britain should adhere to the Treaty of Rome, Mr Thorneycroft made it plain that the bridging of the gulf in Europe required a political decision, a sacrifice of sovereignty, and common action of the type for which, as yet, only the Treaty of Rome provides.

One historical note was also of interest. Mr Thorneycroft pointed out that it was he, who as President of the Board of Trade, drafted the original free trade area proposal and put it before the cabinet. He now said: "I see no prospect whatever of . . . resuming talks in Europe on the basis of this proposal." He alone, too, of all those who spoke, seemed aware that western Europe, with all its problems, is only one part of a continent that is divided—between east and west—already.

A creditable parallel effort to educate the Labour party in European realities was made by Mr Roy Jenkins. Like Mr John Edwards earlier this year, he realised that both Labour's own philosophy and the need to come to terms with the community required a good many forms of common action—rules of competition, joint efforts to deal with redundancy and develop backward areas, common full employment policy, harmonised tariffs—that have more in common with the Rome treaty than with that of the Seven. His observations are timely. In response to the Swedish suggestion for a resumption of negotiations, a committee of the European commission has just reported that the introduction of such provisions would be an essential prerequisite of any possible merger with the Six.

The House as a whole showed rather more awareness than it did in February of the dangers of the division in western Europe, but there was no consensus of opinion on the solution. The poor attendance and the slender coverage given to the debate in the press demonstrate, once more, that too many British minds are still closed to this subject.

The American View

MR MAUDLING, when he wound up the Commons debate, took the opportunity to refute the view, "which often comes from across the Atlantic," that there is no political content in the new Stockholm agreement. Political unity, he held, must be measured not by institutional forms but by political will. His remark was no doubt prompted by his encounter with Mr Dillon the week before; indeed, the debate threw a good deal of light on the view of the United States. The Americans, as Mr Amory made clear, accept and tolerate the European Free Trade Association as a commercial arrangement legally consistent with the General Agreement on Tariffs and Trade. But they are not prepared to come out in the open and give the scheme the public blessing the British have been asking from them. Having long ago backed the European community as a means of uniting Europe, they have made it plain that they see no reason for attaching the same political significance to the Seven.

This is important to bear in mind before the meeting of the Organisation for European Economic Co-operation due on January 14th, for it would be a pity if the good work which could be set in train then were hampered by illusions. The Americans have two clear purposes in mind for OEEC or some linked organisation: a joint effort to aid the undeveloped countries, and talks on Atlantic or world-wide reductions in trade barriers.

What the United States cannot be expected to show interest in is a new plan for a deal between the Six and Seven involving discrimination against itself. The Americans just now are less interested in the relation between the two groups than in the American balance of payments. That is why they endorse the attitude of the European Commission that the next effort to get tariffs down will have to be world-wide in scope.

Because there is no ultimate prospect of a complete removal of tariffs on an Atlantic or world-wide basis, and because Britain is a part of Europe, the need for a European negotiation remains. But as more than one speaker pointed out in the Commons debate, OEEC may not be the best place for this, just because it is a new political approach that is needed.

CROWTHER REPORT

For Political Decision

SIR DAVID ECCLES, in introducing the Crowther report on the education of teenagers last week, subscribed to its aspirations and general principles, but made it clear that he would not prepare to act on its recommendations until he had sounded public opinion about it. So far the report has had a generally, though not uniformly, favourable reception from the national press; but it has encountered much more opposition from educational bodies and the specialist press under their control. In fact, educationists disagree on the central recommendation—the report's top priority for the raising of the school leaving age to 16.

The specialist opposition to Crowther can be divided into three parts. The *Times Educational Supplement* represents the most wavering part. It pointed out that its own view had always been to put county colleges (compulsory part-time education to 18) before raising the school leaving age, but declared that the council's contrary argument

> is the strongest part of the report. While we can see our way clearly to what might happen in an extra year at school, and the recruitment of something like 18,000 more teachers that is planned now presents no impossible difficulty, county colleges would require far more building and the question of what they should do and what kind of teachers should do it are hopelessly vague.

But it does not indicate that it is entirely convinced by the argument yet. *Education*, the official organ of the Association of Educational Committees, is much more flatly opposed to compulsory raising of the leaving age, which it believes "must contend with the promising trend towards [later] voluntary leaving"; it is obviously afraid that the presence of resentful sixteen year old pupil-conscripts may ruin the refreshing atmosphere of present classes of sixteen year old pupil-volunteers.

There is here a clear and understandable clash of educational aims, between which politicians (not simply educationists) ought to make the choice. *Education*, supported by many leading state school headmasters, thinks that the main national aim should be to concentrate on the best possible education for those children whose parents are intelligent enough to want them to stay on; the Crowther report thinks that it is more important to spread education more widely, among children who are less privileged in the sort of parents they have.

A little below this level of argument the *Schoolmaster*, which is the voice of the National Union of Teachers, has accepted the recommendation for a later leaving age, but grumbles that two, instead of one, leaving dates in the final year is "half a cake"; on county colleges it says that it must "protest against the somewhat glib and facile plans for a piecemeal introduction." It is not unfair to characterise the union's attitude as being in favour of much more money for every educational advance at once.

OFFICES BILL

Bad Offices

LAST Friday, in a thinly attended House, 124 Opposition MPs and five Tories successfully defied the Government's advice by giving a second reading to a Labour private member's bill, which provides for the inspection and compulsory improvement of offices. The object of the exercise is said to be to provide office workers with an inspectorate "something similar" to that which protects factory workers under the Factory Acts. As there are at least four times as many offices as factories in the country (over one million against 250,000), this in itself would be a huge undertaking. But in fact the bill, following upon the Gowers report of ten years ago, goes much further. The primary concern of present factory legislation is with health and safety; the primary concern of the regulations proposed for offices—about the numbers of wash-basins per worker, adequate facilities for hanging coats, statutory space between desks, etc.—is to achieve a "great increase" in office workers' welfare. The philosophy behind the bill is "improvement within six months of the bill's enactment—or else."

Perhaps it is unfair to attack such detailed provisions of the bill as the six months clause; all its sponsors agreed that they would accept rewriting in committee. But advances could not be magically achieved by the appointment of inspectors alone. They could be achieved only by devoting many more building resources to patching up offices, at the expense of building new factories and houses (which has not been Labour policy hitherto); or by closing small sub-standard offices altogether and throwing their workers temporarily out of employment (which is not said to be Labour policy now); or by both.

How fast do the sponsors of the bill really want these processes to go? There is a strong case—even at the expense of abruptly closing down some slum offices and creating some temporary unemployment—for enforcing the full rigours of the Public Health Act of 1937; there may well be a case for strengthening the right of entry of Public Health Officers into offices (at the moment they can take action only if grossly insanitary conditions are brought to their attention). If the replacement of old offices by new ones was plainly taking a disproportionately small share of national resources, while everything else was booming, there would be a case for going even further; but this is hardly an accurate picture of the pace of change just now.

The aptest comment on some of the reformist arguments used in the debate was unconsciously provided by one of the bill's supporters, when he talked of overcrowding in the House itself and claimed that:

> The relative death rate among MPs is rather higher than that of any other occupation in the world.

If so, what does Mr Hale want a new bill to do for Parliament? Insist that a new chamber be built, or a number of members compulsorily unseated, within six months of its enactment? Or, alternatively, send an inspector to close the whole show down?

IRELAND

Talking Irish

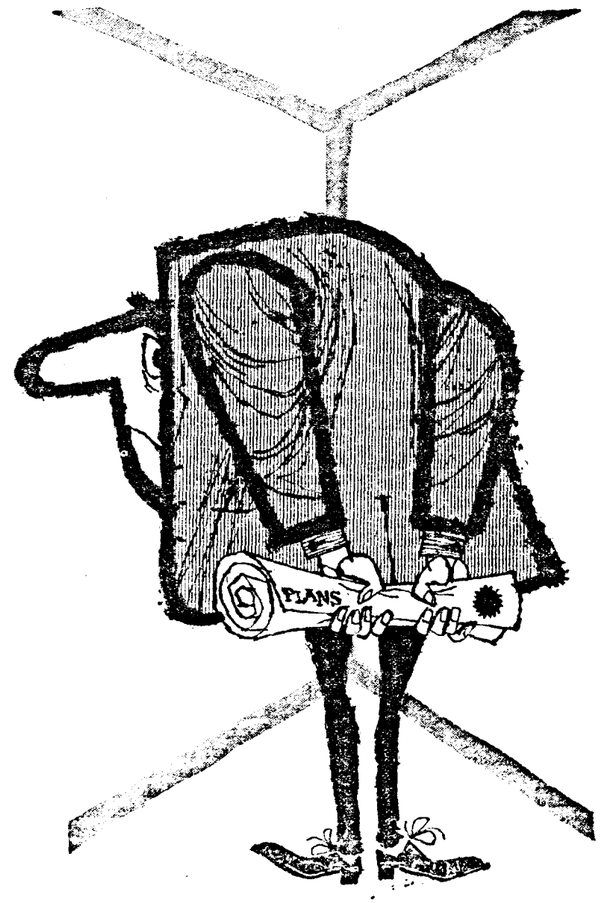
CONNOISSEURS of Mr Butler's Irishisms seem to think it most unsporting to expose the Irish to them. They are mistaken. The Irish are more sophisticated than many people assume. The message will have been understood in Dublin.

Of course Mr Butler is not such a crude fellow as to have introduced the word "sanctions" into the exchange (this was done by the journalist who asked the question, with the result that some of the press reports, following a recent bad habit, incorporated the questioner's term into the direct quotes of the Minister's reply). A trade war such as went on between John Bull and Mr De Valera's part of his other island in the 'thirties is not for one moment contemplated. But what in fact is happening is that the Irish, frightened by the division of Europe into a six and a seven which seem equally inhospitable to their particular situation, are asking for special treatment in London. They want the British Treasury to treat their home farmers as if they were in the same position as Irish immigrants in Britain—that is, as if they were British.

There is no reason in the wide world why Britain should grant such an expensive petition; but some Tories might discuss something resembling it if they exacted a *quid pro quo*. Ireland now has for the first time since dependence two equally sensible leaders of the Government and of the Opposition. Both Mr Sean Lemass and Mr James Dillon (whose parliamentary talents are so prodigious that even the Fine Gael, which he recently rejoined, was unable to avoid acknowledging them by making him its leader) lack the usual economic scales before their eyes. They need just a little jollying along to turn from words to deeds their realisation that, if they expect special treatment from Britain, they must make the IRA understand that the party is now over, the "patriot game" has been played out.

Oranges and Lemons

THAT this is no game for the Ulster Government was quite rightly made clear in the House of Commons on Wednesday by Colonel Grosvenor, who now has the satisfaction of sitting for Fermanagh



Cornered?

This-a-way and that-a-way have gone all your pretty dreams. Not even the excavators are on the site yet!
And that on top of the delay over planning permission . . . draft plans . . . second thoughts—and third! Tight corner you are in, Sir. Listen. *Next time, contact Costain first.* A straight line from your office—or your adviser's—to ours is the shortest distance between those building problems and their solution. Our skills, experience and resources are unmatched.

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and Tyrone with a vast majority, instead of a narrow minority, of his constituents' votes behind him. Since the Sinn Fein bureau in Dublin "declared war," four policemen have been killed, there have been 318 incidents (though some pretty ridiculous and half-baked ones have been added in to reach that total), and the burden of damages and special precautions on the Ulster Treasury has been £750,000.

Why should Dublin be allowed to laugh this off? What used to happen under Mr De Valera was that the IRA boys would be locked up in the Curragh (which duly became a school for terrorists, though fortunately not a very efficient one) between elections and were released just in advance of the poll. The current excuse for doing nothing is that Ireland is a full signatory of the European Human Rights Convention and that Mr Lawless, whose case is being pleaded in Strasbourg, and anyone else who feels affronted at being denied his sovereign privilege of running amok among his country's neighbours might bring the helpless Irish Government to court.

This will not wash. There is nothing contrary to human rights about a law which would prevent the Sinn Fein bureau in Dublin from openly inciting violence against a neighbouring country. But the really important change of attitude would be for the Southern Irish guards on the border to be made to understand that bonuses and promotion depend on their collaborating on a night and day basis with their Ulster opposites to prevent gunmen nipping across in the night. Too many outlaws have become police captains in the past for this to be an easy transformation to bring about. But it ought to be faced.

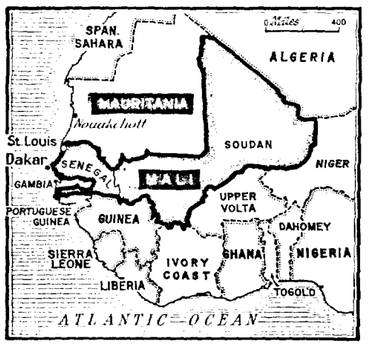
If, however, Dublin is to be lectured, it would help if Belfast would not be so self-righteous. The latest cabinet reshuffle there is not reassuring. Mr Topping, who has given up the Ministry of Home Affairs, was an Orange poacher turned gamekeeper. Starting from outside the charmed circle of Ulster landed gentry, he gained prominence in the Orange Order by demagoguery. But once he obtained a responsible position in the Government he started acting responsibly. He even banned an Orange band from marching provocatively through a Catholic area. For this he received the ultimate contumely of being booed at an Orange rally on the anniversary of the Boyne. Possibly as a result, he came to realise that he would never make the Premiership when Lord Brookeborough retires in another year or two and started angling for the Recordership of Belfast, which carries a higher salary than cabinet office and a pension. Now that he has secured this non-political plum, he is replaced in the key Ministry of Home Affairs by Mr Brian Faulkner, who as Government Chief Whip was responsible last year for the brusque public rejection of an overture to the Government from an important group of Catholic laymen; he said it was meaningless without endorsement by the bishops. It must be hoped that he will not be deterred by his predecessor's experiences from acquiring greater generosity with higher office.

FRENCH AFRICA

Fiat Mali

GENERAL DE GAULLE, en route for St. Louis-du-Sénégal to preside over the executive council of the French Community, stopped on December 10th at Nouakchott, the infant capital (pop. 100) of Mauritania. There he told the Mauritanians that they were now their own masters and would get every help from France on their road to nationhood. At St. Louis he for the first time publicly agreed to the wish of the Senegalese and Soudanese leaders to form a wholly independent state of Mali within the French Community.

Details are still to be worked out, but three consequences of this revolution in the general's attitude are already clear. First, the original conception of the Community as a closely-knit whole, sharing a judicial economic and defensive structure, has been jettisoned. M. Houphouët-Boigny, of the Ivory Coast, may adhere to it, but others



need not. Secondly, if France's influence in Africa can be preserved, General de Gaulle has taken the best way to do it. Mali will continue to rely on France, and will not receive the kind of rebuff that Guinea did. Moreover, the general made it plain at Nouakchott that he expected the Malian route to be taken by other members of the community, such as Mauritania itself and Madagascar, whose prime minister, M. Tsiranana, had already said he wanted to.

Finally, while it is true that any plan which preserves close and fruitful co-operation between France and its former subject peoples without injuring their pride or freedom can rest on its merits as such, it also seems probable that General de Gaulle feels that the invention of a loose, Community, with "international sovereignty" as its watchword, will give him a useful card in the poker game he is playing in Algeria with the rebels, the settlers, and the Army. Mali could provide a precedent for Algerian independence.

PERSIA

Mr Eisenhower's Call

ON Monday, December 14th, President Eisenhower went from New Delhi to Teheran. The Persians gave him their version of the red-carpet treatment he has received at every stop by spreading (literally) rich carpets along his route from Mehrabad airport to Teheran. He stayed only five and a half hours; long enough, however, to address a poorly-attended joint session of parliament and to discuss the state of the world with the Shah. He told the parliament that, in the long run, military strength alone would not bring about a just and permanent peace. The non-communist world, he said, could still lose its freedom if it did not also strengthen its spiritual and economic health. With the Shah the President presumably discussed the campaign of vilification being waged against the Persian ruler and his government by the Soviet radio, and the need for continuing United States military and economic aid.

Persia's most recent crisis might involve the United States because of its commitments to the Cento powers. The Shatt al-Arab river, formed by the Tigris and Euphrates, is the boundary between Persia and Iraq. From time to time General Qasim has dropped veiled hints about lost Iraqi territory, but it was not until December 2nd that he revealed what he was talking about. He said that in 1937, under foreign pressure, Iraq granted Persia five square kilometres of territory along the river. He threatened, if outstanding border problems were not settled forthwith, to regard the 1937 arrangements as void and take the territory back.

On December 10th, Mr Alam, the Persian foreign minister, said that General Qasim's claim was contrary to all international conventions; Persia had been trying to settle the problem of the Shatt for 22 years; and if Iraq persisted in making trouble, the Persian government would take the necessary steps in the national interest. This exchange led to reports of troop movements and the clatter of rifle fire along the border. General Qasim had chosen a conveniently obscure spot, as far as Arabs are concerned, to pick a fight. He should not, however, underestimate the Persians' determination. The Shatt is a vital outlet to them.

TUNISIA

Looking for Help

OF all the statesmen who have been entertaining Mr Eisenhower, the one most recently returned to office is the President of Tunisia. Mr Bourguiba was confirmed as president last month by the country's first general election. Thanks to the well-oiled machinery of his neo-Destour party and a complete lack of effective opposition he won more than 99 per cent of the votes.

Mr Bourguiba has for long been regarded as a model of what the western-orientated statesman should be. He has bought no expensive Russian arms, he has accepted no Russian economic aid and his ideas for a solution in Algeria are based more on common sense than emotion. He is regularly denounced by Cairo radio for supporting the West, and as regularly praised by Baghdad for helping the Algerian rebels.

There are signs, however, that Mr Bourguiba is beginning to wonder if it would be more profitable for him if his intentions were less well known to his friends. On December 10th, in his weekly fireside chat to the nation, he said that the Americans were less generous than the French used to be. United States aid last year amounted to $20 million and 40,000 tons of wheat. In 1956, before it was suspended as a result of Tunisian help to the Algerian nationalists, French aid had amounted to more. To achieve a modest increase in the standard of living and full employment in Tunisia would take an additional $15 million and 130,000 tons of wheat. It would not be surprising if, once the Algerian problem were settled, France offered substantial aid again. But Mr Bourguiba's needs are urgent. Rich America and poor Tunisia, he said, do not consider the problem from the same point of view: "If it becomes apparent that we shall not be able to count on American aid, then we shall look for help elsewhere." He did not say where "elsewhere" was, but he obviously hoped Mr Eisenhower would understand.

ICFTU

Lack of Union

THE rift that already exists in international labour policy between the communist World Federation of Trade Unions and the western International Confederation of Free Trade Unions looks, from last week's stormy ICFTU congress, to be spreading to the western camp itself. The key differences are those between the British and American union leaders, and they exist on several levels. First, the Americans want all ICFTU pronouncements to give a much more militant warning of the communist menace. The British unions are less excited about this. They regard employers, not communists, as the main targets of unions; moreover, unlike the American unions, they still have a sizeable smattering of communist officials in their midst and familiarity with them has bred detachment, if not contempt.

Secondly, the Americans, perhaps to show that they are still left wingers, are also militantly anti-imperialist. They are apt to favour giving ICFTU funds to almost any African nationalist who claims that he is a trade union leader; following their own domestic tradition, they are willing to set up union head offices first and find men to join the union later. The British believe that the proper way to build up unions in under-developed countries is to start recruiting at the bottom and work upwards towards the branch and head office; they think that to finance union bosses in advance of union memberships is to invite malpractices. When the British are accused of saying this merely to keep potential nationalist leaders down, they make pointed remarks about the state of trade unionism in Liberia. The Americans are indignant because, as the largest contributors to ICFTU's funds, they feel that they should have the major say in how its money is spent; moreover, in the hierarchical structure of many primitive societies, the American system of union recruitment from the top might well be more effective.

These squabbles came to a head at the congress because the Americans wanted to remove Mr Oldenbroek from his post as general secretary of ICFTU. They suspect both his background (as a Dutchman, he represents an "imperialist" country) and his administrative ability; the British, though not finding him an easy man to work with, are at least thankful that his ideas about how to organise the ICFTU and spend its money come reasonably close to their own. During the congress debate Mr Meany, president of the American AFL-CIO, seems to have misplayed his hand; he is no diplomat and lost support from many continental European countries through his threat to go it alone in Africa. At the end of the conference, and in spite of a promise of reorganisation, Mr Oldenbroek's position was still in doubt.

THE CALL-UP

Conscription Tapers Off

THE announcement that 50,000 men whose call-up had been deferred until after June, 1960, are not now to be called up at all will bring happiness to a great number of homes. Only about 60,000 men are now liable to be called up, and some of these may be spared too. The twenty-year-long story of conscription in Britain thus seems to be almost at its end. The result is a general satisfaction which is as keenly felt by the politicians as by the public; and the army, which has always wanted to be an all-regular force, seems to be no less enthusiastic. Everybody is waiting to wave flags when the power to conscript recruits is finally removed from the statute book.

But should it be removed? If we can do entirely without national service in any form, as the white paper of 1957 argued, well and good. The criticisms of that white paper's argument tended to die away as the pessimists, who had forecast that the army would not get even the questionably low strength of 165,000 regulars, were proved wrong, and as it became possible to raise the recruiting ceiling to 180,000. But after an excellent year during 1958's minor economic recession, voluntary recruiting has been tailing off again recently, and now the army is talking behind the scenes about the prodigies of police-work and shield-wielding in Nato which 165,000 men can do. This ought to worry people more, because the decision to raise the recruiting ceiling to 180,000 was a tacit admission at the highest level that the original target strength of 165,000 was too low; and if we can now get only 165,000 after all, that admission should still be remembered. Other countries, both richer than Britain (e.g. America) and poorer than it, still find it necessary to run a part-regular, part-conscript force. By all means let us suspend the call-up after next June if the recruiting figures still permit it; but it would be wiser to keep in being some power to maintain a contingent and selective liability to serve.

INDONESIA

Peking Resists a Ban

IT is tempting to regard China's quarrel with Indonesia, which flared up last week with an angry exchange of messages between the two foreign ministers, as just one more instance of Peking's aggressive policy towards other Asian countries. But this is true only in the general sense that the Chinese communists are trying to treat the Indonesians as though they were bearers of tribute at the court of imperial China. The quarrel itself is different in kind from the quarrel with India or the earlier probing on the Burma border. The Indonesian government has banned trade by aliens in rural areas from January 1st. In practice, this will mean driving some 300,000 Chinese traders out of business in the countryside. Communist China is resisting the ban and the quarrel concerns the propriety of this resistance as much as that of the ban.

On paper, the issue of Indonesia's 2,500,000 Chinese was settled under a treaty signed during the Bandung conference by the Chinese and Indonesian foreign ministers. Nearly five years later the treaty is still not in force; it has been ratified, but the instruments of ratification have never been exchanged. The treaty sounded sensible at the time; it required the Chinese minority in Indonesia to choose between Chinese and Indonesian citizenship. But it is never likely to mean much so long as China continues to regard all descendants of Chinese abroad as Chinese citizens for ever. When Dr Subandrio, the Indonesian foreign minister, was in Peking some weeks ago, his attempt to explain the ban to Mr Chou En-lai was rudely received. Since then, the Chinese embassy in Jakarta has been sending its officials into the villages to incite Chinese traders to resist the ban and distributing leaflets in the same vein. In retaliation, Indonesia has banned all travel outside Jakarta for Chinese diplomats, except the ambassador.

The Indonesians justify their ban as being

an attempt to remove remnants of colonialism, and Dr Subandrio charges the Chinese with "monopolistic-capitalistic" speculation, hoarding and smuggling. It may, however, cause them more trouble than it is worth. South Vietnam has tackled a similar problem more humanely by turning its Chinese into Vietnamese citizens.

SPAIN

Absent Friends

SPAIN, where President Eisenhower goes on Monday, was not at first intended to be part of his ceremonial tour. But three days after his itinerary was announced, a night and day were sliced off the president's visit to Paris and Madrid was quietly added. The Spanish government, which had invited the president to stay at the time of his visit to London in August, had complained at being left in the cold.

Strategic interest explains these second thoughts; the United States now has four air bases in Spain and may later be discussing the possibility of setting up missile bases. But it is possible to be polite to an ally and yet avoid the appearance of accepting its form of government uncritically. Twenty years after the end of the civil war, many men and women are still in prison for having been on the losing side. Many new prisoners have lately been added to their numbers by a procedure which by-passes the civil courts, and on grounds that are trivial in themselves. In April, a group of Spanish intellectuals presented a petition to their ministry of justice suggesting that it was time to allow these wounds to heal. The appeal for a general amnesty for political prisoners and exiles has had wide and serious support in Spain and outside.

It has also prompted a British petition, signed by an impressive list including a group of well-known lawyers who have for some time concerned themselves actively with the state of civil liberties in Spain. Mr Jeremy Thorpe, the new Liberal member of parliament, who was delegated to present *this appeal to the minister of justice on* December 15th, was refused a visa. The petition has now been sent to Paris so that President Eisenhower should have the chance of reading it before he takes off for Madrid. If it reminds him of the gaps in the welcoming crowds, it may have done some good. General Franco could perfectly well adopt more civilised principles of justice; his American visitor might encourage him.

FIJI

Island in Trouble

THE riots in Suva last week seemed an improbable outburst in Arcady; nominally connected with a strike of oil company employees, they were in fact caused mainly by troubles about sugar. The Wholesale and Retail Traders' Union, to which the oil company men belong, returned to work on Tuesday with the promise of a 16 per cent increase in wages. (They had originally demanded that wages be doubled.) But the rioters themselves seem to have been mostly Fijian teddy boys, letting off steam about a complex political disturbance based on racial clashes.

Almost half the population of 360,000 in Fiji are Indians, brought over at the end of the nineteenth century as indentured labour for the sugar plantations; today they form the majority of the sugar industry's labour force, and sugar is Fiji's main export. Rapidly increasing in numbers, the Indians are pressing on the means provided by an industry faced with a world surplus of its product, in a colony which last year overproduced its quota. The main interests of the Colonial Sugar Refining Company, which controls Fijian production, are in Australia, where this year some of the crop has been ploughed into the soil. When the Honeyman Commission recommended higher wages for company employees in Fiji, earlier this year, the company retorted that production in Fiji was becoming economically impossible. But so far they have proposed closing only one mill, and have tried to interest the Indians in switching to rice growing. The Indians decline to take up what they regard as a messy and uncertain crop, but they have no room to expand in any other way: *the 1874 Act of Cession is* considered by Fijians to have guaranteed Fijian land rights for ever, and they still hold 85 per cent of the land, compared with the Indians' 1½ per cent.

Yet unless the Indians become less dependent on sugar, their prospects are unhappy, and so therefore is the outlook of Fiji as a whole. Suggestions that they should all be sent back to India, or that the Fijians' tenure should be invaded, raise more problems than they settle. In particular, they indicate how hard it will be to devise a constitution for a future Indo-Fijian state; Indians, whose demands for fuller representation on the legislative council have in the past been resisted by Europeans and Fijians, will grow more anxious to have the power to safeguard their interests. The governor is waiting for the report of a commission under Sir Alan Burns, which spent July till September investigating problems of land and population; new solutions to these must be found if Fiji is to progress politically.

EGGS

Lion Through the Looking Glass

THERE is a pleasantly Lewis Carroll flavour about the story of the grocer who last week got into trouble for bleaching the official lion-mark off several dozen eggs. There were customers, he said, who regarded the absence of the mark as a guarantee of freshness and its presence as a warning of something less. Facing a steady demand for "farm" eggs (as the unmarked product is perversely known), which his local suppliers were temporarily unable to meet, he took this means of satisfying it. His conscience was perfectly clear. He had, personally, no doubt that the lion-marked eggs were as fresh as fresh could (reasonably) be. His customers wanted fresh eggs; he supplied them. If he also made an extra profit by pandering to their irrational lion-phobia, what worse had he done—he might have added—than the clients of motivational researchers do every day?

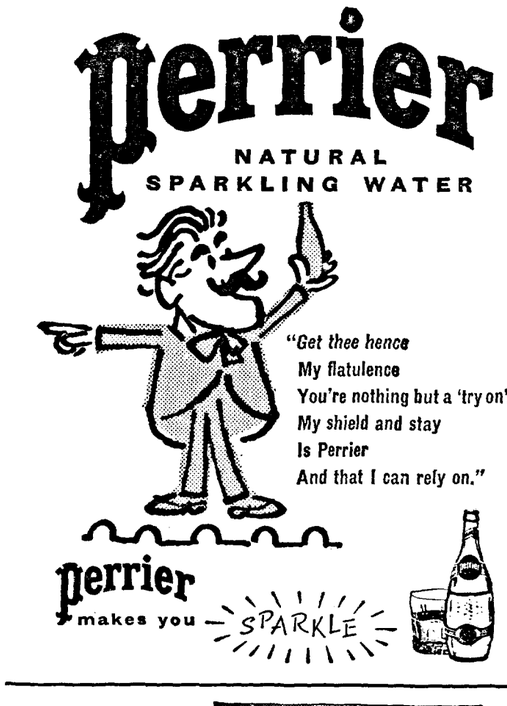
The legal prohibition against obliterating the lion-mark was not, of course, aimed at this kind of ploy, which never entered the drafters' innocently confident minds. The *lion, after all,* was to be a badge of quality, likelier to be counterfeited than expunged. The aim of the clause under which the grocer was prosecuted was to ensure that ingenious poultry-farmers should not present themselves at the shop counter as customers, buy back their eggs at the subsidised price, take them home, bleach them, send them in to the packing station, collect a fresh dollop of subsidy, present themselves again at the counter . . . and so *da capo.* Not, of course, *ad infinitum;* like all proposed perpetual-motion machines, this sequence would run down eventually, when the stamped, bleached, re-stamped, re-bleached eggs got too elderly to pass the packing-stations' candling tests. But before the law protecting the board's unappreciated heraldry has been extensively used for this purpose, it has been enrolled (somewhat unfairly?) to solve the unforeseen problems which arise when a mark of quality gets the reputation of designating the second-rate.

NATO

Some More Equal

ON the acrimonious eve of the Nato *ministers' meeting,* M. Paul-Henri Spaak again raised the question of the alliance's responsibilities in the field of foreign aid. The secretary-general has been a persistent advocate of a more active approach to non-military co-operation in Nato; and his views have been made more topical by the American insistence that the burden of foreign aid should be more equitably shared.

The council has to consider not only what should be done about aid, but what part Nato, as such, should play. A military alliance is under a disadvantage in such an undertaking. Its efforts would be likely to be conceived as an economic counterpart of the defence effort, an answer to the Communist aid-and-trade offensive—or even if they were not, they would be thought to be by the under-developed countries to whom they were addressed. The strategic aspects of aid are always in the background; if it were handled by a Nato body, they would



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quickly edge their way into the foreground.

Distant outside countries are not, however, the only possible recipients; in Europe, and among the members of Nato themselves, the disparities of wealth are strident and dangerous. Greece, Turkey, Portugal, and southern Italy, at one end of the scale, live on a totally different standard from north-west Europe and North America. Disparate social foundations do not make a strong military structure, as some people at Nato headquarters have always realised; but there has never been a consistent policy to do anything about it.

Here again, indeed, while it is clear that Nato has an interest in what ought to be done, it is questionable that Nato is the right body to do it. Other international agencies, and notably the Organisation for European Economic Co-operation, exist for purposes of this kind and could usefully be addressed to them. This does not deprive the Nato council of a part to play; more might get done if the council would agree with its members on the bare outlines of a common programme, to be tackled in detail at OEEC and wherever else is appropriate.

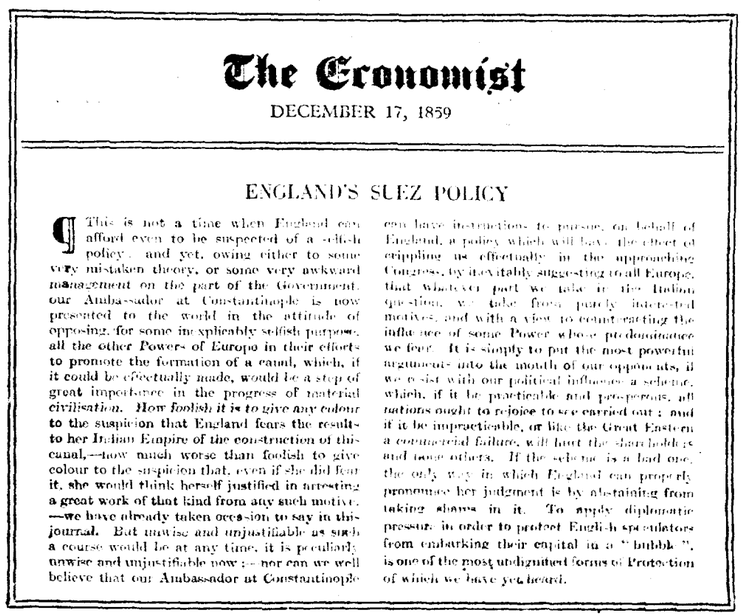
BRITISH COUNCIL

Tempting the Teacher

THE down-to-earth intelligence of the British Council's latest annual report makes nonsense of the tiresome habit which represents the council as a society for the protection of depressed madrigal makers. In his summary of the council's principal tasks the director-general, Sir Paul Sinker, blows away some of this dust by observing that his staff are neither do-gooders nor propagandists; although they do not seek short-term political or commercial results, they are in no way detached from British interests. The council now operates in some 70 countries and does its main work in the developing areas of the world. One of its most exacting new jobs is to try to fill some of the gaps that loom when a colonial government removes itself, men and baggage, from a freshly independent state.

The council's most important single task is helping overseas countries to get the English teachers they need. Recently there has been a change of emphasis; instead of concentrating on English courses at its own institutes, the council is doing what it can to help the various ministries of education to improve and expand the English lessons in the existing schools and colleges. This involves help with syllabuses and textbooks, the provision of special training courses for local teachers, and (the most difficult part) persuading British teachers to come out. Since, following the 1957 White Paper on the overseas information services, extra money was provided to encourage British teachers to serve for limited periods overseas, the council has managed to fill hundreds of posts; even so, the recruitment drive is still in its infancy and young teachers especially are in short supply.

The council is trying to do two things. The first is, by direct grants or assistance, to improve the material conditions under which the teacher has to work overseas. The second, and much more complicated, undertaking is to overcome the psychological factors that operate against a teacher trying to get a suitable job at home at the end of an overseas contract. Working closely with the overseas teaching unit of the Ministry of Education, the council hopes to convince the local education authorities of the value to a teacher of overseas service. About the public usefulness of such service there can be little dispute.



The Economist

DECEMBER 17, 1859

ENGLAND'S SUEZ POLICY

This is not a time when England can afford even to be suspected of a selfish policy; and yet, owing either to some very mistaken theory, or some very awkward management on the part of the Government, our Ambassador at Constantinople is now presented to the world in the attitude of opposing, for some inexplicably selfish purpose, all the other Powers of Europe in their efforts to promote the formation of a canal, which, if it could be effectually made, would be a step of great importance in the progress of material civilisation. How foolish it is to give any colour to the suspicion that England fears the result to her Indian Empire of the construction of this canal,—how much worse than foolish to give colour to the suspicion that, even if she did fear it, she would think herself justified in arresting a great work of that kind from any such motive,—we have already taken occasion to say in this journal. But unwise and unjustifiable as such a course would be at any time, it is peculiarly unwise and unjustifiable now;—nor can we well believe that our Ambassador at Constantinople can have instructions to pursue, on behalf of England, a policy which will have the effect of crippling us effectually in the approaching Congress, by inevitably suggesting to all Europe, that whatever part we take in the Indian question, we take it from purely interested motives, and with a view to counteracting the influence of some Power whose predominance we fear. It is simply to put the most powerful arguments into the mouth of our opponents, if we resist with our political influence a scheme, which, if it be practicable and prosperous, all nations ought to rejoice to see carried out; and if it be impracticable, or like the Great Eastern a commercial failure, will hurt the shareholders and none others. If the scheme is a bad one, the only way in which England can properly pronounce her judgment is by abstaining from taking shares in it. To apply diplomatic pressure, in order to protect English speculators from embarking their capital in a "bubble", is one of the most undignified forms of Protection of which we have yet heard.

REDUNDANCY

The Cost of Being Sacked

WHEN a firm that has been engaged in uneconomic short-time working lays off its redundant workers, there is a gain in economic efficiency to the community, but some social loss and some hardship to the individual. The worker suffers a sharp blow to his feeling of security and also—in degrees varying from the long-term unemployment that has followed the dismissal of men in the Welsh coalmines to the few days' loss of work typically suffered in the London area—he loses hard cash. But, until now, no one has known how much.

An excellent pilot survey by the Acton Society Trust* (the second of its studies on redundancy) has now ferreted out some surprisingly down-to-earth facts about the redundant worker and his employer. Some of them fit in with the gloomy and traditional picture of Britain as an immobile society. With the exception of one isolated aircraft firm, only 3 per cent of redundant workers in the society's sample moved house in order to find a new job; of the rest over three-quarters said that they would accept a reduction in wages—an average of nearly £2 a week—rather than have to move. But other findings did not fit in with the traditional picture at all. Sixty per cent of these redundant workers eventually took jobs not only in a new industry but in a new trade. The length of unemployment increased sharply as the worker became less skilled, but not as he became older. Only 12 per cent of those who found new jobs did so through an employment exchange.

The second part of the report describes the redundancy experience of fifty vehicle workers in the Midlands. On average, these men were out of work for about eight weeks; they earned £4 6s. 5d. a week less in their new job than they did in their old; and half of them had to use up their savings while unemployed. The loss of wages in this case was unusually high because the motor firm had paid well; at the other extreme, the majority of workers declared redundant by a South of England aircraft manufacturer actually earned more in their new jobs than they had done in their old ones. But this last instance—it was the instance in which a large number of workers proved willing to move house—was probably almost unique.

* "Redundancy." Acton Society Trust. 40 pages. 5s.

LETTERS

Rules for Unit Trusts

SIR—The article in your issue of December 5th is seriously misinformed in several respects. For example:

1. It is untrue to say that in what you loosely refer to as the "cash fund" type of trust "there is no possibility that the managers can ever be placed in an invidious or equivocal position towards the unit holders.
2. The grounds of objection of this company to some "block offers" are not correctly stated.
3. You say that the abuses have never justified a unit holder in complaining "that he has been robbed of his shirt; the most he could ever say is that he was short of a button or two." That is not quite true: some unit trust managers have been in the habit of levying a charge on realisation ranging up to 9 per cent, without making this clear, which we are sure you would not dismiss as a mere button or two. It is fair to add that there is reason to hope that at last official action will be taken to end this practice.
4. In referring to a tax disadvantage, you say "the unit trust manager has to find his costs out of his net income." Unit trust managers are taxed like other business enterprises and can charge their costs against their gross income. It is unit holders—that is, if you like, the trust—who have to find expenses out of net income.
5. You support the claim for higher charges by reference to the increase in costs of management which has occurred since these costs were "imposed." This is as manifestly absurd as suggesting that the stock exchange scale of commissions should be raised from an average of 1¼ per cent to 5 per cent because brokers' costs have quadrupled since it was laid down.

We regret to have to refer to shortcomings in unit trust management at a time when an attempt is being made to put an end to those shortcomings. But the hands of those making the attempt will not be strengthened if the weaker brethren can claim that all is well, calling in aid such evidence as your article.—Yours faithfully,

E. W. I. PALAMOUNTAIN

Municipal and General Securities Company Limited
London, EC4

Aid

SIR—Your excellent article "For Trade and Aid" recommends a central fund from which official aid for underdeveloped countries can be distributed. This is needed, but is it necessary to create a new instrument for this purpose? Would it not be possible to adapt the functions of the World Bank, already so deeply involved in this field, so that it could achieve this new purpose? If the richer countries were to deposit annually funds with the World Bank, which that institution could then use for aid purposes, the bugbear of political identification of aid would have been removed.

Aid normally takes the form of two kinds of investment; social and productive. It might be worthwhile creating a system whereby the World Bank "took up" issues of the aid-receiving governments, the bonds bearing only a nominal rate of interest to carry the bank's handling charges. In this way the receiving countries would have to take some note of public debt into their budgetary calculations, though this burden would be a relatively mild form of discipline, designed to ensure that the various forms of aid are kept in some sort of balance.

Productive investment, when it does not take the form of private development, should be channelled through internal sources. Might not the World Bank develop a relationship with the central banks, perhaps in conjunction with the IMF, which could best be described as turning it into a super-central bank? The central banks of the aided countries work with their national development boards or authorities and it is arguable, surely, that a strengthened World Bank could co-ordinate at the higher level. International confidence in many of the currencies concerned would also improve in the knowledge of the relationship existing between the World Bank and the central banks.

I cannot pretend to deal with such a subject very deeply in a brief letter, but I hope I have said enough to suggest a way in which aid could be relieved of its present "political over-tones" and at the same time be administered in such a way as to allay the fears said to be felt by Sir Oliver Franks and others.—Yours faithfully,

C. J. CASSERLEY

Jamaica Industrial Development Corporation,
London, W1

Trawlers

SIR—I appreciate your continued interest in the trawling industry, but I should like to comment on the article on this subject which appeared last week. I accept that "things have not been going well for the trawler owners for some time." But I cannot agree that the British trawler owners have been taken by surprise by every change in fishing technique or that the design of British trawlers is "on the conservative side."

How can these things be said of an industry which revolutionised trawl fishing in 1882 by introducing the steam trawler and which has, moreover, pioneered every fishing ground in the North Atlantic, particularly those areas around Iceland, Greenland and Bear Island. The recent announcement of a part-freeze part-conventional trawler—the "Lord Nelson"—which is to be built at a cost of about £400,000, is an example of the industry's continual drive to introduce modern equipment into the trawling fleet.

The methods of grading and preserving fish at sea may seem rudimentary to the uninitiated, but they are very little different from any other country's method. One must remember that the main demand is still predominantly for fresh fish, and the methods used to preserve that fish at sea in a fresh state are as modern as is possible under the conditions. Contrary to your belief, fish is graded and is divided on board into shelfed and unshelfed fish. Shelfed fish means that it is individually packed in ice on the shelves in the fishroom of a trawler and kept at a temperature of 32 degrees fahrenheit. Unshelfed fish is bulk packed in the trawler's fishroom. A visit to any fish auction will show the difference in price between the two grades.

The marketing conditions of fish may leave a lot to be desired. The marketing system, however, is not under the control of the trawler owners, but many owners are entering this field with the sole purpose of improving handling conditions ashore. In fact, in Grimsby in the New Year a completely new method of landing fish will be introduced, when the most modern type of conveyor belt systems of unloading will be installed.

British trawler owners are not antagonistic to foreign trawlermen and you do not explain that British trawlers do not enjoy equal landing rights with other countries. Certainly every British trawler owner wants to co-operate within the framework of the European Free Trade association, but he must have equal landing rights in those countries and assurances of a just and equitable financial share in the return from any investment in the type of scheme you suggest.—Yours faithfully,

T. W. BOYD

Hull Fishing Vessel Owners' Association, Hull

Shattered Hopes

SIR—For some years you have pursued the illusion of inter-racial agreement in Kenya. Even now you shrink from the conclusion that Mr Macleod must impose his own solution and that he must choose to bring colonial rule to an end rapidly and according to a time-table established early in 1960. If, as you assert, Tanganyika will have its common roll in 1960 and also responsible government, then Kenya must be promised the same at latest by 1964. No one will deny the dangers of such a decision but far greater tragedies are likely to attend those who shirk it. Unfortunately the notion that Africa can still be made more British than it already is is having an interminable death-rattle.—Yours faithfully,

CHARLES JANSON

Conakry, Guinea

BOOKS

Malthus, Darwin and the Human Race

Royal Society of London: *Notes and Records, Vol. XIV, No. 1, 7s. 6d.*

The Risks of Progress: *The Fawley Foundation Lecture*
By Lord Adrian.

Obtainable from the Vice-Chancellor's Office, University of Southampton.

THE special number of its Notes and Records with which the Royal Society has celebrated the centenary of the "Origin of Species" provides a series of critical and biographical portraits of "the four personalities who, more than any others, helped to create an intellectual environment for Charles Darwin's thoughts"—to quote the words of Sir Edward Salisbury's "Epilogue." The four are Darwin's grandfather Erasmus, Lyall, Hooker—and the Reverend T. R. Malthus. Malthus (whose life and work are brilliantly summed up here by Professor H. J. Habakkuk) was not, of course, a natural scientist; but his theory of population, specifically the early theory of the "arithmetical and geometrical ratios," provided the perfect starting-point for a demonstration of the necessity of natural selection. Population—human or animal—presses on the means of subsistence; checks operate to keep down the constantly accruing surplus; how, and on what principles? Darwin read the "Essay on Population" in 1838; and explicitly testified to its illuminating and crystallising effect on his thought. There is a certain irony in the notion of the great intellectual landslide of the mid-nineteenth century being set in motion by a Church of England clergyman; and an age of compartmentalised thought may look back with some regret at this cross-fertilisation of the social and natural sciences.

If Darwin made good use of Malthus, however, the same can hardly be said of what the social sciences—or rather their unscientific camp-followers—made of Darwin. The doctrine of the survival of the fittest was in social affairs the perfect weapon for complacent justifiers of mutual irresponsibility and general callousness. In a muddled, submerged and fortunately ineffective way, drawing its strength from bad genetics, bad economics, and wailing-wall snobbery, it continues to serve the same purpose. Yet there is much to be said, a century after the "Origin of Species," for taking a fresh look at the selective principle. Inevitably, environment does determine selection; increasingly, however, it is human agency, not nature, that determines environment. The crude "Darwinismus" that assigned an absolute value to the "fitness" relevant to jungle warfare may be mercifully discredited. But it should not in turn discredit a more realistic concern with the nature of the two-way interaction between humanly created environment and the quality of the people and institutions which that environment favours or penalises.

One aspect of that concern is lit up by Lord Adrian's Fawley Foundation Lecture delivered recently at the University of Southampton under the title "The Risks of Progress." Partly, it deals with the ethics of knowledge; with the sacred liberty of pure science and the expedient pragmatic limits on the application of its practical fruits. Partly, and relatedly, it deals with the genetic effects, calculable and incalculable, of those changes in the environment for which the science of today is particularly responsible; on the one hand those of atomic radiation, on the other those of medicine. Radioactivity is a cause of mutations, the overwhelming majority of which are harmful. It is true that natural radioactivity—from cosmic rays and radioactive minerals—amounts to some thirty times that caused by bomb tests, not to mention mass miniature radiography campaigns; and that no one suggests a general migration from the world's highlands, or a prohibition of granite buildings, on the grounds that life in high altitudes and in the proximity of granite imposes a genetic risk. It is also, uncomfortably, true that even in the most optimistically envisaged, totally bomb-free future the growing use of atomic power means a growing possibility of atomic accidents—with genetic effects no less painful because they are incidental to peaceful progress and not to warlike destruction.

Lord Adrian is at pains to set these risks in perspective. Even if the mutation rate were doubled—which might happen if the daily dose of radiation from all causes rose to five times its present value—it would take "many generations" of interbreeding, given the proportion of recessive genes, for the present incidence of congenital defect to double in consequence. Meanwhile, however, the life-preserving progress of medical science is increasingly enabling harmful mutations to persist, so that the genetic threat would grow even with a static level of radiation and no increase in the mutation rate.

On balance, nevertheless, Lord Adrian is no alarmist. The progress of science is not after all totally lopsided. Against the genetic side-effects of these increases in radio-activity for which it is responsible, and against the genetic consequences of the powers with which it has endowed the humanitarian imperative (which Lord Adrian does not question) to preserve even defective lives, there can be confidently set "an increase in our understanding of the ultimate structure of living matter . . . of the whole molecular mechanism of inheritance and growth." Setting the time-scale of genetic change against the time-scale of this accelerating growth of understanding—which ultimately means power—Lord Adrian sees an adequate safety-margin. It is not within his remit to consider that other pair of crucial time-scales, that of technical and social development and that of sheer human multiplication. But the link between Darwin and Malthus still has its counterpart today.

Fruitful Visit

Journey to America

By Alexis de Tocqueville. Translated by George Lawrence. Edited by J. P. Mayer. *Faber.* 394 pages. 42s.

"TOCQUEVILLES" are still rising and consequently there is certain to be a market for this translation of the notebooks Tocqueville kept during his brief but fruitful visit to the United States. Whether we should think them worth translating if we did not know what the end product was to be is more doubtful, but since we do know, these chips from the workshop are of great interest. They are not, perhaps, of such great interest in themselves as the English (and Irish) notebooks were, for they revealed an experience of Tocqueville that did not find direct expression in a great book; they had the interest of novelty. In these American notebooks, the interest or the pleasure is rather to be got from seeing how Tocqueville collected and worked up his raw materials. The notebooks make the great book much more intelligible and both illustrate and account for some of its more striking limitations. Of course much of this is not strictly new, since we had already been introduced to Tocqueville's methods and their limitations in Professor Pierson's admirable "Tocqueville and Beaumont in America"; but not everybody has read Professor Pierson, and Mr Mayer has used a superior text.

First of all we see that Tocqueville took a great many pains and took intelligent pains. The impression formed by some that "Democracy in America" was written more to prove a point than to report on a society is shown to be false. If we consider how short a time Tocqueville spent in America, he covered a great deal of ground and examined in some detail a great many aspects of American society. His own interests are manifest, the references back to French experience and problems constant. Thus Tocqueville, then and later, thought that one of the great French failings was the weakness of religious feeling

and that one reason for that weakness was the association of the Church with the *ancien régime*. The, to him, surprising growth of the Roman Catholic Church in America—its apparent ability to flourish in a democratic society—was a ground for possible hopefulness in France. If it was not yet the age of "Américanisme" in the French church, it was the age of Lammenais and Lacordaire. Yet Tocqueville did not fully grasp the degree to which Catholicism (outside Maryland and Louisiana) was a phenomenon explicable almost entirely in terms of Irish and German immigration.

Nor did he assess with any justice the character or importance of Jacksonian Democracy. There is a revealing report of a conversation with Nicholas Biddle, the head of the assailed Bank of the United States. It is possible that Biddle was only trying to take Tocqueville for a ride, but it is more likely that he believed that Jackson was impotent because nearly all the "gens bien," as the French used to put it, were against him. Biddle and his bank were to learn better quite soon. There were intelligent doctrinaire Jacksonians whom Tocqueville could have interviewed, to his and our profit, but he does not seem to have done so. Tocqueville visited French Canada with profit for the future author of the "Ancien Régime." But he does not seem to have felt the coming crisis that led to Papineau's rebellion and to the Durham report and there is no sign that he suspected what a revolutionary turn British policy was to take.

It is possibly unkind to reproach Mr Mayer for not doing more than he has done, but is it quite adequate to refer readers to "Tocqueville and Beaumont in America" instead of providing an adequate if brief annotation of the text of the notebooks? Where an attempt is made to do this, it is not always successful. For instance, Calhoun had not been Secretary of State when Tocqueville was in America. Some of Tocqueville's mistakes (about circuit and district courts for example) are left uncorrected, and if the translation is clear, it is not totally satisfactory. Thus "good child" for "bon enfant" is a perfect example of the "faux ami."

Making Partition Inevitable

India Wins Freedom

By Maulana Abul Kalam Azad.
Longmans. 252 pages. 30s.

COULD the partition of India have been avoided? Post-independence memoirs by both Indian and British eye-witnesses suggest that the British, the Congress Party and the Muslim League all helped, in varying measure, to pave the way. One important contributory factor was Lord Linlithgow's failure to show the same admirable determination to press home the 1937 negotiations to implement the Federal provisions of the 1935 Act as he showed in steering India through the Congress rebellion of 1942 and other crises of the war. The autobiography of the late Maulana Abul Kalam Azad (discreetly ghost-written by Professor Humayun Kabir) reinforces the evidence of other authorities, Indian and British, that the Congress Party's twice repeated underestimate of the strength of Muslim support for the League was, at the very least, as important. First, the Maulana recalls that when in 1937 he was negotiating, as a member of the Congress High Command, the formation of the Uttar Pradesh Congress Ministry, he went out of his way to secure, in writing, the Muslim League's agreement to nominate two members as coalition ministers in the Congress government. The Maulana characterises Mr Nehru's subsequent failure to include any League nominees in the Ministry as "a great mistake." Most authorities would agree with him that "Jawaharlal's action gave the Muslim League in the UP a new lease of life. All students of Indian politics know that it was from the UP that the League was reorganised. Mr Jinnah . . . started an offensive which ultimately led to Pakistan."

Secondly, the Maulana reveals that the 1946 Cabinet Mission's plan for a federation was based on his own scheme, which was substantially accepted by the Congress (a) as drafted by him and (b) as eventually published by the Cabinet Mission. After Congress acceptance, Mr Nehru, in a speech described by his latest biographer and obvious admirer, Dr Michael Brecher, as "one of the most fiery and provocative statements in his forty years of public life," declared that the "Congress was committed to participate in the Constituent Assembly, but nothing else," and Dr Brecher adds that this speech "sparked the collapse of the Mission" and "was a serious tactical error," a view which the Maulana sorrowfully elaborates over several pages. He points out that it was "inexorably" followed by Mr Jinnah's proclamation of "direct action" and the "Great Calcutta Killing." (This, in turn, was the Muslim League's biggest single contribution to ending all hope of Congress-League agreement.) The Maulana's criticisms should carry all the more weight because he is not remotely "anti-Nehru," to whom, indeed, "as friend and comrade" he dedicates his book.

The Maulana's already high reputation as a level-headed and chivalrous political opponent will be enhanced by many of these pages. He pays warm tributes to, *inter alios*, Lord Wavell for his sincerity and sympathetic understanding, and to Lord Mountbatten without whose leadership, as first Governor-General of independent India, "it is doubtful if we could have got over the difficulties with such expedition and efficiency."

The Maulana, who was an eminent philosopher and Islamic scholar, seized his opportunities as Minister of Education, first, to set up a Commission, noteworthy for the collaboration of British and American, with Indian, educationists, which produced an outstanding report on the problems of university education in India. Secondly, he initiated, and himself contributed to, the first history of philosophy ever published in which Western and Eastern systems were authoritatively and reciprocally assessed. Thirdly, he commissioned an Indian historian to prepare, with strict regard for academic integrity, a definitive study of the Mutiny of 1857, to which, also, he contributed a scholarly chapter. With characteristic self-effacement the Maulana makes no mention in his autobiography of these achievements or of his Commentary on the Qurân, regarded by many as the greatest contribution to Islamic theory during the last four hundred years. But when the fevers of the political battles in which he spent so much of his life have long been forgotten, it is by these achievements that the Maulana is likely to be remembered by educationists, philosophers, and historians, both in his own country and everywhere that intellectual integrity is prized.

It Takes All Sorts . . .

They Came as Strangers: *The Story of Refugees to Great Britain*

By Francesca M. Wilson.
Hamish Hamilton. 286 pages. 25s.

IT was eleven years last week that the world forswore discrimination by signing the Universal Declaration of Human Rights, and yet here are we miserable sinners in the midst of a World Refugee Year. To mark it, Miss Francesca Wilson has decided to proclaim Britain's record, over the centuries, in the matter of asylum. This she has done without being smug, which is creditable.

It is easy to define why asylum is sought. Why is it given? At first in England, the prime motive was respect. Most early refugees sought it on grounds of religion, and the respect was for people whose faith was strong enough to impel them to abandon home and possessions for its sake. Pity, and an urge to be a rescuer, takes first place when the refugee is political. "Shall we throw them back to the police of Metternich," thunders Hobhouse in 1825, and Bevin echoes him in 1945 about the Anders Poles. Very occasionally, a practical note of self-interest creeps in:

> All the common soldiers in the guards are cashiered [writes Henry Savile to Charles II just before the repeal of the Edict of Nantes] which would be no disadvantage to you in a dispute with this crown, for you would have them all if you pleased.

Just so, nearly three centuries later, did we "have" the Jewish scientists who had been cashiered by Hitler.

Baser reactions crop up, of course. Anyone who shared a kitchen with fellow evacuees in 1940 knows how swiftly blood can rise in such a context. Wat Tyler's men fell on and murdered the Flemings, and even Queen Victoria was, notes

Greville, "vastly displeased with the Kossuth demonstration, especially at seeing him received in Manchester with as much enthusiasm as attended her own visit."

One fact that emerges from the book is that our refugees, though they brought us endless practical advantages ranging from felt hats to the reading room at the British Museum, never gave us creative works of art. Possibly the reason is the economic one that a castaway must concentrate on getting trousers and bread before he buys an easel; as Virginia Woolf used to proclaim, creative work calls for £500 a year and a room of one's own. The nearest refugees get to endowing us artistically is with the Hallé orchestra and—if Britain may count her—with Pavlova.

In dealing with so limitless a subject, disciplines are called for. One (not observed by Miss Wilson) is to confine oneself to first generation newcomers, and after that to rate them assimilated and out of range. (Some, notably the Huguenots, were assimilated only slowly, and others, such as the *aristos* after 1789, not at all.) Miss Wilson has not invented enough such curbs and so her book tends, at points, to sink to the level of a catalogue. But she has a good subject, and enlivens it with some unusual portraits and quotations. The English, though they hate "abroad," have never striven to make their guests conform to their own staid image, so that she has plenty of bright peacocks and prickly cranks on whom to dwell.

Forty-five Days in 1940

Narvik

By Donald Macintyre.
Evans. 224 pages. 18s.

THE campaign in Northern Norway in 1940 started with the German seizure of the iron-ore port of Narvik by a *coup de main*, aided by a local quisling. The Germans on shore were supported by destroyers, which were sunk by British naval forces in two spirited actions. The last of these two actions took place on April 13th, but not until May 28th was Narvik captured from the Germans. What occurred in the intervening 45 days makes a melancholy story.

After the sinking of the German destroyers the Royal Navy had at its command insufficient forces to capture Narvik in the face of the German troops installed in the town. Subsequently British military forces were disembarked some 30 miles to the north-westward at Framstad. Unhappily the military commander had received instructions that enabled him successfully to resist the wish of the naval Commander in Chief for a descent on Narvik with the minimum of delay. Meanwhile considerable forces of Germans, moving rapidly northwards up Norway, by overrunning airfields as they went were daily increasing the difficulty of the final Allied assault. Fortunately some French troops, Chasseurs Alpins and Foreign Legion, became available and on May 12th, at the small village of Bjerkvik, occurred the Allies' first successful assault landing of the war. Two French and one Norwegian battalions were then concentrated south of Bjerkvik for the capture of Narvik. On May 28th the assault troops were successfully landed on a beach to the north of Narvik, with supporting fire from British destroyers. The port and town soon fell despite the intervention of German dive bombers, which by that date were based upon airfields within operating range of Narvik. The total casualties incurred in the assault were 150 French and Norwegians killed and wounded. Had the assault taken place before Narvik was within dive-bomber range, the losses would have been even lower.

Captain Macintyre has a graphic style and his descriptions of the various actions, naval and amphibious, are vivid and clear. It would seem that Captain Macintyre did not himself take part in these operations, but the reviewer, who was present at some of them, can testify how successfully the atmosphere of those frustrating days has been created. Also he can confirm the accuracy, save for trifling details, of the descriptions of many of the events.

Admiral of the Fleet, the Earl of Cork and Orrery, and the French General Béthouart are clearly men after Captain Macintyre's own heart; in them he finds an echo of his own gallant and determined spirit. But the British military commander, and his staff officers who staged what almost amounted to a revolt against the Admiral's pressure to attack Narvik, receive rough treatment at Captain Macintyre's hands.

In so well written a piece of history it should be remarked that the maps and photographs fall far short of matching the quality of the text. The maps are confusingly drawn and at almost unusably small scales; a number of the photographs are ill-chosen and some of their captions range from the inaccurate to the fatuous.

Doubtful Thomas

The Gospel According to Thomas

Coptic Text established and translated by A. Guillaumont, H.-Ch. Puech, G. Quispel, W. Till, and Yassah'Abd Al Masih.
Collins. 62 pages. 18s.

IN 1945, thirteen papyrus volumes were discovered near Nag Hamâdi in Upper Egypt, the remains, probably, of an early gnostic library. A fragment of one of these, a collection of 114 sayings of Jesus, allegedly recorded by the Apostle Thomas, is now published in Coptic and English. The publishers, and the Sunday Press, have made the most out of the discovery of this new "gospel," but have failed to mention that a German translation of the text has been available for nearly eighteen months. The comparison with the Dead Sea Scrolls was probably inevitable, but the two sets of manuscripts have nothing in common, the scrolls relating to a period contemporary with or just before the time of Christ, while the present compilation is post-Christian, probably dating from the middle of the second century AD, the manuscript itself being not earlier than 450 AD. The lateness of the compilation is clearly indicated by the Coptic "monachoi" in the text, the obvious reference to monks being veiled by the translation "solitaries."

Whatever the sayings may tell us about the conundrums of the gnostics, they throw no new light on Christian belief. Their obscurity, ambiguity and contradictions contrast starkly with the simple clarity of the synoptic gospels. To be told that the kingdom of God is within you and without you, that the living shall not die, but that the dead are not alive, that on the day when you were one you became two ("But when you have become two, what will you do?"), may be meaningful to a Buddhist, but hardly to a Christian. This farrago of nonsense is brought to a fitting conclusion by the "gospel's" closing words on Mary Magdalen: "Jesus said: See, I shall lead her, so that I will make her male, that she too may become a living spirit resembling you males. For every woman who makes herself male will enter the Kingdom of Heaven."

Thomas was notorious in his lifetime for his scepticism. It is not too difficult to conjecture what he would have thought of this "fifth gospel," the authorship of which he has been gratuitously assigned.

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Crossed Fingers on the Trigger

WASHINGTON, DC

PRESIDENT EISENHOWER has now drawn up the last defence budget which his Administration will present to Congress; he is ending not with a bang, but with a whimper. The missing bang is the sound, long hoped for by the Administration's critics, but once more denied to them, of the President slamming his door in the face of the advisers who tell him that a balanced budget is more important than a balanced armoury; the whimper comes from the service commanders, who will once again have to do with fewer arms than they want. Although the budget will not be official until it is shown to Congress in January, it is known that Mr Eisenhower proposes to spend a total of slightly over $41 billion on defence in the next fiscal year. The critics may reasonably have a dreamlike feeling that they have been here before. This sum is only a little larger than the amount spent last year and the amount being spent this year, and in fact—because of the rising cost of new weapons—it will almost certainly buy less firepower. Indeed, the new defence budget is hardly any bigger, and as a proportion of the national income is a good deal smaller, than the first one which Mr Eisenhower presented to Congress toward the end of the Korean war.

If the President's budgetary axe-work has drawn fewer howls than usual this year, one reason is that it was completed with unusual and merciful speed so that he could leave Washington for his world trip; another is that even generals feel that they must talk more softly about missiles when something like the faint rustling of doves' wings is to be heard in the air. But all the old grievances still exist. Not only is the total size of the defence budget virtually unchanged, but so is the way that it is divided among the three services. Each of them is still faced with familiar frustrations. The Navy, which has been trying for the last two years to get a second atomic-powered aircraft-carrier, has been told once again that it must make do with old-fangled oil. The Army, which complains bitterly that most of its equipment dates from the war period and that it gets barely enough money to cover wear and tear, will have to postpone for another year its ambition to fit itself out with modern weapons. Even the Air Force, for so long the darling of American strategists, is being forced to lop 20,000 men off its strength and to forgo some of the new aircraft which it dreams about.

Although this sounds as if the budget-makers were merely saying "as you were," two significant changes underlie the apparent sameness of the figures. The first is the hastening of the end of the day of the manned fighter and bomber. It was announced a few weeks ago that the most advanced fighter on the planning board, the F-108, which would have been propelled by a rocket at three times the speed of sound, had been scrapped. Now virtually the same thing has happened to its brother in the bomber world, the six-rocket B-70; although two prototypes are to be built in 1963, they will be little more than hollow shells, since no money is provided for the special bombing and navigation equipment they need. Less advanced models are also suffering. Production of the B-58 Hustler—the last of the bomber line now that the B-70 is to be stifled at birth—has been cut so drastically that by the end of next year only about forty of them will have joined the 1900 B-47s and B-52s in the Strategic Air Command.

Understandably, even less attention is being drawn to the other change implicit in the defence budget. The doctrine of massive retaliation, which the Administration refused stubbornly to bury long after it lay down publicly and died, is at last being quietly covered with a few spadefuls of unhallowed earth. If the United States wanted to retaliate with nuclear weapons against a conventional attack from Russia, as the doctrine implied, it would have had to make sure first that it could destroy the Russians' ability to strike back in kind. Mr McElroy, the retiring Secretary of Defence, tacitly admitted that this was becoming impossible when he told Congress earlier this year that the Soviet Union would have three times as many inter-continental missiles as America between 1961 and 1963. He has just repeated his prophecy, although without specifying exactly how wide he now thinks the margin will be; and the new budget, the last one that could conceivably have closed the gap, clearly does not provide enough money to do so.

BUT, even if the Americans are losing their ability to strike first in safety, the Administration still trusts that it can prevent the Russians from doing so. It seems to have acquired some reassuring new information. Mr McElroy's original estimate of a three-to-one Soviet lead in missiles was based on a calculation of the number the Russians intend to produce, rather than on what they could produce if they set their missile industry working full blast. He was sharply criticised for making such assumptions. Now the Department of Defence is saying that, even if the Russians build all the missiles they can, their lead will stay within tolerable limits. Because these weapons are not yet perfectly reliable or accurate, the Soviet Union needs four or five missiles to make sure of destroying one base in the United States (and would need about ten if the base were protected against blast). Thus a lead of three to one is not enough to knock out America's missile sites and its fifty long-range bomber bases as well.

It should be recognised, however, that this amounts to a policy of crossed fingers. It assumes that the far from all-seeing eyes of the Central Intelligence Agency can detect Russia's entire missile capacity. One blind spot could be fatal; if the Russians turned out to have 300 missiles next year, instead of under a hundred, America might be as naked as the day it was born. Recently Mr McElroy announced that preparations to keep part of the manned bomber force permanently airborne are being carried a stage further. Unfortunately, this public statement increases the risk that in a crisis the Russians might be tempted to strike first before the bombers get out of reach of their missiles. The nervous tension is therefore bound to be considerable until 1963, when the mobile and almost invulnerable Minuteman and the anti-missile missile Zeus may, Mars willing, be ready.

At least the Administration, with fingers crossed and teeth clenched, seems to have made up its mind to run the risks involved in the missile gap of 1961-63. It has not shown as much decisiveness about two other strategic questions confronting it. One is

whether it is desirable to go on equipping the Army with tactical nuclear weapons. Work is still proceeding on such ingenious devices as the Davy Crockett, an atomic bazooka that can be fired by two men. No one has yet answered the critics who say that, if these mice of the nuclear zoo are used in a war, the process is unlikely to stop before the elephantine intercontinental missiles go clumping their way around the world. Moreover, a study published this month by the Washington Centre of Foreign Policy Research, one of the liveliest groups of thinkers about strategy, points out that these tactical nuclear weapons cannot compensate for the numerical inferiority of the West's armies if the Russians also possess these arms. But apparently the Administration has not yet decided whether they should be fired in combat or simply kept as a deterrent to stop the Russians from using theirs.

Nor has any decision been reached on the even more fundamental question of finding a strategy to replace massive retaliation. *Look* magazine has recently printed excerpts from a book by General Taylor, the former Chief of Staff of the Army, in which he repeats his opinion that a more flexible force (meaning, in effect, a bigger Army) is needed to deter a conventional attack by Russia or China. Instead, it seems that the withdrawal of two divisions from Germany was being seriously considered by President Eisenhower as a possible way of saving dollars until the generals and diplomats united in rejecting it. Even though the Army will keep its present strength next year, there are persistent rumours that another attempt will be made to cut it the year after. Thus the only innovations in the defence budget are the dropping of one or two old ideas; there is no sign of the new ones which are needed to replace them.

Dose for Drugs

So many wonderful new drugs have been discovered since the war that it is said that 90 per cent of today's prescriptions could not have been filled twenty years ago. But these remedies also command wonderful prices; this bears hardly on the ill, particularly as those most in need of medicines are often the elderly and the retired. For this reason Senator Kefauver's hearings on the high price of drugs, which began this month, are certain to attract far greater interest than his earlier investigations of high prices for steel, automobiles and bread. Presumably by now the Senator has abandoned any hope of a presidential nomination for himself, but a regular crop of headlines throughout the winter will help him to make certain that Governor Faubus does not pull his Senate seat out from under him next year in Tennessee.

The first hearings, on the prices of medicines derived from cortisone which are used to combat arthritis, produced some staggering charges: that the Schering Corporation, one of the five firms which produce the bulk of such drugs, charged chemists $17.90 for 100 tablets of prednisolone, under the brand name of Meticortelone, which it cost $1.57 to make, and that arthritic sufferers were charged $29.83; that a small firm sold the drug to chemists, under its scientific name, for $2.70; that the big firms sell their trade-marked drugs abroad and to the government (under competitive bidding) at far lower prices than those the American public pays. The answer which the industry has been preparing for six months is that the committee's figures ignore the tremendous investment in research needed to produce a new remedy; in the case of cortisone it took the Merck Company seven years to recover its $21.8 million outlay. Small companies bear none of the burden of the $190 million being spent this year on research. The weak point in this argument is that much more is spent by the big concerns on "detail men"—travelling salesmen to press their wares on doctors and chemists—and on floods of literature and free samples.

Even when allowance is made for such costs, the profit on prednisolone amounted to 49 per cent. Successful remedies, of course, must pay for the costly failures but, when the final balance is struck, the drug trade is at least twice and perhaps three times as profitable as the average business. This is no crime, but the committee suspects that the industry's use of cross-licensing and patents to restrict supplies and keep prices up freezes out small concerns and violates the anti-trust laws. The industry denies this and argues that, where prices are identical, this is proof of price-cutting competition, not of collusion. But when its witnesses let slip the admission that it is not in their interest to cut prices, they demonstrate that their scientific achievements are not matched by equally farseeing economic policies.

Parties Pass the Hat

The only significant decision to emerge from the meeting of the Republican National Committee in Chicago last week concerned the party's strategy for next year's congressional elections. Since a good Republican presidential nominee has little difficulty in raising the money needed for his own campaign, and since it is a mathematical impossibility for the Republicans to regain control of the Senate in 1960 with only one-third of the seats falling vacant, the committee agreed that most of the available funds should be devoted to contests for the House of Representatives. Party leaders believe that the Republicans could win the 66 additional seats which they need for a majority there if they concentrated their resources on certain marginal constituencies. The committee responsible for organising this election campaign then announced that it would ask the party for $2 million, double the sum granted in 1956, to finance that effort.

As the Republican chances of winning the Presidency have mounted so has the generosity of party supporters, and nearly $1½ million came in during the first eight months of this year. Furthermore, since the "1000 club" was started in November, with the aim of getting 1,000 members who would pay a subscription of $1,000 each, it has collected nearly three-quarters of that goal; and on January 27th President Eisenhower will address, over a closed television and radio circuit, fund-raising dinners which are being held simultaneously in forty-one states.

At first sight the position of the Democrats looks equally good. They had received over $1 million by August, which is considerably more than in the corresponding period of 1955; several dinners at $100 a plate are planned similar to those already held in honour of Mr Truman and Mrs Roosevelt; and in addition they can depend upon large grants from labour organisations. But the deficit still left over from Mr Stevenson's disastrous 1956 campaign continues to be a terrible drain on their resources. Nearly one-third of this year's income has been devoted to paying off a part of these outstanding bills, leaving the national committee with scarcely enough to cover current expenses.

Another cause of financial distress is the fact that many state organisations are behind in their subscriptions to the central committee; only one-quarter of the 1957-59 estimates have been fulfilled. The southern states are particularly laggard, and some of them have indicated that they are deliberately retaliating against the party's chairman, Mr Paul Butler, for his attacks on reactionary southern Democrats. He has countered this by threatening that states whose payments are in arrears will be penalised when seats are assigned for the convention in Los Angeles next July. Democratic officials, despite their sad experience with Mr Stevenson in 1956, hope that, once the 1960 presidential campaign gets going, then the funds required for that and for the congressional elections will pour in.

THE NEXT PRESIDENT?—II

Hubert H. Humphrey

Senator Humphrey has not yet declared formally that he is a candidate for the Democratic presidential nomination next year, but he admits that his courtship of the nomination has reached the stage of "going steady." A correspondent in his home state of Minnesota describes the most progressive of the Democratic contenders.

If there were any likelihood that in 1960 the American voter would want as his new President a man who is the exact opposite of Mr Eisenhower, the prospects of Senator Hubert Horatio Humphrey of Minnesota would be brighter than they are today. For he, unlike Mr Eisenhower, has a compulsion to do: a man of inexhaustible energy, he really cannot comprehend what he calls "this halting, foot-dragging, no-start Administration." As President, he would never be found short of either words or ideas—his weakness, indeed, might lie in the opposite direction—and he is proud to be known as the most liberal of the potential Democratic candidates for the Presidency.

All this is not to say that the Minnesota Senator disagrees with President Eisenhower on every issue. In foreign affairs, a field in which he has become one of the Senate's foremost spokesmen, Mr Humphrey is more often than not a persuasive champion of the Administration's line. But on economic policy and other domestic matters he is frequently a savage critic of what he terms the Republican Administration's "double-entry book-keeping" approach to humanitarianism: "Republicans care about dollars. Democrats care about people." There are few influential men in Congress today who have retained this youthful idealism as well as has Mr Humphrey.

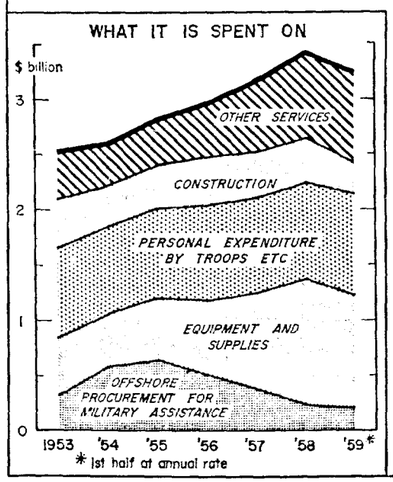
Although he has only a few grey hairs to match his retreating hairline, the 48-year-old Senator has not forgotten the Great Depression of his youth. A native of a small town in South Dakota, on the western rim of his adopted state, he watched his father's pharmaceutical business erode in the panicky nineteen-thirties as the parched soils eroded under the prairie winds of the "dust bowl" in which he lived. With his university career interrupted because he had to help his father he did not get his degree until 1939; then he taught school in Minnesota for a short time until he plunged into practical politics.

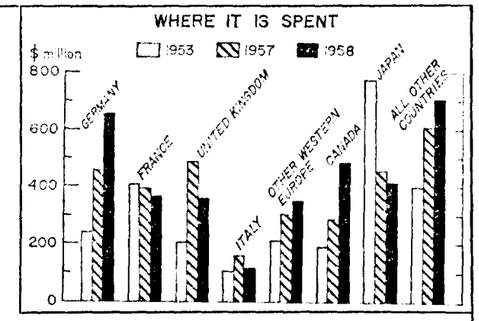
Elected Mayor of Minneapolis, the principal city of his beloved upper midwest, in 1945, Mr Humphrey won national attention by cleaning up vice and gambling and by giving the city a "strong" government in spite of the weaknesses of its charter. This he accomplished through the combativeness of an exuberant personality and by aggressive, imaginative attention to civic chores. He averaged two speeches a day and it was then that his machine-gun delivery and strident, ubiquitous voice first earned him a reputation for glibness and double talk which, nurtured by his Republican opponents, pursues him to this day. His appetite for speaking at length on any, and most, issues may weigh more heavily than any other factor against his ambition for high national office. But as Mayor, Mr Humphrey won bipartisan support—far transcending the labour-intellectual, university-liberal backing which elected him initially—from a community that had grown used to a figurehead in City Hall. In 1948 he was elected Senator and his second six-year term expires in 1960.

Earlier in 1948 he had been catapulted into the national limelight at the Democratic convention in Philadelphia, when he introduced a resolution that put a liberal plank on civil rights

Military Spending Abroad

The second largest source of dollar earnings by foreign countries—first place is held by American imports of merchandise—is expenditure abroad by the armed forces of the United States. After running at an annual rate of about $600 million during the years immediately after the war, these outlays mounted sharply with the outbreak of the Korean dispute and the establishment of the North Atlantic Treaty Organisation. They cover not the total cost of defence operations abroad but only the amounts actually received by other countries. Not all of this spending brings in dollars since some of the bills are paid in local currencies earned through sales of American farm surpluses, etc. Furthermore, these expenditures are offset to some extent by sales of American military equipment and services to allied countries, which amounted to $300 million in 1958.





These countries, particularly those in Europe, have benefited economically as well as militarily from American purchases of equipment, either for the use of the country concerned or for transfer to third parties, under the mutual assistance programme. These outlays have been tapering off as have dollar earnings from the construction of bases, which have been particularly important in Canada, Spain, Morocco and the Nato countries. But the drop has been compensated for by increased buying of supplies, mainly petroleum products and fresh foods, for American use abroad. The places which earn most from the off-duty purchases of American servicemen and their families may be places where there are no American troops; an example is Hongkong, a leave centre for American servicemen stationed elsewhere in the Far East. The sharp rise in German dollar earnings is explained by the tapering-off of German contributions to the support of American forces.

Source:—*Survey of Current Business*, November, 1959.

for Negroes into the party platform; he called upon Democrats to forsake "the shadow of states' rights and walk forthrightly into the bright sunshine of human rights" and thus precipitated a walkout by southern delegates; they have never forgotten or forgiven him. But the Negroes and other minority groups of voters have not forgotten either that as Mayor he made Minneapolis the first city in the country to boast a Fair Employment Practices Code prohibiting discrimination in hiring for reasons of race, creed or nationality. Today Senator Humphrey counts on Negro support—and with reason—as one of the mainstays of his bid for the Democratic presidential nomination.

Other mainstays are the National Farmers' Union, the left-wing agricultural group which is particularly strong in Minnesota and neighbouring states, and some sections of the trade union movement, notably the powerful automobile workers. Among his closest supporters are a little group of progressive intellectuals who advise him on policy and the conduct of his campaign. Among them are Mr Leon Keyserling and Mr Robert Nathan, both influential liberal economists, and Mr Joseph Rauh, founder of Americans for Democratic Action, a progressive anti-Communist group with which Mr Humphrey himself has close connections.

THE Senator is not afraid of being accused of radicalism: he believes the United States has no excuse for slums in its cities or for failing to provide scholarships for needy students or inadequate pensions for old people. Nevertheless he also supports free enterprise in private industry—as all American politicians must. And he once prepared for a re-election campaign by sponsoring a Bill to outlaw the Communist party. This has left a lasting bad taste in the mouths of some liberals, who accuse him of insincerity and expediency in supporting a measure which they consider to be both poorly drafted and an attack on constitutional freedom.

The man who talked for three hours with President Nasser and for eight hours with Mr Khrushchev is the Senate's chief spokesman on disarmament, a lay expert on international medical research, an advocate of broader use of farm surpluses as instruments of foreign policy, a key strategist on complex agricultural and labour issues, a deft parliamentarian and a consummate politician. He claimed at the end of the last session of Congress to have sponsored more successful Bills than any other member, apart from a few committee chairmen, although some of his major measures—like his Bill on agricultural subsidies, on which he is the Administration's chief foe—were cut down by presidential veto. Along with constant demands for stronger executive leadership in foreign relations, particularly where disarmament is concerned, Mr Humphrey has been prodding the President, with some success, to support repeal of the Connally Amendment by which Congress crippled the work of the Court of International Justice.

The Senator is reputed to be his party's most skilful and energetic campaigner. Once a teacher, he has never in thousands of speeches lost sight of what he considers it is his mission to teach—America's role in the world and its responsibility to the under-privileged and the have-nots. Certainly it is a tribute to his vocal and educational zeal that Minnesota, which once sent isolationists to Congress, now elects internationalists almost entirely. While Mr Humphrey's interests long ago grew far broader than his own region, he is a tireless servant of his constituents—even when they are Republican businessmen. He tells his staff

> to assume that the constituent is right in any argument with this great, sprawling government. The government has plenty of people to prove he is wrong.

This is the man of whom Mrs Eleanor Roosevelt said a year ago: "Senator Humphrey comes closest of all potential Democratic presidential nominees to having the 'spark of greatness' needed in the White House." Nevertheless, only if the delegates to the Democratic convention next July decide that they need a strongly liberal platform, especially as regards civil rights for Negroes, and a strong candidate to stand on it, and need them more desperately than they need southern support, only then will Mr Humphrey stand a real chance of the presidential nomination.

Disillusioned Oil

FOR the first six months of next year nearly 1,530,000 barrels of all kinds of oil may be imported daily into the United States, compared with 1,450,000 during the past six months. The changes in the import regulations contain various provisions giving the Department of the Interior greater flexibility in allocating quotas between regions and between companies and also do something to alleviate the objections of oil producers on the west coast to the free entry of Canadian petroleum. But the main beneficiaries will be Venezuelan producers since 90 per cent of the extra 80,000 barrels a day will be residual fuel oil, most of which comes from Venezuela. The increase has been permitted because industrial consumers on the east coast of the United States rely on this type of oil for heating their plants and demand is going up with the cold weather and the ending of the steel strike.

Coal producers, who supply an alternative fuel, naturally protested against the increase in imports but were over-ruled by the Department of the Interior. It is determined to see that the restrictions, imposed to check the falling-off in the number of new wells drilled in the United States, do not bring the higher prices which were what the domestic producers really wanted. So far the department has been successful—too successful in the opinion of the domestic producers; until recently prices have actually been falling ever since the mandatory quotas were imposed on imports last April. Nor have the quotas brought any rise in output from most existing American sources; until the allowable production was increased to ten days this month Texas wells, which bear the brunt of all cut-backs, had been limited ever since July to the unprecedentedly low rate of the equivalent of nine days' output a month.

All of this merely proves, as the international petroleum companies always contended, that the troubles of the independent American oil companies arose not from imports but from a general lack of balance between supply and demand, particularly in refinery capacity which was over-expanded at the time of the Korean war. The industrial boom which is forecast for 1960, provided that the steel strike is not resumed, will do much to meet the immediate difficulty and over the next few years the demand for oil, both at home and abroad, is expected to grow so much that the balance will tip the other way, with supply, not demand, becoming inadequate. Not that all the industry's problems will be solved even then: already concerned about the growing competition of natural gas in the heating field, it is now disturbed by the discovery that the average American car is being driven fewer miles each year. This means that petrol consumption is not going up as much as it might and the trend may be accelerated by the popularity of smaller cars which use fewer gallons to the mile.

No Smoking—Official

LAST month an official warning about the dangers of smoking cigarettes, couched in the strongest language yet used, was issued by the Public Health Service and published in the *Journal of the American Medical Association*. The scientific studies cited were, for the most part, well known and of the statistical type which some research workers, among them those employed by the tobacco companies, do not consider conclusive.

AUTHORITY IS A FACT OF LIFE

"I played golf barefoot until I got into high school", reminisces Sam Snead in his advice to golfers (LIFE International, July 6th, 1959).

As a winner of 103 professional tournaments, he is an authority, typical of many authorities writing for LIFE International. His remarks, of interest to both the golfer and the non-golfer, are typical, too, entertaining and informing thousands of businessmen around the world.

And side by side with these reports are LIFE International's big advertising pages, used by many of the world's most famous companies. There, readers can find information on a wide range of consumer and industrial goods for themselves, their families and their companies.

Photo by Eliot Elisofon

TO PROMOTE YOUR SALES OVERSEAS, ADVERTISE IN LIFE INTERNATIONAL

The *Journal* itself does not think that the evidence presented is sufficient to indict cigarette smoking as the chief cause of lung cancer. Early this month, however, Dr Auerbach, a well-known investigator, told the AMA that his five-year study of lung tissue showed beyond any doubt that cigarette smoking produces the changes which lead to cancer of the lung; if this evidence is accepted, it will supply a missing anatomical link.

The chief conclusions reached by the Health Service, which it feels that it cannot withhold from the public, are that the weight of present evidence points to smoking, and particularly cigarette smoking, as the principal cause of the great rise in cancer of the lung; that abstaining from cigarette smoking is beneficial, even after long exposure; that no method of treating tobacco or filtering the smoke has proved to be of much use in reducing the danger; and that until tobacco can be made safe, the best thing to do is to stop smoking.

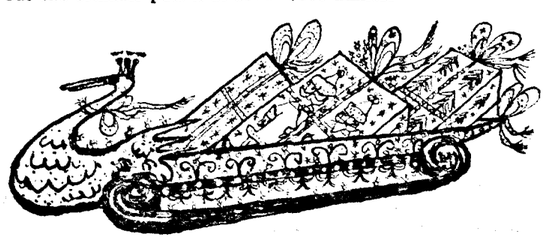
The remarks about filters are the cruellest blow to the tobacco interests, although they will take some comfort from more recent tests carried out by the *Reader's Digest* which show that some of the brands put on the market lately are efficient filters of nicotine and the cancer-producing tars. Filter-tipped cigarettes were the salvation of the industry in 1953 when the link between cancer and cigarettes first became widely known; about half the cigarettes now sold are filter-tipped, compared with just over 1 per cent in 1952. With this indirect recognition (on the part of both smokers and tobacco manufacturers) that the health issue is a real one, consumption of cigarettes rose by more than 20 per cent in the last five years, while the population went up by only 11 per cent.

Unless Americans take the Health Service seriously, consumption is expected to go on growing, partly because of increases in the population, partly because more women are smoking; at present about 60 per cent of all American men and about 30 per cent of all women over 18 smoke cigarettes. The industry, which has become highly competitive, is doing its best to promote smoking through the constant introduction of new brands, menthol and mint flavourings, porous cigarette paper (for a cooler smoke) and costly advertising. It might be wiser to spend more money on efforts to take the danger out of smoking, particularly now that some research-workers are charging that it helps to raise the death-rate from other diseases as well as lung cancer.

Too Pretty to Open

NEW YORK

Most of the packages now flowing in a tidal wave over American post office counters bear beneath their brown paper exteriors a brightly coloured and seasonal lining. Exploiting the notion that a present is only as expensive as it looks, the industry which supplies the papers, ribbons and labels for wrapping up these gifts has seen, since the war, a remarkable expansion in its market. And 1959 promises to bring the best-wrapped Christmas yet, with quality, colouring and design far more attractive and imaginative than anything to be found in Britain. Nobody is quite sure how much Americans spend each year on these trimmings, but one estimate puts it at about $200 million.



Traditionally, wrapping papers have been carried by stationers and department stores in company with greeting cards and other Christmas paraphernalia. But in the last few years supermarkets and grocery shops, which can make more profit on their non-food items, have been happy to find room on their crowded shelves at Christmastime for large displays of wrapping equipment. More recently merchandise has begun to be "gift-wrapped" before it leaves the factory. When Hiram Walker whisky arrived "pre-gift wrapped" at the liquor stores its sales shot up by 20 per cent; today all the main distributors of liquid good cheer follow this example at Christmas.

The retail shops are large buyers of gift wrapping materials for their own use and some manufacturers specialise in meeting their bulk requirements; one of these supplies its customers with a machine which ties elaborate bows automatically. Most of the stores gift-wrap purchases at no extra cost, but recently a few of them have started taking the wrapping-up business more seriously —at the customer's expense. Saks Fifth Avenue, which offers to wrap your presents "elegantly," "wittily" or "classically," has luxurious papers and boxes designed exclusively for its use. This service costs from seventy-five cents to a hundred dollars; the latter amount delivers your gift to its destination on a life-size, gilded sled, bedecked with velvet bows and ribbons. And when the last Christmas package has been wrapped, lace hearts for St Valentine's day will replace the imitation ermine "stockings" and novelty Christmas boxes now on the shop's packing counters.

Before the war the gift-wrapping business was in the hands of a few well-established concerns—the oldest dates back more than a hundred years. In its postwar prosperity, much of the field has been seized by newcomers; even today the main competitors do not number more than about eight or nine, although they include the big producers of greeting cards who have moved into the high quality end of the trade. The Minnesota Mining and Manufacturing Company (of "Scotch" tape fame) added first ribbons and then decorative papers to its industrial empire, and Papercraft Corporation, with sales this year at an estimated $10 million, has become a giant in the trade in the last fifteen years.

Under such slogans as "It isn't a gift if it isn't wrapped," manufacturers have carried on a sizeable advertising campaign. A booklet entitled "Gifts Too Pretty to Open" provides a do-it-yourself manual on advanced techniques, and raises the tempting possibility of omitting the gift altogether. But in spite of a booming market, the industry has one major problem: some 70 per cent of its sales are crowded into the pre-Christmas season. To smooth out this seasonal hump, producers are trying hard to make the public more conscious of gift-wrapping at other times of the year. If birthdays, school-leaving celebrations and weddings were only approached in the proper wrapping spirit, the industry believes its sales might multiply tenfold.

SHORTER NOTES

This year a chain of American shops is selling a do-it-yourself Christmas tree, which it is claimed can be assembled even by a child. Forty-six genuine fir branches are packed with a bare tree trunk which has rows of evenly-spaced holes. The branches are bundled according to size, with explicit directions about fixing the longer ones in the bottom holes. The trunk can be kept for use in future years when fresh boughs can be purchased, or even collected.

* * *

The European car is leading the revenge of the old world upon the new. In Chicago a drive-in cinema—normally an indigenous and purely American institution—has been forced to give small foreign cars special recognition. A ramp has been specifically designed just for them, with tiny parking spaces and a reduction of 25 per cent in the price for admission.

THE WORLD OVERSEAS

Generals and Fighting Men

FROM OUR PARIS CORRESPONDENT

Thursday

Without Stalin's help Nato finds it increasingly difficult to preserve unanimity, or even an appearance of it. A "good show" seemed particularly desirable this week, since the ministerial meeting of the Nato council was in effect a curtain raiser for the gathering of the western Big Four, whose weekend task it is to decide the date, place and agenda for the summit meeting with Mr Khrushchev. Yet the ministers opened their session on Tuesday in the new building at the Porte Dauphine in an atmosphere reverberating from the explosion of the Twining bomb. At a military committee meeting on December 10th, General Twining, chairman of the American Joint Chiefs of Staff, put the blame for the poor military shape of the alliance on the continental members; he singled out France as the main culprit. Leaked to the press, his words caused a major row.

General Twining did not reveal anything new. It was everybody's secret that France had resorted to passive resistance ever since General de Gaulle's memorandum of September, 1958, met no response. (In that memorandum the general proposed an overhaul of the alliance and a special status for the three powers with worldwide interests, namely the United States, Britain and France.) Of the various French moves since then, it was the refusal to integrate air defences that really perturbed General Norstadt. Politically, matters were probably precipitated by General de Gaulle's defence of the French attitude in his now famous statement of November 3rd that "integration has had its day."

General Twining's indictment and its leakage to the press have been variously interpreted. The French coupled the incident with the American abstention in the United Nations debate on Algeria, and concluded that there was a deliberate American counter-attack. The Americans tried to minimise the matter as the natural outburst of a soldier who needs a political agreement so that he can proceed with urgent technical problems. It is generally agreed, however, that the trouble goes deeper than that. The American administration is under pressure to cut its commitments. Mr Herter, nevertheless, told the council on Tuesday that the United States would continue to contribute its share and keep its full contingent in Europe. But finding their own efforts increasingly burdensome, the Americans do seem to be growing less patient of obstruction from others.

The French popular press dramatised the incident as a showdown. Two meetings between Mr Herter and M. Couve de Murville failed to persuade either side to budge from its position. It was decided to leave the matter to General de Gaulle and President Eisenhower, who are to meet on Saturday afternoon. They may decide to gloss over their differences as they did in September, and the matter may somehow be shelved for a couple of months. The French seem at this stage to be retreating under pressure and anxious to avoid an open fight. But Nato is clearly finding peaceful co-existence an awkward idea to get used to. It also finds it difficult to lead a quiet life with General de Gaulle.

What is General de Gaulle's long-term objective? The best answer is provided by the general himself in *Le Salut*, the third and final volume of his memoirs. Admittedly, the book deals with the last phase of the war and its aftermath. But it was written shortly before the general's return to power and published less than three months ago. There, he defines "the vast design that I have formed for my country":

> To ensure for it security in western Europe by preventing a new Reich from threatening it again. To collaborate with West and East, if need be to contract the necessary alliances with one side or the other, without ever accepting any kind of dependence. . . . To bring about a regrouping, from the political, economic and strategic viewpoint, of the states touching on the Rhine, the Alps and the Pyrenees. To make this organisation into one of the three world powers and, if one day it proves necessary, the umpire (arbiter) between the Anglo-Saxon and Soviet camps.

Gaullist foreign policy can be looked at against the background of this aspiration. At one time General de Gaulle favoured, as a solution of the German question, a federation of small states and an international control over the Ruhr. This did not come off; presumably he considers the existing division of Germany as a second best. He still seems to cherish the hope, or the illusion, that the west German state, for all its economic strength, will be France's junior partner in the western continental coalition. With this political purpose in mind he agreed, a year ago, that France should stand by its commitment to enter the common market. His four successive meetings with Dr Adenauer have made Bonn and Paris the axis of this continental alliance. French efforts to bring in Spain are consistent with the general design; so is the exclusion of Britain, which—the general quotes Sir Winston Churchill's word for it—will always choose the "open sea" rather than Europe. In any case, the whole purpose of the operation is to put Paris on a par with the "Anglo-Saxons."

General de Gaulle made his bid for a higher status in the Atlantic alliance without waiting to get all the necessary cards in his hand. The not quite silent struggle that followed inside Nato, and is still unfinished, has been mentioned above. But the determination to create a French nuclear striking force fits into the same pattern. Authoritative French spokesmen justify France's coming atomic tests not only on the British precedent, but also by western Europe's need to have its own deterrent now that, the United States having become vulnerable, the "Anglo-Saxons" may be tempted to contract out of European conflicts. General de Gaulle's own explanation is less European than French. He said at the Ecole Militaire on November 3rd that since France might be exposed to destruction from any point in the world, it needed to be able to strike anywhere; and "atomic armament would be the basis of this force—whether we make it or buy it." It may be argued that an effective worldwide deterrent of its own is beyond France's means. The fact remains that a nuclear striking force under French control is regarded by General de Gaulle as indispensable to an independent foreign policy.

Before the gaullist plan has fully unfolded, its difficulties and contradictions have begun to show themselves. The first is that the German alliance, now an inherent part of the design, seems barely consistent with an east-west balancing act. Deferential as they are in their dealings with the French, the west Germans know what their own vital strategic need is; they are not inclined to choose French military support in preference to American. Dr Adenauer arrived in Paris at the beginning of December in a state of alarm at the thought of first a British, and then an American, withdrawal from continental Europe.

Equally, the link with Dr Adenauer precludes a Franco-Soviet

alliance. General de Gaulle has often been thought to be thinking about this "auld alliance." There was the 1944 precedent; there is also his own proclivity for thinking of nations as unchanging entities, disregarding alike the changes in their societies and the complexion of their regimes. It may be possible for him to see Mr Khrushchev's projected visit as the visit of the reigning Tsar to an heir of the French monarchs. But the bargain with the Tsars needed a German threat. When Dr Adenauer was coming to Paris, Mr Khrushchev called him the chief opponent of *détente*. When Dr Adenauer left, the French and German governments announced their complete agreement on Berlin, the German question, and the summit meeting. What common ground does this leave between General de Gaulle and Mr Khrushchev?

The French president has reasons of his own—apart from German promptings—to show no haste for summit talks with the Russians. The time may not in his view be ripe for France to play its proper part in a world settlement, however gradually arrived at. He needs time to disentangle his troops from Algeria and adapt them to modern conditions; time to forge his nuclear weapons and the means of delivering them; time, too, to consolidate his bid for continental leadership. While these efforts are being made, it may suit him well that the pace of world diplomacy should be slowed down; this is a matter on which he can agree with Dr Adenauer. His tactics of cautious intransigence have so far been a relative success; he may be expected to go on making the most of his limited means. This is why the Twining incident is certainly not the last of its kind.

Victory for the Archbishop

FROM OUR CORRESPONDENT IN NICOSIA

For an island hardly noted for its political decorum Cyprus's first presidential election has been a singularly conventional affair. Archbishop Makarios was elected by the majority which all the pundits forecast, the election campaign was devoid of new issues and polling day passed off without any serious incidents. On the face of it, everyone seems back where they were three weeks ago—but with two important differences. On the one hand, the implementation of the Zurich and London agreements is assured (this was the only thing that could be described as an "issue" in two weeks of verbal vendetta), and on the other hand, the theory that Archbishop Makarios is the one and only representative of the Greek Cypriot people has been publicly punctured.

The archbishop's victory is best regarded as satisfactory rather than overwhelming. Of the votes polled, he claimed exactly two-thirds—no doubt a sufficiently satisfactory majority but, all the same, considerably less than it would have been six months ago. The breakdown of the voting has revealed that the great majority of the archbishop's votes came from villagers who voted for him largely because he is head of the Greek church—and who philosophically accept the London agreements because Archbishop Makarios says that is the thing to do.

In the more politically conscious towns, the archbishop's figures were less impressive. In Famagusta Mr Clerides actually had a majority of about 2,000; in Limassol the archbishop was only about a thousand ahead. (In Nicosia, rather surprisingly, polling was in the approximate ratio of 9,000 to 4,000, which discredited claims by the Clerides camp that they would get at least 50 per cent of the capital's votes.) Mr Clerides, it is plain, was almost entirely dependent on the votes of communist-led workers. A few days before the election its spokesman claimed that the left wing could at any time turn out some 80,000 voters; Mr Clerides's total poll was just over 71,000. Even when allowance is made for left-wing exaggeration it is clear that Mr Clerides's Democratic Union party is almost farcically tiny.

At the same time, it would be premature to write it off completely. Although it seems fated to disintegrate, it contains some of the most influential political families—and some of the most capable men—in the island: powerful figures, of "moderate" right-wing outlook, whom any sensible president-elect would like to have on his side. As it happens, there are two portfolios in the cabinet now going begging and several ambassadorships soon to be filled—not to mention the 35 Greek seats in the first house of representatives. It is possible that some of the right-wing moderates in the Democratic Union might yet be reconciled with the archbishop. This might, of course, embroil him with the more diehard elements in the Edma party, who are in favour of consigning all the Clerides men to outer darkness; but it is a calculated risk which the archbishop—now a superb performer on the political tightrope—could profitably take in the interests of broadening and consolidating his government.

In the parliamentary elections, provisionally fixed for January 10th, much will obviously depend on the exact method of voting in the island's six multi-member constituencies (which correspond to the existing six administrative districts). Already there is the first rumble of a political storm over this issue; for the Democratic Union and the communist Akel party both have been urging some system of proportional representation—for obvious reasons—while some of the archbishop's supporters are in favour of a single ticket, majority vote system, which if carried to extremes could mean that the minority party or parties would get no seats at all. The island's constitutional commission has ruled against proportional representation, but is still busily trying to work out a suitable formula. If the result of its protracted deliberations seems to load the system unduly in favour of Archbishop Makarios, his opponents will create an unholy rumpus. Meanwhile Akel is cautiously watching and waiting, though it still seems unlikely that it will come out on its own. Freed from proscription, its organisation has gained power and momentum in the past two weeks.

In contrast to the feverish intrigue and manœuvring in Greek quarters, there is a sense of almost monolithic serenity about Ataturk Square. Perhaps the most significant feature of Archbishop Makarios's victory has been the pleasure which it has given the Turks. The archbishop's most statesmanlike achievement in the past nine months has been to convince the Turkish leaders that he intends scrupulously to carry out the London agreements—in which Turkish interests are generously safeguarded. The chances of gradually creating harmonious relations between the two communities and so making the agreement work are increased by his victory, and on balance it is probably in this context that the world should view the event.

We regret that we can no longer accept orders for the 1960 edition of The Economist Diary. The size of the edition was substantially greater than for 1959 but it was, nevertheless, insufficient to meet the heavy demand from home and overseas.

We suggest that to ensure that you are not too late next year, you instruct us to notify you when the 1961 edition is ready. All you need do is to write your name and address on the back of a postcard and send it addressed to:

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India Likes Ike

FROM OUR CORRESPONDENT IN INDIA

Delhi overpowered President Eisenhower with its billion dollar welcome. Even Mr Nehru had never seen such crowds before. Admirably timed and managed, the president's visit, whatever its outcome, has bestowed a halo of affection upon him. Mr Nehru described his coming as "a blessing for India and the world." Mr Eisenhower took everyone by storm with his simplicity and his pink cheeks. America could not have sent a better ambassador to India, for each time the president grinned another stereotype of American crudeness dissolved. However, this does not mean that India has swallowed the American outlook, but rather that there is a friendly agreement to differ. America sees the world as red or white; India sees it as rich or poor.

Thus on the fourth day, at the Ramlila grounds, the champions of alignment and non-alignment stood smile to smile before the

Japan and Korea: a Diplomatic Triangle

BY A CORRESPONDENT

Fourteen years have now passed since Japan was compelled by defeat in the Pacific war to relinquish the sovereignty over Korea which it had held since 1910. The lost colony is Japan's nearest neighbour, but Tokyo does not have regular diplomatic relations with either South or North Korea. In accordance with the decisions of the United Nations it has recognised the South Korean government as the only lawful authority in Korea, but negotiations to establish diplomatic relations have always until now been bogged down over preliminaries, particularly Korean financial claims against Japan arising from the period of Japanese rule. Bitter feelings have also been aroused in Japan by the South Korean exercise of a fisheries jurisdiction over large areas of the high seas between the two countries—a jurisdiction which Japan, now lacking a navy, has been unable to resist—and in Korea by Japanese treatment of the Korean minority of more than half a million still remaining in Japan. Up to the middle of this year, however, there seemed to be a prospect that Japanese-Korean relations would gradually straighten themselves out. But these hopes have been dashed by the dispute over the repatriation of Koreans from Japan, not to South, but to North Korea, which has not only intensified the tension between Tokyo and Seoul, but has also—probably at the outset without the deliberate intention of the Japanese government—involved Japan in the position of taking sides with a Communist regime against a non-Communist one in East Asia.

At the end of the Pacific war in 1945 the Koreans in Japan numbered nearly three million and were of two categories—those who had voluntarily emigrated there (or had been born there) before the war and those who had been compulsorily drafted there for industrial labour during the war, mostly from what is now South Korea. During the American occupation Koreans in Japan were quite free to go to South Korea and a majority of them did so. As those who remained belonged to a liberated people in an enemy country, they enjoyed a certain privileged position in the early days of the occupation, and the Japanese complain that some of them made use of it in various ways at the expense of the Japanese. Their good time was at any rate brief, for after the Japanese recovery of sovereignty in 1952 they began to suffer from both official and unofficial discrimination. Many became unemployed. The Japanese would have liked to see them all go home. But after the Korean war there was widespread unemployment and destitution in South Korea which stopped further movement back to that country. But towards the end of 1958 agents of the Communist government in Pyongyang began to invite the Koreans in Japan to come to North Korea, where they were promised well-paid employment. The desire of the North Korean authorities for their labour was probably genuine enough, for North Korea holds the only important coal and mineral resources of the Korean peninsula, and the large-scale flight of refugees to the South before and during the Korean war has created a shortage of labour. As most of the Koreans in Japan had been mining or metal workers, they were very suitable for filling the gap. The Communists, however, undoubtedly also had in mind that a voluntary—or apparently voluntary—migration of Koreans to North Korea would greatly increase the prestige of their regime.

A communist organisation in Japan promoted a petition for repatriation to North Korea which gained over 100,000 signatures—with the inducement, it is alleged, of small cash payments in advance of expenses for those who signed on. The South Korean government, hearing of this, at once protested and declared that, as the only Korean government recognised *de jure* by Japan, it had the right to be a party to any arrangement covering the future of the Korean minority there. The Japanese government, however, refused to accept this argument, and declared that on humanitarian grounds it would not prevent Koreans in Japan from going wherever they wished. South Korea then challenged the claim that the proposed migration would in fact be voluntary, and described it as a "deportation".

This put the Japanese on the defensive, for the Home Ministry had been notoriously anxious to get rid of as many Koreans as possible. To clear itself of the charge of compelling Koreans to go to a Communist country against their will the Japanese government now sought to bring the International Red Cross into the affair as a guarantor of freedom of choice. Meanwhile, in order to avoid having to negotiate an agreement directly with the North Korean government, which it did not recognise, Japan put up the Japanese Red Cross to arrange conditions for the repatriation with the North Korean Red Cross, though both societies were in fact acting as agents for their governments. Japan originally proposed that the International Red Cross should set up a kind of tribunal to which any Korean claiming to be under undue pressure to go to North Korea could appeal. The North Koreans, however, refused to agree to this, and the Japanese accepted a compromise, whereby the International Red Cross would undertake a merely advisory function with regard to the repatriation. After some delay the International Red Cross finally agreed to act in this capacity, and the agreement between Japan and North Korea was signed on August 13th.

Already during the summer South Korea threatened to take all possible measures, including the use of force, to prevent the "deportation" of Koreans from Japan to North Korea. But Russian ships have now been sent to Niigata to fetch the first batch to North Korean ports, so that the voyages are under the full protection of Soviet power. It remains to be seen whether the South Koreans will accept defeat or whether they will try to carry out some form of forcible reprisals against Japan. Strange as it must seem to anyone who knew the powerful Japan of the old days, South Korea is now far stronger than Japan in terms of military and naval power, but the Korean army and navy are formally still part of the United Nations forces in Korea under an American supreme command, so that any independent action against Japan would be deeply embarrassing to the United States. The Americans have indeed done everything they can diplomatically to prevent the conflict from developing to the point it has now reached.

gaze of a million people. In his "cold war address," Mr Eisenhower expounded America's anti-communist policy. He stated in Gandhian jargon what Mr Murphy had stated bluntly in Washington on the eve of the president's "blitz-peace" tour. To Mr Eisenhower's argument that only freedom could ensure peace, Mr Nehru gently pointed out that not all the "free" world was free yet. To the president's suggestion that Gandhi would have supported mutual self-defence, Mr Nehru maintained that the Mahatma's key message was "hold enmity towards no one," and he gave a warning that "any action which leads to an increase in world tensions is a crime against humanity." America has explained its stand, and hinted that pacts are there for the asking. India remains unaligned, despite Mr Chou En-lai's efforts to succeed where Mr Dulles had failed.

But under the non-alignment India is presenting a new face to America: at long last Mr Nehru has publicly thanked America for its aid and has said that if more aid comes it will be welcome. Readers and television viewers back in Wenatchee or Milwaukee, learning of India's love of "Ike," will cease to imagine that India is pink. India is not pink, it is neutral and worried. Indeed, perhaps half of the gigantic crowd which cheered Mr Eisenhower cheered because "Amrika" is India's friend, as China is not. The remainder of the crowd was probably divided between those who attend *tamashas* anyway, those who think that this visit bestows "summit status," as one paper put it, on India, and those who, like millions of fans elsewhere, just like Ike.

Is this "Ikitis" a fleeting fever? Probably not. The seeds of a maturing friendship were planted in the Gettysburg address: the Suez crisis watered its roots; economic aid, and Chinese aggressiveness, have strengthened the trunk. Lately, for the first time in years, Indian-American relations have been free from brinkmanship or gurumanship, and with the "summit" in the offing the old quarrel about methods is losing its edge. America has begun to toy with co-existence just when India is getting singed by communist expansionism. The spectrum of disagreement has been narrowed from the moral to the practical. There is only one real bone of contention left for India and America to pick—Pakistan. (The Chinese seat in the United Nations is a mere splinter.) Indians hope that Mr Eisenhower will exert his influence further to reduce Indo-Pakistani tension by bringing pressure to bear upon General Ayub. The recent thaw with Pakistan has already been chalked up to Mr Eisenhower's credit, whether it is the approach to solution of the canal waters problem, or the settlement of the Bengal borders, or the harmonious tone of the present trade negotiations. This only leaves Kashmir. Indians feel that time must be allowed to pass before Kashmir can be tackled. Not all Mr Eisenhower's charm will cut any ice there. As Mr Nehru told correspondents: "When we meet it is not with a view to finding a solution to any problem."

China must have loomed as large as life on the two leaders' horizon, but India did not ask for military aid, nor did America offer it; both want a peaceful settlement, because the Eisenhower Doctrine and the Nehru Doctrine meet on the Macmahon Line.

It is really on the economic front that India hopes that the visit will make the difference between freedom and frustration. Everyone knows that in American circumstances an outgoing president and an election year mean the perpetuation of things as they are. Fortunately for India, the crucial billion dollars a year will not be required until 1961, the first year of the third plan. In the meantime the Indians are glad to think that they have found in Mr Eisenhower a powerful advocate, as one minister put it, who may yet set the tone for the future if he follows up his promise:

> I shall be quick to speak out on every possible occasion that India is becoming one of the great investment opportunities of our time, an investment in the strengthening of freedom, in the prosperity of the world. . . . As you prosper the whole free world will prosper; Americans, Asians, Africans, Europeans will buy goods from India . . . you will be able to buy more from them. . . . The best means for a nation determined to maintain its independence are private investment from outside, governmental loans from others and, where necessary, grants from other free and friendly nations.

Could it be that President Eisenhower has in mind a Colombo Plan type of approach to Marshall Aid for India? This is the question anxiously asked by those who appreciate the sacrifices involved in "take-off." They wonder whether the president will succeed, faced as he is with an America *jittery* for its dollar, a Europe that is tight-fisted, and a complacent free world which may not realise before it is too late for India the wisdom of jejune clichés like these: prosperity, like freedom, is indivisible; charity well understood ends at home; a stitch in time saves nine.

Ceylon Loses its Halo

FROM OUR CORRESPONDENT IN COLOMBO

The departing Devil, say the Sinhalese, delights in smashing up the pots and pans. With almost fiendish glee, Ceylon's caretaker prime minister, Mr Dahanayake, and his colleagues have reduced parliamentary government to a shambles.

Ceylonese pride themselves on having achieved freedom without shedding blood, and in their first days of independence "a little bit of England" was all too familiar a phrase. Outsiders, especially British commentators, fostered this self-indulgent myth, and a generation of Ceylonese has been raised in the belief that the cordial transfer of power was a richly deserved gift; as if their country, the best bred boy in the imperial classroom, had carried off the award for good conduct on prize day. Ceylon has been held up as an example of the successful transplantation of British parliamentary traditions in Asian soil. But today, although the tea and rubber which the British planted still grow well, and provide more than half the island's earnings, this transplanted democracy is being shaken to the roots.

Mr Dahanayake took everybody by surprise when he dissolved parliament two weeks ago. His colleagues in the governing Freedom party, who had hoped to survive the remaining eighteen months of the parliamentary term, had not been consulted. But he could scarcely have done better in the circumstances. A week earlier a no-confidence motion had left him with a humiliating one-vote majority. There was open mutiny in the party's ranks and the press kept up its demand for dissolution. Without awaiting the further humiliation of being denied the presidency of the party, he advised the governor-general to dissolve parliament. Awakened at midnight by newspapermen, the other ministers were furious at being so callously sold down the river, and started to mutter dark insinuations about Mr Dahanayake's motives. He acted swiftly. Summoning an emergency meeting of the cabinet, he blithely announced his resignation from the party. He did not, he said, "want to have his throat cut in broad daylight," and he would form a new Democratic party with a strongly anti-Marxist programme.

Next day the Freedom party held what was probably the most rowdily farcical political meeting in Ceylon's history and, refusing to accept Mr Dahanayake's resignation from the party, proceeded to expel him. Anything they can do, I can do better, was his response: he proved it by sacking five ministers and one junior minister, and recalling to his cabinet Mr Stanley de Zoysa, the former minister of finance, who had been forced to resign only three weeks earlier under pressure from these same men.

Each new day now brings some shattering event, melodramatic, monstrously comic and chaotic. Is there a sinister method in this madness? Is Mr Dahanayake clearing the way for arbitrary power? Rumours that Mr de Zoysa's return would be followed by the re-

admission of his brother, a deputy inspector-general of police, to the police force as the head of a new security set-up, have caused further anxiety. But the prime minister himself has solemnly promised to go ahead with the arrangements for a free and peaceful election on March 19th. Now freed from the real cares of office, he may be simply acting true to form. For two decades he has been the most adventurous of lone-wolf politicians, and his actions now are in keeping with his eccentric and histrionic nature.

Although the election campaign is already in full swing, the picture is still confusing. New parties have sprouted like salvinia in the rice fields, while the gains made by independents in the local elections of the past few weeks indicate widespread distrust of all parties. Of the major parties, the United National party has fared best. The present conditions suit its leader, the ex-prime minister, Mr Dudley Senanayake, ideally. All attempts to get the three parties of the left together have failed. The former food minister, Mr Philip Gunawardena, goes his own way, diluting his Marxism with nationalism. He now claims the leadership of the "popular front" which Mr Bandaranaike led in 1956, and which broke up after the Cabinet crisis of last May. His programme is a jazzed-up version of the murdered premier's manifesto, and he is trying to mobilise Sinhalese Buddhist feeling. The Freedom party is discredited and broken. Mrs Bandaranaike has now given a definite "no" to all the appeals that she should lead the party; so it will not be able to exploit the popular sympathy for her. The "Trotskyite" party of Dr N. M. Perera, the former Leader of the Opposition, has lost some ground since just after the murder. If the people rally round militant nationalist slogans, the conservative and pro-western UNP will find a tough opponent in Mr Gunawardena, who is pledged to nationalise all foreign estates and banks, to take over denominational schools and declare Ceylon a republic. The local elections in Colombo on Saturday, December 19th, will provide a first trial of strength.

More Power for Soviets

Communism equals Soviet power plus electrification of the country. When Lenin produced this famous, though rather over-simplified, equation Russian output of electricity was ridiculously small. Next year Soviet production should approach the impressive level of 300 billion kWh. It is a figure that Lenin could scarcely have imagined, but the voice from Moscow still repeats that it is not enough to keep up with the ever growing demand. *Pravda* has now published a speech made by Mr Khrushchev on November 28th in which he revealed an ambitious 20-year plan of electrical expansion—2,300 billion kWh by 1980. He made this speech to a conference of experts who had met to discuss ways of speeding up the building of power stations and of cutting costs. Simultaneously, the party's central committee issued an appeal to save electricity and eliminate wastage estimated at several billion kWh a year. "Switch off, light is precious"—such posters will soon be seen, not only in factories and public institutions, but in housing blocks as well.

During the present seven-year plan (1959-1965) both the Soviet output of electricity and total generating capacity are to be more than doubled. The authorities are nevertheless campaigning for higher production and lower consumption, because they want to harness electricity for industrial purposes. This is considered to be one of the keys to higher productivity; and the further expansion of industrial production is now chiefly dependent on higher output per man.

Soviet Output of Electricity (billion kWh)

1959 est.	1960 plan	1965 plan	1970 plan	1975 plan	1980 plan
261	291	500-520	900	1,500	2,300

Last year the Soviet planners revealed two important changes in their policy for fuel and energy. In fuel, the emphasis is to be gradually shifted from coal to oil and natural gas; in power, it will be switched, at least temporarily, from hydro-electric to thermal generation. The reasons for the change are empirical, as Mr Khrushchev explained in August of last year at the opening, paradoxically enough, of the Kuibyshev hydro-electric station. Water power stations are cheap to run, he argued, but slow and expensive to build. The Kuibyshev station took nine years to build; the Stalingrad one, to be completed soon, will have taken ten years. Water resources will not run away and while construction methods are being improved it is wise to concentrate on thermal stations fed with cheap fuels.

This does not mean that water power stations have been dropped altogether. During the present plan the giant Bratsk hydro-electric station (capacity: 3.16 million kW; annual output: 22 billion kWh) is to be completed on the Angara river and an even bigger one is to be started at Krasnoyarsk on the Yenissey. Mr Khrushchev has now confirmed that big water power stations, with a capacity of 5-6 million kW, will play a prominent part in the 20-year programme. But the bulk of the new capacity is to come temporarily from thermal stations. These will be big—experts favour a capacity of 2.4 million kW—and located near cheap sources of fuel. Since cheap fuel lies mainly in the eastern parts of the Soviet Union, development will be most rapid there and by 1965 the eastern regions should account for 46 per cent of the electricity generated in the country. This is in keeping with the general shift of the economy.

The recent conference did not end without complaints. Turbines are not always delivered on time and construction, in general, is too slow. The time of construction of a large thermal station must, it seems, be reduced to between three and four years. Experts, now returning to their jobs, will have to adopt new methods. They will also have to seek every possible way of saving electricity.

SOVIET USE OF ELECTRICITY AND PRODUCTIVITY PER WORKER

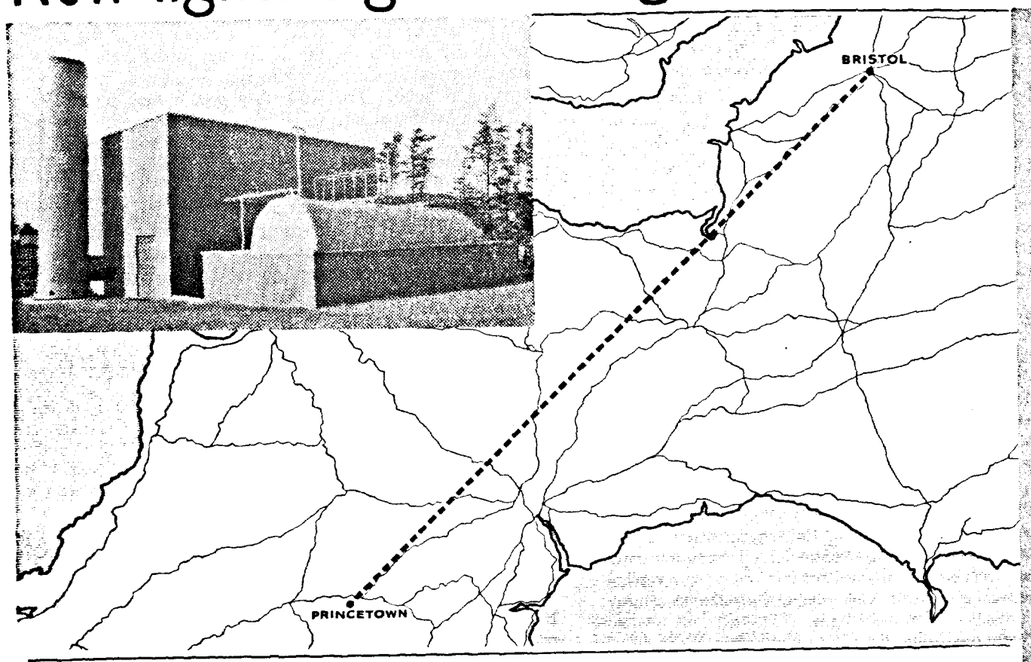
(Percentage of US levels)

Branch of Industry	Annual consumption of electricity per worker US level equals 100	Annual output per worker US level equals 100	Branch of Industry	Annual consumption of electricity per worker US level equals 100	Annual output per worker US level equals 100
Ferrous metals	44·3	49·1	Paper	43·2	42·1
Coking coal	57·6	49·1	Cotton textiles	28·5	37·7
Oil refineries	33·1	43·4	Woollen textiles	34·2	45·1
Metal machine tools	66·7	74·4	Artificial fibres	29·8	18·5
Cement	30·5	35·5	Meat	44·3	53·2
Bricks	31·0	43·5			

Source: Voprosy Ekonomiki; table based on Soviet data for 1956 and US figures for 1954.

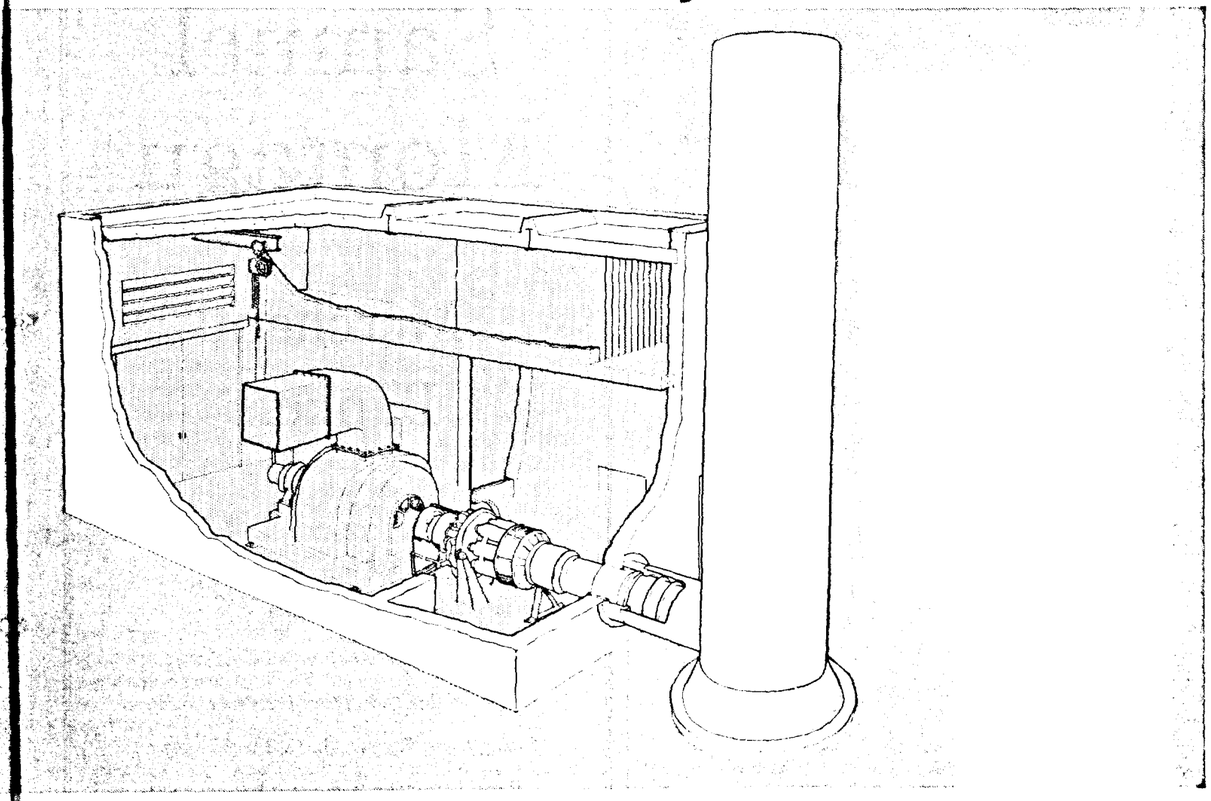
The details of the long-term plan are not yet known. It has not yet been disclosed when the switch back to water resources will take place, or how big a part is allowed for atomic energy. For the time being, the emphasis is on speed and economy, on quick and cheap results. The above table demonstrates that Soviet planners take the use of electricity in industrial processes as a fair yardstick of modernisation and, therefore, of workers' productivity. Now that the inflow of manpower has been slowed down and working hours are being reduced, the matter has become particularly urgent. Forty years after Lenin's dictum, more electric power for industry remains an important task in the "construction of communism." Electrification is also regarded as one of the chief means of challenging the industrial supremacy of the United States.

New lightweight turbo-generator cuts costs...delivers 3 million watts by remote control...



At exactly 12.07 hours, on Friday, 11th December, Mr C. R. *King*, the Chairman of The Electricity Council, pressed a button at Bristol. Two minutes later and a hundred miles away a completely new type of turbo-generator fed 3 million watts into Princetown.

This new pocket power station, driven by a Bristol Siddeley aero gas turbine engine, runs itself unmanned. It needs very little maintenance, and is so light and compact that it can be put just where electrical power is needed.



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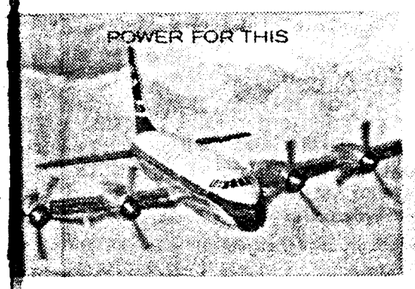
The new Proteus-powered generator supplied to the South Western Electricity Board represents an important engineering advance. Designed specifically for critical peak-lopping and emergency use, it is in effect an automatic, pocket-sized power station which can be operated by remote control.

The secret lies in the use of the Bristol Siddeley Proteus gas turbine as motive power for the 3 megawatt alternator. One of the most compact powerplants in the world, the Proteus reaches its full power of 4,250 hp within 30 seconds of a cold start. And 3 megawatts are fed into the national grid within two minutes *at a capital cost which is actually lower than that of any other method*. Its reliability is already so well proven that its service life between overhauls, under peak-lopping conditions, is anticipated at 10 years.

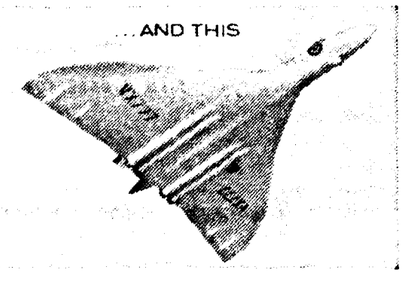
The South Western Electricity Board are to be congratulated on the speed with which they have taken advantage of this new power source and the venture will be closely watched by engineers all over the world.

BRISTOL SIDDELEY ENGINES LIMITED



The Bristol Siddeley Proteus powers the Britannia airliner. Four Proteus give this 130-seat aeroplane a speed of over 400 mph—a range of over 5,000 miles. Britannias are in service with twelve airlines all over the world and with Royal Air Force Transport Command.

The Bristol Siddeley Marine Proteus powers the world's fastest naval vessels, the "Brave" class Royal Navy patrol boats built by Vosper Ltd. Three Proteus deliver a total of 10,500 hp — give these 96-ft boats a speed of over 50 knots. The Marine Proteus holds huge reserves of power for acceleration.



The Bristol Siddeley Olympus high-thrust turbojet powers the Avro Vulcan V-bomber—gives this delta-winged deterrent carrier a performance unsurpassed by any aircraft in its class. Current Olympus versions deliver 17,000 lb thrust dry—24,000 lb with reheat. And later versions are rated at 33,000 lb.

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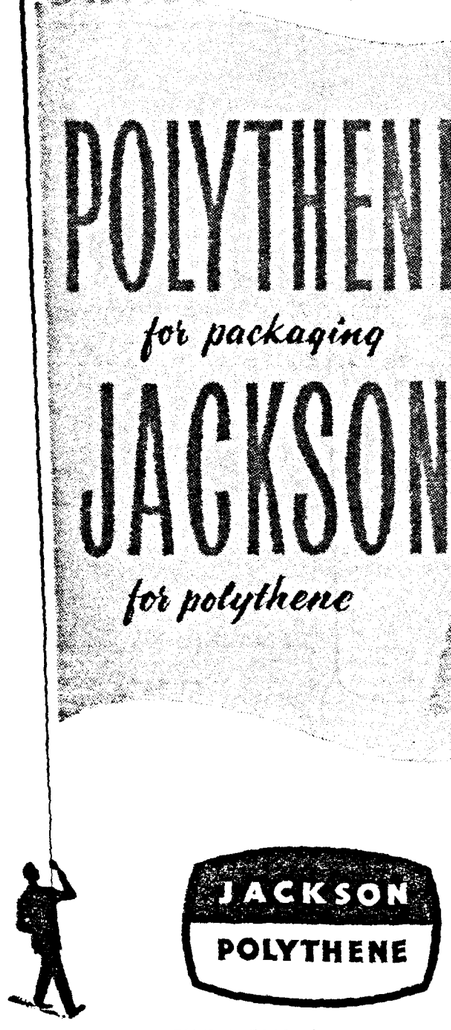

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THE BUSINESS WORLD

A Brief for Mr Marples

THE most notable point about the "pink zone" scheme for Christmas traffic in central London does not lie in the particular measures that it employs but in the mere fact that some positive action has actually been taken. The brutal truth is that this is the first time any moderately comprehensive attempt has been made to deal with traffic congestion in any large area of inner London. Mr Marples has done something about motor traffic in Britain's largest city: moreover, with a characteristic flair for public relations, the new Minister of Transport has managed to secure the good will of most motorists as well as of other road users.

The pink zone was never intended, by the London Travel Committee that devised it, to be more than a temporary expedient to prevent this year's Christmas traffic from grinding to a complete standstill. It is still due to end on January 16th, mainly, it appears, because of difficulties over using the Royal Parks as storage space for cars. But it has given all Britain's congested cities a glimpse of what can be done to make better use of their existing roads. And the impetus may be maintained if Mr Marples goes ahead with his idea of asking Parliament to give the Ministry of Transport powers to take more direct charge of central London traffic (in an area rather larger than the pink zone) for an experimental period of two years or so.

These powers lie at the hub of the problem. Since 1924 the Ministry of Transport has been the nominal traffic authority for the London traffic area, which covers roughly everything within 25 miles of Charing Cross. But before it can do anything it has to consult the London and Home Counties Traffic Advisory Committee, a 45-strong body representing an even greater multitude of interests; and the Home Office, if the police will be called upon for enforcement; and then, in practice, it still has to work through individual local authorities. Even in the county of London, a much smaller area, the list of highway, street lighting, bridge, improvement, planning, and police authorities with whom the Ministry is obliged to work, reads like a version of the *Twelve Days of Christmas*. With more powers of initiative and execution for his ministry, pending any permanent changes that the Royal Commission on London Government may recommend, Mr Marples said last week that he would endeavour to "concentrate on a manageable area (of London) and make some impact on it" and thus, by example, hope to stimulate ideas and action in other cities. In short, he envisages the ministry acting during this lengthy experiment in the manner of the traffic department of most American cities.

Some simple and immediate steps could be taken in such an experiment to secure the utmost use of the roads for moving traffic; they would give a worth-while economic return on the relatively small sums that they would cost. There are first straightforward devices of what is rather grandly called "traffic engineering," which often means no more than using common sense in organising a city traffic system. It includes making the motorist "lane conscious" by painting lines on the main routes through the city and at the principal junctions and roundabouts (removing if need be the lamp and pedestrian islands that so often create bottlenecks), and by introducing what is called "tidal flow"—opening, say, two lanes of a three-lane road or bridge for incoming traffic in the morning and giving outward traffic two of the three for the evening peak. One can mark certain outside lanes for turning traffic only, prohibiting U-turns, and limit sharply the intersections where right-hand turns can be made (substituting, for example, a series of left turns into a road that crosses the original route at traffic lights). A good deal more one-way routing would still be possible, even in the West End of London. Pedestrians could at last be obliged to "cross over on the green and not in between" at light-controlled crossings, and only on crossings. Traffic signs could be made clearer, placed to give the motorist ample time and the pedestrian ample view, and standardised in pattern.

THE greatest single relief of traffic congestion will come, however, by denying vehicles free kerb-side parking space. Here the thousands who get there first each day impose the cost of this space, in terms of delay, on the traffic that wants to move later. The principle is now accepted that motorists will have to pay to park either at a metered space, where the hindrance to others ought to be minimal, or in a garage off the street, where a stationary vehicle is an impediment to nobody; it is taking an unconscionable time to convert fully into practice. Parking meters should regulate the use of the kerb-side space that can sensibly be offered to the short-term parker; and if no one is allowed to park anywhere else "down-town," off-street garages should become a commercially viable

proposition. The first of these meters, installed in a small area of London's west end, have already stimulated the construction of a handful of new garages and another one is going up in Bristol where meters are soon to appear.

But the procedure created by the Road Traffic Act, 1956, which sanctioned the use of meters, has proved cumbrous and deficient. Provision for a full public inquiry and the hearing of all objections to each scheme is reasonable enough, if time-consuming, provided local authorities can be persuaded to see the considerable benefits that meters bring and introduce them soon enough and over a suitably large an area. But the effectiveness of meters depends upon the extent to which the ban on free street parking nearby is enforced. Mistakes of drafting in the Act have prevented the police employing contractors to assist the selective towing away of defaulting cars and the procedure for applying the law to motorists who park their cars illegally is still too long drawn out.

Mr Marples may have to adopt the practice of on-the-spot fines for the breaking of ordinary traffic rules, and to recruit special traffic patrols to assist the police. But he has acted quite rightly in refusing the demands for off-street garages to be subsidised (beyond the use of net revenue from parking meters). Those who choose to commute by car to the centre of cities should be prepared to pay the full economic price of garaging their vehicle while it is idle, as should those who enjoy the privileges of living there. The shopper, the visitor, the commercial traveller, and all the other "stoppers" for a short period must be prepared to pay for occupying the kerb near their destination (and there is no reason why meter charges should not vary, as in American cities, roughly according to the pressure of demand for the spaces available). And experience in the pink zone has shown how well the unloading and loading of commercial deliveries can be fitted into a limited number of off-peak daytime hours.

Apart from a concession on rateable charges in some cities, the American "downtown" garage charges, and gets, the full economic price for off-street parking. In Britain, it appears that multi-storey garages can now be built for about £300 per car space, plus the cost of acquiring sites, if they have open-sides, as the LCC now allows. This capital cost would be lower if the cars were driven to their stalls by attendants (customer-parking takes more space). With site values in the centre of the cities, the economic charge for eight hours' parking, allowing for a load factor during the day of about 75 per cent and the profits on a service station, could run up to 10s. For an underground garage, such as the one now being built under Finsbury Square, where site costs are purely nominal but construction more costly, it would be rather less for an eight-hour day. Once the commuter understands that this is the price of parking his car where it is allowed and that he stands a very good chance of having to pay considerably more, immediately in a fine on the spot if he tries his luck where parking is not allowed, his own personal "costing" of commuting by car will become much more realistic. To the extent that commuters are prepared to pay that cost—and in an increasingly motorised community many will be—then off-street garages will become a profitable business. The announcement of a rough timetable for future metering schemes by the local authorities concerned would encourage garage operators not to wait for the meters actually to appear, but to have the garage ready by the time they do.

All this may smack of "restrictionism," with none of the bold planning that the various road pressure groups delight in lobbying for. But Britain is much too compact a country, and its cities too crowded and sprawling already, to be able ever to redevelop its built-up areas to every single one of the cars its population is likely to possess and to the amount of road traffic that might choose to go into them and mill around. The United States, which is as large and in terms of sheer land space as undeveloped a country as an affluent, automobile-conscious society is ever likely to be has found that spending money on urban motorways and other new road construction in its cities is a "bottomless pit" that creates more problems and solves none. Increasingly, American city after city is turning to public transport as the most efficient and economic mover of people in densely built-up areas. Pedestrian malls downtown, periphery garages, and rapid transit services in between is the broad, simplified direction in which thinking there has been moving.

MR MARPLES is thinking of setting up a long-term study group to include architects and town planners as well as highway and traffic engineers. Only in some all-embracing survey such as this suggests is one ever likely to find a way of reconciling the desire to use personal transport in place of public transport with the facts of city life. Most of London's present congestion, on its arterial roads at peak hour and in the centre all day long, is caused by the cars of the six or seven per cent of the capital's 1¼ million commuters who come in that way. If only a fifth of all commuters did so, over two square miles of parking space alone would have to be provided for them. Even the expensive-looking scheme of replanning that won first prize this week in the Road Campaign Council's competition "New Ways for London" would cater for only three times the number of vehicles that came into the inner area in 1954 and would, the author reckons, take twenty years to complete.

As the city worker becomes more affluent he moves further out and is more likely to own a car. The more the car is used for off-peak travel the more uneconomic become the peak-hour services that urban transport and railway services are expected to provide; the more cars that are used to go to work in, the more difficult it becomes to run bus services adequately and more people shift to the crowded tubes and railways. This has been the experience of London since the end of petrol rationing nine years ago. Efforts to budge the hours people prefer to come into, and leave, work have been made for thirty years, with little real effect. Britain is fortunate enough still to have public systems transport in its cities. The people are certain to go on needing them, and if stronger incentives to encourage staggering of hours are more likely to keep them in business, then such incentives may have to be given. It would never be practical or equitable to keep private vehicles out of cities altogether; and natural "ecology," reinforced by the price mechanism for parking space, will always tend to keep the use of cars to a level that the roads can actually cope with. After easing the present congestion by applying traffic engineering methods and clearing the cities of parked vehicles, will come the time for study of the resulting flow of traffic, to see where the shoe particularly pinches and what works of major road investment and re-planning can profitably be undertaken. But the shoe will always be too small.

Tax and the Foreign Investor

INVESTORS on both sides of the Atlantic are now moving their money far more freely beyond their own frontiers. They have been encouraged by the moves to convertibility in Europe and by the promise of closer economic union. But for every one who has moved his funds around, perhaps a dozen are held back by the complications—above all of tax. This is bad enough at home; once an investor steps outside his own country his tax position may become less favourable, or more; almost inevitably it becomes complex. This article sets out the general considerations that apply to the taxation of investment in Britain and on the European continent by American investors, and in the United States by British investors—and these can be very different as between, say, surtax payers and tax-exempt pension funds.

American investors in British securities are nearly all penalised by the British tax system (as American investors are in most Continental securities, though to a smaller degree). The details are spelled out below by our New York correspondent. Yet profits of American companies are subject to notably higher taxation than are company profits in Britain. The paradox results from differences in the two tax systems and from an underlying difference in the concept of the nature of a company. In the United States, a company is regarded without reservation as a distinct taxable entity; and a business man's Administration taxes company profits at a flat rate of 52 per cent (subject to certain depletion allowances to extractive industries). Dividends are subject to additional income tax, levied on the recipients at the rate determined by their place on the income tax scale. The British conception embodies two significant differences, one of principle and one of form. The element of overlap in the taxation of profits (that is, between the corporation that earns them and the individual who receives part of them as dividends) is now limited to the 10 per cent profits tax. Companies in practice pay to the Inland Revenue a basic rate of 48¾ per cent in tax (on unfranked income), but, on the distributed profits, the 38¾ per cent income tax element ranks as payment on behalf of the shareholders' personal liability. A British company is a taxpayer in respect of its undistributed profits; it is a tax collector in respect of its distributed profits. The final settlement is determined by the circumstances of the individual shareholder, who may obtain repayment if he is not liable to tax at the standard rate which has been deducted from his dividend or will be liable to an additional assessment if he pays surtax.

But the comparative lightness of taxation on the British company as such has little attraction for the American investor. His dividends are received after deduction of 38¾ per cent British tax; and, unlike a British investor with a low tax rating, he cannot claim any reimbursement from the Inland Revenue. He can indeed offset British tax against his personal tax in the United States. But the main burden of taxation on profits and dividends there is the 52 per cent impersonal charge on corporate profits; and an American investor cannot set off against this any British tax he has suffered on dividends. So American investors in the medium and low tax brackets find they cannot make full use of their British tax credit, and that investment in a British security does involve some additional personal tax.

Conversely, however, British investors who pay a high marginal rate of tax gain a special advantage by investing in American companies, since they can set off the 52 per cent indirect tax on an American company's profits against their liabilities to British tax. American dividends paid to British investors are subject to a withholding tax of 15 per cent. A British investment trust that receives $85 from an American dividend of $100 is relieved of any English income tax or profits tax on this dividend, provided the American company has paid United States tax at least at the equivalent of 9s. 9d. (that is the UK standard rate of 7s. 9d. plus 2s. profits tax) in the £ (48.8 per cent). The $85 dividend, which compares with $100 received by an American company or individual, is worth a gross equivalent to the British investment trust of $139. In effect, the United Kingdom investor is getting a special credit because company tax is higher in the United States than in Britain. Since prices on Wall Street are determined mainly by American demand, this makes American securities look unnaturally cheap to some British investors. The minority report of the Tax Commission recommended the curtailment of double tax relief where it produced this result.

INDIVIDUALS also gain special benefit from investing in American securities if their average rate of UK income tax is higher than 15 per cent (3s. in the pound). The higher the individual's average rate of tax, the larger will be the equivalent in gross income from UK sources provided by his American dividend. By contrast, pension funds and others exempt from British taxation have nothing to gain from the tax credit available for American corporate taxation, and they cannot recover the 15 per cent American withholding tax. These funds therefore tend to avoid American stocks, just as they have a limited interest in domestic securities that have a low UK net rate of tax. American tax-free funds face a similar, and more formidable, discouragement to investment in Britain. These artificial tax influences on various groups, causing them to favour or avoid different types of investment, are undesirable. They can never be wholly eliminated; but a reciprocal agreement between the tax authorities in Britain and the United States on, say, remission of tax to tax-exempt funds overseas ought not to be impossible to reach.

Because of lower corporation tax, a company in Britain can afford to pay a higher dividend from its pre-tax earnings than a company in the United States: company profits are worth more to the investor in Britain than to his American counterpart. Nor is the comparison greatly affected, as has been suggested recently, by the fact that British dividends are usually declared gross and paid net, after deducting tax at 7s. 9d., while American dividends are paid at the declared rate. This difference in fact embraces a further and compensating difference. The dividend received by the British

investor is subject to no further income tax from the recipient (though he may be liable for surtax or be able to reclaim income tax); but the recipient of the dividend paid gross by the American company is subject to full personal tax. In effect dividends in both countries are declared gross. The real difference in treatment therefore is represented by the difference in personal tax rates in the two countries. To sum up, with a notional example. From profits before tax of 10, a British company declaring a dividend of 3 will be able to put half as much again to reserve as most American companies. British investors will receive only just over $1\frac{3}{4}$ net from this payment, while Americans receive their full 3; for middle income investors in Britain that will be the end of the matter, but investors similarly placed in the United States must pay full personal tax on the dividend income they receive.

Americans Investing in Europe

BY OUR NEW YORK CORRESPONDENT

POTENTIAL American investors in European securities divide into three groups in their reaction to the income tax withheld by the British authorities. These are the individual investor subject to US income tax; the mutual fund, which passes its United States tax liabilities on to shareholders instead of paying them directly; and the pension fund or charitable trust, which is exempt from all domestic taxation.

The individual taxpayer faces the greatest complications. If he invests in British securities his dividends are paid after deducting income tax at $38\frac{1}{4}$ per cent. British tax is not recoverable, though it can be offset against the individual's liabilities to American taxation on this income. There is no double taxation; yet the different tax structures in the two countries in practice penalise most individual investors in British securities.

The American investor can offset the British tax on his dividend against the average rate—not the marginal rate—of his domestic tax liability. Thus, he can make full use of the $38\frac{1}{4}$ per cent credit only if his average rate of United States tax is $38\frac{1}{4}$ per cent—a tax bracket that is reached only by annual incomes of $44,000 or more. To the smaller investor, the $38\frac{1}{4}$ per cent British tax looks very stiff, particularly since in America he is accustomed to receiving his dividends gross and paying tax on them, after receipt, at the rate of tax appropriate to his income. In the United States there is no penalisation of "unearned" income; indeed the first $50 of dividend income and 4 per cent of the total is tax free. But the American investor is subject to tax (at a lower rate) on capital gains on foreign as well as domestic stocks. This means that investors in income tax brackets below $38\frac{1}{4}$ per cent, get the worst of two tax worlds. It is no consolation to tell the American investor that the US Treasury takes, in two bites, a larger total cut out of company profits than is the case in Britain.

To Americans in an income tax bracket of $38\frac{1}{4}$ per cent or higher, the British income tax is not a deterrent to investment in Britain. To those in a somewhat lower bracket—between, say, 25 per cent and 38 per cent—it tends to act as a psychological deterrent even where the extra tax paid is compensated by, say, higher returns. The average American investor today is looking for capital gains rather than income. But the same investor who will largely ignore the yield when investing in an American security will often rebel at the idea of paying the British Treasury a "bonus." In so far as he is interested in yield, the American investor should ignore this element of "wasted" tax and simply compare the net yield between an American and British security.

In practice he expects a higher yield from a foreign investment to compensate for the risk he believes to be inherent in all such purchases. If the London market (or individual stocks) appeared to possess outstanding prospects of capital gains compared with Wall Street, the element of wasted tax would be largely forgotten; but as the two markets tend to move together, this conjuncture is unusual. Experienced investors—for instance, the banks who manage individual portfolios—look mainly for capital gains in foreign securities, just as they do in domestic securities. For them, the absence of the close contact that American institutions have long maintained with corporate management may be a bigger deterrent than the withholding tax.

IN Continental countries, the individual American investor fares better (on taxes—not on information). In the Netherlands his taxes are refunded in full; in France and Italy he pays only a 15 per cent tax on his dividends; in Germany 25 per cent and in Belgium 30 per cent. These taxes, like those on British securities, can be credited against domestic liabilities; it takes an annual income of only $7,500 to utilise in full credit of 15 per cent.

The volume of American investment in foreign securities by individuals is never likely to be large in total, and will probably be confined, for the most part, to those in a fairly high tax bracket. But individual taxpayers have some advantages in offsetting foreign taxes that the two other investing groups do not possess. The real significance of the British withholding tax, indeed, is its impact on institutional investors who might in other circumstances be substantial buyers. Since an American mutual fund pays no taxes in its own right (its shareholders are assessed for United States tax on their dividends individually), it gains no benefit from the credit on tax paid on British securities. The deduction of $38\frac{1}{4}$ per cent thus appears as an unmitigated additional burden. Exceptionally, individual securities may on occasion offer prospects of capital growth that outweigh this loss of income. Lazard Frères and Eurofund bought British shares for their mutual funds before the election—but they were among the few.

American tax law makes one concession: a mutual fund with 50 per cent or more of its total assets invested abroad can pass on to its shareholders the credits of taxes withheld. As yet only two or three small funds make use of this provision. The stipulated percentage of assets held abroad might conceivably be lowered say to 25 per cent, but this would still not affect the main stream of mutual funds which would not want such a large proportion of their portfolios in foreign stocks.

American institutions are faced with the same problem in most Continental countries, although the lower rates of taxation make it less burdensome. In the Netherlands, mutual funds (like individual investors) can recover taxes withheld. It was the absence of any deterrent to institutional buying that brought such stocks as Royal Dutch and Philips Lamps into Wall Street's orbit; the buying of German and French securities is motivated, for the most part, by expectation of capital gains.

Pension funds, college endowment funds, and the numerous foundations and charitable trusts in the United States are exempt from all domestic taxation. On dividends from British securities, these institutions are subject to the full withholding tax, and, like the mutual funds, they can do nothing with the credits. Unlike the average individual investor, they must look carefully at yields. These institutional investors feel strongly that in investing abroad they should enjoy the same tax exempt status as similar institutions in those countries. (Institutional investors in Britain have the same grievance about the tax withheld by the United States.) So far the American institutions have not persuaded the British Treasury to give way. They enjoy no special treatment in other European countries either, and their buying of foreign securities other than of leading Dutch stocks, has been very small.

BUSINESS NOTES

AIRCRAFT MERGERS

Gretna Wedding

THE proposed merger between the de Havilland and the Hawker Siddeley aircraft manufacturing groups looks less like a shotgun wedding than an elopement to Gretna Green. It may present the Ministry of Aviation with almost as many new headaches as it cures. The Government wants to see aircraft manufacturing—as distinct from engine production—concentrated in the hands of Hawker Siddeley and the Vickers-Armstrongs groups. From Hawker Siddeley's point of view the purchase of de Havilland has several attractions. It buys Hawker a major stake in the missile industry, since de Havilland builds both the 2,500 mile ballistic Blue Streak and the airborne Firestreak missile. It also brings Hawker back into the jet transport market from which it was ousted by de Havilland itself, when the latter won an order for British European Airways' 24 medium range jets against Hawker's competition. The value of the de Havilland group lies less in its assets but more in its orders; a bigger grouping might be able to build these up to substantial size.

But the merger threatens to introduce a new clash of interests between the Government's two chosen groups, Hawker and Vickers. The best business for makers of civil aircraft—indeed the only business open to British manufacturers in the sixties—is likely to be for a medium-range jet. By acquiring de Havilland, Hawker takes over the orders and the part-finished drawings for just such a machine. But Vickers also intends to put one into production as a replacement for its Viscount; since this aircraft is a scaled-down version of the company's big VC 10 jet the technical and financial burden of manufacturing it are expected to be correspondingly reduced.

A big aircraft manufacturing company stays in business only by producing a fair range of aircraft for a number of markets. Can Vickers or Hawker willingly come to a gentleman's agreement to stay out of the other's cabbage patch? The trouble is that they largely occupy the same cabbage patch. In terms of public interest it seems bizarre for two companies in a contracted aircraft industry to compete against each other with near-identical aircraft. An article in last week's issue examined the difficulties of exporting civil aircraft. Vickers have much more experience in this field than Hawker. For de Havilland to have merged with Vickers, for which there were a number of good arguments, would have meant at least the radical modification of the new de Havilland jet. By eloping with Hawker Siddeley, de Havilland has a better prospect that the aircraft will reach production.

The Marriage Price

SEPARATE negotiations were being conducted by de Havilland with Vickers and with English Electric right up to the last minute. These negotiations have been protracted, no doubt because it was difficult to settle on a price. Hawker Siddeley appears to be offering a generous price. For each £1 ordinary share in de Havilland Hawker offers one £1 ordinary share and for every four de Havilland $5\frac{1}{4}$ per cent preference shares three Hawker $5\frac{1}{2}$ preference shares plus 30s. in cash. On the eve of the bid, Hawker shares stood at 29s. $10\frac{1}{2}$d., ex the maintained final dividend of 7 per cent, and de Havilland shares at 22s. 6d. On Thursday the de Havilland shares rose to 27s.

This price can hardly be justified by de Havilland's recent earnings, which have been depressed by the special expenditure on the Comet and other civil aircraft to the point where the 1957-58 dividend was passed; it obviously looks to the goodwill which springs from de Havilland's interests in civil jet airliners and missiles. Paper is again being offered for paper, as in a number of earlier Hawker bids. Full acceptance would add another 8,770,918 shares to Hawker's ordinary capital on top of the 2,750,436 shares involved in the offer to Blackburn shareholders. Whatever de Havilland and Blackburn may be worth to Hawker in the long run, such large blocks must fetter the market price of Hawker ordinary in the short run. They have reacted to 28s. 9d. and the convertible debenture from $112\frac{1}{2}$ to 109. The chance of large scale conversion next year is not a strong one since the present price of 109 imparts a value of 32s. for the ordinary.

This debenture did much, but not all, to solve Hawker's own financial problems. If the de Havilland merger goes through it will have to think also of that company's need for new finance, although one object of merging was to qualify for a government subsidy towards civil aircraft design. Will investors find the new giant, controlling the biggest aircraft group in the Commonwealth, any more attractive than they did the two separate concerns? Hawker Siddeley, under Sir Thomas Sopwith and Sir Roy Dobson, has been an active bidder—for DOSCO and the Brush Group as well as aircraft companies—but several of these acquisitions have yet to emerge to the stage of high earnings achievement. Again, by bidding for de Havilland, Hawker is taking only a first step. Unless it is followed by a drastic rationalisation of the aircraft's manufacturing capacity in this country, can that step carry the group forward?

THE ECONOMY

Still Below Capacity

IN July last year, at the low point of the mild recession of 1958, a sample of companies in Britain's metal-using industries told the National Institute of Economic and Social Research that on average they were producing 20 per cent less than their plant capacity, worked as they would reasonably like to work it, would have allowed. They added that to reach this full rate of "preferred capacity" working, however, they would have needed 7 per cent more employees and a 3 per cent increase in working hours. At the end of last month a rather larger sample from the same industries told the institute that their current rate of working, on the average, was still 15 per cent below capacity—but that to achieve 100 per cent of this "preferred capacity" they would still require as large an increase in employment and hours as before.

In crude arithmetic, this new figure would match what has happened to output in these industries and appears to have happened to capacity. Metal-using production probably rose about 10 per cent in the 16 months between the two inquiries; against that the institute reckons that investment in these industries, in the period, may have added 5 per cent to their capacity.

Productive capacity in these industries is growing at perhaps 3-4 per cent per year. These latest findings suggest that even if the rapid rise in industrial output this year were to continue unabated, these industries at least would encounter no general limitations on the side of capacity next year. But what the institute's inquiry also emphasised is the patchiness, so far, of the boom in engineering. It was told that companies making cars, consumer durables, and components for them were working to full capacity—though they were also beginning to spend heavily on new plant, and expecting to go on raising output in the next six months. Most other metal-using industries, taken together, had only increased their output a little; they are working well below capacity, they do not expect their output to rise much in the next six months, and they expect to invest no more in 1960 than in 1959. A good deal of the unused capacity in these less busy firms, however, is

" structurally " spare and likely to remain so —for example in shipbuilding, aircraft, and parts of cable manufacturing. Some of the apparent room for further expansion, thus, exists precisely where no immediate expansion can be expected.

How Much Sheet Steel?

ONE factor that some engineering companies told the institute was limiting their output, apart from capacity and labour, was the supply of steel ; in motors and consumer durables, in particular, customers have been complaining that they cannot get enough sheet to match the output they would like to produce. This pressure on supplies is likely to last into the second half of next year, when extensions to capacity at the three existing strip mills should begin to increase sheet production quite substantially. Already completed capacity at the Steel Company of Wales, as it comes into full operation, should offer the biggest addition to supplies ; but Richard Thomas & Baldwins will be getting some extra output from its remotored mill, and a large extension at John Summers will come into operation by the end of the year. Total strip mill capacity will then be about 400,000 tons more than it is now.

This extra capacity will be working for a full year in 1961, raising production further. The Steel Company of Wales, moreover, will be spending another £30 million on increasing its steelmaking capacity to 3,650,000 ingot tons a year and putting in a continuous slab-casting plant and a new 48-inch hot strip mill. It will not build new steelmaking capacity, but will modify what it has—perhaps by changing its new Bessemer plant over from bottom-blowing to more efficient ways of making steel with oxygen? It was moreover announced this week that Richard Thomas & Baldwins is bringing forward its Newport scheme by a full year ; this new strip mill will begin operations at the beginning of 1962 instead of the beginning of 1963 as was decided last year. It will thus begin working at about the same time as the strip mill at Colvilles.

The project has also been revised to increase the capacity of the mill at Llanwern, Newport, from about a million tons of crude steel and about 600,000 tons of finished steel to about 1.4 million ingot tons and 850,000 tons of strip mill products. The Newport plant will supply some slabs to Ebbw Vale for rolling down into sheet and strip, as well as feeding its own hot and cold mills. It is now to be a continuous mill, not a semi-continuous mill for later conversion to continuous working, as was at first decided. Colville's strip mill at Ravenscraig is still planned as a semi-continuous mill, and no increase in its initial capacity of 500,000 tons of finished steel seems to be planned ; but some modifications may be made to allow more of its finished steel to be produced as sheet, and less as light plate, if demand should require.

CROSSE AND BLACKWELL

Two Bidders

THE Nestlé Alimentana Company of Switzerland has thrown its gauntlet into the expanding, but highly competitive, British market for foods of better quality and greater convenience with its bid of 72s. in cash for the 2,700,000 shares of Crosse and Blackwell. But this challenge has not gone unanswered ; Fisons has come forward with a better bid of 82s. in cash. The directors of Crosse and Blackwell will give their views to shareholders as soon as possible: at the moment, the ball is back in Nestlé's court. If it wants C and B badly, it will have to raise its bid, and the fact that on Thursday C and B shares closed at 83s. 9d. shows that the market expects this. On the face of it, the entry of the biggest fertiliser manufacturer in this country into this story seems odd though Fisons's directors are at pains to dispel surprise by pointing to their " substantial investment " in the food industry through Fisons Milk Products in Northern Ireland and their interest in the grocery trade through the sale of " proprietary medicinal products of a nutritional character." They have been contemplating further substantial investments in the food industry for some time, but Nestlé's bid prompted them to quick action. A merger between C and B and Nestlé would seem to be more natural. For Nestlé the attractions of such a match are obvious. It would give it a one-third stake in Britain's £18½ million canned soup market and a small extra share (in the shape of Elizabeth Lazenby's) in the £6½ million packaged soup business to combine with its own Maggi line, which does much better on the Continent than it does here. Crosse and Blackwell's sell a third of the pickles bought in Britain and a tenth of the baked beans, as well as proportionately much smaller shares of the canned peas, meat and fish paste, and confectionery. Both companies have widespread interests—Nestlé has nearly 150 factories in five continents ; C and B has subsidiaries in America, Australia and South Africa.

But, reasonable as the purchase must look to Nestlé from these points of view, it now faces a competitor and must pay more to gain its end. Nestlé seems to be counting first on the prospect that European standards of living will continue to rise and thus cause a switch to demand for foods of convenience. Its second assumption is that European free trade (amongst the 13) will really happen. Then the large canning plants belonging to Crosse and Blackwell could can foods designed for the European market and sell them in quantities of the kind a firm of the size of Nestlé is used to. The advantages of concentrating production in a few plants best suited to the purpose have already been acknowledged by a mounting number of mergers among firms in the six countries of the common market.

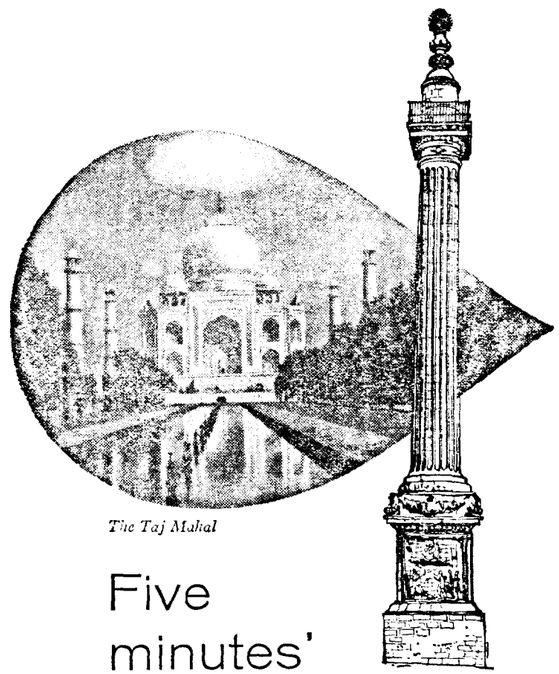
AIR CORPORATIONS

Saving Whose Face?

AT the end of Tuesday's debate on the borrowing powers of the two air corporations, the Minister of Aviation casually slipped in the statement that he was going to authorise the British Overseas Airways Corporation to cut fares on certain routes to the West Indies, Africa and the Far East which, being British territory, are outside the jurisdiction of the fare-controlling International Air Transport Association. There is a lot to be said for curbing the far-reaching authority of IATA by occasional acts of defiance and there is everything to be said for allowing airlines to cut fares whenever they choose. But there is a great deal to be said against going about it in the way that Mr Sandys has done.

The Government has promised new legislation to rationalise the present unworkable arrangements for licensing air services—in other words, it has promised to re-define the spheres in which it will allow competition between the nationalised air corporations and the independent air lines. A draft bill is expected soon after Christmas. Meanwhile an application submitted by three independent airlines to cut fares to half the present level on just these routes where BOAC is to be allowed to cut rates —has been on ice since last spring. The last Minister of Transport, Mr Watkinson, had been expected to give his decision for or against these applications as far back as last June. The difference between these proposals and those recently submitted by BOAC and rubber-stamped by Mr Sandys with a despatch that the independent airlines must envy is this : the independent airlines wanted to cut fares by half, BOAC by 10 to 20 per cent.

This seems, therefore, not the strongest issue for Mr Sandys to pick for his quarrel with IATA, especially since the international discussion on fares held in October broke down at least in part because BOAC, far from taking a lone stand in favour of wholesale fare cuts, refused to support American moves to cut fares to South America, on the Pacific and to the Middle East. BOAC wanted to cut fares only on those routes where it absolutely needed to do so in order to fill empty seats. The Minister has probably been convinced that BOAC's financial results next year and the year after will indeed be black unless every conceivable device is used to attract traffic and find work for surplus aircraft. But the decision suggests that the independent airlines may be the ones to suffer ; when Mr Sandys talks of " working out solutions " on the question of their half-price fares which will give " some reasonable satisfaction to both parties " they are not likely to be much comforted.



The Taj Mahal

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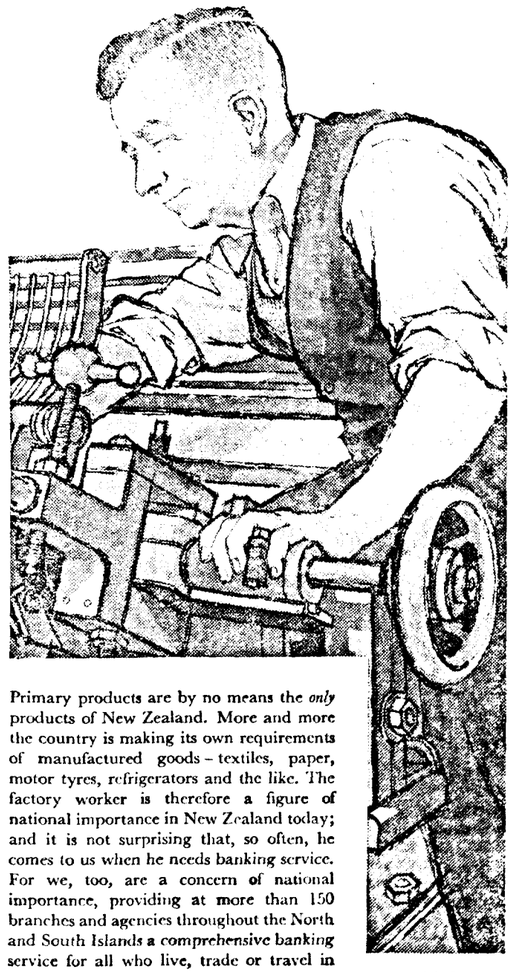

Primary products are by no means the *only* products of New Zealand. More and more the country is making its own requirements of manufactured goods – textiles, paper, motor tyres, refrigerators and the like. The factory worker is therefore a figure of national importance in New Zealand today; and it is not surprising that, so often, he comes to us when he needs banking service. For we, too, are a concern of national importance, providing at more than 150 branches and agencies throughout the North and South Islands a comprehensive banking service for all who live, trade or travel in New Zealand. It follows, then, that whenever you need information about some aspect of New Zealand's national life, you should get in touch first with the *National* Bank of New Zealand.

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Obsolete Aircraft

THE debate produced some of the most severe criticisms of BOAC's management yet voiced in the House of Commons. Successive speakers, apparently acutely embarrassed, said there was something very wrong with the top direction of the corporation and its ability to work as a team; the moderation of MPs' language made their strictures carry more weight than the usual cheerful abuse might have done. Mr Sandys skated discreetly over these points; he neither criticised, nor defended the way that the corporation is managed. He did however, raise a point that has considerable bearing on the corporation's future and, indirectly, on government policy. This was the question of losses on obsolete aircraft. The Minister hit sharply on the head the old bromide about a jet race; airlines had bought jet aircraft "because jet aircraft are cheaper to operate. They are more economical to run and it is very difficult to compete with other airlines if one's operating costs are heavier than theirs."

It is precisely this fact that has knocked the bottom out of the market for second-hand piston-engined and turbo-prop aircraft. For many years new aircraft, especially long-range piston-engined ones, have tended to be more expensive to operate than the older types they replaced, but were bought because they offered certain advantages in performance. The retired aircraft therefore found a ready market among airlines with more interest in operating economy than in performance. Consequently the sale of old aircraft usually provided a substantial part of the purchase price of new fleets.

BOAC had a below-the-line deficit of £6½ million as well as a loss of £5 million on its operating account last year because it had not provided sufficiently rapidly for the depreciation of its fleet. The price that it is likely to get for its Douglas 7C aircraft, and later for its Britannias as both are replaced by jets is likely to be so low that, said the Minister, "it might conceivably be better to continue to use some of these aircraft for a longer period in subsidiary roles." This was one of the most loaded sentences in his whole speech. The only use to which BOAC can put such aircraft is the kind of cut-price charter, trooping and holiday tour work now reserved for independent airlines. The corporation has doubtless been pressing the Minister hard for permission to spread its operations into these fields, and its financial position is such that he is bound to listen.

IN THE MARKETS

Equities Go Ahead

THE equity markets in London have moved to new peaks this week carrying *The Economist* indicator up 7.2 points to 359.9 (1953 = 100). On Wall Street the August peaks have been all but regained. Gilt-edged have generally been dull, which has not helped the reception of the World Bank's loan of £10 million in London, the terms of which were in any case finely drawn. The strength of the sponsorship of six leading merchant banks ensured a full subscription; but dealings started on Thursday at a discount of ⅛. By contrast, but not unexpectedly, Wednesday also saw a stampede to take up the offer for sale of 300,000 shares at 19s. in Dimplex, Ltd., a medium sized company manufacturing heating equipment. The aggregate of investors' applications, for what the figure signifies, was 24½ million shares.

The main source of encouragement for the industrial market continues to be the signs of revival in the capital goods industries. This week shipping shares have at last found some joy in the small rise in freight rates. The batch of results from steel companies has pleased the market on its second thoughts, and this week steel shares have been firm, after some falls last week. Aircraft shares have enjoyed a special boost from the Hawker-de Havilland merger and talk of more. But this revival in the shares of capital goods industries has not been at the expense of consumer industries; store and hire purchase shares have risen gently, though these are generally close to their peaks.

HIRE PURCHASE

Restrictions Again?

GUESSES about any early rise in Bank rate have abated in the past two weeks. The argument—and it is a respectable one—is that the authorities would surely be reluctant to exert a general restraint on the economy just when the heavy capital goods industries, and the areas depressed by a heavy concentration of them, are showing tentative signs of revival. It would seem more likely that if the boom in consumer goods goes on, the authorities might be more ready to search for selective rather than general measures to restrain the booming Midlands and South. The two main types of selective measures that Conservative governments have used in the past are increases in purchase tax and official controls on the terms of hire purchase contracts. Hire purchase controls, though probably more objectionable in principle, might be the easier to put over in a Tory parliament.

Ironically enough, they would also find some welcome among the hire purchase finance houses, if they did not go too far. In the past year, hire purchase finance houses have not done too well in matching their new freedom with a new sense of responsibility. Reckless competition in ever easier terms of repayment has now taken a predictable toll. Even the biggest companies are licking their wounds inflicted by dealers' frauds and hirers' defaults. The proportion of accounts in arrear and bad debts are commonly running twice as high as a year ago.

Hire purchase houses still do not seem to have drawn the moral. "So long as unsound terms are widely advertised," Sir Mark Turner has said in the latest annual report of Mercantile Credit (its own bad debt ratio has risen very little), "they cannot be ignored by dealers even of the highest class." That may be so. But should standards of business be inescapably set by the worst hire purchase practice? Expansion can be bought at too dear a price. Some finance houses see this point; but they do not yet see how, in this growing and turbulent business, collective voluntary restraint could effectively be arranged. So they have a private hankering for a gentle statutory control; the trouble, as they know, is that once official control is back there is no guarantee that it will be gentle.

One welcome result of these recent shocks from hire purchase defalcations has been to encourage more competition in the service charges made to the public. Rates of 6 per cent nominal, rather than the general 7 per cent, are becoming increasingly common on new cars, and rates on machinery—where the HP houses have felt the competition of bank advances—are often down to 4 per cent, with even lower rates quoted in particular competitive situations. Such rates involve an element of "loss-leading" for a finance house (though not necessarily for a bank-finance house group considered as a whole). The smaller finance houses without a bank connection are thus being put to the test. Competition of this kind is the natural and welcome result of the banks' entry into the field.

STERLING

Show of Strength

THE Treasury announced on Thursday that it would not renew its stand-by credit at the International Monetary Fund. This credit has never been employed. It was first arranged in the Suez crisis, together with an actual drawing of $561 million. When $200 million of the drawing was repaid in spring this year, the amount of the stand-by credit automatically rose by that amount to $938½ million. The facility costs only $2 million a year to keep open, and its discontinuation at this time is a sensible gesture by the British authorities of their confidence in the underlying strength of sterling. It should serve as another reminder that the recent outflow of funds from London has been occasioned purely by interest arbitrage. The Treasury is also considering whether to speed up repayment of the remaining portion of the IMF drawing, which is due to be made in monthly instalments of about $15 million through 1960 and 1961. The end-year instalments on postwar loans from the United States and Canada will involve a total service charge of $184 million at the end of the month.

COMPANY LAW

The Jenkins Committee

EVEN before the first word of evidence is heard, it is possible to say that the Jenkins committee will have a less explosive effect on British company law than the Cohen committee had—merely because there is less to put right. But the committee has been given very wide terms of reference which go beyond a conventional re-examination of the 1958 Act so that they can embrace the rights of shareholders and the duties of directors and the soliciting of unsecured loans and deposits from the public. The first point needs definition—if it is possible to do so; the second certainly needs control. A good deal of the committee's work seems likely to concentrate on these two issues. British company law and practice needs review and the job has been given to a strong, well-balanced committee.

A formidable array of legal talent on the committee is led by its chairman, Lord Jenkins, whose rapid advance through the ranks of the judiciary is sufficient testimony to his authority. In addition, there is Mr K. W. Mackinnon, QC, a Bencher of the Middle Temple; Mr Hilary Scott, a partner of a leading firm of City solicitors, Slaughter and May; Mr J. A. Lumsden, a partner of the Glasgow firm of solicitors, Maclay, Murray and Spens; and Professor L. C. B. Gower, who has written the most up-to-date book on company law, radical in tone and which argues, in particular, against the idea that directors are simply trustees for shareholders. The one industrialist on the committee, Mr F. A. Bingen, deputy chairman of Imperial Chemical Industries, also has long legal experience, having served as the head of ICI's legal department for ten years before joining the board in 1951. Banking is represented by Mr W. Watson, treasurer of the Bank of Scotland, Edinburgh; and the trade unions by Mr. R. Smith, the secretary of the Union of Post Office Workers. Financial journalism is admirably represented by Mrs Margot Naylor, who has done as much as anybody to keep a vigilant eye on the interests of small investors; and accounting by Mr W. H. Lawson, a partner in Binder, Hamlyn and Company, who was largely responsible for the amicable merger between the two senior accounting bodies and who quite recently undertook an examination of the affairs of the State Building Society.

The City itself is represented by an eminent three-quarter line. They are Mr F. R. Althaus, senior partner of Pember and Boyle, the investment brokers, and deputy chairman of the Stock Exchange Council; Mr Leslie Brown, the secretary of the "Pru" who is one of the most highly esteemed among all the investment managers of insurance companies; the experience and judgment of the merchant banks will be represented by Sir George Erskine of Morgan Grenfell and Mr G. W. H. Richardson of J. Henry Schroder. In all, it would be difficult to devise a better team than this.

COTTON INDUSTRY

Lancashire's Artful Dodgers

BUSINESS in the Lancashire textile industry is booming. The turn-round from recession has come quickly; the need to replenish stocks has been encouraged by the firmness of raw cotton prices and the knowledge that much of the machinery is to be scrapped by March 31. And as delivery dates lengthen, some buyers may be ordering for the sake of getting a place in the queue. Spinners and weavers are working much closer to capacity than they were in January, and shift-working is gradually spreading. Most mills, apart from those closing down, have enough work to keep them fully employed into May. Cotton shares have continued to rise.

The prospect of continuing prosperity is apparently tempting a few people to try to profit from the reorganisation scheme at public expense. Two members from cotton towns claimed in the House of Commons last week that some people whose firms have applied for the premium rate of compensation for leaving the cotton industry altogether intend to resume business under a different name. The special committee of the Cotton Board is now investigating the two cases that have been brought to its attention. Under the terms of compensation it is the firm that must cease business, not its owners. Thus it is difficult to see how this loophole can now be closed, though the President of the Board of Trade, Mr Maudling, said during his visit to Lancashire last week that the special committee would enforce very strictly its restrictions about people going out of business.

HOW SHARE PRICES HAVE RISEN

	Price. April 23*	Price. Dec. 16	Current yield
Fine Spinners	25/-	32/3	6·20
Lancashire Cotton...	44/6	66/9	5·24
J. & P. Coats.....	25/3	33/1½xd	6·04
English Sewing.....	31/6	49/6	5·05
Ashton Bros.	24/-	35/-	5·71
Horrockses Crewdson	33/6	40/6	....
Joshua Hoyle	2/3¾	3/10½xd	2·58
Courtaulds	31/10½	62/3	3·75

* Government announced its proposals on April 24.

The scope for these cotton phonies seems limited to weaving (spinning requires much more capital) and even in weaving it is restricted by the supply of looms. When the Government announced its proposals in April dealers held about 5,000 second-hand looms; nearly all of them have since been sold — mostly, perhaps, to firms remaining in business. And firms that are scrapping machinery may have a few thousand looms not eligible for compensation. Mr Erroll, Minister of State at the Board of Trade, has found it "encouraging to know that there are firms with sufficient confidence in the industry to be ready to re-invest their compensation in it." Some firms in Lancashire who have decided to stay in do not find it so easy to be quite so polite to others that want to be paid to go but without actually doing so.

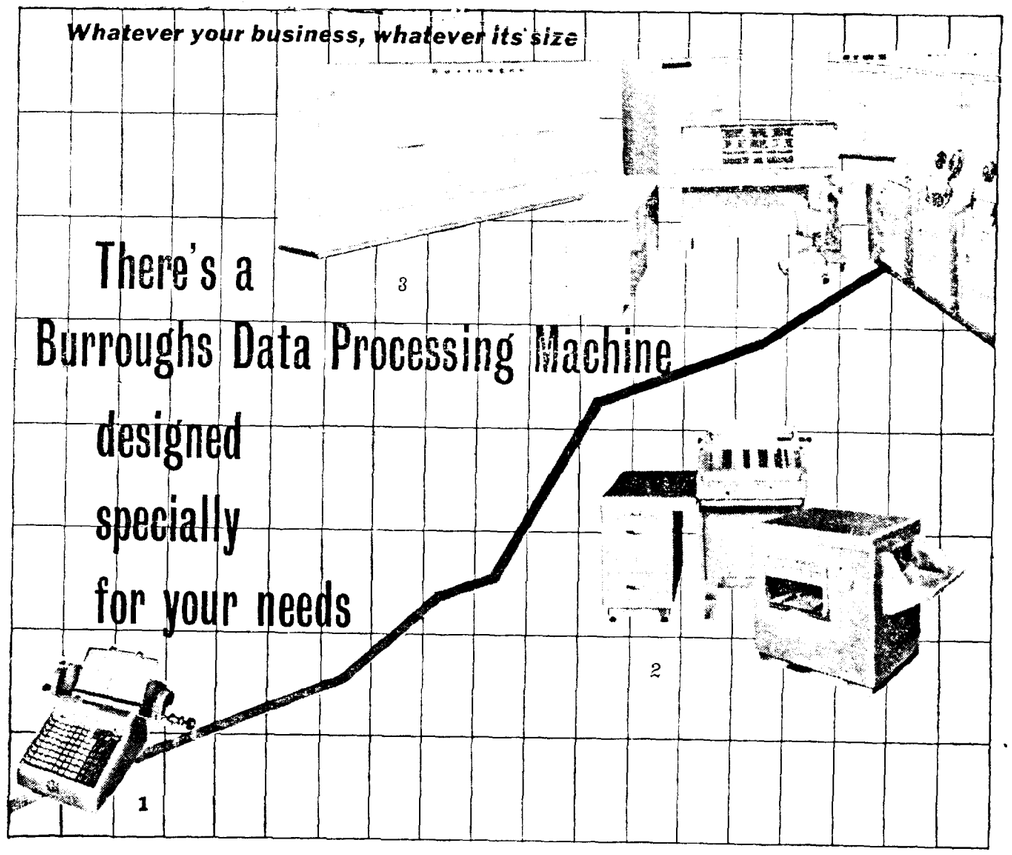
RESTRICTIVE PRACTICES

Like Baker, Like Carpetmaker

THE Restrictive Practices Court this week delivered judgments on two restrictive trading agreements, ruling that both were contrary to the public interest and hence would have to be abandoned. On Wednesday the Court under Mr Justice Pearson gave a reserved judgment on the agreement of the Federation of Wholesale and Retail Bakers; on Thursday, under Mr Justice Upjohn, it ruled against the agreement of the Federation of British Carpet Manufacturers.

The bakers' agreement had recommended a maximum retail price for bread, and fixed retailers' margins; a similar agreement among Scottish bakers was ruled against by the Court in Edinburgh last July. The federation had contended that the agreement benefited the public, in particular by limiting the margins retail bakers charge. The scheme was a continuation of the one used by the Government during the war: though in the Court's view the federation had made a serious attempt to evolve a price-fixing formula, it held that it was neither necessary nor realistic to take the Ministry's wartime methods as a foundation. The Court held that while the recommended prices were, in theory, maximum prices, they had in effect acted as *minimum* prices as well; whether or not otherwise beneficial, they had not been so by virtue of being called "maximum" prices. Some of the bakers' profits indicated that they could afford to cut prices if they wished to; although sales of bread confectionery have been falling, none have done so. These same high profits, in the Court's view, made it difficult to justify any claim that the consumer was being protected by the agreement.

The carpet manufacturers' agreement contained a "standard of trading" purporting to define various qualities of carpets; it fixed the prices of these standard qualities; it prohibited direct sales to large consumers (e.g. the LCC); it fixed wholesale discounts; and it restricted the number of wholesalers. All of these clauses were found to be contrary to the public interest; in concluding a brisk 90-minute judgment, *Mr Justice Upjohn remarked that the agreement* "had been sunk very nearly without trace." The Court also ruled against a clause that regulated export prices, as the restriction stood last August 16th. On that



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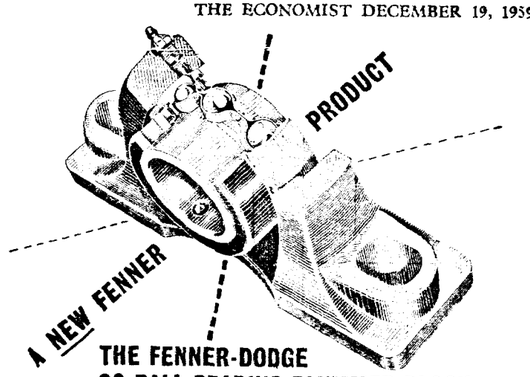

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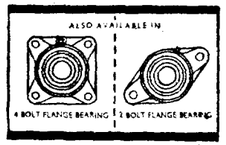

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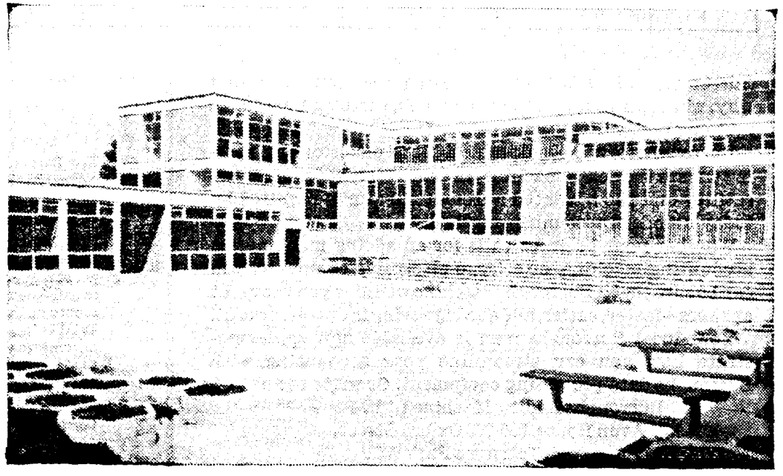

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date the federation awoke to the fact that its export regulations could have been incorporated in a separate agreement and thus have avoided registration under the Act. It accordingly passed a resolution amending the agreement, and sent this to the Board of Trade. The Board of Trade, however, ruled that they had merely varied an existing agreement, and had not in fact created a new one. This issue must now be decided by the High Court ; unless it is held that the federation has actually created a separate agreement to contain its export restrictions, they too will fall.

CIGARETTES

A Penny Off Piccadilly

ONLY twopence separates Piccadilly No. 1 cigarettes from Players and Senior Service, and some smokers think Piccadilly are just as good a smoke. But cigarette smokers are almost proverbially reluctant to change brands and the twopence difference between 4s. 1d. and 3s. 11d. for twenty, makes an enormous difference in size of sale. Players and Senior Service are two of the four most popular brands while Piccadilly and all other brands that sell at more than 3s. 11d. have between them no more than 1-1½ per cent or so of the total market. The cut of one penny that the Rembrandt-Rothmans-Carreras group are making in the price of Piccadilly No. 1 next month—for exactly the same cigarette—could make a difference. Most smokers still buy only one packet at a time, and now that they will not have to fork out that extra penny, over the two florins, the company is clearly hoping that some may be tempted to switch.

But Woodbine Export, which have been selling extraordinarily well since they first appeared in parts of the country last September, are also four shilling cigarettes. And filter cigarettes, which in three years have grown to take as much as an eighth of the total market and mainly sell at 3s. 4d. and 2s. 6d. for twenty, have been perceptibly filling in the previous void between and below the two really big selling peaks of 3s. 11d. and 3s. But the Rembrandt-Rothmans-Carreras group has to rely on competition alone if it is to consolidate its place in the tobacco industry as a small independent manufacturer. Expansion by further mergers would not seem to be on the cards, for the smaller tobacco companies struggling to maintain their comparatively small sales could hardly be attractive to the group while the seemingly obvious partnership with Gallaher (if either had a mind to it) would stumble across the problem of Imperial Tobacco's shareholding in Gallaher. As an independent, therefore, the group has to find its own way and under the leadership of Mr Anthony Rubert and Mr R. Plumley it has signified its intention of doing so by selling the shares that Carreras held in other tobacco companies.

While its managers are tackling the external problem of the market they have also to solve the belated internal problem of making the merger between Rothmans and Carreras viable. The basic task is to reconcile the interests of the controlling shareholder, Rembrandt, with those of the voteless "B" shareholders in Carreras who own the bulk of that company's equity. The answer that the group's directors have evolved is to concentrate production at the new factory at Basildon, with Carreras making Rothmans' cigarettes, as well as its own, at a fair price (which is to be formally recognised in a long term manufacturing agreement), and to amalgamate research and distribution services but to leave each company to devise and to run their own selling and promotion campaigns. But even with all the good will and fair-mindedness which characterise the new management of the group this still requires some tightrope-walking skill. It can only be successful, if the brands of cigarettes made by the two companies are not direct competitors, either in type or price. At the moment, especially as Carreras has stopped manufacturing some small-selling uneconomical brands, they are not, and in the future each company is likely to continue to exploit different kinds of markets.

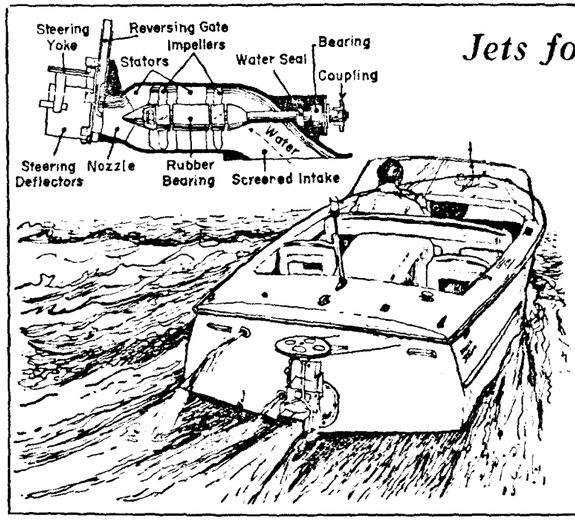
TRUCK ACTS REFORM

Wages through the Bank

THE Payment of Wages bill published this week provides, as foreshadowed in the Queen's Speech, for repeal of the outmoded sections of the Truck Acts forbidding payment of wages to manual labourers other than in cash. The bill will legalise payment of wages to those employees who specifically request it in writing, by cheque, by transfer to a bank account or by postal order or money order. The only case in which written consent of the employee will not be needed is for payment by postal order or money order when he is away, either on account of his work or of illness.

This provision will come into force one month after the passing of the Bill, and those for other payments with these orders or for transfers direct to bank accounts after six months. The provision permitting payment by cheque will await an order from the Minister of Labour, who will want to satisfy himself that the innovation does not cause disruption among retailers and the banks. This is sensible enough. The real economy is to be gained from bank transfers to employees who already have accounts.

Jets for the Sporting Boatman



DOWTY, the makers of aeronautical and hydraulic equipment, this week entered the market for pleasure boating with a jet-propelled speedboat—the jet being of water, not gas. The simple "burbine" is driven by a petrol engine ; the jet is turned to steer the boat. Previous water jets, dating from the eighteenth century, were ejected below the waterline ; this new system, invented in New Zealand, is claimed to be more efficient because it ejects into the air. The efficiency of this unit is claimed to compare with that of a propeller as mounted on speedboats, though it is theoretically lower. It costs a little more than the propeller, rudder and other gear that it replaces. If sold separately, as it may be later, it would cost about £175. The Dowty "Turbocraft" is made of fibreglass ; with its Ford Zephyr engine it does 35½ mph. Dowty has assigned 60,000 sq. ft. of factory space to a new subsidiary, Dowty Marine, for its manufacture, and optimistically hopes to sell 4,000 by next May, mostly to export markets. Fairey Marine, the biggest British boat builder, makes 1,000 boats a year, mostly dinghies. Despite the large output planned, the "Turbocraft," at £798, costs more than comparable conventional boats. The Healey Ski-master, another inboard-engined boat which also does 35-36 mph, costs £650, and an outboard boat would cost £400-£500, for speeds of around 30 mph.

Cheques given to those without them may save the employer time, but they are likely to be a nuisance to everyone else.

NRDC

Geese and Swans

THE National Research Development Corporation now has ten years' experience behind it of fostering other people's brain children and its annual report to June 30th shows that it is at last beginning to get the hang of the job. The purpose of setting up the Corporation was not to pay for research but to smooth the frequently difficult transition from laboratory to commercial development for inventions which happen to be made outside industry, usually in universities or publicly owned research establishments and just occasionally in private workshops, and can gain no support from private business. That help was intended to take two forms: commercial advice, which included proper patent protection, and financial help to build a working prototype that could be demonstrated to possible customers.

In the past, the NRDC has sometimes been tempted to give financial help to some very lame ducks indeed. It is impossible to tell how much money it has sunk into abortive projects; unlike the Department of Scientific and Industrial Research, the Corporation does not publish the size of its individual grants. But in its past financial year it spent £600,000 in helping the development of some 30 separate projects, and the total it has spent on development during the whole ten years is just under £2 million. Its income from patents and repayments of money loaned for development was more than £300,000, which is equal to about a third of its total outgoings.

The Corporation's current annual report gives the impression that the list of projects it supports has been severely pruned, although it claims to have dropped only four during the past year. It still supports Dr Gabor's work, still unproved, on a new type of cathode tube for colour television, and it still continues to back some unusual systems of mechanical transmission. But against this, it can point to a good many workaday products arising from work in government laboratories, such as ditch cleaners, pitch stabilisers and an impressive record of development in computers and in drug production ranging from new sources of cortisone to current work on what may prove to be a new family of antibiotics comparable in importance to the penicillins.

The corporation's work here is mainly to co-ordinate research in various centres, to see that it is properly patented, and to negotiate with interested manufacturers such as Glaxo or Distillers. A certain amount of judicious publicity that NRDC acquired through its support of fuel cells (taken over from the Ministry of Power) and of the Hovercraft, one of the workable ideas from private inventors that it has fostered, certainly seems to have made it easier for NRDC to find customers in industry for its clients.

Dial for Power

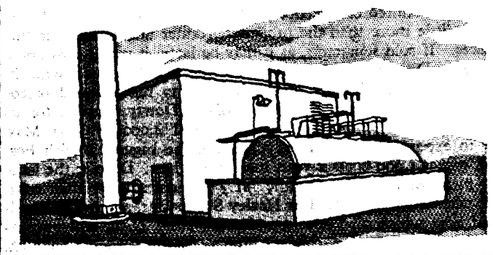
A NEW unmanned power station on Dartmoor has equipment which will telephone its Bristol control room, 100 miles away, when something goes wrong: and the engineer in charge can correct the fault and check the results of his work before ringing off. The 3,000 kilowatt station was opened a week ago by the South Western Electricity Board, to provide 80 to 100 hours of stand-by and peak-load power a year. The important innovation in its "Datofonic" remote control system is that it works through the ordinary public telephone lines.

An earlier version of this "Datofonic", which has been developed by Sound Diffusion (Auto-Thermatic), Ltd, would answer questions and volunteer information to its distant controlling engineer in a voice rather reminiscent of the old-fashioned "I Speak Your Weight" machines. The Mark II, installed for the first time on Dartmoor, "bleeps" as well as talks. It speaks to the trunk operator when it puts a call through to the control room, and announces its identity by voice. But it answers the engineer's questions about running conditions in coded bleeps which flash indicator lights and turn dials. These same pulses can start, stop and adjust the generating equipment.

Up to 40 different instructions can be bleeped down to Dartmoor through a single control unit costing £1,200. The Dartmoor end cost a further £1,200; up to 24 similar sub-stations could be worked (each costing another extra £1,200) from the single control unit in Bristol. The cost of each operation is simply the cost of the telephone call.

Electricity boards are among the main users of remote control equipment in Britain, but the privately rented telephone lines that they normally use are comparatively expensive to run. The Post Office has decided to allow public utilities employing continuously manned control rooms to use the new system on the ordinary subscriber lines, and Sound Diffusion (Auto-Thermatic) sees the electricity, gas and water authorities as large potential customers. The South Western Electricity Board has combined the new system with a control centre at Bristol, housed in something more like a board room than an engineer's workshop. Round the walls runs a 70-ft diagram representing 2,000 miles of high voltage mains and 2,800 sub-stations. The control engineer is guided by it to direct his field operating engineers, by telephone or VHF radio. The pattern inevitably brings to mind the possibility of a fully automatic system, with a computer at the centre and a man in a comfortable office to watch it, while bleeping units replace men in the field.

Less spectacular, perhaps, is the use of the Bristol Siddeley Proteus turbo generator (adapted from the Britannia aero engine) to power the new station on Dartmoor. This station cost about £27 for every kilowatt it will produce, compared with £40 to £50 per kW for a full-scale steam turbine station and about £32 per kW for a diesel standby unit. The gas turbine has the advantage in reliability and can be brought into service exceedingly quickly. But the electricity generated will cost about a third more than would the power produced by diesel plant manufactured by the same company.



STOCK EXCHANGE

Bigger Subscriptions

MODERNISING the London stock exchange is not a costless operation and its members have been told this week by the chairman, Lord Ritchie, that there is likely to be a substantial increase in subscription rates in the year which begins on March 25th. In warning members of this increase, Lord Ritchie says:

> The Council have recently made a preliminary investigation into future expenditure, the outcome of which is that they have come to the conclusion that if the stock exchange is to be kept constantly abreast of modern requirements it will be necessary for the undertaking to increase its revenue.

Among the items for which the Council has to make provision is the mechanisation of certain departments of the stock exchange, especially the settlement department, the plan to re-build the "House," and an increase in staff. Modernisation is necessary if a bigger volume of business is to be handled with ease and few members can have cause for complaint if they are asked to pay more to provide better facilities for themselves and their customers. They may have worn themselves out this year in coping with the unprecedented volume of business but they have at the same time earned a fat income for their labours.

JUTE AND DUNDEE

Markets and Margins

PRICES of raw jute and jute goods have risen sharply. In Pakistan, the principal exporter of raw jute, the acreage was reduced this year and the crop has proved to be somewhat smaller than the trade expected and poorer in quality. In India, the principal exporter of jute goods, stocks of hessian and bags in Calcutta are low, owing mainly to a sharp rise in exports this year. Thus there seems some justification for an increase in prices, though perhaps not as much as speculators in Calcutta and Pakistan have secured, encouraged by the report that Indian mills are to be allowed to buy a large quantity of low grade jute from Pakistan. Jute firsts in Pakistan are now quoted at about £102 a ton cif for early shipment, which is about £10 a ton dearer than a month ago, and the shortage of certain higher grades is reflected in larger premiums. In Calcutta, a 10 oz 40 in. hessian cloth has risen in the last month by over 4s. to 64s. per hundred yards fob, and the standard jute bag has risen by about 10s. to 166s. per hundred bags. Prices of yarn and cloth in Dundee were raised by about £5 a ton last month.

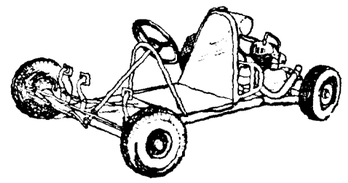
Output in the Dundee industry has recovered this year, thanks mainly to the sharp rise in sales of floor coverings, including tufted carpets. Between the first nine months of 1958 and 1959 output of jute yarn and cloth rose by nearly eight per cent. Yet Dundee can never feel secure. In the House of Commons last week Mr Erroll confirmed that the United Kingdom Jute Goods Association and the Indian Jute Mills Association had asked for the mark-up on imported cloth to be reduced. The Jute Control, the sole importer of Indian and Pakistani jute goods, used to protect the home industry completely by selling those goods at the much higher prices charged by Dundee (and incidentally making a tidy profit at the consumers' expense). In July, 1957, the Board of Trade decided to shave the degree of protection, not only for the consumers' sake, but because it encouraged substitution which was hardly in Dundee's own interest. On two standard grades of hessian, accounting for the bulk of imported cloth, the Control's mark-up was cut from a current rate of 40 per cent to a fixed rate of 30 per cent. Though the Minister has not yet replied to the associations' request, Dundee does not expect the present margin to remain indefinitely. But no one expects control to be abolished, and the UK Jute Goods Association would no doubt be dismayed if it were: its importer members have grown accustomed to a quiet and sheltered life, buying goods on the Jute Control's behalf.

MOTOR SPORT

Go, Kart, Go

THE latest innovation in the unending quest for cheap motor racing is a contraption called a go-kart. Introduced some years ago in North America, it began to appear in Britain this year, and enthusiasm has been so stirred that the RAC has decided to take the machines under its control. It is preparing rules for their design and racing, and there are expected soon to be 50-60 manufacturers. The essence of the go-kart is the simplest possible four-wheeled vehicle and one that can give its driver the most impression of speed for the least actual achievement of speed—or the most thrills for the least risk. To achieve this the driver sits as near to the road as possible, has no body or mudguards to protect him, and no springs to cushion his ride. The highest speed so far achieved is 50 mph, by a "Class 4" go-kart with a 197 cc motor cycle engine, the most powerful unit allowed. Go-karts sell for £100-£150 complete, but many are sold as kits, tax free, for £65-£105—suggesting that assembly costs must be very low.

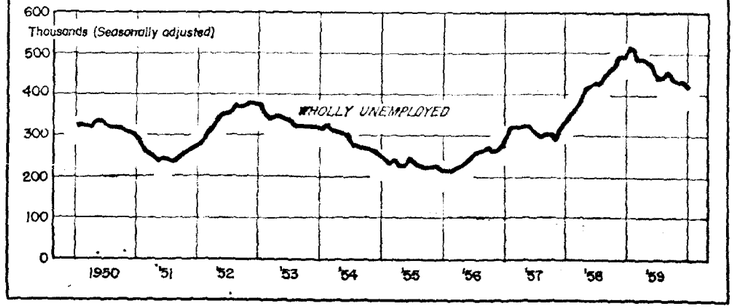
Go-karts will be raced on special temporary or permanent circuits; these, the RAC lays down, must not have straights more than 100 yards long nor corners with a radius of less than 15 feet. The minimum



age for the drivers is 16, but they must hold a full driving licence. The motor racing purist may consider this a retrograde move, bringing the sport one step nearer to dirt-track racing; but it should provide a cheap, harmless and relatively safe form of entertainment—three factors that the RAC is anxious to maintain. Apart from this primary purpose, racing, the go-kart has many other potential applications. In North America children are allowed to drive them; British fathers are already reported to be showing interest in them, ostensibly for their children, who would be able to drive them on private roads. Others may see some merit in them for road use, and add the equipment needed to turn them into something more closely resembling a normal car. Whatever uses may be found, one thing is sure: the world will become yet a noisier place.

Unemployment in the 1950's

Between November 16th and December 7th, total unemployment in Britain fell by 10,000 to 421,000 or 1.9 per cent of all employees. At the same time the number of vacancies remaining unfilled rose slightly to 251,000. Both changes were an improvement on the expected seasonal pattern. Reading from the chart below, where the numbers wholly unemployed are plotted, after allowing for recurring seasonal factors, it is seen that during the 1950's unemployment varied between 200 and 500 thousand or roughly between 1 and 2½ per cent of workers. Patches of relatively high unemployment still persist, particularly in Scotland, where, in December, 4.3 per cent of workers were still unemployed compared with 4.4 per cent in December last



LEYLAND MOTORS

To Spain and the US

LEYLAND MOTORS, Britain's largest manufacturer of heavy commercial vehicles, buses and coaches, announced this week that it has bought a substantial shareholding in Empresa Nacional de Automobiles SA, the Spanish makers of Pegaso commercial vehicles and—until two years ago—of the Pegaso sports car, the most luxurious, beautiful, expensive and exclusive sports car in the world. Leyland are already well represented in Spain through a marketing subsidiary, Leyland Iberica; together with ENASA they account for almost all the heavy diesel vehicles sold in that country. At first sight, this makes their financial association with ENASA seem strange; especially since the Spanish company is owned by the Instituto Nacional de Industria, a financing agency of the Spanish government in which several Spanish banks also have an interest. In practical terms, ENASA is virtually a nationalised company.

The two companies have interchanged technical information under an agreement for some time; now two members of Leyland's board will become directors of ENASA and Pegaso vehicles will be manufactured with an increasing proportion of Leyland parts, at what is very possibly the most modern and most expensive automobile plant in Europe. Leyland already have subsidiaries in Belgium, Holland and Denmark; now, in addition to importing vehicles into Spain—which pay heavy rates of duty—they will be represented as manufacturers—a move which will also help them to get round future import quotas.

The company has also announced plans for marketing its wide range of diesel trucks in the United States, through a newly-formed company, Leyland Motors (USA) Inc. The new company is a subsidiary of Jaguar Cars, Inc., of New York, which is in turn a subsidiary of Jaguar of Coventry; it already possesses an extensive retail organisation and service network in the United States. Leyland has not previously sold commercial vehicles in the United States; it has, however, sold a substantial number of diesel engines to American bus and commercial vehicle makers, competing successfully in this field against American engine manufacturers.

SHOE POLISH

Competition in Shoeshines

BRITAIN'S boot and shoe polish manufacturing industry is marked by a high degree of price leadership, which is not altogether surprising since with one exception—Kiwi, made by a subsidiary of an Australian company—the major brands are all produced by subsidiaries of Reckitt and Colman Holdings. Reckitt's largest-selling brand, Cherry Blossom, is estimated to account for at least half of the total market. Under these circumstances it is somewhat surprising that one of the smaller companies in the industry should take the initiative in cutting prices—especially in the face of price increases by the rest of the industry. The price-cutting firm is English Waxes, which has a small share of the market through its Dove polish, and which in addition makes shoe polish—and other polishes as well—to be sold under various retailers' brand names.

A few weeks ago the price of Cherry Blossom polish (which has always been the lowest-priced brand, dubbed a "grocery polish" by the trade since it is sold through grocers as well as through more exclusive shoe stores or even more exclusive boot makers) was increased from 9d. to 10½d. At that time the prices of other Reckitt and Colman polishes—Nugget and Wren's—rose from 10½d. to one shilling, as did the price of Kiwi. This represented an increase of just over 20 per cent to the manufacturers, after making allowance for retailers' and wholesalers' margins. The reason given for the increase was higher raw material costs. This week English Waxes reduced the price of its polish from 10½d. to 10d., stating that its action was due to competition and that raw material costs have in fact remained stable. In any case it is difficult to see how a change in material costs could affect one manufacturer differently from another: the main ingredients of all shoe polishes are carnauba wax (which is imported from Brazil and to a lesser degree from South Africa), high-volatility white spirits, and dyes.

SHORTER NOTES

Both Associated British and the Rank Organisation are putting up cinema admission prices by threepence next month, and sixpence extra will be charged for some seats in the more prestigious cinemas. These increases are intended to hold revenue up in face of the falling attendances. The fall in admissions may in fact be slowing down, though the impact of last summer's fine weather makes it difficult to see the trend clearly.

*

St Martin Preserving, the jam and marmalade manufacturers who lost the battle to control Chivers to Schweppes, has now made a bid of three of its own ordinary shares (quoted in the market at 7s.) for every ordinary share in Foster Clark, makers of jellies, custard powders and other food products and canners of fruit and vegetables. St Martin Preserving also cans vegetables and bottles fruit. On this news, the Foster Clark shares gained 5s. to 18s. 9d.

*

Contractors' new orders for construction work totalled £371 million during the third quarter, according to provisional figures collected by the Ministry of Works. This was a decline of £20 million compared with the preceding quarter; precise comparison with the same quarter of 1958 is not possible, owing to a change in the basis of the Ministry's statistics, but this year's figure represents an increase of roughly £60 million on the third quarter of last year. The value of housing orders for private developers rose by £10 million, to £109 million; by contrast orders for new public authority housing fell by £8 million compared with the second quarter, to £57 million. Other new orders for public authorities fell by £11 million to £95 million and orders for private industrial building fell by £8 million to £55 million, the same level as in the first quarter of this year. Very few large contracts were placed during the third quarter.

*

Following the increase by Aluminium Limited, the Canadian parent company, Alcan (UK) Ltd. has raised its price for aluminium ingot by £6 to £186 a ton delivered. This is the first change since April 1, 1958, when the price was reduced from £197 a ton.

*

Ranks, the millers, is raising its final dividend from 5 per cent to 7½ per cent, making 12½ per cent for the year ended August 29th against 10 per cent. Group profits before tax have risen from £7,251,000 to £7,260,000, but the tax charge is cut from £4,039,000 to £3,650,000 and there is a tax credit adjustment for previous years of £370,000 against £47,000. The net profit attributable to the parent company has thus risen from £3,215,000 to £3,862,000. At 28s. 3d. the 10s. units yield 4½ per cent.

COMPANY AFFAIRS
Comments on pages 1201, 1202 and 1203 on
Colvilles — Stewarts and Lloyds
John Summers — Steel of Wales
Distillers — ACV
ICT — Firth Cleveland
Daily Mirror — Mercantile Credit
Salts (Saltaire) — Walmsley (Bury)
London and Lancashire Insurance

LONDON AND NEW YORK
Stocks, prices, yields and security indices on pages 1204 and 1205

LONDON STOCK EXCHANGE
The week's movements reported on page 1203

MONEY AND EXCHANGES
Money market report, exchange rates and public finance on page 1206

People who can buy Player's No. 3 — by the hundred

Player's No. 3 are in a class by themselves. (So, on the whole, are the people who smoke them.) They are part and parcel of that pleasantly ordered kind of existence, where everything is *unobtrusively* correct. You might expect to pay over the odds for such a *distinguished* cigarette but they cost 4/1 for 20, or 21/8 for 100. Incidentally, the Christmas boxes this year have a pleasing "Book of Hours" design.

COMPANY MEETINGS

JOSEPH LUCAS (INDUSTRIES) LIMITED

RECORD RATE OF PRODUCTION

FURTHER EXTENSION OF OVERSEAS ACTIVITIES

MR A. B. WARING'S STATEMENT

The Sixty-second Annual General Meeting of Joseph Lucas (Industries) Limited was held in Birmingham on Monday, December 14th. Mr A. B. Waring, Chairman, presided and in his statement to the members said:

Since our last meeting there have been changes in the Board of Directors. First of all we have to record with great sorrow the death of Mr F. H. Walker immediately following his retirement. During the greater part of his working life he carried particular responsibility for the commercial development of the business; soon after the end of the war he was obliged for reasons of health to give up full-time work, but continued to give the Board the benefit of his experience and advice as a Consulting Director. His loss will be keenly felt by his many friends both in the Company and in the Motor Trade generally.

BOARD CHANGES

There have been two new appointments to the Board during the year. The Company has been fortunate in obtaining the services as members of the Board of the Earl of Halsbury, FRIC, FInstP, and Mr Sydney Barratt, BA. Lord Halsbury is widely known for his scientific work, having been Managing Director of the National Research Development Corporation since 1949, after previously holding senior appointments in Industry. Mr Sydney Barratt is well known in British Industry as Chairman of Albright & Wilson Ltd, one of the leading British Chemical Companies; he has been intimately concerned for many years with its expansion and development as a major industrial organisation and his advice and experience will be of great value to your Board. Shareholders will have every reason to give these gentlemen their confidence and extend to them a whole-hearted welcome when the resolutions confirming their appointments are submitted to the Meeting.

It is with the greatest regret that we have to report the death of Mr John Lucas, who was the great-grandson of the founder of our business. He was not a Director of this Board but he was the Director and General Manager of Joseph Lucas (Sales and Service) Ltd. He was only thirty-six years of age and his passing brought much sorrow; in addition it brought to an end the family membership of the business at the fourth generation.

I must also refer to the retirement during the year of Dr E. A. Watson, OBE, DSc, a Director of the Executive Company, who had been Chief Engineer of the Lucas Organisation since 1930. He made outstanding contributions in the fields of automobile and aircraft electrical equipment design, and he had also been a member of the Gas Turbine Collaboration Committee, founded by the Ministry of Aircraft Production for the purpose of developing the original "Whittle" jet engine to the stage of manufacture and practical application.

THE ACCOUNTS

The Consolidated Profit and Loss Account of the Company and its Subsidiaries for the year ended July 31, 1959, shows a surplus on Trading of £7,258,619 compared with £6,873,545 for 1958 and £7,078,422 in the previous record year ended July 31, 1955. After bringing into account Other Income and Exceptional Items and making provision for Taxation the Net Profit is £2,527,437 which compares with £2,241,956 last year.

The Directors recommend the payment of a Final Dividend on the Ordinary Shares and on the Redeemable Preference Shares of 2s. 0d. a Share, which, with the Interim Dividend of 6d. a Share already paid, makes 2s. 6d. a Share less tax for the year. This disregards the special Interim Dividend of 6d. a Share less tax which was declared this time last year and paid out of these accounts because of the change in the basis for calculating the liability to Profits Tax. Confirmation of the Dividends on the Preference Shares is also asked.

The net dividends recommended for the year to July 31, 1959, amount to £1,287,722 and after further recommended allocations of £100,000 to Employees' Funds and £500,000 to General Reserve there remains £603,089 to be carried forward.

THE YEAR IN THE MOTOR INDUSTRY

For the year which is covered by the Accounts the output of cars increased by 2½ per cent compared with the previous year. In retrospect the year was a most significant and notable one in the affairs of the British Motor Industry. It was notable, not so much for the total number of vehicles produced during the year, which was only a little in excess of the previous year, but for the new models that were introduced and for the stimulus that these brought to the trade. No fewer than twenty-seven new models of motor cars were put into production, probably a greater number than in any other year in the history of the Industry. These all showed most imaginative developments in engineering and styling and were received with wide popular approval and provided the British industry with a stimulating and encouraging advance over its overseas competitors. There is no question whatever that British cars have advanced technical and aesthetic characteristics which suit them for any market in the world.

The initial production difficulties associated with so large a programme of new models limited output in the early months of the year, but once these were overcome production rose to a rate which exceeded all previous records and this increase has continued into the early months of the current financial year. The removal of hire-purchase restrictions, the reduction of purchase tax on cars from 60 per cent to 50 per cent, the lowering of the Bank Rate, and the Government's general policy of expansion, together with the fine summer, produced an unprecedented demand from the home market for these new cars. Helped by this buoyancy at home the manufacturers maintained their position in the export markets in the face of intensified competition from French and German and Italian manufacturers. Approximately half of the vehicles produced were sold overseas, the Industry retaining its position as the Nation's leading exporter of finished goods. The total value of vehicles and parts exported amounted to almost £500 million, making a major contribution to this Country's remarkable economic recovery. A vital element of these overseas earnings has been the dollar harvest following the dramatic increase in the number of cars sold in the United States and Canada. Five years ago these North American countries were taking fewer than 50,000 British cars a year, whereas last year they bought more than 250,000, equal to 25 per cent of our total car production. Whilst this achievement reflects the highest credit on British Manufacturers—who have regained the lead from the German Manufacturers as the principal supplier of foreign cars to the United States—such a concentration of business is to some extent a cause for concern as any setback there would inevitably have the most serious repercussions here. It is a significant development that the American Manufacturers have felt it necessary to introduce a new range of cars which are "small" cars judged by their standards. These cars are, however, still larger than the popular cars made in large volume by the European Manufacturers, and it remains a matter of interesting conjecture how far this new development will affect the imports of British and European cars into the United States.

The effect has yet to be seen of the recent Government move in abolishing import quota restrictions including those on imports of foreign vehicles. Because the quotas were increased about a year ago the imports of foreign vehicles into the United Kingdom doubled during 1959, but in all they accounted for less than 5 per cent of the domestic market. These vehicles are, of course, subject to customs duty and delivery charges. Sales of imported cars will undoubtedly increase as long as the home demand for vehicles for early delivery is in excess of supply.

COMMERCIAL VEHICLE AND TRACTOR BUSINESS IMPROVING

The Heavy Commercial Vehicle Industry started the year with production well below capacity, but the complete elimination of the 30 per cent Purchase Tax in the April Budget brought about an immediate improvement and now, with the threat of nationalisation removed as a result of the election, current conditions have improved still further. Sales of Light Commercial Vehicles were quite depressed before the Budget, but they likewise benefited from the removal of Purchase Tax with the result that total production showed an 8 per cent increase for the year. The Tractor Manufacturers increased output and maintained their position as by far the largest in Europe. British designed and manufactured tractors enjoy the highest reputation and are exported to all countries, including North America.

The output of motor cycles showed improvement on the previous year, and in the latter months reflected the benefit of the easement of the credit and hire-purchase restrictions. British made Scooters and Mopeds have contributed very largely to the improved result in this field.

THE AIRCRAFT INDUSTRY

Our Companies engaged in the manufacture of Aircraft Equipment have had another busy year, although as foreshadowed previously the reduction in the military aircraft programme has begun to have its effect. Fortunately for us we are closely involved in the manufacture of equipment for jet and turbo-prop engines, and in this field the British Manufacturers have maintained supremacy and have continued to supply large numbers of engines to many Foreign Aircraft Manufacturers, including those in the USA. In fact, the exports of the Aircraft Industry reached a further record in the past year.

The ability of the Aircraft Industry to maintain its export figures without support from military contracts is problematical. Much of the business included in the export total is of a military nature, but more important is the fact that progress in development of aircraft and aero engines stems from research for military needs or from military projects which are later adapted for civil use. The current successful American civil aircraft are adaptations from aircraft previously ordered for military transport purposes under the US Government contracts. Development for the future centres largely round the design of supersonic airliners and vertical take-off machines for which it is impossible for the cost of the research and development work to be carried by any one firm from its own financial resources. A vigorous Aircraft Industry is of vital national importance. Not only is it an employer of craftsmen, but in particular it deploys a large number of technicians and technologists who are concerned with development and research into new techniques which involve a wide range of activities. These include, amongst many other things, electronics, new materials, treatment of metals, new processes and a whole variety of mechanical engineering problems: the results of this research and development have applications throughout a wide range of other industries. If this fundamental activity declines then the whole of British Industry will be the poorer for it and a major sphere of activity for the most brilliant of our scientists and engineers will be restricted so that they will tend to find outlets for their ingenuity elsewhere, probably on the other side of the Atlantic.

NEW DEVELOPMENTS

During the year the Company extended its activities in several directions. In the electronic field it acquired the Share Capital of G. & E. Bradley Limited, a small company well established in electronic research and development. Our chassis engineering business has been augmented by the purchase of the tractor disc brake business formerly operated by Goodyear Tyre & Rubber Company (Great Britain) Limited. An agreement has been entered into with Associated Electrical Industries Limited and The General Electric Company Limited for the manufacture of all-glass sealed beam headlamps at a newly constructed factory, for which the capital is being jointly subscribed.

OVERSEAS ACTIVITIES

In last year's report, reference was made to our need to work our way into the Common Market in Europe if we are to avoid being excluded from this integrated area of 170 million people with a current industrial capacity greater than that of the USSR. We have opened our own centres in five of the principal European cities and have now taken a first step towards establishing ourselves as a manufacturing concern on the Continent. A Company has been formed in France, Roto Diesel, SA, for the manufacture of the distributor type of diesel pump already developed and manufactured in this country by our subsidiary CAV Limited. The ownership of the French Company is shared equally between ourselves and Ducellier-Bendix-Air Equipment, who are the predominant French Company engaged in our class of business. The distributor type of pump is not yet available to Continental manufacturers and it is expected that it will be in big demand for light high-speed diesel engines which are increasing in popularity. We already have an arrangement whereby batteries are manufactured under licence in France. Licence agreements for the manufacture of electrical and diesel equipment in Spain have also been entered into, and other negotiations are in progress for the proper establishment of our interests in Europe and elsewhere, especially having in mind the development of the Free Trade Association of which this country is a member and which therefore may have a more immediate effect on our fortunes than the Common Market from which we are at present excluded.

Further afield also our activities are being extended; arrangements have been made with Chloride Electrical Storage Company for the setting up of joint enterprises in Malaya and Ceylon for the local manufacture of batteries. A similar arrangement may be extended to other parts of the World.

The amount involved to the end of the Financial Year in these new enterprises at Home and on the Continent substantially exceeded £1 million; the appropriate assets and liabilities have been included in the Consolidated Balance Sheet, and the cost of goodwill and manufacturing rights dealt with as shown in the Accounts.

Manufacturing operations in Canada have had a most severe setback following the cancellation by the Canadian Government of the development of the aircraft on which much of our fortunes were centred. In Australia our vehicle electrical equipment manufacturing activities are not yet profitable. The volume of business has not reached the level that had been expected, while competition from both American and Continental sources has become extremely keen. Our factory is fully equipped to meet the Australian Motor Industry's requirements of electrical and other equipment and is striving to obtain a growing share of the available business.

GROUP RESEARCH CENTRE

Our research and development organisation has been further enlarged and improved during the year. A Group Research Centre for the study of fundamental problems is now getting into its stride and this will in due course leave the well established experimental laboratories associated with our principal Subsidiary Companies freer to concentrate on the development of their particular specialised products. These and other measures, coupled with the efforts of our scientists, designers and production engineers, enable us constantly to improve the quality and performance of our products and at the same time to reduce their costs.

In accordance with the practice of recent years, a brochure is enclosed with the Accounts to give Shareholders an explanation of some special facet of the Company's activities. This year the brochure is entitled "Metal Matters," providing an outline of the intensive research into the characteristics and performance of the principal metals used in Lucas products.

CURRENT YEAR'S PROSPECTS

The prospects for the current year are good. At the present time there is every indication that the Road Vehicle Industry will break all previous records in both the home and the export markets. On the other hand there will be a decline in the Aircraft Industry. New activities at home and abroad which the Company is now pursuing have still some years of development in front of them before they can make an effective financial contribution. The current tendency for non-ferrous metals and other raw materials to rise in price, together with modifications to earnings, may cost anything between £1 million and £2 million in the coming year.

In conclusion, the Directors are glad of this opportunity to express their gratitude and appreciation to the executives, the staff and the workpeople throughout the Lucas Organisation, both at home and overseas; 4,000 of them have now completed twenty-five years of service, a record of which we are very proud. The Company is fortunate in their loyalty and enthusiasm which, founded as they are on the experience of the past, give us confidence to meet the challenging future.

The Report and Accounts were adopted.

NORTH ATLANTIC SECURITIES CORPORATION

The fifth annual general meeting of North Atlantic Securities Corporation was held on December 10th in London, The Right Honourable Lord Latymer (the chairman) presiding.

The following is an extract from his circulated statement:

Our gross income, including double taxation refunds, underwriting commission and fees, again shows an increase. After expenses and taxation, slightly over 5½ per cent has been earned on the issued capital.

An interim dividend of 1½ per cent was paid in April last. The Board now recommends payment of a final dividend of 3½ per cent, making 5 per cent for the year, which is an increase of ½ per cent on last year's distribution. At the time of writing the steel strike in the United States is still in progress. The indirect effects of this strike on the economy of the United States are difficult to forecast, particularly if there should be no early settlement of the strike. In these circumstances an estimate of income for the current year is more than usually hazardous. However, we hope that our revenue will be at least maintained in the current year.

The value of the net assets of the Corporation at September 30, 1959, was £2,180,457, equivalent to 7s. 3½d. per share, as compared with £1,862,621, equivalent to 6s. 2½d. per share at the previous year-end.

The report was adopted.

AUSTRALIA AND NEW ZEALAND BANK LIMITED

ANOTHER YEAR OF EXPANSION

SIR GEOFFREY C. GIBBS REVIEWS OPERATIONS

The Ninth Annual General Meeting of the Australia and New Zealand Bank Limited will be held on January 6th at 71, Cornhill, London. E.C.

The following are extracts from the statement by the Chairman, The Honourable Sir Geoffrey C. Gibbs, KCMG, circulated with the report and accounts for the year ended September 30, 1959:

AUSTRALIA

During the past year, Australia has proved the increasing maturity and diversity of her industry by maintaining a high level of business activity despite the effects of factors beyond her control. As a result, growth and development have continued to be dominant features of the economy.

The factors giving concern a year ago included decreases in business activity in the major industrial countries of the world and in world commodity prices. It had been anticipated that the less favourable world markets for Australia's major products would reduce export receipts and cause an adverse balance of payments with lower liquidity, falling farm incomes, restricted spending and the other accompaniments of a fall in export proceeds.

In the event, however, there was a most gratifying improvement in oversea trading, particularly in the final quarter of the financial year 1958-59. This improvement was due to a group of factors all of which were significant; the most important, of course, was the considerable rise in wool prices after the weakness which had persisted for some 18 months, a rise which has been maintained in the current season.

In addition to the improvement in wool prices, there was unexpected strength in export prices for meat, due to demand from the USA for certain grades for admixture with locally grown beef in the processed meat trades.

A further influence which greatly assisted exports of dairy products was the absorption of surpluses which had overhung the United Kingdom market for some time.

Perhaps the most encouraging development, however, was the inflow of capital from overseas for direct investment in Australian industry and for portfolio investment in Australian securities.

Instead of a relatively heavy deficit on international trade and financial transactions for the year as a whole, as originally anticipated, there was only a slight deficit which in itself had no material effect either on the level of spending in Australia or the liquidity of the financial system. This has had a considerable psychological effect on business generally in the current year. The improvement in commodity prices which became evident in the months from January to June, 1959, shows every likelihood of continuing. The outlook for Australia's exports, particularly wool, is good and there is every indication that international trade will be favourable for primary commodities during the current financial year.

CONFIDENCE IN THE FUTURE

The success achieved in the past year has engendered confidence in the future. This confidence is firmly based on population increase, industrial expansion, building activity and development of national resources. The high level of activity and buoyant prices on the Stock Exchange reflect this confidence, in which oversea investors are sharing to an increasing degree.

Banks are in a strong liquid position and stand ready to play their part in meeting the financial requirements of further, well-balanced, national development. With buoyant business conditions in Australia and encouraging prospects in export markets, particularly for wool, the outlook for the present year is good. The seasonal outlook is, on the whole, satisfactory.

NEW ZEALAND

The past year has been one of consolidation in New Zealand, and one in which the country has made an excellent recovery from its balance of payments crisis of 1957-58. Confidence in the outlook has returned and the restrictions imposed to deal with earlier difficulties have been eased.

New Zealand's oversea reserves, which last year were maintained only by extensive oversea borrowing, have now been further strengthened by the effects of import licensing and greatly improved export earnings. Net oversea assets rose from the low point of £NZ42 million early in 1958 to more than £NZ100 million in the middle of 1959. This improvement has enabled import restrictions to be relaxed to some extent and has provided prospects for a return to greater freedom.

MONETARY AND FISCAL POLICIES

In the year ended last March the net balance of Government and overseas transactions and continued restraint upon bank credit removed much of the buoyancy of earlier years, but, improved rural incomes, together with minor taxation relaxations and increases in expenditure are providing some stimulus to consumer spending.

Bank lending has remained closely controlled by the Central Bank's reserve ratio policy. The trading bank's task in restraining advances has not been an easy one, particularly as the Capital Issues Control has made it difficult for borrowing customers to turn to the capital market to obtain funds to repay bank lending. Under these circumstances, potential borrowers, who might well have made an important contribution to long-term productive capacity have suffered from the restraints imposed to solve immediate problems.

To enable such investment opportunities to be taken up, without creating inflationary pressures, additional emphasis is being placed on the need for greater saving. It is most disappointing that the trading banks have not as yet been permitted to offer savings account facilities to assist in stimulating savings. It is to be hoped that, with the return of calmer conditions, the authorities may concede a greater freedom to the capital market and the economy generally.

AUSTRALIA AND NEW ZEALAND SAVINGS BANK LIMITED

An important event during the year was the extension of the activities of ANZ Savings Bank to all points of our representation in the States of South Australia and Tasmania as from September 17, 1959. This move should stimulate savings in these two States and make a worthwhile contribution to the growth of the Savings Bank; it also means that the facilities of our Savings Bank are available at all our branches and agencies in Australia.

Good progress has been achieved during the year in extending our connection and increasing the aggregate of depositors' balances. On September 30, 1959, we had 416,000 depositors, an increase of 80,000, and the total of Depositors' Balances and Other Accounts had increased during the year by over £A16 million to £A66 million.

After providing for taxation and making further transfers to contingencies the Savings Bank made a profit of £A240,510 for its third full year of trading. The result compares with £A161,486 in the previous year.

ACCOUNTS AND DIVIDENDS

It is satisfactory to report continuing growth in our Balance Sheet. Total assets have increased by £A20 million to £A459 million, and if we add to this the total of the Savings Bank's assets, the combined total is now well over £A500 million. On the assets side we have been able to add £A14 million to our portfolio of Australian Government Securities, thus taking advantage of the high coupon stocks that have been available. On the liabilities side, Current, Deposit and Other Accounts at £A376 million show a further improvement.

The profit and loss account again includes the dividend from the Savings Bank but this year this is paid, at the same rate, on the larger capital. Profits (after taxation and transfer to Contingencies Reserve) amounted to £A1,050,710, an increase of nearly 1¼ per cent on last year's figures, and your Directors have recommended a final dividend for the year of 8 per cent less tax which, together with the interim dividend of 4 per cent already paid, maintains the year's distribution at 12 per cent less tax.

COMPAGNIE D'OUTREMER POUR L'INDUSTRIE ET LA FINANCE

BRUSSELS, BELGIUM

ACQUISITION OF LIMITED PARTNERSHIP IN BANQUE LAMBERT

The annual general meeting of COMPAGNIE D'OUTREMER POUR L'INDUSTRIE ET LA FINANCE was held in Brussels on November 26th under the chairmanship of Mr Gutt.

REVIEW

The introduction to the report presented by the Board of Directors contains an analysis of the economic situation in Belgium. If Europe as a whole daily gives fresh evidence of renewed vitality, the report finds certain signs of obsolescence in the Belgian economy. They are evident notably as regards demography, technology, industrial equipment, economic policy and the financial system.

A notable event in the financial year 1958-1959 of COMPAGNIE D'OUTREMER was the acquisition in April 1959 of the limited partnership of the *Banque Lambert* whose ties with the Company were already strong. This operation resulted in an increase in capital from B.Frs.1.300m. to B.Frs.1,750m. In addition, the Company acquired in 1959 a substantial interest in *Electrorail*, a Belgian holding company of the *Empain* group.

The Company's investments and various participations are shown in the balance sheet at B.Frs.1,700m., with real estate standing at B.Frs.196.6m. net. The following table shows the evolution in the geographical distribution of these assets since the end of the previous financial year:

	Sept. 30, 1958 %	Sept. 30, 1959 %
Europe	22·1	40·80
America	44·5	34·35
Africa	30·8	22·60
Miscellaneous	2·6	2·25
	100·0	100·00

The very substantial increase in European assets was due primarily to the material contribution of the *Banque Lambert*, and the relative importance of investments in other continents has decreased in consequence. In addition, the African assets have suffered from the fall of the prices of Congolese shares on the Brussels Bourse.

Investments in terms of branches of activity were distributed as follows:—

	Sept. 30, 1958 %	Sept. 30, 1959 %
Real Estate	6·2	7·2
Banks, Insurance and Finance Companies	8·4	25·6
Petroleum	31·5	22·3
Public Utilities and Electrical Engineering	15·0	22·8
Mines and Metals	15·3	12·3
Paper	2·6	1·0
Food, Agriculture and Commerce	13·3	5·2
Building	3·0	2·8
Cash and Equivalent	4·7	0·8

At the moment, the *Banque Lambert* is the most important single asset of COMPAGNIE D'OUTREMER. It is expanding at a favourable rate in all its departments. On January 1, 1959 deposits amounted to B.Frs.3,014m. as against B.Frs.2,411m. a year earlier, while credits granted rose from B.Frs.1,968m. to B.Frs.3,588m. The Bank has successfully placed several issues on behalf of private and public Belgian, foreign and international institutions, thus strengthening the initiative taken in this field in previous years. Profits for the current financial year appear favourable.

The *Lambert* group carries on an important fiduciary activity, both by issuing on the Brussels Bourse bearer certificates representing foreign registered shares and by managing mutual investment funds. Both activities are now being concentrated within a specialised subsidiary, *Sogès SA*. On September 30, 1959, the total market value of the Rhodesian, South African, American and Canadian stocks introduced in Brussels by the *Lambert* group amounted to B.Frs.4,300m. The assets of *Fonds International de Placement* (*FIP*) reached B.Frs.558.6m. on September 30th, as compared with B.Frs.143.3m. the year before.

In 1959, the group was one of the promoters of the European Investment Fund *Eurunion*, which has met with great success in European markets. Total assets of *Eurunion* stood at B.Frs.778.9m. on September 30, 1959.

Among the banks in which the group has an interest, the report mentions the *Berliner Handels-Gesellschaft* which has profited from the high level of activity in Western Germany, the *Société Congolaise de Banque* "*Socobanque*," which showed a slight increase in deposits in 1958, despite the unfavourable situation in Congo, the *Amsterdam Overseas Corporation*, New York, which recently acquired *Northern Finance Corporation*, Minneapolis. The report finally mentions the participation taken by *Banque Lambert* in *Banque Nationale de Développement Economique du Maroc* established in 1959.

The petroleum industry is represented in the portfolio of COMPAGNIE D'OUTREMER mainly by the *Petrofina* group. In addition to a substantial holding in the parent company, COMPAGNIE D'OUTREMER has interests in both *Canadian* and *American Petrofina*. Investments of the *Petrofina* group amounted to B.Frs.4,200m. for 1958, and the 1959 budget has been fixed at B.Frs.4,500m. Results for 1958 inevitably suffered from the drop in prices, but improved results are anticipated for the current financial year, owing to the trend towards more normal conditions in the markets of the company and its subsidiaries.

Among the other petroleum stocks held by COMPAGNIE D'OUTREMER, the report mentions *Petrobelge*, *Francarep* and *Great Plains Development Company of Canada Limited*. In 1959, the company sold its share in *Triad Oil* at a substantial profit.

The "Public Utilities and Electrical Engineering" sector today represents 23 per cent of the Company's assets. The report emphasises in this respect the need for the Belgian electricity industry to rationalise its structure both through concentration of its means of production and by the reorganisation of its distribution system. The substantial share in *Electrorail* acquired by COMPAGNIE D'OUTREMER in 1959 has increased the Company's interest in this sector, hitherto represented through its holding in *Sofina*. The consolidated portfolio of the latter was estimated at the end of 1958 at B.Frs.5,238m. against B.Frs.4,150m. at the end of 1957. As its portfolio includes a substantial portion of American stocks, including those of public utility companies, *Sofina* has largely benefited from the rise on the New York Stock Exchange. The distributable net earnings of *Sofina* amounted to B.Frs.169.2m. in 1958, as against B.Frs.155.1m. in 1957 and B.Frs.120.4m. in 1956. The dividend has been increased from B.Frs.210 to B.Frs.240.

Another important asset of COMPAGNIE D'OUTREMER includes holdings in the mines and metals sector, among others notably 100,000 *Tanganyika Concessions Limited*, 30,000 *Rhodesian Anglo-American Limited*, 50,000 *Rhodesian Selection Trust Limited*, 15,000 *De Beers Consolidated Mines Limited*, as well as participations in the *Rio Tinto* group, the *Newmont Mining Corporation*, *Aluminium Limited* and several new gold mines in South Africa.

The holdings in the "Food, Agriculture and Commerce" sector currently stand at only 5.2 per cent of the Company's total assets, as compared with 13.3 per cent a year ago. As these holdings are located in the Belgian Congo, they have been affected by the drop in prices of Congolese shares. *Bralima*, the leading brewery in the Belgian Congo, maintained its dividend at B.Frs.120. Two new production installations have been put into operation by this company, in the framework of a considerable programme of expansion. The improvement in sales since the end of 1958 has continued in 1959 and has favourably affected the Company's results. Gross earnings for the first six months of 1959 amounted to B.Frs.93m., as compared with B.Frs.84m. for the corresponding period in 1958.

Compagnie d'Elevage et d'Alimentation du Katanga "Elakat," which operates a cold storage chain in Katanga and the Eastern part of the Belgian Congo, has lowered its dividend from B.Frs.110 to B.Frs.80. For the first six months of 1959 operating results and income from the portfolio reached B.Frs.15.7m. as against B.Frs.17.8m. for the same period in 1958.

Belgika operates mainly palm, rubber and coffee plantations. Its earnings declined during 1958 owing to the fall in world agricultural prices. The dividend has been maintained at B.Frs.10. For 1959 *Belgika* anticipates an improvement in earnings from its agricultural activities, and this improvement is expected to do more than offset certain falls in its income from rents and investments.

RESULTS

Net earnings of COMPAGNIE D'OUTREMER for the financial year ended September 30, 1959, amounted to B.Frs.61,775,080. With B.Frs.981,905 brought forward, distributable earnings amounted to B.Frs.62,756,985. After transferring B.Frs.3,088,000 to the legal reserve, it has been decided to distribute B.Frs.58,500,000, equivalent to B.Frs.45 net for each of the 1,300,000 Ordinary shares, and to carry forward the resulting balance of B.Frs.1,168,985.

GLAXO LABORATORIES HOLDS POSITION IN FACE OF INTENSIFIED COMPETITION

OVERSEA MARKETS A MAJOR FACTOR OF CONTINUING GROWTH

'Research more and more vital to our prosperity'—SIR HARRY JEPHCOTT

The twenty-fifth annual general meeting of Glaxo Laboratories Limited was held on December 14th in London, Sir Harry Jephcott, DSc, FRIC, FPS, *presiding. The following is an* extract from his statement circulated to members with the Report and Accounts for the year to June 30, 1959:

Commenting on the financial results for the year ended June 30, 1959, the Chairman said:

On several past occasions I have reminded you that export sales by the Parent Company and sales by our oversea subsidiaries together account for about two-thirds of our total turnover. This year, for the first time, our subsidiary companies at home and abroad have contributed over half of our total turnover and *profitability.*

He added: In again placing to reserve over half of the profits available for distribution, your Directors are continuing a policy that has proved its value during the past twelve years of rapid expansion in a period of almost continuous cost inflation. In this industry the speed of technical advance makes for an exceptionally high rate of obsolescence.

In recognition of the need to maintain our research, irrespective of the profitability of any one year's trading, we set up some years ago a reserve for Research and Development roughly *equal to twelve months'* expenditure. Our expenditures under that head have doubled in the meantime, and we have increased our reserve accordingly.

TRADING CONDITIONS

Reviewing trading conditions, Sir Harry said that a year ago he thought it prudent to warn stockholders that the relatively favourable trading conditions the company had enjoyed for more than two years were passing and that it might prove impossible to maintain the level of profitability attained in 1957-58. These warnings proved to be fully justified by events, particularly in the first half of the year under review.

He continued: Since the beginning of 1959 the overall position has improved. The achievement of further manufacturing economies has strengthened our position at home and, though competitive pressures have in no way abated, the decline in turnover and profitability has been arrested. The market for antibiotics shows some signs of restored stability, but some types of business are still being conducted at low and barely remunerative price levels. Above all, we have benefited in recent months from the introduction of new products.

Over the whole year there was a modest (2 per cent) increase in Group turnover compared with the preceding year. The year's results owe a good deal to the relatively steady progress made throughout the period by Allen & Hanbury's, by the Murphy Chemical Company and, above all, by the Glaxo oversea companies.

Sales of our proprietary infant foods on the home market have again increased, and today, approximately 50 years after the first Glaxo baby food was introduced to British mothers, the company's infant foods still set a standard of excellence by which competing products are judged. The sales of some recently introduced pharmaceuticals and antibiotics have also been encouraging, and our position in the veterinary field has been strengthened by the introduction of several new vaccines.

The parent company's trading position has been strengthened in the last few months by the introduction of new products, one of which—Grisovin (griseofulvin)—represents an important advance in chemotherapy.

Griseofulvin is an antibiotic, curative of most fungal infections of the skin. Unlike the drugs and other therapeutic agents hitherto used in treating these conditions, it is administered orally and consequently attacks the skin fungi from within.

Not only is it highly effective, therefore, but it is also the first product of its kind. We take pride in the fact that its use for these purposes and the techniques for its large-scale production were developed within the Glaxo organisation.

Allen & Hanburys, Ltd. are to be congratulated upon the further increase in profitability shown in their accounts for the past year, both turnover and profits having exceeded those of any previous year The improved figures largely result from the elimination of operations that were no longer profitable and from the introduction to the medical profession of a series of new products that have been well received. It is reasonable to expect that with every succeeding year the full benefit of our merger will become more apparent.

Murphy Chemical Co., Ltd.: The turnover and profitability of the Murphy Chemical Company also show a most satisfactory increase, particularly in the home market, and this in spite of severe competition. Oversea sales were more than maintained, and current research should result in further products becoming available for this market. Their range of new materials offered in the horticultural and agricultural markets has been considerably widened.

THE SEARCH FOR NEW MEDICAMENTS

The importance of the search for new medicaments was emphasised by the chairman, and in this connection, he said: The future depends largely on our ability successfully to develop and market new products in response to a steadily changing incidence of disease.

The efforts we have made, and are now making, in the field of immunology are already producing beneficial results in reducing the incidence of certain diseases among the susceptible age groups of the population.

These considerations, he added, help to explain the vital part played by technical, as distinct from economic, competition in our industry. However efficient we may be in producing and selling our existing products, the discovery of an effective new medicament or, for example, a more economical synthesis of an existing medicament, can render obsolete a product or group of products that may have taken us years to perfect.

Research in this field becomes increasingly costly as the techniques it employs and the conditions with which it is concerned grow more complex. If only for this reason, the size and depth of our own research programme, despite its mounting cost, must be progressively increased, for it becomes more and more vital to our continued prosperity.

A high proportion of our present UK turnover of ethical medical specialities arises from products introduced within the past five years. Five years hence the proportion will be still higher and many of the products now of major importance may well be obsolete. This is a distinguishing feature of pharmaceutical trading and the one that leads to our preoccupation with research.

Referring to the Group's oversea investment, Sir Harry said: At the end of the last war there were six Glaxo oversea subsidiaries in existence. To-day there are nineteen with an aggregate turnover about seven times what it was in 1945. Glaxo and Allen & Hanburys between them have twenty-five oversea subsidiaries, with a combined turnover considerably higher than the home and export sales of the Parent Company.

The merger between ourselves and Allen & Hanburys Ltd. has not only significantly increased the oversea resources of the Group, but has also required us to take a fresh look at our oversea business as a whole.

At home, a combined export organisation has been established with a three-fold function: to conduct the export activities hitherto separately conducted by Glaxo and Allen & Hanburys; to assist the process of unification already taking place oversea; and to service the continuing and growing needs of the oversea subsidiary companies. We shall give legal form to this joint activity by incorporating a new subsidiary company to be known as Glaxo-Allenburys (Export) Ltd.

In the years to come, we must look to export business in general, and to our oversea companies in particular, for a major part of the continuing growth in sales and profitability that are essential to the efficiency and vitality of the Group as a whole.

PROSPECTS FOR THE FUTURE

Sir Harry Jephcott concluded: We have begun the new financial year with a satisfactory high level of sales at home, with worthwhile progress made towards restoring our position in export markets and with many of our oversea companies in a stronger technical and financial position than before.

The world market for some of our major products is still uncertain, but our prospects of making headway are, I believe, better now than they were 12 months ago. The Group as it exists to-day is stronger and better equipped technically and financially than ever before.

The Report and Accounts were adopted.

BERKELEY PROPERTY & INVESTMENT CO. LTD.

EXPANSION POLICY

The Thirty-fifth Ordinary General Meeting of this Company was held on December 16th in London, Mr J. H. Hambro, CMG, chairman, presiding. The following is an extract from his circulated statement for the year ended June 30, 1959:

Since the last Annual General Meeting there has been a substantial increase in the Ordinary share capital of the Company, which now stands at £2 million. Immediately following last year's meeting a fully paid scrip issue increased the issued Ordinary share capital by £250,000. After the year ended on June 30, 1959, there was a Rights Issue of 3,000,000 Ordinary Shares of 5s. each, increasing the issued capital by a further £750,000.

On the Consolidated Profit and Loss Account the first item which must obviously attract your attention is the increase of some £30,000 in the income from properties and investments, and the drop of some £50,000 in the income received from our trading subsidiaries. It is your Board's policy to liquidate its investments in the businesses not connected with property. Nevertheless there remains one non-property investment which yielded no profit in respect of the year and we shall dispose of this when opportunity occurs.

RESULT OF YEAR'S OPERATIONS

These changes have resulted in a reduction in profit from £374,329 to £355,771 but after adjustments the amount available for distribution is £185,051 against £186,329 last year.

In order to facilitate the Rights Issue to Ordinary Shareholders made at the end of July a second interim dividend of 6 per cent was paid making a total of 10 per cent for the year to June 30, 1959. As stated at the time the Board does not propose to recommend the payment of a final dividend for that year.

The reinvestment of the proceeds of the sale of the subsidiary Company and the completion of the apartment block in Vancouver, mentioned in my last year's statement, have resulted in an increase of some £600,000 in the value of the Company's freehold and leasehold properties the total of which stands at £5,735,901.

FURTHER INVESTMENT IN PROPERTIES

The recent Rights Issue has resulted in our Company having the means to continue the expansion of its property investments under the favourable conditions which now exist. This issue resulted in the Company raising approximately £1,200,000; part of this is already being invested in properties in this country and it is your Board's intention to use the balance for Canadian investment or development.

We have recently made an internal valuation of our properties in this country but not of those in Canada. Taking the figures of this internal valuation, and the Canadian properties at cost, proportions between the two countries are 73 per cent and 27 per cent. In this country 61 per cent of our properties are residential, 31 per cent offices and shops and 8 per cent light industrial. In Canada they are 23 per cent residential, 64 per cent offices and shops and 13 per cent light industrial. These ratios are based on the properties owned at the date of the Balance Sheet.

O.K. BAZAARS (1929) LIMITED

(Incorporated in the Union of South Africa)

A SUCCESSFUL YEAR

INCREASED VOLUME OF SALES AND TRADING PROFIT

GOOD PROGRESS WITH EXTENSIONS AND NEW BRANCHES

The thirtieth annual general meeting of O.K. Bazaars (1929), Limited, will be held on December 23rd, at Johannesburg. The following are extracts from the Report of the Directors for the year ended June 30, 1959:

Your Directors have pleasure in presenting their Report and the statement of Accounts for the year ended June 30, 1959.

The figures quoted below have been taken from the Consolidated Accounts which show the state of the affairs of the company and its subsidiaries.

CAPITAL AND RESERVES

During the year under review, the Authorised Capital of the company was increased by £236,000 by the creation of 220,000 Ordinary, 124,000 "A" Ordinary and 600,000 "B" Ordinary Shares, all of 5s. each. The Issued Capital was increased by £283,117 by allotments in terms of the resolutions passed by shareholders on March 20, 1959. The revised capital structure is shown in detail in the notes attached to the Accounts. The premiums paid on the shares so issued have been placed to Share Premium Account, which after deduction of the expenses of the Issue, has increased by £1,913,831. There have been transferred out of this year's profits £300,000 to Capital Reserve in the holding company and £63,100 to General Reserve in subsidiary companies.

PROFIT AND APPROPRIATION

The Group trading profit for the year is £2,413,070 compared with £2,156,563, for the previous year, from which charges and appropriations have been made as shown below.

DIVIDENDS

In addition to the Interim Dividend of 1s. per share paid on July 31, 1959, the Directors now recommend a Final Dividend of 2s. 1½d. per share on the Ordinary, "A" Ordinary and "B" Ordinary Shares, making a total distribution for the year of 3s. 1½d. per share.

GENERAL

The Company had a successful year, increasing its volume of sales and its trading profits over the previous year. Stocks at the year end were approximately 7½ per cent more than in June, 1958, due to the additional turnover and the opening of new branches. We again pay tribute to our South African manufacturers who are responsible for most of our requirements, and it is gratifying to record that not only have they given us good service, but they have continued to improve the standard of their products; nevertheless it is still necessary to import from abroad. We do not consider it in the best interests of the country to give protective tariffs to local industries until they have achieved a high standard of quality at competitive prices with world markets. Provision for the replacement, renewals and modernisation of shop fittings and equipment has this year been increased by an amount of £239,372, so as to enable us to continue our policy of modernising our shop layout and sales presentation.

Trading operations of certain subsidiaries in the Union have been transferred to the parent company and to a fellow-subsidiary, with the object of reducing the number of trading companies in the Group, and effecting economies in administration and accounting. Our trading operations in Rhodesia have from July 1, 1959, been transferred to a wholly-owned subsidiary company registered in Southern Rhodesia.

DEVELOPMENT

In December, 1959, the large extensions to the Company's branches at Port Elizabeth and

1958				1959
£				£
2,156,563	Consolidated Trading Profit			2,413,070
308,165	Deduct: Interest paid less received			291,329
1,848,398				2,121,741
24,000	Add: Income from Trade Investments			18,000
1,872,398				2,139,741
695,146	Deduct: Taxation			719,839
1,177,252				1,419,902
6,082	Deduct: Minority Interests			7,402
1,171,170				1,412,500
34,502	Add: Surplus on sale of Property			3,366
£1,205,672	Net Revenue for the year			£1,415,866
£	Dealt with as follows:—	£	£	£
	Dividends of Holding Company—			
	On Preference Shares		75,400	
	On Ordinary Shares—			
	Interim of 20 per cent paid on July 31, 1959	225,494		
	Proposed Final Dividend of 42½ per cent	479,174		
			704,668	
603,120				780,068
602,552	Retained in the business			635,798
£1,205,672				£1,415,866

Wynberg (Cape) will have been completed, and good progress is being made with the extensions to Salisbury and with the new branch at Rosebank (Johannesburg). A branch was opened at Carletonville (Far West Rand) on October 29, 1959. We are planning to commence in 1960/61 building operations on new branches on sites already acquired for the purpose at Vereeniging (where we are inadequately housed) and at Bellville (Cape), Pinetown (Natal), Sasolburg (Orange Free State) and Lusaka (Northern Rhodesia). New warehouses were completed at Salisbury and Bloemfontein during the year and the warehouse at Durban will be completed next year.

Early in 1960, a start will be made with the building operations on the quarter-acre site adjoining our Johannesburg shop. Extensions at Boksburg, Potchefstroom, Brakpan, Roodepoort, Germiston and Benoni are also in contemplation. Funds will be required for these projects, a major portion of which will be recoverable from Federated Stores Limited over a period of years. At June 30, 1959, the amount of such recoverable outlays was £640,924.

SUNDRY DEBTORS

Whilst we have continued our policy of selling general merchandise for cash, we have, nevertheless, in the furniture and household appliances departments granted credit facilities to our customers under hire purchase terms. These departments have expanded.

MANAGEMENT AND STAFF

The Company's continued progress has been achieved under the competent and enterprising direction of the Joint General Managers, Messrs. Stanley Cohen and Leonard M. Miller, who are the sons of the Joint Managing Directors. They have the co-operation and assistance of a team of young loyal and efficient management executives, of whom we are justly proud. We appreciate the important part played in our business by our staff, and we extend to them all our thanks and appreciation for their continued loyal co-operation and hard work. This year, as in previous years, bonuses were paid to the staff.

HEENAN GROUP LIMITED

RECORD TRADING RESULTS

The fifty-seventh annual general meeting of Heenan Group Limited was held on December 14th at Worcester, Mr Charles L. Hill, the Chairman, presiding.

The following is an extract from his circulated statement:

The Group net profit, before taxation, at £521,469 is the highest ever recorded and compares with £419,481 last year. Taxation takes £262,589 against £250,167 and the net profit of the Group is £258,880, which compares with £169,314 in 1958.

During the year, W. G. Bagnall Limited was sold to W. H. Dorman & Company Limited Stafford, with effect from September 1, 1958, and accordingly no profits from this former subsidiary are included in the Accounts.

The downward trend in the order position, to which I referred in my last Statement, continued during the first half of the year, but thereafter there was a marked recovery and the year ended with a balance of orders of £3,600,000 compared with last year's figure for the present Group companies of £4 million.

The Group's cash and marketable investments have increased considerably. This complete change in the position in the short space of a year after a long period of scarcity of funds is due to many factors and it is fortuitous that they have occurred at the same time. Your Board is taking steps to acquire other engineering or allied businesses and so spread the interests of the Group to engineering, and negotiations are proceeding.

REVIEW OF OPERATING COMPANIES

Heenan & Froude Limited.—In the Engine Test Plant Section the demand for special plant has absorbed a high proportion of design capacity.

The record sales last year in the Eddy-current Coupling Section have been maintained and business in the conveyor field has continued satisfactorily. In the Electronic Engineering Section sales continued to advance and an 80 per cent increase over the previous year was recorded.

In the Industrial Cooler Section the number of customers supplied increased slightly, but the total sales value was down due to a falling-off in demand for quantity supply of Coolers for large plant installations.

There has been a slight improvement in sales of Automatic Wire and Strip Forming Machines.

The Municipal Engineering Division has had a good year, the value of contracts received being more than double that for the previous financial year.

Fielding & Platt Limited at the end of the year had orders on the books slightly in excess of the previous year, but again as before, a substantial proportion of these are for long term delivery. However, inquiries remain active and it is thought that a number of capital equipment schemes under negotiation are likely to mature during the next few months.

Production and sales of Malleable Iron and Grey Iron Castings by **Court Works Limited** were maintained at around the levels of the previous year with an unchanged balance of orders in hand.

Morton Machine Company Limited had a satisfactory year's trading, the output of mixing machinery to the Food Trade being the highest for many years. Export sales were world-wide and represented over 20 per cent of total production.

IWEL Engineering Limited traded at a reduced profit due to the lower level of orders received during the year. Since the close of the financial year substantial overseas orders for IWEL equipment have been received from Jugoslavia and South Africa.

The profits of **Associated Locomotive Equipment Limited** represented a reasonable return on capital but were well below the record achieved last year. Efforts are being made to broaden this subsidiary's activities outside the railway field.

The report was adopted and the total distribution of 15 per cent (10 per cent last year) was approved.

THE WALMSLEY (BURY) GROUP

(Manufacturers of Pulp and Paper Making Machinery and Equipment)

PROMISING NEW FIELDS OF DEVELOPMENT

The twenty-seventh annual general meeting of the Walmsley (Bury) Group Limited was held on December 11th at Bury.

Mr Alan Green, MP (the Chairman) presided and, in the course of his speech, said: The consolidated profit for the year ended June 30, 1959, is £832,501, as compared with £888,317. After charging taxation, the profit becomes £419,551, against £429,779. We are proposing a total dividend of 20 per cent, less tax.

Total assets exceed current liabilities by £3,570,447, this being the balance sheet figure of the capital employed.

During the year progress has been made on several development lines, for example the application of the Inverform principle, the manufacture of large high pressure cylinders and of new screening equipment. These are all promising fields for the immediate future.

Last year I had to point out that the pace of paper mill expansion throughout the world had considerably slowed down and that in consequence competition was inevitably much keener. This year I can report a noticeable revival in activity but competition retains its sharp edge. We have come very well through the period of quiescence, as our record shows. At no time have we been in any fundamental lack of work although the future has at times looked thin.

About four-fifths of the orders so obtained within the past year have been for export to countries as far east as Finland, as far west as Newfoundland, as far south as New Zealand, and at many points in between.

We have to make the necessary arrangements to grow in step with our customers' needs. We are taking steps now to expand our facilities and we shall not fail to examine any promising method of increasing our resources or of making them more flexible in use.

In this connection Mr Green said that certain proposals were now at an advanced stage of examination, and he hoped it would be possible to put them before Shareholders very shortly.

ENCOURAGING PROSPECTS

Mr Green continued: In general the prospects for the future are encouraging in that the order book is good for the next 12 months and there is a considerable tide of new and important inquiries. I must, however, repeat that competition in all markets is vigorous and of a high standard. We cannot afford any complacency at any level in our organisation. To possess the ability to deliver the right article at the right price when the customer wants it is the job to which your Board devotes constant care and attention. I hope that none of us, nor the country, is going to be carried away with the idea that it is automatic and easy in present circumstances to improve our position. We can do better for ourselves, but only if we continue to meet home and overseas competition.

Your Company is today in a healthy state. We are moving now into a future which, in my opinion, presents a stimulating challenge which we are equipped to meet if we recognise that its circumstances are different from those which have obtained in the past.

The report was adopted.

JOHN SMITH'S TADCASTER BREWERY COMPANY LIMITED

LARGER OUTPUT AND SALES

The sixty-seventh annual general meeting of this company, was held on December 15th at Tadcaster, Mr W. H. D. Riley-Smith, TD, chairman, presiding.

The following is an extract from his statement:

In the first half of the past financial year your company experienced the foggiest and dreariest winter and in the second half year the sunniest and driest summer ever enjoyed in living memory. The results were a depressing falling off in trade followed by an inspiring uplift, helped along by the Chancellor's welcome reduction in duty. The final result has been an increase in output and sales both to John Smith's customers and to our new Whitworth customers and the results translated into financial terms are to be seen in the accounts.

One of the effects of the lower rate of beer duty was to place a burden upon your company of carrying the reduction in duty on stocks on hand. This item, which amounted to £49,083, has been charged against the Trading Profit of the year and applies not only to the stocks at the Brewery but includes also rebates granted to our tenants and other customers to cover the adjustment in value of the stocks held by them. Two other provisions in the Budget also require comment, one is the change in the basis of charging Licence Duty, the benefit of which is to some extent off-set by the fact that the Trade has to stand part of the reduction in beer duty. The second item is the abolition of the payment of Monopoly Value which for a long time has appeared to be unfair and out-of-date.

DIVIDEND RAISED

The Profit before taxation of £1,221,084 shows an increase of £89,795 over the previous year and is the highest ever achieved. Taxation absorbs £626,000, being equivalent to 10s. 3d. in the £ of the profits for the year compared with 11s. 5d. last year. The profit after taxation of £595,084 is £108,795 higher than that of the previous year. After bringing in £45,000 being over-provisions for taxation arising mainly from the reduction in the standard rate of income tax, £305,000 is appropriated to Reserves and a final dividend of 8 per cent is recommended on the Ordinary shares, which, with the interim dividend of 3½ per cent, makes a total distribution of 11½ per cent compared with 10½ per cent for last year.

In April last we opened the new Marples Hotel in Sheffield and other new properties opened are The Travellers Rest, Crossgates, Leeds, the Frigate, Marske, and the John O'Gaunt, Sheffield. The past year has been one of consolidation of our acquisition of Whitworth, Son & Nephew Ltd. We continue to maintain a useful export trade to Belgium. We have been alive to the growing demand for Lager in this country and have concluded a trading arrangement with the Alken Brewery in Belgium for the importation of bulk supplies of their Lager for bottling at Tadcaster. Alken Lager has had a good reception in our trading area. It is hoped that this trading arrangement may also benefit our export trade.

The report and accounts were adopted.

CONSOLIDATED GOLD FIELDS OF SOUTH AFRICA, LIMITED

YEAR OF EXPANSION

The annual general meeting of this company was held on December 10th in London.

Mr Robert Annan, chairman, in the course of his speech, said:

It is gratifying to be able to report a material increase in the profits earned by the Group in the year under review and to recommend for the second year in succession an increase in dividend.

The Consolidated Profit and Loss Account of the operating company shows a profit for the year, after charging taxation, of £2,364,000, which is an increase of £651,000, or 38 per cent, when compared with the previous year.

An interim dividend of 1s. 3d. per Ordinary share, less tax, was paid on June 30th and, as the operating company has now declared a Final dividend of 3s. 9d. per share, less tax, your Directors recommend the payment of a like dividend on the increased Ordinary Capital of the parent Company ranking for dividend.

NEW MINES DOUBLE OUTPUT

The gold mining industry in the Union of South Africa continued to expand and is now producing nearly a million and three-quarter ounces each month. This expansion is due mainly to the new mines of the Far West Rand and the Orange Free State. These new mines have practically doubled their output of gold and have more than doubled their profit from gold in the last four years. Our investment is mainly in these mines and has in almost every case brought us increased dividends in the past year.

The discovery of the Witwatersrand dates back more than seventy years. Since then, exploration in which all the groups have taken part has resulted in the discovery of new mining areas to the east and to the west of the original field, extending into the Orange Free State.

In pursuance of this policy we have recently secured options on mineral rights over an aggregate area of 60,000 morgen, that is over 125,000 acres.

We are maintaining our policy of exploration in various parts of the world, concentrating on areas known to be mineral bearing.

RECENT ACQUISITIONS

As the result of an offer made last March we acquired the whole of the remaining capital of The African Land and Investment Co., Ltd., in which for many years we owned control. To this company we have now transferred, with Treasury consent, all the administrative and technical services hitherto provided to the various South African companies in our Group by New Consolidated Gold Fields Ltd. Its name has now been changed to "Gold Fields of South Africa Limited" which is the original name under which this Group was founded in 1887.

For the last forty years The Consolidated Gold Fields of South Africa, Ltd. has been purely a holding company owning the entire issued capital of the operating company, New Consolidated Gold Fields Ltd., which was formed because the powers conferred by the Memorandum of Association of the parent Company were too limited and could not then be enlarged.

Subsequent changes in the law have now made possible the desired alteration of the Memorandum. We therefore propose to merge the two companies, adopting a new Memorandum and Articles of Association, making Consolidated Gold Fields the main operating company of the group and eliminating the cumbersome two-company structure.

In July and August we made offers to acquire the entire share capital of three companies engaged like ourselves in mining finance, namely, the Anglo-French Exploration Co., Ltd., The H.E. Proprietary Ltd., and New Union Goldfields Ltd. The result was most gratifying as in each case over 90 per cent acceptance was secured. We are, therefore, proceeding under provisions of the Companies Acts to acquire the outstanding balance and make them wholly-owned subsidiaries.

The business of Anglo-French has been similar to our own and about half the value of its investments is in companies already associated with our Group, strengthening our holdings in the Far West Rand and in the Orange Free State.

In New Union we have acquired a finance company of South African registration, administering a group of mining and industrial companies. It holds extensive rights over gold, coal and other mineral areas, including holdings in the Kinross gold field. Its name will be changed to Gold Fields Finance Company (S.A.) Limited.

Through the South African H.E. Proprietary we have again increased our interest in West Wits, Harmony and Free State Saaiplaas. Through the parent H.E. Proprietary we have new interests in Canadian mining and in industrial concerns in the United Kingdom.

AN OFFER FROM S. AFRICA

Finally, as announced in the Press this morning, we have just accepted an offer from the South African Mutual Finance Corporation (Proprietary) Limited to purchase 250,000 Ordinary Shares out of our unissued capital at a price of 89s. 3d. a share not ranking for the final dividend now recommended.

This transaction is in accord with our desire to encourage the investment of South African capital in the mining industry which forms such an important part of the country's economy.

The outlook for the future is encouraging. Results for the first five months of the current financial year have been fully up to expectations. Profits of the operating gold and copper mines have been increasing and the platinum companies have resumed the payment of dividends. If this is maintained there will be a further increase in our investment income and it should also be reflected in the results of our new subsidiaries. Operating conditions in South Africa where our main interests lie are favourable.

The report was adopted and the absorption of New Consolidated Gold Fields Limited approved.

CARRERAS, LIMITED

PROGRESS OF RE-ORGANISATION

SPRINGBOARD FOR COMPANY'S FUTURE OPERATIONS

On the occasion of an Extraordinary General Meeting of Carreras, Limited, held in London on December 14, 1959, the Chairman, Mr A. E. Rupert in the course of his address said:

The Accounts before you cover a period of eight months ended June 30, 1959. I have already addressed shareholders at the Annual General Meeting in February of this year and consequently cannot add a great deal.

We are all extremely busy with the necessary re-organization as outlined in my last address and these Accounts reflect a tidied-up situation designed to form a spring-board for your Company's future operations.

The general position of your Company's affairs is no better and no worse and the trading results enabled the Directors to recommend a dividend on the Ordinary and "B" Ordinary shares at the same rate as for the past two years.

ACCOUNTS

Group profits are slightly below those for the corresponding period of the previous year. The profits of the parent company show some improvement but this was offset by a fall in the profits of the Canadian subsidiary due to some degree to the charging against profits of some exceptional non-recurring items in connection with its re-organization.

Provision has been made for writing off machinery which has no place in the new Basildon factory and for assisting staff who moved to Basildon and compensating old servants and others who for personal reasons could not serve the Company at its new location and were prepared to continue service at Arcadia Works for as long as the Company needed them.

Your Canadian subsidiary has gone through a period of similar re-organization in relation to outmoded plant and general streamlining of operations in the manufacturing unit in Quebec City.

Your Board deemed it prudent to dispose of certain investments in competitor companies which has resulted in a substantial capital gain to your Company, which of course to some degree reflects the lower overdraft figures shown.

Leaf drying and packing will in future be carried out by specialists in these functions and your Board has accordingly disposed of the Lytton packing plant in Southern Rhodesia and has made arrangements for the disposal of a similar plant in Leamington, Ontario.

The Balance Sheet and the Consolidated Balance Sheet show a new item described as "Group Companies." The amounts shown under these headings were the aggregate balances arising in the normal course of trading operations with other members of the Group and included amounts due to the Company in respect of the sales of Carreras products to the trade in the United Kingdom by the newly-formed marketing company to which I will make reference later.

UNITED KINGDOM OPERATIONS

Production commenced at Basildon in April and the move is now almost complete.

As a result of integrated action in research, packaging and purchasing, your Company now has available to it the advantages of Rembrandt/Rothmans technical assistance in these fields. Your Company has also taken over from Rothmans such plant as is suitable for installation at Basildon.

Streamlining of Carreras and Rothmans distribution has been achieved by the formation of a non-profit-making joint marketing organization namely Carreras Rothmans Marketing Division Limited.

Cigarette sales are on the increase, mainly in filter brands, and small-selling uneconomical brands have been withdrawn.

CANADA

The Canadian interest in your Canadian subsidiary amounts, as you know, to about 30 per cent. In the spirit of partnership which I dealt with in my annual address, it is our desire in due course to offer greater participation to Canadians, which can only bring strength to our operations in Canada.

I am particularly pleased to be able to inform you that the Right Honourable Louis St Laurent, formerly Prime Minister of Canada, has joined the Board of the Rock City Company who, I am sure, will benefit greatly from the wide experience which he brings with him.

DIRECTORATE

Since the period of the Accounts Mr E. R. Adler and Mr M. J. Adler have resigned from the Board of Carreras Limited.

I am particularly pleased to inform you that Mr Edmund de Rothschild has signified his willingness to serve upon the Board of your Company and I am sure that you will agree with me that the experience which he will bring to your Board will be of the utmost value.

In conclusion I should like to thank the press for their most kind interest in your Company's affairs and for the degree of confidence which they have shown.

The Report and Accounts were adopted.

McKECHNIE BROTHERS LIMITED

SUBSTANTIALLY IMPROVED RESULTS

CONTINUED PROGRESS ENVISAGED

The annual general meeting of McKechnie Brothers Limited was held on December 17th in Birmingham.

The following is an extract from the circulated statement of the chairman Mr John Duncan McKechnie:

In my Statement last year I expressed confidence in our continued progress towards improved results. It is, therefore, with pleasure that I report an increase of £416,225 in the Group profit before taxation, the comparative figures being £943,834 and £527,609. The trading results in the UK and overseas improved and there was an approximate gain of £135,000 in metal values compared to a loss of approximately £125,000 in the previous year.

During the year the Group's capital additions, amounted to £883,592. The Parent Company's expenditure totalled £738,026, of which £667,098 was spent on the new factory at Aldridge and the remainder on new plant and buildings elsewhere. The Subsidiary Companies' expenditure totalled £145,566, of which £136,589 was spent overseas on plant and buildings. The financing of this heavy expenditure and the acquisition of African-French Metals Holdings (Pty.) Ltd. reduced our liquid resources from £986,000 in 1958 to £246,000 this year. Our further capital commitments, which amount to £302,000 are expected to be financed out of revenue.

UNITED KINGDOM

Towards the end of the year it became evident that it was costing more to finance the business, partly due to increases in the prices of raw materials and partly to capital requirements. In view of this position the Board decided to sell all the Group's investments held in the UK at a considerable profit on cost.

The past year has not been without its production and administration difficulties.

It is almost six years since work was started on the new factory at Aldridge, but it was practically finished by the end of the year, apart from the installation of more new plant. The final transfer from the old works was completed during the year, except for the ingot department which will be moved shortly. The cost of the new factory exceeded the original estimate, due to rises in prices and additional plant and buildings being required. However, we now have a very fine factory and there is no doubt that your Board's foresight in this venture will become more and more apparent in the future.

The Sulphate of Copper trade continued to cause us serious anxiety and we had to face up to a reorganisation at our Widnes Works which necessitated a regrettable reduction in staff and employees. This works' contribution to our profits has been seriously affected by poor prices for Sulphate of Copper during the past two years, but we are hopeful that the steps we have taken will improve the position in due course.

OVERSEAS

Our Overseas Companies in South Africa and New Zealand continued to make a good contribution to the Group's profits. These Companies are well managed and I have great confidence in their future. Here again the foresight of your Directors in establishing these Companies has been well justified.

A small associated company in which our South African Subsidiary, Eachairn Investment Co. (Pty.) Ltd., was interested has proved a disappointment and the investment therein has been written off, as shown in the Consolidated Accounts.

The past year has been one of reorganisation for Progressive Welder in Canada and, whilst it appears to be settling down, it is too early to say more.

Your Board feels that it must continue to conserve its resources and is recommending a final dividend of 10 per cent as before. It will be noted that this year the dividend is covered about 2½ times.

In addition, the Board is recommending a distribution of 5 per cent out of non-taxable profits.

CURRENT YEAR

We have no new major capital items in view at present and have entered a period of consolidation.

The year has commenced favourably for the Group and I anticipate improved results subject to there being no sudden change in trading conditions.

The report and accounts were adopted.

W. & C. FRENCH LIMITED

DIFFICULT TRADING CONDITIONS

The annual general meeting of W. & C. French Limited was held on December 18th in London.

The following is an extract from the circulated statement of the Chairman and Managing Director, Mr Charles S. French:

The Trading results for the Company's financial year to March 31st last are disappointing, but the decline was not altogether unexpected. The Trading Profit for the year at £569,641 is £177,457 less than last year. The Net Profit at £253,227 is subject to taxation of £126,000, so that the Taxed Profit is £127,227 as against £233,460 last year, a decrease of £106,233.

The Directors recommend that the Bonus Dividend of 10 per cent which has been paid on the Ordinary and "A" Ordinary Shares for the last two years, shall now be consolidated, making a total Dividend of 25 per cent. The Directors feel that the recommendation is justified having regard to the earnings cover.

As for the current year the present volume of work is being maintained at the level of last year, and in consequence our resources are being fully employed. There are a number of contracts in hand, however, particularly for building work, which were taken at keen prices during a period of severe competition, and where the margins of profit are very narrow. Despite the favourable working conditions of the recent summer, therefore, the profits for the current year may not necessarily show any material improvement over the preceding year.

ALLIED LEATHER INDUSTRIES

The annual general meeting of Allied Leather Industries Limited was held on December 11th in London, Mr H. G. Barlow (chairman and joint managing director) presiding.

The following is an extract from his circulated statement: The consolidated accounts show a Group Trading Profit of £165,609, Income Tax and Profits Tax require £86,056, leaving a net profit of £79,553.

The abnormally high profit is largely due to the fact that when we took stock in June, 1958, hide prices had reached a very low level and we had to write our stocks down in accordance with replacement costs at that time. Hides, however, recovered their value slowly during the first eight months of our trading year so that we recovered the stock losses during this period and in the last four months of our trading year hides rose suddenly to the highest prices they have reached since the Korean war. Fortunately these peak hide prices have not been maintained, as we were finding it impossible to obtain sufficiently high prices for our leather to recover our costs; and undoubtedly some of our profit for this past trading year will be required to cover this difference between the cost of hide and the price obtained for the finished leather.

Further progress has been made in the repair side of our business.

The reduction in Purchase Tax, to which I referred last year, has undoubtedly helped the sale of our leather goods production.

The report was adopted and a total distribution of 10 per cent approved.

SECOND INDUSTRIAL TRUST LIMITED

TAKE-OVER BIDS AND MERGERS

The forty-eighth annual general meeting of the Second Industrial Trust Limited, was held on December 10th in London. Sir Edwin S. Herbert KBE, LLB, the chairman, presided and, in the course of his speech said:

After deducting all outgoings the net revenue is some £11,000 up at £135,973.

We commenced the current financial year with a Government likely to remain in office for the full term. Whatever the political colour of the Government this can only be a good thing, since what lies ahead can be measured in some degree.

At the moment the economic barometer would appear to be set fair. Industry and commerce with one or two notable exceptions are very buoyant. Heavy industry has lagged behind in the general surge forward but, in my view, it must follow the general trend before long. Shipping may perhaps have longer to wait.

I would like to refer to the subject of take-over bids and mergers which has been much in the news in recent months. I do not want to cover all the ground which has been dealt with so fully in the press: I only want to stress one particular aspect of the problem.

NEED FOR FULL INFORMATION

There have been a number of instances of offers made in the last twelve months where the Shareholders concerned have had too little information on which to come to a decision. In some cases the offer is made by an agent on behalf of a Principal, whose identity is not disclosed. Again, if the offer is made on the basis of an exchange of Shares, insufficient information is given to assess the value of the Shares offered in exchange, a value which may or may not coincide with their current market price. On the other hand Shareholders to whom the offer is made, frequently do not receive sufficient information from their own Board of Directors to enable them to calculate, on present market values, the worth of the assets which they are asked to give up. It is clear from what I have just said that it is essential that if take-over bids or mergers, which in most cases are fundamentally sound, are not to fall into disrepute with the investing public, then full disclosure of all the necessary information should be made by both parties at the earliest possible opportunity.

A number of bodies are setting up Committees to make further studies of this problem and no doubt it will also be considered by Lord Jenkins' Committee. This discussion is all to the good. My only comment at the moment is that the facts of individual cases differ so widely that in my opinion the only solution is a recognised practice rather than statutory regulation, a remark which may well apply also to other matters to be considered in relation to possible amendments of the Companies Act.

Having in the past criticised the issue of non-voting Shares, I am glad that I can again record that a number of companies in the past year have decided to enfranchise Shares hitherto without a vote. Nevertheless, there are still too many companies with a large number of their equity Shareholders voiceless in the affairs of the companies which, in very large measure, they own.

The report and accounts were adopted and the total dividend of 15 per cent for the year (against 14 per cent) was approved.

NORTH KALGURLI (1912)

MINE IN GOOD SHAPE

The Annual General Meeting of North Kalgurli (1912) Limited was held on December 16th in London, Mr H. A. Kemlo, chairman, presiding.

The following is an extract from his circulated statement: Our accounts cover 13 four-weekly periods to the end of March, 1959. The current year will run to March 29, 1960, and at the end of the year, and at the beginning of the following year, our returns will cover periods of six weeks so as to eliminate additional office work.

We treated 361,213 tons of ore, producing 84,770 ounces of gold, as against 340,204 tons for 75,185 ounces last year. We also treated 1,819 tons of stored concentrates producing 4,107 ounces of gold. Our gross mining income after allowing for the reduction of the concentrates stockpile was £1,075,027 against £953,111 last year, and our net profit was £162,827 against £143,462. The net profit was adversely affected by rising costs.

It is proposed to repeat last year's final dividend of 6d. a share making 10½d. a share for the year.

In September and October I paid a visit to Kalgoorlie. The Mine is in good shape and we can be reasonably confident about the future.

Reviewing the overall development scope, the immediate and long-term prospects offer a wide range of objectives which, with careful planning, should ensure maintenance of ore reserves for many future years.

The report and accounts were adopted.

DICTOGRAPH TELEPHONES

The twenty-third annual general meeting of Dictograph Telephones Limited was held on December 10th in London, Mr Philip V. Summer (the chairman) presiding.

The following is an extract from his circulated statement:

The volume of work completed this year was higher than that of the previous year and the Accounts show a substantial increase in profit. Export trade continues difficult, and variable.

The Consolidated Profits before Taxation amount to £281,806 against £214,103 last year. The amount provided for taxation is £131,479 (last year £117,426). The Consolidated Profits after Taxation are £150,327 (£96,677 last year).

A Final Dividend of 10 per cent less Income Tax is proposed, making a total Dividend for the year of 20 per cent.

Although Intercommunication is the mainstay of the business, and our loudspeaking Master Station is famous everywhere, our installation department is by no means solely engaged in installing intercommunication telephones. The sales and rental of Staff Location Systems, Time Control Systems, e.g. electric clock systems and time recorders, and products ancillary thereto, increased satisfactorily during the year.

Grampian Reproducers Limited make a large variety of electronic equipment, particularly amplifiers, microphones and loudspeakers, and during the past year have developed a dynamic microphone which has been received very favourably by the electrical trade.

Again we finished the year under review with a good order book, and sales results in the current year are also satisfactory.

The report was adopted.

SAMUEL OSBORN & COMPANY LIMITED

SUCCESSFUL EFFORTS TO IMPROVE MANUFACTURING EFFICIENCY

The fifty-fourth annual general meeting of Samuel Osborn & Co. Limited was held on December 11th at Sheffield.

Mr Frank A. Hurst (chairman and managing director), presided, and, in the course of his speech, said:

Last year, you will recall, I stated that whilst trading conditions during the first nine months of the period then under review had been good, the last three months had felt the effects of the recession and that these were still in evidence at the time of the Annual General Meeting. Our present accounts refer to the year ended July 31, 1959, and the recession continued throughout the whole of the period to which they relate.

The Manufacturing and Trading Profit for the year under review amounted to £1,093,948 and it is disappointing that this again is less than in the preceding year. The turnover for the year was substantially reduced but I am happy to be able to report that, notwithstanding reduced sales, the profit of the main manufacturing companies has been at the same level as in the previous year and the overall decrease in profit is almost wholly accounted for by a decrease in the profits of other subsidiaries, including the overseas selling companies. This causes us satisfaction in that it indicates that although there has been keen competition our efforts to improve our manufacturing efficiency have been successful.

As I have stated, the turnover was reduced substantially, and in view of this it may be queried why we have proposed to increase the dividend, as announced in our Report and Accounts for the year. The explanation is that since the end of the financial year our turnover has increased and we have a much heavier order book load. Prospects are better now than they were at this time last year, and, despite the reduced turnover, our main factories were able to operate almost as satisfactorily as in the previous year, therefore the Board felt it only right and proper that the shareholders should participate, particularly in view of the conservative distributions of earlier years.

EXPORT TRADE

With regard to export trade I have to report that there was a considerable drop; desperate competition has been and is, in fact, being experienced and we suspect that some of the prices quoted by our overseas competitors are completely unrelated to production costs.

The European Common Market is now an accomplished fact and we must expect to find it increasingly difficult to maintain our trade in those countries comprising the market. On the other hand, an agreement between what is known as the "Outer Seven" has now been negotiated, and we must hope that it will bring benefits to this country, although certain sections of industry, including our own, may have further competition to face from one or two highly industrialised members of that group.

Last year I noted that the Government was embarking upon measures which it hoped would stimulate trade, and it is pleasing to us all to recognise that the measures taken have been so successful. It is my opinion, however, that there is still some extravagance in Government spending which calls for attention so that taxation may be further reduced in order to help us to face up to our fiercest competitors.

CONTROL OF IMPORTS URGED

In my last year's speech I referred to what to me seems an inexplicable reluctance on the part of the Board of Trade to put into effect a simple system of control of imports which has been strongly advocated by many sections of industry, in order to safeguard our home market against dumping by our overseas competitors. What has been suggested by us is nothing more or less than the same system we in this country have to follow when selling to certain countries abroad, of stating on our invoices the equivalent home market value of the goods concerned.

All efforts to persuade our authorities to be realistic have so far failed, but I consider that in a matter so serious as this the views of industry cannot continue to be ignored indefinitely.

MINWORTH METALS LIMITED

The nineteenth annual general meeting of Minworth Metals Limited was held on December 14th in London, Sir John Fox, OBE (the chairman), presiding. The following is an extract from his circulated report:

Bearing in mind that the early months of the year were overshadowed by the general recession in the steel industry, I am sure it will be felt that the results for the year are most gratifying. The trading profit for 1959 is greater than that of 1958 by 31 per cent. We continue to improve and develop our technique and this work, year by year, has been reflected in our results. Plant and buildings are well maintained and during the year we have brought into commission a new laboratory and additional factory extensions.

During the year the price of ferro-tungsten fluctuated between 6s. 6d. per lb in July, 1958, to a maximum of 8s. 9d. in June, 1959, finishing the year at 8s. 7d., an overall difference in the year equivalent to £188 per ton. Whilst this increase resulted in some stock gain, it must not be assumed that the satisfactory figures before you are due to this cause.

The group trading profit for the year was £124,347. After deducting United Kingdom taxation amounting to £62,196, there is left, after adding back taxation provisions of previous years no longer required, an available balance of £66,786. Your directors feel justified in recommending a dividend of 30 per cent, requiring £33,583 after deduction of income tax, and they propose that the balance of £33,203 be retained for use in the business of the group.

At an extraordinary general meeting resolutions will be submitted to authorise an increase in capital and a one for two scrip issue to be provided for by capitalisation of £91,384 from general reserve. It must not be assumed from this that the amount distributed by way of dividends will be increased. We are fully satisfied with the current trading results to date. Again it is my pleasant duty, on behalf of the shareholders and the board, to extend our thanks to all our staff, without whose co-operation and willing assistance the continued progress of the company would not have been possible.

The report was adopted and the proposed scrip issue approved.

KENWELL PROPERTY HOLDINGS LIMITED

RAPID DEVELOPMENT

The thirty-sixth annual general meeting of this company was held on December 11th in London, Sir Cyril Black, JP, DL, MP, FRICS, FAI, chairman, presiding.

The following are the main features from his circulated statement:

Position Strengthened.—When your present Directors took control on November 24, 1958, the Company was a "shell" and its only substantial asset consisted of cash. There have been very substantial changes in the capital position, thus greatly strengthening it.

Further Acquisitions.—At June 30th last the Group owned freehold and leasehold properties at a book cost or valuation totalling £864,816. Since then we have acquired the share capital of two further property investment Companies, which own properties in Manchester, Bournemouth and Hull. The properties owned by the Group have a total book cost or valuation of £1,037,028, and we have negotiations well advanced for the acquisition of further properties.

Future Earnings.—Further purchases of property will be made. Earnings during the current year are likely to be very substantial.

Capital Increase and Bonus Issue.—It is proposed to increase the Authorised Share Capital to £1 million by the creation of 500,000 5½ per cent Cumulative Preference Shares of £1 each and to issue to Ordinary Stockholders by way of capitalisation 240,984 fully paid Preference Shares on a one-for-ten basis.

DIVIDEND FORECAST

At the Meeting the Chairman announced that in the absence of unforeseen circumstances, the Directors would pay an interim dividend in May of 7½ per cent, less tax, and recommend a final dividend of 12½ per cent, less tax, making a total distribution of 20 per cent, less tax, for the year.

The report and accounts were adopted and the increase of capital was approved.

COMPANY AFFAIRS

Dividends from the Steelmakers

IMMEDIATELY after the election, the buying of steel shares represented the release of pent-up desires and demands. With the threat of nationalisation removed, buying brought the yields on steel equities down to correspond with economic facts instead of political fears. Some of the buyers thought ahead to the present dividend season and they rightly anticipated higher dividends. Only the wildest optimists will be disappointed with the dividends. Some individual shares suffered a slight check immediately after the dividend declarations but in the recent market rally, steel shares have been in the forefront and most prices are at the year's peak.

Economics must now rule investors' preferences. First, the dividends are well covered, even though the year to September 30th was a poor one for the heavy steelmakers in its earlier months. This year profits should rise; but the industry still has big investment programmes to complete and the need for self-financing will remain pressing (though not quite so pressing as it was in the days when a Labour victory still seemed possible). Secondly, demand for steel has been rising since the summer and the makers of heavy steels are beginning to enjoy some of the prosperity that the makers of lighter steels have enjoyed throughout the year. Thirdly, though it is clear that the pricing policies of the Iron and Steel Board, based on replacement costs, do not allow the British steel companies to earn such high profits as American steel producers when the industry is working well below rated capacity, those policies, given a reasonable flow of export orders, do ensure that even when capacity is as underemployed as it was this year profits remain fairly good.

The slightly surprising feature of the preliminary figures from **Colvilles** is that in spite of a decline in the group's output of coke, pig-iron and steel ingots and castings, trading profits advanced by 6 per cent, from £11,152,075 to £11,813,912, in the year to end-September. The explanation may be that since the middle of the financial year the recovery in demand for light products, to which the directors referred in the summer, has spread to the heavier products of the group. The directors now say that "all present indications point to an increasing pressure of demand for all classes of steel." The ordinary dividend has been raised from 13 per cent to 14 per cent and although some optimists were hoping for 15 per cent the market was well satisfied and the £1 ordinary shares gained 4s. 6d. to 72s. 3d. to yield 3.9 per cent.

Net profits before a transfer of £2,000,000 to capital reserve, as in the previous year, have risen from £2,214,850 to £3,675,091. Taxation fell from £4,437,034 to £3,676,817 and depreciation is almost unchanged at £2,363,646; the charge for "additional depreciation" (that is for fixed assets replacement) is down from £270,028 to £98,358. The group's reserves will benefit from a windfall of some £2,000,000 arising from over-provisions for tax in previous years and certain non-recurring items.

The directors say that the construction of the new slabbing mill at Ravenscraig is proceeding steadily and plans for the 500,000 ton strip mill project, which is expected to begin production in 1963, are well advanced. Under an agreement with the Ministry of Power the Government will help finance this project by up to £50,000,000: the remark that the directors "think it desirable that as great a proportion as possible of the total capital expenditure for the strip-mill scheme should come from the company's own resources" suggests that the present cautious dividend policy, as underlined by an earnings cover on the ordinary dividend of 5.4 times, is likely to continue for some time to come.

Stewarts and Lloyds forecast its results for the year to October 3rd at the time of the rights issue in October. The final payment is now formally declared at 8 per cent, making an unchanged total dividend of 11 per cent for the year. The same payment has been forecast for the current year on the capital as increased by the rights issue. Although the sales of the group fell by only 3 per cent, from £123 million to £118½ million, trading profits after depreciation fell by 22 per cent from £14¼ million to £11 million. Net profits have fallen by 20 per cent from £6.6 million to £5.4 million, but the dividend cover for the ordinary dividend is still almost four times on the old capital.

Stewarts and Lloyds ingot production rose by 7 per cent and tube output was also slightly higher. Deliveries to customers other than the oil industry showed a considerable increase but a fall of over 100,000 tons in those to the oil industry resulted in total deliveries for the year being 4 per cent down at 833,000 tons.

The improvement in trade announced at the time of the rights issue has continued apart from business with the oil companies. The directors also say that the proceeds from the issue will eliminate the overdraft of £11¼ million but further bank borrowing will be necessary in the current year to meet the continued expenditure on capital development. The £1 shares at 56s. 6d. yield just over 4 per cent.

John Summers is the biggest sheet supplier in the steel industry and the 7 per cent rise in trading profits in the 53 weeks ended October 3rd, from £12,554,521 to £13,436,122, was expected. The ordinary dividend has been raised from the equivalent of 10½ per cent to 12½ per cent on the capital as increased by last May's one-for-two scrip issue; and the directors say that they hope to pay an interim dividend for the current financial year of 6 per cent (against the equivalent of 4 per cent). The £1 ordinary shares at 77s. yield 3.3 per cent on the latest dividend covered about 2½ times by earnings—the lowest return currently offered by a steel equity. But on the basis of a total distribution for 1959-60 of 14½ per cent the yield at this price would be around 3¼ per cent.

Depreciation, including the appropriation to fixed assets replacement reserve, is slightly higher at £4,292,330 (against £4,216,340) and a higher tax charge of £4,020,000 (against £3,760,000) has left net earnings at £4,148,654 (compared with £3,048,404). The charge for taxation is struck after crediting £440,000 (against £172,000) in respect of investment allowances, reflecting the expansion scheme at Shotton, and after writing back £320,000 (against £200,000) from over-provisions in previous years. Over the last two years Shotton has been working to full capacity.

Trading results from the **Steel Company of Wales** for the year ended September 30th were much as expected. The ordinary dividend of 10 per cent had already been forecast and compares with the equivalent of 9 per cent for 1957-58; and as the principal customers of Steel of Wales are the motor trade and other durable consumer industries (as well as the canners) the rise in trading profits of 5 per cent, from £22,181,916 to £23,290,814, was not surprising. A higher depreciation charge of £6,646,515 (against £6,108,228) was more than offset by the fall in the tax charge from £6,000,000 to £5,000,000 and an almost unchanged amount set aside for fixed assets replacement reserve left net earnings higher at £4,229,150, compared with £3,038,847. The ordinary dividend is covered 2½ times by earnings.

The boom in the motor industry brought prosperity to Steel of Wales in 1957-58 and again, but in still greater measure, in 1958-59. At the same time the revival in sales of consumer durables must have contributed to bigger profits. Now the directors have announced a further development programme, costing about £30 million, which is designed to raise the group's output of sheet to 3.65 million tons by 1962, as well as increase its production of tinplate. The cash flow of about £11 million suggests that in order to finance the new programme the directors may be forced to extend the group's already heavy borrowings. A more generous dividend policy thus seems no closer than it did last year. At 49s. the £1 ordinary shares yield 4.1 per cent.

Distillers

AN increase in the interim dividend of Distillers from 4 to 5 per cent, now formally declared, had been promised as a step towards reducing the disparity between the two payments, but the half yearly results are such that a final dividend of 10 per cent has become a distinct possibility. That would raise the total dividend for the year from the equivalent of 12½ per cent to 15 per cent.

Group trading profits for the six months to September 30th advanced by 14¼ per cent, from £12,841,000 to £14,686,000; lower income accruing from trade investments and an increase in minority interests have left the parent's net profit before tax some 11½ per cent higher at £14,512,000 (compared with £13,032,000). Favourable trading results have been maintained in the second half of Distillers' financial year, but the directors say that the outcome is more difficult to assess, for now that Scotch whisky is freely available the seasonal pattern of demand is changing. They are however confident that the full year's results will be satisfactory. The interim report makes no mention of Distillers' industrial interests, but in August the chairman referred to "increased industrial activity from which your company should benefit" and it seems clear from the half year's results that it has done so. Since these results were announced, the 10s. ordinary shares have risen by 1s. 1½d. to 36s. 10½d., to yield just over 4 per cent on the assumption of a 15 per cent dividend.

International Computers and Tabulators

THE £1 ordinary shares of International Computers and Tabulators have been strongly favoured by United States investors and before the results were announced this week they offered only 2 per cent on a forecast dividend of 8 per cent. ICT, which resulted from the merger of Powers-Samas Accounting Machines with British Tabulating Machines, includes in its results for the year to September 30th only nine months profits of Powers-Samas. Total profits of the group before tax were £2,329,000, which compares with £2,025,000 earned separately by the two companies in their last full financial years. A fuller picture of the extent to which profits have risen will be seen in the full accounts, for the depreciation charge where equipment is rented by customers is usually high; out of British Tabulating Machine's gross profit of £3,766,000 for 1958, no less than £1,740,000 was charged for depreciation.

The surprise in these results is that the ordinary dividend is 10 per cent, as opposed to the 8 per cent forecast at the time of the merger. A conservative dividend policy had been hinted at in view of the costs of development overseas, and since the shares issued as rights last July will participate in all future dividends, the directors must surely be confident that 10 per cent can be maintained on the enlarged ordinary capital. The rights issue together with an issue of 5½ per cent debentures will bring in about £8 million. A loan of £2 million from the FCI has been repaid and the rest of the new money is being used to pay off overdrafts of over £5 million. The £1 shares (of which Vickers holds 38 per cent) are currently priced at 71s. to yield 2¾ per cent on the 10 per cent dividend.

Associated Commercial Vehicles

EARNINGS of Associated Commercial Vehicles have followed an erratic course over the past few years and the preliminary statement for the year ended September 30th is as encouraging as last year's was depressing. In 1957-58 profits before tax slumped from £1,030,000 to £432,000, but this year they have climbed back to £966,000. No information about depreciation is given in the preliminary statement but the directors say that the net profit, after tax of £439,432 (against £258,155), is up from £163,003 to £538,238. The ordinary dividend has been raised from 15 per cent to 17½ per cent, which is 2½ per cent better than the forecast made earlier in the year.

The directors attribute the sharp recovery in the group's earnings to the benefits of last year's reorganisation and rationalisation policies and—perhaps more important—to the abolition of the purchase tax on commercial vehicles in April. The removal of the nationalisation threat following the election has prompted many road hauliers to speed up their vehicle replacement programmes, so the boom in commercial vehicle sales may continue for some time to come and the recovery in ACV's earnings may not be short-lived. Lord Brabazon, the chairman, has at last got the expanding home market he has so constantly been exhorting the Government to create, and with ACV's exports still buoyant in an increasingly competitive market, the yield of 5.1 per cent on the £1 ordinary shares at 69s. 6d. may not put too big a discount on the future.

London and Lancashire Insurance

IN order to finance further expansion, mainly abroad, London and Lancashire Insurance is to make its first cash issue for nearly seventy years. To make for a broader market the £1 units are to be subdivided into 5s. units and one new 5s. share is to be offered at 35s. for every five 5s. units held. Following this news the £1 stock units fell by 12s. 6d. to 173s. 9d. so that the rights are worth 5s. 6d. per £1 unit, or 1s. 4½d. per 5s. unit. The new shares will not rank for the final dividend of 20 per cent to be declared in May, which will leave the full year's dividend unchanged at 37½ per cent. The directors expect to maintain this rate for 1960 on the capital as increased by the rights issue. The chairman, Mr R. M. Preston, says that it is doubtful if the recent unsatisfactory fire and accident experience in North America will show any improvement in the current year but he is confident that "normal conditions will return in the next few years." At an estimated ex rights price of 42s. the new 5s. stock units will yield around 4½ per cent.

Firth Cleveland

THE 4s. ordinary shares of Firth Cleveland, the industrial holding company, were put on the market as recently as last July. The offer of four million of the shares was over-subscribed three times, but when dealings began the price did not rise much above the issue price of 16s. 6d. Investors who then bought the shares must be very satisfied, for they are now quoted around 31s. This week alone they have risen by 7s., following the news that Firth Cleveland is to acquire Broadmead Ltd., a private company which owns about 300 shops dealing in radio and television sets and electrical and domestic appliances. Broadmead is a successful enterprise created from small beginnings. Mr John James, the founder and chairman of Broadmead, opened a single shop in Bristol in 1946 and the company has since expanded into the largest radio and electrical retail chain in this country. His group now includes John G. Murdoch, which was acquired in 1957.

Broadmead's annual profits over the last four years have averaged £883,000. The purchase price is £5,800,000, of which half is to be in cash and the other half in 2,416,667 4s. ordinary shares in Firth Cleveland (representing just over 13 per cent of its equity). Broadmead is thus being valued at 6½ times its pre-tax profits. Mr James is to join the Firth Cleveland board and is to supervise the running of not only the Broadmead chain of 300 shops but also the 200 shops already owned by the Firth Cleveland group, which include Max Stone, Civic Radio Services, Escott Brothers and in the furniture field, Wolfe and Hollander. These shops make up only part of Firth Cleveland's interests, which include metal and engineering divisions.

The estimate in the prospectus of Firth Cleveland's profits before tax was £1.8 million for 1959, but the chairman has recently estimated that this figure will be "comfortably exceeded." A dividend of 24 per cent was then forecast for the year (of which an interim of 10 per cent has recently been paid), but the founder shares, which are privately held and represent more than half the equity, do not rank for any dividend until they are converted into ordinary shares on July 1, 1961. The market is clearly optimistic about the prospects of Firth Cleveland, as the current yield on the 4s. ordinary shares is only 3 per cent.

Mercantile Credit

DOUBLE your money seems to be the keynote of the annual report and accounts of Mercantile Credit for the year to September 30th last. The group's profits (including only nine months' trading of Mutual Finance, the most recent major acquisition) more than doubled, rising from £442,310 to £1,052,226, and the ordinary dividend has been raised from 8 per cent to 15 per cent. The consolidated balance sheet shows an increase in hire purchase business, net of unearned finance charges, from £24 million to £49.8 million while unearned finance charges of almost £5 million compare with just over £2 million in 1958. The chairman, Sir Mark Turner, attributes this "rather larger proportionate increase" to the lengthening of the terms on new business. The group's liquid assets—this year all in cash—have risen from £1,372,000 to £2,300,964. The big increase in hire purchase business has been financed in three ways, by bank loans and acceptances, by deposits from the public and by new capital. Bank loans and acceptances have more than doubled, from £8.2 million to £17.8 million, while deposits from the public have risen from £11 million to £20.8 million. The placing of shares with the Westminster Bank and Martins brought in approximately £4 million and the issue of 6½ per cent preference shares last September brought in another £2½ million, of which the final half was payable at the end of November.

The 5s. ordinary shares at 27s. 9d. are some way below their peak—as are other HP shares—but nevertheless they yield only just over 2½ per cent.

Salts (Saltaire)

ILLINGWORTH MORRIS already holds over 60 per cent of the ordinary capital of Salts (Saltaire). In October, 1958, when it held four million of the 5s. ordinary shares it made a bid for a similar number of shares at 7s. each, leaving those who did not accept the partial bid or who were late in doing so out in the cold as minority shareholders in a subsidiary. The directors of Salts (Saltaire) felt that the price was not unreasonable "in the present state of the textile industry," but they made an unsuccessful attempt to persuade Illingworth Morris to extend its offer to all ordinary shareholders. Some thirteen months later Illingworth Morris has announced its intention to make an offer to purchase the remaining shares at 8s. per share.

Trade in the textile industry has taken a considerable turn for the better since the first bid was made; indeed the net profits of Salts (Saltaire) for the six months to September 30th of £252,476 compare favourably with £355,220 for the whole of the previous year to March 31st. The price of the 5s. shares has reflected this improvement and the shares were quoted at 8s. 6d. before this offer was announced. The partial bid made thirteen months ago encountered well merited criticism and the offer to minority shareholders of a price below that of the market seems an odd way of putting matters right.

Walmsley (Bury)

THE Treasury has given its consent to the issue by Walmsley (Bury) of 250,000 £1 shares to the Beloit group of Wisconsin, USA. Both companies are leading manufacturers of paper making machinery. This is part of an agreement between the two companies for co-operation and the exchange of information. Beloit acquires a 20 per cent interest in the Walmsley equity at 110s. per share, which is close to the current market price of 107s. 6d. The proceeds will be used by Walmsley for the expansion of manufacturing facilities in Lancashire.

The chairman of Walmsley, Mr A. Green MP, points out that through this agreement the company will be able to participate to a much greater extent in the development of new machines than it could on its own because of restricted market facilities.

Beloit has agreed that if it wishes to dispose of its share in Walmsley within ten years it will be up to Walmsley to find the buyer so that control will not be affected. Beloit is a private company but under the agreement Walmsley has the option to acquire up to $3 million of the Beloit shares if these are offered to the public within ten years. Before the agreement can be carried through shareholders in Walmsley will have to give their approval to the scheme by authorising the increase in capital.

Daily Mirror

ON February 28th the share premium account of Daily Mirror Newspapers stood at £12,707,894, following the issue of shares on the take over of Amalgamated Press at the beginning of the year. Now £8,159,659 of this account is to be capitalised and a 100 per cent scrip issue is to be made in "A" ordinary shares. As with the recent rights issue of Beaverbrook Newspapers the shares to be issued will carry no vote. At present there are in issue about 16 million 5s. ordinary stock units and 16¼ million "A" (non voting) stock units and this issue will raise the number of non voting shares to about 49½ million. In view of the effects of the printing dispute on the profits of Fleetway Publications, an increase in the final dividend beyond the strict equivalent of 7½ per cent seems unlikely and an unchanged interim of 10 per cent on the old capital is to be paid on January 1st. At the year's peak of 29s. 5d., the 5s. "A" ordinary shares yield 4¼ per cent while the voting rights add another ninepence to the price of 5s. ordinary units. This is yet another case where the weight of non-voting stock has been increased by the simple device of the scrip issue. It will do nothing to abate the criticisms that are levelled at non-voting shares.

London Stock Exchange

FIRST DEALINGS:	Dec. 7	Dec. 28	Jan. 11
LAST DEALINGS:	Dec. 24	Jan. 8	Jan. 22
ACCOUNT DAY:	Jan. 5	Jan. 19	Feb. 2

FAVOURABLE business news, good company statements and some heavy buying by institutional investors helped markets to advance on a broad front throughout the week, though on Wednesday a fair amount of profit-taking caused most prices to close below their best. Over the week to the close on Wednesday *The Economist* indicator rose 7.2 points to a new "high" of 359.9. Most of the Funds closed lower over the week. Undated stocks were particularly dull with 3½ per cent War Loan ⅝ down at 65¼ and in medium dated stocks 4 per cent Gas (1969-72) lost ⅛ at 91⅛. Short-dated stocks were fairly firm and 4½ per cent Conversion 1962 put on ⅛ to 100⅛. Home Corporation loans were idle with 5 per cent LCC 1980-83 falling ⅛ to 97⅛.

Particularly active sections in the industrial equity market were steels—stimulated by the industry's record output figures and this week's crop of satisfactory company news—and aircraft shares, on the prospects of mergers within the industry; and textiles were buoyant on reports that Lancashire was working flat out to cope with the high level of demand which has developed at a time when the industry has had to contract under the Government's reorganisation scheme. In steels, Stewarts and Lloyds gained 3s. 6d. to 56s. 6d., Steel Company of Wales advanced 4½d. to 48s. 10½d. and Colvilles, which showed the biggest rise in the steel section, put on 6s. 7½d. to 72s. 1½d.; South Durham closed 2s. 1½d. better at 55s. The best rise among aircraft shares was seen in De Havilland which jumped 3s. 3d. to 22s. 3d. ahead of the announcement of the proposed merger with Hawker Siddeley. In textiles Lancashire Cotton closed 3s. 9d. up at 66s. 9d., English Sewing Cotton improved 3s. 6d. to 49s. 6d. and Fine Spinners gained 3s. 3d. to 32s. 3d.

Engineering shares continued their recent rally with R. A. Lister 5s. 6d. better at 55s. and Vickers 9d. up at 33s. 6d.; Davy-United advanced 1s. to 112s. 9d. on the group's contract to build the £4 million strip mill at Newport for Richard Thomas and Baldwin. Philips Lamps rose by 7s. 6d. to 157s. 6d. on heavy American buying. Store shares were fairly active on hopes of record Christmas sales and Marks "A" closed 6d. better at 64s. 6d., GUS "A" improved 4s. 4½d. to 74s. 6d. and House of Fraser closed 1s. better at 45s. 9d. The slight recovery in freight rates and fall in the amount of world shipping laid up revived interest in shipping shares: Cunard improved 9d. to 21s. 9d., P & O deferred put on 2s. 3d. to 47s. 6d. and British and Commonwealth closed 3s. 3d. better at 46s. 9d. Other industrial equities which scored good gains over the week included ACV which put on 3s. 6d. following the bigger profits and dividend. International Computers closed 2s. better at 73s. on the better-than-forecast dividend and Ranks gained 3s. to 28s.

LONDON AND NEW

Prices, 1959 High	Prices, 1959 Low	BRITISH FUNDS AND GUARANTEED STOCKS	Price, Dec. 9, 1959	Price, Dec. 16, 1959	Net Yield, Dec. 16, 1959 § £ s. d.	Gross Yield, Dec. 16, 1959 £ s. d.
98½	96 11/16	Funding 2½% 1956–61	98 13/32	98½	2 11 1	3 13 3
99¾	98 31/32	Exchequer 2% 1960	99 14/32	99 15/32	1 11 1	3 9 7
100 3/16	99 5/16	Exchequer 3% £1960	99 18/32	99 18 4½	2 12 3	3 7 8
101 11/32	100⅛	Conversion 4½% 1960	100 19/32	100 11/16	2 2 9	4 3 0
96⅜	94 7/16	Exchequer 3% 1962–63	95 13/16	95⅞	3 1 9	4 5 8
93⅝	91⅜	Exchequer 2½% 1963–64	92⅞	92 15/16	3 2 4 10	4 5 6
101 5/16	100⅜	Conversion 4½% 1963	101⅛	101 3/32	2 11 1	4 7 9
100 7/16	99 17/32	Conversion 4½% 1964	99 17/32	99⅝	2 16 2	4 11 11
92 15/16	89⅞	Savings Bonds 3% 1955–65	92⅛	91⅞	3 11 1	4 17 3
86	82⅞	Funding 3% 1959–69	85⅜	85	3 16 1	5 2 3
94⅞	89 5/16	Funding 4% 1960–90	94¼	94	2 15 2	4 7 10
84 5/16	80⅜	Savings Bonds 3% 1960–70	83⅞	83⅝	3 16 1	5 2 11
86	83	Savings Bonds 2½% 1964–67	85⅜	85 1/16	3 18 4	5 0 0
78 15/16	75 1/16	Savings Bonds 3% 1965–75	78	77½	3 16 3	5 4 4
105 11/16	102½	Exchequer 5½% 1966	104 5/16	104 3/16	2 15 8	4 19 6
87 7/16	83¼	Funding 3% 1966–68	86⅜	86 5/16	3 16 2	5 3 0
98⅛	95	Victory 4% 1920–76	96⅜	96⅝	2 19 8	4 12 11
90⅜	87½	Conversion 3½% 1969	89¾	89½	3 11 6	5 1 8
104	98⅜	Conversion 5½% 1974	102 1/4	101¾	3 1 4	5 1 8
81 7/16	76⅞	Treasury 3½% 1977–80	79½	79⅛	3 11 10	5 3 4
80 1/16	76⅛	Treasury 3½% 1979–81	79¾	79⅜	3 11 10	5 4 3
107¼	101⅛	Funding 5½% 1982–84	105 1/16	104	3 2 0	5 5 3
68⅜	64½	Redemption 3% 1986–96	67¼	66⅝	3 9 5	5 0 10
98 3/16	97 1/16	Treasury 5% 1986–89	97 11/16	97 1/16	3 4 4	5 4 5
75 3/16	70½	Funding 3½% 1999–2004	72½	71⅞	3 7 2	5 1 9
77½	72¼	Consols 4% after Feb. 1957	75 13/16	75⅛	3 6 1	5 0 8
68 5/16	64 1/16	War Loan 3½% after 1952	65⅞	65¼	3 5 10	5 0 7
69 11/16	63 13/16	Conv. 3½% after Apr. 1961	66¼	65⅝	3 5 8	5 0 7
60	55¼	Treasury 3% after Apr. 1966	57⅝	57	3 4 9	5 0 2
53⅝	49¼	Consols 2½%	50⅝	49 15/16	3 1 3	4 19 11
51⅛	47⅛	Treasury 2½% after Apr. 1975	49⅛	48 13/16	3 3 2	5 3 7
98¼	94	British Electric 4½% 1967–69	98⅜	97 15/16	3 2 3	4 19 7
80⅞	77¼	British Electric 3% 1968–73	80⅛	79¾	3 16 8	5 3 11
78⅛	74⅛	British Electric 3% 1974–77	77⅛	76¾	3 14 3	5 2 3
91¾	87½	British Electric 4½% 1974–79	91	90¾	3 5 8	5 1 6
81 5/16	77 9/16	British Electric 3½% 1976–79	80⅜	80⅛	3 11 2	5 2 7
92¼	87⅛	British Gas 4% 1969–72	91½	91 1/16	3 8 0	5 2 2
84½	80 1/16	British Gas 3½% 1969–71	87½	87¼	3 10 10	5 1 3
69 1/16	65	British Gas 3% 1990–95	68 1/16	67½	3 8 11	4 19 9
80⅞	77¼	British Transport 3% 1968–73	80⅛	79¾	3 16 8	5 3 11
89⅝	84	British Transport 4% 1972–77	87 7/16	87 1/16	3 8 0	5 1 9
70 1/16	66 1/16	British Transport 3% 1978–88	67 13/16	67⅜	3 13 10	5 4 0

Prices, 1959 High	Prices, 1959 Low	FIXED INTEREST STOCKS	Price, Dec. 9, 1959	Price, Dec. 16, 1959	Yield, Dec. 16, 1959 £ s. d.
		DOMINION AND COLONIAL			
102 1/16	99⅛	Australia 4½% 1960–62	100⅞	100⅞	4 8 0
107⅛	103¾	Australia 6% 1974–76	107¼	107¼	5 7 0e
77	72¾	Ceylon 4% 1973–75	73¾	73¾	6 17 0†
104½	99½	Jamaica 6% 1977–82	104	104	5 16 3e
108	104¼	New Zealand 6% 1976–80	107½	107½	5 9 0c
101⅞	93	Rhodesia and Nyasaland 6% 1976–79	96½	96½	6 7 10†
75	69½	Southern Rhodesia 2½% 1965–70	73¼	73¼	5 18 0†
		CORPORATION AND PUBLIC BOARDS			
104½	100 7/16	Agricultural Mortgage 5½% 1980–85	104	102	5 6 10e
105	102¼	Birmingham 5¾% 1974–76	103	103	5 9 0e
94½	92⅛	Bristol 3% 1958–63	93½	93½	4 17 8†
98½	94½	Glasgow 4¾% 1966–68	98½	98½	4 19 0†
102½	99¼	Corporation of London 5¼% 1976–79	99¾	99¾	5 5 0†
57	52¾	L.C.C. 3% after 1920	54¾	54½	5 9 0†
64½	59¾	*Metropolitan Water Board 'B' 3% 1934–2003*	63	62½	5 4 0†
		FOREIGN BONDS			
113¼	101¼	German 7% 1924 (British Enfaced 5%)	106¾	106¼	...
198½	177	German 5½% 1930 (Enfaced 4½%)	*188½**	*188**	...
48	23¼	Greek 7% Refugee 1924	44½	42½	*Nil*
169¼	157	Japan 5% (Enfaced) 1907	161½	162	...
118¾	112¾	Japan 7% (Enfaced) 1924	114	113½	...
59	55	Uruguay 3½% Bonds (Assented)	56	56½	...

NEW YORK CLOSING PRICES

	Dec. 9 $	Dec. 16 $		Dec. 9 $	Dec. 16 $		Dec. 9 $	Dec. 16 $
Ath. Topeka	26⅛	26⅝	Boeing	33	30⅜	Inter. Nickel	108	110⅛
Can. Pacific	26⅛	25½	Celanese	27⅞	27½	Inter. Paper	136½	134⅜
Pennsylvania	16⅛	15¾	Chrysler	67¼	70½	Kennecott	94⅛	96⅜
Union Pacific	31	31	Col. Palmolive	39⅝	41¼	Monsanto	52¾	54⅜
Amer. Electric	47	47⅛	Crown Zeller	54	55⅜	Nat. Distillers	33¼	34
Am. Tel. & Tel.	76⅝	76¾	Distillers Seag.	325⅛	325½	Pan-American	22⅝	22⅛
Cons. Edison	59⅛	59¾	Douglas	40¾	39⅝	Procter Gamble	89¼	89
Int. Tel. & Tel.	39⅛	38¾	Du Pont	262	264½	Radio Corpn.	71⅛	69¼
Standard Gas	4⅝	4⅝	East. Kodak	107½	109¼	Sears Roebuck	48⅛	48¾
United Corpn.	7⅜	7⅜	Ford Motor	83⅛	88½	Shell Oil	77	79⅜
Western Union	47⅞	51¾	Gen. Electric	94½	93	Socony-Mobil	41⅜	40¼
Alcoa	104	104	General Foods	103¼	104⅜	Stand. Oil Ind.	42½	40¼
Aluminium	32⅞	35	General Motors	52¾	53	Stand. Oil N.J.	49⅜	48⅛
Amer. Can	43	41⅞	Goodyear	138¾	148	20th Cent. Fox	32½	33⅛
Am. Smelting	49⅞	49½	*Gulf Oil*	109	108½	Union Carbide	144	148
Am. Viscose	46½	46⅞	Heinz	91	89⅝	U.S. Steel	100⅛	99⅝
Anaconda	63⅛	65⅜	Int. Bus. Mach	429	435	West. Electric	108	109¾
Beth. Steel	55	54½	Int. Harvester	49½	48⅞	Woolworth	64⅜	64⅞

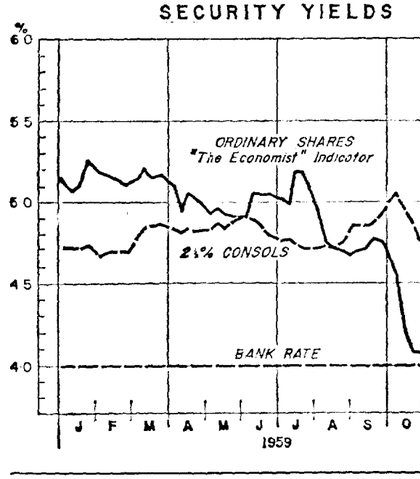
* Ex dividend. † Tax free. ‡ Assumed average life 9 years. § Less tax at 7s. 9d. in £. ‖ Ex capitalisation. ¶ Ex rights. ‡‡ Ex all. (a) Interim dividend. (b) Final dividend. (c) Year's dividend. (d) Capital distribution 1s. 6d. per share. (e) *To earliest date.* (f) *Flat yield.* (g) Equivalent to 7·2 sterling. (h) *After Rhodesian tax.* (i) *To latest date.* (p) Assented stock.

Prices, 1959 High	Prices, 1959 Low	Last Two Dividends (a) (b) (c) %	%	ORDINARY STOCKS	Price, Dec. 9, 1959	Price, Dec. 16, 1959	Yield, Dec. 16, 1959
				STEEL AND ENGINEERING			
74/3	28/1½	6 a	8 b	Colvilles £1	65/6	72/3	3·88
70/6	26/6	4 a	8 b	Dorman Long £1	65/6	68/4½	3·51
51/–	20/9	3¾ a	6¼ b	Steel Co. of Wales £1	48/6	48 10½	4·09
57/4½	25/–	3 a	8 b	Stewarts & Lloyds £1	53/–	56/4½	3·90
78/6	23/4½	4 a	8½ b	John Summers £1	75/–	77/–	3·25
80/–	24/9	4 a	11 b	United Steel £1	75/3	79 10½	3·76
48/–	30/8¼	6 a	4 a	John Brown £1	45/4½	47/3	4·23
10/–	7/–	11 b	3 a	Cammell Laird 5/–	8/4½	7/10½	8·89
35/6	25/6	7½ b	2½ a	Swan Hunter £1	34/–	34/3	5·84
36/6	27/2¼	7½ b	2½ a	Vickers £1	32/9	33/6	5·97
96/–	60/6	10 b	5 a	Averys £1	92/6	91/–	3·30
27/6	16/–	‡4⅜ b	‡17 a	Coventry Gauge 10/–	27/–	26/3	3·90
54/6	36/6	12 a	14 b	Alfred Herbert £1	52/–	52/–	3·78
29/6	16/9	5 a	12½ b	Ransome & Marles 5/–	25/3	25/–	3·50
56/–	39/9	9½ b	3 a	Renold Chains £1	52/9	52/6	4·76
73/9	37/–	8¾ b	7½ a	Allied Ironfounders £1	67/9*	70/6	4·61
55/–	42/3	7 b	4½ a	Babcock & Wilcox £1	44/3	45/6	5·05
133/3	43/11½	10 c	15 c	Davy-United £1	111/9	112/9	2·66
92/–	51/3	9 b	5 a	Guest Keen £1	89/6	89/3	3·14
80/–	44/7½	5⅓ b	4 a	Metal Box £1	71/–*	75/9*	2·46
58/–	42/6	4⅜ b	4⅜ a	C. A. Parsons £1	55/–	55/–	3·18
25/9	19/–	15 b	7½ a	John Thompson 5/–	21/6	22/–	5·11
129/6	72/–	7½ a	12½ b	Tube Investments £1	124/9	128/3	3·12
				BUILDING, etc.			
80/–	39/9	10 c	4 b	Associated Portland £1	72/6	73/–	2·63
28/3	15/–	6⅔ b	4 a	British Plaster Board 10/–	26/4½	27/11½	3·69
101/10½	59/7½	5 a	10 b	Richard Costain £1	100/–	100/7½	2·98
48/9	9/7½	5 a	10 b	Crittall Manufacturing 5/–	14/10½	15/11½	4·96
61/3	51/3	6 a	11 b	London Brick £1	101/6	102/3	3·33
126/–	79/9	5 a	15 b	Wall Paper Defd. £1	123/11½	125/–	3·20
				CHEMICALS AND PAINT			
30/6	16/–	13·6c	4·8d	Albright & Wilson 5/–	26/6	27/–	2·52
24/7½	15/3	5⅝ b	2 11½ a	Borax Defd. 5/–	18/9	19/7½	2·23
10/3	6/10½	12½ b	7½ a	Brit. Ind. Plastics 2/–	9/9	10/–	4·00
75/9	43/10½	4 a	8 b	Fisons £1	68/9	69/9	3·44
58/9	33/10½	5⅓ b	3¾ a	I.C.I. £1	55/–	57/–	3·19
17/9	12/7½	14 b	6 a	*International Paints 4/–*	16/7½*	16/10½*	4·74
23/6	15/11½	8½ b	5 a	Monsanto 5/–	22/4½	23/6	2·87
32/–	18/6	11⅓ b	5 a	Pinchin Johnson 10/–	28/3	28/9	5·79
				ELECTRICAL AND RADIO			
67/–	54/–	7½ b	7½ a	A.E.I. £1	60/–	59/9	5·02
61/–	46/3	9½ b	4 a	B.I.C.C. £1	55/9	57/3	4·72
54/11½	37/4½	20 c	5⅝ a	Decca Record 10/–	47/6	53/10½	3·71
51/–	38/–	9⅓ c	3 a	English Electric £1	46/–	46/–	4·06
48/9	30/–	3 a	7 b	General Electric £1	43/3	42/9	4·68
20/7½	12/10½	12½ c	12½ a	Pye Defd. 5/–	18/4½	18/9‖	3·33
98/6	84/6	6½ a	11 b	A. Reyrolle £1	94/9	95/–	3·68
				MOTORS AND AIRCRAFT			
23/4½	10/–	5¾ a	12½ b	British Motor 5/–	21/–	20/10½	4·37
113/–	50/3	8½ b	5 a	Ford Motor £1	101/–	101/–	2·67
78/6	44/–	12½ c	12½ c	Leyland Motor £1	74/9	77/3	3·24
16/11½	7/3	8 c	12 c	Rootes Motors 4/–	14/6	14/6	3·31
12/11½	5/11¼	12 c	12 c	Standard-Triumph 5/–	10/9	10/9	4·20**
29/–	18/3	31½ a	9½ b	Dunlop Rubber 10/–	25/–	26/3	4·95
70/6	44/3	2½ a	10 b	Joseph Lucas £1	69/–	70/11½	3·57
44/10½	23/7½	17½ b	9 a	Pressed Steel 5/–	40/6¾	42/11½	3·15
88/–	48/11½	20 c	30 c	Triplex Holdings 10/–	86/3	86/–	3·49
12/9	8/3	3½ a	6½ b	Bristol Aeroplane 10/–	12/4½	12/–	8·33
22/6	12/11¼	7½ c	Nil	De Havilland 10/–	19/3	22/6	...
48/9	34/9	15 a	16½ b	Dowty Group 10/–	47/–	46/6	4·05
34/–	26/11½	3 a	7 b	Hawker Siddeley £1	30/9*	29 10½*	6·69
53/11½	41/3	7½ b	2½ a	Rolls-Royce £1	44/7½	44/9	4·47
				PAPER AND NEWSPAPERS			
69/6	44/6	12½ c	5 a	Bowater Paper £1	67/–	67/9	3·69
57/6	42/6	9 b	5 a	Albert E. Reed £1	54/9	55/–	5·09
34/11½	22/–	5 b	3 a	Spicers £1	31/3	33/3	4·81
29/7½	21/–	15 b	10 a	Daily Mirror 'A' 5/–	28/3	29/6	4·24
37/–	24/6	12½ a	12½ b	Odhams Press 10/–	36/–	35/10½	4·88
				TEXTILES			
35/–	22/–	7½ b	2½ a	J. & P. Coats £1	33/–*	33/11½*	6·04
35/9	18/3	5 a	5 b	Fine Spinners £1	29/–	32/3	6·20
68/4½	35/4½	12½ b	5 a	Lancashire Cotton £1	63/–	66/9	5·24
70/–	35/4½	2½ a	13½ b	Patons & Baldwins £1	63/–	69/9	4·59
8/6	4/3	10 c	8 c	Salts (Saltaire) 5/–	8/–	8/–	5·00
38/11½	25/–	5 b	2½ a	Woolcombers £1	34/10½	35/4½	4·24
20/4½	14/7½	Nil c	3 a	Bradford Dyers £1	19/–	20/4½	...
64/9	37/–	22½ c	22½ c	Calico Printers £1	59/6	64/9	6·95
62/6	31/3	6⅓ b	5 a	Courtaulds £1	59/11½	62/3	3·75
18/7½	10/–	10 b	4 a	Jute Industries 10/–	18/3	18/7½	7·52
35/6	24/6	7½ c	7½ c	Tootal £1	29/–	29/10½	5·02
				DRAPERY AND STORES			
31/6	19/7½	16 c	3 a	Boots Pure Drug 5/–	29/3	30/6	2·62
48/6	27/–	5 a	11¼ b	Debenhams 10/–	42/6¶	43/6¶	3·83
54/3	28/7½	27½ b	7½ a	G.U.S. 'A' 5/–	50/7½	49/10½	3·51
48/7½	31/9	40 c	15 a	House of Fraser 'A' 5/–	44/9	44/9	4·47
25/6	13/–	16 c	7½ a	Lewis's Investment 4/–	24/–‖	24/–‖	3·33
78/3	41/4½	20·83b	12½ a	Marks & Spencer 'A' 5/–	74/–	74/6	2·24
50/3	32/7½	22½ b	12½ a	United Drapery 5/–	49/4½	49/6	3·54
69/9	47/3	26⅔ b	13⅓ a	Woolworth 5/–	68/7½	66/6	3·01

YORK STOCKS

Prices, 1959 High	Prices, 1959 Low	Last Two Dividends (a) (b) (c) %	%	ORDINARY STOCKS	Price, Dec. 9, 1959	Price, Dec. 16, 1959	Yield, Dec. 16, 1959
				BANKING			
66/–	44 6¾	5 b	5 a	Barclays £1	63 4½	63 1½	3·17
65/3	40/3	10 c	5 a	Lloyds £1	66/3	67 10½	2·95
86/–	60 1½	12½ c	7½ a	Midland £1	84/3	85/3	3·52
94/–	54/–	10 c	5 a	National Provincial £1	89/–	89/9	2·67
60/–	37/9	10 c	5 a	Westminster 'B' £1	59/3	60/–	3·33
63/–	54/3	9 b	8½ a	District £1	81/3	81/3	3·45*
29/9	17/–	16 c	8 a	Martins 5/–	26 7½	28 4½	2·82
72/3	52/3	...	...	Nat. Comm. Bk. Scot. 10/–	67/6	68/–	2·94*
96/–	67/6	9 b	8 a	Royal Bank of Scotland £1	91/3	92/–	3·70
56/9	37/9	4 a‖	5 b	Barclays D.C.O. £1	49/–*	48 6*	3·71
60/6	43/9	7½ a	7½ b	Chartered Bank £1	54/–	54 6	5·50
£24 5/8	£22 7/8	$2 10c	$2 25c	Royal Bank of Canada $10	£31	£31	2·59
£23 3	£18 11/16	$1 60c	$1 65c	Bank of Montreal $10	£21 5/8	£21 3/4	2·85
41	30½	9 c	9 c	Bank of New South Wales £20	39½	39¾	3 62c
49·9	32/3	4 b	4 a	Bank of London & S. Amer. £1	49·3	49·9	4·02
				FINANCIAL			
47/–	28 4½	5 b	2½ a	Alexanders £1	41/–	43/–	3·57
55/–	41/3	7 b	6¼ a	National Discount 'B' £1	52/3	53/3	4·78
63/–	49/–	6¼ b	6¼ a	Union Discount £1	60/–	63/–	3·97
62/6	40/9	21⅔ b	20 a	Commercial Union 5/–	57/–	58/6	3·56
188·9	127/6	15 b	12½ a	Employers Liability £1	182/6	188·9	2·91
270/–	160/–	‡32·35c	‡41·17c	Equity & Law 8/6	246/3	265/–	2·16
356/3	192/6	60 b	40 a	Legal & General 5/–	332/6	365/–	1·37
157/6	112/6	50 b	20 a	Pearl 5/–	153 1½	158·9	3·61
350/–	210/–	‡147½ c	‡162½ c	Prudential 'A' 4/–	321/3	332 6	3·20
102/6	59 1½	10 b	8 a	Royal Exchange £1	99/9	101/–	3·17*
46/–	16 2¼	8¾ b	7½ a	Bowmaker 5/–	38/–	39/–	3·21*
42/6	18 7½	8½ b	8½ a	Lombard Banking 5/–	34·9	35·9	2·38
220/–	113/5	21 b	4 a	U.D.T. £1	195/–	197/6	2·53
48/–	34/9	25 b	10 a	B.E.T. 'A' Defd. 5/–	44/–	44·9	3·91
18·6	12/6	10 c	10 c	Cable & Wireless 5/–	17·6	17 10½	2·80
32·9	19/3	4⅛ b	2 a	Land Securities 10/–	28 3*	29 10½*	2·18
28·6	14/7½	4¼ a	4¼ b	London & County 10/–	27·3	27/–	3·09
				FOOD, DRINK AND TOBACCO			
38/9	22/6	18 c	6 a	Allied Bakeries 'A' 5/–	38 3*	38 9*	2·32
47/9	23 4½	24 c	8 a	Beecham Group 5/–	43·3	43·3	2·77
14/3	10/6	2½ a	7½ b	International Tea 5/–	12 1½	12/6	4·00
91/–	69/–	9½ b	5 a	J. Lyons 'A' £1	75/–	76/–	3·73
28/–	18 10½	2½ a	2½ a	Ranks 10/–	25/–	28/–	4·46
33/3	18 11½	12½ b	5 a	Schweppes 5/–	30·3	29·6	3·39*
61/–	42/–	3 a	9 b	Tate & Lyle £1	57 9*	57/3*	4·19
17/11½	10/10½	...	5 a	Unigate 5/–	16/6¾	17/0¾	2·93*
80/–	43/9	10 a	47½ b	Bass 5/–	75/7½	79/9	2·98
36 10½	23 10½	12½ c	5 a	Distillers 10/–	35·9	36 10½	3·39
25/–	14/7½	6 a	12 b	Flowers 5/–	21/–*	23/9*	3·79
82/6	54/–	10 a	18 b	Guinness 10/–	73/9	71/3	3·93
20/3	12/7½	4 a	11½ b	Ind Coope & Allsopp 5/–	18/4½	18/7½	4·16
90/–	38/9	6¾ b	3¾ a	Watney Mann Defd. £1	86/3	86·9	3·46
132/–	100/–	17 b	8 a	Whitbread 'A' £1	126/3	126·3	3·96
68/1½	51/4½	‡17½ c	‡10⅚ a	British Amer. Tobacco 10/–	63/4½	66/11½	4·32
42/6	26/8½	13½ b	3½ a	Gallaher 10/–	37/6	38/6	4·33
71/–	54/3	12½ b	8½ a	Imperial Tobacco £1	69/3	69/–	6·09
				MISCELLANEOUS			
56/6	37/9	20 a	40 b	Assoc. Brit. Picture 5/–	51/6	53/3	5·63
43/6	28 7½	5 b	3½ a	British Match £1	40/–	41/6	4·01
79/6	40/6	8 b	4 a	British Oxygen £1	78/–	78/6	3·06
18 c	6 a	6 a	British Ropes 2/6	10/6	10/9	4·09	
60 9	35 9	5½ a	8½ b	Glaxo 10/–	57/9	60/6	2·31
98 6	56 4½	50 b	10 a	Hoover 'A' 5/–	94 6	96 3	3·12
232/6	172/6	32 18c	16·53d	Hudson's Bay £1	215/–	212/6	3·03
14 7½	10/–	5 c	10 c	Rank Organisation 5/–	13·3	13/6	3·70
27/–	13/–	18 c	20 c	Sears 'A' 5/–	25·3	25 7½	3·90
20/–	11 3¼	6·36	7¼ a	Thomas Tilling 4/–	19·3	19·3	2·83
106 6	69 4½	5 a	15 b	Turner & Newall £1	100/–	105/–	3·81
139/–	86 7½	16 8c	8 a	Unilever £1	130/–	135/6	2·48
11·9	9·9	10 4c	3½ a	United Glass 5/–	11·6	11·9	4·43
43/6	31·9	‡10¾ b	‡4¼ a	United Molasses 10/–	42·3	43/6	5·63
				OIL			
52·6	49/–	‡8¾ c	‡3½ a	British Petroleum £1	52·3	52/6	5·44
50/3	37·9	‡4½ b	‡2½ a	Burmah Oil £1	46·6	45·6	4·93
17 6	7 3	‡17½ b	‡7½ a	Royal Dutch 20 fl.	£154	£155 6	3·09
153/–	131/–	‡137½ b	5 a	Shell Transport £1	144·6	141/9	4·33
55·6	53/6	...	...	Ultramar 10/–	55·9	55/6	...
56/6	35/6	15 b	7½ a	Wakefield C.C. 10/–	54/3	54/–	4·17
				SHIPPING			
46·9	36/6	13½ b	6½ a	Brit. & Commwealth 10/–	44/3	46/9	4·28
21/9	17/3	8 c	Nil a	Cunard £1	21/–	21/9	4·56
29·6	10 c	10 c	Furness Withy £1	44/3	46/–	4·35	
10 a	10 b	London & Overseas 5/–	20/–	20/–	4·94		
31/6	8 b	3 a	P & O Defd. £1	45/3	47/6	4·63	
13·3	5 c	2½ c	Reardon Smith 10/–	18/6	19/6	1·28	
19/–	7½ c	8 c	Royal Mail £1	25/6	26/6	6·04	
				MINES			
200/–	121/3	120 c	60 b	Anglo-American 10/–	203/9	206/10½	3·87
147/6	113/9	20 b	10 a	General Mining £1	140 7½	141/3	4·25
80/9	49/4½	10 a	40 a	Union Corporation 2/6	78/6	80/3	4·36
33/4½	25/4½	50 b	45 a	Daggafontein 5/–	26/7½	27/11½	17·51
198/11½	111/10½	70 a	90 b	Free State Geduld 5/–	193/11½	190/–	4·21
71/6	56/9	35 b	35 a	Harteebeestfontein 10/–	58·9	61/–	11·48
80 11½	61/10½	50 a	60 b	President Brand 5/–	76/4½	77/4½	7·11
180/–	119/4½	70 a	100 b	Western Holdings 5/–	163/11½	162/6	5·23
76/–	57/5½	10 b	6¼ a	Consolidated Zinc £1	74/6	75/–	4·33
200/–	121/3	120 c	60 a	De Beers Defd. Reg. 5/–	181 10½	181 10½	6·10
$199	$154⅜	$2·60c	$3·00c	International Nickel n.p.v.	$197½*	$199	2·69
10/6	7 10½	15 b	5 a	London Tin	11 10½	11/3	7·11
100/7½	73/11½	12½ a	3½ b	Rhod. Anglo-American 10/–	92/6	90/–	5·56h
19/–	14/3	4 c	10 a	Rhod. Selection Trust 5/–	15 4½	15/4½	5·23h
58/11½	43/9	26 c	20 c	Rio Tinto Reg. 10/–	45/7½	45/7½	4·38
32 3d	27 3d	8 c	Nil c	United Serdang 2/–	9d	9d	...
28 7 8	12½ a	United Sua Betong £1	95/–	95/6	8·51		
56/3	31/6	3 a	9 b	Harrisons & Cros. Defd. £1	51/9‖	56/3‖	4·27

SECURITY YIELDS



** Yields based on assumed dividends:—Bowmaker, 25%. District, 14%. Midland, 15%. Nat. Comm. Bank Scot., 20%. National Discount 'B', 12½%. *National Provincial*, 12%. Royal Exchange, 16%. Schweppes, 20%. Standard-Triumph, 9%. Unigate, 10%. Watney Mann, 15%.

STOCK EXCHANGE INDICATORS

LONDON

The Economist Indicator

1959	Indicator*	Yield %	1959 High	1959 Low	1958 High	1958 Low
Nov. 18	349·6	4·14				
,, 25	347·7	4·17				
Dec. 2	351·5	4·12	359·9	245·0	255·6	166·1
,, 9	351·7	4·14	(Dec. 16)	(Jan. 28)	(Dec. 31)	(Feb.

Money and Exchanges

EXCHEQUER RETURNS

For the week ended December 12, 1959, there was an "above-line" deficit (after allowing for sinking funds) of £30,391,000 compared with a deficit of £32,903,000 in the previous week and one of £23,391,000 in the corresponding period of last year. There was a net expenditure "below-line" of £13,943,000 leaving a total cumulative deficit to date of £801,369,000 compared with £699,828,000 in 1958–59.

£'000	Estimate 1959–60	April 1, 1958, to Dec. 13, 1958	April 1, 1959, to Dec. 12, 1959	Week ended Dec. 13, 1958	Week ended Dec. 12, 1959
Ord. Revenue					
Income Tax	2147,000	875,466	879,562	16,691	16,646
Surtax	171,000	51,500	53,400	1,900	2,300
Death Duties	195,000	127,100	149,700	3,100	3,200
Stamps	68,000	41,800	64,600	1,900	2,800
Profits tax, EPT and EPL	274,000	215,000	200,700	2,800	4,400
Other Inland Revenue Duties	1,000	150	110	...	...
Total Inland Revenue	2856,000	1311,016	1348,072	26,391	29,346
Customs	1285,500	916,955	975,344	24,523	24,188
Excise	864,500	665,800	653,180	7,590	9,965
Total Customs and Excise	2150,000	1582,755	1628,524	32,113	34,153
Motor Duties	104,000	30,477	29,415	471	336
PO (Net Receipts)	...	7,000	...	850	...
Broadcast Licences	35,000	19,400	21,400	...	...
Sundry Loans	30,000	26,126	31,525	...	...
Miscellaneous	150,000	60,916	81,709	232	297
Total	**$325,000**	**3037,698**	**3140,645**	**60,057**	**64,131**
Ord. Expenditure					
Debt Interest	600,000	450,982	392,100	8,288	7,562
Payments to Northern Ireland Exchequer	79,000	48,479	51,339	...	...
Other Consolidated Funds	10,000	5,062	5,637	187	1
Supply Services	4523,531	2858,081	2987,422	74,600	86,500
Total	**$212,531**	**3362,604**	**3436,498**	**83,068**	**94,063**
Sinking Funds	39,000	25,063	25,736	380	460
"Above-line" Surplus or Deficit	—	—	—	—	—
"Below-line" Net Expenditure*	349,851	479,780	16,412	13,943	
Total Surplus or Deficit	**699,828**	**801,369**	**39,803**	**44,334**	
Net receipts from:					
Tax Reserve Certificates	206,680	135,711	1,342	871	
Savings Certificates	96,300	53,700	4,000	1,400	
Defence Bonds	64,022	103,614	3,719	2,143	
Premium Savings Bonds	48,555	35,130	640	250	
Total	**415,557**	**328,155**	**9,701**	**4,664**	

* Net receipts of the Civil Contingencies fund of £10 million in 1959–60 compared with £12 million in 1958–59.

FLOATING DEBT

(£ million)

	Treasury Bills		Ways and Means Advances		Total Floating Debt
	Tender	Tap	Public Dept.	Bank of England	
1958					
Dec. 13	3,440·0	1,687·6	190·1	...	5,317·7
1959					
Sept. 12	3,280·0	1,911·0	227·1	3·8	5,421·9
" 19	3,310·0	1,911·6	232·0	...	5,453·6
" 30	5,298·3		270·1	1·8	5,570·1
Oct. 3	3,370·0	1,936·3	247·5	3·0	5,556·8
" 10	3,390·0	1,954·2	259·7	...	5,603·9
" 17	3,340·0	2,016·0	241·4	...	5,687·4
" 24	3,430·0	2,052·7	217·8	...	5,700·5
" 31	3,460·0	2,114·0	202·5	...	5,776·4
Nov. 7	3,520·0	2,023·4	227·1	...	5,770·5
" 14	3,580·0	1,942·9	223·8	...	5,746·7
" 21	3,620·0	1,887·2	223·6	...	5,730·8
" 28	3,680·0	1,902·9	205·1	1·3	5,759·3
Dec. 5	3,660·0	1,888·5	214·8	1·8	5,765·0
" 12	3,660·0	1,934·9	210·9	1·3	5,807·0

THE MONEY MARKET

THE discount market lowered its bid by a further 3d. to £99 2s. 1d. for 91 day bills at last Friday's Treasury bill tender and the average discount rate rose by just under $\frac{1}{16}$ per cent to £3 11s. 6.91d. The market's allotment at the basic price fell from 54 per cent to 48 per cent and it seems that slightly higher bids were received from outside institutions.

By contrast the United States Treasury bill rate for three months bills fell from its peak of 4.638 per cent to 4.535 per cent; the margin over the London rate thus narrowed to slightly under one per cent. The rate for the six months bills also fell this week from the record level of 4.969 per cent to 4.833 per cent.

Credit conditions in Lombard Street once again eased towards the week-end and on Saturday some balances were unlent. It has been a different story this week, however, and two or three houses were forced to borrow from the bank both on Monday and on Wednesday, when no assistance of any kind was given by the authorities. Rates for overnight loans have ranged up to 3½ per cent and February bills have changed hands at this rate, with March maturities and "hot" bills at 3⅝ per cent.

MONEY RATES

LONDON

	%		%
Bank rate (from 4½%, 20/11/58)	4	**Discount rates:**	
		Bank bills:	
Deposit rates (max.):		60 days	3 11/16–3 9/16
Banks	2	3 months	3 11/16–3 9/16
Discount houses	2–2 1/4	4 months	3 11/16–3 9/16
Money:		6 months	3 11/16–3 13/16
Day-to-Day	2 3/8–3 1/2	Fine trade bills:	
Treasury bills:		3 months	4 1/16–5
2 months	3 19/32	4 months	4 1/4–5
3 months	3 19/32	6 months	4 1/2–5 1/4

NEW YORK

	%		%
Official discount rate: (from 3½%, 10/9/59)	4	**Treasury Bills:** December 8	4 638
		" 15	4·535

BANK OF ENGLAND RETURNS

(£ million)	Dec. 17, 1958	Dec. 9, 1959	Dec. 16, 1959
*Issue Department**:			
Notes in circulation	2,164·4	2,219·3	2,259·6
Notes in banking dept.	36·0	56·1	15·8
Govt. debt and securities*	2,196·5	2,272·0	2,271·9
Other securities	0·7	0·7	0·8
Gold coin and bullion	0·4	0·4	0·4
Coin other than gold coin	2·8	2·3	2·3
Banking Department:			
Deposits:			
Public accounts	14·2	10·8	13·5
Bankers	208·5	222·9	216·8
Others	73·9	64·0	65·4
Total	296·6	297·7	295·7
Securities:			
Government	240·2	214·7	255·7
Discounts and advances	16·1	23·2	20·6
Other	21·4	21·0	20·9
Total	277·7	258·9	297·2
Banking department reserve	36·9	56·9	16·6
"Proportion"	12·4	10·1	5·6

* Government debt is £11,015,100, capital £14,553,000. Fiduciary issue increased by £50 million to £2,275 million on December 9th.

TREASURY BILL TENDERS

Date of Tender	Amount (£ million) Offered	Applied for	Three Months' Bills Average Rate of Allotment	Allotted at Max. Rate*
1958	91 day / 63 day		s. d.	%
Dec. 12	240·0 / 50·0	485·3	62 4·92	67
1959	91 day			
Sept. 11	290·0	453·5	69 8·47	51
" 18	290·0	428·5	69 8·13	56
" 25	290·0	430·0	69 5·24	64
Oct. 2	280·0	411·6	69 10·48	54
" 9	290·0	433·2	69 9·00	66
" 16	270·0†	444·4	68 4·91	34
" 23	260·0	456·5	68 6·74	37
	91 day / 63 day			
" 30	220·0 / 50·0	461·6	67 8·53	54
Nov. 6	240·0 / 50·0	464·9	67 4·62	53
" 13	230·0 / 60·0	471·5	67 9·55	26
" 20	230·0 / 60·0	438·0	67 11·96	44
" 27	220·0 / 60·0	415·4	67 11·95	46
Dec. 4	230·0 / 60·0	408·1	70 7·23	54
" 11	290·0 / ...	452·8	71 6·91	48

* On December 11th tenders for 91 day bills at £99 2s. 1d. secured 48 per cent, higher tenders being allotted in full. The offer this week was for £240 mn. of 91 day bills, and £50mn. of 63 day bills. † Allotment cut by £20 mn.

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

	Official Rates	Market Rates: Spot					
	December 16	December 10	December 11	December 12	December 14	December 15	December 16
United States $	2·78–2·82	2·79 13/16–15/16	2·79 13/16–15/16	2·79 7/8–80	2·79 15/16–80 1/16	2·79 15/16–80 1/16	2·79 7/8–80
Canadian $	...	2·66 5/16–7/16	2·66 5/16–7/16	2·66 3/8–1/2	2·66 1/8–1/4	2·66 1/16–3/16	2·66 1/4–3/8
French Fr.	13·622–14·027	13·73 5/8–7/8	13·73 7/16–3/4	13·73 3/4–7/4	13·74 1/8–3/8	13·74 1/8–3/8	13·73 1/2–3/4
Swiss Fr.	11·94–12·54 7/8	12·10–10 1/4	12·07 1/2–08	12·07 3/4–08 1/4	12·11–11 1/2	12·08 1/4–3/4	12·08 1/2–3/4
Belgian Fr.	137·96–142·05	139·92 1/2–97 1/2	139·95–140·00	139·97 1/2–140·02 1/2	140·10–15	140·07 1/2–12 1/2	140·00–05
Dutch Gld.	10·48–10·80	10·55 3/4–56	10·55 5/8–7/8	10·55 3/4–56	10·56–56 1/4	10·55 7/8–56 1/8	10·55 5/8–7/8
W. Ger. D-Mk.	11·59 1/4–11·92 3/4	11·67 1/4–1/2	11·67 5/8–7/8	11·67 5/8–7/8	11·67 7/8–68 1/8	11·67 7/8–68 1/8	11·67 3/8–3/4
Portug. Esc.	79·00 3/4–82·00 1/2	80·15–30	80·15–30	80·15–30	80·15–30	80·15–30	80·15–30
Italian Lire	1725–1775	1736–38 1/2	1738 1/4–3/4	1739–39 1/2	1738–38 1/2	1738–38 1/2	1736 1/4–37 1/4
Swedish Kr.	14·27 1/2–14·70	14·49 3/4–50	14·49 3/4–5/8	14·50–50 1/4	14·50 1/4–1/2	14·50 1/8–3/8	14·49 3/4–50
Danish Kr.	19·06 1/2–19·62	19·32 1/4–1/2	19·31 7/8–32 1/8	19·31 7/8–32	19·31 7/8–32 1/8	19·31 7/8–32 1/8	19·31 3/4–32
Norwegian Kr.	19·71–20·30 1/2	19·99 1/2–3/4	19·99 1/2–3/4	19·99 5/8–7/8	19·99 7/8–20·00 1/8	19·99 7/8–20·00 1/8	19·99 3/4–20·00
One Month Forward Rates							
United States $		1/8–1/4c. dis	1/8–1/4c. dis	1/8–1/4c. dis	1/8–1/4c. dis	1/16–3/16c. dis	1/16–3/16c. dis
Canadian $		7/16–9/16c. dis	7/16–9/16c. dis	3/8–1/2c. dis	7/16–9/16c. dis	3/8–1/2c. dis	3/8–1/2c. dis
French Fr.		1/2–1c. dis	3/4–1 1/4c. dis	3/4–1 1/4c. dis	3/4–1 1/4c. dis	1/2–1c. dis	1/2–1c. dis
Swiss Fr.		1 3/4–2 1/2c. dis	3 1/2–5c. dis	3–5c. dis	1 1/2–1 3/4c. dis	1–3c. dis	2–4c. dis
Belgian Fr.		par 5c. dis	par 5c. dis	par 5c. dis	par 5c. dis	par 5c. dis	par 5c. dis
Dutch Gld.		1/8–3/8c. dis	3/8–3/8c. dis	1/4–1/2c. dis	1/4–1/2c. dis	1/8–3/8c. dis	3/8–5/8c. dis
W. German D-Mk.		1–1 1/4pf. dis	1–1 1/4pf. dis	1–1 1/4pf. dis	1–1 1/4pf. dis	7/8–1 1/8pf. dis	1–1 1/4pf. dis
Three Months Forward Rates							
United States $		7/16–9/16c. dis	7/16–9/16c. dis	3/8–1/2c. dis	7/16–9/16c. dis	5/16–7/16c. dis	5/16–7/16c. dis
Canadian $		1 1/8–1 1/4c. dis	1 1/8–1 1/4c. dis	1 1/16–1 3/16c. dis	1 1/8–1 1/4c. dis	1 1/16–1 3/16c. dis	1 1/16–1 3/16c. dis
Swiss Fr.		2–3c. dis	3 1/2–5c. dis	3–5c. dis	2–3c. dis	1–3c. dis	2–4c. dis
W. German D-Mk.		2 1/8–2 1/2pf. dis	2 1/8–2 1/2pf. dis	2 1/4–2 1/2pf. dis	2 1/4–2 1/2pf. dis	1 7/8–2 1/8pf. dis	2–2 1/4pf. dis
Gold Price at Fixing							
Price (s. d. per fine oz.)		250/3 1/4	250/4 3/4	...	250/4	250/3 1/2	250/4 1/2

Manpower and Output

Labour figures relate to Great Britain and production figures to United Kingdom unless otherwise stated.
M = Monthly averages or calendar months.
W = Weekly averages.

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

BRITISH

Prices and Wages	Dec. 5th	External Trade	Dec. 12th
Manpower and Output	This week	Industrial Profits	Oct. 24th

OVERSEAS

Western Europe	Nov. 14th	United States	Oct. 10th

	Unit	Mid-year or averages			1958			1959				
		1956	1957	1958	Sept.	October	Nov.	July	August	Sept.	October	Nov.
TOTAL MANPOWER		June figures										
Working population:												
Total	'000s	24,107	24,188	24,070	24,134	24,150	24,126	24,010	24,125	24,153	24,190	...
Men	"	16,188	16,225	16,160	16,184	16,188	16,161	16,078	16,138	16,143	16,144	...
Women	"	7,919	7,963	7,910	7,950	7,962	7,965	7,932	7,987	8,010	8,046	...
Armed Forces	"	761	702	614	599	598	594	559	555	551	547	...
Civil employment												
Total	"	23,149	23,245	23,080	23,097	23,079	23,043	23,054	23,164	23,199	23,229	...
Manufacturing industries	"	9,269	9,271	9,147	9,136	9,132	9,115	9,121	9,190	9,254	9,297	...
Employees:												
in engineering (1)	"	3,971	3,966	3,970	3,957	3,952	3,950	3,951	3,981	4,017	...	...
in consumer goods industries (2)	"	3,365	3,376	3,275	3,285	3,285	3,275	3,269	3,295	3,309	...	...
UNEMPLOYMENT		Monthly averages										
By duration:												
All durations—total	"	257·0	312·5	457·4	476 0	513·8	536·0	394·8	427·0	405·1	419 0	430 5[10]
Temporary or under 2 weeks	"	98·2	95·7	141 0	164·7	173·2	154·0	98 0	106·6	102 1	105 1	97 5
Over 8 weeks	"	93·1	129·3	197·7	193·0	211·6	237·7	215·3	212·5	200 2	208 0	218·4
By regions (3):												
Great Britain	"	1·2	1·4	2·1	2·2	2·3	2·4	1·8	2·0	1·9	1·9	2 0[11]
London and South Eastern	"	0·8	1·0	1·3	1·2	1·4	1·5	1·0	1·1	1·0	1·1	1·1
Eastern	"	1·0	1·3	1·7	1·5	1·6	1·7	1·1	} 1·3	1·3	1·4	1·4
Southern (4)	"	1·0	1·3	1·6	1·5	1·8	1·8	1·2				
South Western (4)	"	1·2	1·8	2·2	2·1	2·5	2·6	1·6	1·7	1·7	2·0	2·3
Midland	"	1·1	1·3	1·6	1·9	1·9	1·9	1·2	1·5	1·2	1·1	1·0
North Midland	"	0·6	1·0	1·6	1·7	1·7	1·7	1·2	1·5	1·3	1·2	1·3
East and West Ridings	"	0·8	0·9	1·9	2·4	2·5	2·4	1·5	1·7	1·6	1·6	1·5
North Western	"	1·3	1·6	2·7	3·1	3·2	3·2	2·3	2·5	2·4	2·3	2·3
Northern	"	1·6	1·7	2·4	2·5	2·8	3·1	2·9	3·1	3·0	3·1	3·4
Scotland	"	2·4	2·6	3·8	3·7	4·0	4·4	4·0	3·9	3·9	4·0	4·3
Wales	"	2·0	2·6	3·8	3·7	4·1	4·1	3·3	3·4	3·2	3·4	3·4
VACANCIES												
Unfilled vacancies notified to Employment Exchanges: Total	"	390	276	198	79	167	159	276	263	255	246	245[12]
INDUSTRIAL PRODUCTION												
Index:												
All industries	1954=100	106	107	106	107	110	114	102	97	116	119–120[9]	...
" *seasonally adjusted*	"	...	...	...	*105*	*105*	*107*	*112*	*113*	*114*	*114–115*[9]	...
Mining and quarrying	"	99	99	94	93	99	101	75	75	94	...	...
Construction	"	106	106	105	106[8]	...	108[9]	...	111[8]	...	...	...
Gas, electricity and water	"	110	112	117	104	116	128	97	96	108	...	...
Manufacturing, total	"	106	108	107	109	111	115	103	97	120	...	...
" " *seasonally adjusted*	"	...	...	...	*106*	*106*	*107*	*114*	*114*	*116*	...	...
Engineering and electrical goods	"	107	111	111	114	114	123	110	97	...	...	...
Shipbuilding	"	117	108	109	108	110	108	97	97	99	...	...
Vehicles	"	107	115	118	116	118	117	113	102	130	...	...
Chemical trades	"	111	115	115	117	119	123	120	118	...	...	...
Textiles, leather and clothing	"	99	99	91	95	100	100	89	81	106	...	...
BASIC MATERIALS		M W averages										
Production of:												
Coal (5) (7)	W '000 tons	4,269	4,301	4,150	4,117	4,331	4,436	3,162	3,164	3,988	4,128	4,181
Pig iron	W "	253	275	245	231	242	234	222	220	251	270	277
Steel, ingots and castings	W "	397	417	369	369	364	352	320	337	426	441	459
Sulphuric acid	M "	187·2	194·7	186·8	180 1	198·9	187·5	188·2	182·6	195·7	...	...
Newsprint	M "	12·36	12·55	11·81	12·28	11·83	12·27	7·53	11·07	13·05	...	...
Electricity (5)	W mn. kwh	7,263	7,581	8,209	7,250	8,565	9,190	6,975	6,846	7,752	9,050	...
MANUFACTURING												
Textile production:												
Cotton yarns, single	W mn. lb.	16·33	16·85	14·77	14·30	15·25	15·23	13·13	12·71	15·48	16·26	...
Worsted yarn	M "	39·38	39·48	37·18	37·90	20·48	18·44	19·09	13·55	21·72	22·40	...
Rayon and synthetic fibres	W "	40·21	41·32	35·18	31·97	35·84	37·63	45·31	39·71	43·53	47·20	...
Cotton cloth, woven	W mn. yds.	31·0	31·4	27·0	24 8	27·5	27·2	17·3	25·7	26·3	28·8	...
Wool fabrics, woven	M mn. sq. yds.	33·1	32·8	29·1	30·5	33·7	30·0	31·9	21·9	34·0	34·6	...
Engineering production:												
Passenger cars and chassis	W '000s	13·61	16·56	19 84	20 45	19·87	19·83	16·43	16·55	24·35	27·59	...
Commercial vehicles and chassis	W "	5·71	5·54	5·90	5 86	5·91	6·00	5·51	6·07	8·45	8·36	...
Internal combustion engines	M '000 BHP	411	406	382	370	391	339	441	...	...	...	...
Metal-working machine tools	M £'000	7,123	7,936	6,993	7,349	6,692	5,708	6,682	5,299	...	...	...
BUILDING ACTIVITY (6)												
Permanent houses completed:												
Total	M '000s	25·03	25·09	22·81	24·26	25·33	23·06	24·19	20·67	23·92	26·30	...
By private builders	M "	10·35	10·54	10·68	12·48	12·36	11·77	13·38	12·41	13·85	15·18	...

(1) Engineering, shipbuilding, electrical goods, vehicles, metal goods, precision instruments and jewellery. (2) Textiles, leather goods, clothing, food, drink and tobacco, manufactures of wood and cork, paper and printing. (3) Number registered as unemployed expressed as a percentage of the estimated number of employees. (4) Dorset (excluding Poole) was transferred from the Southern to the South Western Region on May 12, 1958. (5) Great Britain. (6) Provisional estimate. (7) Excluding all screening losses normally amounting to around 5,000 tons a week. (8) Average for third quarter. (9) Average for fourth quarter. (10) December: 420·9 (11) December figures reading down column: 1·9, 1·1, 1·4, 2·2, 1·0, 1·3, 1·5, 2·2, 3·3, 4·3, 3·3. (12) December: 251.

WOOLWICH EQUITABLE
has successful year

Investors' Funds up by £16,300,000
Record Loans on Private Dwellings Assets over £156,000,000

Sir Thomas Spencer, the Chairman, presided at the One hundred and twelfth Annual General Meeting, held at the Chartered Insurance Institute, 20 Aldermanbury, London, E.C.2, on December 15th. The following are points from his speech.

Pre-1919 Houses

On 16th June, 1959, two days after the House Purchase and Housing Act, 1959 became operative, the Society was designated as affording trustee status to investments on deposit. Thereupon we became one of the first participants in the new House Purchase Scheme under the Act, and by 30th September had completed loans of £1,150,000 on sound pre-1919 houses under the Scheme and had drawn advances from the Exchequer of £595,925.

Interest Rates

Share Account interest was reduced on 1st July from 3½% to 3¼%. No change was made, however, in either the interest rate of 3% on Personal Deposits or the yield of up to 4½% on the Triple-Bonus Savings Shares. Income tax on all share and deposit interest is borne by the Society.

There was a reduction from 6% to 5½% in the rate of interest charged in respect of all applications for new loans on owner-occupied private dwelling houses received on or after 25th May. It was also decided similarly to reduce from 1st October, 1959, the rate of interest on existing mortgages on private dwelling houses.

These changes in interest rates involved no material alteration in the already adequate but by no means excessive margin from which we meet our management expenses and taxation on our net surplus of revenue, and make reasonable transfers to General Reserve.

Shares and Deposits

Share receipts for the year amounted to £28,721,647. Share withdrawals, apart from interest paid out, were £12,917,971 and, including interest compounded at 30th June, the share balances increased by the record total for any year of £16,155,485. The balance due to depositors increased in the year by £158,167.

The introduction in February of Share Accounts in £1 units (and fractions thereof) in lieu of our £50 'D' shares, with passbooks taking the place of share certificates and facilities for compounding share interest, has been well received by our investors.

Mortgages

There was a record total of new mortgage loans of £27,358,915. These comprised 15,597 new loans together with 3,226 additional loans to existing borrowers. Only 254 of the new loans exceeded £3,000 and £27,166,456 (over 99%) went to purchasers of private dwelling houses for owner-occupation.

Mortgage balances increased in the year by nearly £15 million to £133,345,741, secured by 109,675 separate mortgages on properties widely spread throughout the country. The average sum due from each borrower was £1,216. Only one in a thousand of these balances exceeded £5,000.

Reserves, Investments and Total Assets

The balance of surplus available for appropriation was £798,845. £50,000 was written off the book value of one of our longer-dated Government Securities and £650,000 was transferred to the General Reserve, which nowstandsat£6.550,000. The balance carried forward was thus £98,845.

Investments and cash and Bank balances amounted to £21,226,129 and represented 13.61 per cent. of total assets at 30th September. All the investments are redeemable at or within fixed dates and their total redemption values exceed their book values by over £1 million. Total assets increased by £17,624,079 to £156,001,748.

Staff

Our General Manager, Mr. Alexander Meikle, was re-elected in June last as Chairman of The Building Societies Association for a second year of office. We have been glad to give him all possible support in that post.

Our staff have responded to the needs of a very busy year with efficiency, vigour and enthusiasm. The organisation is in excellent shape and ready to handle a further increase in our business activities.

Directors' Responsibilities

Building societies are mutual institutions which must care equally for their investors and borrowers. Their Directors have the fiduciary responsibility of ensuring that no avoidable risks are taken in lending the investors' funds which, in very great measure, should always be employed in the making of loans to purchasers of homes of their own. These principles are constantly observed by the Board of the Woolwich.

The Directors' Report and Annual Accounts for the year ended 30th September, 1959 were duly adopted.

WOOLWICH EQUITABLE BUILDING SOCIETY
CHIEF OFFICE: EQUITABLE HOUSE, WOOLWICH, S.E.18

Copies of the full text of the Chairman's Speech and of the Annual Accounts are available at any of the Society's Offices.

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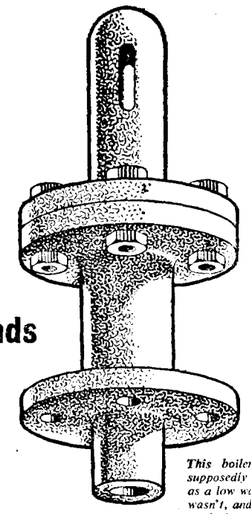
This boiler fitting cost thousands of pounds



This boiler fitting was supposedly doing its job as a low water alarm. It wasn't, and the resultant explosion not only cost the firm a boiler house, but a crippling loss of profits.

—and two people could have prevented the accident

An accident like this, caused by a defect in the working parts of the apparatus, need never happen—if a qualified Engineer Surveyor regularly inspects machinery. But first it is the responsibility of someone at top-level—a director, the secretary or chief engineer—to see that all their industrial machinery is regularly inspected and properly insured by specialists.

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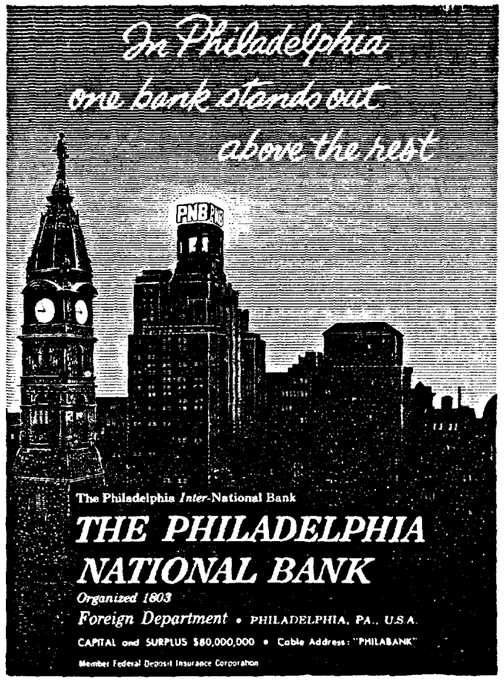

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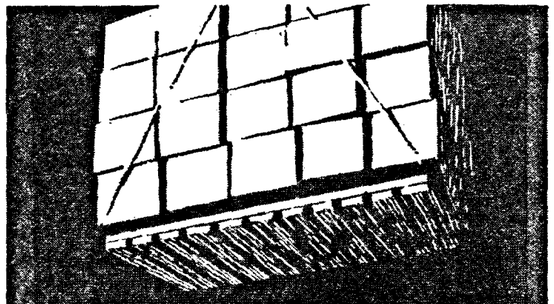

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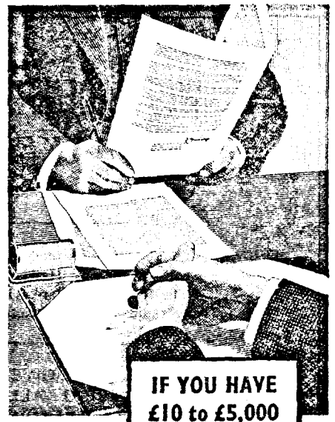

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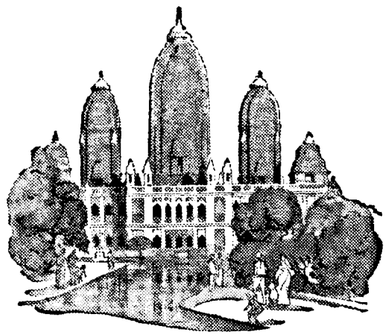

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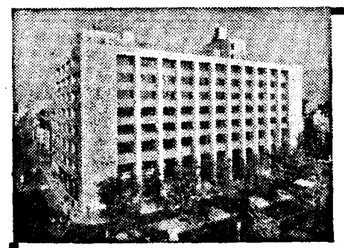

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The College proposes to elect shortly an OFFICIAL FELLOW AND TUTOR, or LECTURER, in ECONOMICS. It is intended that he should take up his duties on October 1, 1960. Application forms and full particulars may be obtained from the Senior Tutor, Magdalen College, Oxford, to whom applications should be made not later than January 16, 1960.

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Applications are invited for the above-mentioned position. The salary for a Senior Lecturer is within the range £A2,200 x £A80 — £A2,600 per annum; for a Lecturer within the range £A1,500 x £A90 — £A2,100 per annum. In each case cost of living adjustment will be allowed. The salary is subject to deductions under the State Superannuation Act. The commencing salary will be fixed according to the qualifications and experience of the successful applicant.

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

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The Appointments Committee of the Faculty of Economics and Politics hope that they may be in a position to fill a University Lectureship in the Faculty.

Applications are invited from persons qualified to teach either economics or modern economic history and development. It is hoped that the person who may be appointed will enter upon the duties of his office on October 1, 1960. The appointment will be subject to the Statutes and Ordinances of the University.

Further particulars may be obtained from the Secretary of the Appointments Committee of the Faculty of Economics and Politics, Marshall Library, Downing Street, Cambridge, to whom applications should be sent so as to reach him not later than January 31, 1960. Eight copies of each application should be sent and, if so desired, one or more copies of any published works or unpublished writings. Testimonials are not required, but a candidate should give the names of two persons to whom reference can be made.

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CANADIAN Pacific Railway Company (Incorporated in Canada with Limited Liability) Dividend Notice, Ordinary Capital Stock. At a Meeting of the Board of Directors held today a final dividend of Seventy-five cents per share on the Ordinary Capital Stock was declared in respect of the year 1959 payable in Canadian Funds on February 29, 1960, to shareholders of record at 3.30 p.m. on January 8, 1960. By order of the Board, T. F. TURNER, Secretary, Montreal, December 14, 1959.

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THE boom in insurance shares got under way in the spring of this year. More sophisticated investors and dealers noted the possibilities latent in insurance shares as early as the autumn of 1958, but the public's fancy was not caught until six months later. Then insurance equities began to move up even more quickly than industrial ordinary shares. The results for 1958 had begun to appear; a number of new issues on favourable terms to shareholders were announced; and the market began to buzz with talk of mergers, some of which was well founded and some not.

Last year the total premium income of the British insurance companies rose by £83 million to £1,425 million; the non-life premium income of the nineteen leading offices whose results are analysed in Tables VI and IX rose by £26½ million to £661 million. The growth was less than in 1957 but it was achieved in a year in which world trade contracted and it demonstrated that the insurance offices could expand their business without the spurious help of inflation—even though premium rates, especially in the United States, have still fully to catch up with prices. Bonuses on with-profits life policies were raised again and dividends on share capital, paid traditionally out of non-life interest income, were increased. Investors for their part had no reason for complaint, with fourteen offices raising their dividends, compared with eleven in 1956 and only five in 1957.

Underwriting losses on the non-life accounts of British insurance companies in North America were less severe than in the immediate past; the 24 offices that operate in United States, as Table X shows, were in the red to the tune of $34 million last year, compared with $58 million in 1957 and $34 million in 1956. This improvement in the United States was sufficiently strong to swing the global results from fire and accident underwriting back into the black, though when the profits from marine insurance (down by £1¼ million to £2¼ million) and overhead expenses (including the considerable cost of pensions and tax) are brought into account, Table VI still shows a deficit on the non-life underwriting business of the nineteen leading composite offices of £5.3 million. But this compares with a deficit of £8.6 million in 1957 and it seems probable that it will be reduced again this year.

The possibility of growth in insurance could not be ignored by investors who were prepared to discount expansion in industry so readily, and the new issues announced by some of the insurance companies on favourable terms to shareholders suggested that directors of the offices concerned, too, were thinking that further expansion was possible. So far this year four companies have sought new money—the Royal Exchange (£5.7 million); the Atlas (£1.4 million); the Eagle Star (£4.5 million); and the Yorkshire (£1.1 million, which together with the proceeds of the sale of its American subsidiaries gives it £3 million to re-deploy).

New issues are an established practice in the insurance world, but the new money raised so far this year already amounts to more than was raised in any of the five preceding years. It is presumably needed first to reinforce working capital resources in order to finance an expansion in the scale of operations, especially for some offices abroad, and secondly, to bring free reserves back into line with premium income earned on fire, accident, marine and aviation accounts. Free reserves have been declining proportionately in recent years as premium income has risen and as underwriting losses have cut deeply into the surplus of non-life net interest over net dividends. There is clearly an advantage in widening the capital base if further expansion is planned and if the offices have to think of accepting heavy new liabilities, such as for nuclear power. But obviously there would be nothing to be said for using new capital to bolster up unsound underwriting.

GROWTH implies competition—and competition in insurance as well as in industry seems to be implying amalgamation. Mergers are a familiar feature of the history of insurance and all the leading offices have in the past acquired smaller companies. But this year has already witnessed something more than a fashionable revival. There has been the merger between the Commercial Union and North British and Mercantile; the gentlemanly struggle between the Yorkshire and the mutual office, Norwich Union Fire, to acquire Scottish Union and National; the bid by Eagle Star to acquire Midland Employers' Mutual; and, more recently still, the proposed merger between the Royal Exchange and the Atlas. Specific factors, no doubt, prompted each of these mergers. The amalgamation of Commercial Union and North British established a powerful group in the United States; the merger of the Royal Exchange and the Atlas is a logical development of co-operation between the two offices in the American market; the counter-bids for Scottish Union suggested that the two bidders thought a more fruitful use could be made of its resources; and a merger between Eagle Star and Midland Employers' Mutual would make the merged institution better balanced in motor insurance and in

life and annuity business than the individual offices were. At the same time, however, the insurance offices, whatever they may promise about preserving the separate entity of a business and of paying due regard to the interests of the staff, are aware that amalgamation can produce economies in operation and can provide an access to new markets (or, as in North America, ensure that the door to that market remains open). They might not like to see a Mr Clore shouldering his way in, but so long as the mergers are arranged between themselves they recognise, to use the words of Mr Charles F. Trustam, last year's chairman of the British Insurance Association, "the benefits of economy and efficiency in administration" which can result.

No merger, whether in insurance or elsewhere, makes much sense unless economies in operation and administration are obtained. There is as little point in an insurance combine duplicating offices, staff and management (particularly where in the past they have failed to secure the results that justify the money spent) as in a Mr Jasper retaining an unprofitable shop on a valuable property site. In a business as highly competitive as insurance the opportunity for reducing management expenses, as held out for instance by mechanisation and by the use of electronic computors, argues the case for size. Moreover, especially in underwriting, business that a small office could not hope to attract comes to a large one.

NOWHERE have these facts been so painfully brought home to the insurance companies as in the United States. The merger between the Commercial Union and North British, the decision to operate the United States business of the Atlas, Royal Exchange and the Sun in that market under one management (followed not many months later by proposals to merge all the business of the Royal Exchange and the Atlas), the withdrawal of the Yorkshire Insurance (because it was too small), and the closing down and consolidation of branches and subsidiaries by other British companies have all been prompted, at least in part, by the run of underwriting losses in the United States. Increases in American premium rates, to offset the effects of inflation on claims and expenses, have been delayed by the state insurance commissioners. Competition even at inadequate rates of premium has been fierce not only from the American insurance companies, which, like the British offices, operate through the established agency system, but from cut-rate companies which sell insurance direct to the public. In the last few years these companies have been skimming off an increasing amount of the cream of the business, making it more difficult for the agency companies to apply for an increase in rates or to charge fully for extending the scope of the cover of their policies.

The choice facing the British insurance companies in the United States is the unsettling one of either withdrawing from the market or of becoming much bigger within it. Full or partial merger of interests does at least secure some of the benefits of large scale operation in the United States. Administrative economies can tip the balance between profit and loss in a market where an underwriting margin of 5 per cent of the premium income is reckoned to be a good one. Size does reduce costs, as is shown in the following table, based on the experience of companies underwriting fire, accident and marine insurance throughout the United States:

Premium Income $ million	Average Expense Ratio %
Over 200	39.0
101 - 200	39.3
51 - 100	40.7
26 - 50	43.1
Up to 25	44.5

Geography itself makes it difficult for a relatively small organisation to give adequate service (and at the same time to spread its risks) in all parts of the United States. Size gives the offices the opportunity to do so, but concentration of effort for British insurers normally means keeping to the Eastern states, where the risks of costly hurricanes are higher. The larger groups are also better able to control the quality of their business than a smaller office, which is more likely to run into a "take it or leave it" attitude from an agent to whom it is suggested, for instance, that the weight of motor insurance on his book is excessive.

If, as seems likely, underwriting results in the United States go on improving, the desire of British insurance companies to merge and to lose some of their individuality may become less pressing. But this is a business where the advantages of size are there for all to see in the operations of the biggest of the offices. Concentration in the face of competition may seem as acceptable a solution here as it seems to be for a good number of British industrial companies.

Investing a Million Pounds a Day

ASSETS of British insurance companies have for some years been increasing by about a million pounds a day. For that reason alone, insurance companies, like pension funds, must always be active investors. At the same time, because of the sheer weight of their money in the investment market, they can never be volatile investors; if they switched portfolios in the same way as an individual investor they would wreak havoc with the market—their market. Decisions to change direction in investment policy have to be implemented over a period of years: what the insurance funds are doing at any one time reflects past decisions as well as present predilections.

This simple background must constantly be kept in mind in considering the course of insurance portfolios in recent years, and particularly in the latest period. Insurance funds, as everyone knows, are going out of gilt-edged and into equities. To an important extent, that movement is still part of adjustment to the violent distortion of insurance portfolios that took place during the war. Between 1937 and 1947, holdings of gilt-edged jumped from £490 million to £1,110 million—or from 29 per cent to 43 per cent of the insurance companies' invested assets. That was clearly an excessive proportion; it would have been excessive if there had been no inflation and no new preference for stakes in real assets rather than securities with a fixed money return.

But the insurance companies could not simply unload their excess gilt-edged. In practice they have made few substantial sales. The balance of their portfolios has been adjusted over the years by deployment of new money, the bulk of it going into equities. Still the disclosed share of equities in invested assets at end-1958 was no more than 18.5 per cent, compared with around 10 per cent in 1937 and 1947; mortgages were up to 13.6 per cent and real property to 8.9 per cent. Gilt-edged still took up over 26 per cent—only a little below the proportion in 1937. During 1958, a number of insurance offices returned as net buyers of gilt-edged, and while the share of gilt-edged in invested assets continued to fall, the absolute total rose. Debentures, too, became very attractive at yields of 6 per cent and upwards. These high coupons, and the

TABLE I.—DISTRIBUTION OF INSURANCE ASSETS
TOTAL CONSOLIDATED ASSETS OF 45 OFFICES

Class of Asset	1956	1957		1958	
	Per cent	£mn.	Per cent	£mn.	Per cent
Mortgages, including policy loans	15·0	742·8	15·5	809·9	15·7
Brit. Govt. and Govt. guaranteed stocks	23·7	1,038·2	21·7	1,063·3	20·6
British Municipal, Overseas Government and Municipal Stocks	9·4	418·6	8·7	441·8	8·6
Debenture stocks	13·7	695·6	14·5	747·5	14·5
Preference shares	6·9	318·2	6·6	315·3	6·1
Ordinary shares	15·4	788·0	16·4	911·1	17·7
Other investments	1·0	52·4	1·1	56·0	1·1
Property	7·7	390·7	8·2	442·9	8·6
Cash, agents' balances, etc.	7·2	348·3	7·3	362·9	7·1
Total Assets of 45 Offices	100·0	4,792·8	100·0	5,150·7	100·0

TABLE II.—RATES OF INTEREST PER CENT, LIFE AND ANNUITY FUNDS
43 OFFICES

Company	Gross			Net		
	1956	1957	1958	1956	1957	1958
Mutual						
Equitable	5·46	5·78	5·88	4·31	4·47	4·74
Friends' Provident	6·02	5·60	5·90	5·33	5·08	5·21
London Life	5·33	5·54	5·89	4·13	4·17	4·54
Marine & General	5·65	5·78	5·92	4·72	4·99	4·97
National Mutual	5·81	5·71	5·59	4·59	4·59	4·47
National Provident	7·05	7·14	7·00	5·34	5·34	5·35
Norwich Union	4·92	5·06	5·26	4·30	4·41	4·58
Provident Mutual	5·52	5·77	5·85	4·41	4·78	4·82
Scottish Amicable	5·07	5·24	5·40	4·33	4·39	4·55
Scottish Equitable	6·07	6·25	6·32	4·80	4·80	5·05
Scottish Mutual	5·95	6·17	6·25	4·97	5·32	5·54
Scottish Provident	6·06	6·30	6·38	4·59	4·82	5·06
Scottish Widows'	6·05	6·17	6·25	4·56	4·73	4·82
Standard	5·27	5·38	5·43	4·78	4·84	4·91
UK Provident	6·76	6·83	7·16	4·89	5·02	5·28
Average	5·80	5·91	6·03	4·67	4·78	4·93
Proprietary						
Clerical, Medical & General	5·88	6·23	6·38	4·56	4·70	4·71
Equity & Law	6·48	6·84	6·85	5·17	5·77	3·86
Scottish Life	5·68	5·91	5·98	4·99	5·06	5·25
Sun Life	4·92	5·19	5·47	3·99	4·21	4·42
Average	5·74	6·04	6·17	4·68	4·94	4·56
Industrial-cum-Ordinary*						
Britannic	5·10	5·41	5·74	3·71	3·91	4·17
Co-operative	5·19	5·33	5·47	3·90	4·00	4·11
Pearl	5·63	5·90	6·32	4·48	4·74	5·08
Prudential	5·48	5·68	5·81	4·59	4·92	5·03
Refuge	5·07	5·24	5·42	3·88	3·93	4·09
Royal London	5·20	5·43	5·63	3·93	4·10	4·24
Wesleyan & General	4·63	4·76	4·97	3·71	3·81	3·93
Average	5·19	5·39	5·62	4·03	4·20	4·38
Composite						
Alliance	5·05	5·29	5·43	3·52	3·71	3·63
Atlas	5·38	5·61	5·88	4·42	4·85	4·34
Caledonian	5·49	5·95	5·94	4·17	4·50	4·64
Commercial Union	5·05	5·49	5·74	3·82	4·23	4·45
Eagle Star	5·13	5·44	5·64	4·15	4·30	4·45
Guardian	6·01	6·09	6·25	4·88	5·02	5·41
Law Union & Rock	4·80	5·23	5·50	4·02	4·32	4·45
Legal & General	5·10	5·10	5·16	4·48	4·46	4·48
Liverpool & London & Globe	5·18	5·38	5·52	3·77	3·91	4·04
London Assurance	5·32	5·50	5·86	4·12	4·22	4·44
North British & Mercantile	4·59	4·97	5·14	3·43	3·80	4·05
Northern	5·26	5·70	5·83	4·44	4·45	4·79
Phoenix	5·23	5·40	5·55	4·04	4·29	4·45
Royal	4·84	5·23	5·33	3·99	4·29	4·35
Royal Exchange	5·62	5·93	6·17	4·20	4·23	4·59
Scottish Union & National	5·52	5·75	5·91	4·57	4·61	4·73
Yorkshire	4·81	5·13	5·60	4·18	4·36	4·17
Average	5·20	5·48	5·67	4·13	4·33	4·44
Average of 43 Offices	5·46	5·67	5·83	4·35	4·52	4·61

* Excluding industrial life funds

TABLE III.—PERCENTAGE DISTRIBUTION OF NON-LIFE ASSETS
OF 16 OFFICES—END 1958

Company	Mortgages, incl. Policy Loans	British Government Securities	Home and Overseas Govt. Municipal	Debenture Stocks	Preference Shares	Ordinary Shares	Other Investments	Property	Cash, Agents' Balances, etc.
Alliance	17·2	15·6	10·6	4·1	4·3	10·5	...	7·6	30·1
Atlas	9·2	9·3	21·1	11·0	1·2	5·5	0·3	5·6	36·8
Commercial Union	3·8	10·4	22·3	13·5	7·0	11·7	...	5·2	26·1
Eagle Star	15·5	3·1	17·6	9·0	3·5	26·4	...	9·2	21·7
Employers' Liability	...	3·6	37·7	23·9	0·1	6·8	3·2	1·7	23·0
Guardian	5·8	8·0	11·8	10·7	3·4	11·3	10·2	5·2	33·6
Liverpool & London & Globe	2·9	4·9	39·1	20·2	4·0	11·4	...	0·6	16·9
London & Lancashire	5·1	7·8	28·0	14·2	3·8	9·0	...	4·8	27·3
London Assurance	4·8	7·8	15·9	15·1	2·0	17·0	...	6·7	30·7
North British & Mercantile	2·3	13·4	36·3	8·9	4·5	8·7	2·1	1·8	22·0
Northern	4·9	14·0	17·3	12·8	3·4	15·4	...	3·7	28·5
Phoenix	3·4	7·3	20·0	19·7	5·2	8·6	0·2	8·9	26·7
Royal	2·0	7·6	36·5	19·4	3·7	11·4	0·3	2·2	16·9
Royal Exchange	6·1	24·6	16·9	9·9	2·8	5·6	0·1	4·6	29·4
Scottish Union & National	3·2	7·9	19·0	10·9	11·4	16·0	...	1·4	30·2
Yorkshire	7·3	15·3	16·9	6·0	1·8	7·0	...	4·4	41·3
Average Non-Life Assets of 16 Offices	4·7	9·6	25·5	14·7	3·9	11·1	1·2	4·2	25·1

TABLE IV.—PERCENTAGE DISTRIBUTION OF LIFE, ANNUITY AND CAPITAL
REDEMPTION ASSETS OF 43 OFFICES—END 1958

Company	Mortgages, incl. Policy Loans	British Government Securities	Home and Overseas Govt. and Municipal	Debenture Stocks	Preference Shares	Ordinary Shares	Other Investments	Property	Cash, Agents' Balances, etc.
15 Mutual Life Offices									
Equitable	18·0	14·2	4·1	22·1	6·1	13·9	10·0	8·3	3·3
Friends' Provident (a)	38·0	13·2	1·3	6·6	3·7	12·8	11·8	9·5	3·1
London Life	18·1	29·2	2·8	11·2	4·6	21·1	...	10·5	2·5
Marine & General	17·3	23·3	0·6	10·6	11·5	21·3	...	11·4	4·0
National Mutual	15·8	23·7	3·0	13·5	10·0	23·4	...	7·2	3·4
National Provident	14·7	15·8	2·3	17·3	7·4	30·5	...	9·2	2·8
Norwich Union	43·8	10·7	4·5	6·7	1·5	9·9	3·5	16·0	3·4
Provident Mutual	4·9	23·9	3·7	24·8	12·0	25·0	...	1·5	4·2
Scottish Amicable	16·6	38·9	3·8	13·6	9·7	12·1	0·3	1·8	3·2
Scottish Equitable	25·7	19·6	1·8	13·8	9·8	24·7	...	0·8	3·8
Scottish Mutual	12·3	23·3	2·3	12·0	13·9	25·0	0·3	5·1	5·8
Scottish Provident	19·5	28·3	4·3	15·2	9·5	16·6	...	3·9	2·7
Scottish Widows'	4·1	33·8	0·7	10·1	9·8	37·6	0·1	1·9	1·9
Standard	17·8	10·9	7·8	26·5	11·3	23·6	...	0·6	1·5
UK Provident	12·3	11·5	11·4	5·6	7·6	30·2	...	19·0	2·4
Average	21·5	18·9	4·6	14·8	7·8	21·2	1·9	6·7	2·6
4 Proprietary Life Offices									
Clerical, Medical & General	27·3	8·5	0·3	2·0	2·4	27·2	9·7	18·6	4·0
Equity & Law	7·2	14·0	1·8	14·9	10·2	36·5	8·0	5·7	1·7
Scottish Life	24·1	13·5	1·0	15·8	12·8	26·8	...	2·0	4·0
Sun Life	37·2	18·5	2·1	22·9	2·8	8·6	...	5·4	2·5
Average	27·5	15·5	1·6	17·3	5·4	19·6	3·3	7·1	2·7
7 Industrial-cum-Ordinary Life Offices									
Britannic	32·2	31·2	4·8	7·1	3·2	17·9	0·1	1·4	2·1
Co-operative (b)	29·2	24·1	2·1	5·6	6·1	14·6	4·3	11·6	2·4
Pearl (b)	8·2	25·3	9·4	18·4	6·7	20·8	0·1	6·9	4·2
Prudential (b)	8·4	27·7	5·8	15·6	5·9	21·6	0·1	12·0	2·9
Refuge	23·1	27·5	5·4	14·2	11·2	12·3	0·6	3·1	2·6
Royal London	7·9	37·8	2·6	9·8	14·2	23·0	...	3·3	1·4
Wesleyan & General	35·8	27·8	5·3	6·8	10·6	7·5	...	4·7	1·5
Average	13·8	27·9	5·6	13·7	7·0	19·5	0·6	9·1	2·8
17 Composite Offices (c)									
Alliance	9·7	27·2	4·1	28·6	6·2	19·3	...	1·8	3·1
Atlas	21·8	21·3	1·1	17·7	9·1	15·7	0·2	9·4	3·7
Caledonian	20·9	21·6	3·6	12·3	9·2	22·6	...	3·8	6·0
Commercial Union	10·6	20·2	4·3	24·8	10·1	15·4	...	11·5	3·2
Eagle Star	21·0	22·5	4·0	11·1	3·9	24·2	...	10·5	3·0
Guardian	25·0	10·5	1·0	14·1	7·8	21·2	1·0	12·2	7·2
Law Union & Rock	25·4	25·8	5·8	15·4	7·8	13·3	...	4·1	2·4
Legal & General (b)	21·7	12·8	7·5	10·5	3·1	10·3	0·1	27·9	6·1
Liverpool & London & Globe	12·8	37·1	4·5	20·2	2·7	16·9	...	2·7	3·1
London Assurance	32·3	8·8	1·2	11·3	5·1	30·6	...	8·4	2·3
North British & Mercantile	28·4	31·6	5·7	12·7	3·3	13·1	1·0	0·7	3·5
Northern	17·7	12·6	6·1	24·2	8·9	25·5	...	0·7	4·3
Phoenix	25·1	18·5	3·7	20·3	6·0	18·0	...	5·0	3·4
Royal	17·6	38·1	6·4	15·4	2·0	16·7	...	1·0	2·8
Royal Exchange	11·4	17·9	3·8	33·7	9·5	13·2	...	6·8	3·7
Scottish Union & National	18·2	24·4	2·3	12·6	11·1	24·3	...	3·4	3·7
Yorkshire	15·1	30·1	1·4	4·0	1·1	19·0	10·2	15·3	3·8
Average	20·2	20·0	5·1	14·9	5·0	16·3	0·6	13·5	4·4
Average of 43 Offices	18·1	23·0	5·0	14·5	6·6	19·1	1·0	9·5	3·2

(a) Excluding Century assets. (b) Including assets of fire and accident branches. (c) Excluding assets of capital redemption branch

industrial recession, together succeeded for a short time in countering the pull of equities. But few insurance investment managers had any serious second thoughts about their commitment to equities.

The insurance companies have naturally gained much benefit from the appreciation of their stock exchange securities since the beginning of 1958. This has strongly reinforced their depleted inner reserves. Last year's rise in fixed-interest stocks was very welcome, but it did not go far towards repairing the ravages of a decade of falling values. It has been the boom in equities that has put some offices into a very comfortable position and enabled almost all of them to report a margin in hand at the end of 1958. Moreover, interest income lost none of its buoyancy in a period during which some prophets of doom had predicted reduced dividends

TABLE V.—INCREASE IN INSURANCE ASSETS — 44 OFFICES
£ million

Year	Gilt-edged	Debentures	Preference shares	Equities	Other Stock Exchange Securities	Increase in total Assets*
1952.....	...	32	— 2	40	19	181
1953.....	61	46	13	42	11	234
1954.....	31	70	29	97	11	289
1955.....	— 24	56	20	82	7	283
1956†.....	— 24	46	8	73	2	265
1957§.....	— 20	84	7	99	— 3	321
1958§.....	25	52	— 3	123	4	358
1958§‡....	39	61	1	88	3	358

* Including property and mortgages (which increased in 1958 by £55 million and £70 million respectively). † After adjustment for writing up by the Royal group; the figures are approximate. ‡ After adjustment for writing up of equities and equivalent writing down of other groups by the Prudential. § 45 offices.

on industrial equities. And the opportunity arose to acquire leading blue chips at lower prices. The insurance companies' appetite for equities, causing them to step in as buyers after relatively modest falls in prices, was a major influence underpinning equity markets and then contributing to their notable rise.

Prices of leading blue chips as measured by *The Economist* indicator rose by 40 per cent during 1958. The Actuaries' Investment Index, which covers a wider range of stocks, shows a rise of one third; its index of fixed interest stocks rose by around 7 per cent. An insurance company with the asset distribution shown in Table I would have made a capital profit of 9 per cent of the market value of its assets at the beginning of the year, even on the more conservative basis of the Actuaries' index. Most insurance balance sheets materially understate the current value of the equity assets. The life offices (including the life and annuity departments of the composite insurance companies) thus understate the proportion of ordinary shares in their portfolios, shown in Table IV at an average of 19.1 per cent of total assets. Last year's appreciation for them must therefore have been well over 9 per cent. Non-life assets likewise include equities at written-down prices. There are also substantial overseas holdings, mainly dollar stocks. These general fund investments did not suffer such severe depreciation in 1957 as life and annuity assets; they too must have had a comfortable margin in hand at the end of last year.

Some important adjustments were made to balance sheet valuations in 1958 (see Table V). Insurance companies, like the banks, are allowed to maintain hidden reserves, and these are allocated amongst the different classes of assets as the directors think fit. The directors' only obligation is to certify that the "assets are in the aggregate fully of the value stated" in the balance sheet and explain how stock exchange securities are valued. Within this requirement, some groups of assets may be overvalued provided that other groups are undervalued by at least the same amount. Nearly all the insurance companies write their assets down (mainly out of profits on sales, but sometimes out of transfers from revenue account) but they seldom, if ever, write them up. In recent years some life offices have, however, departed from this traditional practice to a limited extent. Last year's adjustments by the Prudential are reflected in Table V and they must be allowed for in deducing the disposition of new investment funds during the year.

INSURANCE assets provide for two different types of liability. Life and annuity contracts together with capital redemption policies are long term business, the bulk of which will not mature for payment for many years to come. Fire, accident, marine and aviation insurance, on the other hand, is short term business, as most policies are annual contracts. The guiding principle of insurance investment policy is common on both sides of the business: assets should match liabilities in amount and term. Outgoings under life policies and annuities can be predicted with sufficient accuracy to make matching of assets and liabilities almost entirely a technical problem. Matching does not preclude investment either in assets with no fixed redemption (including ordinary shares and real estate) or in very short dated assets such as mortgages, in proportions appropriate to the policies on the books. The main difficulty in building up a matched portfolio may be to find the requisite dated stocks, and optional redemption dates make perfect matching impossible in practice. Non-life business, by contrast, from time to time involves insurers in unusually large claims which they pay on the nail. Although the total results of each year's trading can be forecast within fairly close limits, as is evident from Tables VIII and XI, liquid assets have to be much larger than those that suffice in life and annuity business. The biggest contrast in the asset holdings of the two types of fund is the much smaller share of mortgages and property in non-life funds; their holdings of gilt-edged are rather smaller and are concentrated into shorter dated stocks.

Only about one-fifth of the total resources of the British insurance companies relate to non-life contracts. Moreover, fully two-thirds of the total premium income from fire, accident, marine and aviation insurance is received for overseas business, the

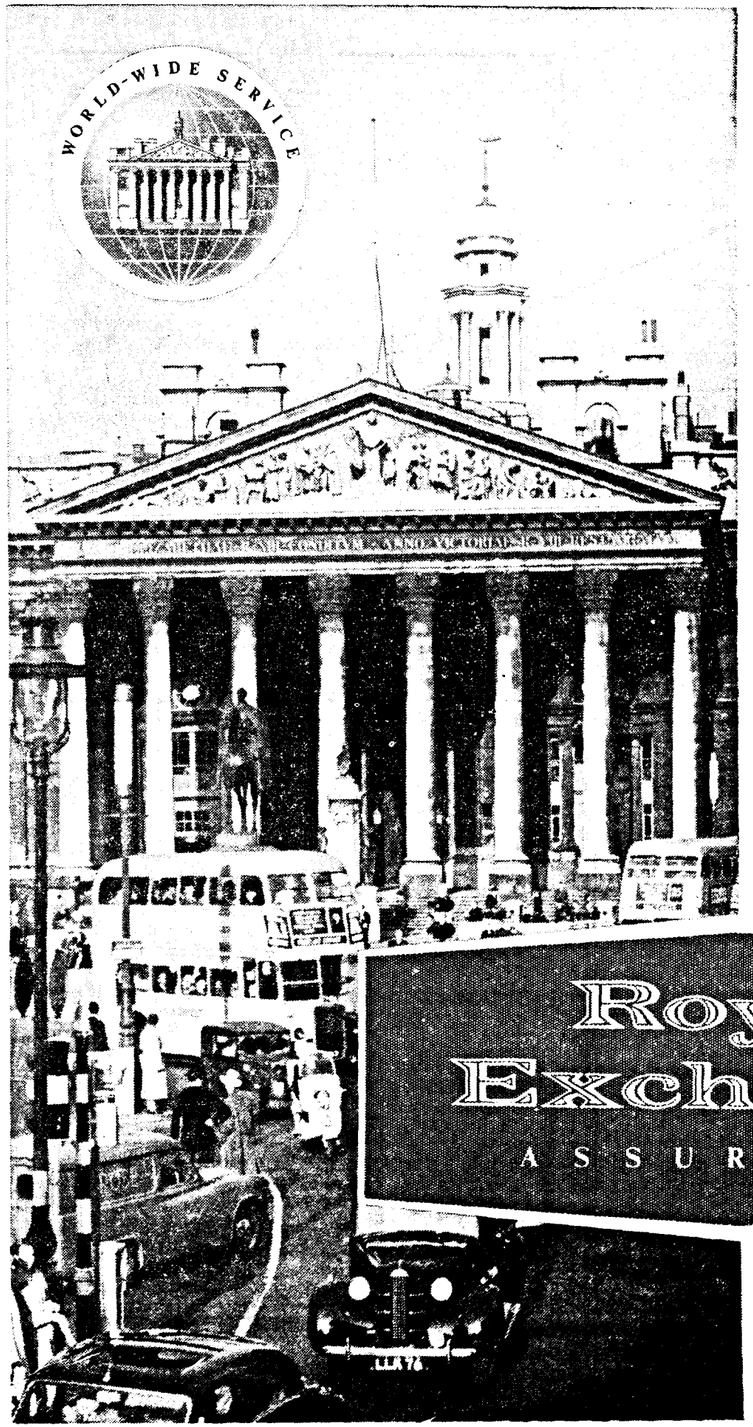
Pension Funds

A new survey made by the Radcliffe committee shows that pension funds hold a higher share of their assets in both gilt-edged and equities than the insurance companies. Mortgages and real property are notably lower.

ASSETS OF MAIN SUPERANNUATION AND PENSION FUNDS, 1957*
(Excluding funds reassured with insurance companies and local authority funds, and covering about 90 per cent of the remainder)

Type of assets	Market value† of assets end "1957"		Net investment‡ during "1957"	
	£ mn	per cent	£ mn	per cent
Gilt-edged	570	34	40	20
Overseas government, provincial and municipal securities	54	3	2	1
Securities of, and loans to, UK local authorities	98	6	16	8
Company debentures	194	12	34	17
Preference shares	63	4	2	1
Ordinary stocks and shares	351	21	73	37
Mortgages	33	2	2	1
Real property (excluding mortgages)	42	3	10	5
Life and annuity policies	1	—	1	1
Cash and other assets	252	15	18	9
Total assets	1,658†	100	198‡	100

* For accounting years ending between April 1, 1957, and March 31, 1958. † Including £143 mn assets valued at book values. ‡ Including £58 mn net investment shown as the difference between the book value of the assets at the opening and closing balance sheet dates.



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reserves held against this liability being in the main invested in the appropriate country. In particular, the important dollar business of the British insurance companies is more than covered by dollar assets and free reserves. Investment on the London Stock Exchange is therefore mainly by the life funds. But sterling investment of non-life funds is not negligible. Out of total assets of £5,151 million included in Table I, £906 million were in respect of fire, accident, marine and aviation insurance, and possibly £350 million of these were in London securities.

How much further will the insurance companies go into equities? Each company has its own answer. At the end of 1958 the proportion of the total assets of life offices and of the life departments of the composite insurance companies included in Table IV invested in ordinary shares ranged (at book values) from 37.6 per cent at the Scottish Widows to 7.5 per cent at the Wesleyan and General, and that for non-life assets from 26.4 per cent at the Eagle Star to 5.5 per cent at the Atlas (Table III). At market values, the proportions would be higher. Significantly, Scottish Widows showed only a marginal increase in its equity holding in 1958, the share having fallen from 41.4 per cent a year before. Other offices at the top end of the range also seemed to be going slow in equities last year.

There is no hard and fast rule that sets limits of prudence in insurance investment policy. For the life offices, the statutory balance sheet certificate is less restrictive than it appears to be. Depreciation of fixed interest stocks can be offset, with perfect propriety, by reserves released by raising the rate of interest underlying the actuarial computation of the liabilities. Future premiums on existing policies will be invested more profitably after a fall (and less profitably after a rise) in the price of fixed interest stocks, so that the actuarial reserves, which are the liabilities discounted at compound interest after allowing for mortality, can be reduced (or after a rise in gilt-edged prices may need to be increased); to this extent there is built-in security in investing life funds in fixed interest securities. No such reduction of liabilities, however, can be made to cover a fall in the price of equities, except to the extent that it reflects a rise in the long-term rate of interest. Insurance boards must, therefore, always have in mind the size of the investment reserves when determining their stake in equities.

Yields on life and annuity funds rose last year to the highest level since 1932, although the pace of increase was less than in 1957. It will be more difficult this year to maintain total yields, which are conventionally based on the life and annuity funds (not on the assets) and thus allow for changes in prices only to the extent that assets are written up or down through the revenue account. Running yields on fixed interest stocks have fallen from their peak of over 6 per cent but are still around 5½ per cent. The current return on equities with sufficient growth potential to interest the life offices is much lower than that—though the actual return, calculated on the prices at which the insurance companies bought these stocks, may easily be higher. The chairman of the National Provident has pointed out that "for several years the average return which we have been able to obtain on new investments has been less than the high rate of interest earned on the existing fund . . . up to 1957 the overall yield continued to rise due to increasing income from existing investments, particularly the ordinary shares portfolio (but it) could not be expected to rise indefinitely." But surely this conjuncture is a natural one given the market's faith in growth stocks.

High yields on their assets are the mainspring of the bumper bonuses on participating life policies that have been declared by some offices, and the historically high rates which have been paid by all of them. The specialist ordinary life offices (the first two groups in Tables II and IV) earned nearly 6 per cent gross and 5 per cent net last year on their total assets.

Earnings on the non-life assets of the offices included in Table VI rose last year by £1,900,000, or 9½ per cent, compared with a rise of £1½ million in 1957. But the rapid growth of interest income from non-life assets owes more to the build-up of funds from the rising tide of premium income than to high interest rates and increased dividends on ordinary shares. In the last two years the fire, accident and marine and aviation premium income of the nineteen leading offices included in Table VI rose by £80 million, or 13¾ per cent, and their non-life reserves increased by £47 million to £619 million. Provided that losses from underwriting can be avoided, it should be possible to step up many insurance dividends again this year.

Private Pensions and the State

THE prospect of graduated pensions from the State over and above the flat National Insurance pension is now approaching reality; the government's scheme is on the statute book in the shape of the National Insurance Act. Actuaries and other pension consultants are brought to grips with the problems that have been in prospect since publication of the Labour party's scheme in 1957. These problems are made no easier by the fact that the new scheme is also designed to prevent the National Insurance Fund from running into the red and that far from being subsidised by the State, the graduated pensions are to provide a subsidy to the basic National Insurance benefits. It is not surprising therefore that the benefits in relation to contributions under the State scheme will be difficult to fit in with conventional pensions planning, whether or not the employer decides to contract out.

The date for the introduction of the new arrangements is to be fixed by ministerial order, but the white paper has indicated that it cannot be before April, 1961. The delay will be welcomed by the life offices, whose documentation departments in many cases are still weighed down with replacing company pensions schemes approved under Section 388 of the Income Tax Act 1952, under which the insurance company is a party to the contract, with schemes approved under Section 379, under which the insurance policy is simply an asset of the fund, and for which the 1956 Finance Act gives more favourable tax treatment.

The basic arithmetic of the State scheme, outlined in *The Economist* of October 18, 1958, and January 17, 1959, is that each contribution by an employed person and his employer amounting to £15 for men or £18 for women will provide a pension of 1s. a week at pension age, whether the contribution is paid at age 25 or 60. This provision, although contrary to normal pensions practice, provides a valuable incentive for the employment of older workers; one reason why employers hitherto have been reluctant to take on older people is that they would have to make higher contributions to their pension scheme. At the same time, because of the element of subsidy in the State scheme to the basic National Insurance Fund, the actual benefit could be provided more cheaply under a private scheme for male employees of ages below about 55.

The graduated scheme operates only for employees earning between £9 and £15 a week. These are narrow limits, which cover a minority of all employees. This band of the earnings scale

is now to be treated differently from those either above or below. Another aspect of this limited earnings belt is the lengthy time taken to build up additional pension credits. For an employee earning £10 a week, both employee and employer contribute an additional 10d. a week or 1s. 8d. in all, so that it will take three and a half years to earn an additional 1s. a week pension for male workers and longer for women. Even at the other end of the scale, an employee earning £15 a week throughout his working life will secure an addition of only 41s. a week. A pension for a male member carries with it a half-rate pension for his widow.

The key question for employers is whether they should join the Government scheme on behalf of their workers or whether they should contract out (individuals have to follow the course chosen by employers for all their workers in a given category). In principle, the Government scheme is sympathetic to the extension of private schemes, and provisions for contracting out are much more liberal than under the Labour scheme. Yet, in practice, the dice still seem to be loaded against it. There are three necessary conditions for contracting out. Weekly contributions to basic National Insurance giving the minimum pension (of £2 10s. for a single person and £4 a week for a man and his wife) will for contracted out employees be 18s. 2d. (8s. 3d. from the employer and 9s. 11d. from the employee); for employees earning £11 a week or less this will be more than they would pay for the basic pension plus the additional graduated benefits. The basic contribution for employees earning less than £9 will be only 15s. 4d. (8s. 4d. from the employee and 7s. from the employer). Those who contract out and do not contribute to the Exchequer subsidy to the lower paid participants through their graduated contributions must therefore pay a higher basic rate. Secondly, benefits under the private scheme have to be equivalent to the maximum benefits that the employees would get under the graduated State scheme. Thirdly, adequate reserves have to be held for each member who has contracted out and the prescribed benefits must be transferable to another private scheme or the State scheme on a change of employment.

What then is the balance of argument for being in or out? It is clear that graduated pensions are here to stay, and that henceforward they are going to form a feature of the National Insurance Scheme. And it seems almost a corollary that benefits are unlikely to remain indefinitely at their present levels; inflation and competitive bidding by politicians between them are likely to be an insuperable pressure against the principle of fixed benefits and contributions. It is this that makes contracting out such an uncertain proposition. On considerations of foreseeable immediate costs some employers would certainly be able to save by contracting out; but if the State benefits are subsequently raised, they might find that they had incurred a substantial additional liability in practice, though not legally, to increase pensions up to the new State levels.

SINCE it will take a long time on the present basis for pensions to build up from the graduated contributions, the need for existing schemes will remain; but for many firms their purpose and character will change. Employees earning less than £11 a week will certainly have to pay bigger contributions than in the State scheme —though their benefits will also be higher. Many may be best served by a private scheme supplementary to the State scheme. Some employers may think in terms of graduated benefits from the State supplemented by a flat benefit from the private scheme, reversing the traditional relationship (though many works funds are already on a flat benefit basis).

It may be necessary to make new arrangements for funding in respect of the contracted out portion, whether the fund is assured or privately administered. The common single premium balance table calls for no contributions from the employer until an employee is well in to the thirties, and many other methods of funding will present similar difficulties for private schemes, which will now have to build up the stipulated reserve to meet transfer values. In many cases, presumably, special provision will have to be made for this reserve. For higher paid employees, the amount of pension derived from the graduated contributions is likely to be small in relation to the total benefits they can obtain from private schemes, and there will usually be sufficient margin in their pensions to offset the hazards of contracting out.

Much of the detailed application of the scheme is to be laid down by departmental regulations, and until all these are published and the Inland Revenue has indicated its attitude on a number of matters, some important elements in the choice remain unclear. As a result, employers have been deferring final decision until nearer the time that the scheme comes into force, and in particular until after the election. But the life offices are anxious that decisions should not be put off until the last minute.

House Purchase through Life Assurance

LAST year thirty insurance companies lent £60 million for house purchase through their endowment assurance schemes. That compares with £375 million lent by building societies, including a portion that will be ultimately repaid on the maturity of an endowment assurance policy. Total loans on house purchase made by members of the British Insurance Association, it is stated in the Radcliffe report, reached £410 million at the end of 1957. Most of the insurance offices last year, like the building societies, were strictly rationing their advances, though a dozen or so of them continued to lend relatively freely. Only one-third of the life offices in this country run their own house purchase schemes, but these offices make up a majority by size, the other offices remain content to issue endowment assurance policies that are accepted by a building society as a means of repaying a loan.

Before the war only a handful of life offices ran house purchase schemes. The Daltonian era of ultra-cheap money brought a number of offices into the business, attracted by the relatively high yields on mortgage advances. In 1948 insurance offices lent about £30 million in this way, usually at not more than 4 per cent. Since then, like the building societies, these departments have expanded, though dearer money put a brake on their growth. The rise in the long term rate of interest made house purchase loans and mortgages less attractive in relation to yields on stock exchange securities, so that by the beginning of 1958 the 6 per cent rate of interest set by building societies had fallen below the yield offered by good class fixed interest stocks.

But it is more than considerations of yield that keeps offices active in this sphere. Besides providing a relatively high and a relatively stable yield on a well-secured asset, these schemes are a fruitful source of new life assurance business. The premium that the policyholder pays on his endowment assurance can be of as much interest to the life office as the rate of interest he pays on the loan. That is perhaps why some of the offices have been slightly less restrictive than the building societies in their lending policies and why they can afford to give rather more weight to the personal standing of the borrower, as opposed to the survey value of the

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house, than can a building society. Last year, certainly, those offices that charge a fixed rate over the whole term of the loan were glad to accept at a high rate of interest propositions that the building societies for lack of funds had to turn down. That helps to explain why mortgages, of which house purchase loans represent the lion's share, were second only to equities as the depository for the record amount of new money which flowed into the insurance companies' coffers last year.

There are important tax advantages in repaying a loan by means of an endowment assurance policy; but these are obtainable by linking it with a loan from a building society. In what ways then do the insurance offices compete? They make good use of their contacts with the public: last year, for example, two-thirds of the advances were made by industrial-cum-ordinary offices which are in very close touch with a large number of owner-occupiers and potential house purchasers. Again, to a borrower paying the standard rate of income tax, the life offices can offer relatively attractive terms, especially where the loan is of a good size.

Sixteen out of the thirty offices quote a fixed rate of interest, the remainder having the power, like the building societies, to vary the rate. To some borrowers a fixed rate can be attractive, and certainly those who secured loans at 4 per cent have no reason to regret their bargain. Where the offices have power to vary the rate, the increases made in recent years have not been steep: rates on most of the outstanding loans did not go above 5 per cent (with only one office going up to 6 per cent). The house purchaser is obviously best advised to borrow at a fixed rate from a life office when money is historically cheap and from a building society at a fluctuating rate when he thinks it is dear.

LOANS amortised by endowment assurance policies, whether the loan is made by a life office itself or by a building society, require bigger monthly payments than a straightforward advance from a building society. In the long run, however, they will be as cheap as that advance if the endowment assurance policy does not participate in profits; that policy will in effect give life cover throughout the period at no ultimate cost to the policyholder. But where the policy is with profits, the endowment assurance scheme is relatively less expensive than a building society loan so long as bonuses are not sharply reduced and so long as the borrower is liable for income tax at the standard rate on a sufficient portion of his income to secure the full benefit of tax relief on the premiums on the policy and on the interest on the loan. That point is illustrated in the accompanying arithmetic example, where the calculations have deliberately been based on representative rates of

THE LIFE OFFICES' TERMS

A survey of house purchase loans through endowment assurance policies made by 30 insurance offices reveals quite a wide range of practice, but broadly the following are the terms on which the offices are willing to lend:

Eligible property: Owner-occupied houses, limited by some offices to those built since 1919.

Income requirements: Service of the loan should not normally exceed a quarter of the borrower's income.

Amount lent: Within the limit of £3,000–£5,000, the maximum advance is normally limited to 80 per cent of the surveyor's valuation, the range being 70 to 85 per cent.

Rate of interest: Today usually 5½ per cent, the range being between 5½ and 6½ per cent. The majority of offices fix the rate of interest for the duration of the loan.

Repayment: The endowment assurance policy by which the loan is repaid usually has to mature before the borrower reaches the age of 65, subject normally to a maximum term of 30 years. A few offices insist on a with-profits policy, but most offer a choice.

Fringe benefits: A few offices pay part or the whole of the survey and legal fees and stamp duty. Some offices operate a deferred house purchase scheme which gives holders of eligible policies the right to a loan on acceptable property, with the surrender value of the policy being taken into account in fixing the size of the loan.

HOW THEY COMPARE

House valued at £3,125. Loan £2,500 for 25 years at 5½ per cent

		Building Society: *Repayable in equal instalments of principal and interest*		Insurance Company: *Borrower aged 30 next birthday assurable at tabular rates of premium*	
				*Non-profit policy**	*With-profits policy**
		£		£	£
Annual Outgoings:	Gross ..	188		218	245
	Net	134†(*a*)		153†‡	175†‡
Total Outlay:—					
Interest:	Gross ..	2,188		3,438	3,438
	Net	1,340†		2,106†	2,106†
Principal		2,500	*Premiums* ..	1,697‡	2,263‡
					4,369
				Less bonuses(*b*)	1,250
Aggregate Net Cost		3,840		3,803	3,119

* Representative premiums payable in monthly instalments. † After relief of tax at 7s. 9d. in the £ on the interest. ‡ After relief of tax at 7s. 9d. in the £ on two-fifths of the premiums. (*a*) In first year; increasing thereafter as the interest content falls. (*b*) At 40s. per cent per annum simple on the sum assured; current bonus rates are materially higher.

premium and on a conservative rate of reversionary bonus. The lower ultimate cost, is the chief attraction of repayment through endowment assurance to the man with a sufficiently high income.

Often too, an insurance company, whose aim is to match an income-yielding asset against its maturing liabilities, is willing to let the loan run for a greater number of years than a building society, which has to match its advances against the rate of repayments and the flow of new money. Thus building societies that are prepared to accept repayment through the agency of an endowment assurance will usually limit the term of the loan to 20 years. Nearly all the policies of the insurance companies run for 25 years and several run up to 30 years, provided that the policy matures before the borrower is 65 (or, in a few instances, 70). As the premium charged is tied to the age of the borrower, that makes the life office schemes particularly attractive to the young man. He also has the opportunity to join the deferred purchase schemes run by a few life offices. In these schemes he pays his premiums on an endowment assurance until he wants to buy a house and then he can take out a loan at the current rate of interest, with the surrender value of his policy being brought into account in fixing the size of the loan.

The area, however, in which the insurance companies can compete and are willing to compete with the building societies has definite boundaries. Repayments, which each year amount to about a third of the new sums advanced, give the life offices some flexibility, but as many borrowers simply repay one loan and immediately take out another on a different house, the mortgage advances of a life office are virtually all long term assets. Where the rate charged on these loans can be varied, the return to the insurance company cannot for long be far out of step with the market; and, recently, the insurance companies have reduced their rates in line with the building societies.

For the borrower, such a loan is much on a par with a building society advance, and if his income is low, it offers him no real advantage. Where the rate is fixed, the borrower gains only if market rates move above the rate he is charged and only so long as he stays in the same house; if he moves to another one, he has to pay the new going rate. The insurance company that charges a fixed rate has, at the same time, sacrificed some of its freedom to switch into higher-yielding assets if market rates move up and, if they move down, it is faced with the possibility that some borrowers will exercise their option to repay the loan with money borrowed at a cheaper rate elsewhere. In all, therefore, the life offices' house purchase schemes are a useful supplement to building society advances—and that is all most of the life offices wish them to be.

Trends in Mortality

BY AN ACTUARIAL CORRESPONDENT

THE premium on an endowment assurance is governed by two elements: the expected rate of mortality, which expresses the statistical chance of dying at any given age, and the rate of interest that the insurance company expects to realise over the life of the policy. With a short term life policy in which there is no payment on maturity the rate of mortality is paramount in the premium calculation. As the term of the policy grows longer the rate of interest becomes more important, especially when the sum assured is payable on maturity whether the individual survives or not. But in any premium calculations on life or endowment assurance policies the rate of mortality is never so unimportant that it can be disregarded. And during this century it has been possible to adjust premium rates to a marked decline in mortality rates among all sections of the population, whether assured or not.

A new standard table of mortality, the A 1949-52, has recently been prepared by the Institute and Faculty of Actuaries. It is based upon the mortality experience of lives assured under life and endowment policies during the years 1949-52. On the assumption of a rate of interest of 3 per cent and rates of mortality as shown in this table, the theoretical annual premium for a 30 year endowment assurance for a life aged thirty at the time the policy is effected includes a charge of 7s. 6d. per cent for death cover; that charge would be even less if a rate of interest of more than 3 per cent were assumed. The charge compares with one of 11s. 3d. per cent if mortality is assumed to be at the level of the previous standard table, the A 1924-29, and 21s. 7d. per cent on the earlier table, the O[M] table that was based on the mortality experience of assured lives during the years 1863-93.

Mortality among assured lives depends not only on age but on the number of years that have elapsed since the policy first came into force. To put it at its simplest: a man aged 30 assured by an insurance company for the first time at that age is a good risk, as otherwise the company would not have issued a policy to him at the normal rate of premium. On the other hand a man to whom the company first issued a policy when he was 25 may or may not be still a good risk by the time he has reached the age of 30; his health and circumstances may have changed. Because the insurance companies have this power of "selection"—the power to reject or to accept a new proposal for assurance—the mortality statistics among assured lives show that the chance of dying in the next few years for those who have just taken out policies is less than that among policyholders who have reached the same age but who effected policies when they were younger. The effects of "selection" wear off gradually over the years, and it is a justifiable statistical simplification to assume, as the standard mortality tables assume, that the effects of selection have worn off completely after a definite number of years have passed. These assumptions have to be made in calculating the "ultimate" rates of mortality, that is those rates where mortality is assumed to vary with age only. In the latest standard table the effects of selection are assumed to have worn off after two years of the date of effecting the policy: in its predecessor after three years; and in the O[M] table after five years. As therefore these tables are based upon different "select periods," a fully accurate comparison between them cannot be made. Nevertheless, a comparison between these tables does show that the trend has been for the mortality rates to fall to a greater degree than can be attributed solely to differing select periods.

The following figures show rates of mortality according to these different tables after the effects of selection have worn off at the ages 30, 50 and 70. In addition, figures for the actual mortality experience of assured lives between 1953-56 are also shown, but these are crude rates based on relatively small data:

Age	Ultimate rates of mortality			
	O[M]	A 1924-29	A 1949-52	Actual Experience 1953-56
30	·00747	·00241	·00116	·00089
50	·01545	·00764	·00599	·00506
70	·06219	·05327	·04543	·04006

In this table, an attempt has been made to show the rates when mortality is assumed to vary with age only. The next table shows the corresponding rates in the first year of assurance. The decline, as shown in comparing the three standard tables, in the

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TABLE VI.—INSURANCE EARNINGS AND DIVIDENDS, 1958

Company	Total Premium Income*	Underwriting Profits: Net Trading Surplus or Deficit*	Underwriting Profits: Ratio (2) to (1)	Underwriting Profits: Transferred from Life and Capital Redemption Funds	Underwriting Profits: Total (2) + (4)	Interest Earnings and Dividends: Net Interest Earnings*‡	Interest Earnings and Dividends: Net Ordinary Dividends	Interest Earnings and Dividends: Ratio (6) to (7)	Reserves to Premiums *†	Ordinary Shares: Price Sept. 14 1959	Ordinary Shares: Yield per cent
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
	£	£	per cent	£	£	£	£	per cent	per cent		£ s. d.
Alliance	19,531,269	443,528	2·3	104,993	548,521*a*	647,465	702,580	92·2	126·1	110/6	3. 17. 0.
Atlas	12,309,289	— 202,424	— 1·6	37,371	— 165,053*b*	352,757	229,628	153·6	102·7	54/–	3. 5. 0.
Commercial Union	69,140,301	— 799,557	— 1·2	180,940	— 618,617*c*	2,898,336	1,854,517	156·3	104·4	48/6	4. 2. 6.
Eagle Star	17,758,514	— 231,427	— 1·3	204,884	— 26,543	925,341	669,375	138·2	125·7	101/6	3. 18. 9.
Employers' Liability	38,273,003	— 684,718	— 1·8	87,493	— 597,225	778,907	327,500	237·8	64·0	160/–	3. 8. 9.
General Accident	63,390,624	51,932	0·1	22,604	74,536	1,810,033	741,094	244·2	70·2	52/6	2. 12. 3.
Guardian	31,545,295	— 415,685	— 1·3	85,834	— 329,851*d*	1,445,027	753,651	191·7	95·1	77/–	3. 8. 3.
London Assurance	25,577,511	43,038	0·2	30,000	73,038	735,135*k*	445,087	165·2	95·8	61/–	3. 13. 9.
London & Lancashire	34,404,337	— 343,511	— 1·0	34,715	— 308,796	1,028,365	812,021	126·6	88·1	165/6	4. 11. 0.
North British Mercantile	32,838,644	—1,047,545	— 3·2	71,785	— 975,760	1,237,285	757,969	163·2	117·2	(*i*)	...
Northern	31,841,945	— 458,790	— 1·4	33,142	— 425,648*e*	968,991	553,638	175·0	108·1	82/–	3. 13. 3.
Norwich Union	20,814,644	— 37,498	— 0·2	...	— 37,498*f*	435,298	253,000	172·1	73·0	(*m*)	...
Phoenix	36,418,384	— 734,770	— 2·0	20,263	— 714,507	1,163,505	615,562	189·0	72·7	£24	4. 3. 3.
Prudential (*j*)	16,380,770	— 1,863	...	34,179	32,316*g*	472,276*k*	288,889	163·5	82·9	49/6	3. 11. 6.
Royal (including Liverpool & London & Globe)	130,756,446	— 627,698	— 0·5	128,000	— 499,698	3,917,341	2,606,301	150·3	100·0	94/–	4. 3. 3.
Royal Exchange	33,989,756	29,674	0·1	136,431	166,105	1,145,457	611,325	187·4	90·4	83/6	4. 3. 9.
Scottish Union & National	9,916,596	— 252,134	— 2·5	25,000	— 227,134	293,204	147,000	199·5	109·0	(*n*)	...
Sun	22,541,492	218,097	1·0	...	218,097	828,096	503,250	164·5	96·3	£11½	3. 0. 9.
Yorkshire	13,820,785	— 287,645	— 2·1	53,469	— 234,176*h*	275,726	189,282	145·7	79·3	97/–	3. 8. 9.
Total	**661,249,605**	**—5,338,996**	**— 0·8**	**1,291,103**	**—4,047,893**	**21,358,545**	**13,061,669**	**163·5**	**93·6**	...	...

* Excluding life, annuity and capital redemption business. † "Reserves" include share capital, all free reserves and the underwriting and additional reserves maintained for fire, accident and marine insurance. ‡ After debenture interest and preference dividends. (*a*) Before £500,000 to general reserve. (*b*) Before £20,000 to investment and contingencies reserve. (*c*) Before £200,000 to contingencies and taxation reserve. (*d*) Before £401,064 to general and investment reserves. (*e*) Before £25,000 to investment and contingency reserve. (*f*) Before £250,000 to general reserve. (*g*) Before £15,000 to investment reserve. (*h*) Before £140,000 to general reserve. (*j*) General branch only, i.e., all business other than life; three-quarters of the profits belong to the "B" shareholders and one-quarter to the "A" shareholders. Price and yield of "B" shares. (*k*) Estimated. (*l*) Shares now held by Commercial Union. (*m*) Shares held by Norwich Union Life Insurance Society. (*n*) Being acquired by Norwich Union Fire Insurance Society.

TABLE VII.—UNITED STATES BUSINESS OF BRITISH COMPANIES ($'000)

Company	1956: Premiums	1956: Underwriting Profits	1956: Investment Earnings*	1956: Branch remittances and subsidiaries' dividends	1957: Premiums	1957: Underwriting Profits	1957: Investment Earnings*	1957: Branch remittances and subsidiaries' dividends	1958: Premiums	1958: Underwriting Profits	1958: Investment Earnings*	1958: Branch remittances and subsidiaries' dividends
Royal†	213,057	— 412	12,512	4,810	231,954	— 12,506	13,363	5,444	221,578	— 3,477	13,850	5,429
General Accident	84,974	— 448	4,785	2,038	97,357	— 2,074	5,133	1,992	107,239	— 4,117	5,744	2,000
Employers' Liability	66,983	752	3,136	2,496	73,549	— 3,230	3,391	3,001	81,884	— 3,640	3,544	2,994
Commercial Union	61,160	— 3,746	4,294	2,968	67,746	— 7,578	4,382	2,728	70,348	— 2,355	4,425	2,577
Phoenix	50,826	— 7,724	2,623	815	50,844	— 4,418	2,686	238	48,626	— 3,980	2,773	188
North British & Mercantile	48,916	— 3,917	2,924	1,797	53,583	— 5,871	2,683	557	52,570	— 4,237	3,030	1,846
London & Lancashire	31,225	— 1,423	1,754	671	35,027	— 3,117	1,755	928	34,939	— 1,778	1,580	— 1,131
London Assurance	22,747	— 4,280	1,117	423	22,412	— 4,341	1,125	129	23,309	— 2,435	1,114	332
Pearl	21,346	— 2,413	1,314	...	23,596	— 3,721	1,424	...	22,246	— 1,214	1,535	...
Sun¶	17,753	— 1,242	1,004	295	19,905	— 1,793	1,116	—8	21,427	— 1,735	1,265	— 1,053
Royal Exchange¶	14,249	— 2,946	585	— 1,022	12,856	— 1,461	635	— 251	10,849	— 857	636	60
Yorkshire§	13,309	— 1,649	652	90	12,455	— 1,547	680	90	12,435	— 1,175	700	90
Northern	12,959	— 1,517	734	10	12,847	— 1,654	765	— 88	10,066	— 49	740	26
Scottish Union & National	9,553	— 650	703	194	9,889	— 683	741	207	10,281	— 546	734	159
Norwich Union	8,597	— 850	488	2	9,545	— 1,618	488	8	8,368	— 314	528	— 1,392
Atlas¶	7,916	— 652	489	299	8,018	— 1,241	533	298	9,804	— 2,222	532	— 1,166
Century	6,281	— 661	488	106	5,754	— 373	501	111	5,644	— 61	488	161
Sea	5,894	15	352	597	6,439	— 125	382	373	6,588	273	409	624
Prudential	5,304	— 145	337	113	6,125	— 88	353	113	6,522	48	381	113
Alliance	4,086	— 215	237	324	5,338	— 271	253	202	5,465	— 18	260	266
Eagle Star	3,018	— 354	247	13	3,122	— 501	252	522	3,058	— 278	216	285
Guardian	871	— 51	75	...	1,813	— 172	221	12	1,692	— 29	208	1,914
Co-operative	520	18	28	...	676	10	31	...	1,729	— 208	79	...
Caledonian‡	239	1,006	158	8	...	...	...	...	...	...	...	...
Total	**711,783**	**— 33,504**	**41,036**	**17,647**	**770,850**	**— 58,373**	**42,893**	**16,606**	**776,667**	**— 34,404**	**44,771**	**14,322**

Source: *Best's Insurance Guide*. * Gross interest dividends and rents less investment expenses. † Including Liverpool & London & Globe. ‡ Included with Guardian after 1956. § U.S. business sold to America Fore Loyalty Group on December, 1958; the 1958 figures are not included in the underwriting accounts of the Yorkshire. ¶ Under one management since the end of 1958.

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rate of mortality in the first year of assurance may, of course, reflect changing standards of selection by the insurance companies in accepting or rejecting proposers after judging the state of their health.

Age	Rates of mortality in first year of assurance			
	O [M]^{5}	A 1924–29	A 1949–52	Actual Experience 1953–56
30	·00312	·00162	·00068	·00063
50	·00746	·00455	·00305	·00240
70	·03322	·02847	·02022	·01639

Present indications are that the 1957 figures for mortality in the first year of assurance show a slight improvement over each of the four preceding years taken separately as well as over those four years taken as a whole (as set out in the above table).

THESE two tables demonstrate that for both ultimate and first year rates, the proportionate reductions in mortality have been more marked at the age of 30 than at the age of 50 and more marked at 50 than at 70. A general indication of all these trends is given in the next table, which expresses the rate of mortality in the different groups at about the middle of this century as a percentage of the rates applicable in the middle of the 1920s:

Age:	30	50	70
All assured lives (ultimate rates)* ...	48%	78%	85%
All assured lives (first year rates)* ..	42%	67%	71%
Male population†	41%	74%	94%
Male annuitants (ultimate rates)	...	...	85%
Male annuitants (first year rates)	...	...	81%

* Under whole life and endowment assurances. † The rates of mortality for the 1920's are taken as midway between English Life Tables 9 and 10.

This comparison shows that in the last quarter of the century the improvement in mortality among men over the population as a whole has been better at the age of 30 than among assured lives, once the effects of selection have worn off; at the age of 50 it has been similar, and it has been worse at the age of 70. This is not a result of the change in the length of the select period, nor of the choice of the three specific ages. If, for instance, the data for assured lives were adjusted to exclude the same number of years since effecting a policy it would still be found that the population statistics showed a better improvement in mortality compared with assured lives at all ages below 50 and a smaller one at all ages over 60. There is at the moment no certain explanation why this has happened.

Underwriting—the Turn?

THE best that can be said about accident insurance in 1958 is that less money was lost than in either of the two previous years. But the 1958 results of the fire and accident business of the twenty-three leading insurance companies included in tables VII and VIII are sufficiently encouraging to suggest that the tide has at last turned. An underwriting profit of 3 per cent before charging overhead expenses in the fire department is meagre enough but it does represent a marked improvement on the marginal balance in hand in 1957. The fire and accident departments together achieved an underwriting profit of £5 million last year, compared with an underwriting loss of £1 million in 1957. But after meeting overhead expenses and tax, they were still running at a loss in all but a few companies. Table VI shows that the total net trading loss was £5.3 million.

Underwriting losses on fire and accident business in North America and unprofitable motor insurance all over the world have been the prime causes of the trials that have beset insurers since 1955. If underwriting in the United States had done no more than break even, an overall profit on underwriting after charging overhead expenses and tax would have been achieved. But in assessing the contribution that insurance makes to Britain's dollar earnings, investment income has to be taken into account and allowance has to be made for the excess reserves for the unexpired term of policies that have to be made by American law.

The sharpest thorn in the flesh of the insurance companies is motor insurance. In 1958 the members of the British Insurance Association (which comprises virtually all British insurers except Lloyd's underwriters) incurred underwriting losses of nearly £10 million on their motor account, from a premium income of £260 million. Underwriters on Lloyd's in the 1956 account made a profit on motor insurance from their premium income of £8.7 million and they may manage to do so again in the 1957 account. It was the big claims on marine, fire and accident insurance that cut into profits at Lloyd's in the 1955 and 1956 accounts and look likely to do so again in the 1957 account.

This was the fourth consecutive year in which motor departments ran into the red. The problem is the same all over the world: premium rates have lagged behind rising claims. In America rates in some States have recently been raised and other increases are pending. At home, Mr Charles F. Trustam, the retiring chairman of the British Insurance Association, has said that if the present trends in costs of motor claims continue "some increase in premium rates will be inevitable—sooner or later."

There is a good chance that non-life underwriting results will show a further improvement this year. The decisive factor will be the important business in North America, and in particular in the United States, where the improvement that first became apparent in 1958 seems to be continuing. Non-life insurance is a cyclical business and last year could have been the beginning of the end of a troublesome period.

TABLE VIII.—FIRE AND ACCIDENT SUMMARY

	Fire								Accident							
	1955		1956		1957		1958		1955		1956		1957		1958	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
	£000's		£000's		£000's		£000's		£000's		£000's		£000's		£000's	
Claims	92,490	46·9	113,343	50·0	122,390	51·9	120,054	50·1	164,358	57·2	204,863	60·6	229,544	60·4	251,644	61·9
Commissions	43,754	22·2	52,258	23·0	53,289	22·6	54,249	22·6	51,120	17·8	60,256	17·8	67,215	17·7	70,122	17·3
Expenses and overseas taxes	46,109	23·4	52,263	23·0	53,898	22·9	55,995	23·4	55,503	19·3	64,297	19·0	69,874	18·4	74,878	18·4
Increase in reserves for unexpired risks	3,470	1·7	5,262	2·3	3,792	1·6	2,145	0·9	7,996	2·8	11,344	3·4	16,757	4·4	11,830	2·9
Profit	11,459	5·8	3,553	1·6	2,451	1·0	7,151	3·0	8,232	2·9	−2,662	−0·8	−3,517	−0·9	−2,192	−0·5
Premiums	197,282	100·0	226,949	100·0	235,828	100·0	239,594	100·0	287,209	100·0	338,111	100·0	379,873	100·0	406,282	100·0

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TABLE IX.—PREMIUMS, PROFITS, INTEREST AND DIVIDENDS—19 OFFICES

Year	Prem. Income*	Underwriting Profits* Amount	Underwriting Profits* Ratio	Transferred from Life Funds	Interest Earnings and Dividends: Net Interest Earnings*	Interest Earnings and Dividends: Net Ord. Divs.	Interest Earnings and Dividends: Ratio	Ratio Reserves to Prems.
	a	*b*	*b* to *a*	*c*	*d*	*e*	*d* to *e*	
	£ mn.	£ mn.	%	£ mn.	£ mn.	£ mn.	%	%
1954	472·8	6·1	1·3	0·9	13·9	9·5	146·4	102·8
1955	500·2	4·2	0·8	1·1	16·1	10·5	152·6	102·0
1956	581·7	−5·4	−0·9	0·9	18·0	11·2	161·0	98·4
1957	634·6	−8·6	−1·4	1·0	19·5	11·8	164·6	94·6
1958	661·2	−5·3	−0·8	1·3	21·4	13·1	163·5	93·6

*Excluding life, annuity and capital redemption business.

TABLE X.—UNITED STATES BUSINESS OF BRITISH INSURANCE COMPANIES AND THEIR AMERICAN SUBSIDIARIES

$ 000

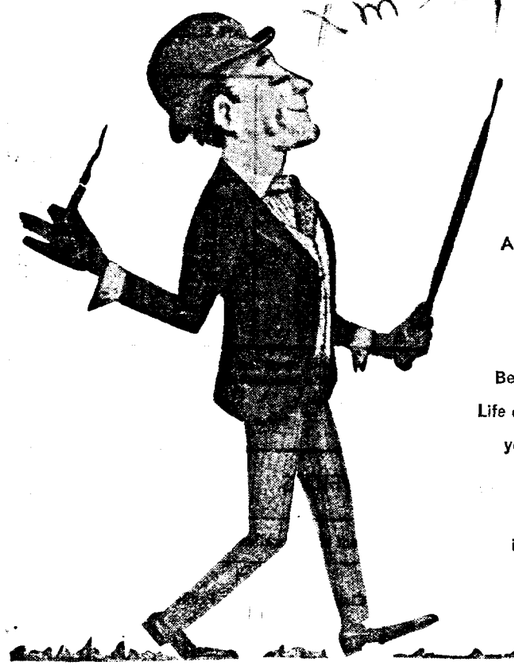
Year	Total Premium Income	Underwriting Profits	Investment Earnings*	Branch remittances and subsidiaries' dividends
1950	520,983	3,882	28,799	18,546
1951	585,048	−11,742	29,364	14,519
1952	625,663	14,149	31,062	14,088
1953	654,223	21,970	33,234	14,650
1954	651,415	17,483	36,025	15,104
1955	663,170	7,808	37,933	18,042
1956	711,783	−33,504	41,036	17,047
1957	770,850	−58,373	42,893	16,606
1958	776,667	−34,404	44,771	14,322

* Gross interest dividends and rents less investment expenses.
Source: *Best's Insurance Guide.*

TABLE XI.—UNDERWRITING EXPERIENCE OF 23 OFFICES

Company and Year	Fire Insurance, 1957–58: Premiums	Claims	Ratio (2) to (1)	Profit	Ratio (4) to (1)	Fund at end of Year*	Accident and Miscellaneous Insurance, 1957–58: Premiums	Claims	Ratio (8) to (7)	Profit	Ratio (10) to (7)	Fund at end of Year*
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
	£000's	£000's		£000's		£000's	£'000s	£'000s		£'000s		£'000s
Alliance 1957	7,666	3,156	41·2	606	7·9	3,066	8,564	4,151	48·5	646	7·5	3,974
1958	7,921	3,006	37·9	859	10·8	3,168	9,313	4,604	49·4	655	7·0	4,293
Atlas 1957	6,414	3,591	56·0	− 130	− 2·0	3,566	3,815	2,012	52·8	207	5·4	1,526
1958	7,197	3,748	52·1	− 276	− 3·8	3,879	4,321	2,432	56·3	131	3·1	1,729
Century 1957	2,407	1,601	66·5	− 102	− 4·2	1,735	2,515	1,450	57·7	− 227	− 9·0	2,082
1958	2,429	1,394	57·4	93	3·8	1,595	2,600	1,465	56·3	− 91	− 3·5	2,135
Commercial Union 1957	24,871	13,479	54·2	160	0·6	22,138	36,067	22,022	61·0	− 599	− 1·7	22,594
1958	25,699	13,019	50·7	1,375	5·3	22,644	40,372	25,619	63·5	− 835	− 2·1	24,381
Co-operative 1957	1,912	827	43·2	416	21·8	1,426	7,458	4,077	54·7	716	9·6	4,930
1958	1,986	897	45·2	365	18·4	1,471	9,121	5,367	58·9	345	3·8	5,675
Eagle Star 1957	4,336	2,225	51·3	120	2·8	2,263	9,890	5,261	53·2	351	3·6	4,172
1958	4,867	2,325	47·8	256	5·2	2,533	10,779	6,139	56·9	132	1·2	4,562
Employers' Liability 1957	5,110	2,640	51·6	− 298	− 5·8	3,399	29,381	19,352	65·9	− 1,025	− 3·5	10,388
1958	6,129	2,762	45·1	− 93	− 1·5	3,969	31,593	19,907	63·0	− 372	− 1·2	11,516
General Accident 1957	5,038	2,217	44·0	508	10·1	4,815	50,892	30,757	60·4	153	0·3	25,357
1958	6,034	2,559	42·4	682	11·3	5,714	56,738	35,375	62·4	65	0·1	28,295
Guardian 1957	8,958	4,513	50·4	346	3·9	4,479	18,124	11,030	60·9	− 441	− 2·4	8,156
1958	9,187	4,452	48·5	580	6·3	4,594	18,937	11,743	62·0	81	0·4	8,522
Legal & General 1957	2,546	1,028	40·4	255	10·0	1,484	2,168	1,030	47·5	145	6·7	1,644
1958	2,749	1,174	42·7	200	7·3	1,565	2,487	1,299	52·2	113	4·6	1,850
London Assurance 1957	8,239	4,743	57·6	− 249	− 3·0	4,119	12,249	8,258	67·4	− 1,395	− 11·4	4,900
1958	8,739	4,599	52·6	− 453	− 5·2	4,369	13,070	8,059	61·7	70	0·5	5,228
London & Lancashire 1957	12,926	6,983	54·0	− 456	− 3·5	5,171	15,674	9,731	62·1	− 442	− 2·8	6,269
1958	13,164	6,766	51·4	150	1·2	5,265	16,564	10,332	62·3	− 344	− 2·1	6,626
North British & Mercantile 1957	19,494	10,906	56·0	− 889	− 4·6	11,930	10,770	5,883	54·6	− 426	− 4·0	4,375
1958	19,084	10,472	54·9	− 26	− 0·2	11,766	11,895	7,064	59·4	− 683	− 5·7	4,826
Northern 1957	10,936	5,843	53·4	− 175	− 1·6	5,468	13,372	7,300	54·6	− 170	− 1·3	6,686
1958	10,404	5,471	52·6	− 130	− 1·2	5,202	14,833	8,175	55·1	− 17	− 0·1	7,416
Norwich Union 1957	7,822	3,678	47·0	186	2·4	4,195	10,666	6,062	56·8	− 11	− 0·1	4,673
1958	7,989	3,510	43·9	497	6·2	4,245	11,467	6,977	60·8	− 242	− 2·1	4,955
Pearl 1957	5,053	2,754	54·5	− 507	− 10·0	3,215	4,977	3,297	66·3	− 667	− 13·4	2,636
1958	4,938	2,671	54·1	− 205	− 4·1	3,099	5,428	3,357	61·8	− 344	− 6·3	2,958
Phoenix 1957	11,416	6,020	52·7	− 72	− 0·6	5,709	21,758	13,748	63·2	− 1,171	− 5·4	8,704
1958	11,591	5,815	50·2	105	0·9	5,796	22,314	14,071	63·1	− 878	− 3·9	8,926
Prudential 1957	4,933	2,400	48·7	105	2·1	2,331	9,332	4,810	51·6	282	3·0	4,699
1958	5,253	2,384	45·4	197	3·7	2,514	10,739	5,865	54·6	27	0·3	5,299
Royal (including Liverpool & London & Globe) 1957	55,129	28,637	52·0	1,509	2·7	47,051	69,619	44,959	64·5	− 292	− 0·4	32,848
1958	53,905	28,576	53·0	1,120	2·1	46,562	70,614	48,091	68·1	− 602	− 0·9	33,246
Royal Exchange 1957	10,908	5,376	49·3	424	3·9	5,454	19,749	11,030	55·9	613	3·1	7,900
1958	11,055	5,164	46·7	724	6·5	5,527	21,089	12,225	58·0	681	3·2	8,436
Scottish Union & National 1957	5,386	2,897	53·8	− 143	− 2·7	3,911	2,408	1,291	53·6	58	2·4	1,206
1958	5,614	2,931	52·2	− 97	− 1·7	3,949	2,635	1,495	56·7	8	0·3	1,319
Sun 1957	9,233	4,349	47·1	798	8·6	4,746	10,096	5,553	55·0	310	3·1	4,038
1958	10,150	4,695	46·3	1,024	10·1	5,083	11,197	6,968	62·2	− 95	− 0·8	4,479
Yorkshire 1957	5,087	2,527	49·7	39	0·8	3,215	10,329	6,480	62·7	− 132	− 1·3	4,408
1958	3,510	1,664	47·4	204	5·8	1,813	8,176	5,015	61·3	8	0·1	3,556
Total 23 Offices 1957	**235,820**	**122,390**	**51·9**	**2,451**	**1·0**	**154,886**	**379,873**	**229,544**	**60·4**	**−3,517**	**− 0·9**	**178,168**
1958	**239,594**	**120,054**	**50·1**	**7,151**	**3·0**	**156,322**	**406,282**	**251,644**	**61·9**	**−2,192**	**− 0·5**	**190,228**

* Reserves for unexpired risks, estimated liability under outstanding accident and disability claims and additional departmental reserves (where maintained).



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